



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

January 13, 2015

Ordinance 17958

Proposed No. 2015-0037.1

Sponsors McDermott

1 AN ORDINANCE amending certain provisions of
2 Ordinance 17599, passed on June 3, 2013, which
3 authorized the issuance and sale of one or more series of
4 sewer revenue bonds and limited tax general obligation
5 bonds (payable from sewer revenues) of the county in the
6 aggregate principal amount of not to exceed \$950,000,000
7 for refunding outstanding bonds of the county payable from
8 sewer revenues, for the purpose of increasing the
9 authorized aggregate principal amount to \$1,300,000,000;
10 amending Ordinance 17599, Section 1, and Ordinance
11 17599, Section 3, and declaring an emergency.

12 PREAMBLE:

13 Ordinance 17599 of the county, passed by the county council on June 3,
14 2013, authorizes the county to issue sewer revenue bonds and limited tax
15 general obligation bonds (payable from sewer revenues) of the county in
16 the aggregate principal amount of not to exceed \$950,000,000 for
17 refunding outstanding bonds of the county payable from sewer revenues,
18 such authorization to expire two years from the effective date of
19 Ordinance 17599. Pursuant to Ordinance 17599, the county has issued its

20 sewer revenue refunding bonds in the aggregate principal amount of
21 \$288,285,000 and realized thereby aggregate present value savings of
22 \$27,726,649, leaving \$661,715,000 of authorization. Current favorable
23 market conditions permit the county to refund more than \$661,715,000 in
24 aggregate principal amount of outstanding bonds of the county payable
25 from sewer revenues and achieve the present value savings required by
26 Section 16.A of Ordinance 17599. Section 35 of Ordinance 17599
27 authorizes the county to supplement Ordinance 17599 in this respect
28 without the consent of owners of any of the Bonds authorized to be issued
29 by Ordinance 17599.

30 It is deemed necessary and advisable that the county amend Ordinance
31 17599 to increase the authorization to issue sewer revenue bonds and
32 limited tax general obligation bonds (payable from sewer revenues) of the
33 county in the additional aggregate principal amount of not to exceed
34 \$350,000,000 for refunding outstanding bonds of the county payable from
35 sewer revenues.

36 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

37 SECTION 1. Definitions. Capitalized terms used in this ordinance have the
38 meaning given those terms in Ordinance 17599.

39 SECTION 2. Findings; Declaration of Emergency.

40 A. The council finds that it is in the best interest of the county and the
41 ratepayers of the System to amend Ordinance 17599 to increase the authorization to issue
42 sewer revenue bonds and limited tax general obligation bonds (payable from sewer

43 revenues) of the county in the additional aggregate principal amount of not to exceed
44 \$350,000,000 for refunding outstanding bonds of the county payable from sewer
45 revenues.

46 B. The council further finds that conditions in the capital markets are volatile,
47 that an emergency exists, and that passing this ordinance to increase the authorization to
48 issue Refunding Bonds to achieve present value savings at this time is necessary for the
49 immediate preservation of public peace, health or safety or for the support of county
50 government and its existing public institutions.

51 SECTION 3. The amendments to Ordinance 17599 in sections 4 and 5 of this
52 ordinance indicate changes to the ordinance as required by K.C.C. 1.24.075, except that
53 matter added to the existing ordinance is indicated by double-underlining the matter.

54 SECTION 4. Ordinance 17599, Section 1, is hereby amended to read as follows:

55 **Definitions; Interpretation.**

56 A. Definitions. The following words and terms as used in this ordinance
57 have the following meanings for all purposes of this ordinance, unless some other
58 meaning is plainly intended.

59 "Accreted Value" means for any Parity Bonds that are Capital Appreciation
60 Bonds, as of any date of calculation, the sum of the amounts set forth in the ordinance,
61 resolution or motion authorizing such bonds as the amounts representing the initial
62 principal amount of such bonds plus the interest accumulated, compounded and unpaid
63 thereon as of the most recent compounding date, as provided in the ordinance, resolution
64 or motion authorizing the issuance of such bonds; provided that if such calculation is not
65 made as of a compounding date, such amount shall be determined by straight-line

66 interpolation as of the immediately preceding and the immediately succeeding
67 compounding dates.

68 "Additional Subordinate Lien Obligations" means those revenue bonds or other
69 revenue obligations that may be issued by the county in the future with a lien on Revenue
70 of the System equal to the lien thereon of the Commercial Paper Notes and the Bank
71 Note.

72 "Agency Customer" means any city, town, water-sewer district or other political
73 subdivision, person, firm, private corporation or other entity that collects sewage from
74 customers and disposes of any portion of that sewage into the Metropolitan Sewerage
75 System and is not a Participant.

76 "Annual Debt Service" means, for any calendar year, the sum of the following:

77 (1) The interest due for all outstanding Parity Bonds and Parity Lien
78 Obligations (i) on all interest payment dates (other than January 1) in such calendar year,
79 and (ii) on January 1 of the next succeeding year, and any Payment Agreement Payments
80 due on such dates in respect of any Parity Payment Agreements and Parity Lien
81 Obligation Payment Agreements, minus any Payment Agreement Receipts due in such
82 period in respect of any Parity Payment Agreements and Parity Lien Obligation Payment
83 Agreements.

84 (i) For purposes of calculating the amounts required to pay
85 interest on Parity Bonds or Parity Lien Obligations, capitalized interest and accrued
86 interest paid to the county upon the issuance of Parity Bonds or Parity Lien Obligations
87 shall be excluded.

88 (ii) The amount of interest deemed to be payable on any issue
89 of Variable Rate Parity Bonds or Variable Rate Parity Lien Obligations shall be
90 calculated on the assumption that the interest rate on those bonds would be equal to the
91 rate (the "assumed RBI rate") that is 90% of the average Bond Buyer Revenue Bond
92 Index or comparable index during the fiscal quarter preceding the quarter in which the
93 calculation is made; provided, however, that for purposes of determining actual
94 compliance in any past calendar year with the rate covenant made in Section 18 of this
95 ordinance, the actual amount of interest paid on any issue of Variable Rate Parity Bonds
96 or Parity Lien Obligations shall be taken into account.

97 (2) The principal due (at maturity or upon the mandatory redemption
98 of Term Bonds prior to their maturity) for all outstanding Parity Bonds and Parity Lien
99 Obligations (i) on all principal payment dates (other than January 1) of such calendar year
100 and (ii) on January 1 of the next succeeding year.

101 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or
102 upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation
103 Bonds shall be included in the calculation of Annual Debt Service, and references in this
104 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or
105 upon the mandatory redemption of any Capital Appreciation Bonds.

106 Notwithstanding the foregoing, debt service on Parity Bonds or Parity Lien
107 Obligations with respect to which a Payment Agreement is in force shall be calculated by
108 the county to reflect the net economic effect on the county intended to be produced by the
109 terms of the Parity Bonds or Parity Lien Obligations and the terms of the applicable
110 Payment Agreement, in accordance with the requirements for Payment Agreements set

111 forth in Section 27 of this ordinance and any other applicable requirements from the
112 ordinances authorizing issuance of such Parity Bonds or Parity Lien Obligations.

113 From and after the date when no Series 2008 Bonds or Series 2009 Bonds remain
114 outstanding, for purposes of satisfying the rate covenant in Section 18.B and the tests for
115 the issuance of additional Parity Lien Obligations in Section 25, Annual Debt Service for
116 any Fiscal Year or calendar year shall exclude any Debt Service Offsets.

117 "Annual Parity Debt Service" means, for any calendar year, the sum of the
118 following:

119 (1) The interest due for all outstanding Parity Bonds (i) on all interest
120 payment dates (other than January 1) in such calendar year, and (ii) on January 1 of the
121 next succeeding year, and any Payment Agreement Payments due on such dates in
122 respect of Parity Payment Agreements, minus any Payment Agreement Receipts due in
123 such period in respect of such Parity Payment Agreements.

124 (i) For purposes of calculating the amounts required to pay
125 interest on Parity Bonds, capitalized interest and accrued interest paid to the county upon
126 the issuance of Parity Bonds shall be excluded.

127 (ii) The amount of interest deemed to be payable on any issue
128 of Variable Rate Parity Bonds shall be calculated on the assumption that the interest rate
129 on those bonds would be equal to the rate (the "assumed RBI rate") that is 90% of the
130 average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter
131 preceding the quarter in which the calculation is made; provided, however, that for
132 purposes of determining actual compliance in any past calendar year with the rate

133 covenant made in Section 18 of this ordinance, the actual amount of interest paid on any
134 issue of Variable Rate Parity Bonds shall be taken into account.

135 (2) The principal due (at maturity or upon the mandatory redemption
136 of Term Bonds prior to their maturity) for all outstanding Parity Bonds (i) on all principal
137 payment dates (other than January 1) of such calendar year and (ii) on January 1 of the
138 next succeeding year.

139 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or
140 upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation
141 Bonds shall be included in the calculation of Annual Debt Service, and references in this
142 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or
143 upon the mandatory redemption of any Capital Appreciation Bonds.

144 Notwithstanding the foregoing, debt service on Parity Bonds with respect to
145 which a Payment Agreement is in force shall be calculated by the county to reflect the net
146 economic effect of the terms of the Parity Bonds and the applicable Payment Agreement,
147 in accordance with the requirements set forth in Section 27 of this ordinance and any
148 other applicable requirements from the ordinances authorizing issuance of such Parity
149 Bonds.

150 From and after the date when no 2004B Bonds, 2006 Bonds, 2006 (2nd) Bonds,
151 2007 Bonds, 2008 Bonds, or 2009 Bonds remain outstanding, for purposes of calculating
152 the Reserve Requirement and satisfying the rate covenant in Section 18.A and the tests
153 for the issuance of Future Parity Bonds in Section 24, Annual Parity Debt Service for any
154 Fiscal Year or calendar year shall exclude any Debt Service Offsets.

155 "Bank Note" means the bank note authorized to be issued by Ordinance No.
156 12057 of the county, as amended, to secure payment of the Commercial Paper Notes.

157 "Bond Register" means the registration books maintained by the Bond Registrar
158 for purposes of identifying ownership of the Bonds.

159 "Bond Registrar" means the fiscal agency of the State of Washington in Seattle,
160 Washington, or New York, New York, for the purposes of registering and authenticating
161 the Bonds, maintaining the Bond Register, effecting the transfer of ownership of the
162 Bonds and paying the principal of and interest and redemption premium, if any, on the
163 Bonds.

164 "Bonds" means all or a portion of the Project Bonds or the Refunding Bonds
165 issued pursuant to this ordinance.

166 "Capital Appreciation Bonds" means any Parity Bonds the interest on which is
167 compounded, accumulated and payable only upon redemption or on the maturity date of
168 such Parity Bonds; provided, however, that Parity Bonds may be deemed to be Capital
169 Appreciation Bonds for only a portion of their term pursuant to the ordinance, resolution
170 or motion authorizing their issuance. On the date on which Parity Bonds no longer are
171 Capital Appreciation Bonds, they shall be deemed outstanding in a principal amount
172 equal to their Accreted Value.

173 "Certified Public Accountant" means an independent certified public accountant
174 (or firm of certified public accountants) selected by the county and having a favorable
175 national reputation.

176 "Closing" means the delivery of a series of the Bonds to, and payment of the
177 purchase price therefor by, the initial purchasers of that series of Bonds.

178 "Code" means the Internal Revenue Code of 1986, as amended, together with
179 corresponding and applicable final, temporary or proposed regulations and revenue
180 rulings issued or amended with respect thereto by the United States Treasury Department
181 or the Internal Revenue Service, to the extent applicable to the Bonds.

182 "Commercial Paper Notes" means the King County, Washington, Sewer Revenue
183 Bond Anticipation Notes, Commercial Paper Series A, authorized, issued, and
184 outstanding from time to time pursuant to Ordinance No. 12057 of the county, as
185 amended.

186 "Commission" means the United States Securities and Exchange Commission.

187 "Comprehensive Plan" means the county's comprehensive water pollution
188 abatement plan authorized by RCW 35.58.200 and defined in Section 28.82.150 of the
189 King County Code as the Comprehensive Sewage Disposal Plan adopted by Resolution
190 No. 23 of the Metro Council on April 22, 1959, and all amendments thereto, together
191 with any amendments hereafter approved by ordinance of the county.

192 "Construction Account" means the "Second Water Quality Construction
193 Account," as designated by Section 30 of Ordinance No. 12076 of the county.

194 "Credit Facility" means any letter of credit, standby bond purchase agreement,
195 line of credit, surety bond, insurance policy or other insurance commitment or similar
196 agreement (but not including a Payment Agreement), satisfactory to the county, that is
197 provided by a commercial bank, insurance company or other financial institution with a
198 current long term rating (or whose obligations thereunder are guaranteed by a financial
199 institution with a long term rating): (i) from Moody's and S&P not lower, when issued,
200 than the credit rating of any series of Parity Bonds, to provide support for a series of

201 Parity Bonds, and shall include any substitute therefor in accordance with the provisions
202 of the ordinance providing for the issuance of Parity Bonds supported by a Credit
203 Facility, or (ii) from Fitch, Moody's and S&P not lower, when issued, than the credit
204 rating of any series of Parity Lien Obligations, to provide support for a series of Parity
205 Lien Obligations (including Variable Rate Parity Lien Obligations), and shall include any
206 substitute therefor in accordance with the provisions of the ordinance providing for the
207 issuance of Parity Lien Obligations supported by a Credit Facility.

208 "Customers" means Residential Customers and Residential Customer Equivalents
209 as defined and determined in the existing Service Agreements.

210 "Debt Service Offset" means receipts of the county, including but not limited to
211 federal interest subsidy payments, designated as such by the county that are not included
212 in Revenue of the System and that are legally available to pay debt service on Parity
213 Bonds, Parity Lien Obligations or other obligations of the county payable from and
214 secured by a pledge of Revenue of the System.

215 "DTC" means The Depository Trust Company, New York, New York.

216 "Escrow Agent" means each corporate trustee chosen pursuant to the provisions
217 of section 16 of this ordinance to serve as escrow agent in connection with the refunding
218 of Refunded Bonds upon the issuance of any series of Refunding Bonds.

219 "Finance Director" means the director of the finance and business operations
220 division of the county or his or her designee, or the successor to the duties of such office.

221 "Fitch" means Fitch Inc., and its successors and assigns, except that if that
222 corporation is dissolved or liquidated or no longer performs the functions of a securities

223 rating agency, then the term "Fitch" shall be deemed to refer to any other nationally
224 recognized securities rating agency selected by the county.

225 "Future Parity Bonds" means any sewer revenue bonds, warrants or other
226 obligations that may be issued in the future with a lien on Revenue of the System equal to
227 the lien thereon of the Parity Bonds.

228 "Government Obligations" means those obligations now or hereafter defined as
229 such in chapter 39.53 RCW, as now in existence or hereafter amended or restated.

230 "Junior Lien Obligations" means the county's (i) Junior Lien Variable Rate
231 Demand Sewer Revenue Bonds, Series 2001A and Series 2001B, dated August 15, 2001,
232 authorized by Ordinances 14171 and 14172, (ii) Junior Lien Variable Rate Demand
233 Sewer Revenue Bond, Series 2011, dated October 26, 2011, authorized by Ordinance
234 17202, (iii) Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, dated
235 December 27, 2012, authorized by Ordinance 17495, and (iv) any other revenue bonds or
236 revenue obligations having a lien on Revenue of the System equal to the lien thereon of
237 such bonds.

238 "Moody's" means Moody's Investors Service, a corporation duly organized and
239 existing under and by virtue of the laws of the State of Delaware, and its successors and
240 assigns, except that if that corporation is dissolved or liquidated or no longer performs the
241 functions of a securities rating agency, then the term "Moody's" will be deemed to refer
242 to any other nationally recognized securities rating agency selected by the county.

243 "MSRB" means the Municipal Securities Rulemaking Board or any successor to
244 its functions.

245 "Multi-Modal LTGO/Sewer Revenue Bonds" means the county's Multi-Modal
246 Limited Tax General Obligation Bonds (Payable from Sewer Revenue), Series 2010A
247 and Series 2010B Bonds, and any additional limited tax general obligation bonds of the
248 county payable from Revenue of the System and having the same lien on that revenue as
249 those bonds.

250 "Net Revenue" means Revenue of the System less Operating and Maintenance
251 Expenses.

252 "Operating and Maintenance Expenses" means all normal expenses incurred by
253 the county in causing the System to be maintained in good repair, working order and
254 condition and includes payments to any private or governmental agency for the operation
255 or maintenance of facilities or for the disposal of sewage but excludes any allowance for
256 depreciation.

257 "Parity Bond Fund" means the "Water Quality Revenue Bond Account"
258 designated pursuant to Section 30 of Ordinance No. 12076 of the county and continued
259 pursuant to Section 9 of this ordinance for the purpose of paying and securing the
260 payment of the Parity Bonds.

261 "Parity Bond Reserve Account" means the bond reserve account in the Parity
262 Bond Fund securing the payment of the Parity Bonds.

263 "Parity Bonds" means the bonds identified as such in the Preamble to this
264 ordinance, together with (i) any Bonds issued under this ordinance with a lien on
265 Revenue of the System equal to the lien thereon of those bonds and (ii) any Future Parity
266 Bonds. "Parity Bonds" include any Parity Payment Agreements and parity reimbursement
267 agreements entered into with the provider of a Credit Facility securing any Parity Bonds.

268 "Parity Lien Obligation Bond Fund" means the Water Quality Limited Tax
269 General Obligation Bond Redemption Fund, established pursuant to Section 8 of
270 Ordinance 11241 of the county and continued pursuant to Section 10 of this ordinance, to
271 provide for payment of Parity Lien Obligations.

272 "Parity Lien Obligation Payment Agreement" means a Payment Agreement under
273 which the county's payment obligations are expressly stated to constitute a charge and
274 lien on Revenue of the System equal in rank with the charge and lien upon that revenue
275 securing amounts required to be paid into the Parity Lien Obligation Bond Fund to pay
276 and secure the payment of principal of and interest on the Parity Lien Obligations.

277 "Parity Lien Obligation Term Bonds" means Parity Lien Obligations that are
278 Term Bonds.

279 "Parity Lien Obligations" means bonds identified as such in the Preamble to this
280 ordinance, together with (i) any Bonds issued under this ordinance with a lien on
281 Revenue of the System equal to the lien thereon of those bonds and (ii) any future Parity
282 Lien Obligations. "Parity Lien Obligations" include any Parity Lien Obligation Payment
283 Agreements and parity reimbursement agreements entered into with the provider of a
284 Credit Facility securing any Parity Lien Obligations.

285 "Parity Payment Agreement" means a Payment Agreement under which the
286 county's payment obligations are expressly stated to constitute a charge and lien on
287 Revenue of the System equal in rank with the charge and lien on that revenue securing
288 amounts required to be paid into the Parity Bond Fund to pay and secure the payment of
289 principal of and interest on the Parity Bonds.

290 "Parity Term Bonds" means Parity Bonds that are Term Bonds.

291 "Participant" means each city, town, county, water-sewer district, municipal
292 corporation, person, firm, private corporation or other entity that disposes of any portion
293 of its sanitary sewage into the Sewer System and has entered into a Service Agreement
294 with the county.

295 "Payment Agreement" means, to the extent permitted from time to time by
296 applicable law, a written agreement entered into by the county (i) in connection with or
297 incidental to the issuance, incurring or carrying of bonds or other obligations of the
298 county secured in whole or in part by a lien on Revenue of the System; (ii) for the
299 purpose of managing or reducing the county's exposure to fluctuations or levels of
300 interest rates, currencies or commodities or for other interest rate, investment, asset or
301 liability management purposes; (iii) with a Qualified Counterparty; and (iv) which
302 provides, on either a current or forward basis, for an exchange of payments determined in
303 accordance with a formula specified therein.

304 "Payment Agreement Payments" means the amounts periodically required to be
305 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The
306 term "Payment Agreement Payments" does not include any termination payment required
307 to be paid with respect to a Payment Agreement.

308 "Payment Agreement Receipts" means the amounts periodically required to be
309 paid by the Qualified Counterparty to the county pursuant to a Payment Agreement.

310 "Professional Utility Consultant" means a licensed professional engineer, a
311 Certified Public Accountant, or other independent person or firm selected by the county
312 having a favorable reputation for skill and experience with sewer systems of comparable

313 size and character to the System in such areas as are relevant to the purposes for which
314 they are retained.

315 "Project Bonds" means the \$300,000,000 aggregate principal amount of bonds of
316 the county authorized to be issued under this ordinance to pay costs of acquiring and
317 constructing improvements to the System. The Project Bonds may be issued in one or
318 more series of Parity Bonds or Parity Lien Obligations, as provided in this ordinance.

319 "Public Works Trust Fund Loans" means loans to the county by the State of
320 Washington Department of Commerce under the Public Works Trust Fund loan program
321 pursuant to loan agreements in effect as of the date of this ordinance and any loan
322 agreements hereafter entered into by the county under the Public Works Trust Fund loan
323 program, the repayment obligations of which are secured by a lien on Revenue of the
324 System equal to the lien thereon established by such loan agreements.

325 "Qualified Counterparty" means with respect to a Payment Agreement an entity
326 (i) whose senior long term debt obligations, other senior unsecured long term obligations
327 or claims paying ability or whose payment obligations under a Payment Agreement are
328 guaranteed by an entity whose senior long term debt obligations, other senior unsecured
329 long term obligations or claims paying ability are rated (at the time the Payment
330 Agreement is entered into) at least as high as A3 by Moody's and A- by S&P (and A- by
331 Fitch for any Parity Lien Obligation Payment Agreement), or the equivalent thereof by
332 any successor thereto, and (ii) who is otherwise qualified to act as the other party to a
333 Payment Agreement under any applicable laws of the State.

334 "Qualified Insurance" means (i) so long as any 2004B Bonds, 2006 Bonds, 2006
335 (2nd) Bonds, 2007 Bonds, 2008 Bonds, or 2009 Bonds remain outstanding, any

336 unconditional municipal bond insurance policy or surety bond issued by any insurance
337 company licensed to conduct an insurance business in any state of the United States or by
338 a service corporation acting on behalf of one or more such insurance companies, which
339 insurance company or service corporation is rated in one of the two highest rating
340 categories by Moody's, S&P, and any other rating agency then maintaining a rating on
341 the Parity Bonds, provided, that, as of the time of issuance of such policy or surety bond,
342 such insurance company or companies maintain a policy owner's surplus in excess of
343 \$500,000,000; and (ii) from and after such time as no 2004B Bonds, 2006 Bonds, 2006
344 (2nd) Bonds, 2007 Bonds, 2008 Bonds, or 2009 Bonds remain outstanding, any
345 unconditional municipal bond insurance policy or surety bond issued by any insurance
346 company licensed to conduct an insurance business in any state of the United States or by
347 a service corporation acting on behalf of one or more such insurance companies, which
348 insurance company or service corporation, as of the time of issuance of such policy or
349 surety bond, is then rated in one of the two highest rating categories by Moody's, S&P,
350 and any other rating agency then maintaining a rating on the Parity Bonds and maintains
351 a policy owner's surplus in excess of \$500,000,000.

352 "Qualified Letter of Credit" means any irrevocable letter of credit issued by a
353 bank for the account of the county and for the benefit of the owners of Parity Bonds,
354 provided that such bank maintains an office, agency or branch in the United States, and
355 provided further, that, as of the time of issuance of such letter of credit, such bank is
356 currently rated in one of the two highest rating categories by Moody's, S&P, and any
357 other rating agency then maintaining a rating on the Parity Bonds.

358 "Rate Stabilization Fund" means the fund of that name created pursuant to
359 Ordinance 12314, Section 13.D., of the county and continued pursuant to section 13.B of
360 this ordinance.

361 "RCW" means the Revised Code of Washington.

362 "Rebate Amount" means the amount, if any, determined to be payable with
363 respect to the Bonds by the county to the United States of America in accordance with
364 Section 148(f) of the Code.

365 "Refunded Bonds" means for each series of Refunding Bonds those Refunding
366 Candidates that will be refunded from proceeds of that series of Refunding Bonds, as
367 determined by the Finance Manager pursuant to sections 16 and 28 of this ordinance and
368 set forth in a Sale Motion in accordance with sections 16 and 28 of this ordinance.

369 "Refunding Candidates" means any of the currently outstanding Parity Bonds and
370 Parity Lien Obligations.

371 "Refunding Account" means any account authorized to be created pursuant to
372 Section 16 hereof to provide for the refunding of any Refunded Bonds.

373 "Refunding Bonds" means not to exceed (~~(\$950,000,000)~~) \$1,300,000,000
374 principal amount of bonds authorized to be issued in one or more series by this ordinance
375 to refund the Refunded Bonds. The Refunding Bonds may be issued in one or more series
376 of Parity Bonds or Parity Lien Obligations, as provided in this ordinance.

377 "Registered Owner" means any person or entity who is the registered owner of
378 any Bond.

379 "Reserve Requirement" means maximum Annual Parity Debt Service with respect
380 to any calendar year.

381 "Revenue Fund" means the "Water Quality Operating Account" as designated by
382 Ordinance 12076, Section 30, of the county.

383 "Revenue of the System" means all the earnings, revenues and money received by
384 the county from or on account of the operations of the Sewer System and the income
385 from the investment of money in the Revenue Fund or any account within such fund, but
386 shall not include any money collected pursuant to the Service Agreements applicable to
387 administrative costs of the county other than costs of administration of the System. For
388 certain purposes described in section 13.B of this ordinance, deposits from the Rate
389 Stabilization Fund into the Revenue Fund may be included in calculations of "Revenue of
390 the System."

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

393 "S&P" means Standard and Poor's Ratings Services and its successors and
394 assigns, except that if that entity is dissolved or liquidated or no longer performs the
395 functions of a securities rating agency, then the term "S&P" will be deemed to refer to
396 any other nationally recognized securities rating agency selected by the county.

397 "Sale Motion" means a motion of the county council approving each sale of a
398 series of the Bonds and ratifying and confirming each plan of refunding any Refunded
399 Bonds, in accordance with Sections 16 and 28 hereof.

400 "Service Agreements" means the sewage disposal agreements entered into
401 between the county and municipal corporations, persons, firms, private corporations, or
402 governmental agencies providing for the disposal by the county of sewage collected from
403 such contracting parties.

404 "SRF Loans" means loans to the county by the State of Washington Department
405 of Ecology pursuant to loan agreements in effect as of the date of this ordinance and any
406 loans and loan agreements hereafter entered into by the county under the State of
407 Washington water pollution control revolving fund loan program, the repayment
408 obligations of which are secured by a lien on Revenue of the System equal to the lien
409 thereon established by such loan agreements.

410 "State" means the State of Washington.

411 "Subordinate Lien Obligations" means the Commercial Paper Notes, the Bank
412 Note and any Additional Subordinate Lien Obligations.

413 "System" or "Sewer System" means the sewers and sewage disposal facilities now
414 or hereafter acquired, constructed, used or operated by the county for the purpose of
415 carrying out the Comprehensive Plan.

416 "Tax Certificate" means the Federal Tax Certificate regarding certain federal tax
417 matters executed on behalf of the county upon the issuance of each series of the Bonds.

418 "Tax-Benefited Bonds" means Bonds other than Tax-Exempt Bonds that are
419 structured so as to confer certain benefits under the Code to the county or to the owners
420 of such Bonds, as provided in Section 21 of this ordinance and so designated pursuant to
421 Section 28.A of this ordinance.

422 "Tax-Exempt Bonds" means Bonds the interest on which the county intends to be
423 excludable from gross income for federal income tax purposes, as provided in Section 21
424 of this ordinance and so designated pursuant to Section 28.A of this ordinance.

425 "Term Bonds" means those bonds identified as such in the proceedings
426 authorizing their issuance, the principal of which is amortized by a schedule of
427 mandatory redemptions, payable from a bond redemption fund, prior to their maturity.

428 "Trustee" means a trustee for the Parity Bonds authorized to be appointed by
429 owners of Parity Bonds, as provided by this ordinance.

430 "Undertaking" means an undertaking for ongoing disclosure to be entered into by
431 the county for each series of Bonds, if and to the extent required by the Rule, as
432 authorized by a Sale Motion.

433 "Variable Rate Parity Bonds" means Parity Bonds bearing interest at a variable
434 rate of interest, provided that at least one of the following conditions is met: (i) at the
435 time of issuance the county has entered into a Payment Agreement with respect to such
436 Parity Bonds, which Agreement converts the effective interest rate to the county on the
437 Variable Rate Parity Bonds from a variable interest rate to a fixed interest rate, or (ii) the
438 Parity Bonds bear interest at a variable rate but are issued concurrently in equal par
439 amounts with other Parity Bonds bearing interest at a variable rate and are required to
440 remain outstanding in equal amounts at all times, if the net effect of such equal par
441 amounts and variable rates at all times is a fixed rate of interest to the county.

442 "Variable Rate Parity Lien Obligations" means Parity Lien Obligations bearing
443 interest at a variable rate of interest, provided that at least one of the following conditions
444 is met: (i) at the time of issuance the county has entered into a Payment Agreement with
445 respect to such Parity Lien Obligations, which Agreement converts the effective interest
446 rate to the county on the Variable Rate Parity Lien Obligations from a variable interest
447 rate to a fixed interest rate or (ii) the Parity Lien Obligations bear interest at a variable

448 rate but are issued concurrently in equal par amounts with other Parity Lien Obligations
449 bearing interest at a variable rate and which are required to remain outstanding in equal
450 amounts at all times, if the net effect of such equal par amounts and variable rates at all
451 times is a fixed rate of interest to the county.

452 B. Rules of Interpretation. As used in this ordinance, unless the context
453 otherwise requires:

454 (i) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and
455 any similar terms refer to this ordinance as a whole and not to any particular section,
456 subdivision or clause of this ordinance.

457 (ii) Unless the context otherwise indicates, words expressed in the
458 singular may include the plural and vice versa, and the use of the neuter, masculine, or
459 feminine gender is for convenience only and is deemed to mean and include the neuter,
460 masculine or feminine gender, as appropriate.

461 (iii) Any headings preceding the text of the various sections and
462 subsections of this ordinance, and any table of contents or marginal notes appended to
463 copies of this ordinance, are solely for convenience of reference and do not constitute a
464 part of this ordinance, nor shall they affect its meaning, construction or effect.

465 (iv) All references in this ordinance to "sections," "subsections," and
466 other subdivisions, paragraphs or clauses are to the corresponding sections, subsections,
467 subdivisions, paragraphs or clauses of this ordinance as originally passed.

468 SECTION 5. Ordinance 17599, Section 3, is hereby amended to read as follows:

469 **Authorization of Bonds.** To provide funds necessary to pay costs of acquiring,
470 constructing and equipping improvements, additions or betterments to the System as set

471 forth in the Comprehensive Plan, the county will issue the Project Bonds in the aggregate
472 principal amount of \$300,000,000.

473 To provide funds to refund the Refunded Bonds, the county will issue one or
474 more series of Refunding Bonds in principal amounts to be established as provided in
475 Sections 16 and 28 hereof and in any event not to exceed an aggregate principal amount
476 of ((~~\$950,000,000~~)) \$1,300,000,000.

477 The Refunding Bonds and Project Bonds may be issued and sold in one or more
478 series of Parity Bonds or Parity Lien Obligations, as provided in Section 28, each such
479 series of Parity Bonds to be designated as “King County, Washington, Sewer Revenue
480 [and Refunding] Bonds” with an applicable year and series designation, and each such
481 series of Parity Lien Obligations to be designated as “King County Limited Tax General
482 Obligation [and Refunding] Bonds (Payable from Sewer Revenues)” with an applicable
483 year and series designation. The Bonds will be fully registered as to both principal and
484 interest, will be in the denomination of \$5,000 each or any integral multiple thereof (but
485 no Bond shall represent more than one maturity), will be numbered separately in such
486 manner and with any additional designation as the Bond Registrar deems necessary for
487 purposes of identification, and will be dated as of such date and mature on the dates, in
488 the years and the amounts established as provided in Section 28 hereof.

489 Each series of the Bonds will bear interest (computed on the basis of a 360-day
490 year of twelve 30-day months) from their date or from the most recent interest payment
491 date for which interest has been paid or duly provided for, whichever is later, payable on
492 interest payment dates and at the rate or rates established as provided in Section 28 hereof

493 and ratified and confirmed by a Sale Motion. The Accreted Values of any Bonds that are
494 Capital Appreciation Bonds will be set forth in a Sale Motion.

495 SECTION 6. General Authorization. The appropriate county officials, agents
496 and representatives are hereby authorized and directed to do everything necessary for the
497 prompt sale, issuance, execution and delivery of the Refunding Bonds, and for the proper
498 use and application of the proceeds of the sale thereof.

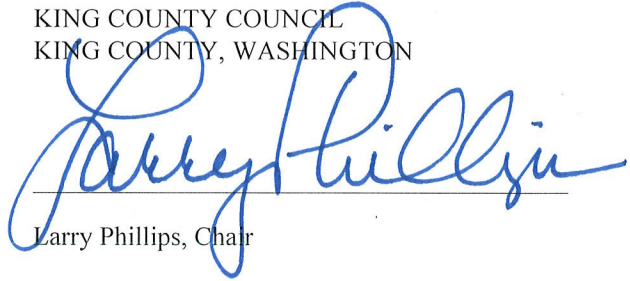
499 SECTION 7. Effective Date - Emergency. The county council finds as a fact
500 and declares that an emergency exists and that this ordinance is necessary for the

501 immediate preservation of public peace, health or safety or for the support of county
502 government and its existing public institutions.
503

Ordinance 17958 was introduced on 1/12/2015 and passed by the Metropolitan King County Council on 1/12/2015, by the following vote:

Yes: 8 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Lambert,
Mr. Dunn, Mr. McDermott, Mr. Dembowski and Mr. Upthegrove
No: 0
Excused: 1 - Ms. Hague

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments: None