



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 11, 2004

Ordinance 15043

Proposed No. 2004-0377.2

Sponsors Gossett

1 AN ORDINANCE approving ground leases of two sites from the
2 county to Goat Hill Properties and a lease by Goat Hill Properties
3 back to the county of a new parking garage and office building to
4 be constructed on such sites; authorizing the county executive to
5 execute final forms of the ground leases and project lease;
6 approving certain provisions of the development and financing
7 plan of Goat Hill Properties; agreeing to take unencumbered title to
8 the parking garage and office building when bonds issued by Goat
9 Hill Properties are discharged; and approving certain other
10 provisions of the lease-lease back transaction.

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13 **PREAMBLE:**

14 Pursuant to RCW 36.34.205 and K.C.C. 4.56.160, which incorporate by
15 reference RCW 35.42.070 through 35.42.080 ("the Municipal Leasing
16 Act"), the county has heretofore sought proposals for lease financing of
17 the construction of a new parking garage and office building on privately

18 owned land or on land owned by the county in downtown Seattle and has
19 chosen Goat Hill Properties ("GHP"), a nonprofit corporation, and Wright
20 Runstad Associates Limited Partnership ("Wright Runstad") to develop
21 the project on two sites owned by the county by means of a lease-lease
22 back transaction.

23 Terms of the ground leases, project lease and development agreement
24 have been negotiated, and the county wishes to approve the ground leases
25 and project lease and to approve GHP's plan for developing and financing
26 the project, including the issuance of tax-exempt bonds to be secured by a
27 pledge of the county's payments under the project lease.

28 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

29 **SECTION 1. Findings.**

30 A. The council hereby finds that the public interest, welfare and benefit require
31 the county to acquire a new parking garage and office building ("the project") to be built
32 on sites owned by the county in downtown Seattle by means of a lease-lease back
33 transaction, authorized by the Municipal Leasing Act and in accordance with the
34 procurement process heretofore authorized by the council. As a result of this process,
35 Wright Runstad and GHP have been chosen to develop and manage construction of the
36 project. Unless otherwise defined in this ordinance, capitalized terms used in this
37 ordinance have the meanings given such terms in the Project Lease (as hereinafter
38 defined).

39 B. The council further finds that so long as the average amount of Monthly Rent
40 payable under the Project Lease does not exceed an average monthly rental rate of \$27.00

41 per square foot, such Monthly Rent payable under the Project Lease does not exceed
42 prevailing rental rates for space and terms comparable to the Project.

43 **SECTION 2. Approval of Ground Leases and Project Lease.** The council
44 hereby approves the Garage Ground Lease Agreement by and between the county, as
45 lessor, and GHP, as lessee, in substantially the form of Attachment A to this ordinance
46 ("the Garage Ground Lease"), the Building Ground Lease Agreement by and between the
47 county, as lessor, and GHP, as lessee, in substantially the form of Attachment B to this
48 ordinance ("the Building Ground Lease"), and the Project Lease Agreement by and
49 between GHP, as lessor, and the county, as lessee, in substantially the form of
50 Attachment C to this ordinance ("the Project Lease"). The county executive is hereby
51 authorized to sign the Garage Ground Lease and Building Ground Lease ("the Ground
52 Leases") and the Project Lease in substantially the forms of Attachments A, B and C to
53 this ordinance, subject to such changes as may be requested by the underwriter or trustee
54 for lease revenue bonds to be issued by GHP, as described in section 5 of this ordinance
55 or the insurer (if any) of such bonds, and subject to those changes that are approved by
56 counsel to the county; provided, however, that (i) the term of each Ground Lease shall
57 commence no earlier than the effective date of this ordinance and shall expire no later
58 than December 31, 2044, (ii) the rent due under each Ground Lease shall not exceed
59 \$100, (iii) the term of the Project Lease shall commence no earlier than the effective date
60 of this ordinance and shall expire no later than December 31, 2039; and (iv) the average
61 amount of Monthly Rent payable under the Project Lease shall not exceed an average
62 monthly rental rate of \$27.00 per square foot. When fully executed, copies of the Ground
63 Leases and Project Lease shall be filed with the clerk of the council.

64 **SECTION 3. Pledge of Taxation and Credit.** The county's obligation to pay
65 rent under the Project Lease constitutes a limited tax general obligation of the county.
66 The county hereby irrevocably covenants and agrees that it will include in its annual
67 budget and levy taxes annually on all taxable property within the county, within and as a
68 part of the tax levy permitted to the county without a vote of the electors, in amounts
69 sufficient, together with all other money legally available and to be used therefore, to pay
70 the Monthly Rent and any Additional Rent due under the Project Lease as the same shall
71 become due. The full faith, credit and resources of the county are irrevocably pledged for
72 the annual levy and collection of such taxes and the prompt payment of such amounts.

73 **SECTION 4. Approval of GHP.** For the sole purpose of complying with the
74 requirements of Revenue Ruling 63-20 of the United States Department of Treasury (as
75 compiled and supplemented by Revenue Procedure 82-26 of the United States
76 Department of Treasury) (together, "the Ruling"), the county hereby approves GHP and
77 the purposes and activities of GHP as described in its articles of incorporation, a copy of
78 which is Attachment D to this ordinance, subject to the following terms and conditions:

79 A. GHP shall remain a Washington nonprofit corporation and shall at all times
80 operate on a nonprofit basis;

81 B. None of the income of GHP shall inure to the benefit of any private person;
82 and

83 C. Upon discharge of the Bonds, GHP shall convey legal and unencumbered title
84 and exclusive possession and use of the Project to the county.

85 **SECTION 5. Approval of Plan for Development and Financing.** The council
86 hereby acknowledges the intent of GHP to enter into a development agreement for the

87 Project with Wright Runstad in substantially the form of Attachment E to this ordinance.
88 For the purpose of complying with requirements of the Ruling, the county hereby
89 acknowledges and approves the plan of GHP to develop the Project by entering into such
90 development agreement with Wright Runstad and approves the tax-exempt lease revenue
91 bonds in the aggregate principal amount of not to exceed \$104,000,000 that GHP
92 proposes to issue to finance the Project ("the Bonds"). The county hereby acknowledges
93 and approves the pledge to be made by GHP of revenues it will receive from the county
94 under the Project Lease to secure payment of the Bonds in accordance with an indenture
95 of trust to be entered into by GHP with a trustee for the Bonds. The county agrees that
96 upon discharge of the Bonds, the county shall accept delivery of full legal and
97 unencumbered title to the Project and exclusive possession and use of the Project for no
98 additional consideration.

99 The county further acknowledges that, as lessee under the Project Lease, it will be
100 an "obligated person" with respect to the Bonds under Rule 15c2-12 of the Securities and
101 Exchange Commission ("the Rule"). To permit the underwriter of the Bonds to comply
102 with the Rule, the council hereby approves the Undertaking for Ongoing Disclosure,
103 relating to information about the county, the Ground Leases, the Project Lease and the
104 leased premises, in substantially the form of Attachment F to this ordinance ("the
105 Undertaking"). The county's manager of the finance and business operations division
106 ("the Finance Director") is hereby authorized to sign the Undertaking in substantially the
107 form of Attachment F to this ordinance, with such additions or deletions as are necessary
108 or desirable to sell the Bonds. The Finance Director or his designee is also hereby
109 authorized to "deem final" pursuant to the Rule information in any preliminary official

110 statement for the Bonds about the county, the Ground Leases, the Project Lease and the
111 leased premises.

112 SECTION 6. General Authorization. The appropriate county officials, agents,
113 attorneys and representatives are hereby authorized and directed to do everything
114 necessary and desirable to accomplish the lease-lease back plan of acquiring a new
115 parking garage and office building authorized by this ordinance and to do all things
116 necessary or desirable to permit GHP to issue, sell and deliver the Bonds, including but
117 not limited to the execution and delivery of such certificates and opinions relating thereto
118 and to the Ground Leases and Project Lease as may be approved by counsel to the
119 county.

120 SECTION 7. Severability. If any one or more of the provisions of this ordinance
121 shall be declared by any court of competent jurisdiction to be contrary to law, then such
122 provision or provisions shall be null and void and shall be deemed separable from the
123 remaining provisions of this ordinance and shall in no way affect the validity of the other
124 provisions of this ordinance, the Ground Leases, the Project Lease or the Undertaking.

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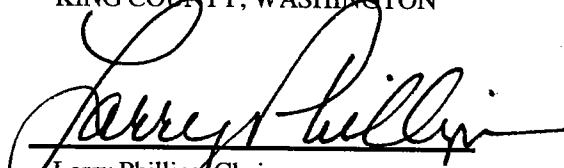
SECTION 8. Effective Date. This ordinance takes effect ten days after its enactment, in accordance with Article II of the county charter.

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CLERK
KING COUNTY COUNCIL

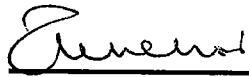
Ordinance 15043 was introduced on 8/16/2004 and passed by the Metropolitan King County Council on 10/11/2004, by the following vote:

Yes: 13 - Mr. Phillips, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr. Pelz, Mr. McKenna, Mr. Ferguson, Mr. Hammond, Mr. Gossett, Ms. Hague, Mr. Irons, Ms. Patterson and Mr. Constantine
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

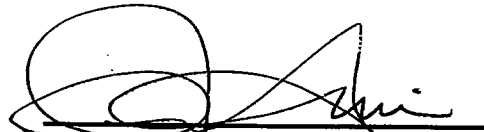

Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 22 day of October 2004.



Ron Sims, County Executive

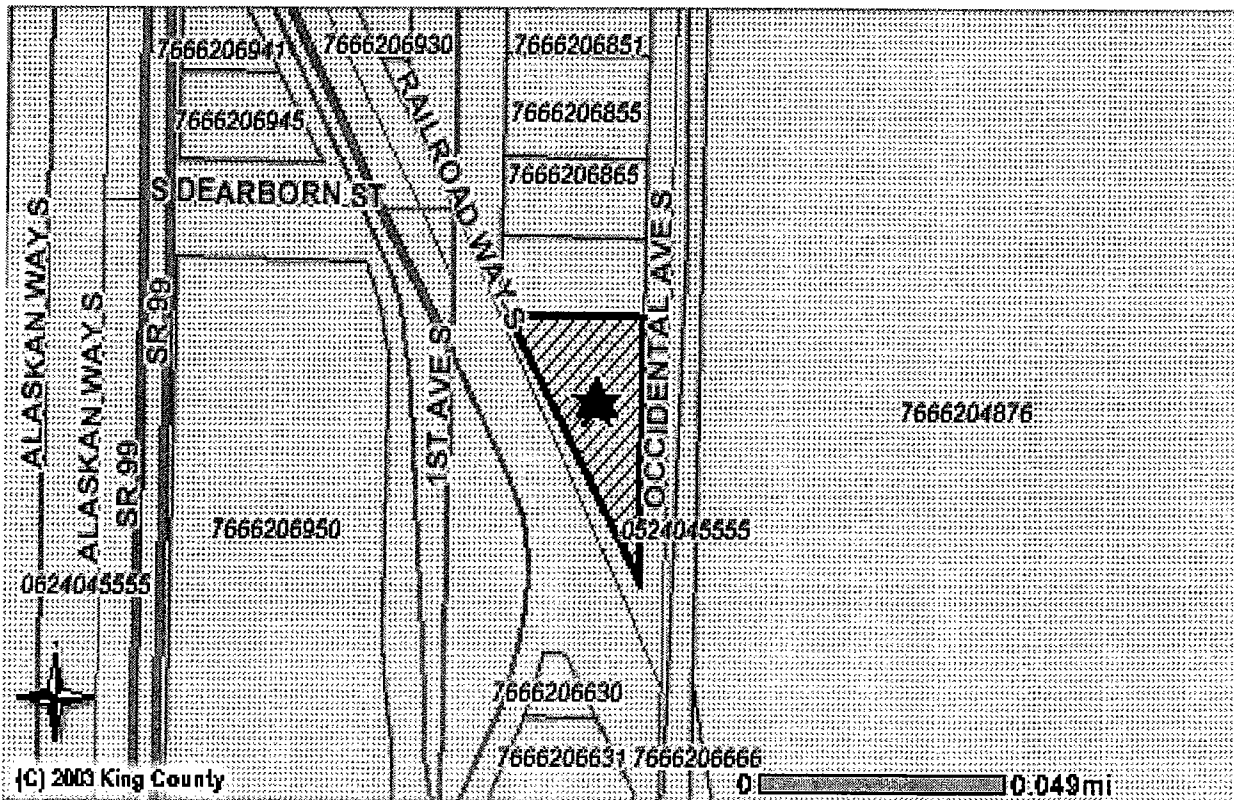
Attachments

- A. Garage Ground Lease Agreement between King County, a political subdivision of the State of Washington as Lessor and Goat Hill Properties, a Washington nonprofit corporation as Lessee dated 9-27-04,
- B. Building Ground Lease Agreement between King County, a political subdivision of the State of Washington as Lessor and Goat Hill Properties, a Washington nonprofit corporation as Lessee dated 9-27-04,
- C. Project Lease Agreement between Goat Hill Properties, a Washington nonprofit corporation as Landlord and King County, a political subdivision of the State of Washington as Tenant dated 9-27-04,
- D. Exhibit D United States of America The State of Washington Secretary of State Certificate of Incorporation to Goat Hill Properties dated 9-27-04,
- E. King County Office Building Development Agreement Between Goat Hill Properties a Washington nonprofit corporation ("Owner") and Wright Runstad Associates Limited Partnership a Washington limited partnership ("Developer") dated 9-27-04,
- F. Exhibit F King County, Washington Undertaking For Ongoing Disclosure dated 9-27-04

ORDINANCE 15044

Attachment A

Parcel Map



Attachment B

LEGAL DESCRIPTION

LOTS 13, 14 AND 15, BLOCK 326 SEATTLE TIDELANDS, KING COUNTY, WASHINGTON

SUBJECT TO: AN AGREEMENT BETWEEN PACIFIC COAST COMPANY, A CORPORATION, AND PROVIDENT BUILDING COMPANY RECORDED UNDER KING COUNTY AUDITOR'S FILING #684338; AGREEMENT BETWEEN J.W. CLISE AND SEATTLE PLUMBING & SUPPLY COMPANY, A CORPORATION, RECORDED UNDER KING COUNTY AUDITOR'S FILING #3467248; AND INSTRUMENT EXECUTED BY CHICAGO, MILWAUKEE, ST. PAUL PACIFIC RAILROAD RECORDED UNDER KING COUNTY AUDITOR'S FILING # 668339.

ATTACHMENT A

GARAGE GROUND LEASE AGREEMENT

THIS GARAGE GROUND LEASE AGREEMENT ("Garage Ground Lease") is made as of the _____ day of _____, 2004, by and between **KING COUNTY**, a political subdivision of the State of Washington ("Lessor"), and **GOAT HILL PROPERTIES**, a Washington nonprofit corporation ("Lessee").

RECITALS

- A. Lessor is the owner of the real estate described on **EXHIBIT A** attached hereto ("Garage Land") located in the City of Seattle, King County, Washington.
- B. Lessor intends to lease the Garage Land to Lessee pursuant to this Garage Ground Lease, and Lessee intends to construct and equip thereon a garage to provide parking for King County containing approximately 829 parking spaces as more fully described in the Preliminary Plans and Outline Specifications, including all HVAC, electrical and other building systems, pursuant to the Preliminary Plans and Outline Specifications ("Project"). The design and construction of the Project shall be as more particularly described in that certain Project Lease Agreement between the parties ("Project Lease").
- C. Lessee intends to lease the Premises, including the Garage, back to Lessor in accordance with the Municipal Leasing Act, RCW ch. 35.42, and pursuant to the Project Lease.
- D. Lessee intends to pay the costs of the Project with the proceeds of tax-exempt obligations which satisfy the requirements of the Revenue Ruling 63-20 and Revenue Procedure 82-26 issued by the Internal Revenue Service.
- E. All capitalized terms used in this Garage Ground Lease but not otherwise defined herein (including these Recitals hereto) shall have the meanings given to such terms in the Project Lease.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the parties hereto agree as follows:

1. The Demise{tc "1. The Demise"\}.

1.1 Demise{tc "1.1 Demise"\} 2}. In consideration of the rents, covenants and agreements contained in this Garage Ground Lease, Lessor hereby leases the Garage Land to Lessee, and Lessee hereby leases the Garage Land from Lessor upon and subject to the conditions set forth in this Garage Ground Lease, and subject to all encumbrances and matters of record as of the date of this Garage Ground Lease.

