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Title: A MOTION of the county council approving a purchase contract for the county's Sewer Revenue Refunding Bonds, 2014, Series B, in the aggregate principal amount of \$192,460,000, establishing certain terms of the bonds, and approving a plan of refunding from proceeds of the bonds, all in accordance with Ordinance 17599.

Sponsors: Joe McDermott

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Attachments: 1. Motion 14191.pdf, 2. A. Bond Purchase Contract, 3. A. Bond Purchase Contract

Date	Ver.	Action By	Action	Result
7/21/2014	1	Metropolitan King County Council	Passed	Pass

Clerk 7/21/2014

A MOTION of the county council approving a purchase contract for the county's Sewer Revenue Refunding Bonds, 2014, Series B, in the aggregate principal amount of \$192,460,000, establishing certain terms of the bonds, and approving a plan of refunding from proceeds of the bonds, all in accordance with Ordinance 17599.

WHEREAS, the county council by Ordinance 17599 passed on June 3, 2013 ("the Bond Ordinance"), authorized the issuance and sale of not to exceed \$950,000,000 aggregate principal amount of bonds of the county payable from sewer revenues to refund certain outstanding bonds of the county payable from sewer revenues ("the Refunding Bonds"), and

WHEREAS, the Bond Ordinance authorizes the sale of the Refunding Bonds in one or more series, as Parity Bonds or Parity Lien Obligations (as such terms are defined in the Bond Ordinance), as Tax-Exempt Bonds or otherwise, and by negotiated sale or competitive bid, as determined by the county's director of finance

and business operations division ("the Finance Director") in consultation with the county's financial advisor, and

WHEREAS, the County has heretofore issued Refunding Bonds in the aggregate principal amount of \$95,825,000, and

WHEREAS, the Finance Director has determined that \$192,460,000 principal amount of Refunding Bonds be sold by negotiated sale in a series of Parity Bonds, to be designated as the county's Sewer Revenue Refunding Bonds, 2014, Series B (the "Bonds"), structured as Tax-Exempt Bonds, and

WHEREAS, pursuant to the Bond Ordinance, a preliminary official statement dated July 14, 2014, was prepared and distributed for the sale of the Bonds, and the Finance Director has negotiated the sale of the Bonds to J.P. Morgan Securities LLC on behalf of itself and as representative of the other underwriters named in the attached bond purchase contract ("the Underwriters"), and

WHEREAS, it is in the best interest of the county that the Bonds be sold to the Underwriters on the terms set forth in the bond purchase contract attached hereto as Attachment A to this motion ("the Purchase Contract"), the Bond Ordinance, and this motion, and

WHEREAS, in accordance with the Bond Ordinance, the council wishes to ratify and confirm certain terms of the Bonds and approve a plan of refunding certain outstanding sewer revenue bonds of the county from proceeds of the Bonds, as set forth herein;

NOW, THEREFORE, BE IT MOVED by the Council of King County:

A. Definitions. Except as expressly authorized herein, capitalized terms used in this motion have the meanings set forth in the Bond Ordinance.

B. Approval of Bond Purchase Contract and Authorization of Bonds. The issuance of the Bonds, designated as set forth in the recitals of this motion, and the terms and conditions thereof as set forth in the Purchase Contract, are hereby ratified and confirmed, and the Purchase Contract is hereby approved. The Bonds shall bear interest at the rates set forth in the Purchase Contract and shall conform in all other respects to

the terms and conditions specified in the Purchase Contract and Bond Ordinance. The County reserves the right to redeem outstanding Bonds maturing on or after July 1, 2025, in whole or in part, at any time on or after July 1, 2024, at the price of par plus accrued interest, if any, to the date fixed for redemption.

C. Satisfaction of Parity Conditions. In accordance with the Bond Ordinance and the provisions of the ordinances authorizing the issuance of the currently outstanding Parity Bonds, which permit the issuance of Future Parity Bonds upon compliance with the conditions set forth therein, the county council hereby finds and determines, as follows:

1. The Bonds are issued for the purpose of refunding and retiring prior to their maturity certain outstanding obligations of the county payable from Revenue of the System.
2. There is not now, and when the Bonds are issued there will not then be, any deficiency in the Parity Bond Fund or any account therein.
3. All money held in the Refunding Account (as identified below) will be used to pay the principal of and interest on the Refunded Bonds (as identified below).
4. The Bond Ordinance provides for payment out of the Parity Bond Fund of the principal of and interest on the Bonds.
5. The amount that will be on deposit in the Parity Bond Reserve Account at the Closing of the Bonds will satisfy the Reserve Requirement, without the need for any additional deposit.
6. The county will have on file at the Closing of the Bonds a certificate of the Finance Director demonstrating that (i) total debt service required for all Parity Bonds (including the Bonds and not including the Refunded Bonds) will decrease and (ii) the Annual Parity Debt Service for each year that any Parity Bonds (including the Bonds and not including the Refunded Bond) are then outstanding will not be increased by more than \$5,000 by reason of the issuance of the Bonds.

The applicable conditions for Future Parity Bonds having been complied with in connection with the issuance of the Bonds, the pledge contained in the Bond Ordinance of Revenue of the System to pay and secure

the payment of the Bonds will constitute a lien and charge on Revenue of the System equal in rank with the lien and charge on the Revenue of the System to pay and secure the payment of the outstanding Parity Bonds.

D. Refunding and Redemption of Refunded Bonds.

1. Plan of Refunding. In accordance with Sections 16 and 28 of the Bond Ordinance, the Finance Director has determined, in consultation with the county's financial advisor, that proceeds of the Bonds will be used to refund certain outstanding bonds of the county payable from sewer revenues (as set forth below, collectively "the Refunded Bonds," and individually "the 2004B Refunded Bonds," "the 2006 Refunded Bonds," "the 2006 Refunded Second Series Bonds," "the 2007 Refunded Bonds" and "the 2008 Refunded Bonds," as indicated) pursuant to the plan of refunding set forth below and ratified and confirmed hereby:

King County, Washington

Sewer Revenue Refunding Bonds, 2004B

(the "2004B Refunded Bonds")

Maturities (January 1)	Principal Amounts	Interest Rates
2030	\$ 6,295,000	4.50%
2035	12,435,000	4.50
King County, Washington		

Sewer Revenue and Refunding Bonds, Series 2006

(the "2006 Refunded Bonds")

Maturities (January 1)	Principal Amounts	Interest Rates
2029	\$ 4,620,000	5.00%
2030	4,890,000	5.00
2036	50,940,000	5.00
King County, Washington		

Sewer Revenue and Refunding Bonds, 2006 (Second Series)

(the "2006 Second Series Refunded Bonds")

Maturities (January 1)	Principal Amounts	Interest Rates
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2019	\$ 1,670,000	5.00%
2020	1,755,000	5.00
2021	535,000	4.125
2021	1,310,000	5.00
2022	1,930,000	5.00
2023	2,025,000	5.00
2024	2,130,000	5.00
2025	2,235,000	5.00
2026	280,000	4.25
2026	2,065,000	5.00
2031	13,605,000	5.00
2036	16,225,000	5.00

King County, Washington

Sewer Revenue Bonds, 2007

(the "2007 Refunded Bonds")

Maturities (January 1)	Principal Amounts	Interest Rates
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2019	\$ 1,925,000	5.00%
2020	2,025,000	5.00
2021	2,125,000	5.00
2022	2,230,000	5.00
2023	2,340,000	5.00
2024	2,460,000	5.00
2025	2,580,000	5.00
2026	2,710,000	5.00
2027	2,845,000	5.00
2028	2,990,000	5.00
2029	3,140,000	5.00
2030	3,295,000	5.00

King County, Washington

Sewer Revenue Bonds, 2008

(the "2008 Refunded Bonds")

Maturities (January 1)	Principal Amounts	Interest Rates
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2020	\$2,050,000	5.50%
2021	2,155,000	5.50
2022	2,270,000	5.50
2023	2,390,000	5.50

2024	2,515,000	5.50
2025	2,645,000	5.50
2026	2,785,000	5.50
2027	2,930,000	5.50
2028	3,085,000	5.50
2029	3,245,000	5.50
2030	3,415,000	5.50
2031	3,595,000	5.50
2032	3,785,000	5.50
2033	3,385,000	5.50

As provided in Section 16 of the Bond Ordinance, the King County 2014 Series B Sewer Revenue Bonds Refunding Account (the "Refunding Account") will be established and maintained with the Escrow Agent (as identified below). Proceeds of the Bonds (exclusive of accrued interest, if any, which will be deposited into the Debt Service Account in the Bond Fund) will be irrevocably deposited with the Escrow Agent in the Refunding Account and used, together with other funds of the county, if necessary, to defease and discharge the Refunded Bonds in accordance with the ordinances authorizing their issuance by purchasing Escrow Securities bearing such interest and maturing as to principal and interest in such amounts and at such times that, together with any necessary beginning cash balance, will provide for the payment of

- a. the redemption price (100% of the principal amount plus interest accrued to the date fixed for redemption) of the 2004 Refunded Bonds payable on September 11, 2014;
- b. the interest payable on or prior to January 1, 2016, and the redemption price (100% of the principal amount) of the 2006 Refunded Bonds payable on January 1, 2016;
- c. the interest payable on or prior to January 1, 2017, and the redemption price (100% of the principal amount) of the 2006 Second Series Refunded Bonds payable on January 1, 2017;
- d. the interest payable on or prior to July 1, 2017, and the redemption price (100% of the principal amount) of the 2007 Refunded Bonds payable on July 1, 2017; and
- e. the interest payable on or prior to January 1, 2018, and the redemption price (100% of the principal amount) of the 2008 Refunded Bonds payable on January 1, 2018.

The Escrow Securities will be purchased at a yield not greater than the yield permitted by the Code and regulations relating to obligations acquired in connection with refunding bond issues.

The selection of U.S. Bank National Association as Escrow Agent is hereby ratified and confirmed. In accordance with Section 16.B. of the Bond Ordinance, the Finance Director is authorized and directed to enter into an escrow agreement with the Escrow Agent in a form approved by the county's bond counsel.

The proceeds of the Bonds and other money of the county remaining in the Refunding Account after providing for the necessary beginning cash balance shall be utilized to pay expenses of the Escrow Agent and other costs of issuing the Bonds. Payment of the costs of issuing the Bonds may be provided for in the escrow agreement or in a separate agreement, as the Finance Director may determine.

The county may, from time to time, transfer, or cause to be transferred, from the Refunding Account any money not thereafter required for the purposes set forth in section D.1.a. through e. of this section, subject to the provisions of the escrow agreement, or if not therein provided, then subject to verification in writing by an independent certified public accountant that the transfer will not result in inadequate funds being available to make the required payments therefrom.

2. Redemption of Refunded Bonds. The county hereby irrevocably sets aside sufficient funds in an initial cash deposit to make the payments specified in section D.1.a. through e. of this motion.

The county hereby defeases and calls the 2004 Refunded Bonds for redemption on September 11, 2014; the 2006 Refunded Bonds for redemption on January 1, 2016; the 2006 Second Series Refunded Bonds for redemption on January 1, 2017; the 2007 Refunded Bonds for redemption on July 1, 2017; and the 2008 Refunded Bonds for redemption on January 1, 2018; in accordance with the provisions of the ordinances authorizing the redemption and retirement of the Refunded Bonds prior to their fixed maturities.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the final establishment of the Refunding Account and delivery of the requisite cash deposit to the Escrow Agent. The Finance Director is authorized and requested to provide whatever assistance is necessary to accomplish that

defeasance and redemption.

The Escrow Agent is hereby authorized and directed to notify the fiscal agency of the State of Washington to give notice of the defeasance and redemption of the Refunded Bonds in accordance with the applicable provisions of the ordinances authorizing their issuance. The Finance Director is authorized and requested to provide whatever assistance is necessary to accomplish the defeasance and redemption and the giving of notices therefor. The costs of publication of the notices shall be an expense of the county.

The Escrow Agent is hereby authorized and directed to pay to the fiscal agency of the State of Washington sums sufficient to make, when due, the payments specified in section D.1.a. through e. of this section. All such sums shall be paid from the money deposited with the Escrow Agent in accordance with this section. All sums so paid shall be credited to the Refunding Account. All money deposited with the Escrow Agent and any income therefrom shall be held, invested and applied in accordance with the provisions of the Bond Ordinance, the escrow agreement, and the laws of the State of Washington for the benefit of the county and the owners of the Refunded Bonds.

3. Findings of Saving and Defeasance. This council hereby finds and determines that the issuance and sale of the Bonds at this time will effect a savings to the county and ratepayers of the System. In making this finding and determination, the council has given consideration to the interest on and the fixed maturities of the Bonds and the Refunded Bonds and the costs of issuance of the Bonds.

The council hereby further finds and determines that the funds to be deposited with the Escrow Agent will be sufficient to defease and redeem the Refunded Bonds and will discharge and satisfy the obligations of the county with respect to the Refunded Bonds under the ordinances authorizing their issuance and the pledges of the county therein. Immediately upon the delivery of the necessary cash deposit, the Refunded Bonds shall be deemed not to be outstanding under their authorizing ordinances and shall cease to be entitled to any lien, benefit or security under those ordinances except the right to receive payment from the cash deposit so set aside and pledged.

E. Continuing Disclosure Undertaking. In accordance with Section 31 of the Bond Ordinance, the county will enter into an undertaking for continuing disclosure for the Bonds in substantially the form described in the Official Statement for the Bonds.

F. Further Authority. The county officials and their agents, attorneys and representatives are hereby authorized and directed to do everything necessary for the prompt issuance and delivery of the Bonds and for the proper use and application of the proceeds of sale of the Bonds.

G. Severability. If any provision in this motion is declared by any court of competent jurisdiction to be contrary to law, then that provision shall be null and void and shall be deemed separable from the remaining provisions of this motion and shall in no way affect the validity of the other provisions of this motion or of the Bonds.