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Title: A MOTION of the county council accepting a bid for the purchase of the county's Sewer Revenue Bonds, 2018, Series B, in the aggregate principal amount of \$124,455,000, and establishing certain terms of such bonds, all in accordance with Ordinance 18588.

Sponsors: Dave Upthegrove

Indexes: Bonds

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Attachments: 1. Motion 15243, 2. A. Official Notice of Sale, 3. B. Winning Bid, 4. C. All Remaining Bids, 5. D. Description of the Bonds

Date	Ver.	Action By	Action	Result
11/5/2018	1	Metropolitan King County Council	Passed	Pass

A MOTION of the county council accepting a bid for the purchase of the county's Sewer Revenue Bonds, 2018, Series B, in the aggregate principal amount of \$124,455,000, and establishing certain terms of such bonds, all in accordance with Ordinance 18588.

PREAMBLE

Pursuant to Ordinance 18588 passed on October 23, 2017 (the "Ordinance"), the county council authorized the issuance of sewer revenue bonds and limited tax general obligation bonds (payable from sewer revenues), in the aggregate principal amount of \$500,000,000, to pay costs of capital improvements to the System, in accordance with the Comprehensive Plan and the Capital Improvement Budget (each as defined in the Ordinance). The Ordinance provides that such bonds may be publicly sold in one or more series, as Parity Bonds or Parity Lien Obligations, 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 Sewer Revenue Bonds, 2018, Series B in the aggregate principal amount of \$124,455,000 (the "Bonds"), be sold as provided herein.

The Bonds are the second series of bonds issued pursuant to the Ordinance; the county authorized the issuance of its Sewer Revenue Bond, 2018 (WIFIA- N17107WA) (the "WIFIA Loan"), in the principal amount of not to exceed \$134,500,000; the sum of the maximum principal amount of the WIFIA Loan and the aggregate principal amount of the Bonds to be issued pursuant to the Ordinance is \$124,455,000 and that amount does not exceed \$500,000,000.

Pursuant to the Ordinance, a preliminary official statement dated October 29, 2018, has been prepared for the public sale of the Bonds, the official notice of such sale dated October 29, 2018, 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 Bonds (attached as Attachment B) is the best bid received for the Bonds, and it is in the best interest of the county that the 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.

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 the county's Sewer Revenue Bonds, 2018, Series B, in the aggregate principal amount of \$124,455,000 to pay costs of capital improvements to the System and costs of issuance and sale of the Bonds, and the other terms and conditions thereof set forth in the Notice, are hereby ratified and confirmed.

The offer to purchase the Bonds, as set forth in the bid of J.P. Morgan Securities LLC attached as Attachment B, is hereby accepted, and the sale of the Bonds pursuant to such offer is hereby ratified and confirmed. All other bids that have been received are attached as Attachment C. The 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. The Bonds will be issued as Parity Bonds and as Tax-Exempt Bonds 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 2018B Construction Subaccount (the "Construction Subaccount"). Proceeds of the 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 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.

D. **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. 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.

E. **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 18587, passed on October 23, 2017.

F. **Undertaking to Provide Ongoing Disclosure.** In accordance with Section 30 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.

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 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.