

There are presently outstanding \$7,745,000 aggregate principal amount of 2009 Bonds maturing on January 1, 2020, bearing interest at the rate of 5.00% ("the Refunded 2009 Bonds").

Pursuant to Ordinance 16868 and Motion 13272, the county council authorized the issuance of its Sewer Revenue and Refunding Bonds, 2010 ("the 2010 Bonds"), to finance the construction of improvements to the System, to refund certain outstanding bonds of the System, to pay capitalized interest, to fund a deposit to the Parity Bond Reserve Account and to pay the costs of issuing the 2010 Bonds.

The county reserved the right to redeem the 2010 Bonds maturing on and after January 1, 2021, in whole or in part at any time on or after July 1, 2020, at the price of par plus accrued interest, if any, to the date fixed for redemption.

There are presently outstanding \$47,105,000 aggregate principal amount of 2010 Bonds maturing on January 1 in each of the years 2040, 2045 and 2050, bearing interest at 5.00% ("the Refunded 2010 Bonds").

Pursuant to Ordinance 16868 and Motion 13406, the county council authorized the issuance of its Sewer Revenue Bonds, 2011 ("the 2011 Bonds"), to finance the construction of improvements to the System, to fund a deposit to the Parity Bond Reserve Account and to pay the costs of issuing the 2011 Bonds.

The county reserved the right to redeem the 2011 Bonds maturing on and after January 1, 2022, in whole or in part at any time on or after January 1, 2021, at the price of par plus accrued interest, if any, to the date fixed for redemption.

There are presently outstanding \$47,590,000 aggregate principal amount of 2011 Bonds maturing on January 1 in each of the years 2022, 2028 through 2032, inclusive, 2034, 2037 and 2041, bearing interest at rates ranging from 5.00% to 5.25% ("the Refunded 2011 Bonds").

Pursuant to Ordinance 17111 and Motion 13535, the county council authorized the issuance of

its Sewer Revenue and Refunding Bonds, 2011 Series B ("the 2011B Bonds"), to finance the construction of improvements to the System, to refund certain outstanding bonds of the System, to fund a deposit to the Parity Bond Reserve Account and to pay the costs of issuing the 2011B Bonds.

The county reserved the right to redeem the 2011B Bonds maturing on and after January 1, 2022, in whole or in part at any time on or after January 1, 2021, at the price of par plus accrued interest, if any, to the date fixed for redemption.

There are presently outstanding \$48,610,000 aggregate principal amount of 2011B Bonds maturing on January 1 in each of the years 2028 through 2031, inclusive, 2034 and 2041, bearing interest at the rate of 5.00% ("the Refunded 2011B Bonds").

Pursuant to Ordinance 17111 and Motion 13573, the county council authorized the issuance of its Sewer Revenue Refunding Bonds, 2011 Series C ("the 2011C Bonds"), to refund certain outstanding bonds of the System and to pay the costs of issuing the 2011C Bonds.

The county reserved the right to redeem the 2011C Bonds maturing on and after January 1, 2035, in whole or in part at any time on or after January 1, 2021, at the price of par plus accrued interest, if any, to the date fixed for redemption.

There are presently outstanding \$8,600,000 aggregate principal amount of 2011C Bonds maturing on January 1, 2035, bearing interest at the rate of 5.00% ("the Refunded 2011C Bonds," and together with the Refunded 2009 Bonds, the Refunded 2010 Bonds, the Refunded 2011 Bonds and the Refunded 2011B Bonds, all as more particularly described in Attachment C to this motion, "the Refunded Bonds").

It is in the best interest of the County and ratepayers of the System to effect a savings by refunding the Refunded Bonds.

Pursuant to Ordinance 18587, passed on October 23, 2017 ("the Ordinance"), the county council

authorized, among other things, the issuance of one or more series of bonds to refund certain outstanding bonds payable from Revenue of the System, including the Refunded Bonds.

The Ordinance provides that such bonds may be publicly sold in one or more series, as Parity Bonds or Parity Lien Obligations, as Tax-Exempt Bonds or otherwise, and by negotiated sale or by competitive bid, as determined by the Finance Director in consultation with the county's financial advisor.

The Finance Director has determined that a series of bonds authorized pursuant to the Ordinance, designated as the county's Sewer Refunding Revenue Bonds, 2017, in the aggregate principal amount of \$149,485,000 ("the Bonds"), be sold as provided in this motion.

To effect the refunding of the Refunded Bonds in the manner that will be most advantageous to the county, it is found necessary and advisable that a portion of the proceeds of the Bonds be deposited with the Refunding Trustee and held in an irrevocable trust account for the benefit of the holders of the Refunded Bonds.

Pursuant to the Ordinance, a preliminary official statement dated November 17, 2017, has been 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 (collectively, "the Underwriters") named in the bond purchase contract attached as Attachment A to this motion ("the Purchase Contract").

It is in the best interest of the county and the ratepayers of the System that the Bonds be sold to the Underwriters on the terms set forth in the Purchase Contract, the Ordinance, and this motion.

BE IT MOVED BY THE COUNCIL OF KING COUNTY:

A. **Definitions.** Capitalized words that are used in this motion but not defined in this motion have the meanings set forth in the Ordinance for all purposes of this motion, unless some other meaning is plainly intended. The words and terms defined in the preamble to this motion, as used in this motion, have the

meanings assigned such terms in the preamble to this motion, for all purposes of this motion, unless some other meaning is plainly intended. The following words and terms as used in this motion have the following meanings for all purposes of this motion, unless some other meaning is plainly intended.

"Acquired Obligations" means the United States Treasury Certificates of Indebtedness, Notes, and Bonds-State and Local Government Series or other Government Obligations described in the Refunding Trust Agreement and purchased to accomplish the refunding of the Refunded Bonds as authorized by the Ordinance and in accordance with the ordinances authorizing the issuance of the Refunded Bonds.

"Refunding Plan" means:

1. the deposit with the Refunding Trustee of sufficient proceeds of the Bonds, together with other money of the county, if necessary;
2. the purchase by the Refunding Trustee of the Acquired Obligations;
3. the application by the Refunding Trustee of sufficient amounts held by it to the payment of interest on the Refunded 2009 Bonds when due up to and including January 1, 2019;
4. the call, payment and redemption on January 1, 2019, of all of the Refunded 2009 Bonds at a price of par;
5. the application by the Refunding Trustee of sufficient amounts held by it to the payment of interest on the Refunded 2010 Bonds when due up to and including July 1, 2020;
6. the call, payment and redemption on July 1, 2020, of all of the Refunded 2010 Bonds at a price of par;
7. the application by the Refunding Trustee of sufficient amounts held by it to the payment of interest on the Refunded 2011 Bonds, the Refunded 2011B Bonds and the Refunded 2011C Bonds when due up to and including January 1, 2021;
8. the call, payment and redemption on January 1, 2021, of all of the Refunded 2011 Bonds, the Refunded 2011B Bonds and the Refunded 2011C Bonds at a price of par; and

9. the payment of the costs of issuing the Bonds and the costs of carrying out the foregoing elements of the Refunding Plan.

"Refunding Trust Agreement" means a refunding trust agreement between the county and the Refunding Trustee entered into pursuant to Section D.1. of this motion.

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 will be dated their date of issue and delivery, will be subject to redemption, will mature on the dates and in the amounts, and will bear interest at the rates, all as specified in Attachment B to this motion. The Bonds shall conform in all other respects to the terms and conditions specified in the Purchase Contract and the Ordinance.

C. Satisfaction of Parity Conditions. In accordance with the Ordinance and the provisions of the ordinances authorizing the issuance of the 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. 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.
2. All money held in the Refunding Account will be used to pay the principal of and interest on the Refunded Bonds and costs of issuance in accordance with the Refunding Plan.
3. The Ordinance provides for payment of the principal of and interest on the Bonds out of the Parity Bond Fund.
4. 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.
5. The county will have on file at the Closing of the Bonds a certificate of the Finance

Director demonstrating that, during any 12 consecutive calendar months out of the immediately preceding 18 calendar months, Net Revenue was at least equal to 1.25 times the amount required to pay, in each year that the Bonds will be outstanding, the Annual Parity Debt Service for such year.

6. The Finance Director will provide to the registered owner of the county's Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, a certificate showing that Net Revenue in any 12 consecutive months out of the most recent 18 months preceding the issuance of the Bonds, based on financial statements of the System prepared by the county, is at least equal to 1.0 times the Annual Debt Service for the Bonds and all then outstanding obligations of the System secured by a lien on Revenue of the System, in each year during the life 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 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. **Refunding Plan.** In accordance with Sections 16 and 28 of the Ordinance, the Finance Director has determined, in consultation with the county's financial advisor, that the proceeds of the Bonds will be used to refund the Refunded Bonds pursuant to the Refunding Plan, which is ratified and confirmed hereby.

As provided in Section 16 of the Ordinance, the King County 2017 Sewer Revenue Bonds Refunding Account ("the Refunding Account") will be established and maintained with the Refunding Trustee. Proceeds of the Bonds will be irrevocably deposited with the Refunding Trustee in the Refunding Account and used, together with other funds of the county, if necessary, to carry out the Refunding Plan.

The appointment of U.S. Bank National Association as Refunding Trustee is hereby ratified and confirmed. In accordance with Section 16.B. of the Ordinance, the Finance Director is authorized and directed to enter into the Refunding Trust Agreement 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 will be utilized to pay expenses of the Refunding Trustee and other costs of issuing the Bonds. Payment of the costs of issuing the Bonds may be provided for in the Refunding Trust 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 to carry out the Refunding Plan, subject to the provisions of the Refunding Trust 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 money to carry out the Refunding Plan.

The county hereby calls the Refunded 2009 Bonds for redemption on January 1, 2019. The county hereby calls the Refunded 2010 Bonds for redemption on July 1, 2020. The county hereby calls the Refunded 2011 Bonds, the Refunded 2011B Bonds and the Refunded 2011C Bonds for redemption on January 1, 2021.

Each such call for redemption of the Refunded Bonds will be irrevocable after the final establishment of the Refunding Account and delivery of the requisite money to the Refunding Trustee. The Finance Director is authorized and requested to provide whatever assistance is necessary to accomplish the defeasance and redemption of the Refunded Bonds.

The Refunding Trustee is hereby authorized and directed to notify the fiscal agent 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 will be an expense of the county.

The Refunding Trustee is hereby authorized and directed to pay to the fiscal agent of the state of

Washington money sufficient to carry out the Refunding Plan. All such money will be paid from the money deposited with the Refunding Trustee in the Refunding Account. All money so paid will be credited to the Refunding Account. All money deposited with the Refunding Trustee and any income therefrom will be held and applied in accordance with the provisions of the Ordinance, the Refunding Trust Agreement and the laws of the state of Washington for the benefit of the county and the registered owners of the Refunded Bonds.

3. **Findings.** The county council hereby finds and determines that the issuance and sale of the Bonds at this time to effect a savings is in the best interest of the county and the ratepayers of the System. In making this finding and determination, the county 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 and the known earned income from the investment of the proceeds of the sale of the Bonds pending redemption and payment of the Refunded Bonds.

The county council hereby further finds and determines that the money to be deposited with the Refunding Trustee 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 deposit of such money with the Refunding Trustee, the Refunded Bonds will be deemed not to be outstanding under the ordinances authorizing their issuance and will cease to be entitled to any lien, benefit or security under those ordinances except the right to receive payment from the money and Acquired Obligations so set aside and pledged.

E. **Designation as Refunding Candidates.** The Bonds are hereby designated as "Refunding Candidates" for purposes of the Ordinance.

F. **Continuing Disclosure Undertaking.** In accordance with Section 31 of the 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.

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 Bonds and for the proper use and application of the proceeds of the sale of the Bonds.

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