



Legislation Text

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AN ORDINANCE approving a plan for refinancing bonds issued by CDP-King County III in 1997 to finance the acquisition and construction of King Street Center and amending the county's lease for King Street Center.

PREAMBLE:

Pursuant to Ordinance 12754, passed by the county council on May 27, 1997, the county has entered into a lease dated June 12, 1997, with CDP-King County III, a Washington nonprofit corporation ("CDP"), for the King Street Center (the "Lease"). Ordinance 12754 also approved the plan proposed by CDP for financing the costs of acquiring, constructing and equipping the King Street Center, which plan included the issuance of tax-exempt bonds secured by a pledge of the county's payments under the Lease. CDP issued such bonds in June 1997 in the original aggregate principal amount of \$78,275,000. The King Street Center project was completed in 1999 and the county then began making payments to CDP under the Lease.

CDP now proposes to refinance those bonds and thereby reduce the county's payments of rent under the Lease. To comply with the requirements of federal tax law relating to issuance of the refunding bonds, the county wishes to approve CDP and its plan of refunding.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Approval of Refunding Bonds. The council hereby acknowledges the intent of CDP to refund all or a portion of CDP's Lease Revenue Bonds, 1997 (King Street Center Project), currently outstanding in the aggregate principal amount of \$72,450,000 (the "Bonds"), by the issuance of a refunding series of lease

revenue bonds in an amount not to exceed \$79,000,000 (the "Refunding Bonds"). For the purpose of complying with the requirements of Revenue Ruling 63-20, 1963-1C.B.24, as supplemented by Revenue Procedure 82-26, 1982-1C.B.476, the county hereby acknowledges and approves (i) CDP and the issuance of the Refunding Bonds on substantially the same terms as the Bonds and with a final maturity date no later than that of the Bonds and (ii) CDP's plan to refund all or a portion of the Bonds; provided, however, that any such plan of refunding must achieve net present value savings of at least 5% of the principal amount of Bonds that are advance refunded. The county hereby acknowledges and confirms its approval of the pledge by CDP of revenues to be received by CDP from the county under the Lease to secure payment of the Bonds and the Refunding Bonds in accordance with the Indenture of Trust between CDP and the trustee for the Bonds dated as of June 1, 1997, and as the Lease and Indenture may be amended and supplemented to provide for refunding of certain of the Bonds and issuance of the Refunding Bonds. Neither the Bonds nor the Refunding Bonds shall in any way represent or create a general obligation of the county, and the county shall not pledge its full faith and credit for the repayment of the Bonds or the Refunding Bonds. The county agrees that when the Refunding Bonds and any outstanding Bonds are retired, the county shall accept delivery of full legal and unencumbered title to the King Street Center for no additional consideration.

The county further acknowledges that, as lessee under the Lease, it will be an "obligated person" with respect to the Refunding Bonds under Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The county's finance director or his designee is hereby authorized to "deem final" pursuant to the Rule those portions of any preliminary official statement for the Refunding Bonds that will relate to the county, the Lease and the leased premises. The finance director is also hereby authorized to enter into an undertaking to provide continuing disclosure about the county, the Lease and the leased premises as may be required under the Rule.

SECTION 2. General Authorization. The appropriate county officials, agents and representatives are hereby authorized and directed to do everything necessary and desirable to accomplish the plan of refunding approved by this ordinance and to do all things necessary or desirable to permit CDP to issue, sell and deliver

the Refunding Bonds, including but not limited to consenting to a supplemental indenture authorizing issuance of the Refunding Bonds, entering into an agreement regarding the sale of the Refunding Bonds, and executing an amendment of the Lease, provided that such amendment shall not materially increase the responsibilities or liabilities of the county or extend the term of the Lease, and the execution and delivery of such agreements, certificates and opinions relating thereto and to the Lease as may be approved by the county's bond counsel or the office of the prosecuting attorney.

SECTION 3. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the county is found by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the

remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance.