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Title: A MOTION of the county council accepting a bid for the purchase of the county's Limited Tax General Obligation Refunding Bonds, 2019, Series A, in the aggregate principal amount of \$41,420,000, establishing certain terms of such bonds in accordance with Ordinance 18376 and establishing a refunding plan for the refunding of the county's Limited Tax General Obligation Bonds, 2009, Series B and the county's Multi-Modal Limited Tax General Obligation Refunding Bonds, 2013.

Sponsors: Claudia Balducci

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Attachments: 1. Motion 15330.pdf, 2. A-1. Description of the Refunded 2009B Bonds, 3. A-2. Description of the Refunded 2013 Bonds, 4. B. Official Notice of Sale, 5. C. Winning Bid, 6. D. Bond Maturity Dates, Principal Amounts and Interest Rates, 7. E-1. Description of the Refunded 2009B Bond Escrow Securities and the Refunded 2009B Bond Initial Cash, 8. E-2. Description of the Refunded 2013 Bond Escrow Securities and the Refunded 2013 Bond Initial Cash

Date	Ver.	Action By	Action	Result
2/27/2019	1	Metropolitan King County Council	Passed	Pass

A MOTION of the county council accepting a bid for the purchase of the county's Limited Tax General Obligation Refunding Bonds, 2019, Series A, in the aggregate principal amount of \$41,420,000, establishing certain terms of such bonds in accordance with Ordinance 18376 and establishing a refunding plan for the refunding of the county's Limited Tax General Obligation Bonds, 2009, Series B and the county's Multi-Modal Limited Tax General Obligation Refunding Bonds, 2013.

WHEREAS, pursuant to Ordinance 18376 ("the Ordinance"), the county council authorized the issuance of one or more series of limited tax general obligation bonds of the county for the purpose of paying all or part of the cost of refunding limited tax general obligation bonds of the county and the costs of issuing the refunding bonds, and

WHEREAS, the Ordinance provided that such bonds may be issued as Tax-Exempt Bonds or Taxable Bonds and sold at public sale, either by competitive bid or negotiated sale, in one or more series, to refund such limited tax general obligation bonds of the county, all as determined by the Finance Director in consultation with the county's financial advisors, and

WHEREAS, the Finance Director has determined that a series of such bonds, to be designated as the county's Limited Tax General Obligation Refunding Bonds, 2019, Series A, in the aggregate principal amount of \$41,420,000 ("the 2019A Bonds"), be issued as Tax-Exempt Bonds and sold by competitive bid as provided herein for the purpose of (a) refunding and defeasing the county's Limited Tax General Obligation Bonds, 2009, Series B maturing on or after June 1, 2020, which are described in Attachment A-1 to this motion ("the Refunded 2009B Bonds"), and (b) refunding all of the county's Multi-Modal Limited Tax General Obligation Refunding Bonds, 2013, which are described in Attachment A-2 to this motion ("the Refunded 2013 Bonds" and, together with the Refunded 2009B Bonds, "the Refunded Bonds"), and

WHEREAS, a preliminary official statement dated February 15, 2019, has been prepared for the public sale of the 2019A Bonds, the official notice of such sale dated February 15, 2019 ("the Notice"), has been duly prepared, and bids have been received in accordance with the Notice, and

WHEREAS, the attached bid of TD Securities (USA) LLC to purchase the 2019A Bonds is the best bid received for the 2019A Bonds, and it is in the best interest of the county that the 2019A Bonds be sold to TD Securities (USA) LLC on the terms set forth in the Notice, the attached bid, the Ordinance and this motion;

NOW, THEREFORE, BE IT MOVED by the Council of King County:

A. Definitions. Except as expressly authorized herein, terms used in this motion have the meanings set forth in the Ordinance.

B. Ratification of Terms, Acceptance of Bids, and Authorization of Sale of 2019A Bonds. The issuance of the 2019A Bonds, designated as the county's Limited Tax General Obligation Refunding Bonds, 2019, Series A, in the aggregate principal amount of \$41,420,000, and the other terms and conditions thereof

set forth in the Notice attached hereto as Attachment B, are hereby ratified and confirmed. The offer to purchase the 2019A Bonds, as set forth in the bid of TD Securities (USA) LLC, is attached hereto as Attachment C; provided, that such bid has been adjusted with respect to the aggregate principal amount and principal amount per maturity consistent with the terms of the Notice, such that the 2019A Bonds will mature on the dates and in the amounts, shall bear interest at the rates, and shall be sold at the purchase price specified in Attachment D. The 2019A Bonds shall be issued as Tax-Exempt Bonds, shall be dated their date of issue and delivery, and shall be subject to purchase and optional redemption, all as set forth in the Notice. In all other respects, the 2019A Bonds shall conform to the terms and conditions specified in the Notice and the Ordinance.

C. Refunding Plan and Application of 2019A Bond Proceeds. The refunding plan for the Refunded Bonds ("the Refunding Plan") shall be as follows:

1. Refunded 2009B Bonds. The county shall call the Refunded 2009B Bonds for redemption on June 1, 2019 ("the Refunded 2009B Bond Redemption Date") and a portion of the proceeds of the 2019A Bonds shall be used to refund and defease the Refunded 2009B Bonds by paying or providing for the payment of the interest on the Refunded 2009B Bonds that will become due and payable before the Refunded 2009B Bond Redemption Date, and the redemption price of the Refunded 2009B Bonds payable on the Refunded 2009B Bond Redemption Date equal to the principal amount thereof plus accrued interest to the Refunded 2009B Bond Redemption Date.

The county shall cause net proceeds of the 2019A Bonds in the amount of \$17,280,905.88 to be deposited in and credited to an escrow subaccount ("the Refunded 2009B Bond Escrow Subaccount") to be created in the King County Limited Tax General Obligation Bond Refunding Account, 2019, Series A ("the Refunding Account") established pursuant to Section 14 of the Ordinance. The government obligations to be purchased with a portion of such funds in the Refunded 2009B Bond Escrow Subaccount ("the Refunded 2009B Bond Escrow Securities") and the initial cash balance ("the Refunded 2009B Bond Initial Cash") to remain therein for the refunding of the Refunded 2009B Bonds shall be as identified in Attachment E-1 to this

motion.

2. Refunded 2013 Bonds. The county shall call the Refunded 2013 Bonds for redemption on April 1, 2019 ("the Refunded 2013 Bond Redemption Date") and a portion of the proceeds of the 2019A Bonds shall be used, together with other funds of the county, to refund the Refunded 2013 Bonds by paying or providing for the payment of the interest on the Refunded 2013 Bonds that will become due and payable before the Refunded 2013 Bond Redemption Date, and the redemption price of the Refunded 2013 Bonds payable on the Refunded 2013 Bond Redemption Date equal to the principal amount thereof plus accrued interest to the Refunded 2013 Bond Redemption Date.

The county shall cause net proceeds of the 2019A Bonds in the amount of \$30,760,005.00 to be deposited in and credited to an escrow subaccount ("the Refunded 2013 Bond Escrow Subaccount") to be created in the Refunding Account. The government obligations to be purchased with a portion of such funds in the Refunded 2013 Bond Escrow Subaccount ("the Refunded 2013 Bond Escrow Securities") and the initial cash balance ("the Refunded 2013 Bond Initial Cash") to remain therein for the refunding of the principal of the Refunded 2013 Bonds shall be as identified in Attachment E-2 to this motion.

The accrued interest on the Refunded 2013 Bonds to the Refunded 2013 Bond Redemption Date will be paid from funds in the Multi-Modal Limited Tax General Obligation Refunding Bond Redemption Account, 2013 in the King County Limited Tax General Obligation Bond Redemption Fund.

3. Costs of Issuance. The county shall cause the remaining net proceeds of the 2019A Bonds in the amount of \$217,454.01 to be deposited in and credited to an issuance costs subaccount to be created in the Refunding Account and applied to pay costs of issuing the 2019A Bonds.

D. Escrow Agent. The selection of U.S. Bank National Association as escrow agent ("the Escrow Agent") in connection with the Refunding Plan is hereby ratified and confirmed.

E. Required Findings. The county council hereby finds and determines that:

1. Savings and Defeasance of Refunded 2009B Bonds. The issuance and sale of the 2019A Bonds

will effect a savings to the county, consistent with the county's debt management policy and giving consideration to the fixed maturities of the 2019A Bonds and the Refunded 2009B Bonds, the allocable costs of issuance of the 2019A Bonds, and the known earned income from the investment of the proceeds of the 2019A Bonds pursuant to the Refunding Plan pending redemption of the Refunded 2009B Bonds.

The 2009B Escrow Securities to be deposited with the Escrow Agent and the income therefrom, together with the Refunded 2009B Bond Initial Cash, are sufficient to defease the Refunded 2009B Bonds and will discharge and satisfy the obligations of the county under Ordinance 14167, as amended by Ordinance 14463, Ordinance 14745, Ordinance 14992, Ordinance 15285, Ordinance 15604 and Ordinance 16361 (collectively, "the 2009B Bond Ordinance"), and the pledge of the county in the 2009B Bond Ordinance. Immediately upon the irrevocable deposit of such Refunded 2009B Bond Escrow Securities and the Refunded 2009B Bond Initial Cash with the Escrow Agent, the Refunded 2009B Bonds shall be deemed not to be outstanding under the 2009B Bond Ordinance and shall cease to be entitled to any lien, benefit or security under the 2009B Bond Ordinance.

2. Refunding of Refunded 2013 Bonds in Best Interest of the County. The modification of covenants and other terms of the Refunded 2013 Bonds to eliminate the exposure to variable interest rates resulting from the refunding thereof with proceeds of the 2019A Bonds pursuant to the Refunding Plan is in the best interest of the county.

F. Undertaking to Provide Ongoing Disclosure.

1. Contract/Undertaking. This section F. constitutes the county's written undertaking ("the Undertaking") for the benefit of the owners and beneficial owners of the 2019A Bonds as required by section (b)(5)(i)(C) of rule 15c2-12 ("the rule") of the Securities and Exchange Commission ("the SEC").

2. Financial Statements/Operating Data. The county agrees to provide or cause to be provided to the Municipal Securities Rulemaking Board ("the MSRB") the following annual financial information and operating data for the prior fiscal year (collectively, "the Annual Financial Information") (commencing in 2019

for the fiscal year ended December 31, 2018):

(a) annual financial statements prepared in accordance with the Budget Accounting and Reporting System ("BARS") prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type attached to the official statement as "Appendix B," which statements will not be audited, except that if and when audited financial statements are otherwise prepared and available to the county they will be provided;

(b) a summary of the assessed value of taxable property in the county;

(c) a summary of budgeted General Fund revenues and appropriations;

(d) a summary of *ad valorem* property tax levy rates per \$1,000 of assessed value and delinquency rates;

(e) a summary of outstanding tax-supported indebtedness of the county; and

(f) a schedule of the aggregate annual debt service on tax-supported indebtedness of the county.

Items (b) through (f) shall be required only to the extent that such information is not included in the annual financial statements.

The Annual Financial Information will be provided on or before the end of seven months after the end of the county's fiscal year. The county's fiscal year currently ends on December 31. The county may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such Annual Financial Information, the county may make specific cross-reference to other documents available to the public on the MSRB's internet web site or filed with the SEC.

If not provided as part of the Annual Financial Information discussed above, the county will provide to the MSRB the county's audited annual financial statements prepared in accordance with BARS when and if available.

3. Notification Upon Failure to Provide Annual Financial Information. The county agrees to provide or cause to be provided to the MSRB, in a timely manner, notice of its failure to provide the Annual Financial

Information described in subsection 2 above on or prior to the date set forth in subsection 2 above.

4. Specified Events. The county agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following specified events with respect to the 2019A Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2019A Bonds, or other material events affecting the tax status of the 2019A Bonds;
- (g) modifications to rights of 2019A Bondholders, if material;
- (h) 2019A Bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the 2019A Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership, or similar event of the county;
- (m) the consummation of a merger, consolidation or acquisition involving the county or the sale of all or substantially all of the assets of the county, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a financial obligation of the county, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the county, any of which affect security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the county, any of which reflect financial difficulties.

For purposes of the rule and the Undertaking, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the rule.

Solely for purposes of disclosure, and not intending to modify the Undertaking, the county advises with reference to items (c), (j) and (n) above that no debt service reserves secure payment of the 2019A Bonds, no property secures repayment of the 2019A Bonds, and there is no trustee for the 2019A Bonds.

5. Electronic Format; Identifying Information. Until otherwise designated by the MSRB or the SEC, any information or notices submitted to the MSRB in compliance with the rule are to be submitted through the MSRB's Electronic Municipal Market Access system, currently located at www.emma.msrb.org. All notices, financial information and operating data required by the Undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to the Undertaking must be accompanied by identifying information as prescribed by the MSRB.

6. Termination/Modification. The county's obligations to provide Annual Financial Information and notices of specified events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2019A Bonds. The Undertaking, or any provision hereof, will be null and void if the county (i) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the rule which require the Undertaking, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to

the 2019A Bonds; and (ii) notifies the MSRB of such opinion and the cancellation of the Undertaking.

The county may amend the Undertaking, and any provision of the Undertaking may be waived, with an approving opinion of nationally recognized bond counsel and in accordance with the rule.

In the event of any amendment or waiver of a provision of the Undertaking, the county will describe such amendment in the next Annual Financial Information, and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the county. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a specified event under subsection 4, and (ii) the annual financial statements for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

7. Remedies Under the Undertaking. The right of any 2019A Bond owner or beneficial owner of 2019A Bonds to enforce the provisions of the Undertaking shall be limited to a right to obtain specific enforcement of the county's obligations hereunder, and any failure by the county to comply with the provisions of the Undertaking shall not be an event of default with respect to the 2019A Bonds. For purposes of the Undertaking, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2019A Bonds, including persons holding 2019A Bonds through nominees or depositories.

G. Further Authority. The Finance Director and other proper county officials, their agents, and representatives are hereby authorized and directed to do everything necessary for the prompt issuance and delivery of the 2019A Bonds, for the preparation, execution and delivery of the final official statement for the sale of the 2019A Bonds, and for the proper use and application of the proceeds of such sale.

H. Severability. The covenants contained in this motion shall constitute a contract between the county

and the owners of each and every 2019A Bond. If any one or more of the covenants or agreements provided in this motion to be performed on the part of the county shall be declared 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 motion and shall in no way affect the validity of the other provisions of this motion or of the 2019A Bonds.