

\$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, 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 two series of bonds authorized pursuant to the Ordinance, designated as the county's Sewer Improvement and Refunding Revenue Bonds, 2020, Series A (the "2020A Bonds") in the aggregate principal amount of \$179,530,000 and Sewer Refunding Revenue Bonds, 2020, Series B (Taxable) in the aggregate principal amount of \$186,745,000 (the "2020B Bonds" and, together with the 2020A Bonds, the "Bonds"), be sold as provided herein.

The Bonds are the first two series of bonds issued pursuant to the Ordinance.

Pursuant to the Ordinance, a preliminary official statement dated July 14, 2020, has been prepared for the public sale of the Bonds, the official notice of such sale dated July 14, 2020, and attached as Attachment A (the "Notice"), has been duly published, and bids have been received in accordance with the Notice.

The bid of J.P. Morgan Securities LLC to purchase the 2020A Bonds (attached as Attachment B-1) is the best bid received for the 2020A Bonds, and it is in the best interest of the county that the 2020A Bonds be sold to J.P. Morgan Securities LLC on the terms set forth in the Notice, the attached bid, the Ordinance and this motion.

The bid of Morgan Stanley & Co. LLC to purchase the 2020B Bonds (Attachment B-2) is the

best bid received for the 2020B Bonds, and it is in the best interest of the county that the 2020B Bonds be sold to Morgan Stanley & Co. LLC 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.

B. **Ratification of Notice of Sale, Acceptance of Bids, and Authorization of Bonds.** The issuance of the Bonds, designated as (a) the county's Sewer Improvement and Refunding Revenue Bonds, 2020, Series A (the "2020A Bonds"), in the aggregate principal amount of \$179,530,000 to pay costs of capital improvements to the System, to defease and refund on a current basis certain outstanding bonds of the Sewer System, and to pay costs of issuance and sale of the 2020A Bonds, (b) Sewer Refunding Revenue Bonds, 2020, Series B (Taxable) (the "2020B Bonds"), in the aggregate principal amount of \$186,745,000 to defease and advance refund certain outstanding bonds secured by the Sewer System and to pay costs of issuance and sale of the 2020B Bonds, and the other terms and conditions thereof set forth in the Notice, are hereby ratified and confirmed.

The offer to purchase the 2020A Bonds, as set forth in the bid of J.P. Morgan Securities LLC attached as Attachment B-1, is hereby accepted, and the sale of the 2020A Bonds pursuant to such offer is hereby ratified and confirmed. All other bids for the 2020A Bonds that have been received are attached as Attachment C-1. The 2020A Bonds will be dated their date of delivery, will be subject to optional and mandatory sinking fund redemption, will mature on the dates and in the amounts, and will bear interest at the rates and on the dates, all as specified in Attachment D-1.

The offer to purchase the 2020B Bonds, as set forth in the bid of Morgan Stanley & Co. LLC as Attachment B-2, is hereby accepted, and the sale of the 2020B Bonds pursuant to such offer is hereby ratified and confirmed. All other bids for the 2020B Bonds that have been received are attached as Attachment C-2. The 2020B Bonds will be dated their date of delivery, will be subject to optional redemption, will mature on the dates and in the amounts, and will bear interest at the rates and on the dates, all as specified in Attachment D-2.

The 2020A Bonds will be issued as Parity Bonds and as Tax-Exempt Obligations under the Ordinance. The 2020B Bonds will be issued as Parity Bonds and are not Tax-Exempt Obligations under the Ordinance. The Bonds will conform in all respects to the terms and conditions specified in the Notice and the Ordinance.

C. **Application of Bond Proceeds.** In accordance with Section 15.A of the Ordinance, there has been established a special subaccount within the Construction Account designated as the Series 2020A Construction Subaccount (the “Construction Subaccount”). A portion of the proceeds of the 2020A Bonds will be deposited into the Construction Subaccount and 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 2020A Bonds and all of the proceeds of the 2020B Bonds will be deposited into an escrow account for refunding purposes and to pay the costs of issuing the Bonds.

D. **Refunding and Redemption of Refunded Bonds.**

1. **Plan of Refunding.** In accordance with Section 16 of the Ordinance, the Finance Director has determined, in consultation with the county’s financial advisor, that a portion of the proceeds of the 2020A Bonds and a portion of the proceeds of the 2020B 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 2020A/B Sewer Revenue Bonds

Refunding Account (the “Refunding Account”) will be established and maintained with the Refunding Trustee. A portion of the 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.

2. 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.

3. Redemption of Refunded Bonds. The county hereby irrevocably sets aside sufficient money to carry out the Refunding Plan.

The county hereby calls the Refunded 2010 Bonds for redemption on August 4, 2020, calls the Refunded 2012B Bonds for redemption on July 1, 2022, calls the Refunded 2012C Bonds for redemption on July 1, 2022, calls the Refunded 2013A Bonds for redemption on January 1, 2023, and calls the Refunded 2016B Bonds for redemption on July 1, 2023.

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, 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 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.

4. **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. **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 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 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 will satisfy the Reserve Requirement, without the need for any additional deposit.
4. 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.
5. Upon the issuance of the 2020B Bonds: (a) total debt service required for all Parity Bonds (including the 2020B Bonds and not including the bonds to be refunded thereby) will decrease; and (b) the Annual Parity Debt Service for each year that any Parity Bonds (including the 2020B Bonds and not including the bonds to be refunded thereby) are then outstanding will not be increased by more than \$5,000 by reason of the issuance of the 2020B 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.

F. **Designation as Refunding Candidates.** The Bonds are hereby designated as "Refunding Candidates" for purposes of ordinances of the county authorizing the issuance of bonds to refund outstanding obligations of the county payable from Revenue of the System, including without limitation Ordinance 19112 passed on June 23, 2020.

G. **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.

H. **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.

I. **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.