



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

December 15, 2009

Ordinance 16719

Proposed No. 2009-0634.2

Sponsors Gossett and Phillips

1 AN ORDINANCE amending certain provisions of
2 Ordinance 14171 of the county, passed on May 7, 2001,
3 which authorized the issuance of \$50,000,000 aggregate
4 principal amount of junior lien variable rate demand sewer
5 revenue bonds to finance capital improvements to the
6 county's sewer system; and amending Ordinance 14171,
7 Section 4.03, Ordinance 14171, Section 4.04, Ordinance
8 14171, Section 4.05 and Ordinance 14171, Section 5.02.

9 **PREAMBLE:**

10 Pursuant to Ordinance 14171 of the county, passed by the county council
11 on May 7, 2001, the county has issued and currently has outstanding its
12 Junior Lien Variable Rate Demand Sewer Revenue Bonds, Series 2001A
13 (the "Bonds") in the aggregate principal amount of \$50,000,000. The
14 Bonds provide low cost borrowing for the capital needs of the county's
15 Sewer System.

16 To maintain the rating on the Bonds, Standard & Poor's Ratings Services
17 has requested that the county amend Ordinance 14171 to permit the
18 county to make certain payments of principal of and interest on the Bonds
19 in accordance with the ordinance if the bank providing a letter of credit

20 fails to honor a proper draw on the letter of credit for such payments.

21 Sections 7.07(f) and 7.09 of Ordinance 14171 permit such an amendment

22 without the consent of owners of the Bonds, with the consent of the bank

23 that provides the letter of credit for the Bonds.

24 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

25 **SECTION 1. Definitions.** Unless otherwise defined in this Article I, capitalized

26 terms used in this ordinance have the meaning given such terms in Ordinance 14171.

27 Ordinance 14171 is hereby amended by the addition of the following term with the

28 following meaning to Section 1.01 of the ordinance:

29 ***County Purchase Subaccount*** means the subaccount by that name created within

30 the Purchase Account in accordance with Section 4.04 hereof.

31 **SECTION 2. Amending the Source of Payment Provisions.** Ordinance 14171,

32 Section 4.03, is hereby amended, as follows (deletions are stricken and additions are

33 underscored):

34 **Remarketing and Purchase.**

35 (a) ***Remarketing of Tendered Bonds.*** Unless otherwise instructed by

36 the county, with the consent of the Bank, the Remarketing Agent shall use its best efforts

37 to remarket Bonds or portions thereof for which notice of tender has been received

38 pursuant to Section 4.01(b) or that are subject to mandatory tender on a Mandatory

39 Purchase Date (other than a Default Tender Date). The terms of any remarketing by the

40 Remarketing Agent shall provide for the payment of the full Purchase Price for tendered

41 Bonds by the purchaser to the appropriate DTC Participant in immediately available

42 funds at or before 12:00 noon, New York City time, on the Purchase Date. The

43 Remarketing Agent shall not remarket any Bonds to the county. The Remarketing Agent
44 shall not sell any Bond as to which a notice of Mode Change Date or notice of
45 redemption has been given by the Registrar unless the Remarketing Agent has notified
46 the Person to whom the sale is made of the conversion or redemption. Bank Bonds may
47 not be remarketed (delivered to new purchasers) unless the Registrar has received written
48 confirmation by Electronic Means from the Bank to the effect that the "Principal Portion"
49 and the "Interest Portion" as defined in the Credit Facility has been fully reinstated with
50 respect to such Bank Bonds or will be upon the remarketing of the Bonds.

51 (b) *Purchase of Tendered Bonds.*

52 (1) Notice. Not later than 12:00 p.m., New York City time, on
53 any Purchase Date or Mandatory Purchase Date, as the case may be, the Remarketing
54 Agent shall give notice by telephone or Electronic Means to the Registrar of the principal
55 amount of tendered Bonds that were remarketed and those that were not remarketed, if
56 any. Not later than 12:15 p.m., New York City time, on the Purchase Date or the
57 Mandatory Purchase Date, the Registrar shall give notice to the county and the Bank or
58 the issuer of the Credit Facility by telephone or Electronic Means, specifying the
59 principal amount of tendered Bonds as to which the Remarketing Agent has not
60 remarketed. Not later than 1:00 p.m., New York City time, on the Purchase Date or the
61 Mandatory Purchase Date, the Remarketing Agent shall give notice to the Registrar by
62 telephone (promptly confirmed in writing or by Electronic Means) of the names,
63 addresses and taxpayer identification numbers of the purchasers, the denominations of
64 Bonds to be delivered to each purchaser and, if available, payment instructions for

65 regularly scheduled interest payments, or of any changes in any such information
66 previously communicated.

67 (2) Sources of Payments. The Remarketing Agent shall direct
68 to be paid on the Purchase Date all amounts representing proceeds of the remarketing of
69 such Bonds, such payments to be made in the manner and at the time specified in
70 subsection 4.03(a) above. If such amounts are not sufficient to pay the Purchase Price,
71 the Registrar shall immediately notify the county and the Bank or the issuer of the Credit
72 Facility of any deficiency (but no later than 12:30 p.m., New York time). Pursuant to the
73 Credit Facility, the Bank shall, following receipt of purchase notices and transfer
74 instructions from the Registrar in the name of the Bank, on the Purchase Date, purchase
75 such tendered Bonds by delivering to (or at the direction of) the Registrar for the tendered
76 Bonds the Purchase Price therefor in immediately available funds in an amount equal to
77 such deficiency prior to 2:30 p.m., New York City time, on the Purchase Date or the
78 Mandatory Purchase Date. If the Bank fails to provide funds equal to such deficiency,
79 the county may, but is not obligated, to deliver to the Registrar for the tendered Bonds
80 funds equal to such deficiency.

81 If money is received by the Registrar as remarketing proceeds or from the Bank or
82 the county, any such amounts shall be deposited by the Registrar in the Purchase Account
83 to be used solely for the payment of the Purchase Price of tendered Bonds and shall not
84 be commingled with other funds held by the Registrar. All Bonds so purchased by the
85 Bank shall be registered in the name of the Bank on the Purchase Date, and (i) shall be
86 held in trust by the Registrar on behalf of the Bank, and shall not be released from such
87 trust unless the Registrar shall have received written instructions from the Bank and

88 written confirmation by Electronic Means that the Credit Facility has been reinstated, or
89 (ii) at the request of the Bank shall be held by the Bank directly. All Bonds so purchased
90 by the county will be registered in the name of the county or its nominee on the Purchase
91 Date. Bonds so owned by the county will continue to be Outstanding under the terms of
92 this ordinance and subject to all of the terms and conditions of this ordinance and will be
93 subject to remarketing by the Remarketing Agent.

94 (3) Payments of the Purchase Price. Not later than the close of
95 business on the Purchase Date and upon receipt by the Registrar of 100% of the
96 aggregate Purchase Price of the tendered Bonds, the Purchase Price of such Bonds shall
97 be paid to the Registered Owners thereof. Such payments shall be made by wire transfer
98 of immediately available funds. Such payments shall be made first from the proceeds of
99 the remarketing of such Bonds by the Remarketing Agent, and second, from money
100 received from the Bank under the Credit Facility.

101 **SECTION 3. Amending the Purchase Account Provisions.** Ordinance 14171,
102 Section 4.04, is hereby amended to read as follows (deletions are stricken and additions
103 are underscored):

104 **Purchase Account.** There is hereby created with the Registrar a segregated trust
105 fund to be designated the "Purchase Account." The Purchase Account shall consist of
106 ~~((two))~~ three sub-accounts to be designated respectively the "Remarketing Subaccount"
107 and the "Bank Purchase Subaccount," and the "County Purchase Subaccount."

108 If by the terms of the remarketing, the Registrar receives any money from the
109 remarketing of Bonds, the Registrar shall deposit or cause to be deposited into the
110 Remarketing Subaccount, if and when received, all money delivered to the Registrar as

111 and for the Purchase Price of remarketed Bonds, such money to pay the Purchase Price of
112 remarketed Bonds.

113 The Registrar shall deposit or cause to be deposited into the Bank Purchase
114 Account, when and as received, all money delivered to the Registrar, if any, from the
115 Bank pursuant to the Credit Facility, such money to be used to purchase unremarketed
116 Bonds, which Bonds shall thereafter be registered in the name of the Bank and
117 considered Bank Bonds. The Registrar shall deposit or cause to be deposited into the
118 County Purchase Subaccount, when and as received, all money delivered to the Registrar,
119 if any, from the county, such money to be used to purchase unremarketed Bonds, which
120 Bonds shall thereafter be registered in the name of the county as provided in Section
121 4.03(b)(2).

122 Amounts held in the Bank Purchase Subaccount, County Purchase Subaccount
123 and the Remarketing Subaccount by the Registrar shall be held uninvested and separate
124 and apart from all other funds, accounts and subaccounts.

125 On the date of purchase, the Registrar shall register and deliver (or hold) or cancel
126 all Bonds purchased on any purchase date as follows: (A) Bonds purchased or
127 remarketed by the Remarketing Agent shall be registered and made available to the
128 Remarketing Agent by 2:15 p.m., New York City time, in accordance with the
129 instructions of the Remarketing Agent; (B) Bonds purchased with proceeds of a drawing
130 on the Credit Facility shall be held as Bank Bonds and shall be held in trust by the
131 Registrar on behalf of the Bank and shall not be released from such trust unless the
132 Registrar shall have received written instructions from the Bank and, unless the Bonds
133 are to be cancelled, written confirmation by Electronic Means that the Letter of Credit

134 has been reinstated. Notwithstanding anything herein to the contrary, so long as the
135 Bonds are held under the book-entry only system in accordance with Section 2.05 hereof,
136 Bonds will not be delivered as set forth above; rather, transfers of beneficial ownership of
137 the Bonds to the person indicated above will be effected on the registration books of DTC
138 pursuant to its rules and procedures.

139 Bonds purchased with proceeds of a drawing on the Credit Facility pursuant to
140 this Section shall constitute "Bank Bonds" and shall be held by the Registrar as agent for
141 the Bank pursuant to the Reimbursement Agreement (and shall be shown as such on the
142 registration books maintained by the Registrar) unless and until (1)(A) the Registrar has
143 written confirmation by Electronic Means from the Bank to the extent contemplated by
144 the terms of the Credit Facility that the Credit Facility has been reinstated with respect to
145 such drawing and (B) the Bank has notified the Registrar by facsimile (thereafter
146 promptly confirmed in writing by U.S. Mail) that such Bonds have been released
147 pursuant to the Reimbursement Agreement and are no longer Bank Bonds or (2) the Bank
148 Bonds have been purchased by the county and surrendered for cancellation. Pending
149 reinstatement of the Credit Facility and release of such Bank Bonds, as aforesaid, the
150 Bank or its designee may assign them to an affiliate and shall be entitled to receive all
151 payments of principal of and interest on Bank Bonds and such Bonds shall not be
152 transferable or deliverable to any party (including the county) except the Bank pursuant
153 to the Reimbursement Agreement. Unless an Event of Default has occurred or if the
154 county otherwise instructs, the Remarketing Agent shall continue to use its best efforts to
155 arrange for the sale of any Bank Bonds, subject to full reinstatement of the Letter of
156 Credit with respect to the drawings with which such Bonds were purchased, at a price

157 equal to the principal amount thereof plus accrued interest (not including interest owed to
158 the Bank at the Bank Rate).

159 Notwithstanding anything to the contrary in this subsection, if and for so long as
160 the Bonds are to be registered in accordance with Section 2.02 hereof, the registration
161 requirements under this subsection (v) shall be deemed satisfied if Bank Bonds are (1)
162 registered in the name of the Securities Depository or its nominee in accordance with
163 Section 2.05 hereof, and (2)(i) credited on the books of the Securities Depository to the
164 account of the Registrar (or its nominee) and further credited on the books of the
165 Registrar (or such nominee) to the account of the Bank (or its designee) or (ii) credited on
166 the books of the Securities Depository to the account of the Bank or its nominee.

167 In the event that any Bonds are registered to the Bank pursuant to the provisions
168 of this section above to the extent requested by the Bank, the Remarketing Agent shall
169 offer for sale and use its best efforts to sell such Bonds at a price equal to the principal
170 amount thereof plus accrued interest (not including interest owed to the Bank at the Bank
171 Rate).

172 All Bonds to be purchased on any date shall be required to be delivered to the
173 principal office of the Registrar at or before (A) 1:00 p.m., New York City time, on the
174 purchase date in the case of Bonds accruing interest at Commercial Paper or Daily Rates;
175 (B) 12:00 noon, New York City time, on the purchase date in the case of Bonds accruing
176 interest at Weekly Rates; or (C) 5:00 p.m., New York City time, on the second Business
177 Day prior to the purchase date in the case of Bonds accruing interest at Long Term Rates,
178 except for Bonds delivered by or on behalf of an Investment Company in accordance
179 with Section 4.06 hereof which may be delivered by 3:00 p.m., New York City time, on

180 the purchase date. If the Owner of any Bond (or portion thereof) in certificated form that
181 is subject to optional or mandatory purchase pursuant to this Article fails to deliver such
182 Bond to the Registrar for purchase on the purchase date, and if the Registrar is in receipt
183 of the Purchase Price therefor, such Bond (or portion thereof) shall nevertheless be
184 deemed purchased on the day fixed for purchase thereof and ownership of such Bond (or
185 portion thereof) shall be transferred to the purchaser thereof as provided above. Any
186 Owner who fails to deliver such Bond for purchase shall have no further rights thereunder
187 except the right to receive the Purchase Price thereof upon presentation and surrender of
188 said Bond to the Registrar. The Registrar shall, as to any tendered Bonds that have not
189 been delivered to it (i) promptly notify the Remarketing Agent of such nondelivery and
190 (ii) place a stop transfer against an appropriate amount of Bonds registered in the name of
191 such Registered Owner(s) on the bond registration books. The Registrar shall place such
192 stop(s) commencing with the lowest serial number Bond registered in the name of such
193 Registered Owner(s) until stop transfers have been placed against an appropriate amount
194 of Bonds until the appropriate tendered Bonds are delivered to the Registrar. Upon such
195 delivery, the Registrar shall make any necessary adjustments to the bond registration
196 books.

197 **SECTION 4. Amending Provisions Relating to the Letter of Credit.**

198 Ordinance 14171, Section 4.05, is hereby amended to read as follows (deletions are
199 stricken and additions are underscored):

200 **Letter of Credit; Alternate Credit Facility.**

201 (a) During any Mode (other than the Fixed Mode or the Long Term
202 Mode), while the Credit Facility is in effect with respect to the Bonds, on each Purchase

203 Date or Mandatory Purchase Date, the Registrar, by telecopied demand given before
204 12:30 p.m., New York time, shall notify the Bank of its need for funds to pay the interest
205 (not including interest owed to the Bank at the Bank Rate) on and/or principal of and/or
206 the Purchase Price of tendered Bonds in accordance with the terms of the Credit Facility
207 so as to receive thereunder by 2:30 p.m., New York City time, on such date an amount, in
208 immediately available funds, sufficient (together with the proceeds of the remarketing of
209 Bonds (received and available to the Registrar prior to the time of drawing or demand
210 under the Credit Facility) in connection with a purchase drawing if the Bonds are then
211 being remarketed) on such date, to pay the Purchase Price in connection therewith. The
212 Registrar shall deposit amounts received from the Bank to pay the Purchase Price of
213 tendered Bonds in the Bank Purchase Subaccount pursuant to Section 4.04 hereof.

214 **(b)** During any Mode (other than the Fixed Mode), while the Letter of Credit is in
215 effect, on the Business Day prior to any Interest Payment Date and/or any other date on
216 which a payment of principal with respect to the Bonds is due, whether by maturity or
217 redemption in advance of maturity, as the case may be, the Registrar, by telecopied
218 demand given before 3:00 p.m., New York time, shall notify the Bank of its need for
219 funds to pay interest on and/or principal of the Bonds in accordance with the terms of the
220 Credit Facility so as to receive thereunder by 1:00 p.m. on such Interest Payment Date or
221 date on which a payment of principal with respect to the Bonds is due an amount, in
222 immediately available funds, sufficient to pay such interest (not including interest owed
223 to the Bank at the Bank Rate) and/or principal. The Registrar shall hold such funds
224 separate and apart in trust for the benefit of Registered Owners, and such funds shall not

225 be commingled with any other funds for any other purpose. No drawing on the Credit
226 Facility may be made for Bank Bonds or Bonds held by the county.

227 If by 1:00 p.m. New York time on any Interest Payment Date or any other date on
228 which a payment of principal of or interest on the Bonds is due, whether by maturity or
229 redemption in advance of maturity, as the case may be, the Registrar fails to receive
230 funds from the Bank as provided in this subsection (b) to make such payment of principal
231 or interest, the Registrar shall immediately notify the county of the failure (by telephone
232 and Electronic Means). By 2:00 p.m. New York time, the county shall remit to the
233 Registrar, as provided in Section 5.01(a) hereof, in immediately available funds, an
234 amount from the Junior Lien Bond Fund sufficient to make such payment of principal or
235 interest.

236 ~~((b))~~ (c) If at any time there shall have been delivered to the
237 Registrar (i) an Alternate Credit Facility in substitution for the Letter of Credit then in
238 effect, (ii) a Favorable Opinion of Bond Counsel, and (iii) written evidence satisfactory to
239 the Bank of the provision for purchase from the Bank of all Bank Bonds, at a price equal
240 to the principal amount thereof plus accrued and unpaid interest, and payment of all
241 amounts due it under the Reimbursement Agreement on or before the effective date of
242 such Alternate Credit Facility, then the Registrar shall accept such Alternate Credit
243 Facility on the Substitution Date and shall surrender the Letter of Credit immediately to
244 the Bank following the Substitution Date. The county shall give the Registrar, any
245 Securities Depository, the Remarketing Agent and the Bank written notice of the
246 proposed substitution of an Alternate Credit Facility for the Letter of Credit then in effect
247 no less than 45 days prior to the proposed Substitution Date. Thirty days' prior notice of

248 any proposed substitution of an Alternate Credit Facility shall be given by the Registrar
249 to the Registered Owners.

250 **SECTION 5. Amending Provisions Relating to the Junior Lien Bond Fund.**

251 Ordinance 14171, Section 5.02, is hereby amended to read as follows (deletions are
252 stricken and additions are underscored):

253 **Use of Money in Junior Lien Bond Fund and Money Drawn Under Credit**

254 **Facility.** Money in the Junior Lien Bond Fund shall be used solely for the payment of
255 the principal of, premium, if any, and interest on Junior Lien Obligations as the same
256 shall become due and payable at maturity, upon redemption, on each Interest Payment
257 Date, or otherwise; provided, however, that the lien of the Owners of Bonds on money
258 received from a draw on the Credit Facility shall be first and prior to the lien of any other
259 person thereon. Funds for the payment of the principal of, premium, if any, and interest
260 on the Bonds shall be derived from the following sources in the order of priority
261 indicated:

262 (a) money drawn by the Registrar under the Credit Facility for the
263 payment of the principal of or interest on the Bonds; and

264 (b) payments made by the county pursuant to Sections 4.05(b) and
265 5.01(((b))) (a) hereof.

266 The Credit Facility shall be the obligation of the Bank to pay to the Registrar, in
267 accordance with the terms thereof, such amounts as shall be specified therein and
268 available to be drawn thereunder for the timely payment of the principal of and interest
269 on the Bonds (whether at their stated maturity, or upon redemption or otherwise), and, if
270 the Credit Facility so permits, premium, and portions of the Purchase Price of Bonds

271 corresponding to principal and interest thereon, required to be made pursuant to, and in
272 accordance with, the provisions of this ordinance. Money drawn under the Credit
273 Facility by the Registrar shall be held by the Registrar separate and apart and shall not be
274 commingled with any county funds. Such money shall not be re-invested. The Credit
275 Facility shall be reduced to the extent of any drawings thereunder and reinstated in
276 accordance with the terms thereof. The Letter of Credit delivered on the Closing Date
277 shall terminate 364 days from the Closing Date, or earlier upon the occurrence of one of
278 the events resulting in early termination specified therein or later if extended as provided
279 in the Reimbursement Agreement and Letter of Credit.

280 The county may request an extension of the termination date of the Letter of
281 Credit or may provide for the delivery of an Alternate Credit Facility prior to the
282 Expiration Date of the Letter of Credit or Alternate Credit Facility, as the case may be, or
283 upon conversion from one Mode to another.

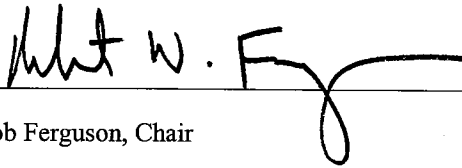
284 SECTION 6. Effective Date. This ordinance shall be effective 10 days after its
285 enactment, in accordance with Article II of the county charter; provided, however, that

286 the amendments to Ordinance 14171 set forth in this ordinance shall not take effect until
287 the County receives the written consent of the Bank.

Ordinance 16719 was introduced on 11/23/2009 and passed as amended by the Metropolitan King County Council on 12/14/2009, by the following vote:

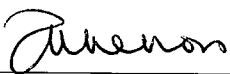
Yes: 7 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,
Ms. Patterson, Mr. Ferguson and Mr. Dunn
No: 0
Excused: 1 - Ms. Lambert

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



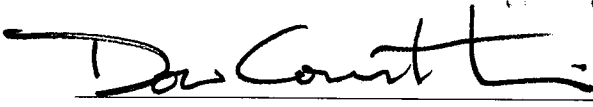
Bob Ferguson, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 21st day of December, 2009.



Dow Constantine, County Executive

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CLERK
KING COUNTY COUNCIL

Attachments: None