



INFORMATIONAL MEMORANDUM

TO: Finance Committee
FROM: Peggy McCarthy
CC: Mayor Ekberg
DATE: November 15, 2017
SUBJECT: Bond Ordinance to Finance the Public Works Shops portion of the Public Safety Plan

ISSUE

Approve an ordinance for the issuance of one or more series of limited tax obligation (LTGO) bonds in the aggregate principal amount not to exceed \$20,000,000 to finance the acquisition of land and construction of City maintenance facilities.

BACKGROUND

Pursuant to an affirmative vote on November 8, 2016, \$36,709,954 of unlimited tax general obligation (UTGO) bonds were issued to finance the justice center, the fire station and fire equipment and apparatus portion of the Public Safety Plan. The Public Works shops portion of the Public Safety Plan will be financed through councilmanic bonds and other means. On November 6, 2017, the City Council authorized the acquisition of parcels, including through eminent domain, to site the justice center, fire station 54 and the Public Works shops.

DISCUSSION

The proceeds of the proposed bond issue(s) will be used to finance the acquisition of property for the Public Works shops and pay for soft costs through mid-2019. Since the amount and timing of funds needed is dependent on the speed with which the property purchase and sale agreements can be negotiated, or legal decisions reached, the ordinance authorizes one or more bond issues to maximize flexibility and minimize financing costs. It also authorizes short-term financing (i.e., a bank loan), if funds are needed very quickly.

FINANCIAL IMPACT

Over a 5-year period the estimated actual debt service cost would exceed the Financial Planning Model projection by \$177 thousand.

Table with columns: DEBT SERVICE, 2018, 2019, 2020, 2021, 2022, TOTAL. Rows include Actual estimated, Budgeted, and Actual Estimate Over Budget; Financial Impact.

RECOMMENDATION

The Council is being asked to approve the ordinance and consider this item at the November 27, 2017 Committee of the Whole meeting and subsequent December 4, 2017 Regular Meeting.

ATTACHMENTS

- Draft bond ordinance.
-Presentation by PFM

DRAFT

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF LIMITED TAX GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$20,000,000 TO FINANCE AND/OR REIMBURSE COSTS RELATED TO THE ACQUISITION OF LAND AND THE CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF MAINTENANCE AND OTHER CITY FACILITIES AND TO PAY COSTS OF ISSUING THE BONDS; PROVIDING THE FORM, TERMS AND COVENANTS OF THE BONDS; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF THE SALE OF THE BONDS; DELEGATING AUTHORITY TO APPROVE THE METHOD OF SALE AND THE FINAL TERMS OF THE BONDS; AND PROVIDING FOR OTHER MATTERS RELATING THERETO; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City Council (the "Council") of the City of Tukwila, Washington (the "City") has deemed it is in the best interest of the City to acquire certain parcels of land, including through eminent domain, and to construct, improve and equip maintenance and other City facilities (together, the "Project"); and

WHEREAS, after due consideration the Council has determined that it is in the best interest of the City to authorize the issuance and sale of limited tax general obligation bonds to pay all or a portion of the costs of the Project and to pay costs of issuance for the Bonds; and

WHEREAS, the Council wishes to delegate authority to the Mayor, City Administrator, and Finance Director, or his or her designee (each, a "Designated Representative"), for a limited time, to select the method of bond sale for each series of bonds authorized hereunder that is in the best interest of the City (if any) and to approve the interest rates, maturity dates, redemption terms and principal maturities for each series of Bonds within the parameters set by this ordinance; and

WHEREAS, the Bonds of each series shall be sold by either a direct purchase or be underwritten as set forth herein;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:

Section 1. Definitions. As used in this ordinance, the following words and terms shall have the following meanings, unless the context or use indicates another or different meaning or intent. Unless the context indicates otherwise, words importing the singular number shall include the plural number and vice versa.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Underwritten Bonds (including persons holding Underwritten Bonds through nominees, depositories or other intermediaries).

Bond Counsel means Pacifica Law Group LLP, or an attorney at law or a firm of attorneys, selected by the City, of nationally recognized standing in matters pertaining to the tax exempt nature of interest on bonds issued by states and their political subdivisions.

Bond Purchase Contract means the contract, if any, for the purchase of any Underwritten Bonds sold by negotiated sale to the Underwriter, executed pursuant to Section 12.

Bond Register means the registration books showing the name, address and tax identification number of each Registered Owner of a series of Bonds, maintained pursuant to Section 149(a) of the Code.

Bond Registrar means: (a) for any Underwritten Bonds, initially, the fiscal agent of the State, for the purposes of registering and authenticating the Underwritten Bonds, maintaining the Bond Register for the Underwritten Bonds, effecting transfer of ownership of the Underwritten Bonds and paying interest on and principal of the Underwritten Bonds; and (b) for any Direct Purchase Bonds, the Finance Director of the City.

Bonds mean the City's Limited Tax General Obligation Bonds, 2018, with such series designation as approved by a Designated Representative, authorized to be issued pursuant to the terms of this ordinance.

Certificate of Award means one or more certificates, if any, for the purchase of any Underwritten Bonds sold by competitive sale awarding the Bonds of a series to the initial purchaser as set forth in Section 12 of this ordinance.

City means the City of Tukwila, a municipal corporation duly organized and existing under the laws of the State.

City Clerk means the duly appointed and acting City Clerk of the City or the successor to the duties of that office.

City Administrator means the duly appointed and acting City Administrator, including anyone acting in such capacity for the position, or the successor to the duties of that office.

Closing means the date of delivery of a Bond or Bonds of a series to the initial purchaser thereof.

Code means the Internal Revenue Code of 1986 as in effect on the date of issuance of a series of Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of such series of Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

Commission means the United States Securities and Exchange Commission.

Continuing Disclosure Certificate means the written undertaking for the benefit of the owners and Beneficial Owners of any Underwritten Bonds as required by Section (b)(5) of the Rule.

Council or **City Council** means the Tukwila City Council, as the general legislative body of the City as the same is duly and regularly constituted from time to time.

Debt Service Fund means the fund or account created pursuant to this ordinance for the purpose of paying debt service on the Bonds.

Designated Representative means the Mayor, City Administrator and Finance Director, or his or her designee. The signature of one Designated Representative shall be sufficient to bind the City.

Direct Purchase Bonds means any Bonds or Bond sold to a Direct Purchaser pursuant to Section 12 of this ordinance.

Direct Purchaser means any bank or other financial institution selected to purchase (or to accept delivery of one or more Direct Purchase Bonds to evidence the City's obligations under a Loan Agreement) one or more Direct Purchase Bonds pursuant to Section 12 of this ordinance.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for any Underwritten Bonds pursuant to Section 4(a) of this ordinance.

Fair Market Value means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm's-length transaction, except for specified investments as described in Treasury Regulation §1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

Federal Tax Certificate means one or more certificates executed by a Designated Representative setting forth the requirements of the Code for maintaining the tax exemption of interest on the Bonds of a series to be dated as of the date of Closing for such Bonds, and attachments thereto.

Finance Director means the duly appointed and acting Finance Director of the City or the successor to such officer.

Government Obligations means those obligations now or hereafter defined as such in chapter 39.53 RCW constituting direct obligations of the United States or obligations unconditionally guaranteed by the United States, as such chapter may be hereafter amended or restated.

Letter of Representations means the Blanket Issuer Letter of Representations given by the City to DTC, as amended from time to time.

Loan Agreement means one or more loan or purchase agreements, if any, between the City and a Direct Purchaser under which the Direct Purchaser will make a loan to the City, evidenced by a Direct Purchase Bond, or under which the Direct Purchaser will purchase the Direct Purchase Bond.

Mayor or City Mayor means the elected Mayor of the City or the successor to the duties of that office.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions.

Official Statement means the disclosure document(s) prepared and delivered in connection with the issuance of any Underwritten Bonds.

Project means the capital projects described in Section 2 of this ordinance.

Project Fund means the account created pursuant to Section 8 of this ordinance.

Record Date means the close of business for the Bond Registrar that is 15 days preceding any interest and/or principal payment or redemption date.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register.

Rule means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Sale Document means the Bond Purchase Contract, Certificate of Award, or Loan Agreement if any, executed by a Designated Representative in connection with the sale of a series of Bonds pursuant to Section 12 of this ordinance, which shall provide for the name, principal and interest payment dates and amounts, redemption/prepayment rights, and other terms to describe such series of Bonds as determined to be necessary by a Designated Representative.

State means the State of Washington.

Underwriter means any underwriter, in the case of a negotiated sale, or initial purchaser, in the case of a competitive sale, for any series of Underwritten Bonds selected pursuant to Section 12.

Underwritten Bonds means Bonds of a series, if any, sold pursuant to a negotiated or a competitive sale by the City to an Underwriter pursuant to Section 12 of this ordinance.

Section 2. Authorization of the Project. The Bonds are being issued to finance and/or reimburse the City for costs of acquiring certain parcels of land, including through eminent domain, and constructing, improving and equipping maintenance and other City facilities (together, the "Project") and paying costs of issuance for the Bonds. The cost of all necessary and other costs incurred in connection with the Project shall be paid from other City funds legally available for such purposes.

Section 3. Authorization of Bonds and Bond Details.

(a) *General.* For the purpose of paying and/or reimbursing the City for costs of the Project and paying costs of issuance, the City is hereby authorized to issue and sell one or more series of its limited tax general obligation bonds in an aggregate principal amount not to exceed \$20,000,000 (the "Bonds").

The Bonds shall be general obligations of the City and shall be designated "City of Tukwila, Washington, Limited Tax General Obligation Bonds, 2018," with series designation or other such designation as determined to be necessary by a Designated Representative. The Bond or Bonds of a series shall be dated as of the date of Closing of such series of Bonds; shall be fully registered as to both principal and interest; and shall be sold from time to time under this ordinance as either Direct Purchase Bonds or Underwritten Bonds, as approved and executed by a Designated Representative pursuant to Section 12 hereof.

(b) *Underwritten Bonds.* Any Bonds of a series may be sold as Underwritten Bonds. Underwritten Bonds shall be issued in denominations of \$5,000, or any integral multiple thereof, within a series and maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; shall bear interest payable on the dates set forth in the applicable Sale Document; and shall be subject to optional and/or mandatory redemption and mature on the dates and in the principal amounts set forth in the applicable Sale Document.

(c) *Direct Purchase Bonds.* Any Bonds of a series may be sold as Direct Purchase Bonds. Direct Purchase Bonds shall be dated as of the date of delivery to the Direct Purchaser, shall be fully registered as to both principal and interest, shall be in one denomination, and shall mature on the date set forth in the applicable Sale Document. Direct Purchase Bonds shall bear interest from the dated date or the most recent date to which interest has been paid at the interest rate set forth in the applicable Sale Document. Interest on the principal amount of Direct Purchase Bonds shall be

calculated per annum on a 30/360 basis, or as otherwise provided in the Bond and in the applicable Sale Document. Principal of and interest on Direct Purchase Bonds shall be payable at the times and in the amounts as set forth in the payment schedule attached to the Direct Purchase Bond.

Section 4. Registration, Exchange and Payments.

(a) Underwritten Bonds.

(1) **Bond Registrar/Bond Register.** The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of a State fiscal agent. The City shall cause a bond register to be maintained by the Bond Registrar. So long as any Underwritten Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Underwritten Bonds at its designated office. The Bond Registrar may be removed at any time at the option of the Finance Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Finance Director. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Underwritten Bonds transferred or exchanged in accordance with the provisions of such Underwritten Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Underwritten Bonds.

(2) **Registered Ownership.** The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Underwritten Bond as the absolute owner thereof for all purposes (except as provided in the Continuing Disclosure Certificate), and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4(A)(7), but such Underwritten Bond may be transferred as herein provided. All such payments made as described in Section 4(A)(7) shall be valid and shall satisfy and discharge the liability of the City upon such Underwritten Bond to the extent of the amount or amounts so paid.

(3) **DTC Acceptance/Letters of Representations.** The Underwritten Bonds initially shall be held by DTC acting as depository. The City has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the City nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Underwritten Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Underwritten Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC (or any successor depository)), or

any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Underwritten Bonds are held by a depository, DTC or its successor depository or its nominee shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Underwritten Bonds.

(4) Use of Depository.

(A) The Underwritten Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Underwritten Bond maturing on each of the maturity dates for the Underwritten Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Underwritten Bonds, or any portions thereof, may not thereafter be transferred except: (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository appointed by the Finance Director pursuant to subsection (B) below or such substitute depository's successor; or (iii) to any person as provided in subsection (D) below.

(B) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Finance Director to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Finance Director may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(C) In the case of any transfer pursuant to clause (i) or (ii) of subsection (A) above, the Bond Registrar shall, upon receipt of all outstanding Underwritten Bonds together with a written request on behalf of the Finance Director, issue a single new Underwritten Bond for each maturity of that series then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Finance Director.

(D) In the event that: (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained; or (B) the Finance Director determines that it is in the best interest of the beneficial owners of the Underwritten Bonds that such owners be able to obtain physical Bond certificates, the ownership of such Underwritten Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held by a depository. The Finance Director shall deliver a written request to the Bond Registrar, together with a supply of physical Bonds, to issue Underwritten Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Underwritten Bonds together with a written request on behalf of the Finance Director to the Bond Registrar, new Underwritten Bonds of such series shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(5) Registration of Transfer of Ownership or Exchange; Change in Denominations. The transfer of any Underwritten Bond may be registered and Underwritten Bonds may be exchanged, but no transfer of any such Underwritten Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Underwritten Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Underwritten Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Underwritten Bond (or Underwritten Bonds at the option of the new Registered Owner) of the same series, date, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Underwritten Bond, in exchange for such surrendered and cancelled Underwritten Bond. Any Underwritten Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same series, date, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer of or to exchange any Underwritten Bond during the 15 days preceding any principal payment or redemption date.

(6) Bond Registrar's Ownership of Bonds. The Bond Registrar may become the Registered Owner of any Underwritten Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners or beneficial owners of Underwritten Bonds.

(7) Place and Medium of Payment. Both principal of and interest on the Underwritten Bonds shall be payable in lawful money of the United States of America. Interest on the Underwritten Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Underwritten Bonds are held by a depository, payments of principal thereof and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Underwritten Bonds are no longer held by a depository, interest on the Underwritten Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date, or upon the written request of a Registered Owner of more than \$1,000,000 of Underwritten Bonds (received by the Bond Registrar at least by the Record Date), such payment shall be made by the Bond Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Underwritten Bonds shall be payable upon presentation and surrender of such Underwritten Bonds by the Registered Owners at the designated office of the Bond Registrar.

If any Underwritten Bond is duly presented for payment and funds have not been provided by the City on the applicable payment date, then interest will continue to accrue thereafter on the unpaid principal thereof at the rate stated on the Underwritten Bond until the Underwritten Bond is paid.

(b) *Direct Purchase Bonds.*

(1) **Registrar/Bond Registrar.** The Finance Director shall act as Bond Registrar for any Direct Purchase Bonds. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Direct Purchase Bonds if transferred or exchanged in accordance with the provisions of the Direct Purchase Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance with respect to Direct Purchase Bonds.

(2) **Registered Ownership.** The City and the Bond Registrar may deem and treat the Registered Owner of any Direct Purchase Bond as the absolute owner for all purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

(3) **Transfer or Exchange of Registered Ownership.** Direct Purchase Bonds shall not be transferrable without the consent of the City unless: (A) the Direct Purchaser's corporate name is changed and the transfer is necessary to reflect such change; or (B) the transferee is a successor in interest of the Direct Purchaser by means of a corporate merger, an exchange of stock, or a sale of assets. Notwithstanding the foregoing, Direct Purchase Bonds may be transferred upon satisfaction of the requirements, if any, set forth in the applicable Sale Document and the Direct Purchase Bonds.

Section 5. Redemption Prior to Maturity and Purchase of Bonds.

(a) *Mandatory Redemption of Term Bonds and Optional Redemption.* The Bonds of each series shall be subject to mandatory redemption to the extent, if any, set forth in the applicable Sale Document and as approved by a Designated Representative pursuant to Section 12. The Bonds of each series shall be subject to optional redemption and/or prepayment on the dates, at the prices and under the terms set forth in the applicable Sale Document approved by a Designated Representative pursuant to Section 12.

(b) *Purchase of Bonds.* The City reserves the right to purchase any or all of the Bonds offered to it at any time at a price deemed reasonable by the Finance Director plus accrued interest to the date of purchase.

(c) *Selection of Bonds for Redemption.* If the Underwritten Bonds of a series are held in book-entry only form, the selection of particular Underwritten Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Underwritten Bonds of a series are no longer held by a depository, the selection of such Underwritten Bonds of such series to be

redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c). If the City redeems at any one time fewer than all of the Underwritten Bonds of a series having the same maturity date, the particular Underwritten Bonds or portions of Underwritten Bonds of such series and maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of an Underwritten Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Underwritten Bond as representing such number of separate Underwritten Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Underwritten Bond by \$5,000. In the event that only a portion of the principal sum of an Underwritten Bond is redeemed, upon surrender of such Underwritten Bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, an Underwritten Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

(d) *Notice of Redemption or Prepayment.*

(1) **Official Notice.** Notice of any prepayment of Direct Purchase Bonds shall be provided by the City to the Direct Purchaser as provided in the applicable Sale Document.

For so long as the Underwritten Bonds of a series are held by a depository, notice of redemption shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar shall provide any notice of redemption to any beneficial owners. The notice of redemption may be conditional. Thereafter (if the Underwritten Bonds are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Underwritten Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Underwritten Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

(A) the redemption date,

(B) the redemption price,

(C) if fewer than all outstanding Underwritten Bonds of a series are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Underwritten Bonds to be redeemed,

(D) any conditions to redemption,

(E) that unless conditional notice of redemption has been given and such conditions have either been satisfied or waived, on the redemption date the redemption price shall become due and payable upon each such Underwritten Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(F) the place where such Underwritten Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Bond Registrar.

On or prior to any redemption date, unless such redemption has been rescinded or revoked, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Underwritten Bonds or portions of Underwritten Bonds which are to be redeemed on that date. The City retains the right to rescind any redemption notice and the related optional redemption of Underwritten Bonds by giving notice of rescission to the affected registered owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Underwritten Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

(2) **Effect of Notice; Bonds Due.** If notice of redemption has been given and not rescinded or revoked, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the Underwritten Bonds or portions of Underwritten Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date such Underwritten Bonds or portions of Underwritten Bonds shall cease to bear interest. Upon surrender of such Underwritten Bonds for redemption in accordance with said notice, such Underwritten Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Underwritten Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

(3) **Additional Notice.** In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus: (A) the CUSIP numbers of all Underwritten Bonds being redeemed; (B) the date of issue of the Underwritten Bonds as originally issued; (C) the rate of interest borne by each Underwritten Bond being redeemed; (D) the series and maturity date of each Underwritten Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Underwritten Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to Section 14 and the Continuing Disclosure Certificate and with such

additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Underwritten Bonds.

(4) Amendment of Notice Provisions. The foregoing notice provisions of this Section 5, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 6. Form of Bonds. The Bonds shall be in substantially the form set forth in Exhibit A, which is incorporated herein by this reference.

Section 7. Execution of Bonds. The Bonds of each series shall be executed on behalf of the City by the facsimile or manual signature of the Mayor and shall be attested to by the facsimile or manual signature of the City Clerk, and shall have the seal of the City impressed or a facsimile thereof imprinted, or otherwise reproduced thereon.

In the event any officer who shall have signed or whose facsimile signatures appear on any of the Bonds shall cease to be such officer of the City before said Bonds shall have been authenticated or delivered by the Bond Registrar or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the City as though said person had not ceased to be such officer. Any Bond may be signed and attested on behalf of the City by such persons who, at the actual date of execution of such Bond shall be the proper officer of the City, although at the original date of such Bond such persons were not such officers of the City.

Only such Bonds as shall bear thereon a Certificate of Authentication manually executed by an authorized representative of the Bond Registrar shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

Section 8. Application of Bond Proceeds. The Finance Director is hereby authorized to create a fund or account (the "Project Fund"), and subaccounts therein as necessary, for the purposes set forth in this section. Net proceeds of the Bonds shall be deposited in the Project Fund in the amounts specified in the closing memorandum prepared in connection with the issuance of the Bonds. Such proceeds shall be used to pay and/or reimburse the City for the costs of the Project and to pay costs of issuance of the Bonds. The Finance Director shall invest money in the Project Fund and the subaccounts contained therein in such obligations as may now or hereafter be permitted to cities of the State by law and which will mature prior to the date on which such money shall be needed, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value. Upon completion of the Project, Bond proceeds

(including interest earnings thereon) may be used for other capital projects of the City or shall be transferred to the Debt Service Fund.

Section 9. Tax Covenants. The City will take all actions necessary to assure the exclusion of interest on each series of Bonds from the gross income of the owners of such Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds, including but not limited to the following:

(a) *Private Activity Bond Limitation.* The City will assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(b) *Limitations on Disposition of Project.* The City will not sell or otherwise transfer or dispose of: (i) any personal property components of the Project other than in the ordinary course of an established government program under Treasury Regulation 1.141-2(d)(4); or (ii) any real property components of the Project, unless it has received an opinion of nationally recognized bond counsel to the effect that such disposition will not adversely affect the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes.

(c) *Federal Guarantee Prohibition.* The City will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(d) *Rebate Requirement.* The City will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

(e) *No Arbitrage.* The City will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(f) *Registration Covenant.* The City will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code until all Bonds have been surrendered and canceled.

(g) *Record Retention.* The City will retain its records of all accounting and monitoring it carries out with respect to the Bonds for at least three years after the Bonds mature or are redeemed (whichever is earlier); however, if the Bonds are redeemed and refunded, the City will retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the Bonds.

(h) *Compliance with Federal Tax Certificate.* The City will comply with the provisions of the Federal Tax Certificate with respect to each series of Bonds, which are incorporated herein as if fully set forth herein. The covenants of this Section will survive payment in full or defeasance of the Bonds.

(i) *Bank Qualification.* The Finance Director is hereby authorized to designate each series of Bonds as “qualified tax-exempt obligations” under Section 265(b)(3) of the Code for investment by financial institutions if the City does not reasonably expect to issue more than \$10,000,000 of qualified tax-exempt obligations in the calendar year in which the Bonds are issued.

Section 10. Debt Service Fund and Provision for Tax Levy Payments. The City hereby authorizes the creation of a fund or account to be used for the payment of debt service on the Bonds (the “Debt Service Fund”). No later than the date each payment of principal of or interest on the Bonds becomes due, the City shall transmit sufficient funds, from the Debt Service Fund or from other legally available sources, to the Bond Registrar for the payment of such principal or interest. Money in the Debt Service Fund may be invested in legal investments for City funds, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value. Any interest or profit from the investment of such money shall be deposited in the Debt Service Fund.

The City hereby irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid that each year it shall include in its budget and levy an *ad valorem* tax upon all the property within the City subject to taxation in an amount that will be sufficient, together with all other revenues and money of the City legally available for such purposes, to pay the principal of and interest on the Bonds as the same shall become due.

The City hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the property tax levy permitted to cities without a vote of the electorate, and that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of the principal of and interest on the Bonds when due.

Section 11. Defeasance. In the event that the City, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Debt Service Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further

payments need be made into the Debt Service Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of principal, premium, if any, and interest from the Debt Service Fund or such special account, and such Bond shall be deemed to be not outstanding under this ordinance. The City shall give written notice of defeasance of the Bonds in accordance with the Continuing Disclosure Certificate.

Section 12. Sale of Bonds.

(a) *Bond Sale.* The Council has determined that it would be in the best interest of the City to delegate to each Designated Representative, for a limited time, the authority to determine the method of sale for each series of Bonds and to approve the final interest rates, maturity dates, redemption terms and principal maturities for each series of Bonds. Each series of Bonds issued pursuant to this ordinance may be issued at the same or different times so long as each series complies with the terms hereof. Each Designated Representative is hereby authorized to approve the issuance, from time to time, of one or more series of Bonds and to approve whether the Bonds of such series shall be sold in a private placement to a Direct Purchaser or to an Underwriter through a competitive public sale or a negotiated sale, as set forth below.

(b) *Direct Purchase.* If a Designated Representative determines that the Bonds of a series are to be sold by private placement, a Designated Representative shall select the Direct Purchaser that submits the proposal that is in the best interest of the City. Direct Purchase Bonds shall be sold to the Direct Purchaser pursuant to the terms of a Loan Agreement.

(c) *Negotiated Bond Sale.* If a Designated Representative determines that the Bonds of a series are to be sold by negotiated public sale, a Designated Representative shall select the Underwriter that submits the proposal that is in the best interest of the City. Such Bonds shall be sold to the Underwriter pursuant to the terms of a Bond Purchase Contract.

(d) *Competitive Sale.* If a Designated Representative determines that the Bonds of a series are to be sold at a competitive public sale, a Designated Representative shall: (1) establish the date of the public sale; (2) establish the criteria by which the successful bidder will be determined; (3) establish the criteria for a good faith deposit; (4) cause notice of the public sale to be given; and (5) provide for such other matters pertaining to the public sale as he or she deems necessary or desirable. A Designated Representative shall cause the notice of sale to be given and provide for such other matters pertaining to the public sale as he or she deems necessary or desirable. Such Bonds shall be sold to the Underwriter pursuant to the terms of a Certificate of Award.

(e) *Sale Parameters.* Subject to the terms and conditions set forth in this Section 12, each Designated Representative is hereby authorized to approve the method of sale and the final interest rates, aggregate principal amount, principal maturities, and redemption rights for each series of Bonds in the manner provided hereafter so long as:

(1) the aggregate principal (face amount) amount of all Bonds issued from time to time under this ordinance does not exceed \$20,000,000;

(2) the final maturity date for each series of Bonds is no later than December 1, 2038;

(3) the aggregate purchase price for each series of Bonds shall not be less than 98% of the aggregate stated principal amount of such series of Bonds, excluding any original issue discount; and

(4) the true interest cost for each series of Bonds (in the aggregate for such series) does not exceed 4.5%.

Subject to the terms and conditions set forth in this section, each Designated Representative is hereby authorized to execute the appropriate Sale Document on behalf of the City. The signature of one Designated Representative shall be sufficient to bind the City. Following the execution of a Sale Document, a Designated Representative shall provide a report to the Council describing the final terms of the Bonds sold pursuant to such Sale Document and approved pursuant to the authority delegated in this section.

The authority granted to the Designated Representatives by this Section 12 shall expire one year after the effective date of this ordinance. After such date additional Council approval shall be necessary to sell and issue Bonds pursuant to the terms of this ordinance.

(f) *Delivery of Bonds; Documentation.* Upon the passage and approval of this ordinance and execution of the applicable Sale Document for a series of Bonds, the proper officials of the City, including the Designated Representatives and the City Clerk, are authorized and directed to undertake all action necessary for the prompt execution and delivery of such series of Bonds to the purchaser thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the applicable Sale Document. Such documents may include, but are not limited to, documents related to a municipal bond insurance policy delivered by an insurer to insure the payment when due of the principal of and interest on all or a portion of such series of Bonds as provided therein, if such insurance is determined by a Designated Representative to be in the best interest of the City.

Section 13. Preliminary and Final Official Statements. Each Designated Representative is hereby authorized to deem final the preliminary Official Statement relating to a series of Underwritten Bonds for the purposes of the Rule. Each Designated Representative is further authorized to approve for purposes of the Rule, on behalf of the City, the final Official Statement relating to the issuance and sale of such series of Underwritten Bonds and the distribution of such final Official Statement

pursuant thereto with such changes, if any, as may be deemed by him or her to be appropriate.

Section 14. Undertaking to Provide Ongoing Disclosure.

(a) The City covenants to execute and deliver at the time of Closing of any Underwritten Bonds a Continuing Disclosure Certificate. Each Designated Representative is hereby authorized to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery and sale of any Underwritten Bonds with such terms and provisions as such officer shall deem appropriate and in the best interests of the City.

(b) The City may agree to provide the Direct Purchaser certain financial or other information and agree to such additional covenants as determined to be necessary by a Designated Representative and as set forth in the Loan Agreement and approved by a Designated Representative pursuant to Section 12.

Section 15. Lost, Stolen or Destroyed Bonds. In case any Bond or Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like series, amount, date and tenor to the Registered Owner thereof if the owner pays the expenses and charges of the Bond Registrar and the City in connection therewith and files with the Bond Registrar and the City evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of his or her ownership thereof, and furnishes the City and the Bond Registrar with indemnity satisfactory to both.

Section 16. Severability; Ratification. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City 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 ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 17. Payments Due on Holidays. If an interest and/or principal payment date for a series of Bonds is not a business day, then payment shall be made on the next business day and no interest shall accrue for the intervening period.

Section 18. Corrections by City Clerk. Upon approval of the City Attorney and Bond Counsel, the City Clerk is hereby authorized to make necessary corrections to this ordinance, including but not limited to the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

Section 19. Effective Date. This ordinance or a summary thereof shall be published in the official newspaper of the City, and shall take effect and be in full force five days after passage and publication as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON,
at a Regular Meeting thereof this _____ day of _____, 2017.

ATTEST/AUTHENTICATED:

Christy O’Flaherty, MMC, City Clerk

Allan Ekberg, Mayor

APPROVED AS TO FORM BY:

Filed with the City Clerk: _____

Passed by the City Council: _____

Published: _____

Effective Date: _____

Pacifica Law Group LLP, Bond Counsel

Ordinance Number: _____

Attachments:

Exhibit A – Form of Bond

Exhibit B – Certificate (by City Clerk)

Exhibit A
Form of Bond

[DTC LANGUAGE] [TRANSFER RESTRICTIONS]
UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON
CITY OF TUKWILA
LIMITED TAX GENERAL OBLIGATION BOND, 2018

INTEREST RATE: _____%

MATURITY DATE

CUSIP NO.

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Tukwila, Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from the date of delivery, or the most recent date to which interest has been paid or duly provided for, at the Interest Rate set forth above (the "Interest Rate"). Interest on this bond shall accrue from its dated date until paid and shall be computed per annum on the principal amount outstanding on a 30/360 basis. Principal of and accrued interest on this bond shall be payable on the dates set forth in the payment schedule attached hereto. The City of Tukwila, Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from _____, 20____, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on June 1, 2018, and semiannually thereafter on the first days of each succeeding June and December. Both principal of and interest on this bond are payable in lawful money of the United States of America. The fiscal agent of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the "Bond Registrar"). For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No.____ duly passed by the City Council on _____, 2017 (the "Bond Ordinance"). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond is one of an authorized issue of bonds of like series, date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of \$_____ and is issued pursuant to the Bond Ordinance to provide a portion of the funds necessary (a) to pay the cost of the acquisition of land and construction of City maintenance and other City facilities and (b) to pay costs of issuance.

[insert description of redemption or prepayment terms]

The City has [not] designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code].

The City has irrevocably covenanted with the owner of this bond that it shall include in its annual budget and levy taxes annually, within and a part of the tax levy permitted to the City without a vote of the electorate, upon all the taxable property in the City without limitation as to rate or amount and in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond when due. The full faith, credit and resources of the City are irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The pledge of tax levies for payment of principal of and interest on the bonds may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

Owners of this bond do not have a security interest in particular revenues or assets of the City. This bond is not a debt or indebtedness of the State of Washington, or any political subdivision thereof other than the City.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist and to have happened, been done and performed precedent to and in the issuance of this bond exist and have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Tukwila, Washington, has caused this bond to be executed by the manual or facsimile signatures of the Mayor and the City Clerk and the seal of the City to be imprinted, impressed or otherwise reproduced hereon as of this ____ day of _____, 20____.

[SEAL]

CITY OF TUKWILA, WASHINGTON

By _____
Allan Ekberg, Mayor

ATTEST:

Christy O'Flaherty, MMC, City Clerk

[FOR UNDERWRITTEN BONDS]

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Limited Tax General Obligation Bonds, [____], of the City of Tukwila, Washington, dated _____, 2018.

WASHINGTON STATE FISCAL
AGENT, as Bond Registrar

By _____

[FOR DIRECT PURCHASE BONDS]

REGISTRATION CERTIFICATE

This bond is registered in the name of the Registered Owner on the books of the City, in the office of the Finance Director of the City (the "Bond Registrar"), as to both principal and interest, as noted in the registration blank below. All payments of principal of and interest on this bond shall be made by the City as provided in the Bond Ordinance.

Date of Registration	Name and Address of Registered Owner	Signature of Bond Registrar
_____, 2018	_____ _____ _____	_____ Finance Director

PAYMENT SCHEDULE

Principal and interest on this bond shall be payable as set forth in the following schedule:

Date	Principal	Interest	Total Payment
_____	_____	_____	_____

Exhibit B

CERTIFICATE

I, the undersigned, City Clerk of the City Council of the City of Tukwila, Washington (the "City"), DO HEREBY CERTIFY:

1. The attached copy of Ordinance No. _____ (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on _____, 2017 as that ordinance appears in the minute book of the City; and the Ordinance will be in full force and effect five (5) days after its passage and publication as provided by law; and

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been fully fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

3. That Ordinance No. _____ has not been amended, supplemented or rescinded since its passage and is in full force and effect and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2017.

CITY OF TUKWILA, WASHINGTON

Christy O'Flaherty, MMC, City Clerk



pfm

City of Tukwila, Washington

Finance Committee Meeting Public Works Shops Building

November 21, 2017

PFM Financial
Advisors LLC

1200 Fifth Avenue
Suite 1220
Seattle, WA 98101

Susan Musselman
(360) 445-0238
Duncan Brown
(206) 858-5367



Overview

- 1) Background**
- 2) Proposed LTGO Bonds, 2018**
- 3) General Obligation Debt Capacity**
- 4) Next Steps**

Appendix: Outstanding Debt and Market Update



Background

- As part of its public safety facilities plan, the City anticipates construction of a new public works shop
 - Property parcels may be acquired as soon as January 2018
 - Construction is projected to begin in Q3 or Q4 of 2019
- Anticipated to be financed in two phases:
 - Phase One of this project includes site acquisition and soft costs through 2018 – estimated to cost approximately \$20 million
 - Phase Two, beginning in 2019, would include additional soft costs and construction costs through 2021
 - The total cost of the project (and amount of Phase Two financing) will be dependent on the final design and scope of the project
- The shops facility is anticipated to be used for both general government and utility purposes



LTGO Bond Ordinance

- The City Council is being asked to adopt an ordinance that would authorize the issuance of Limited Tax General Obligation (LTGO) debt within the following parameters:
 - Par amount not to exceed \$20 million
 - Final maturity to be no later than December 1, 2038 (i.e., 20 year term)
 - True Interest Cost not to exceed 4.50%
 - Authorizes long-term financing (i.e., bonds) or short-term bank financing, if proceeds are required sooner
 - The authority granted to the Designated Representative shall expire one year after the effective date of the Bond Ordinance
- If authorized, proceeds of the 2018 LTGO Bonds would be used to certain parcels, including through eminent domain, and construct maintenance and other City facilities
- LTGO Bonds will be secured by the City's full faith and credit and non-voted property taxing authority

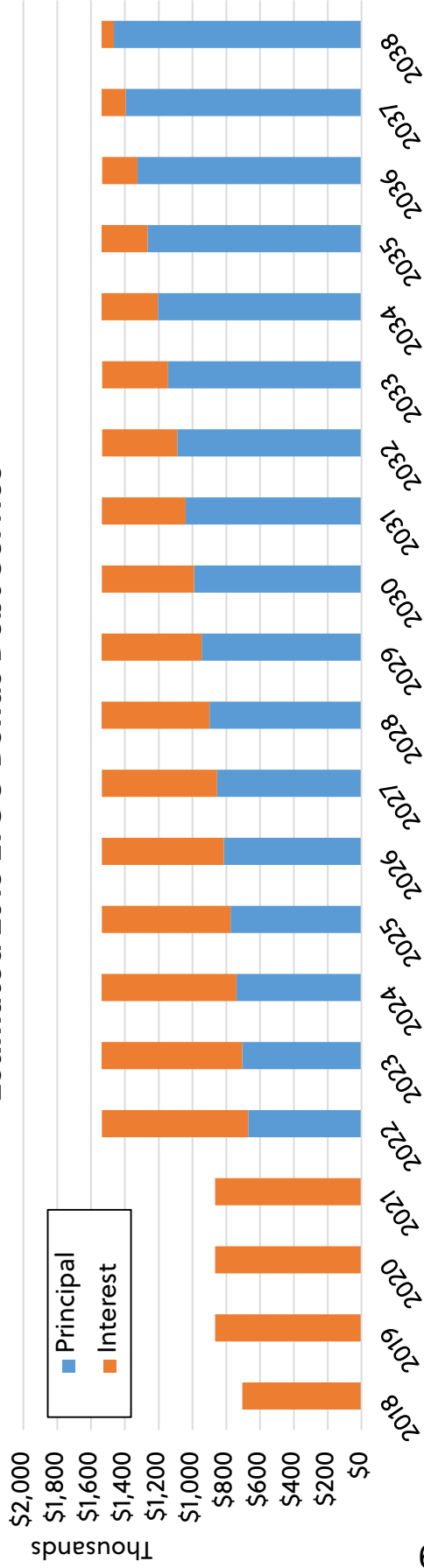


Proposed LTGO Bonds, 2018 – City Shops - Phase 1

- The chart below summarizes the proposed long-term bond structure and estimated annual debt service
- The bonds would be structured as “interest only” through the construction period (i.e., through 2021)

Estimated Sources and Uses of Funds	
Par Amount	\$ 17,325,000
Original Issue Premium	<u>2,917,481</u>
Total Sources	\$ 20,242,481
Project Funds	\$ 20,003,881
Issuance Costs	<u>238,600</u>
Total Uses	\$ 20,242,481

Estimated 2018 LTGO Bonds Debt Service



Note: Rates as of 11/9/2017 plus 50 basis point cushion
Assumes \$100,000 Cost of Issuance and \$8/Bond Underwriters Discount



Calculation of Debt Capacity

- The table below summarizes the City's non-voted and total general obligation debt capacity, as limited by statute

Non-Voted General Obligation Debt Capacity	
2016 Assessed Value for 2017 Tax Year	\$5,763,649,829
Non-Voted Debt Capacity (1.5% of AV)	86,454,747
Less: Outstanding Non-Voted Debt	(35,376,704)
Less: 2018 LTGO Bonds (Estimated)	(17,325,000)
Remaining Non-Voted Debt Capacity	33,753,043

Total General Obligation Debt Capacity for General Municipal Purposes	
2016 Assessed Value for 2017 Tax Year	\$5,763,649,829
Total Debt Capacity (2.5% of AV)	144,091,246
Less: Outstanding Voted Debt	(32,990,000)
Less: Outstanding Non-Voted Debt	(35,376,704)
Less: 2018 LTGO Bonds (Estimated)	(17,325,000)
Remaining Total Debt Capacity for General Municipal Purposes	58,399,542



2018 LTGO Bonds – Next Steps

<u>Activity</u>	<u>Date</u>
Finance Committee Meeting – Consideration of Bond Ordinance (5:30 p.m.)	11/21
Committee of the Whole – Consideration of Bond Ordinance (7:00 p.m.)	11/27
City Council Meeting – Consideration of Bond Ordinance (7:00 p.m.)	12/4
Bond Ordinance Published	12/7
Bond Rating Agency Call	Week of 1/8
Bond Sale	1/25
Bond Closing – funds delivered	2/8

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Alex Injev, Analyst
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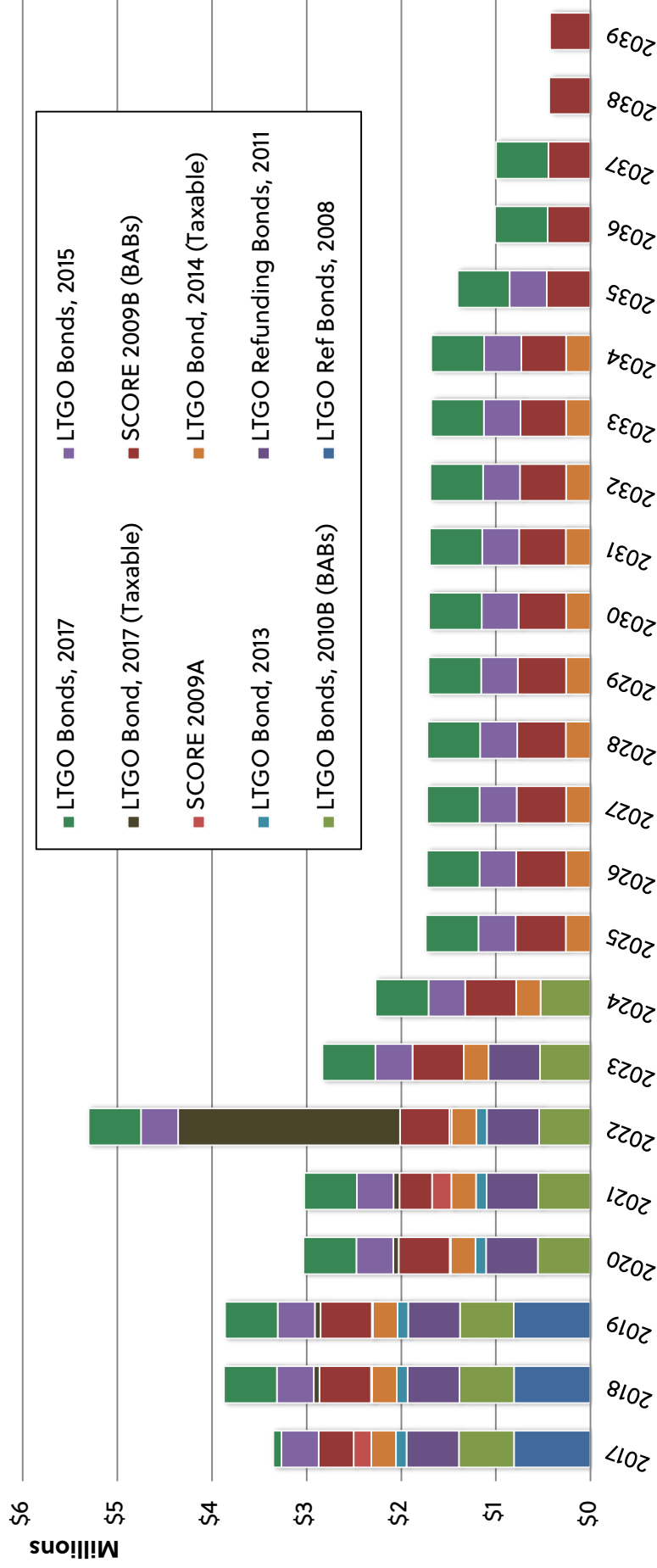
Appendix: Outstanding Debt and Market Update



Outstanding Limited Tax General Obligation Debt

- As of October 2017, the City has \$35,376,704 of non-voted general obligation debt and \$32,990,000 of voted general obligation debt outstanding

Annual Non-Voted General Obligation Debt Service





Outstanding Long-Term General Obligation Debt

Series Name	Outstanding Par	Call Date	Purpose	Coupon Range	Final Maturity	Insurer
LTGO Refunding Bonds, 2008	\$2,165,000	n/a	Advance refund LTGO Bonds, 1999	6.00%	12/1/2019	Assured Guaranty
LTGO Bonds, 2010B (Taxable BABs – Direct Payment)	3,575,000	6/1/2020	Acquisition & construction of Southcenter Parkway improvements; emergency preparedness facilities, fixtures, tech.	3.96 – 5.41%*	12/1/2024	n/a
LTGO Refunding Bonds, 2011	3,360,000	12/1/2021	Advance refund LTGO Bonds, 2003A	3.00 – 4.00%	12/1/2023	n/a
LTGO Bond, 2013	562,104	n/a	Park district facility improvements (pool)	3.00-4.00%	12/1/2022	n/a
LTGO Bond, 2014 (Taxable)	3,560,000	12/1/2019	Tukwila International Boulevard – property acquisition	0.85 – 4.86%**	12/1/1934	n/a
LTGO Bonds, 2015	5,605,000	6/1/2025	Pay and reimburse the City for the cost of certain road construction and related improvements	2.25 – 3.00%	12/1/2035	n/a
LTGO Bonds, 2017	8,180,000	6/1/2027	Pay or reimburse the City for the cost of certain road construction and related improvements	3.00 – 3.50%	12/1/2037	n/a
LTGO Bond, 2017 (Taxable)	2,276,000	anytime	Tukwila International Boulevard – property acquisition	2.60 - 3.00%	12/1/2022	n/a
Subtotal	\$29,283,104					
SCORE Bonds, 2009A	220,400	1/1/2020		4.50 – 5.00%	1/1/2022	n/a
SCORE Bonds, 2009B (Taxable BABs- Direct Payment)	5,873,200	1/1/2020	SCORE Facility	5.00 – 6.616%*	1/1/2039	n/a
Subtotal	6,093,600					
Total – LTGO	\$35,376,704					
UTGO Bonds, 2016	32,990,000	12/1/2026	Pay and reimburse the City for the cost of constructing fire stations and acquiring related firefighting apparatus/equipment, constructing a justice center	4.50 – 5.00%	12/1/2036	n/a
Subtotal	\$32,990,000					
Total – General Obligations	\$68,366,704					

As of November 10, 2017.

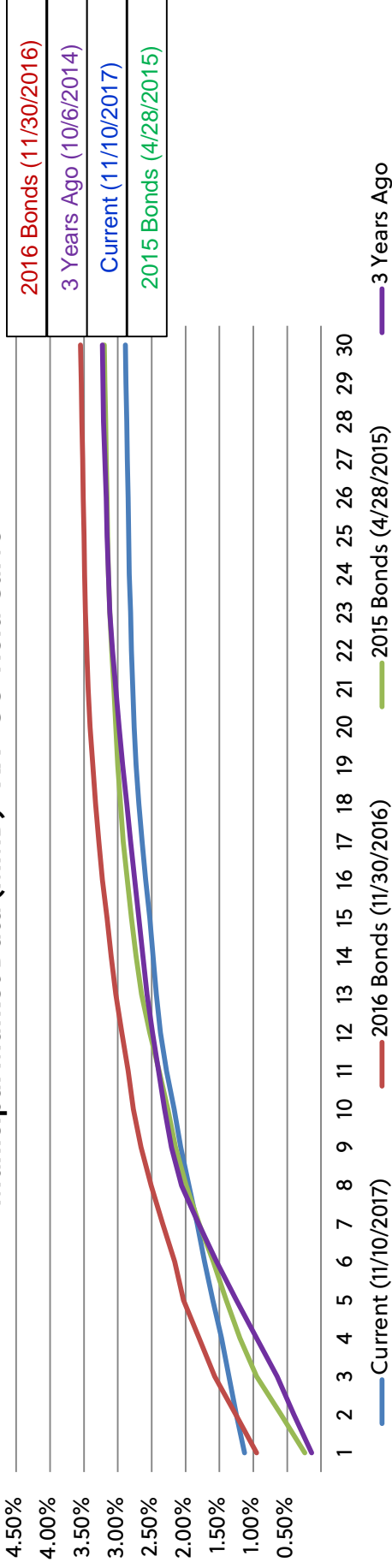
* Build America Bonds coupons are shown as gross rates, not reflecting Federal subsidy (35% prior to sequestration).

** A portion of the 2014 Bonds will have interest rates reset every five years, based on the Five Year Advance Fixed Bullet Rate, as published by the Seattle Federal Home Loan Bank.

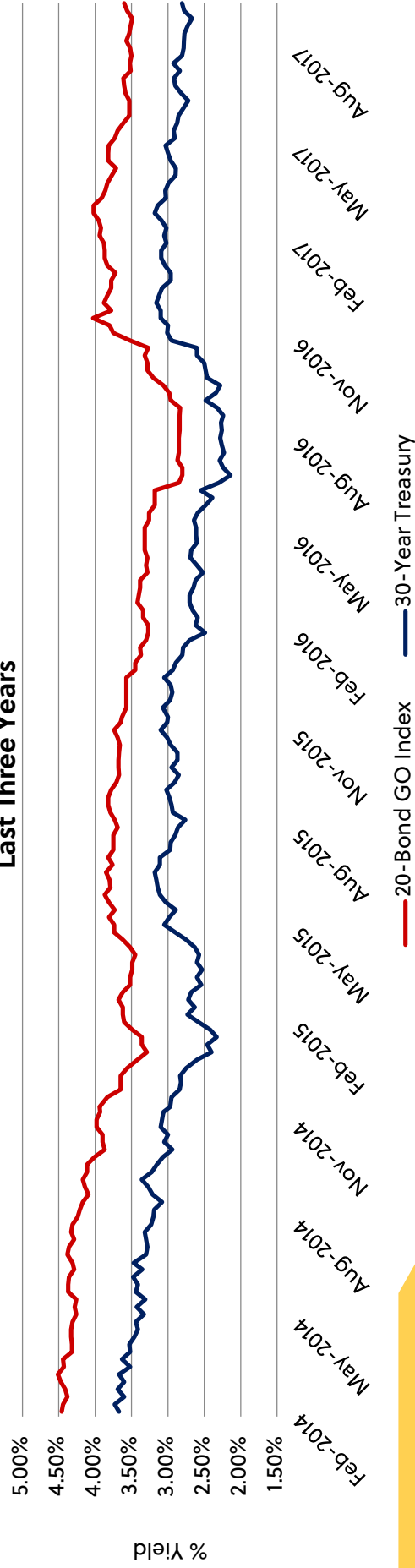


Market Update

Municipal Market Data (MMD) "AA" GO Yield Curve



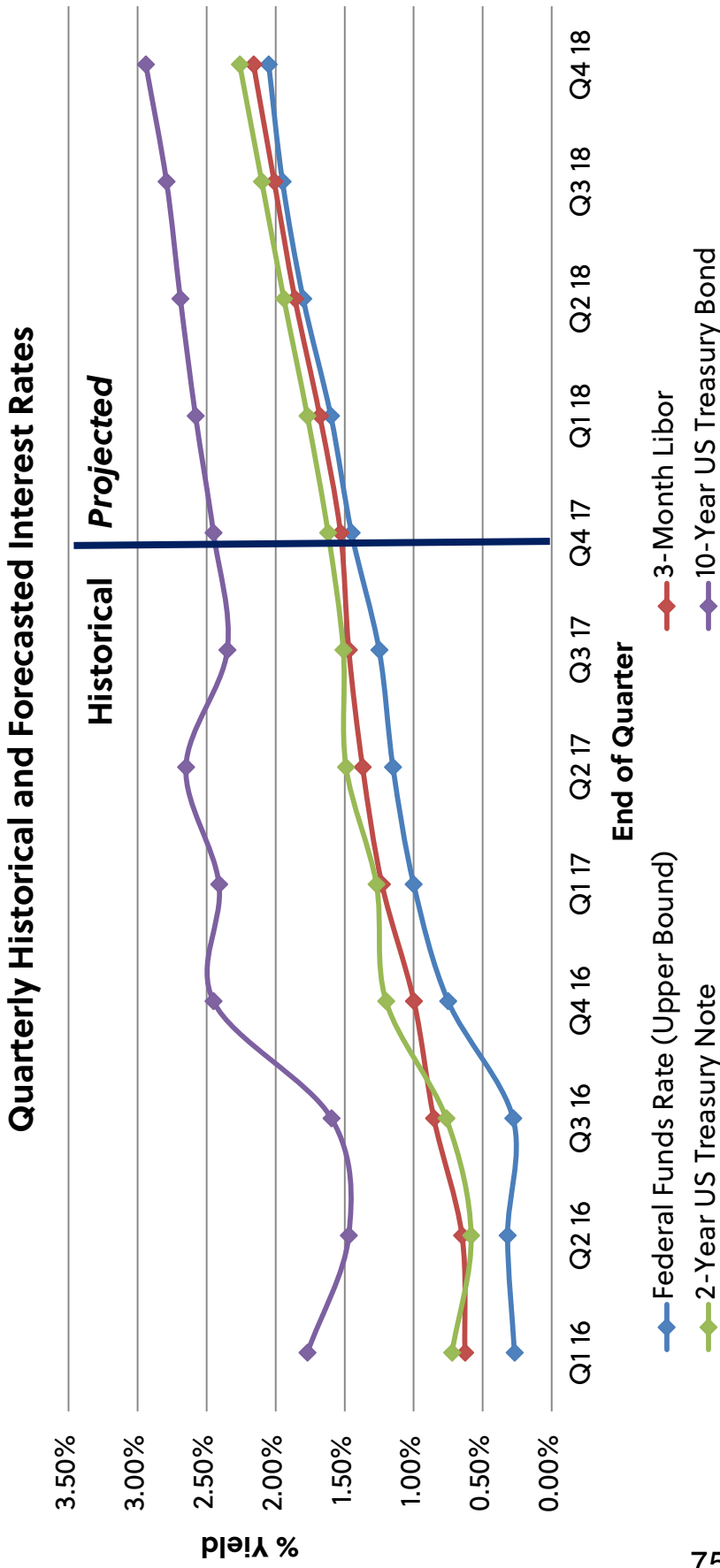
Bond Buyer 20-Bond GO Index vs. 30-Year Treasury Last Three Years





Market Update – Interest Rate Forecasts

- Most market participants expect interest rates to rise modestly through the end of 2017 and 2018
- The chart below shows consensus forecasts from numerous financial institutions



Source: Bloomberg, Composite UST forecast represents at least 50 banks.