CITY OF BAINBRIDGE ISLAND, WASHINGTON

RESOLUTION NO. 2011-17

A RESOLUTION of the City of Bainbridge Island, Washington, approving the sale and providing for the delivery of the Limited Tax General Obligation Improvement and Refunding Bonds, 2011 of the City, in the aggregate principal amount of $5,700,000; fixing the interest rates, maturity schedule and other terms of those bonds; and providing for other matters properly relating thereto.

ADOPTED: August 10, 2011

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THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. Recitals and Findings. Capitalized terms not otherwise defined below are defined in Section 2 of this resolution.

(a) *Authorization and Purpose.* In the Bond Ordinance, the City Council previously authorized the issuance of the Project Bonds and the Refunding Bonds (together, the "Bonds"), as limited tax general obligation bonds additionally secured by a pledge of available Sewer System Revenue, for the purpose of (1) paying or reimbursing the City for the costs of the Project, including without limitation repayment of interfund loans and the City's Sewer Revenue Bond Anticipation Note (Line of Credit), 2010 (the "Note"); (2) carrying out a current refunding of the City's outstanding Limited Tax General Obligation Improvement and Refunding Bonds, 1998 (the "Refunded Bonds"); and (3) paying the costs of issuance and sale of the Bonds and the administrative costs of carrying out the Refunding Plan.

(b) *Debt Capacity.* The value of the taxable property within the City as ascertained by the last preceding assessment for City purposes for taxes levied for collection in the calendar year 2011 is $5,642,373,993. The City has outstanding general indebtedness evidenced by limited tax general obligation bonds and capital leases in the principal amount (excluding the Refunded Bonds) of $20,587,755 incurred within the limit of up to 1½% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters. The City has unlimited tax general obligation bonds in the principal amount of $6,390,000 incurred within the additional limit of up to 2½% of the value of the taxable property within the City for parks, open space and economic development purposes, issued pursuant to a vote of the qualified voters of the City.

(c) *The 2010 Note.* In order to provide interim financing for the Project, the City authorized the issuance of the Note pursuant to the Bond Ordinance, Resolution No. 2009-08 of the City Council adopted on April 22, 2009, and Resolution No. 2010-05 of the City Council adopted on January 13, 2010. A portion of the proceeds of the Project Bonds will be used to refund the outstanding Note, which will be accomplished by the payment and redemption on the closing date of all of the outstanding principal of and accrued interest on the outstanding Note (the "Note Redemption Plan"). The City Council finds that the carrying out of the Note

Redemption Plan shall discharge all obligations of the City with respect to the Note under the 2010 Note Legislation and is in the best interests of the City and its tax and ratepayers.

(d) *The 1998 Refunding*. The Refunding Bonds are authorized to be issued in the amount necessary to carry out the Refunding Plan.

(1) The Refunded Bonds. Pursuant to the 1998 Bond Ordinance, the City previously issued its 1998 Bonds for various purposes, including paying the cost of refunding, paying and redeeming the callable portion of the City's outstanding Limited Tax General Obligation Bonds, 1994 (which were issued to pay a part of the cost of improvements to the City's Sewage Treatment Plant) and pledged to the refunding portion of the 1998 Bonds the net revenue of the City's combined Waterworks Utility. In the 1998 Bond Ordinance, the City reserved the right to redeem the 1998 Bonds prior to their maturity on or after December 1, 2008, at a price of par plus accrued interest to the date fixed for redemption. There are presently outstanding $860,000 principal amount of the 1998 Bonds, maturing on December 1 of each of the years 2011 through 2014. The outstanding 1998 Bonds are allocated to the refunding portion of that issue and are secured by a pledge of the City's combined Waterworks Utility Revenue.

(2) Authorization for the Refunding. In order to effect the segregation of the utilities at the earliest time practicable, the City Council on June 8, 2011, passed the Separate Utility Ordinance, authorizing the refunding of all outstanding limited tax general obligation bonds that are secured by a pledge of combined Waterworks Utility Revenues, including the 1998 Bonds, without regard to the level of savings to be achieved.

(3) Findings with Respect to the Refunding. The City Council finds that the Refunding Plan is necessary in order to accomplish a change in covenants such that the combined Waterworks Utility may be segregated into its component utility systems. Further, in order to carry out the Refunding Plan in the manner that will be most advantageous to the City, the City Council finds that: (i) the money to be deposited with the Refunding Trustee in accordance with the Refunding Plan will discharge and satisfy the obligations of the City under Ordinance No. 98-54 with respect to the Refunded Bonds; and (ii) the Refunded Bonds shall no longer be deemed outstanding under such ordinance immediately upon the deposit of such money with the Refunding Trustee.

(4) The Refunding Trust Agreement. The City Council finds that it is necessary and advisable to enter into the Refunding Trust Agreement with the Refunding Trustee and to direct the Refunding Trustee to accomplish the refunding out of the proceeds of the Refunding Bonds.

(e) *The Purchase Offer*. The Purchaser has offered to purchase the Bonds under the terms and conditions provided in the Bond Purchase Contract, which is on file with the City Finance Director. The Council finds that entering into the Bond Purchase Contract is in the

City's best interest and therefore accepts the offer in that contract and authorizes its execution by the City Manager.

Section 2. Definitions. The definitions provided in this section apply throughout this resolution. Capitalized terms used but not otherwise defined in this resolution have the meanings given in the Bond Ordinance, which definitions are incorporated by this reference.

(a) "*1998 Bond Ordinance*" means Ordinance No. 98-54 of the City, passed on December 10, 1998.

(b) "*2010 Note Legislation*" means the Bond Ordinance, together with Resolution No. 2009-08 and Resolution No. 2010-05 of the City.

(c) "*Bond Fund*" means that special fund of the City designated as the Limited Tax General Obligation Bond Fund, 2011, established for the purpose of paying principal and interest on the Bonds.

(d) "*Bond Legislation*" means the Bond Ordinance, the Separate Utility Ordinance and this Bond Sale Resolution.

(e) "*Bond Ordinance*" means Ordinance No. 2009-02 of the City, passed on March 11, 2009, as amended by Ordinance No. 2009-07, passed on April 22, 2009.

(f) "*Bond Purchase Contact*" means the bond purchase contract between the City and the Purchaser provided for in Section 10 of this resolution.

(g) "*Bonds*" means the Limited Tax General Obligation Improvement and Refunding Bonds, 2011, authorized to be issued pursuant to, under the authority of and for the purposes provided in the Bond Legislation.

(h) "*Bond Sale Resolution*" means this resolution of the City Council approving and fixing the par amount, date, form, maturities, interest rates, terms and covenants of the Bonds and approving their issuance and sale to the Purchaser.

(i) "*Maintenance and Operation Expense of the Sewer System*" means all reasonable expenses incurred by the City in causing the Sewer System to be operated and maintained in good repair, working order and condition, including without limitation: payments (other than payments out of proceeds of Future Parity Bonds) into reasonable reserves in any revenue account of the Sewer System for items of operating or maintenance expense the payment of which is not immediately required; payments of premiums for insurance on the Sewer System; payments of any State-imposed taxes; payments made to any other municipal corporation for sewage collection, treatment and disposal services in the event the City enters into one or more contracts for such services; and payments with respect to any other expenses of the Sewer System that are properly treated as maintenance and operation expenses under generally accepted accounting principles applicable to municipal corporations such as the City. The term does not

include any depreciation or capital additions or capital replacements to the Sewer System or any taxes levied or imposed by the City or payments made in lieu of taxes to the City.

(j) "*Net Sewer System Revenue*" means Sewer System Revenues less Maintenance and Operation Expense of the Sewer System.

(k) "*Note*" means the Sewer Revenue Bond Anticipation Note (Line of Credit), 2010, of the City in a principal amount not to exceed $1,900,000, authorized by the 2010 Note Legislation, issued to provide interim financing for the Project, the repayment of which will be accomplished with proceeds from the sale and issuance of the Project Bonds.

(l) "*Note Redemption Plan*" means the application of proceeds of the Project Bonds to the payment and redemption on the closing date of all of the outstanding principal of and accrued interest on the Note.

(m) "*Refunded Bonds*" means the outstanding 1998 Bonds allocated to utility purposes (as shown in the Bond Ordinance), which are presently outstanding in the aggregate principal amount of $860,000, the refunding of which has been provided for by the Bond Legislation and the Separate Utility Ordinance.

(n) "*Refunding Plan*" means:

(1) The deposit with the Refunding Trustee of proceeds of the Refunding Bonds (together with proceeds of the Project Bonds allocated to paying the cost of issuance and other money of the City, if necessary) in an amount sufficient to call, pay and redeem the Refunded Bonds on September 23, 2011 and to pay the cost of issuance of the Bonds and the administrative costs of carrying out the Refunding Plan;

(2) The application of such proceeds to the call, payment and redemption on September 23, 2011 of all the Refunded Bonds at a price of par plus interest accrued to that date; and

(3) The payment of the administrative costs of carrying out the foregoing elements of the Refunding Plan and the payment of costs of issuing the Bonds. Any excess amounts remaining shall then be transferred to the City for deposit into the Bond Fund to be used to pay interest on the first interest payment date.

(o) "*Refunding Trust Agreement*" means a Refunding Trust Agreement between the City and the Refunding Trustee in substantially the form attached as Exhibit B and incorporated by this reference.

(p) "*Refunding Trustee*" means The Bank of New York Mellon Trust Company, N.A., of Seattle, Washington, serving as trustee or escrow agent or any successor trustee or escrow agent.

(q) "*Rule*" means Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission.

(r) "*Separate Utility Ordinance*" means Ordinance No. 2011-07 of the City passed on June 8, 2011, segregating the City's existing water, sewer and stormwater utilities.

(s) "*Sewer Fund*" means the special fund previously established for revenues and expenditures allocable to the Sewer System, which was separated from the combined Waterworks Utility pursuant to the Separate Utility Ordinance.

(t) "*Sewer System*" means the City's sewer utility, as separated from the combined Waterworks Utility pursuant to the Separate Utility Ordinance.

(u) "*Sewer System Obligation*" means any obligation, whether issued previously or in the future, that is payable solely from and secured by a pledge of the Sewer System Revenues, and which has a lien and charge that is prior and superior to any other lien and charge on Net Sewer System Revenues and Sewer ULID Assessments, if any. Sewer System Obligations are not general obligations of the City and do not include any portion of any obligation secured by a general obligation pledge.

(v) "*Sewer System Revenues*" means the gross revenue of the Sewer System, including: all of the earnings and revenues received by the City from the maintenance and operation of the Sewer System; all earnings from the investment of money in a debt service fund established for the payment of any outstanding Sewer System Obligations; and all connection and capital improvement charges collected for the purpose of defraying the costs of capital facilities of the Sewer System. The following are excluded from Sewer System Revenues: Sewer ULID Assessments; government grants (including any direct subsidy payments received or to be received with respect to bonds issued as tax credit bonds); proceeds from the sale of Sewer System property; amounts collected in respect of city or state taxes imposed on the Sewer System; principal proceeds of bonds or other obligations and earnings or proceeds from any investments in a trust, defeasance or escrow fund created to defease or refund Sewer System obligations (until commingled with other earnings and revenues of the Sewer System) or held in a special account for the purpose of paying a rebate to the United States Government under the Code; and earnings of a separate utility system that may be created by the City (if any).

(w) "*Sewer ULID Assessments*" means, for the purposes of this resolution, all assessments levied and collected in a ULID of the City created for the acquisition or construction of additions to and betterments and extensions of the Sewer System if (and only if) those assessments are pledged to be paid into a debt service fund established for the payment of Sewer System Obligations, not including any prepaid assessments paid into a construction fund or account. Sewer ULID Assessments shall include installments thereof and any interest or penalties thereon.

(x) "*Subordinate Obligation*" means any borrowing, whether issued previously or in the future, that is payable from and has a lien and charge on the Net Sewer System Revenue and

Sewer ULID Assessments (if any) that is subordinate to the lien and charge with respect to any Sewer System Obligations, but superior to any Public Works Trust Fund Loans.

(y) "*Undertaking*" means the City's written undertaking set forth in Section 13 of this resolution, undertaken for the benefit of holders of the Bonds, in order to meet the requirements of the Rule as applicable to a participating underwriter for the Bonds.

Section 3. Description of the Bonds. The Bonds shall be issued in the aggregate principal amount of $5,700,000. They shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) payable semiannually on each June 1 and December 1, commencing December 1, 2011, to maturity or earlier redemption, at the rates, payable on the dates and maturing at the times and in the amounts set forth in the maturity schedule attached as Exhibit A to this Sale Resolution, which is incorporated by this reference. The Bonds shall conform in all other respects to the terms and conditions specified in the Bond Legislation and the Bond Purchase Contract. The various maturities of the Bonds are designated as Project Bonds or Refunding Bonds as set forth in the allocation table shown in Exhibit A, which is incorporated herein by this reference.

Section 4. Redemption Provisions. The Bonds maturing on or prior to December 1, 2020 shall be issued without the right or option of the City to redeem such Bonds prior to their stated maturity dates. The City reserves the right and option to redeem the Bonds maturing on or after December 1, 2021 prior to their stated maturity dates at any time on or after June 1, 2021, as a whole or in part (within one or more maturities selected by the City and randomly within a maturity in such manner as the Bond Registrar shall determine), at a price of par plus accrued interest to the date fixed for redemption.

The Bonds maturing in the years 2026 and 2030 are Term Bonds, and if not redeemed under the optional redemption provisions set forth in the Bond Legislation or purchased in the open market under the provisions in the Bond Legislation, shall be called for redemption randomly (in such manner as the Bond Registrar shall determine) at a price of par, plus accrued interest to the date fixed for redemption, on December 1 in years and amounts as follows:

2026 Term Bond

Mandatory Redemption Years	Mandatory Redemption Amounts
2024	$275,000
2025	290,000
2026*	300,000

*Maturity

2030 Term Bond

Mandatory Redemption Years	Mandatory Redemption Amounts
2027	$310,000
2028	325,000
2029	335,000
2030*	350,000

*Maturity

Section 5 Pledge of Taxes. For as long as any of the Bonds are outstanding, the City irrevocably pledges to include in its budget and annually to levy taxes within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City on all of the taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bonds. The full faith, credit and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Section 6. Pledge of Sewer System Revenue; Flow of Funds. For as long as any of the Bonds are outstanding, the City further pledges to use available Net Sewer System Revenues after satisfaction of any covenant or pledge with respect to any Sewer System Obligation, to repay debt service on the Bonds. The Bonds shall constitute Subordinate Obligations and nothing herein shall prevent the City from issuing Sewer System Obligations with a lien prior and superior to or on a parity with the lien with regard to the Bonds. In accordance with the Bond Ordinance, Sewer System Revenues shall be available to pay, in the following order: (a) Maintenance and Operation Expenses of the Sewer System; (b) the principal of and interest on all outstanding Sewer System Obligations, if any, for which payment has not otherwise been provided and all amounts that the City is obligated to set aside into a bond fund (including any debt service fund and any reserve fund) securing payment of such Sewer System Obligations, and all other payment obligations related thereto; (c) payment of the principal of and interest on (in the following order): (i) Sewer System Obligations, (ii) Subordinate Obligations, and (iii) all amounts that the City is obligated to set aside in the debt service fund and into a reserve fund (if any) established for payment of such bonds; and (d) for the payment of any and all other expenses of the Sewer System that the City is obligated to pay from Net Sewer System Revenues, including without limitation any Public Works Trust Fund Loans.

Section 7. Bond Fund; Project Fund and Deposit of Refunding Bond Proceeds.

(a) *Bond Fund.* The Bond Fund is created and established as a special fund for the purpose of paying principal of and interest on the Bonds. All taxes collected for and other money allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund.

(b) *Project Fund and Deposit of Refunding Bond Proceeds.* The proceeds of the Project Bonds shall be deposited in the Project Fund and used (1) to carry out the current refunding of the Note in accordance with the Note Redemption Plan, and (2) to pay or reimburse the City for costs of the Project (including repayment of interfund loans), and (3) to be deposited with the Refunding Trustee to be used to pay the costs of issuance allocated to the Project Bonds. The proceeds of the Refunding Bonds shall be deposited with the Refunding Trustee, to be used to carry out the Refunding Plan in accordance with Section 8 of this resolution.

Section 8. Refunding of the Refunded Bonds.

(a) *Appointment of Refunding Trustee.* The Bank of New York Mellon Trust Company, N.A., is appointed Refunding Trustee.

(b) *Use of Bond Proceeds; Acquisition of Acquired Obligations.* The proceeds of the sale of the Refunding Bonds shall be deposited with the Refunding Trustee and used to discharge the obligations of the City relating to the Refunded Bonds under Ordinance No. 98-54 by providing for the payment of the amounts required to be paid by the Refunding Plan. Any Bond proceeds or other money deposited with the Refunding Trustee not needed for the payment of the amount required to be paid by the Refunding Plan and to pay the costs of issuance of the Bonds shall be returned to the City at the time of delivery of the Bonds to the initial purchaser thereof and deposited in the Bond Fund to pay interest on the Bonds on the first interest payment date.

(c) *Administration of Refunding Plan.* The money deposited with the Refunding Trustee shall be held irrevocably, invested and applied in accordance with the provisions of Ordinance No. 98-54, the Bond Legislation, chapter 39.53 RCW and other applicable statutes of the State of Washington and the Refunding Trust Agreement. All necessary and proper fees, compensation, and expenses of the Refunding Trustee for the Bonds and all other costs incidental to the setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs related to the issuance and delivery of the Bonds, including bond printing, verification fees, Bond Counsel and disclosure counsel fees, financial advisory fees, and other related expenses, shall be paid out of the proceeds of the Bonds.

(d) *Authorization for Refunding Trust Agreement.* To carry out the Refunding Plan provided for by this resolution, the City Manager is authorized and directed to execute and deliver to the Refunding Trustee the Refunding Trust Agreement. Prior to executing the Refunding Trust Agreement, the City Manager is authorized to make such changes as are necessary or convenient to the carrying out of the Refunding Plan as set forth in the Bond Legislation and the Separate Utility Ordinance, and to assure that the escrow provided for in the Refunding Trust Agreement and the Bonds are in compliance with the requirements of federal law governing the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 9. Call for Redemption of the Refunded Bonds and the 2010 Note. The City calls for redemption on September 23, 2011, all of the Refunded Bonds at par plus accrued

interest to that date. The City also calls for redemption, on the date of delivery of the Bonds, the outstanding Note, at a price of the total outstanding principal amount plus accrued interest to that date. Such call for redemption shall be irrevocable after the delivery of the Bonds to the Purchaser. The proper City officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, pursuant to Ordinance No. 98-54 and the 2010 Note Legislation in order to effect the redemption prior to their maturity of the Refunded Bonds.

Section 10. Approval of Sale of the Bonds. The Purchaser has presented the Bond Purchase Contract to the City offering to purchase the Bonds under the terms and conditions provided in therein. The City Council finds that entering into the Bond Purchase Contract is in the City's best interest and therefore accepts the offer in that contract and authorizes its execution by the City Manager. The Bonds will be printed at City expense and will be delivered to the Purchaser in accordance with the Bond Purchase Contract, with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Bonds. The City Manager and the Finance Director and each of the other appropriate officers of the City are each authorized and directed to do everything as in their judgment may be necessary, desirable, or appropriate in order to ensure payment of the costs of issuance of the Bonds, as set forth in the Refunding Trust Agreement and to otherwise carry out the terms and provisions of, and complete the transactions contemplated by, the Bond Ordinance and this resolution.

Section 11. Official Statement. The City Council and appropriate City officials have reviewed the Preliminary Official Statement, dated August 3, 2011, prepared in connection with the sale of the Bonds. For the sole purpose of the Underwriter's compliance with paragraph (b)(1) of Rule 15c2-12, the City "deems final" that Preliminary Official Statement as of its date (except for the omission of information permitted to be omitted by Rule 15c2-12), and ratifies the distribution by the Purchaser of that Preliminary Official Statement to potential purchasers of the Bonds.

The City authorizes and approves the preparation, execution by City officials and delivery to the Purchaser of a final Official Statement for the Bonds, in the form of the Preliminary Official Statement, with such modifications and amendments thereto as shall be deemed necessary or desirable by the City. The City authorizes and approves the distribution by the Purchaser of that final Official Statement to purchasers and potential purchasers of the Bonds.

Section 12. Designation of Bonds as "Qualified Tax-Exempt Obligations." The City has determined and certifies that (a) the Bonds are not "private activity bonds" within the meaning of Section 141 of the Code; (b) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) which the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Bonds are issued will not exceed $10,000,000; and (c) the amount of tax-exempt obligations, including the

Bonds, designated by the City as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bonds are issued does not exceed $10,000,000. The City designates the Bonds as a "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code.

Section 13. Undertaking to Provide Continuing Disclosure. To meet the requirements of the Rule, as applicable to a participating underwriter for the Bonds, the City makes the following written Undertaking for the benefit of holders of the Bonds:

(a) *Undertaking to Provide Annual Financial Information and Notice of Listed Events*. The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(1) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in subsection (b) of this section ("annual financial information");

(2) Timely notice (not in excess of ten business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds;
7. modifications to rights of holders of the Bonds, if material;
8. bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the City described in Rule 15c2-12;

13. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(3) Timely notice of a failure by the City to provide required annual financial information on or before the date specified in subsection (b) of this section.

(b) *Type of Annual Financial Information Undertaken to be Provided.* The annual financial information that the City undertakes to provide in subsection (a) of this section:

(1) Shall consist of (i) annual financial statements prepared (except as noted in the financial statements) in accordance with generally accepted accounting principles applicable to governmental units such as the City, as such principles may be changed from time to time and as permitted by State law, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the City they will be provided; (ii) a statement of authorized, issued and outstanding balance of general obligation debt; (iii) the assessed value of property within the City subject to *ad valorem* taxation; (iv) *ad valorem* tax levy rates and amounts and percentage of taxes collected; and (v) a statement of revenues and expenditures for the sewer fund;

(2) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City's fiscal year ending December 31, 2010; and

(3) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

(c) *Amendment of Undertaking.* The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by the Rule. The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) *Beneficiaries.* The Undertaking evidenced by this section shall inure to the benefit of the City and any holder of Bonds, and shall not inure to the benefit of or create any rights in any other person.

(e) *Termination of Undertaking.* The City's obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City's obligations under this Undertaking shall terminate if those provisions of the Rule which require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the City, and the City provides timely notice of such termination to the MSRB.

(f) *Remedy for Failure to Comply with Undertaking.* As soon as practicable after the City learns of any failure to comply with the Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with the Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the City or other obligated person to comply with the Undertaking.

(g) *Designation of Official Responsible to Administer Undertaking.* The Finance Director or his or her designee is authorized and directed in his or her discretion to take such further actions as may be necessary, appropriate or convenient to carry out the Undertaking of the City in respect of the Bonds set forth in this section and in accordance with the Rule, including, without limitation, the following actions:

(1) Preparing and filing the annual financial information undertaken to be provided;

(2) Determining whether any event specified in subsection (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;

(3) Determining whether any person other than the City is an "obligated person" within the meaning of the Rule with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person in accordance with the Rule;

(4) Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the City in carrying out the Undertaking; and

(5) Effecting any necessary amendment of the Undertaking.

Section 14. Effective Date; Contract; Severability. This resolution shall take effect immediately upon passage. The covenants contained in this resolution and the Bond Ordinance shall constitute a contract between the City and the registered owners of the Bonds. If any one or more of the covenants or agreements to be performed on the part of the City shall be declared by any court of competent jurisdiction and final appeal (if any appeal be taken) to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution, the Bond Legislation or of the Bonds.

PASSED BY THE CITY COUNCIL this 10th day of August, 2011.

APPROVED BY THE MAYOR this 10th day of August, 2011.

Kirsten Hytopoulos, Mayor

ATTEST:

Rosalind D. Lassoff, City Clerk

APPROVED AS TO FORM:

Foster Pepper PLLC, Bond Counsel

FILED WITH THE CITY CLERK: August 5, 2011
PASSED BY THE CITY COUNCIL: August 10, 2011
RESOLUTION NUMBER: 2011-17

Maturity Schedule

$5,700,000 Limited Tax General Obligation Improvement and Refunding Bonds, 2011 (Wastewater Treatment Plant)

Maturity (Dec. 1)	Principal Amount	Interest Rate	Maturity (Dec. 1)	Principal Amount	Interest Rate
2011	$210,000	2.00%	2019	$ 230,000	4.00%
2012	405,000	2.00	2020	235,000	4.00
2013	410,000	2.00	2021	245,000	4.00
2014	425,000	2.00	2022	255,000	4.00
2015	200,000	3.00	2023	265,000	4.00
2016	205,000	3.00	2026*	865,000	4.00
2017	210,000	3.00	2030*	1,320,000	4.00
2018	220,000	4.00			

*Term Bond

Various Purpose Bond Allocation Schedule

Year of Maturity or Mandatory Redemption	Allocation of Principal		Total Principal Due
	Project Bonds	Refunding Bonds	
2011	-	$210,000	$210,000
2012	$190,000[1]	215,000	405,000
2013	195,000	215,000	410,000
2014	195,000	230,000	425,000
2015	200,000	-	200,000
2016	205,000	-	205,000
2017	210,000	-	210,000
2018	220,000	-	220,000
2019	230,000	-	230,000
2020	235,000	-	235,000
2021	245,000	-	245,000
2022	255,000	-	255,000
2023	265,000	-	265,000
2024	275,000	-	275,000
2025	290,000	-	290,000
2026	300,000	-	300,000
2027	310,000	-	310,000
2028	325,000	-	325,000
2029	335,000	-	335,000
2030	350,000	-	350,000
TOTAL	$4,830,000	$870,000	$5,700,000

[1] $1,009.66 of the Bonds maturing in 2012 and shown under the column labeled "Project Bonds" (or such other amount as may be necessary to provide part of the cost of carrying out the Refunding Plan) shall be added to the amounts under the heading "Refunding Bonds" and applied to carry out the Refunding Plan.

REFUNDING TRUST AGREEMENT

THIS AGREEMENT is made and entered into as of the 24th day of August, 2011, by and between the CITY OF BAINBRIDGE ISLAND, WASHINGTON (the "City"), a municipal corporation, and THE BANK OF NEW YORK MELLON TRUST COMPANY N.A. of Seattle, Washington (the "Refunding Trustee"). Capitalized terms used and not otherwise defined herein have the meanings given in Ordinance No. 2009-02, as amended by Ordinance No. 2009-07, and Resolution No. 2011-17 of the City (together, the "Bond Legislation").

In consideration of the mutual covenants hereinafter contained and for the benefit of the City, the City and the Refunding Trustee agree as follows:

Section 1. Recitals.

1.1 There is now outstanding $860,000 par value of the City's Limited Tax General Obligation Improvement and Refunding Bonds, 1998, maturing on December 1 of each of the years 2011 through 2014, inclusive, and bearing interest at various rates ranging from 4.30% to 4.50% (the "Refunded Bonds").

1.2 By Ordinance No. 98-54 (the "Refunded Bond Ordinance"), the City reserved the right to redeem the Refunded Bonds prior to their maturity on or after December 1, 2008, at a price of par plus accrued interest to the date fixed for redemption.

1.3 In the Bond Legislation that approved the issuance and sale of the City's $5,700,000 par value Limited Tax General Obligation Improvement and Refunding Bonds, 2011 (the "Bonds"), and in Ordinance No. 2011-07 of the City that segregated the City's waterworks utility into its component utility systems (the "Separate Utility Ordinance"), the City found and determined that the Refunded Bonds may be refunded out of a portion the proceeds of the sale of the Bonds, in order to accomplish a change in bond covenants.

1.4 The payment, through the current refunding of the Refunded Bonds, will be accomplished pursuant to this Agreement and the Bond Legislation, which documents provide for and, for the purpose of Sections 103, 148, and 149(d) of the Internal Revenue Code of 1986, as amended (the "Code"), are to be considered as the Refunding Plan, by:

(a) Immediately upon issuance of the Bonds, the deposit of a portion the proceeds of the Bonds (the "Refunding Funds") with the Refunding Trustee who shall hold such funds uninvested;

(b) The delivery to the City and the Refunding Trustee of a certificate of escrow sufficiency prepared by Seattle-Northwest Securities Corporation dated August 24, 2011 (the "Certification") verifying the mathematical accuracy of the computations (which computations shall be attached to that certificate) showing that the Refunding Funds deposited with the Refunding Trustee will provide sufficient money to call, pay, and redeem on September 23, 2011all of the outstanding Refunded Bonds at a price of par plus accrued interest thereon;

(c) The Refunding Trustee's payment to the fiscal agent of the State of Washington (the "Fiscal Agent") of money sufficient to carry out the redemption of the Refunded Bonds as set forth in subparagraph (b) above; and

(d) The payment of the cost of issuance of the Bonds and administrative costs of carrying out the Refunding Plan.

1.5 The City Council, pursuant to the Bond Legislation and the Separate Utility Ordinance, has duly and validly authorized the execution and delivery of this Agreement, the delivery of proceeds of the Refunding Funds to the Refunding Trustee and the carrying out of the Refunding Plan.

1.6 Upon the deposit of the Refunding Funds with the Refunding Trustee to carry out the Refunding Plan under the authority of chapter 39.53 RCW and other laws of the State of Washington (collectively, the "Refunding Bond Act"), the principal amount of the Refunded Bonds no longer shall be considered outstanding pursuant to the provisions of the Refunded Bond Ordinance.

Section 2. Delivery of Money to Refunding Trustee and Expenditure of Funds. On the date the Bonds are delivered to the original purchaser thereof and the City receives full payment therefor (the "Date of Closing"), the City shall cause to be delivered to the Refunding Trustee the Refunding Funds in the amount of $953,651.67. The Refunding Trustee shall apply $871,751.67 to the escrow account to carry out the Refunding Plan, and apply the remaining proceeds in the amount of $81,900.00 to pay certain costs of issuance of the Bonds and the administrative costs of the Refunding Plan, as shown in Exhibit A.

Section 3. Sufficiency of Refunding Funds. The City represents that the Refunding Funds delivered to the Refunding Trustee pursuant to this Refunding Trust Agreement, shall be sufficient to make when due the payments required by the Refunding Plan. Such amounts coming due are sometimes referred to hereinafter as the "payments described in Section 3."

Section 4. Application of Refunding Funds. The Refunding Trustee shall make the payments described in Section 3, but only from the Refunding Funds delivered to the Refunding Trustee pursuant to this Refunding Trust Agreement, in a timely manner to the Fiscal Agent of the amount required to redeem the Refunded Bonds on the call date. Those payments shall be made by check, wire transfer, or such other method of transfer of funds as shall be agreed upon by the Refunding Trustee and the Fiscal Agent.

Section 5. Notice of Redemption and Defeasance. The Refunding Trustee agrees to give a notice of defeasance and redemption of the Refunded Bonds pursuant to the terms of the Refunded Bonds, and in substantially the form attached hereto as Exhibit B, to the Fiscal Agent for distribution as described therein. The notice shall be given immediately following the execution of this Agreement. The cost of giving the notice shall be paid by the City.

Section 6. All Refunding Funds Held in Trust. The Refunding Trustee irrevocably agrees to hold the Refunding Funds, and any other money it may receive pursuant to this Refunding Trust Agreement, in trust and separate at all times from all other funds and investments held by the Refunding Trustee, solely for the purpose of making the payments

described in Section 3. The City irrevocably conveys, transfers, and assigns to the Refunding Trustee the Refunding Funds and any other money and investments deposited with the Refunding Trustee pursuant to this Refunding Trust Agreement, for the purpose of making such payments.

Section 7. Amendments to Agreement. The Refunding Trustee and the City recognize that the owners of the Refunded Bonds and the Bonds from time to time have a beneficial interest in the Refunding Funds to be held by the Refunding Trustee as herein provided. Therefore, this Agreement is irrevocable and shall not be subject to amendment except for the purpose of clarifying any ambiguity herein, increasing the protection of the rights of the owners of the Refunded Bonds or the Bonds, or preserving the exclusion of the interest on the Refunded Bonds and the Bonds from gross income for federal income tax purposes, and only if such amendment is accompanied by an opinion addressed to the City and the Refunding Trustee from Foster Pepper PLLC, its successor or other nationally recognized bond counsel to the City, to the effect that such change is necessary for one of the above reasons and does not detrimentally affect the owners of the outstanding Refunded Bonds and the Bonds or that it strengthens the protection of the owners of the Refunded Bonds and the Bonds and does not detrimentally affect the owners of the Refunded Bonds and the Bonds. If such amendment affects the amount of money and investments in the escrow account or the application thereof, prior to the amendment's taking effect there also shall be a verification by a nationally recognized independent certified public accounting firm satisfactory to the Refunding Trustee to the effect that after such amendment the Refunding Funds in the escrow account will be sufficient to make the payments described in Section 3. A copy of such verification shall be delivered to the Refunding Trustee.

Section 8. Limitation of Liability of Refunding Trustee. None of the provisions contained in this Agreement shall require the Refunding Trustee to risk, use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Refunding Trustee shall be under no liability for the payment of interest on any funds or other property received by it hereunder.

The Refunding Trustee's liabilities and obligations in connection with this Agreement are confined to those specifically described herein and no implied covenants or obligations shall be read into this Agreement against the Refunding Trustee. The Refunding Trustee is authorized and directed to comply with the provisions of this Agreement and is relieved from all liability for so doing notwithstanding any demand or notice to the contrary by any party hereto. The Refunding Trustee shall not be responsible or liable for the sufficiency of the Refunding Funds deposited with it; or any loss which may occur by reason of forgeries, false representations, or the exercise of the Refunding Trustee's discretion in any particular manner unless such exercise is grossly negligent or constitutes willful misconduct.

If any controversy arises between the City and any third person, the Refunding Trustee shall not be required to determine the same or to take any action in the premises, but it may institute, in its discretion, an interpleader or other proceedings in connection therewith as it may deem proper, and in following either course, it shall not be liable.

The Refunding Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any ordinance, resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Refunding Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document. The Refunding Trustee may consult with counsel and shall be entitled to rely on the advice or any opinion of counsel; provided that prior to relying on such counsel's opinion the Refunding Trustee shall provide a copy of the opinion to the City and its bond counsel. The Refunding Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or gross negligence on the part of any agent, attorney, custodian or nominee so appointed; provided, however, that the Refunding Trustee shall be responsible for the performance of its duties hereunder.

Neither the Refunding Trustee nor any of its officers, directors, employees or agents shall be liable for any action taken or omitted under this Agreement or in connection herewith except to the extent caused by the Refunding Trustee's gross negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review. Anything in this Agreement to the contrary notwithstanding, in no event shall the Refunding Trustee be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Refunding Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The Refunding Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Refunding Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The Refunding Trustee agrees to accept and act upon instructions or directions pursuant to the Bond Legislation sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Refunding Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Refunding Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Refunding Trustee in its discretion elects to act upon such instructions, the Refunding Trustee's reasonable understanding of such instructions shall be deemed controlling. The Refunding Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Refunding Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Refunding Trustee, including without limitation the risk of the Refunding Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 9. Remittance of Funds When Refunded Bonds Paid in Full. At such time as the Refunding Trustee has received the representation of the City that all of the payments described in Section 3 have been made and the confirmation of such representation by the Fiscal Agent, together with such other evidence of such payments as shall be satisfactory to the City and the Refunding Trustee, the Refunding Trustee shall deliver forthwith or remit to the City any remaining money held pursuant to this Agreement.

Section 10. Compensation of Refunding Trustee. The payment arrangement heretofore made between the Refunding Trustee and the City on compensation and expenses of the Refunding Trustee for services rendered by it pursuant to the provisions of this Agreement is satisfactory to it and to the City, and no further payment to the Refunding Trustee shall be required for such purpose, except that out of pocket expenses incurred by the Refunding Trustee hereunder shall be reimbursed to it by the City. Such arrangement for compensation and expenses is intended as compensation for the ordinary services as contemplated by this Agreement, and if the Refunding Trustee renders any service hereunder not provided for in this Agreement, or the Refunding Trustee is made a party to or intervenes in any litigation pertaining to this Agreement or institutes interpleader proceedings relative hereto, the Refunding Trustee shall be compensated reasonably by the City for such extraordinary services and reimbursed for all fees, costs, liability, and expenses (including reasonable attorneys' fees and expenses) occasioned thereby. The Refunding Trustee shall not have a lien against or otherwise be compensated for its services and expenses from the money held pursuant to this Agreement to make the payments described in Section 3.

Section 11. Successor Refunding Trustee. The obligations assumed by the Refunding Trustee pursuant to this Agreement may be transferred by the Refunding Trustee to a successor if (a) the Refunding Trustee has presented evidence satisfactory to the City and to Foster Pepper PLLC, its successor or other nationally recognized bond counsel to the City that the successor trustee meets the requirements of RCW 39.53.070, as now in effect or hereafter amended; (b) the City approves the appointment of the successor trustee; (c) the successor trustee has assumed all of the obligations of the Refunding Trustee under this Agreement and has been compensated; and (d) all of the money then held by the Refunding Trustee pursuant to this Agreement have been duly transferred to such successor trustee.

Notwithstanding anything to the contrary contained in this Agreement, any company into which the Refunding Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion, or consolidation to which the Refunding Trustee is a party, or any company to which the Refunding Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Refunding Trustee without execution or filing of any paper or further act, if such company is eligible to serve as Refunding Trustee under RCW 39.53.070.

Section 12. Miscellaneous. This Agreement is governed by Washington law without regard to the conflict of laws provisions thereof and may not be modified except by a writing signed by the parties and subject to the limitations of Section 8. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any

other provisions of this Agreement, but this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

Section 13. Notice to Rating Agencies. The Refunding Trustee shall notify all national rating agencies maintaining (at the request of the City) a rating on the Refunded Bonds or the Bonds, in writing upon timely receipt of notice or evidence of either of the following circumstances:

(a) Prior to their taking effect, any amendments to this Agreement under Section 8, enclosing the proposed amendatory documents; and

(b) The holding (referred to in Section 12) that one or more provisions of this Agreement are invalid, illegal, or unenforceable in any respect, enclosing a copy of that holding.

Such notices shall be sent to the applicable rating agencies by first class mail to the addresses advised by those rating agencies.

Section 14. Counterparts. This Agreement may be executed in counterparts.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement pursuant to due and proper authorization, all as of the date and year first above written.

CITY OF BAINBRIDGE ISLAND, WASHINGTON

By _____
Title: _____

THE BANK OF NEW YORK MELLON TRUST COMPANY N.A., as Refunding Trustee

By _____
Title: _____

EXHIBIT A

COSTS OF ISSUANCE

LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2011

Costs of issuance to be paid by the Refunding Trustee upon receipt of invoice:

Description	Firm	Total
Financial Advisor	DB Advisors Northwest, LLC	$ 20,000.00
Bond Counsel Fee	Foster Pepper PLLC	38,400.00
Disclosure Counsel Fee	Foster Pepper PLLC	12,500.00
Rating Fee	Moody's Investors Service	11,000.00
Total		$ 81,900.00

EXHIBIT B

Notice of Redemption/Defeasance*

City of Bainbridge Island, Washington
Limited Tax General Obligation Improvement and Refunding Bonds, 1998

NOTICE IS HEREBY GIVEN that the City of Bainbridge Island, Washington (the "City"), has called for redemption on September 23, 2011, all of its then-outstanding Limited Tax General Obligation Improvement and Refunding Bonds, 1998 (the "Refunded Bonds"). The Refunded Bonds will be redeemed at a price of one hundred percent (100%) of their par amount, plus accrued interest to September 23, 2011. The redemption price of the Refunded Bonds is payable on presentation and surrender of the Refunded Bonds at the office of:

[By Mail or in Person]	-or-	[In Person Only]
The Bank of New York Mellon Worldwide Securities Processing 2001 Bryan Street, 9th Floor Dallas, TX 75201		Any branch of Wells Fargo Bank, National Association in the State of Washington

Interest on all of the Refunded Bonds or portions thereof which are redeemed shall cease to accrue on September 23, 2011.

The following Refunded Bonds are being redeemed:

City of Bainbridge Island, Washington
Limited Tax General Obligation Improvement and Refunding Bonds, 1998
(Dated December 1, 1998)

Maturity Date (December 1)	Par Amount Redeemed	Interest Rate	CUSIP No.
2011	$200,000	4.30%	056890DE3
2012	210,000	4.35	056890DF0
2013	215,000	4.40	056890DG8
2014	235,000	4.50	056890DH6

The City and The Bank of New York Mellon Trust Company, N.A. (the "Refunding Trustee") shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.

NOTICE IS FURTHER GIVEN to the owners of the Refunded Bonds with respect to which, pursuant to the Refunding Trust Agreement dated August 24, 2011, by and between the City and the

* This notice shall be given immediately by first class mail to each registered owner of the Refunded Bonds, to the MSRB, Moody's Investor Services, Inc. and Standard & Poor's at their principal offices in New York, New York, and to MBIA Insurance Corporation.

Refunding Trustee, there has been deposited into an escrow account, held by the Refunding Trustee, cash which will provide money to pay to the redemption date, the principal of and interest on the Refunded Bonds. Such Refunded Bonds are therefore deemed to be no longer outstanding pursuant to Section 16 of Ordinance No. 98-54 of the City relating to the Refunded Bonds, but will be paid by application of the assets in such escrow account.

By Order of the City of Bainbridge Island, Washington
The Bank of New York Mellon, as Paying Agent

Dated: _____

Under Section 3406(a)(1) of the Internal Revenue Code the Registrar may be obligated to withhold a percentage of the principal of a holder who has failed to furnish the Registrar with a valid taxpayer identification number and a certification that the owner is not subject to backup withholding. Owners who wish to avoid the application of these provisions should submit a completed IRS Form W-9 when presenting their certificates for payment.

CERTIFICATION

I, Rosalind D. Lassoff, City Clerk of the City of Bainbridge Island, Washington (the "City"), hereby certify as follows:

1. The attached copy of Resolution No. 2011-17 (the "Resolution") is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the City Council of the City held at the regular meeting place thereof on August 10, 2011, as that Resolution appears on the minute book of the City; and the Resolution is in full force and effect from and after its date of adoption; and

2. A quorum of the members of the City Council was present throughout the meeting and a majority of the members voted in the proper manner for the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of August, 2011.

CITY OF BAINBRIDGE ISLAND,
WASHINGTON

Rosalind D. Lassoff
City Clerk