

SNOHOMISH COUNTY COUNCIL
PUBLIC HEARING PACKET

ORDINANCE 21-078 AUTHORIZING THE ISSUANCE AND SALE OF TAX-EXEMPT LIMITED TAX GENERAL OBLIGATION BONDS OF THE COUNTY IN AN ORIGINAL PRINCIPAL AMOUNT NOT TO EXCEED \$40,000,000 TO REFUND A PORTION OF THE COUNTY'S LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2011, SERIES B; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF SALE OF THE BONDS; ESTABLISHING FUNDS FOR THE RECEIPT AND EXPENDITURE OF BOND PROCEEDS AND FOR THE PAYMENT OF THE BONDS; AND PROVIDING FOR THE ANNUAL LEVY OF TAXES TO PAY THE PRINCIPAL THEREOF AND INTEREST THEREON

ECAF: 2021-0806
Date/Time: Wednesday, October 20, 2021, at 10:30 a.m.
Staff Person: Jim Martin
DPA: Dan Gottlieb, Special Deputy Prosecuting Attorney

EXHIBIT LIST

Click on Exhibit # to view document.

Exhibit #	Date	Exhibit Description
1	9/23/21	Council Staff Report
2	9/23/21	ECAF Received
3	9/23/21	Ordinance Introduction Slip

1 SNOHOMISH COUNTY COUNCIL
2 Snohomish County, Washington

3
4 ORDINANCE NO. 21-078

5
6 AUTHORIZING THE ISSUANCE AND SALE OF TAX-EXEMPT LIMITED
7 TAX GENERAL OBLIGATION BONDS OF THE COUNTY IN AN
8 ORIGINAL PRINCIPAL AMOUNT NOT TO EXCEED \$40,000,000 TO
9 REFUND A PORTION OF THE COUNTY'S LIMITED TAX GENERAL
10 OBLIGATION REFUNDING BONDS, 2011, SERIES B; PROVIDING FOR
11 THE DISPOSITION OF THE PROCEEDS OF SALE OF THE BONDS;
12 ESTABLISHING FUNDS FOR THE RECEIPT AND EXPENDITURE OF
13 BOND PROCEEDS AND FOR THE PAYMENT OF THE BONDS; AND
14 PROVIDING FOR THE ANNUAL LEVY OF TAXES TO PAY THE
15 PRINCIPAL THEREOF AND INTEREST THEREON
16

17
18 WHEREAS, under Amended Ordinance No. 11-074 and Motion No. 11-457, the
19 County has previously issued its Snohomish County, Washington, Limited Tax General
20 Obligation Refunding Bonds, 2011, Series B, in the original aggregate amount of
21 \$75,170,000 (the "2011B Bonds"); and
22

23 WHEREAS, \$40,745,000 in aggregate principal amount of the 2011B Bonds are
24 currently outstanding; and
25

26 WHEREAS, it is deemed in the best interest of the County to refund that portion
27 of the 2011B Bonds allocable to the Campus Redevelopment Initiative and Snohomish
28 County Airport projects in order to effect a debt service savings to the County; and
29

30 WHEREAS, it is deemed necessary and advisable that the County now authorize
31 the issuance and sale of its tax-exempt limited tax general obligation bonds in an
32 original principal amount not to exceed \$40,000,000 to refund the Refunded 2011B
33 Bonds (as defined in section 1);
34

35 NOW, THEREFORE, BE IT ORDAINED:
36

37 Section 1. **Definitions.** The following capitalized words and terms as used in
38 this ordinance have the following meanings for all purposes of this ordinance (including
39 the recitals hereto), unless some other meaning is plainly intended:
40

41 (1) "Bond Fund" means the bond redemption account established for the
42 payment of the Bonds as described under section 13 of this ordinance.
43

44 (2) "Bonds" means the limited tax general obligation bonds of the County in an
45 aggregate original principal amount not to exceed \$40,000,000, authorized to be issued
46 by this ordinance to refund the Refunded 2011B Bonds; provided, that if the Bonds are

1 sold as Combined Bonds, all references to Bonds herein shall also refer to such
2 Combined Bonds, except for such references in Sections 3(1), 3(2)(a) and 10(1).

3
4 (3) "Code" means the federal Internal Revenue Code of 1986, as amended,
5 together with corresponding and applicable final, temporary or proposed regulations and
6 revenue rulings issued or amended with respect thereto by the United States Treasury
7 Department or the Internal Revenue Service.

8
9 (4) "Combined Bonds" means the Bonds, together with any other limited tax
10 general obligation bonds authorized by the County by ordinance enacted in calendar
11 year 2021, that are designated by the Finance Director to be sold as a single series.

12
13 (5) "County" means Snohomish County, Washington.

14
15 (6) "County Council" means the Snohomish County Council.

16
17 (7) "Date of Issue" means the date on which the Bonds are issued and delivered
18 to the purchaser in return for payment of the purchase price therefor.

19
20 (8) "DTC" means The Depository Trust Company, New York, New York.

21
22 (9) "Escrow Agent" means the corporate trustee chosen to serve as such as
23 described under section 13 of this ordinance.

24
25 (10) "Finance Director" means the director of the County Finance Department or
26 any other County officer who succeeds to the duties now delegated to that office.

27
28 (11) "Government Obligations" means "government obligations," as defined in
29 chapter 39.53 RCW, as now in existence or amended after the effective date of this
30 ordinance.

31
32 (12) "Issuance Costs Account" means the account of that name created in the
33 Refunding Fund as described under section 13 of this ordinance.

34
35 (13) "Letter of Representations" means the Blanket Issuer Letter of
36 Representations, dated November 5, 2020, from the County to DTC.

37
38 (14) "Official Notice of Bond Sale" means, if the Bonds are sold by competitive
39 bid, the official notice of sale therefor prepared as described under section 10 of this
40 ordinance.

41
42 (15) "Rebate Amount" means the amount, if any, determined to be payable by
43 the County to the United States of America in accordance with section 148(f) of the
44 Code with respect to the Bonds.

1 (16) "Record Date" means, for an interest or principal payment date or for a
2 maturity date, the 15th day of the calendar month next preceding that date.
3

4 (17) "Refunded 2011B Bond Redemption Date" means the date set for the
5 redemption of the Refunded 2011B Bonds, as identified in the Sale Instrument.
6

7 (18) "Refunded 2011B Bonds" means those outstanding 2011B Bonds to be
8 refunded under the Refunding Plan, as identified in the Sale Instrument.
9

10 (19) "Refunding Fund" means the special fund established as described under
11 section 13 of this ordinance for the refunding of the Refunded 2011B Bonds and the
12 payment of costs of issuing the Bonds.
13

14 (20) "Refunding Plan" means the plan to refund the Refunded 2011B Bonds and
15 pay costs related to the sale and issuance of the Bonds, as will be more particularly set
16 forth in the Sale Instrument.
17

18 (21) "Register" means the registration books maintained by the Registrar for
19 purposes of identifying ownership of the Bonds.
20

21 (22) "Registrar" means the fiscal agent of the state of Washington appointed
22 from time to time by the Washington State Finance Committee under chapter 43.80
23 RCW, serving as the registrar, authenticating agent, paying agent and transfer agent for
24 the Bonds.
25

26 (23) "Rule" means Securities and Exchange Commission Rule 15c2-12 under
27 the Securities and Exchange Act of 1934, as it may be amended from time to time.
28

29 (24) "Sale Instrument" means (a) if the Bonds are sold by negotiated sale, the
30 purchase contract therefor; or (b) if the Bonds are sold by competitive bid, the notice of
31 sale, the winning bid and a notice of acceptance of bid from the Finance Director, in
32 each case establishing, among other things, the dated date, principal amounts and
33 maturity dates, interest rates and interest payment dates, and the redemption provisions
34 for the Bonds.
35

36 (25) "2011B Bonds" means the outstanding Snohomish County, Washington,
37 Limited Tax General Obligation Refunding Bonds, 2011, Series B.
38

39 (26) "2011B Escrow Account" means the account of that name created in the
40 Refunding Fund as described under section 13 of this ordinance.
41

42 **Section 2. Findings.** The County Council makes the following findings:
43

44 (1) The refunding of the Refunded 2011B Bonds pursuant to the Refunding Plan
45 will effect a debt service savings to the County.
46

1 (2) The issuance and sale of tax-exempt limited tax general obligation bonds of
2 the County, payable from regular property taxes or other revenues, taxes and money of
3 the County legally available for such purposes, to undertake the Refunding Plan are in
4 the best interests of the County and its citizens.

5
6 Section 3. **Purpose, Authorization and Description of Bonds.**
7

8 (1) Purpose and Authorization of Bonds. The County authorizes the issuance of
9 the Bonds to obtain financing to undertake the Refunding Plan. The County may sell
10 the Bonds as a separate series or as Combined Bonds.

11
12 (2) Description of Bonds.
13

14 (a) If the Bonds are sold as a separate series of Bonds, the Bonds will be
15 designated "Snohomish County, Washington, Limited Tax General Obligation
16 Refunding Bonds, 2021," with an applicable series designation, in an original
17 principal amount not to exceed \$40,000,000, all as established by the related
18 Sale Instrument. If the Bonds are sold as Combined Bonds with other bonds of
19 the County that are not refunding bonds, the Bonds and such other bonds
20 comprising the Combined Bonds will be designated "Snohomish County,
21 Washington, Limited Tax General Obligation and Refunding Bonds, 2021," with
22 an applicable series designation, as established by the related Sale Instrument.
23

24 (b) The Bonds will be dated as of their date, will mature on June 1 or
25 December 1 in each of the years and in the principal amounts, will bear interest
26 (computed on the basis of a 360-day year of twelve 30-day months) from their
27 date or the most recent interest payment date to which interest has been paid or
28 provided for, whichever is later, at the rates and payable, commencing not later
29 than June 1, 2022, and on June 1 and December 1 in the years, will be subject to
30 optional and mandatory redemption before maturity at the prices, in the amounts
31 and in the manner, and will be subject to the other terms and provisions as the
32 County will establish by the Sale Instrument. The Bonds will be fully registered
33 as to both principal and interest, will be in the denomination of \$5,000 each or
34 any integral multiple thereof (but no Bond will represent more than one maturity),
35 and will be numbered separately in the manner and with any additional
36 designation as the Registrar deems necessary for purposes of identification.
37

38 (3) Initial Immobilization of Bonds; Depository Provisions. The Bonds will initially
39 be held in fully immobilized form by DTC acting as depository under the terms and
40 conditions set forth in the Letter of Representations. Neither the County nor the
41 Registrar will have any responsibility or obligation to DTC participants or the persons for
42 whom they act as nominees with respect to the Bonds with respect to the accuracy of
43 any records maintained by DTC or any DTC participant, the payment by DTC or any
44 DTC participant of any amount in respect of principal or redemption price of or interest
45 on the Bonds, any notice that is permitted or required to be given to registered owners
46 under this ordinance (except any notice required to be given by the County to the

1 Registrar or to DTC), the selection by DTC or any DTC participant of any person to
2 receive payment in the event of a partial redemption of the Bonds or any consent given
3 or other action taken by DTC as owner of the Bonds.
4

5 The Bonds will initially be issued in denominations equal to the aggregate
6 principal amount of each maturity and will initially be registered in the name of Cede &
7 Co., as the nominee of DTC. Bonds so registered will be held in fully immobilized form
8 by DTC as depository. For so long as any Bonds are held in fully immobilized form,
9 DTC, its successor or any substitute depository appointed by the County, as applicable,
10 will be the registered owner for all purposes hereunder and all references to registered
11 owners, bondowners, bondholders, owners or the like will mean DTC or its nominees
12 and will not mean the owners of any beneficial interests in the Bonds. Registered
13 ownership of the Bonds, or any portions thereof, may not thereafter be transferred
14 except:

15
16 (a) To any successor of DTC or its nominee, if that successor will be
17 qualified under any applicable laws to provide the services proposed to be
18 provided by it;

19
20 (b) To any substitute depository appointed by the County under this
21 subsection or the substitute depository's successor; or

22
23 (c) To any person as provided in this ordinance if the Bonds are no longer
24 held in immobilized form.
25

26 Upon the resignation of DTC or its successor (or any substitute depository or its
27 successor) from its functions as depository, or a determination by the County that it is
28 no longer in the best interests of beneficial owners of the Bonds to continue the system
29 of book entry transfers through DTC or its successor (or any substitute depository or its
30 successor), the County may appoint a substitute depository. Any substitute depository
31 will be qualified under any applicable laws to provide the services proposed to be
32 provided by it.
33

34 In the case of any transfer under clause (a) or (b) of the second paragraph of this
35 subsection, the Registrar, upon receipt of all outstanding Bonds together with a written
36 request on behalf of the County, will issue a single new bond certificate for each
37 maturity of Bonds then outstanding, registered in the name of the successor or the
38 substitute depository, or its nominee, as the case may be, all as specified in the written
39 request of the County.
40

41 If DTC or its successor (or substitute depository or its successor) resigns from its
42 functions as depository, and no substitute depository can be obtained, or the County
43 determines that it is in the best interests of the beneficial owners of the Bonds that they
44 be able to obtain bond certificates, the ownership of the Bonds may be transferred to
45 any person as provided in this ordinance, and the Bonds will no longer be held in fully
46 immobilized form. The County will deliver a written request to the Registrar, together

1 with a supply of definitive Bonds, to issue Bonds as provided in this ordinance in any
2 authorized denomination. Upon receipt of all then outstanding Bonds by the Registrar,
3 together with a written request on behalf of the County to the Registrar, new Bonds will
4 be issued in the denominations and registered in the names of the persons as are
5 requested in the written request.
6

7 (4) Place, Manner and Medium of Payment. Both principal of and interest on the
8 Bonds will be payable in lawful money of the United States of America. For so long as
9 any outstanding Bonds are registered in the name of Cede & Co., or its registered
10 assigns, as nominee of DTC, payments of principal of and interest on the Bonds will be
11 made in immediately available funds on the date payment is due and payable at the
12 place and in the manner provided in the Letter of Representations.
13

14 If the Bonds are no longer held in fully immobilized form by DTC or its successor
15 (or substitute depository or its successor), interest on the Bonds will be paid by check or
16 draft mailed to the registered owners of the Bonds at the addresses for the registered
17 owners appearing on the Register on the Record Date for that interest payment date, or
18 by electronic transfer on the interest payment date to an account within the United
19 States designated by a registered owner of at least \$1,000,000 in principal amount of
20 the Bonds. The County is not required to make electronic transfers except to a
21 registered owner of Bonds under a request in writing received by the Record Date for
22 that interest payment date and any electronic transfer is at the sole expense of that
23 registered owner. Principal of the Bonds will be payable at maturity or on the dates as
24 may be fixed for prior redemption upon presentation and surrender of the Bonds by the
25 owners to the Registrar.
26

27 (5) Form of Bonds. The Bonds or any Combined Bonds shall be word
28 processed, printed or lithographed on good bond paper in a form consistent with this
29 ordinance and Washington state law.
30

31 (6) Execution of Bonds. The Bonds will be executed on behalf of the County
32 with the manual or facsimile signatures of the County Executive and the Clerk of the
33 County Council, and will have the seal of the County impressed or imprinted thereon.
34

35 If any officer who has executed the Bonds ceases to be an officer of the County
36 authorized to sign the Bonds before the Bonds bearing that person's signature are
37 authenticated or delivered by the Registrar or issued by the County, those Bonds may
38 nevertheless be authenticated, issued and delivered and, when authenticated, issued
39 and delivered, will be as binding upon the County as though that person had continued
40 to be an officer of the County authorized to sign the Bonds. Any Bond also may be
41 signed on behalf of the County by any person who, on the actual date of signing of the
42 Bond, is an officer of the County authorized to sign the Bonds, although that person did
43 not hold the required office on the date of issuance of the Bonds.
44

45 Only Bonds bearing a Certificate of Authentication, manually executed by the
46 Registrar, will be valid or obligatory for any purpose or entitled to the benefits of this

1 ordinance. The Certificate of Authentication will be conclusive evidence that the Bonds
2 so authenticated have been executed, authenticated and delivered hereunder and are
3 entitled to the benefits of this ordinance.
4

5 Section 4. **Open Market Purchase.** The County reserves the right to
6 purchase any or all of the Bonds on the open market at any time and at any price.
7

8 Section 5. **Registration, Transfer and Exchange of Bonds.** The County
9 adopts for the Bonds the system of registration specified and approved by the
10 Washington State Finance Committee. The Registrar will keep, or cause to be kept, at
11 its principal corporate trust office, sufficient books for the registration and transfer of the
12 Bonds, which will at all times be open to inspection by the County. The Register will
13 contain the name and mailing address of the owner (or nominee thereof) of each Bond,
14 and the principal amount and number of Bonds held by each owner or nominee. The
15 Registrar is authorized, on behalf of the County, to authenticate and deliver Bonds
16 transferred or exchanged for other Bonds in accordance with the provisions thereof and
17 of this ordinance, and to carry out all of the Registrar's powers and duties under this
18 ordinance.
19

20 The Registrar will be responsible for its representations contained in the
21 Certificate of Authentication on the Bonds. The Registrar may become the owner of
22 Bonds with the same rights it would have if it were not the Registrar, and to the extent
23 permitted by law may act as depository for and permit any of its officers or directors to
24 act as a member of, or in any other capacity with respect to, any committee formed to
25 protect the rights of Bond owners.
26

27 Upon surrender thereof to the Registrar, the Bonds are exchangeable for other
28 Bonds of the same maturity and interest rate and for the same aggregate principal
29 amount, in any authorized denomination. Bonds may be transferred only if endorsed in
30 the manner provided thereon and surrendered to the Registrar. Upon surrender, the
31 Registrar will cancel the surrendered Bond and will authenticate and deliver, without
32 charge to the owner or transferee therefor (other than taxes, if any, payable on account
33 of transfer), one or more (at the option of the new owner) new Bonds of the same
34 maturity and interest rate and for the same aggregate principal amount, in any
35 authorized denomination, naming as owner the person or persons listed as the
36 assignee on the assignment form appearing on the canceled and surrendered Bond, in
37 exchange therefor. The Registrar will not be obligated to transfer or exchange any
38 Bond during the period beginning at the opening of business on the Record Date for a
39 maturity date and ending at the close of business on that maturity date.
40

41 The County and the Registrar, each in its discretion, may deem and treat the
42 registered owner of each Bond as the absolute owner thereof for all purposes, and
43 neither the County nor the Registrar will be affected by any notice to the contrary.
44

45 Section 6. **Mutilated, Lost, Stolen or Destroyed Bonds.** If any Bond
46 becomes mutilated, the Registrar will authenticate and deliver one or more (at the

1 option of the registered owner) new Bonds of the same maturity and interest rate and
2 for the same aggregate principal amount, in any authorized denomination, in exchange
3 and substitution therefor, upon the owner's paying the expenses and charges of the
4 County and the Registrar in connection therewith and upon surrender to the Registrar of
5 the mutilated Bond. Every mutilated Bond so surrendered will be canceled and
6 destroyed by the Registrar.
7

8 If any Bond is lost, stolen or destroyed, the Registrar may authenticate and
9 deliver one or more (at the option of the registered owner) new Bonds of the same
10 maturity and interest rate and for the same aggregate principal amount, in any
11 authorized denomination, to the registered owner thereof upon the owner's paying the
12 expenses and charges of the County and the Registrar in connection therewith and
13 upon the owner's filing with the Registrar evidence satisfactory to the Registrar that the
14 Bond was lost, stolen or destroyed and of that person's ownership thereof, and upon
15 furnishing the County and the Registrar with indemnity satisfactory to the Finance
16 Director and the Registrar.
17

18 **Section 7. Pledge of Taxation and Credit.** The County irrevocably
19 covenants and agrees that, for as long as any of the Bonds are outstanding and unpaid,
20 each year it will include in its budget and levy an *ad valorem* tax upon all the property
21 within the County subject to taxation in an amount that will be sufficient, together with all
22 other revenues and money of the County legally available for such purposes, to pay the
23 principal of and interest on the Bonds as the same will become due.
24

25 The County irrevocably pledges that the annual tax provided for in this ordinance
26 to be levied for the payment of such principal and interest will be within and as a part of
27 the tax levy permitted to counties without a vote of the people, and that a sufficient
28 portion of the taxes to be levied and collected annually by the County prior to the full
29 payment of the principal of and interest on the Bonds will be and is irrevocably set
30 aside, pledged and appropriated for the payment of the principal of and interest on the
31 Bonds.
32

33 The full faith, credit and resources of the County are irrevocably pledged for the
34 annual levy and collection of said taxes and for the prompt payment of the principal of
35 and interest on the Bonds as the same will become due.
36

37 **Section 8. Federal Tax Law Covenants.** The County shall comply with this
38 section with respect to the Bonds unless, in the written opinion of nationally-recognized
39 bond counsel to the County, compliance is not required.
40

41 The County covenants that it will not make any use of the proceeds from the sale
42 of the Bonds (or of any other funds of the County that may be deemed to be proceeds
43 of the Bonds under section 148 of the Code and the applicable regulations thereunder)
44 that will cause the Bonds to be "arbitrage bonds" within the meaning of section 148 of
45 the Code and the applicable regulations thereunder. The County will comply with the
46 applicable requirements of section 148 of the Code (or any successor provision thereof

1 applicable to the Bonds) and the applicable regulations thereunder throughout the term
2 of the Bonds. In particular, the County will compute, if necessary, and pay the Rebate
3 Amount, if any, to the United States of America at the times and in the amounts
4 necessary to meet the requirements of the Code, as set forth in the Federal Tax
5 Certification for the Bonds.
6

7 The County further covenants that it will not take any action or permit any action
8 to be taken that would cause the Bonds to constitute “private activity bonds” that are not
9 “qualified bonds” (within the meaning of section 141 of the Code).
10

11 Section 9. **Other Covenants and Warranties.** The County makes the
12 following additional covenants with and warranties to the owners of the Bonds:
13

14 (1) The County has full legal right, power and authority to enact this ordinance,
15 and as of the Date of Issue, will have full legal right, power and authority to sell, issue
16 and deliver the Bonds as provided in this ordinance and to carry out and consummate
17 all other transactions contemplated by this ordinance.
18

19 (2) As of the Date of Issue, by all necessary official action, the County will have
20 authorized and approved the execution and delivery of, and the performance by the
21 County of its obligations contained in, the Bonds and this ordinance and the
22 consummation by it of all other transactions necessary to effectuate this ordinance in
23 connection with the issuance of the Bonds, and these authorizations and approvals will
24 be in full force and effect and will not have been amended, modified or supplemented in
25 any material respect.
26

27 (3) This ordinance, when effective, will be a legal, valid and binding obligation of
28 the County.
29

30 (4) When issued, sold, authenticated and delivered as provided in this
31 ordinance, the Bonds will be legal, valid and binding general obligations of the County.
32

33 (5) The County will maintain or cause to be maintained a system of registration
34 of the Bonds that complies with the applicable provisions of the Code until all of the
35 Bonds have been surrendered and canceled.
36

37 (6) The enactment of this ordinance, and compliance on the County’s part with
38 the provisions contained herein, will not conflict with, constitute a breach of, or
39 constitute a default under, any constitutional provisions, law, administrative regulation,
40 judgment, decree, loan agreement, indenture, bond, note, resolution, ordinance, motion,
41 agreement or other instrument to which the County is a party or to which the County or
42 any of its property or assets are otherwise subject.
43

44 (7) The Bonds will be issued within all statutory and constitutional debt
45 limitations applicable to the County.
46

1 Section 10. **Sale of Bonds.**

2
3 (1) General; Delegation of Authority. The County authorizes the public sale of
4 the Bonds. The Finance Director is authorized to execute a Sale Instrument on behalf
5 of the County for the Bonds in accordance with the terms of this ordinance. The
6 Finance Director will determine, in consultation with the County's municipal advisor,
7 whether the Bonds will be sold separately or as Combined Bonds.

8
9 (a) Bonds Sold Separately. If the Finance Director determines that the
10 Bonds shall be sold separately, then:

11
12 (i) The original aggregate principal amount of the Bonds shall not
13 exceed \$40,000,000;

14
15 (ii) One or more rates of interest may be fixed for the Bonds, which
16 rate(s) must be in multiples of 1/1000th of 1%, and no rate of interest for
17 any maturity of the Bonds shall exceed 5.25%;

18
19 (iii) The true interest cost to the County for the Bonds shall not
20 exceed 3.50%;

21
22 (iv) The purchase price for the Bonds shall not be less than 95%
23 nor greater than 140% of the original aggregate principal amount of the
24 Bonds;

25
26 (v) The Bonds may be issued subject to provisions for optional
27 redemption prior to maturity at a price of par, plus accrued interest, if any,
28 commencing not later than 10.5 years following the Date of Issue;

29
30 (vi) The Bonds may be issued subject to provisions for mandatory
31 redemption prior to maturity, including designation of term bonds, if any, at
32 a price of par;

33
34 (vii) The final maturity date of the Bonds shall not be later than
35 December 1, 2036; and

36
37 (viii) The Date of Issue of the Bonds shall not be later than March
38 31, 2022.

39
40 (b) Combined Bonds. If the Finance Director determines that the Bonds
41 shall be sold as Combined Bonds, then:

42
43 (i) The original aggregate principal amount of all of the Combined
44 Bonds shall not exceed the sum of the respective maximum principal
45 amount of the bonds comprising the Combined Bonds, as authorized by
46 their respective ordinances;

1
2 (ii) One or more rates of interest may be fixed for the Combined
3 Bonds, which rate(s) must be in multiples of 1/1000th of 1%, and no rate of
4 interest for any maturity of the Combined Bonds shall exceed 5.25%;

5
6 (iii) The true interest cost to the County for the Combined Bonds
7 shall not exceed 3.50%;

8
9 (iv) The purchase price for the Combined Bonds shall not be less
10 than 95% nor greater than 140% of the original aggregate principal
11 amount of the Bonds;

12
13 (v) The Combined Bonds may be issued subject to provisions for
14 optional redemption prior to maturity at a price of par, plus accrued
15 interest, if any, commencing not later than 10.5 years following the Date of
16 Issue;

17
18 (vi) The Combined Bonds may be issued subject to provisions for
19 mandatory redemption prior to maturity, including designation of term
20 bonds, if any, at a price of par;

21
22 (vii) The final maturity date of the Combined Bonds shall not be later
23 than December 1, 2036; and

24
25 (viii) The Date of Issue of the Combined Bonds shall not be later
26 than March 31, 2022.

27
28 (2) Method of Sale. The Finance Director will determine, in consultation with the
29 County's municipal advisor, whether the Bonds shall be sold by negotiated sale or
30 competitive bid.

31
32 (a) Negotiated Sale. If the Finance Director determines that the Bonds
33 should be sold by negotiated sale, the Finance Director will, in consultation with
34 the County's municipal advisor, solicit one or more underwriting firms with which
35 to negotiate the sale of the Bonds pursuant to a written purchase contract
36 therefor. Subject to section 10(1) of this ordinance, if the Bonds are sold by
37 negotiated sale, the purchase contract for the Bonds will establish the date,
38 aggregate principal amount, interest payment dates, interest rate(s), maturity
39 schedule and principal amounts per maturity, redemption provisions and delivery
40 date of the Bonds. The County Council authorizes the Finance Director (i) to
41 serve as the County's designated representative; (ii) to accept, on behalf of the
42 County, the offer to purchase the Bonds pursuant to the purchase contract, which
43 offer must be consistent with the terms of this ordinance; and (iii) to execute and
44 deliver the purchase contract for and on behalf of the County. The Finance
45 Director will provide a copy of the executed purchase contract and report the

1 results of the Bond sale to the County Council at its administrative session next
2 following the sale date of the Bonds.

3
4 (b) Competitive Bid. If the Finance Director determines that the Bonds
5 should be sold by competitive bid, bids for the purchase of the Bonds will be
6 received at such time or place and by such means as the Finance Director, in
7 consultation with the County's municipal advisor, will direct. Subject to section
8 10(1) of this ordinance, if the Bonds are to be sold by competitive bid, the
9 Finance Director is authorized to prepare an Official Notice of Bond Sale for the
10 Bonds, which notice will establish the date, estimated aggregate principal
11 amount, interest payment dates, estimated maturity schedule and principal
12 amount per maturity, redemption provisions and estimated delivery date of the
13 Bonds. After consultation with the County's municipal advisor, the Finance
14 Director may direct that the Official Notice of Bond Sale or an abridged form
15 thereof be published in such newspapers or financial journals as may be deemed
16 desirable or appropriate by the Finance Director.

17
18 Upon the date and time established for the receipt of bids for the purchase
19 of the Bonds by competitive bid, the Finance Director or designee will open the
20 bids and will cause the bids to be mathematically verified by the County's
21 municipal advisor. The County Council authorizes the Finance Director (i) to
22 serve as the County's designated representative; (ii) to accept, on behalf of the
23 County, the winning bid to purchase the Bonds, which bid may be adjusted with
24 respect to the aggregate principal amount and principal amount per maturity as
25 reflected in the written notice of acceptance of winning bid, and which must be
26 consistent with the terms of this ordinance; and (iii) to execute and deliver the
27 notice of acceptance for and on behalf of the County. The Finance Director will
28 provide a copy of the executed notice of acceptance and report the results of the
29 Bond sale to the County Council at its administrative session next following the
30 sale date of the Bonds.

31
32 **Section 11. Delivery of Bonds.** Following the sale of the Bonds, the County
33 will cause definitive Bonds to be prepared, executed and delivered to the purchaser
34 thereof in accordance with this ordinance.

35
36 If definitive Bonds are not ready for delivery by the date established for their
37 delivery to the initial purchaser thereof, then the Finance Director, upon the approval of
38 the purchaser, may cause to be issued and delivered to the purchaser one or more
39 temporary Bonds with appropriate omissions, changes and additions. Any temporary
40 Bond or Bonds will be entitled and subject to the same benefits and provisions of this
41 ordinance with respect to the payment, security and obligation thereof as definitive
42 Bonds authorized hereby. A temporary Bond or Bonds will be exchangeable without
43 cost to the owners thereof for definitive Bonds when the latter are ready for delivery.

44
45 **Section 12. Bond Fund.** Prior to the effective date of this ordinance, there was
46 created in the office of the Finance Director a special fund known as the "Limited Tax

1 General Obligation Debt Service Fund” to be drawn upon to pay the principal of and
2 interest on the limited tax general obligation bonds of the County. There is authorized
3 to be created within that fund a special account for the Bonds to be known as the
4 “Limited Tax General Obligation [and]Refunding Bond Redemption Account, 2021,
5 [Series __] (Tax-Exempt)” (the “Bond Fund”).
6

7 Any accrued interest received from the sale of the Bonds will be deposited in the
8 Bond Fund at the time of delivery of the Bonds and will be applied to the payment of
9 interest thereon.
10

11 The taxes levied for the purpose of paying principal of and interest on the Bonds
12 and other funds to be used to pay the Bonds will be deposited in the Bond Fund no later
13 than the date funds are required for the payment of principal of and interest on the
14 Bonds; provided, however, that if the payment of principal of or interest on such Bonds
15 is required before the receipt of the levied taxes, the County may make an interfund
16 loan to the Bond Fund pending receipt of the taxes. The Bond Fund will be drawn upon
17 solely for the purpose of paying the principal of and interest on the Bonds. Money in the
18 Bond Fund not needed to pay the interest or principal next coming due may temporarily
19 be deposited in institutions or invested in obligations as may be lawful for the
20 investment of County funds.
21

22 Section 13. **Refunding Plan.**

23
24 (1) Refunding Plan. The County shall establish the Refunding Plan pursuant to
25 the Sale Instrument.
26

27 (2) Escrow Agent and Escrow Agreement. Before the sale of the Bonds, the
28 Finance Director shall appoint a corporate trustee to serve as the Escrow Agent for the
29 Refunding Plan.
30

31 The Finance Director is directed to obtain from the Escrow Agent an agreement
32 setting forth the duties, obligations and responsibilities of the Escrow Agent in
33 connection with the refunding of the Refunded 2011B Bonds as provided herein and
34 stating that the provisions for the payment of the fees, compensation and expenses of
35 the Escrow Agent are satisfactory to it. To carry out the purposes of this section, the
36 Finance Director is authorized and directed to execute and deliver to the Escrow Agent
37 this agreement when the provisions thereof have been fixed and determined.
38

39 (3) Refunding Fund: 2011B Escrow Account and Issuance Costs Account.
40 There is authorized to be created a special account of the County to be maintained with
41 the Escrow Agent, which will be known as the “Snohomish County Limited Tax General
42 Obligation Bonds, 2011B, Tax-Exempt Refunding Fund” (the “Refunding Fund”). The
43 Refunding Fund shall consist of the 2011B Escrow Account and the Issuance Costs
44 Account. The Refunding Fund is to be drawn upon to pay the principal of and interest
45 on the Refunded 2011B Bonds under the Refunding Plan and paying costs of issuing
46 the Bonds.

1
2 Proceeds from the sale of the Bonds and any other funds of the County to be
3 applied to the refunding of the Refunding Plan and paying of costs of issuing the Bonds
4 shall be paid to the Escrow Agent and deposited in and credited to the 2011B Escrow
5 Account and the Issuance Costs Account of the Refunding Fund as set forth in the Sale
6 Instrument. Money in the Refunding Fund and in the 2011B Escrow Account and
7 Issuance Costs Account therein shall be used immediately upon receipt thereof to
8 undertake the Refunding Plan, and to pay costs of issuing the Bonds.
9

10 The County shall cause the Escrow Agent to use the money in the 2011B Escrow
11 Account to purchase certain noncallable Government Obligations, as identified in the
12 Sale Instrument, bearing such interest and maturing as to principal and interest in such
13 amounts and at such times that, together with any necessary initial cash balance (to be
14 held uninvested), will provide for the payment of the principal and interest regularly
15 scheduled to become due on the Refunded 2011B Bonds to and including the Refunded
16 2011B Bond Redemption Date, and the redemption price of the Refunded 2011B Bonds
17 called for redemption on the Refunded 2011B Bond Redemption Date equal to the
18 principal amount thereof. Such Government Obligations shall be purchased at a yield
19 not greater than the yield permitted by the Code relating to acquired obligations in
20 connection with refunding bond issues. Such Government Obligations and any
21 necessary initial cash balance shall be irrevocably deposited into the 2011B Escrow
22 Account. Alternatively, the County may cause the Escrow Agent to hold all the money
23 in the 2011B Escrow Account uninvested. The Escrow Agent is authorized and directed
24 to pay to the County or, at the direction of the Finance Director, to the fiscal agent of the
25 state of Washington, sums sufficient to pay, when due, such principal, interest and
26 redemption price.
27

28 The County shall cause the Escrow Agent to use the money in the Issuance
29 Costs Account to pay expenses of the acquisition and safekeeping of the Government
30 Obligations and of the costs of issuing the Bonds.
31

32 (4) Call of Refunded 2011B Bonds for Redemption. Pursuant to the Sale
33 Instrument, the County will call the Refunded 2011B Bonds for redemption on the
34 Refunded 2011B Bond Redemption Date in accordance with Amended Ordinance No.
35 11-074 and Motion No. 11-457, authorizing redemption and retirement of the Refunded
36 2011B Bonds prior to their fixed maturities.
37

38 Pursuant to the Sale Instrument, the County will authorize and direct the Escrow
39 Agent to provide for the giving of notice of the redemption of the Refunded 2011B
40 Bonds in accordance with Amended Ordinance No. 11-074 and Motion No. 11-457.
41 The costs of publication of this notice are an expense of the County.
42

43 Section 14. **Investment of and Accounting for Funds.** Funds deposited in
44 the funds and accounts described in sections 12 and 13 of this ordinance will be
45 invested as permitted by law for the sole benefit of the respective funds. In addition to
46 proceeds of the Bonds, the County may deposit other money in the funds and accounts

1 described in section 13 of this ordinance. However, proceeds of the Bonds, and the
2 earnings thereon, will be accounted for separately for purposes of the arbitrage rebate
3 computations required to be made under the Code. For purposes of these
4 computations, Bond proceeds will be deemed to have been spent first, and then any
5 other funds.

6
7 **Section 15. Preliminary Official Statement and Final Official Statement.**

8 The County authorizes and directs the Finance Director: (1) to review and approve the
9 information contained in the preliminary official statement (the "Preliminary Official
10 Statement") prepared in connection with the sale of the Bonds; and (2) for the sole
11 purpose of compliance by the purchaser of the Bonds with subsection (b)(1) of the Rule,
12 to "deem final" the Preliminary Official Statement as of its date, except for information
13 permitted to be omitted therefrom by the Rule. After the Preliminary Official Statement
14 has been reviewed and approved in accordance with this section 15, the County
15 authorizes the distribution of the Preliminary Official Statement to prospective
16 purchasers of the Bonds.

17
18 Following the sale of the Bonds, the Finance Director is authorized to review and
19 approve on behalf of the County a final official statement with respect to the Bonds.
20 The County agrees to cooperate with the purchaser of the Bonds to deliver or cause to
21 be delivered, within seven business days from the date of the Sale Instrument and in
22 sufficient time to accompany any confirmation that requests payment from any customer
23 of the purchaser, copies of a final official statement pertaining to the Bonds in sufficient
24 quantity to comply with paragraph (b)(4) of the Rule and the rules of the Municipal
25 Securities Rulemaking Board.

26
27 **Section 16. Undertaking to Provide Ongoing Disclosure.** The Finance
28 Director is authorized and directed to enter into a written undertaking for the benefit of
29 owners and beneficial owners of the Bonds to the extent required by and consistent with
30 the requirements of paragraph (b)(5) of the Rule, as applicable to a participating
31 underwriter for the Bonds.

32
33 **Section 17. General Authorization.** The Finance Director and other
34 appropriate County officials, agents and representatives are authorized and directed to
35 do everything necessary for the prompt sale, issuance, execution and delivery of the
36 Bonds, and for the proper use and application of the proceeds of the sale thereof.

37
38 **Section 18. Refunding or Defeasance of Bonds.** The County may issue
39 refunding obligations pursuant to the laws of the state of Washington or use money
40 available from any other lawful source to pay when due the principal of and interest on
41 the Bonds, or any portion thereof included in a refunding or defeasance plan, and to
42 redeem and retire, refund or defease Bonds and to pay the costs of the refunding or
43 defeasance.

44
45 If either money or noncallable Government Obligations, or both, maturing at such
46 time or times and bearing interest to be earned thereon in amounts (together with such

1 money, if necessary) sufficient to redeem and retire, refund or defease part or all of the
2 Bonds in accordance with their terms, are set aside in a special account of the County
3 to effect such redemption and retirement, and such money and the principal of and
4 interest on the Government Obligations are irrevocably set aside and pledged for those
5 purposes, then no further payments need be made into the Bond Fund for the payment
6 of the principal of and interest on the Bonds so provided for, and such Bonds will cease
7 to be entitled to any lien, benefit or security of this ordinance except the right to receive
8 the money so set aside and pledged, and such Bonds will be deemed not to be
9 outstanding hereunder.

10
11 Section 19. **Contract; Severability.** The covenants contained in this ordinance
12 are a contract between the County and the owners of each and every Bond. If any
13 provision of this ordinance or its application to any person or circumstance is held
14 invalid, the remainder of the ordinance or the application of the provision to other
15 persons or circumstances is not affected.

16
17 PASSED this _____ day of _____, 2021.

18
19 SNOHOMISH COUNTY COUNCIL
20 Snohomish County, Washington

21
22 _____
23 Chairperson

24 ATTEST:

25
26 _____
27 Clerk of the County Council

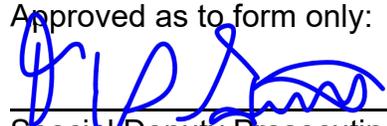
28
29 () APPROVED
30 () EMERGENCY
31 () VETOED

DATE: _____

32
33
34 ATTEST:

_____ County Executive

35
36 _____
37
38 Approved as to form only:

39 
40 _____
41 Special Deputy Prosecuting Attorney



Snohomish County Council

SNOHOMISH COUNTY COUNCIL

EXHIBIT # 1

FILE ORD. 21-078

Committee: Finance
ECAF: 2021-0806
Proposal: Ordinance 21-078

Analyst: Jim Martin
Date: September 23, 2021

Consideration:

An ordinance authorizing the issuance and sale of Tax-exempt Limited Tax General Obligation Bonds of the County in an original principal amount not to exceed \$40,000,000 to refund a portion of the County's Limited Tax General Obligation Refunding Bonds, 2011, Series B; Providing for the disposition of the proceeds of sale of the bonds; establishing funds for the receipt and expenditure of bond proceeds and for the payment of the bonds; and providing for the annual levy of taxes to pay the principal thereof and interest thereon.

Background

By taking advantage of lower interest rates, the County will achieve significant debt service savings by refunding the LTGO refunding bonds, 2011, Series B, originally issued in the aggregate amount of \$75,170,000, of which \$40,745,000 is currently outstanding. The portion being refunded are allocable to the Campus Redevelopment Initiative and Snohomish County Airport projects.

Current Proposal

To provide authority to issue and sell tax exempt limited tax general obligation bonds in an original principal amount not to exceed \$40,000,000 to refund a portion of the County's LTGO bonds, 2011, Series B.

Duration: N/A

Fiscal Implications: \$40,000,000

2021 Budget:

Is this in the current year budget: No

Future Budget Impacts: N/A

Handling: Normal.

Approved-as-to-form: Yes.

Risk Management: N/A as the set standard is prepared by licensed professionals.

Executive Recommendation: Approval

Attachments: Refer to the submitted ECAF that includes the following attachments:

- (1) Proposed Ordinance.

Amendments: NONE.

Request: Move to GLS on September 29th to set date and time for Public Hearing



Legislation Text

File #: 2021-0806, Version: 1

Executive/Council Action Form (ECAF)

ITEM TITLE:

Ordinance 21-078, authorizing the issuance and sale of tax-exempt Limited Tax General Obligation Bonds of the county in an original principal amount not to exceed \$40,000,000 to refund a portion of the county’s Limited Tax General Obligation Refunding Bonds, 2011, Series B; providing for the disposition of the proceeds of sale of the bonds; establishing funds for the receipt and expenditure of bond proceeds and for the payment of the bonds; and providing for the annual levy of taxes to pay the principal thereof and interest thereon

DEPARTMENT: Finance

ORIGINATOR: Nathan Kennedy

EXECUTIVE RECOMMENDATION: Approve Ken Klein 9/23/21

PURPOSE: To provide authority to issue and sell county tax-exempt limited tax general obligation (LTGO) bonds in an original principal amount not to exceed \$40,000,000 to refund the county’s LTGO Bonds, 2011, Series B, specifically the Campus Redevelopment Initiative and Snohomish County Airport portions.

BACKGROUND: The county will achieve significant debt service savings by refunding the LTGO Bonds, 2011, Series B (Campus Redevelopment Initiative and Snohomish County Airport portions), originally issued in the aggregate amount of \$39,650,000, of which \$37,695,000 is currently outstanding.

FISCAL IMPLICATIONS:

EXPEND: FUND, AGY, ORG, ACTY, OBJ, AU	CURRENT YR	2ND YR	1ST 6 YRS
Debt Principal (estimated at maximum)	40,000,000		
TOTAL	40,000,000		

REVENUE: FUND, AGY, ORG, REV, SOURCE	CURRENT YR	2ND YR	1ST 6 YRS
Bond Proceeds	40,000,000		
TOTAL	40,000,000		

DEPARTMENT FISCAL IMPACT NOTES: Click or tap here to enter text.

CONTRACT INFORMATION:

ORIGINAL	CONTRACT#	AMOUNT
AMENDMENT	CONTRACT#	AMOUNT

Contract Period

ORIGINAL	START	END
AMENDMENT	START	END

OTHER DEPARTMENTAL REVIEW/COMMENTS: Approved Finance Nathan Kennedy 9/22/21/Special DPA
Daniel Gottlieb

**ORDINANCE
INTRODUCTION SLIP**

SNOHOMISH COUNTY COUNCIL

EXHIBIT # 3

FILE ORD. 21-078

TO: Clerk of the Council

TITLE OF PROPOSED ORDINANCE:

AUTHORIZING THE ISSUANCE AND SALE OF TAX-EXEMPT LIMITED TAX GENERAL OBLIGATION BONDS OF THE COUNTY IN AN ORIGINAL PRINCIPAL AMOUNT NOT TO EXCEED \$40,000,000 TO REFUND A PORTION OF THE COUNTY'S LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2011, SERIES B; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF SALE OF THE BONDS; ESTABLISHING FUNDS FOR THE RECEIPT AND EXPENDITURE OF BOND PROCEEDS AND FOR THE PAYMENT OF THE BONDS; AND PROVIDING FOR THE ANNUAL LEVY OF TAXES TO PAY THE PRINCIPAL THEREOF AND INTEREST THEREON

~~~~~  
Stephanie Wright 9/23/21  
Councilmember Date  
~~~~~

Clerk's Action: Proposed Ordinance No. 21-078
Assigned to: Finance and Economic Development Committee Date: 9/27/21

STANDING COMMITTEE RECOMMENDATION FORM

On 9/28/21, the Committee considered the item and by X Consensus /
 Yeas and Nays, made the following recommendation:

- X Move to Council to schedule public hearing 9/29/21 GLS
- Public Hearing Date** October 20, 2021, at 10:30 a.m.
- Move to Council as amended to schedule public hearing
- Move to Council with no recommendation

This item should/ should not be placed on the Consent Agenda.
(Consent agenda may be used for routine items that do not require public hearing and do not need discussion at General Legislative Session)

This item should/ X should not be placed on the Administrative Matters Agenda
(Administrative Matters agenda may be used for routine action to set time and date for public hearings)

Stephanie Wright
Committee Chair