



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

December 15, 2009

Ordinance 16720

Proposed No. 2009-0635.2

Sponsors Gossett and Phillips

1 AN ORDINANCE amending certain provisions of
2 Ordinance 14172 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 14172,
7 Section 4.03, Ordinance 14172, Section 4.04, Ordinance
8 14172, Section 4.05 and Ordinance 14172, Section 5.02.

9
10 **PREAMBLE:**

11 Pursuant to Ordinance 14172 of the county, passed by the county council
12 on May 7, 2001, the county has issued and currently has outstanding its
13 Junior Lien Variable Rate Demand Sewer Revenue Bonds, Series 2001B
14 (the "Bonds") in the aggregate principal amount of \$50,000,000. The
15 Bonds provide low cost borrowing for the capital needs of the county's
16 Sewer System.

17 To maintain the rating on the Bonds, Standard & Poor's Ratings Services
18 has requested that the county amend Ordinance 14172 to permit the
19 county to make certain payments of principal of and interest on the Bonds

20 in accordance with the ordinance if the bank providing a letter of credit
21 fails to honor a proper draw on the letter of credit for such payments.
22 Sections 7.07(f) and 7.09 of Ordinance 14172 permit such an amendment
23 without the consent of owners of the Bonds, with the consent of the bank
24 that provides the letter of credit for the Bonds.

25 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

26 **SECTION 1. Definitions.** Unless otherwise defined in this Article I, capitalized
27 terms used in this ordinance have the meaning given such terms in Ordinance 14172.
28 Ordinance 14172 is hereby amended by the addition of the following term with the
29 following meaning to Section 1.01 of the ordinance:

30 ***County Purchase Subaccount*** means the subaccount by that name created within
31 the Purchase Account in accordance with Section 4.04 hereof.

32 **SECTION 2. Amending the Source of Payment Provisions.** Ordinance 14172,
33 Section 4.03, is hereby amended to read as follows (deletions are stricken and additions
34 are underscored):

35 **Remarketing and Purchase.**

36 (a) ***Remarketing of Tendered Bonds.*** Unless otherwise instructed by
37 the county, with the consent of the Bank, the Remarketing Agent shall use its best efforts
38 to remarket Bonds or portions thereof for which notice of tender has been received
39 pursuant to Section 4.01(b) or that are subject to mandatory tender on a Mandatory
40 Purchase Date (other than a Default Tender Date). The terms of any remarketing by the
41 Remarketing Agent shall provide for the payment of the full Purchase Price for tendered
42 Bonds by the purchaser to the appropriate DTC Participant in immediately available

43 funds at or before 12:00 noon, New York City time, on the Purchase Date. The
44 Remarketing Agent shall not remarket any Bonds to the county. The Remarketing Agent
45 shall not sell any Bond as to which a notice of Mode Change Date or notice of
46 redemption has been given by the Registrar unless the Remarketing Agent has notified
47 the Person to whom the sale is made of the conversion or redemption. Bank Bonds may
48 not be remarketed (delivered to new purchasers) unless the Registrar has received written
49 confirmation by Electronic Means from the Bank to the effect that the "Principal Portion"
50 and the "Interest Portion" as defined in the Credit Facility has been fully reinstated with
51 respect to such Bank Bonds or will be upon the remarketing of the Bonds.

52 (b) *Purchase of Tendered Bonds.*

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

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

68 (2) Sources of Payments. The Remarketing Agent shall direct
69 to be paid on the Purchase Date all amounts representing proceeds of the remarketing of
70 such Bonds, such payments to be made in the manner and at t__4.03(a) above. If such
71 amounts are not sufficient to pay the Purchase Price, the Registrar shall immediately
72 notify the county and the Bank or the issuer of the Credit Facility of any deficiency (but
73 no later than 12:30 p.m., New York time). Pursuant to the Credit Facility, the Bank shall,
74 following receipt of purchase notices and transfer instructions from the Registrar in the
75 name of the Bank, on the Purchase Date, purchase such tendered Bonds by delivering to
76 (or at the direction of) the Registrar for the tendered Bonds the Purchase Price therefor in
77 immediately available funds in an amount equal to such deficiency prior to 2:30 p.m.,
78 New York City time, on the Purchase Date or the Mandatory Purchase Date. If the Bank
79 fails to provide funds equal to such deficiency, the county may, but is not obligated, to
80 deliver to the Registrar for the tendered Bonds 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 14172,
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 Account,
114 when and as received, all money delivered to the Registrar, if any, from the Bank
115 pursuant to the Credit Facility, such money to be used to purchase unremarketed Bonds,
116 which Bonds shall thereafter be registered in the name of the Bank and considered Bank
117 Bonds. The Registrar shall deposit or cause to be deposited into the County Purchase
118 Subaccount, when and as received, all money delivered to the Registrar, if any, from the
119 county, such money to be used to purchase unremarketed Bonds, which Bonds shall
120 thereafter be registered in the name of the county as provided in Section 4.03(b)(2).

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

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

133 Notwithstanding anything herein to the contrary, so long as the Bonds are held under the

134 book-entry only system in accordance with Section 2.05 hereof, Bonds will not be
135 delivered as set forth above; rather, transfers of beneficial ownership of the Bonds to the
136 person indicated above will be effected on the registration books of DTC pursuant to its
137 rules and procedures.

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

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

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

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

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

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

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

196 Ordinance 14172, Section 4.05, is hereby amended to read as follows (deletions are
197 stricken and additions are underscored):

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

199 (a) During any Mode (other than the Fixed Mode or the Long Term
200 Mode), while the Credit Facility is in effect with respect to the Bonds, on each Purchase
201 Date or Mandatory Purchase Date, the Registrar, by telecopied demand given before

202 12:30 p.m., New York time, shall notify the Bank of its need for funds to pay the interest
203 (not including interest owed to the Bank at the Bank Rate) on and/or principal of and/or
204 the Purchase Price of tendered Bonds in accordance with the terms of the Credit Facility
205 so as to receive thereunder by 2:30 p.m., New York City time, on such date an amount, in
206 immediately available funds, sufficient (together with the proceeds of the remarketing of
207 Bonds (received and available to the Registrar prior to the time of drawing or demand
208 under the Credit Facility) in connection with a purchase drawing if the Bonds are then
209 being remarketed) on such date, to pay the Purchase Price in connection therewith. The
210 Registrar shall deposit amounts received from the Bank to pay the Purchase Price of
211 tendered Bonds in the Bank Purchase Subaccount pursuant to Section 4.04 hereof.

212 (b) During any Mode (other than the Fixed Mode), while the Letter of Credit is in
213 effect, on the Business Day prior to any Interest Payment Date and/or any other date on
214 which a payment of principal with respect to the Bonds is due, whether by maturity or
215 redemption in advance of maturity, as the case may be, the Registrar, by telecopied
216 demand given before 3:00 p.m., New York time, shall notify the Bank of its need for
217 funds to pay interest on and/or principal of the Bonds in accordance with the terms of the
218 Credit Facility so as to receive thereunder by 1:00 p.m. on such Interest Payment Date or
219 date on which a payment of principal with respect to the Bonds is due an amount, in
220 immediately available funds, sufficient to pay such interest (not including interest owed
221 to the Bank at the Bank Rate) and/or principal. The Registrar shall hold such funds
222 separate and apart in trust for the benefit of Registered Owners, and such funds shall not
223 be commingled with any other funds for any other purpose. No drawing on the Credit
224 Facility may be made for Bank Bonds or Bonds held by the county.

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

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

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

249 Ordinance 14172, Section 5.02, is hereby amended to read as follows (deletions are
250 stricken and additions are underscored):

251 **Use of Money in Junior Lien Bond Fund and Money Drawn Under Credit Facility.**

252 Money in the Junior Lien Bond Fund shall be used solely for the payment of the principal
253 of, premium, if any, and interest on Junior Lien Obligations as the same shall become due
254 and payable at maturity, upon redemption, on each Interest Payment Date, or otherwise;
255 provided, however, that the lien of the Owners of Bonds on money received from a draw
256 on the Credit Facility shall be first and prior to the lien of any other person thereon.

257 Funds for the payment of the principal of, premium, if any, and interest on the Bonds
258 shall be derived from the following sources in the order of priority indicated:

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

261 (b) payments made by the county pursuant to Sections 4.05(b) and 5.01~~((b))~~
262 (a) hereof.

263 The Credit Facility shall be the obligation of the Bank to pay to the Registrar, in
264 accordance with the terms thereof, such amounts as shall be specified therein and
265 available to be drawn thereunder for the timely payment of the principal of and interest
266 on the Bonds (whether at their stated maturity, or upon redemption or otherwise), and, if
267 the Credit Facility so permits, premium, and portions of the Purchase Price of Bonds
268 corresponding to principal and interest thereon, required to be made pursuant to, and in
269 accordance with, the provisions of this ordinance. Money drawn under the Credit
270 Facility by the Registrar shall be held by the Registrar separate and apart and shall not be

271 commingled with any county funds. Such money shall not be re-invested. The Credit
272 Facility shall be reduced to the extent of any drawings thereunder and reinstated in
273 accordance with the terms thereof. The Letter of Credit delivered on the Closing Date
274 shall terminate 364 days from the Closing Date, or earlier upon the occurrence of one of
275 the events resulting in early termination specified therein or later if extended as provided
276 in the Reimbursement Agreement and Letter of Credit.

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

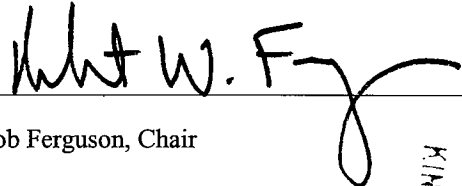
281 **SECTION 6. Effective Date.** This ordinance shall be effective 10 days after its
282 enactment, in accordance with Article II of the county charter; provided, however, that

283 the amendments to Ordinance 14172 set forth in this ordinance shall not take effect until
284 the County receives the written consent of the Bank.

Ordinance 16720 was introduced on 11/23/2009 and passed as amended by the Metropolitan King County Council on 12/14/2009, by the following vote:

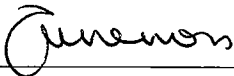
Yes: 7 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,
Ms. Patterson, Mr. Ferguson and Mr. Dunn
No: 0
Excused: 1 - Ms. Lambert

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

RECEIVED
2009 DEC 22 PM 4:13
CLERK
KING COUNTY COUNCIL

Attachments: None