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Title: A MOTION of the county council accepting a bid for the purchase of the county's Limited Tax General Obligation Refunding Bonds, (Payable from Sewer Revenues), 2017, in the aggregate principal amount of \$154,560,000, establishing certain terms of such bonds, and approving a plan of refunding from certain proceeds of such bonds, all in accordance with Ordinance 18116.

Sponsors: Dave Upthegrove

Indexes: Bonds, Budget

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Attachments: 1. Motion 14967.pdf, 2. A. Official Notice of Sale, 3. B. Winning Bid, 4. C. All Remaining Bids, 5. D. Description of the Bonds

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A MOTION of the county council accepting a bid for the purchase of the county's Limited Tax General Obligation Refunding Bonds, (Payable from Sewer Revenues), 2017, in the aggregate principal amount of \$154,560,000, establishing certain terms of such bonds, and approving a plan of refunding from certain proceeds of such bonds, all in accordance with Ordinance 18116.

PREAMBLE

Pursuant to Ordinance 15779 and Motion 12691, the county council authorized the issuance of the county's Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 2008 ("the 2008 Bonds"), to refund certain outstanding limited tax general obligation bonds of the County and to pay the costs of issuance and sale of the 2008 Bonds.

The county reserved the right to redeem outstanding 2008 Bonds maturing on January 1, 2019, through January 1, 2021, inclusive, and on or after January 1, 2024, prior to their maturity, in

whole or in part, at any time on or after January 1, 2018, at a price of par plus accrued interest, if any, to the date of redemption.

There is currently outstanding \$175,630,000 aggregate principal amount of callable 2008 Bonds maturing on January 1 of each of the years 2019 through 2021, inclusive, 2024 through 2028, inclusive, and 2034, bearing interest between 4.75% and 5.00%.

The county has determined that a debt service savings will be realized by refunding the callable outstanding 2008 Bonds.

Pursuant to Ordinance 18116 passed on September 21, 2015 ("the Ordinance"), the county council authorized, among other things, the issuance of one or more series of its limited tax general obligation refunding bonds to refund certain outstanding limited tax general obligation bonds of the county, including the then-outstanding 2008 Bonds, in an aggregate principal amount that does not exceed the county's nonvoted debt capacity at the time of issuance of such refunding bonds.

The Ordinance provides that such refunding bonds may be publicly sold in one or more series, either 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 Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 2017, in the aggregate principal amount of \$154,560,000 ("the 2017 Bonds"), be sold as provided herein.

To effect the refunding 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 2017 Bonds be deposited with the Escrow Agent (as defined in the Ordinance) 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 September 22, 2017, has been prepared for the public sale of the 2017 Bonds, the Official Notice of Sale dated September 22, 2017 and attached as Attachment A ("the Notice"), has been duly published, and bids have been received in accordance with the Notice.

The bid of Merrill Lynch, Pierce, Fenner & Smith Incorporated to purchase the 2017 Bonds (attached as Attachment B) is the best bid received for the 2017 Bonds, and it is in the best interest of the county that the 2017 Bonds be sold to Merrill Lynch, Pierce, Fenner & Smith Incorporated on the terms set forth in the Notice, the attached bid, 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.

"Government Obligations" means, for purposes of the 2017 Bonds, direct obligations of or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Record Date" means, for purposes of the 2017 Bonds: (1) with respect to payment of principal and interest, the 16th day preceding any principal or interest payment date or redemption date; and (2) with respect to providing notice of redemption, the day preceding the day on which notice of the call for redemption is mailed.

"2008 Refunded Bonds" means the outstanding 2008 Bonds maturing on January 1 in the years 2019 through 2021, inclusive, 2024 through 2028, inclusive, and 2034.

"2008 Refunding Plan" means:

1. the placement with the Escrow Agent of proceeds of the 2017 Bonds, together with other money of the county, if necessary, sufficient to acquire the Escrow Securities necessary to defease and redeem the 2008 Refunded Bonds;
2. the application by the Escrow Agent of all amounts held by it (including the maturing principal of and interest on the Escrow Securities and any other cash balance) to the payment of interest on the 2008 Refunded Bonds when due up to and including January 1, 2018;
3. the call, payment and redemption on January 1, 2018, of all of the 2008 Refunded Bonds at a price of par; and
4. the payment of the costs of issuing the 2017 Bonds and the costs of carrying out the foregoing elements of the 2008 Refunding Plan.

B. Ratification of Notice of Sale, Acceptance of Bids, and Authorization of 2017 Bonds. The issuance of the 2017 Bonds in the aggregate principal amount of \$154,560,000, to provide the funds to carry out the 2008 Refunding Plan and to pay other costs of issuance and sale of the 2017 Bonds, and the other terms and conditions thereof set forth in the Notice, are hereby ratified and confirmed.

The offer to purchase the 2017 Bonds, as set forth in the bid of Merrill Lynch, Pierce, Fenner & Smith Incorporated attached as Attachment B, is hereby accepted. All other bids that have been received are attached as Attachment C. The 2017 Bonds will be dated their date of issue and delivery, will be subject to optional redemption, will mature on the dates and in the amounts, and will bear interest at the rates, all as specified in Attachment D. The 2017 Bonds will be issued as Tax-Exempt Bonds under the Ordinance. The 2017 Bonds will conform in all respects to the terms and conditions specified in the Notice and the Ordinance.

C. Application of 2017 Bond Proceeds. The proceeds of the 2017 Bonds will be deposited immediately upon the receipt thereof with the Escrow Agent and used to carry out the 2008 Refunding Plan, as defined herein and modified or amplified by the Refunding Escrow Agreement, and to pay other costs of

issuance and sale of the 2017 Bonds. Any 2017 Bond proceeds or other money deposited with the Escrow Agent not needed to carry out the 2008 Refunding Plan or to pay other costs of issuance and sale of the 2017 Bonds will be returned to the county at the time of delivery of the 2017 Bonds to the initial purchaser thereof and deposited in the Bond Fund to pay interest on the 2017 Bonds on the first interest payment date.

D. **Appointment of Escrow Agent.** U.S. Bank National Association of Seattle, Washington, is appointed Escrow Agent for the 2008 Refunded Bonds.

E. **Call for Redemption of the 2008 Refunded Bonds.** The county calls for redemption on January 1, 2018, all of the 2008 Refunded Bonds at par plus accrued interest. Such call for redemption will be irrevocable after the delivery of the 2017 Bonds to the initial purchaser thereof. The date on which the 2008 Refunded Bonds are herein called for redemption is the first date on which the 2008 Refunded Bonds may be called.

F. **Undertaking to Provide Ongoing Disclosure.** In accordance with Section 31 of the Ordinance, the county will enter into an undertaking to provide continuing disclosure for the 2017 Bonds in substantially the form described in the preliminary official statement for the 2017 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 2017 Bonds and for the proper use and application of the proceeds of sale of the 2017 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 2017 Bonds.