



Legislation Details (With Text)

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Type: Ordinance **Status:** Passed

File created: 6/8/2021 **In control:** Budget and Fiscal Management Committee

On agenda: **Final action:** 9/7/2021

Enactment date: 9/21/2021 **Enactment #:** 19324

Title: AN ORDINANCE amending Ordinance 18898, adopted by the council on May 22, 2019, which authorized the issuance of junior lien sewer revenue refunding bonds and multi-modal limited tax general obligation refunding bonds (payable from sewer revenues) of the county to expand the definition of refunding candidates, to clarify that the county may provide credit enhancement or a liquidity facility, to amend definitions relating to balloon maturity bonds on a springing basis, and to clarify cash refunding plans; amending certain definitions in Ordinance 18898, Section 1; and amending Ordinance 18898, Section 1, Ordinance 18898, Section 15, and Ordinance 18898, Section 17.

Sponsors: Jeanne Kohl-Welles

Indexes: Bonds

Code sections:

Attachments: 1. Ordinance 19324, 2. 2021-0209 transmittal letter, 3. 2021-0209 Financial Plan, 4. 2021-0209 Legislative Review Form, 5. 2021-0209_SR_Amend Sewer Refunding Ordinance, 6. 2021-0209_SR_dated_08172021_Amend Sewer Refunding Ordinance

Date	Ver.	Action By	Action	Result
9/7/2021	1	Metropolitan King County Council	Passed	Pass
8/17/2021	1	Budget and Fiscal Management Committee	Recommended Do Pass Consent	Pass
7/20/2021	1	Budget and Fiscal Management Committee	Deferred	
6/15/2021	1	Metropolitan King County Council	Introduced and Referred	

Clerk 05/28/2021

AN ORDINANCE amending Ordinance 18898, adopted by the council on May 22, 2019, which authorized the issuance of junior lien sewer revenue refunding bonds and multi-modal limited tax general obligation refunding bonds (payable from sewer revenues) of the county to expand the definition of refunding candidates, to clarify that the county may provide credit enhancement or a liquidity facility, to amend definitions relating to balloon maturity bonds on a springing basis, and to clarify cash refunding plans; amending certain definitions

in Ordinance 18898, Section 1; and amending Ordinance 18898, Section 1, Ordinance 18898, Section 15, and Ordinance 18898, Section 17.

PREAMBLE:

The county owns and operates facilities for the conveyance and treatment of sewage and the control of combined sewer overflows that include wastewater treatment plants, interceptor and trunk sewers, pumping stations, regulator stations, outfall sewers, storm sewers to divert stormwater from sanitary sewers, lands for application of biosolids, property rights, and buildings and other structures and equipment (collectively "the System"), all in accordance with a comprehensive plan for metropolitan water pollution abatement under the authority of chapters 36.56 and 35.58 of the Revised Code of Washington ("RCW").

Long-term service agreements with participating municipalities and other entities ("the Participants") obligate the county to treat and dispose of sewage collected by the Participants. The Participants must pay the costs of these services, including debt service on bonds payable from sewer revenues, including the bonds authorized by this ordinance, and other indebtedness payable from and secured by sewer revenues. Comparable rates and charges have been established for customers who deliver sewage to the System but are not subject to a contract with the county for this service.

In accordance with RCW 35.58.200(3), the county has declared that the health, safety and welfare of people within the metropolitan area require that certain Participants discharge sewage collected by those Participants into facilities of the System.

The county may have opportunities to refund all or portions of its currently outstanding obligations payable from sewer revenues, in each case to effect a saving to the county and ratepayers of the System or when necessary or in the best interest of the county and ratepayers of the System to modify debt service or reserve requirements, sources of payment, covenants or

other terms of the obligations to be refunded.

Pursuant to Ordinance 18898 ("the Original Ordinance"), the county is authorized to issue Junior Lien Obligations and Multi-Modal LTGO/Sewer Revenue Bonds to refund any Refunding Candidates as defined in the Original Ordinance, upon the satisfaction of the conditions for issuance of additional Junior Lien Obligations and Multi-Modal LTGO/Sewer Revenue Bonds ("the Additional Bonds Test").

Pursuant to the Section 33.A. of the Original Ordinance, the council from time to time and at any time may adopt an ordinance or ordinances supplemental to the Original Ordinance, without the consent of owners of any of the Bonds, to add agreements to the Original Ordinance or cure ambiguities in or make corrections to the Original Ordinance so long as supplemental ordinance will not adversely affect the interests of the registered owners of any Parity Bonds or Parity Lien Obligations, as applicable.

Although the Original Ordinance permits the issuance of additional Junior Lien Obligations and Multi-Modal LTGO/Sewer Revenue Bonds for any lawful purpose of the county related to the System upon satisfaction of the Additional Bonds Test, the definition of Refunding Candidates in the Original Ordinance excludes certain obligations payable from Revenue of the System.

The council now desires to include all obligations payable from Revenue of the System as eligible Refunding Candidates under the Original Ordinance, to permit the issuance of Junior Lien Obligations and Multi-Modal LTGO/Sewer Revenue Bonds to refund any obligation payable from Revenue of the System upon satisfaction of the Additional Bonds Test.

For consistency with more recent sewer bond ordinances, the council further desires to amend the Original Ordinance to acknowledge that the county may be the provider of credit enhancement or a liquidity facility for its bonds (e.g. may provide self-liquidity) with the same right of repayment as other providers of credit enhancement or a liquidity facility, and to amend

on a springing basis the amortization of balloon maturity bonds for the purposes of the Additional Bonds Test.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Definitions. Capitalized terms used in this ordinance have the meaning given those terms in the Ordinance 18898.

SECTION 2. Findings: The council finds that it is in the best interest of the county and the ratepayers of the System to amend Ordinance 18898 to include all obligations payable from Revenue of the System as eligible Refunding Candidates, to acknowledge that the county may be the provider of credit enhancement or a liquidity facility for its bonds (e.g., may provide self-liquidity) with the same right of repayment as other providers of credit enhancement or a liquidity facility, and to amend, on a springing basis, provisions related to Balloon Maturity Bonds.

SECTION 3. Ordinance 18898, Section 1, is hereby amended to read as follows:

Definitions; Interpretation.

A. **Definitions.** The following words and terms as used in ~~((this-ø))~~ Ordinance 18898 have the following meanings for all purposes of ~~((this-ø))~~ Ordinance 18898, unless some other meaning is plainly intended.

"Accreted Value" means, for any Capital Appreciation Bonds, as of any date of calculation, the sum of the amounts set forth in the ordinance, resolution or motion authorizing such bonds representing the initial principal amount of such bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, as provided in the ordinance, resolution or motion authorizing the issuance of such bonds; provided, that if such calculation is not made as of a compounding date, such amount shall be determined by straight-line interpolation as of the immediately preceding and the immediately succeeding compounding dates.

"Agency Customer" means any city, town, water-sewer district or other political subdivision, person,

firm, private corporation or other entity that collects sewage from customers and disposes of any portion of that sewage into the System and is not a Participant.

"Annual Debt Service" means, for the applicable obligations of the System, with respect to any calendar year, the sum of the following:

1. The interest on such designated obligations due (i) on all interest payment dates (other than January 1) in such calendar year, and (ii) on January 1 of the next succeeding calendar year, plus any Payment Agreement Payments due on such dates in respect of Payment Agreements for such designated obligations and minus any Payment Agreement Receipts due in such period in respect of Payment Agreements for such designated obligations.

a. For purposes of calculating the amounts required to pay interest on such designated obligations, capitalized interest, accrued interest paid to the county upon the issuance of such designated obligations, and Debt Service Offsets pledged to the payment of such designated obligations will be excluded (e.g., any Debt Service Offsets shall be deducted from Annual Debt Service) and, on and after the Springing Amendment Date, interest on any Balloon Maturity Bond shall also be excluded.

b. Prior to the Springing Amendment Date, ((F))the amount of interest deemed payable on any such designated obligations bearing interest at a variable rate will be calculated on the assumption that the interest rate on such designated obligations would be equal to the rate that is 90% of the average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter preceding the quarter in which the calculation is made; provided, that for purposes of determining actual compliance in any past calendar year with the rate covenants made in Ordinance 18898, Section 19 ((of this ordinance)), the actual amount of interest paid on any issue of variable rate obligations will be taken into account. On and after the Springing Amendment Date, the amount of interest deemed to be payable on any such designated obligations bearing interest at a variable rate will be calculated on the assumption that the interest rate on those bonds would be equal to the rate ("the assumed variable rate") that is the average of the SIFMA Municipal Swap

Index over the 10 calendar years preceding the quarter in which the calculation is made, provided, that for purposes of determining actual compliance in any past calendar year with the rate covenant made in Ordinance 18898, Section 18, the actual amount of interest paid on any issue of variable rate obligations shall be taken into account.

2. Prior to the Springing Amendment Date, ((F))the principal due (at maturity or upon mandatory redemption prior to maturity) for such designated obligations (i) on all principal payment dates (other than January 1) of such calendar year and (ii) on January 1 of the next succeeding calendar year. On and after the Springing Amendment Date, the principal due (at maturity or upon the mandatory redemption of Term Bonds prior to their maturity) for such designated obligations other than any Balloon Maturity Bond: on all principal payment dates (other than January 1) of such calendar year; and on January 1 of the next succeeding year.

3. Prior to the Springing Amendment Date, ((A))an amount for assumed payments of principal of any of such designated obligations that are Balloon Maturity Bonds calculated for the applicable calendar year by amortizing the then outstanding principal amount of such designated obligations in accordance with a maturity schedule not exceeding 30 years from the date of issuance of such Balloon Maturity Bonds and resulting in approximately level debt service based on their actual interest rates (if such designated obligations bear interest at fixed rates) or on the assumed interest rate calculated as provided in paragraph 1.b. of this definition (if such designated obligations bear interest at a variable rate). On and after the Springing Amendment Date, the Assumed Debt Service for any Balloon Maturity Bond for that calendar year.

In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or upon mandatory redemption must be included in the calculation of Annual Debt Service, and references in ((~~this 0~~))Ordinance 18898 to principal include the Accreted Value due at maturity or upon the mandatory redemption of any Capital Appreciation Bonds.

Notwithstanding the foregoing, debt service on any such designated obligations with respect to which a

Payment Agreement is in force shall be calculated by the county to reflect the net economic effect of the terms of such designated obligations and the applicable Payment Agreement, in accordance with the requirements set forth in the proceedings authorizing the issuance of such designated obligations.

On and after the Springing Amendment Date, "Assumed Amortization Period" means an assumed amortization period for a Balloon Maturity Bond as specified in a closing certificate of the Finance Director designating the Balloon Maturity Bond. An Assumed Amortization Period may not be longer than the lesser of: the useful life, as of the date of designation, of the assets being financed; and 75 years. The Assumed Amortization Period for a Balloon Maturity Bond applies (e.g., is not reset) until the Balloon Maturity Bond, and any Balloon Maturity Bond issued to refund that Balloon Maturity Bond, is no longer outstanding.

On and after the Springing Amendment Date, "Assumed Debt Service" for any Balloon Maturity Bond for any calendar year if the Balloon Maturity Bond were amortized over the Assumed Amortization Period on a substantially level debt service basis, calculated based on the actual interest rate on the Balloon Maturity Bond, if fixed, and based on the average of the SIFMA Municipal Swap Index over the 10 calendar years preceding the quarter in which the calculation is made, if variable.

"Balloon Maturity Bonds" means, prior to the Springing Amendment Date, any obligations of the System, the entire principal amount of which is due at maturity without serial bond payments or sinking fund redemption payments. On and after the Springing Amendment Date, "Balloon Maturity Bonds" means scheduled principal maturity of any Series of obligations of the System that the county designates in the closing certificates of the Finance Director for that Series to be a Balloon Maturity Bond for the purposes of the definition of Annual Debt Service. Any Balloon Maturity Bond includes any corresponding scheduled principal maturity of any such designated obligations issued to refund such Balloon Maturity Bond unless the Balloon Maturity Bond designation is rescinded in a closing certificates of the Finance Director in connection with the refunding.

"Beneficial Owner" means, with respect to a Bond, the owner of the beneficial interest in that Bond.

"Bond Purchase Agreement" means any bond purchase agreement for the sale of a series of Bonds approved by the Finance Director pursuant to Ordinance 189898, Section 26.C. ~~((of this ordinance.))~~

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

"Bondowners' Trustee" means the bank or financial institution selected by the Registered Owners of the Bonds pursuant to Ordinance 18898, Section 23 ~~((of this ordinance.))~~.

"Bonds" means the bonds of the county authorized to be issued under ~~((this ~~o~~))~~Ordinance 18898 to refund any Refunded Bonds. The Bonds may be issued in one or more series of Junior Lien Obligations and/or may be issued in one or more series of Multi-Modal LTGO/Sewer Revenue Bonds, as provided in ~~((this ~~o~~))~~Ordinance 18898.

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

"Certificate of Authentication" means the Certificate of Authentication, set forth in Attachment B or Attachment C to ~~((this ~~o~~))~~Ordinance 18898, as applicable, to be manually signed by the Registrar.

"Certificate of Award" means any certificate of award for the sale of a series of Bonds approved by the Finance Director pursuant to Ordinance 18898, Section 26.D. ~~((of this ordinance.))~~

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

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

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

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

"Construction Account" means the "Second Water Quality Construction Account," as designated by Ordinance 12076, Section 30, of the county.

"Council" means the Metropolitan King County Council.

"Credit Enhancement" means any letter of credit, insurance policy, surety bond, line of credit or other instrument then in effect that secures or guarantees the payment of principal of and interest on, and/or purchase price of, any series of Bonds, including any interfund loan agreement or other self-liquidity instrument provided by the county to secure the payment of the principal or purchase price of or interest on any series of Bonds in advance of pledged amounts becoming available for such purpose.

"Credit Facility" means any letter of credit, standby bond purchase agreement, line of credit, surety bond, insurance policy or other insurance commitment or similar agreement (but not including a Payment Agreement), satisfactory to the county, that is provided by a commercial bank, insurance company or other financial institution with a current long-term rating (or whose obligations thereunder are guaranteed by a financial institution with a long-term rating): (i) from Moody's and S&P not lower, when issued, than the credit rating of any series of Parity Bonds, to provide support for a series of Parity Bonds, and shall include any substitute therefor in accordance with the provisions of the ordinance providing for the issuance of Parity Bonds supported by a Credit Facility, or (ii) from Moody's and S&P not lower, when issued, than the credit

rating of any series of Parity Lien Obligations, to provide support for a series of Parity Lien Obligations, and shall include any substitute therefor in accordance with the provisions of the ordinance providing for the issuance of Parity Lien Obligations supported by a Credit Facility.

"Credit Provider" means any bank, insurance company, pension fund or other financial institution that provides a Credit Enhancement for any series of Bonds.

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

"Debt Service Offset" means receipts of the county that are (i) legally available to pay debt service on obligations payable from Revenue of the System, including federal interest subsidy payments, and (ii) pledged to the payment of obligations payable from Revenue of the System.

"Default" means any of the events or conditions set forth in Ordinance 18898, Section 22 (~~of this ordinance~~)).

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

"Finance Director" means the director of the finance and business operations division of the department of executive services of the county or any other county officer who succeeds to the duties now delegated to that office, or the designee of such officer.

"Future Junior Lien Obligations" means any sewer revenue bonds, warrants or other obligations that may be issued in the future with a lien on Revenue of the System equal to the lien thereon of the currently outstanding Junior Lien Obligations.

"Future Multi-Modal LTGO/Sewer Revenue Bonds" means any limited tax general obligation bonds that may be issued in the future that are additionally secured by a lien on Revenue of the System on a parity with the lien thereon of the currently outstanding Multi-Modal LTGO/Sewer Revenue Bonds.

"Future Subordinate Lien Obligations" means those revenue bonds or other revenue obligations that may be issued by the county in the future with a lien on Revenue of the System junior and inferior to the lien

thereon of the Multi-Modal LTGO/Sewer Revenue Bonds, and payable from Revenue of the System that is available after first making the payments required to be made under paragraph "First" through "Seventh" but before making the payments required to be made under paragraph "Ninth" of Ordinance 18898, Section 15 (~~of this ordinance~~)).

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

"Future Parity Lien Obligations" means any limited tax general obligation bonds that may be issued in the future that are additionally secured by a lien on Revenue of the System on a parity with the lien thereon of the currently outstanding Parity Lien Obligations.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Junior Lien Bond Fund" means the "King County, Washington, Junior Lien Obligation Redemption Fund" created pursuant to Ordinance 14171, Section 5.01, of the county for the purpose of paying and securing the payment of the Junior Lien Obligations.

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

"Junior Lien Obligations" means the outstanding Junior Lien Obligations (which are identified in Attachment A, Section III, to ~~((this ~~o~~))~~Ordinance 18898), any series of Bonds issued as Junior Lien Obligations, and any other Future Junior Lien Obligations.

"Letter of Representations" means the Blanket Issuer Letter of Representations dated May 1, 1995, by and between the county and DTC, as it may be amended from time to time, and any successor or substitute

letter relating to the operational procedures of the Securities Depository.

"Liquidity Facility" means any letter of credit, line of credit, standby purchase agreement or other instrument then in effect that provides for the payment of the purchase price of any series of Bonds upon the tender thereof if remarketing proceeds are insufficient therefor, including any interfund loan agreement or other self-liquidity instrument provided by the county to pay the principal or purchase price of or interest on any series of Bonds in advance of pledged amounts becoming available for such purpose.

"Liquidity Provider" means any bank, insurance company, pension fund or other financial institution that provides a Liquidity Facility.

"Mode Agreement" means an agreement entered into in connection with the sale or remarketing of any series of the Bonds setting forth the daily mode, weekly mode, commercial paper mode, term mode, index floating mode, fixed mode or other mode or modes in which such series of Bonds will be sold or remarketed, establishing minimum and maximum rate(s), alternate rate(s) and default rate(s), providing for conversion between modes, providing for optional and mandatory tender for purchase on dates and at prices and additional provisions relating to redemption, defaults and remedies, all as set forth in the Mode Agreement. The Mode Agreement may be in the form of a continuing covenant or purchase agreement, remarketing agent agreement, tender agent agreement, paying agent agreement, calculation agent agreement, Credit Enhancement or other agreement, Credit Enhancement, or other credit facility liquidity, or other agreement, or an annex or amendments thereto, consistent with ((this or))Ordinance 18898 and approved by the Finance Director pursuant to the authority in Ordinance 18898, Section 26 ((of this ordinance)).

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

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

"Multi-Modal LTGO/Sewer Revenue Bond Fund" means the special fund of the county designated the "King County, Washington, Multi-Modal Limited Tax General Obligation (Payable from Sewer Revenue) Bond Fund" that has been created for the purpose of paying Multi-Modal LTGO/Sewer Revenue Bonds.

"Multi-Modal LTGO/Sewer Revenue Bonds" means the outstanding Multi-Modal LTGO/Sewer Revenue Bonds (which are identified in Attachment A, Section IV, to ~~(((this -e)))~~ Ordinance 18898), any series of Bonds issued as Multi-Modal LTGO/Sewer Revenue Bonds, and any other Future Multi-Modal LTGO/Sewer Revenue Bonds.

"Multi-Modal LTGO/Sewer Revenue Bond Payment Agreement" means a Payment Agreement under which the county's payment obligations are expressly stated to constitute a charge and lien on Revenue of the System equal in rank with the charge and lien on Revenue of the System securing amounts required to be paid into the Multi-Modal LTGO/Sewer Revenue Bond Fund to pay and secure the payment of principal of and interest on Multi-Modal LTGO/Sewer Revenue Bonds.

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

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

"Ordinance 18898" shall mean Ordinance 18898, as amended.

"Owner" means, with respect to a Bond, without distinction, the Beneficial Owner or the Registered Owner.

"Parity Bond Fund" means the "Water Quality Revenue Bond Account" designated pursuant to Ordinance 12076, Section 30, of the county for the purpose of paying and securing the payment of the Parity

Bonds.

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

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

"Parity Bonds" means the bonds identified as such in Attachment A, Section I, to ~~((this-))~~ Ordinance 18898, together with any Future Parity Bonds. The term "Parity Bonds" include any Parity Bond Payment Agreements and parity reimbursement agreements entered into with the provider of a Credit Facility securing any Parity Bonds.

"Parity Lien Obligation Bond Fund" means the "Water Quality Limited Tax General Obligation Bond Redemption Fund" established pursuant to Ordinance 11241, Section 8, of the county to provide for payment of Parity Lien Obligations.

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

"Parity Lien Obligations" means bonds identified as such in Attachment A, Section II, to ~~((this-))~~ Ordinance 18898, together with any sewer revenue bonds, warrants or other obligations that may be issued in the future with a lien on Revenue of the System equal to the lien thereon of those bonds. The term "Parity Lien Obligations" includes any Parity Lien Obligation Payment Agreements and parity reimbursement agreements entered into with the provider of a Credit Facility securing any Parity Lien Obligations.

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

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

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

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

"Professional Utility Consultant" means a licensed professional engineer, a Certified Public Accountant, or other independent person or firm selected by the county having a favorable reputation for skill and experience with sewer systems of comparable size and character to the System in such areas as are relevant to the purposes for which they are retained.

"Public Works Trust Fund Loans" means loans to the county by the State Department of Commerce under the Public Works Trust Fund loan program pursuant to loan agreements in effect as of the date of ~~((this o~~ Ordinance 18898 ~~))~~ and any loan agreements hereafter entered into by the county under the Public Works Trust Fund loan program, the repayment obligations of which are secured by a lien on Revenue of the System equal to the lien thereon established by such loan agreements.

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

"Qualified Insurance" means any unconditional municipal bond insurance policy or surety bond issued for the benefit of the registered owners of Parity Bonds by any insurance company licensed to conduct an insurance business in any state of the United States or by a service corporation acting on behalf of one or more such insurance companies, which insurance company or service corporation, as of the time of issuance of such policy or surety bond, is then rated in one of the two highest rating categories by Moody's, S&P, and any other rating agency then maintaining a rating on the Parity Bonds and maintains a policy owner's surplus in excess of \$500,000,000.

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

"Rate Stabilization Fund" means the fund of that name created pursuant to Ordinance 12314, Section 13.D. of the county.

"RCW" means the Revised Code of Washington.

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

"Record Date" has the meaning set forth in the Sale Document.

"Refunded Bonds" means for each series of Bonds the Refunding Candidates that will be refunded from proceeds of that series of Bonds, as determined by the Finance Director pursuant to Ordinance 18898, Sections 17 and 26 (~~(of this ordinance)~~).

"Refunding Account" means any account authorized to be created pursuant to Ordinance 18898, Section 17 (~~(of this ordinance)~~), to provide for the refunding of any Refunded Bonds.

"Refunding Candidates" means the currently outstanding Parity Bonds, Parity Lien Obligations, Junior Lien Obligations and Multi-Modal LTGO/Sewer Revenue Bonds, Public Works Trust Fund Loans, SRF Loans, and any obligations issued after (~~(the effective date of this ordinance)~~) June 10, 2019, that are Future Parity Bonds, Future Parity Lien Obligations, Future Junior Lien Obligations, Future Multi-Modal LTGO/Sewer Revenue Bonds (~~(or)~~), Future Subordinate Lien Obligations, Public Works Trust Fund Loans or SRF Loans.

"Refunding Agreement" means a refunding trust agreement entered into between the county and a Refunding Trustee in connection with the refunding of Refunded Bonds.

"Refunding Trustee" means each corporate trustee chosen pursuant to the provisions of Ordinance 18898, Section 17 (~~(of this ordinance)~~), to serve as refunding trustee or escrow agent in connection with the refunding of Refunded Bonds.

"Registered Owner" means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register.

"Registrar" means, unless otherwise designated in the Mode Agreement, the fiscal agent of the State (as the same may be designated by the State from time to time) for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting the transfer of ownership of the Bonds and paying principal of and premium, if any, and interest on the Bonds.

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

"Revenue of the System" means all the earnings, revenues and money received by the county from or on account of the operations of the System and the income from the investment of money in the Revenue Fund or any account within such fund, but shall not include (i) any money collected pursuant to the Service Agreements applicable to administrative costs of the county other than costs of administration of the System or (ii) any Debt Service Offsets. For certain purposes described in Ordinance 18898, Section 14.B. (~~of this ordinance~~), deposits from the Rate Stabilization Fund into the Revenue Fund may be included in calculations of "Revenue of the System."

"Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

"Sale Document" means the Bond Purchase Agreement, Certificate of Award, Mode Agreement, or Remarketing Agreement, as applicable, for a series of Bonds.

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

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

"Securities Depository" means DTC, any successor thereto, any substitute securities depository selected by the county that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

"Senior Lien Payments" means, for any calendar year, the sum of the following:

1. Annual Debt Service for such year for the Parity Bonds and Parity Lien Obligations then outstanding; and
2. any other payments described in paragraphs "Second" through "Fifth" of Ordinance 18898, Section 15 (~~of this ordinance~~), required to be made during such year.

"Service Agreements" means the sewage disposal agreements entered into between the county and

municipal corporations, persons, firms, private corporations, or governmental agencies providing for the disposal by the county of sewage collected from such contracting parties.

"Springing Amendment Date" means the date when the requisite percentage of the owners of: (a) the Multi-Modal Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenue), Series 2017A and Series 2017B, dated October 26, 2017, authorized by Ordinance 18581 of the county; (b) the Multi-Modal Limited Tax General Obligation Refunding Bonds and Junior Lien Refunding Bonds refunded pursuant to Ordinance 18898 of the county (including the Multi-Modal Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), Series 2019A and Series 2019B of the county dated June 27, 2019); (c) the Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, dated December 27, 2012, authorized by Ordinance 17495; and (d) the Junior Lien Sewer Revenue Refunding Bonds (Mandatory Put Bonds), Series 2020A and Junior Lien Sewer Revenue Refunding Bonds (Mandatory Put Bonds), Series 2020B of the county have consented or are deemed to have consented to the definitions of Assumed Amortization Period, Assumed Debt Service, Balloon Maturity Bonds, and Annual Debt Service set forth in ~~((this o))~~ Ordinance 18898 (including all springing amendments set forth herein). All Registered Owners of Bonds issued after June 10, 2019 pursuant to the Ordinance 18898 are deemed to have consented to the definitions of Assumed Amortization Period, Assumed Debt Service, Balloon Maturity Bonds, and Annual Debt Service set forth in Ordinance 18898 (including all springing amendments set forth herein) by their purchase of such Bonds.

"SRF Loans" means loans to the county by the State Department of Ecology pursuant to loan agreements in effect as of June 10, 2019~~((the date of this ordinance))~~ and any loans and loan agreements hereafter entered into by the county under the State water pollution control revolving fund loan program, the repayment obligations of which are secured by a lien on Revenue of the System equal to the lien thereon established by such loan agreements.

"State" means the State of Washington.

"System" means the sewers and sewage disposal facilities now or hereafter acquired, constructed, used

or operated by the county for the purpose of carrying out the Comprehensive Plan.

"Tax Certificate" means the Federal Tax Certificate regarding certain federal tax matters executed on behalf of the county upon the issuance of each series of Tax-Exempt Bonds or Tax-Benefited Bonds.

"Tax-Benefited Bonds" means Bonds other than Tax-Exempt Bonds that are structured so as to confer certain benefits under the Code to the county or to the Owners of such Bonds, as provided in Ordinance 18898, Section 21 ~~((of this ordinance))~~, and so designated pursuant to Ordinance 18898, Section 26 ~~((of this ordinance))~~.

"Tax-Exempt Bonds" means Bonds the interest on which the county intends to be excludable from gross income for federal income tax purposes, as provided in Ordinance 18898, Section 21 ~~((of this ordinance))~~, and so designated pursuant to Ordinance 18898, Section 26 ~~((of this ordinance))~~.

"Term Bonds" means those Bonds identified as such in the Sale Document, the principal of which is amortized by a schedule of mandatory redemptions.

"Undertaking" means an undertaking for ongoing disclosure to be entered into by the county for each series of Bonds, if and to the extent required by Rule 15c2-12.

B. Rules of Interpretation. As used in ~~((this-))~~Ordinance 18898, unless the context otherwise requires:

1. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms refer to ~~((this-))~~Ordinance 18898 as a whole and not to any particular section, subsection, paragraph or clause of ~~((this-))~~Ordinance 18898.

2. Unless the context otherwise indicates, words expressed in the singular may include the plural and vice versa, and the use of a gendered term is for convenience only and is deemed to mean and include all genders, as appropriate.

3. Any headings preceding the text of the various sections and subsections of ~~((this-))~~Ordinance 18898, and any table of contents or marginal notes appended to copies of ~~((this-))~~Ordinance 18898,

are solely for convenience of reference and do not constitute a part of ~~((this θ))~~ Ordinance 18898, nor shall they affect its meaning, construction or effect.

4. All references in ~~((this θ))~~ Ordinance 18898 to "sections," "subsections," "paragraphs" and "clauses" are to the corresponding sections, subsections, paragraphs or clauses of ~~((this θ))~~ Ordinance 18898 as originally adopted.

5. The term "including" means "including without limitation."

SECTION 4. Ordinance 18898, Section 15, is hereby amended to read as follows:

Sewer Revenue Priorities of Payment. So long as any Bonds are outstanding, all Revenue of the System shall be deposited into the Revenue Fund and used and applied in the following order of priority:

First, to pay all Operating and Maintenance Expenses;

Second, to make all required deposits into the Parity Bond Fund to provide for the payment of principal of and interest on Parity Bonds as the same become due and payable and to make any Payment Agreement Payments with respect to any Parity Bond Payment Agreements;

Third, to make all payments required to be made pursuant to a reimbursement agreement or agreements (or other equivalent documents) in connection with Qualified Insurance or a Qualified Letter of Credit; provided, that if there is not sufficient money to make all payments under such reimbursement agreements, the payments will be made on a pro rata basis;

Fourth, to establish and maintain the Parity Bond Reserve Account (including making deposits into such account and paying the costs of obtaining Qualified Insurance or a Qualified Letter of Credit therefor);

Fifth, to make all required payments of principal and interest on the Parity Lien Obligations and to make any Payment Agreement Payments with respect to any Parity Lien Obligation Payment Agreements;

Sixth, to make all required payments of principal of and interest on the Junior Lien Obligations as the same become due and payable, to make all Payment Agreement Payments with respect to any Junior Lien Obligation Payment Agreements, and to make any payments required to be made to providers of any credit

enhancements or liquidity facilities (including the county) for Junior Lien Obligations;

Seventh, to make all required payments of principal of and interest on the Multi-Modal LTGO/Sewer Revenue Bonds as the same become due and payable, to make all Payment Agreement Payments for any Multi-Modal LTGO/Sewer Revenue Bond Payment Agreements, and to make any payments required to be made to providers of credit enhancements or liquidity facilities (including the county) for any Multi-Modal LTGO/Sewer Revenue Bonds;

Eighth, to make all required payments of principal of and interest on any Future Subordinate Lien Obligations as the same become due and payable;

Ninth, to make all required payments of principal of and interest on bonds, notes, warrants and other evidences of indebtedness, the lien and charge on Revenue of the System of which are junior and inferior to the Future Subordinate Lien Obligations, as the same become due and payable; and

Tenth, to make all required payments of principal of and interest due on the SRF Loans and the Public Works Trust Fund Loans.

Any surplus money that the county may have on hand in the Revenue Fund after making all required payments set forth above may be used by the county (i) to make necessary improvements, additions and repairs to and extensions and replacements of the System, (ii) to purchase or redeem and retire outstanding sewer revenue bonds of the county, (iii) to make deposits into the Rate Stabilization Fund, or (iv) for any other lawful purposes of the county related to the System in the order and priority as determined by the county.

SECTION 5. Ordinance 18898, Section 17, is hereby amended to read as follows: **Refunding Account; Plan of Refunding.**

A. **Refunding Account; Refunding Authorization.** ~~((There is hereby authorized to be established~~
~~))~~ The Finance Director is hereby authorized to determine whether to transfer the proceeds of the sale of the Bonds to the Registrar on or prior to the redemption date for payment of the principal of and interest coming due on the Refunding Candidates selected for redemption or establish one or more special accounts of the

county to be maintained with the Refunding Trustee, each to be known as a "King County [year and series designation] Sewer Revenue Bonds Refunding Account." Each Refunding Account will be drawn upon for the sole purpose of paying the principal of and premium, if any, and interest on the applicable Refunded Bonds. Proceeds of the sale of any Bonds, together with other county funds that may be designated for that purpose, will be transferred to the Registrar or deposited into the applicable Refunding Account to provide for refunding the applicable Refunded Bonds in accordance with the ordinances authorizing the Refunded Bonds.

The Finance Director is authorized to determine, in consultation with the county's financial advisors, which of the Refunding Candidates, if any, are to be refunded taking into account market and other considerations.

B. Plan of Refunding. Each plan of refunding and call for redemption of Refunded Bonds shall be set forth in the Refunding Agreement or set forth in a closing certificate. Bond proceeds held by the county may be invested for a period not to exceed 30 days prior to the transfer of such funds to the Registrar to accomplish the redemption, and shall be invested by the county pending such transfer in any investments permitted for funds of the county consistent with the Tax Certificate or otherwise as approved by the county's bond counsel.

Money in each Refunding Account shall be used immediately upon receipt thereof to defease the applicable Refunded Bonds and discharge the other obligations of the county relating thereto under the ordinances that authorized the Refunded Bonds, by providing for the payment of the principal of and premium, if any, and interest on the Refunded Bonds as set forth in such agreement. The county will defease such bonds and discharge such obligations by the use of the money in each Refunding Account, which may be applied to purchase Government Obligations (such obligations so purchased, "Acquired Obligations") bearing interest and maturing as to principal and interest in such amounts and at such times that, together with any necessary beginning cash balance, will provide for the payment of such Refunded Bonds, as set forth in the Refunding Agreement. Such Acquired Obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to obligations acquired in connection with refunding bond issues.

In connection with the issuance of ~~each~~ any series of Bonds, to carry out the refunding and defeasance of Refunded Bonds, the Finance Director is hereby authorized to appoint a Refunding Trustee qualified by law to perform the duties described herein. Any beginning cash balance and Acquired Obligations, if any, will be irrevocably deposited with the Refunding Trustee in an amount sufficient to defease the Refunded Bonds in accordance with this section and the Refunding Agreement.

The county will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Refunding Trustee are paid when due. The proper officers and agents of the county are directed to negotiate an agreement with each Refunding Trustee setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the redemption and retirement of the Refunded Bonds as provided herein and setting forth provisions for the payment of the fees, compensation and expenses of the Refunding Trustee as are satisfactory to it. To carry out the Refunding Account purposes of this section, the Finance Director is authorized and directed to execute and deliver to each Refunding Trustee a Refunding Agreement and, if requested, a costs of issuance agreement, in forms approved by the county's bond counsel.

C. **Required Findings.** The Refunding Agreement or closing certificate shall set forth the finding of the Finance Director made on behalf of the county describing the conversion between Modes; replacement, extension or amendment of Credit Enhancement, Liquidity Facility and/or agreement with Bondowners; modification of debt service or reserve requirements, sources of payment, covenants or other terms of the Bonds and Refunded Bonds; or other objective for the Refunded Bonds authorized to be refunded.

SECTION 6. Original Ordinance Remains in Effect. The Original Ordinance, as amended by this ordinance, is and remains in full force and effect.

SECTION 7. Effective Date. This ordinance shall be effective 10 days after its enactment, in accordance with Article II of the county charter.