

on December 8, 2020 (the "Ordinance"), the county council authorized the issuance of sewer revenue bonds and limited tax general obligation bonds (payable from sewer revenues) in an aggregate principal amount not to exceed \$825,000,000 to provide funds for acquiring and constructing improvements to the sewer system, and in addition authorized the issuance of sewer revenue bonds and limited tax general obligation bonds (payable from sewer revenues) for the purpose of refunding outstanding obligations of the county payable from sewer revenues.

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 Obligations or otherwise, by negotiated sale, competitive bid or to the federal government or another purchaser, as determined by the Finance Director in consultation with the county's financial advisor.

The Finance Director has determined that three series of bonds authorized pursuant to the Ordinance, designated as the county's Sewer Revenue Refunding Bonds, 2021, Series A (Taxable) (the "2021A Sewer Bonds"), in the aggregate principal amount of \$231,200,000; Limited Tax General Obligation and Refunding Bonds (Payable from Sewer Revenues), 2021, Series A (the "2021A LTGO (Sewer) Bonds"), in the aggregate principal amount of \$239,585,000; and Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 2021, Series B (Taxable) (the "2021B LTGO (Sewer) Bonds"), in the aggregate principal amount of \$94,510,000 (collectively, the "Bonds"), shall be sold as provided herein.

The Bonds are the fourth through sixth series of bonds issued pursuant to the Ordinance. The county authorized the issuance of its Sewer Improvement and Revenue Refunding Bonds, 2020, Series A (the "2020A Bonds"), in the aggregate principal amount of \$179,530,000, its Sewer Revenue Refunding Bonds, 2020, Series B (Taxable) (the "2020B Bonds"), in the aggregate principal amount of \$186,745,000, and its Sewer Revenue Bond (WIFIA - N19128WA) (the "WIFIA Loan"), in the principal amount of not to exceed \$96,844,510. The sum of the

aggregate principal amounts of the 2020A Bonds, the WIFIA Loan, and the Bonds for the purpose of acquiring and constructing improvements to the sewer system, is \$576,279,510, and that amount does not exceed \$825,000,000.

Pursuant to the Ordinance, a preliminary official statement dated July 16, 2021, has been prepared and distributed for the sale of the Bonds, and the Finance Director has negotiated the sale of the Bonds to Morgan Stanley & Co. LLC, on behalf of itself and as representative of J.P. Morgan Securities LLC, Siebert Williams Shank & Co., LLC, and Loop Capital Markets LLC (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.

B. **Ratification of Authorization of Bonds.** The issuance of the Bonds, designated as the county's (a) Sewer Revenue Refunding Bonds, 2021, Series A (Taxable) (the "2021A Sewer Bonds"), in the aggregate principal amount of \$231,200,000, to defease and advance refund certain revenue bonds of the System and to pay the costs of issuing the 2021A Sewer Bonds, as further described in Attachment B-1; (b) Limited Tax General Obligation and Refunding Bonds (Payable from Sewer Revenues), 2021, Series A (the "2021A LTGO (Sewer) Bonds"), in the aggregate principal amount of \$239,585,000, to provide funds for acquiring and constructing improvements to the System, to refund certain outstanding loan obligations of the System, and to

pay the costs of issuing the 2021A LTGO (Sewer) Bonds, as further described in Attachment B-2; and (c) Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 2021, Series B (Taxable) (the "2021B LTGO (Sewer) Bonds"), in the aggregate principal amount of \$94,510,000, to defease and advance refund certain revenue bonds of the System and to pay the costs of issuing the 2021B LTGO (Sewer) Bonds, as further described in Attachment B-3, and the other terms and conditions thereof 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 Attachments B-1 through B-3 to this motion. The 2021A Sewer Bonds will be issued as Parity Bonds (the "Refunding Parity Bonds" or "Parity Bonds"). The 2021A LTGO (Sewer) Bonds will be issued as Parity Lien Obligations (the non-refunding portion of the 2021A LTGO (Sewer) Bonds are "New Money Parity Lien Obligations" and the refunding portion of the 2021A LTGO (Sewer) Bonds are "Refunding Parity Lien Obligations"). The 2021B LTGO (Sewer) Bonds will be issued as Parity Lien Obligations (together with the refunding portion of the 2021A LTGO (Sewer) Bonds, the "Refunding Parity Lien Obligations"; the New Money Parity Lien Obligations and the Refunding Parity Lien Obligations are together the "Parity Lien Obligations").

The 2021A LTGO (Sewer) Bonds will be issued as Tax-Exempt Obligations under the Ordinance. The 2021A Sewer Bonds and the 2021B LTGO (Sewer) Bonds are not Tax-Exempt Obligations under the Ordinance. The Bonds will conform in all respects to the terms and conditions specified in the Purchase Contract and the Ordinance.

C. **Application of Bond Proceeds.** In accordance with Section 15A of the Ordinance, there has been established a special subaccount within the Construction Account designated as the Series 2021A LTGO (Sewer) Construction Subaccount (the "Construction Subaccount"). The New Money Parity Lien Obligation portion of the 2021A LTGO (Sewer) Bonds will be deposited into the Series 2021A LTGO (Sewer) Construction Subaccount. A portion of the proceeds deposited into the Construction Subaccount will be applied

to pay costs of acquiring, constructing and equipping improvements, additions or betterments to the System as set forth in the Comprehensive Plan and the Capital Improvement Budget and costs incidental thereto, including engineering, architectural, planning, financial, legal, urban design, capitalized interest, or any other incidental costs, and to repay advances heretofore or hereafter made on account of such costs, in accordance with Section 15.A of the Ordinance. The remainder of the proceeds of the New Money Parity Lien Obligation portion of the 2021A LTGO (Sewer) Bonds will be applied to pay the costs of issuing the 2021A LTGO (Sewer) Bonds (and may be deposited with the escrow agent for the refunding bonds for this purpose).

D. Plan of Refunding.

1. In accordance with Section 16 of the Ordinance, the Finance Director has determined, in consultation with the county's financial advisor, that the Refunding Parity Lien Obligation portion of the proceeds of the 2021A LTGO (Sewer) Bonds will be used to refund certain outstanding loan obligations of the county, identified in Attachment C-1 (the "Refunded Loans"); that the proceeds of the 2021A Sewer Bonds will be used to refund the county's Sewer Revenue Refunding Bonds, 2015, Series A, that are identified in Attachment C-2 (the "Refunded 2015A Sewer Bonds"); and that the proceeds of the 2021B LTGO (Sewer) Bonds will be used to refund the county's Limited Tax General Obligation Refunding Bonds (Payable From Sewer Revenues), 2015, Series A, that are identified in Attachment C-3 (the "Refunded 2015A LTGO (Sewer) Bonds," and together with the Refunded 2015A Sewer Bonds, the "Refunded Bonds").

2. Prepayment of the Refunded Loans. The county will directly transfer a portion of the proceeds of the 2021A LTGO (Sewer) Bonds to the state of Washington's Department of Ecology to prepay the Refunded Loans. The county hereby authorizes prepayment of the Refunded Loans on the date or dates selected by the Finance Director. The Finance Director is authorized and requested to provide whatever assistance is necessary to accomplish the prepayment of the Refunded Loans and provide notice thereof in accordance with the applicable provisions of the ordinances and loan agreements authorizing their issuance.

3. Redemption of the Refunded Bonds. As provided in Section 16 of the Ordinance, the King

County 2021A Sewer and LTGO Bonds Refunding Account (the "Refunding Account") will be established and maintained with the Refunding Trustee. A portion of the proceeds of the 2021A Sewer Bonds and the 2021B LTGO (Sewer) 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 refund the Refunded Bonds.

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 and Acquired Obligations to refund the Refunded Bonds, 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.

The county hereby irrevocably sets aside sufficient money to carry out the refunding of the Refunded Bonds. The county hereby calls the Refunded Bonds for redemption on January 1, 2025. 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, currently U.S. Bank National Association to give notice of 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 giving of such notices. 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 of the Refunded Bonds. 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.

4. Findings. The county council hereby finds and determines that the issuance and sale of the Refunding Parity Bonds and the Refunding Parity Lien Obligations 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 Refunding Parity Bonds, the Refunding Parity Lien Obligations, the Refunded Loans, and the Refunded Bonds; the costs of issuance of the Refunding Parity Bonds and the Refunding Parity Lien Obligations; and the known earned income from the investment of the proceeds of the sale of the Refunding Parity Bonds and the Refunding Parity Lien Obligations pending redemption and/or prepayment of the Refunded Loans and Refunded Bonds.

The county council hereby further finds and determines that the proceeds of the 2021A LTGO (Sewer) Bonds to be transferred to the Department of Ecology will be sufficient to prepay the Refunded Loans, and will discharge and satisfy the obligations of the county with respect to the Refunded Loans under the ordinances and/or loan agreements authorizing their issuance and the pledges of the county therein.

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 these 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.

The present value of the savings achieved by each advance refunding accomplished by the Refunding Plan meets or exceeds the minimum savings levels set forth in the county's refunding guidelines.

E. **Satisfaction of Parity Conditions.** In accordance with the Ordinance and the provision of the Ordinance 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 that are Parity Bonds are issued there will not then be, any deficiency in the Parity Bond Fund or any account therein.
2. The Ordinance provides for payment of the principal of and interest on the Bonds that are Parity Bonds out of the Parity Bond Fund.
3. The amount that will be on deposit in the Parity Bond Reserve Account at the Closing of the Bonds that are Parity Bonds will satisfy the Reserve Requirement, without the need for any additional deposit.
4. Upon the issuance of the Refunding Parity Bonds: (a) total debt service required for all Parity Bonds (including the Refunding Parity Bonds and not including the bonds to be refunded by the Refunding Parity Bonds) will decrease; and (b) the Annual Parity Debt Service for each year that any Parity Bonds (including the Refunding Parity Bonds and not including the bonds to be refunded by the Refunding Parity Bonds) are then outstanding will not be increased by more than \$5,000 by reason of the issuance of the Refunding Parity Bonds.

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

F. **Satisfaction of Parity Lien Obligation Conditions.** In accordance with the Ordinance and the provision of the Ordinance authorizing the issuance of the outstanding Parity Lien Obligations, which permit the issuance of Future Parity Lien Obligations upon compliance with the conditions set forth therein, the county council hereby finds and determines, as follows:

1. There is no deficiency in the Parity Bond Fund, the Parity Lien Obligation Bond Fund, or any other bond fund or account securing Parity Lien Obligations.
2. The county will have on file at the Closing of the Parity Lien Obligations 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 Parity Lien Obligations will be outstanding, the Annual Debt Service for such year.

The applicable conditions for Future Parity Lien Obligations having been complied with in connection with the issuance of the Bonds that are Parity Lien Obligations, the pledge contained in the Ordinance of Revenue of the System to pay and secure the payment of the Bonds that are Parity Lien Obligations 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 Lien Obligations.

G. **Designation as Refunding Candidates.** The Bonds are hereby designated as "Refunding Candidates" for purposes of ordinances of the county authorizing the issuance of future bonds to refund outstanding obligations of the county payable from Revenue of the System, including without limitation the Ordinance.

H. **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 Bonds in substantially the form described in the preliminary official statement for the Bonds.

I. **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.

J. **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.