

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

---

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

September 21, 2012

BARRETT BUSINESS SERVICES, INC.  
(Exact name of registrant as specified in charter)

Maryland  
(State or other jurisdiction of incorporation)

0-21886  
(SEC File Number)

52-0812977  
(IRS Employer Identification No.)

8100 N.E. Parkway Drive, Suite 200  
Vancouver, Washington  
(Address of principal executive offices)

98662  
(Zip Code)

Registrant's telephone number, including area code:

(360) 828-0700

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 1.01 Entry into a Material Definitive Agreement.**

The disclosure included under Item 2.03 is incorporated by reference.

**Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

On September 21, 2012, Barrett Business Services, Inc. (the "Company"), drew down \$7,600,000 pursuant to a new credit agreement (the "Agreement") with its principal bank, Wells Fargo Bank, National Association (the "Bank"), dated as of September 18, 2012. The Agreement, which expires October 1, 2017, provides for a revolving credit facility with initial borrowing capacity of up to \$24,000,000. The Agreement also provides for the continuance of existing standby letters of credit, as to which the current amount outstanding totaled approximately \$23,800,000 on September 21, 2012.

Advances under the revolving credit facility bear interest, at the Company's option, at either (a) a fixed rate for a term selected by the Company from time-to-time or (b) a fluctuating rate. In each case, the rate is calculated based on LIBOR plus 1.75%.

The credit facility is collateralized by the Company's accounts receivable and other rights to receive payment, general intangibles, inventory and equipment. Under the Agreement, the maximum principal amount available will be reduced by \$2,500,000 every six months commencing April 1, 2013.

The Agreement requires the satisfaction of certain financial covenants as follows:

- Minimum Fixed Charge Coverage ratio of no less than 1.25:1.0, measured quarterly on a rolling four-quarter basis;
- Funded Debt: EBITDA of no more than 2.25:1 through September 30, 2013; 1.75:1 through September 30, 2014; 1.5:1 through September 30, 2015; and 1.25:1 thereafter, measured quarterly on a rolling four-quarter basis beginning December 31, 2012;
- Ratio of restricted and unrestricted cash and marketable securities to workers compensation and safety incentive liabilities of at least 1.0:1.0, measured quarterly; and
- Prohibition on incurring additional indebtedness without the prior approval of the Bank, other than up to \$200,000 per year in purchase money financing.

The Agreement also contains customary events of default. If an event of default under the Agreement occurs and is continuing, the Bank may declare any outstanding obligations under the Agreement to be immediately due and payable.

**Item 8.01. Other Events.**

On September 24, 2012, the Company issued a news release reporting the redemption of 34,800 shares of the Company's Series A Nonconvertible, Non-Voting Redeemable Preferred Stock (the "Series A Shares"), which represented all the Series A Shares outstanding, for a total redemption price of \$34,800,000 in cash.

The news release also reported entry into the Agreement as described in Item 2.03.

A copy of the news release is attached as Exhibit 99.1 to this report.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit 99.1                      News Release dated September 24, 2012

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BARRETT BUSINESS SERVICES, INC.

Dated: September 24, 2012

By: /s/ James D. Miller  
James D. Miller  
Vice President-Finance, Treasurer and  
Secretary



## **BBSI Redeems All Preferred Stock for \$34.8 Million in Cash and Portion of a New \$24 Million Revolving Credit Facility**

**VANCOUVER, Washington, September 24, 2012** – Barrett Business Services, Inc. (BBSI) (NASDAQ: BBSI), a leading provider of business management solutions, announced the redemption of all outstanding shares of its Series A nonconvertible, non-voting, redeemable preferred stock for \$34.8 million. The company funded the redemption using a combination of cash on hand and availability under a new revolving credit facility provided by its principal bank.

The preferred stock was issued as partial payment for the company's March 28, 2012 repurchase of 2,485,929 shares of its common stock held by the Estate of William W. Sherertz and 500,000 common shares held by Nancy Sherertz. By redeeming the preferred stock within six months of issuance, BBSI was not required to pay a semi-annual dividend of approximately \$870,000 due September 28, 2012.

BBSI also entered into a five year credit agreement effective September 18, 2012 with its principal bank for a revolving reducing secured loan, initially for a maximum amount of \$24.0 million. The company is also negotiating with its principal bank for a term loan in the amount of approximately \$6.0 million to be secured by BBSI's corporate office building in Vancouver, WA, which is expected to be finalized in October 2012 and will increase the total credit facility to approximately \$30.0 million. Advances under the revolving reducing loan bear interest, at the company's option, at either a fixed rate for a term selected by BBSI from time-to-time or a fluctuating rate. In each case, the rate is calculated based on LIBOR plus 1.75%.

### **About BBSI**

BBSI (NASDAQ: BBSI) is a leading provider of business management solutions, combining human resource outsourcing and professional management consulting to create a unique operational platform that differentiates it from competitors. The company's integrated platform is built upon expertise in payroll processing, employee benefits, workers' compensation coverage, risk management and workplace safety programs, and human resource administration. BBSI's partnerships help businesses of all sizes improve the efficiency of their operations. BBSI works with more than 3,000 clients across all lines of business in 23 states. For more information, please visit [www.barrettbusiness.com](http://www.barrettbusiness.com).

### **Forward-Looking Statements**

Statements in this release about future events or performance are forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause BBSI's actual results to be materially different from any future results expressed or implied by such forward-looking statements. Factors that could affect future results include economic conditions in the company's service areas, the effect of changes in its mix of services on gross margin, the company's ability to retain current customers and attract new customers, the availability of financing or other sources of capital, future workers' compensation claims experience, the effect of changes in the workers' compensation regulatory environment in one or more of the company's primary markets, the collectability of accounts receivable, and the effect of conditions in the global capital markets on the company's investment portfolio, among others. Other important factors that may affect the company's future prospects are described in its 2011 Annual Report on Form 10-K. Although forward-looking statements help to provide complete information about the company, readers should keep in mind that forward-looking statements may be less reliable than historical information. BBSI undertakes no obligation to update or revise forward-looking statements in this release to reflect events or changes in circumstances that occur after the date of this release.

**Investor Relations:**

Liolios Group, Inc.  
Cody Slach  
Tel 949-574-3860  
BBSI@liolios.com