

Legislation Details (With Text)

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File created:	1/14/2019	In control:	Metropolitan King County Council
On agenda:		Final action:	1/14/2019
Enactment date:		Enactment #:	18863
Title:	AN ORDINANCE authorizing King County to participate in the United States Department of Housing and Urban Development public offering as part of the Section 108 Loan Guarantee Assistance Program to refinance the existing promissory note in the original principal amount of six million eight hundred fifty thousand dollars that was authorized by Ordinance 15222, and authorize the county administrator and the director of the finance and business operations division of the department of executive services to execute the Housing and Urban Development contract, promissory note and other documents to complete the refinancing; and declaring an emergency.		
Sponsors:	Joe McDermott		
Indexes:	Housing		
Code sections:			
Attachments:	1. Ordinance 18863.pdf, 2. 2019-0029 transmittal letter, 3. 2019-0029 fiscal note		

Date	Ver.	Action By	Action	Result
1/14/2019	1	Metropolitan King County Council	Hearing held/closed and passed	Pass

Clerk 01/10/2019

AN ORDINANCE authorizing King County to participate in the United States Department of Housing and Urban Development public offering as part of the Section 108 Loan Guarantee Assistance Program to refinance the existing promissory note in the original principal amount of six million eight hundred fifty thousand dollars that was authorized by Ordinance 15222, and authorize the county administrator and the director of the finance and business operations division of the department of executive services to execute the Housing and Urban Development contract, promissory note and other documents to complete the refinancing; and declaring an emergency.

STATEMENT OF FACTS:

1. In July 2005, the King County council adopted Ordinance 15222, which authorized the

executive to accept a six million eight hundred fifty thousand dollar loan from the Section 108 loan guarantee program of the United States Department of Housing and Urban Development department ("HUD"), a loan program that gives local governments the ability to borrow against their federal community development block grant allocation to fund physical and economic revitalization projects.

2. The county used the loan to fund infrastructure improvements at the King County Housing Authority's Greenbridge development in the White Center neighborhood in unincorporated King County.

3. The loan was to be repaid by a variety of county fund sources, including the roads capital fund, the surface water management fund, the real estate excise tax number 1 fund, the general fund and the housing and community development fund, including proceeds from the county's community development block grant allocation.

4. Debt service payments on the loan are anticipated to be completed in 2024, and have been gradually declining as the various funds complete their required payments, with the real estate tax number 1 fund making its final payment in 2014 and the roads capital fund and surface water management fund making their final payments during the 2015-2016 biennium.

5. HUD has offered the county an opportunity to refinance the remaining outstanding balance on the loan, which is anticipated to provide the county with a net savings of approximately one hundred thousand dollars over the remainder of the loan repayment period.

6. The county council adopted Motion 15282 requesting that the executive provide a statement of interest to HUD by December 11, 2018, and to develop and transmit to the council the necessary legislation for implementing the refinancing of the loan as expeditiously as possible.

7. The county executive has provided the required statement of interest to HUD and seeks authorization for the refinancing.

8. King County has previously agreed to pay its share, as determined by HUD, of the customary and usual issuance, underwriting and other costs related to the public offering and future administration of the Note and the trust certificates.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Findings:

A. The United States Department of Housing and Urban Development has offered the county an opportunity to refinance the remaining outstanding balance on the loan made under Section 108 of the Housing and Community Development Act of 1974, as amended, that was used for the King County Housing Authority's Greenbridge project, which refinancing is anticipated to provide the county with a net savings of approximately one hundred thousand dollars over the remainder of the loan repayment period.

B. It will be economically sound and in the best interest of King County to accept more favorable fixed rates of interest under the Section 108 Loan Guarantee program offered by the Department of Housing and Urban Development under the public offering that is currently set for February 13, 2019.

C. In order to take advantage of the refinancing opportunity King County must deliver the required executed Department of Housing and Urban Development contract, promissory note and legal opinion to the Department of Housing and Urban Development by January 18.

D. The prosecuting attorney's office will only issue the required legal opinion by the January 18 deadline if this ordinance is effective on or before January 16.

SECTION 2. King County has determined it is in the best interest of the county to participate in the February 2019 public offering by the United States Department of Housing and Urban Development through the loan guarantee assistance program under Section 108 of the Housing and Community Development Act of 1974, as amended, for the existing obligation B-04-UC-53-0001 in the original principal amount of six million eight hundred fifty thousand dollars, and to refinance the remaining principal amount of one million four hundred and thirty-seven thousand dollars at such rates of interest that will be determined by the Department of

Housing and Urban Development at the time of the public offering.

SECTION 3. The county administrative officer and the director of the finance and business operations division of the department of executive services are authorized to execute the necessary documents as required by the United States Department of Housing and Urban Development to refinance the existing guaranteed Section 108 Note, including a contract in substantially the form of Attachment A to this ordinance, and issue a note in substantially the form of Attachment B to this ordinance, and authorize payment of any required fees, as may be necessary to effectuate this refinancing transaction. Under the Department of Housing and Urban Development contract, King County will pledge its future Community Development Block Grant entitlement as security for the promissory note.

SECTION 4. The refinanced United States Department of Housing and Urban Development Section 108 Loan shall be repaid over a five-year period from the following county resources in the same manner as authorized under Ordinance 15222:

Housing Opportunity Fund	\$#####
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Community Development Block Grant	\$#####
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SECTION 5. If any provision of this ordinance or its application to any person or circumstance is held to be invalid, the remainder of the ordinance or the application or provision to any person or circumstances is not affected.

SECTION 6. The county council finds as a fact and declares that an emergency exists and that this ordinance is necessary for the immediate preservation of public peace, health or safety or for the support of county government and its existing public institutions.