



Legislation Text

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Clerk 12/07/2015

A MOTION of the county council approving the final aggregate principal amount, interest payment dates, interest rates, maturity schedule and principal amounts per maturity, and redemption provisions of the county's Limited Tax General Obligation Refunding Bonds, 2015, Series E, approving a plan to refund a portion of the bonds issued to finance the King Street Center and Ninth and Jefferson facilities, and approving a plan effecting the transfer of the King Street Center facility to the county upon full defeasance or final maturity of the CDP-King County III Lease Revenue Refunding Bonds, 2007 (King Street Center Project), all in accordance with Ordinances 18112 and 18145.

WHEREAS, pursuant to Ordinance No. 18112 (the "King Street Center Ordinance"), the county council authorized the issuance of one or more series of its limited tax general obligation bonds in an aggregate principal amount not to exceed \$37,500,000 to redeem all or a portion of the CDP-King County III Lease Revenue Refunding Bonds, 2007 (King Street Center Project) (the "2007 CDP Bonds") prior to their scheduled maturity, and to pay the costs and expenses of issuing the bonds and, if applicable, costs of the King Street Center Transfer, as defined and described in the King Street Center Ordinance, and

WHEREAS, pursuant to Ordinance No. 18145 (the "NJB Ordinance" and together with the King Street Center Ordinance, the "Ordinance"), the county council authorized the issuance of one or more series of its limited tax general obligation bonds in an aggregate principal amount not to exceed \$183,000,000 to redeem all or a portion of the NJB Properties Lease Revenue Bonds (King County, Washington Project), 2006 Series A and

NJB Properties Lease Revenue Bonds (King County, Washington Project), 2006 Series B (Taxable) (the "NJB Bonds") prior to their scheduled maturity, and to pay the costs and expenses of issuing the bonds and, if applicable, costs of the Harborview Ninth & Jefferson Building Transfer, as defined and described in the NJB Ordinance, and

WHEREAS, the Ordinance directed that the county's director of finance and business operations division (the "Finance Director") determine, in consultation with the county's financial advisor, whether the bonds should be sold in one or more series, the timing of the sale of each series of bonds, whether the bonds should be structured as Tax-Exempt Bonds as defined in the Ordinance, and whether a series of bonds should be sold by negotiated sale or competitive bid or for current or future delivery, and

WHEREAS, the Finance Director has determined that a series of the limited tax general obligation refunding bonds authorized pursuant to the Ordinance, to be designated as the county's "Limited Tax General Obligation Refunding Bonds, 2015, Series E" (the "2015E Bonds"), be sold by competitive bid to obtain all or part of the funds with which to pay the cost of refunding and defeasing all or a portion of the 2007 CDP Bonds and NJB Bonds (collectively, the "Refunding Candidates"), and

WHEREAS, pursuant to the Ordinance, a preliminary official statement dated November 20, 2015, was prepared and distributed for the sale of the 2015E Bonds; and, for the sole purpose of compliance by the purchaser of the 2015E Bonds (the "Bond Purchaser") with SEC Rule 15c2-12, the county has "deemed final" the Preliminary Official Statement as of its date, except for the omission of information on offering prices, interest rates, selling compensation, delivery dates, any other terms or provisions subject to final pricing, ratings, and other terms of the 2015E Bonds dependent on such matters and the identity of the Bond Purchaser; and the Preliminary Official Statement has been distributed to prospective purchasers of the 2015E Bonds, and

WHEREAS, the Finance Director has prepared an official notice of bond sale for the 2015E Bonds dated November 20, 2015 (the "Notice of Sale"), which, among other things, established the year and series

designation, date, estimated aggregate principal amount, interest payment dates, estimated maturity schedule and principal amount per maturity, and redemption provisions of the 2015E Bonds, and

WHEREAS, the Finance Director has caused the Notice of Sale to be published in the Preliminary Official Statement and such newspapers or financial journals as may be deemed desirable or appropriate by the Finance Director, and

WHEREAS, bids have been received in accordance with the Notice of Sale, and have been opened and mathematically verified by the Finance Director or his designee, who has determined that the bid of J.P. Morgan Securities LLC to purchase the 2015E Bonds is the winning bid, and

WHEREAS, the Finance Director, on behalf of the county, has delivered his certificate and notice of acceptance (together with its annexes, the "Notice of Acceptance") accepting such bid, which bid has been adjusted with respect to the aggregate principal amount and principal amount per maturity consistent with the terms of the Ordinance and with the county's debt management policy, as reflected therein, and establishing the refunding plan for the Refunded Bonds (the "Refunding Plan"), and

WHEREAS, in accordance with the Ordinance, the council wishes to ratify and confirm certain terms of the 2015E Bonds, approve the Refunding Plan, and approve a plan effecting the King Street Center Transfer, all as set forth herein;

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

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

B. Approval of Bond Terms and Authorization of Bonds. The issuance of the 2015E Bonds, designated as set forth in the recitals of this motion, and the terms and conditions thereof, as set forth in the Notice of Acceptance attached hereto as Attachment A, are hereby ratified and confirmed, and the Notice of Acceptance is hereby approved. The 2015E Bonds shall bear interest at the rates set forth in the Notice of Acceptance and shall conform in all other respects to the terms and conditions specified in the Notice of

Acceptance and the Ordinance. The 2015E Bonds shall be subject to redemption as set forth in the Notice of Acceptance.

C. Refunding and Redemption of Refunded Bonds.

1. Refunding Plan. In accordance with Sections 13 and 16 of the Ordinance, the Finance Director has determined, in consultation with the county's financial advisor, that net proceeds of the 2015E Bonds will be used to refund a portion of the Refunding Candidates (as set forth below, the "Refunded Bonds") pursuant to Refunding Plan set forth below and ratified and confirmed hereby:

NJB Properties Lease Revenue Bonds,

(King County, Washington Project), 2006 Series A

Maturity Dates (December 1)	Principal	Interest Rates
2017	\$ 4,700,000	5.00%
2018	4,935,000	5.00
2019	5,185,000	5.00
2020	5,440,000	5.00
2021	5,715,000	5.00
2022	5,995,000	5.00
2023	6,300,000	5.00
2024	6,615,000	5.00
2025	6,945,000	5.00
2026	7,290,000	5.00
2027	7,660,000	5.00
2031	34,650,000	5.00
2036 ⁽¹⁾	53,990,000	5.00

⁽¹⁾ Partial refunding of the maturity.

CPD-King County III Lease Revenue Refunding Bonds, 2007

(King Street Center Project)

Maturity Dates (June 1) Principal Interest Rates		
2018	\$ 3,800,000	4.00%
2019	3,955,000	4.00
2022	12,965,000	4.50
2025	12,975,000	4.25

The selection of U.S. Bank National Association as Escrow Agent is hereby ratified and confirmed. In accordance with Section 16.B. of the 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. As provided in Section 16.A. of the Ordinance (i) the NJB Lease Revenue Bonds Refunding Account (the "NJB Refunding Account"), (ii) the NJB Lease Revenue Refunding Costs of Issuance Account (the "NJB Costs of Issuance Account"), (iii) the CDP Lease Revenue Bonds Refunding Account (the "CDP Refunding Account" and together with the NJB Refunding Account, the "Refunding Account"), and (ii) the CDP Lease Revenue Refunding Costs of Issuance Account (the "CDP Costs of Issuance Account" and together with the NJB Costs of Issuance Account, the "Costs of Issuance Account") will be established and maintained with the Escrow Agent.

The net proceeds of the 2015E Bonds will be deposited with the Escrow Agent as follows:

a. \$434,923.69 shall be deposited in the Costs of Issuance Account to pay the expenses of safeguarding of the Escrowed Securities, the costs and expenses incurred in the issuance of the 2015 Bonds and costs of the King Street Center Transfer as set forth in the Escrow Agreement. The county may, from time to time, transfer, or cause to be transferred, from the Costs of Issuance Account any money not thereafter required for the purposes set forth in this subsection C.1.a. of this motion.

b. \$197,788,524.81 shall be deposited in the Refunding Account and used, together with other funds of the county, if necessary, to purchase Government Obligations bearing such interest and maturing as to principal and interest in such amounts and at such times that, together with any initial cash balance, will be sufficient to pay the interest on the Refunded Bonds payable on and prior to their respective call dates and the redemption price (100% of the principal amount) of the Refunded Bonds payable on their respective call dates. The amount deposited to the Refunding Account will be irrevocably deposited with the Escrow Agent to defease the Refunded Bonds in accordance with the indentures authorizing their issuance. 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 this subsection C.1.b. of this motion, 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 the Refunding Account to make the payments specified in subsection C.1.b. of this motion. The county hereby directs that the Refunded Bonds be defeased and called for redemption on their respective call dates, in accordance with the provisions of the indentures 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 deposit to the Escrow Agent.

The Escrow Agent is hereby authorized and directed to give notice of the defeasance and redemption of the Refunded Bonds in accordance with the applicable provisions of the indentures 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 trustee for the Refunded Bonds sums sufficient to make, when due, the payments specified in subsection C.1.b. of this motion. 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 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.

D. Findings of Saving and Defeasance. This council hereby finds and determines that the issuance and sale of the 2015E Bonds at this time will effect a savings to the county and its taxpayers. In

making this finding and determination, the council has given consideration to the interest on and the fixed maturities of the 2015E Bonds and the county obligation to pay rent under the Leases with respect to the Refunded Bonds and the costs of issuance of the 2015E Bonds. The savings meet the Savings Target, as defined and described in the Ordinance.

E. Plan Effecting Transfer of King Street Center Building. The Finance Director is hereby authorized and directed to undertake all action required to effect the King Street Center Transfer upon the earlier of the full defeasance or final maturity of all the outstanding 2007 CDP Bonds on June 1, 2017. County officials, and their agents, attorneys and representatives are hereby authorized and directed to do everything necessary to effect the King Street Center Transfer upon such full defeasance or final maturity, including the assignment and termination (within 90 days of such title transfer) of the management contracts and other encumbrances on the Premises, in accordance with the terms of the Ordinance and the Rulings and to effect any necessary amendment to the Lease, as provided in the King Street Center Ordinance, to reflect the defeasance and redemption of 2007 CDP Bonds.

F. Continuing Disclosure Undertaking. In accordance with Section 18 of the Ordinance, the county will enter into an undertaking for continuing disclosure for the 2015E Bonds in substantially the form described in the Official Statement for the 2015E Bonds.

G. 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 2015E Bonds, for the proper use and application of the proceeds from the sale of the 2015E Bonds, for the defeasance and refunding of the Refunded Bonds, for an amendment to the Leases to reflect such defeasance and refunding, and for the King Street Center Transfer.

H. 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 2015E Bonds.