

8/21/98
jllord1
clerk 9/4/98

Introduced By: GREG NICKELS
ROB MCKENNA
Proposed No.: 98-572

ORDINANCE NO. **13301**

AN ORDINANCE related to sale/leaseback arrangements for up to three hundred sixty transit buses, authorizing the execution of agreements and related documents in connection therewith and confirming and ratifying all actions taken pursuant to and consistent with Motion 9930 of the council.

FINDINGS:

1. On August 21, 1996, the council passed Motion 9930 approving the execution of one or more sale/leaseback agreements and related documents in connection with the acquisition of up to three hundred sixty transit buses by the county. A true and correct copy of Motion 9930 is attached hereto and incorporated by this reference.

2. The sale/leaseback agreements were properly approved by Motion 9930. However, certain payment agreements necessary to the sale/leaseback transaction may be required to be approved or authorized by ordinance. To ensure proper enactment of all approvals required for or by the sale/leaseback agreements, the provisions set forth in Motion 9930 should be adopted in the form of an ordinance and actions taken pursuant to and consistent with Motion 9930 be confirmed and ratified.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. The council hereby ratifies, restates and states the findings and determinations of the council contained in Motion 9930 and in this ordinance, including, without limitation, the finding and determination of the council that, in compliance with Chapter 39.36 RCW, the council finds and determines that the agreements evidenced by the operative documents, including without limitation, the payment agreements within the

31 scope of operative documents, if fully performed by all parties thereto, will reduce the
32 amount or duration of the county's exposure to changes in interest rates or result in a lower
33 net cost of borrowing with respect to the related obligations, or a higher net rate of return
34 on investments made in connection with, or incidental to, the issuance, incurring or
35 carrying of those obligations.

36 SECTION 2. The executive is hereby authorized to negotiate and enter into such
37 contracts and to execute such operative documents, as defined in Motion 9930, as are
38 necessary, reasonable and customary to finance the purchase of three hundred sixty transit
39 buses from the Gillig Corporation through one or more sale/leaseback financing
40 agreements; provided, that the sale/leaseback financing arrangement must be approved by
41 the Federal Transportation Administration, and further provided that the financial advisor
42 to King County must certify in writing that (a) the terms and conditions set forth in
43 payment agreements, including, without limitation, the interest rate or rates and any other
44 amounts payable thereunder, are commercially reasonable in light of the then existing
45 market conditions; and (b) the finding and determination contained in this ordinance and in
46 Motion 9930 required by RCW 36.96.030(2)(a) is reasonable.

47 SECTION 3. Actions taken by the executive or his designee pursuant to and
48 consistent with Motion 9930 which was effective August 21, 1996, are hereby confirmed
49 and ratified in all respects. The authorization set forth in Section 2 of this ordinance is
50 intended to be a continuation and reaffirmation of the authorization granted by Motion
51 9930.

52 INTRODUCED AND READ for the first time this 21st day of
53 September, 1998

54 PASSED by a vote of 10 to 0 this 5th day of October, 1998.

55 KING COUNTY COUNCIL
56 KING COUNTY, WASHINGTON

57 *Renee Miller*
58 Chair

59 ATTEST:

60 *[Signature]*

61 Clerk of the Council

62 APPROVED this 9 day of October, 1998.

63 *[Signature]*
64 King County Executive

65 Attachments: Motion 9930

August 21, 1996

Introduced By:

Rob McKenna
Louise Miller

Proposed No.:

96-663

MOTION NO.

9930

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A MOTION authorizing the execution of one or more
Sale/leaseback agreements and related documents in
connection with the acquisition of up to 360 transit
buses

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WHEREAS, the transit division of the King County department of transportation
("King County") provides public transportation services which requires the purchase of
buses to support service expansion and ridership increases and replacement of older
equipment, and

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WHEREAS, King County is purchasing 360 new transit buses from the Gillig
Corporation with a \$72 million grant from the Federal Transportation Administration
("FTA") and approximately \$18 million from the King County Transit Capital Fund, and

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WHEREAS, King County has identified a market opportunity to lower the \$18
million cost to King County by financing the bus purchase through a sale/leaseback
arrangement wherein certain tax depreciation deductions that are of no value to King
County are transferred to private foreign investors, and

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WHEREAS, the FTA encourages local governments to enter into sale/leaseback
arrangements to purchase transit buses because such arrangements provide a substantial
present value benefit to King County, to bus passengers and to the taxpayer residents who
fund public transportation within the King County metropolitan area, and

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WHEREAS, to implement the plan of financing it may be necessary for King
County to execute certain standard and customary financing and collateral implementing
agreements in order to effect interest rate exchanges, currency swaps, and the defeasance of

1 the debt and equity obligations, including the following: interest exchange agreements,
2 payments agreements under RCW 39.96.020, custodian agreements, yen deposit
3 agreements, debt funding agreements, lessee yen deposit agreements, security agreements,
4 yen deposit pledge agreements (referred to herein as the "Operative Documents"), and

5 WHEREAS, in compliance with RCW ch. 39.96, the council hereby determines that
6 the agreements evidenced by the Operative Documents (including amounts required
7 thereunder to be paid in yen, the yen deposit agreements, currency swap agreements,
8 payments agreements under RCW 39.96.020, and the interest exchange agreements) will
9 reduce the amount or duration of the county's exposure to changes in interest rates,
10 currency exchange or similar risk, and will result in a lower net cost of borrowing with
11 respect to the related obligations associated with the sale/leaseback financing agreements,
12 and/or will result in a higher net rate of return on investments made in connection with, or
13 incidental to, the issuance, incurring, or carrying of the obligations evidenced by the
14 Operative Documents, and

15 WHEREAS, it is now deemed necessary and advisable and in the financial interest
16 of King County to enter into the sale/leaseback financing agreements and to execute the
17 necessary Operative Documents, and

18 WHEREAS, Council approval is required to dispose of personal property valued in
19 excess of \$250,000;

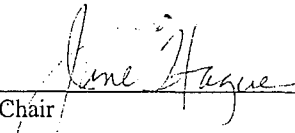
20 NOW, THEREFORE, BE IT MOVED by the Council of King County:

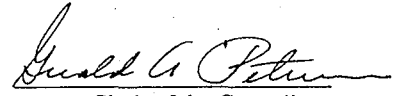
21 The county executive is authorized to negotiate and enter into such contracts and to
22 execute such Operative Documents as are necessary, reasonable and customary to finance
23 the purchase of 360 transit buses from the Gillig Corporation through one or more
24 sale/leaseback financing agreements; provided, that the sale/leaseback financing
25 arrangement must be approved by the Federal Transportation Administration, and further
26 provided that the financial advisor to King County must certify in writing that (a) the terms
27 and conditions set forth in payment agreements, Operative Documents and any ancillary

1 agreements, including without limitation, the interest rate or rates and any other amounts
 2 payable thereunder, are commercially reasonable in light of the then existing market
 3 conditions; and (b) the finding and determination contained in this motion required by
 4 RCW 36.96.030(2)(a) is reasonable

5 PASSED by a vote of 11 to 0 this 26th day of August
 6 1996.

7 KING COUNTY COUNCIL
 8 KING COUNTY, WASHINGTON

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 10 Chair

11 ATTEST:
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 13 Clerk of the Council

14 Attachments: NONE