



## Legislation Details (With Text)

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**Type:** Ordinance    **Status:** Passed

**File created:** 11/17/2020    **In control:** Budget and Fiscal Management Committee

**On agenda:**    **Final action:** 12/8/2020

**Enactment date:**    **Enactment #:** 19216

**Title:** AN ORDINANCE amending Ordinance 19112, adopted by the council on June 23, 2020, which authorized the issuance of sewer revenue refunding bonds and limited tax general obligation refunding bonds (payable from sewer revenues) of the county; and amending Ordinance 19112, Section 1.

**Sponsors:** Jeanne Kohl-Welles

**Indexes:** Bonds

**Code sections:**

**Attachments:** 1. Ordinance 19216, 2. 2020-0400 transmittal letter, 3. 2020-0400 Fiscal Note, 4. 2020-0400 Legislative Review Form, 5. 2020-0400 SR and Attachments, 6. 2020-0400\_SR\_Wastewater State Loan Refunding Authorization

Date	Ver.	Action By	Action	Result
12/8/2020	1	Metropolitan King County Council	Passed	Pass
11/17/2020	1	Metropolitan King County Council	Introduced and Referred	

Clerk 11/02/2020

AN ORDINANCE amending Ordinance 19112, adopted by the council on June 23, 2020, which authorized the issuance of sewer revenue refunding bonds and limited tax general obligation refunding bonds (payable from sewer revenues) of the county; and amending Ordinance 19112, Section 1.

**PREAMBLE:**

The county owns and operates facilities for the conveyance and treatment of sewage and 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 19112 ("the Original Ordinance"), the county is authorized to issue Parity Bonds or Parity Lien Obligations to refund any Refunding Candidates as defined in the Original Ordinance, upon the satisfaction of the conditions for issuance of additional Parity Bonds or Parity Lien Obligations ("the Additional Bonds Test"), including for the purpose of refunding at or prior to their maturity any outstanding obligations of the county payable from Revenue of the System.

Pursuant to the Section 35.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 Parity Bonds and Parity Lien Obligations upon satisfaction of the Additional Bonds Test, including for the purpose of refunding any obligations payable from Revenue of the System, the definition of Refunding Candidates in the Original Ordinance excludes SRF Loans and Public Works Trust Fund Loans, which are payable from Revenue of the System.

The council now desires to include SRF Loans and Public Works Trust Fund Loans as eligible Refunding Candidates under the Original Ordinance, to permit the issuance of Parity Bonds or Parity Lien Obligations to refund SRF Loans and Public Works Trust Fund Loans upon satisfaction 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 Ordinance 19112.

**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 19112 to include SRF Loans and Public Works Trust Fund Loans as eligible Refunding Candidates.

**SECTION 3.** Ordinance 19112, Section 1, is hereby amended to read as follows:

**Definitions; Interpretation.**

A. **Definitions.** The following words and terms as used in ~~((this  $\emptyset$ ))~~ Ordinance 19112 have the following meanings for all purposes of ~~((this  $\emptyset$ ))~~ Ordinance 19112, unless some other meaning is plainly

intended.

"Accreted Value" means for any Parity Bonds that are 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 as the amounts 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 any calendar year, the sum of the following:

1. The interest due on all outstanding Parity Bonds and Parity Lien Obligations: (a) on all interest payment dates (other than January 1) in such calendar year; and (b) on January 1 of the next succeeding year, and any Payment Agreement Payments due on such dates in respect of any Parity Payment Agreements and Parity Lien Obligation Payment Agreements, minus any Payment Agreement Receipts due in such period in respect of any Parity Payment Agreements and Parity Lien Obligation Payment Agreements.

a. For purposes of calculating the amounts required to pay interest on Parity Bonds or Parity Lien Obligations, capitalized interest and accrued interest paid to the county upon the issuance of Parity Bonds or Parity Lien Obligations shall be excluded and, on and after the Second Springing Amendment Date (Parity Lien Obligations), interest on any Balloon Maturity shall also be excluded.

b. Prior to the Second Springing Amendment Date (Parity Lien Obligations), the amount of interest deemed to be payable on any issue of Variable Rate Parity Bonds or Variable Rate Parity Lien Obligations shall be calculated on the assumption that the interest rate on those bonds would be equal to

the rate ("the assumed RBI 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 covenant made in Ordinance 19112, Section 18 (~~(of this ordinance)~~), the actual amount of interest paid on any issue of Variable Rate Parity Bonds or Parity Lien Obligations shall be taken into account. On and after the Second Springing Amendment Date (Parity Lien Obligations), the amount of interest deemed to be payable on any issue of Variable Rate Parity Bonds or Variable Rate Parity Lien Obligations shall 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 19112, Section 18 (~~(of this ordinance)~~), the actual amount of interest paid on any issue of Variable Rate Parity Bonds or Parity Lien Obligations shall be taken into account.

2. Prior to the Second Springing Amendment Date (Parity Lien Obligations), the principal due (at maturity or upon the mandatory redemption of Term Bonds prior to their maturity) for all outstanding Parity Bonds and Parity Lien Obligations: (a) on all principal payment dates (other than January 1) of such calendar year; and (b) on January 1 of the next succeeding year. On and after the Second Springing Amendment Date (Parity Lien Obligations), the principal due (at maturity or upon the mandatory redemption of Term Bonds prior to their maturity) for all outstanding Parity Bonds and Parity Lien Obligations other than any Balloon Maturity: (a) on all principal payment dates (other than January 1) of such calendar year; and (b) on January 1 of the next succeeding year.

3. On and after the Second Springing Amendment Date (Parity Lien Obligations), the Assumed Debt Service for any Balloon Maturity of a Parity Bond or Parity Lien Obligation for that calendar year.

In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or upon the mandatory

redemption of Parity Term Bonds that are Capital Appreciation Bonds shall be included in the calculation of Annual Debt Service, and references in ~~((this ~~o~~))~~ Ordinance 19112 to principal of Parity Bonds shall include the Accreted Value due at maturity or upon the mandatory redemption of any Capital Appreciation Bonds.

Notwithstanding the foregoing, debt service on Parity Bonds or Parity Lien Obligations with respect to which a Payment Agreement is in force shall be calculated by the county to reflect the net economic effect on the county intended to be produced by the terms of the Parity Bonds or Parity Lien Obligations and the terms of the applicable Payment Agreement, in accordance with the requirements for Payment Agreements set forth in Ordinance 19112, Section 27 ~~((of this ordinance))~~, and any other applicable requirements from the ordinances authorizing issuance of such Parity Bonds or Parity Lien Obligations.

From and after the First Springing Amendment Date (Parity Lien Obligations), for purposes of satisfying the rate covenant in Ordinance 19112, Section 18.B. ~~((of this ordinance))~~, and the tests for the issuance of additional Parity Lien Obligations in Ordinance 19112, Section 25 ~~((of this ordinance))~~, Annual Debt Service for any fiscal year or calendar year shall exclude any Debt Service Offsets (e.g., any Debt Service Offsets shall be deducted from Annual Debt Service).

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

1. The interest due on all outstanding Parity Bonds: (a) on all interest payment dates (other than January 1) in such calendar year; and (b) on January 1 of the next succeeding year, and any Payment Agreement Payments due on such dates in respect of Parity Payment Agreements, minus any Payment Agreement Receipts due in such period in respect of such Parity Payment Agreements.
  - a. For purposes of calculating the amounts required to pay interest on Parity Bonds, capitalized interest and accrued interest paid to the county upon the issuance of Parity Bonds shall be excluded and, on and after the Second Springing Amendment Date (Parity Bonds), interest on any Balloon Maturity shall also be excluded.
  - b. Prior to the Second Springing Amendment Date (Parity Bonds), the amount of

interest deemed to be payable on any issue of Variable Rate Parity Bonds shall be calculated on the assumption that the interest rate on those bonds would be equal to the rate ("the assumed RBI 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 covenant made in Ordinance 19112, Section 18 (~~(of this ordinance)~~), the actual amount of interest paid on any issue of Variable Rate Parity Bonds shall be taken into account. On and after the Second Springing Amendment Date (Parity Bonds), the amount of interest deemed to be payable on any issue of Variable Rate Parity Bonds shall 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 19112, Section 18 (~~(of this ordinance)~~), the actual amount of interest paid on any issue of Variable Rate Parity Bonds shall be taken into account.

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

3. On and after the Second Springing Amendment Date (Parity Bonds), the Assumed Debt Service for any Balloon Maturity of a Parity Bond for that calendar year.

In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation Bonds shall be included in the calculation of

Annual Debt Service, and references in ~~((this or))~~ Ordinance 19112 to principal of Parity Bonds shall include the Accreted Value due at maturity or upon the mandatory redemption of any Capital Appreciation Bonds.

Notwithstanding the foregoing, debt service on Parity Bonds 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 the Parity Bonds and the applicable Payment Agreement, in accordance with the requirements set forth in Ordinance 19112, Section 27 ~~((of this ordinance))~~, and any other applicable requirements from the ordinances authorizing issuance of such Parity Bonds.

For purposes of calculating the Reserve Requirement and satisfying the rate covenant in Ordinance 19112, Section 18.A. ~~((of this ordinance))~~, and the tests for the issuance of Future Parity Bonds in Ordinance 19112, Section 24 ~~((of this ordinance))~~, Annual Parity Debt Service for any fiscal year or calendar year shall exclude any Debt Service Offsets (e.g., any Debt Service Offsets shall be deducted from Annual Parity Debt Service).

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

"Assumed Debt Service" for any Balloon Maturity for any calendar year means an amount equals to the principal and interest that would be payable in each calendar year if that Balloon Maturity 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, 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" means any scheduled principal maturity of any Series of Parity Bonds or Parity Lien Obligations that the county designates in the Sale Motion for that Series to be a Balloon Maturity for the

purposes of the definitions of Annual Debt Service and Annual Parity Debt Service. Any Balloon Maturity includes any corresponding scheduled principal maturity of Parity Bonds or Parity Lien Obligations issued to refund such Balloon Maturity unless the Balloon Maturity designation is rescinded in the Sale Motion approving the refunding.

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

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

"Bonds" means the Project Bonds of the county in an aggregate principal amount not to exceed \$825,000,000 authorized to be issued under ~~((this-ø))~~ Ordinance 19112 to pay costs of acquiring and constructing improvements to the System and the Refunding Bonds authorized to be issued under ~~((this-ø))~~ Ordinance 19112 to refund outstanding obligations of the county. The Bonds may be issued in one or more Series of Parity Bonds or Parity Lien Obligations, as provided in ~~((this-ø))~~ Ordinance 19112.

"Capital Appreciation Bonds" means any Parity Bonds the interest on which is compounded, accumulated and payable only upon redemption or on the maturity date of such Parity Bonds; provided, that Parity Bonds 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 Parity Bonds no longer are Capital Appreciation Bonds, they shall be deemed outstanding in a principal amount equal to their Accreted Value.

"Capital Improvement Budget" means the capital improvement budget of the county in effect from time to time, as such budget may have been amended or supplemented.

"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 in effect on the date of issuance of a Series of Parity Bonds or Parity Lien Obligations or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Tax-Exempt Obligations, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"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 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.

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

"Council" means the Metropolitan King County Council.

"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): (a) 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 (b) from Fitch, 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 (including Variable Rate 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.

"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, including federal interest subsidy payments, designated as such by the county that are not included in Revenue of the System and that are legally available to pay debt service on Parity Bonds, Parity Lien Obligations or other obligations of the county payable from and secured by a pledge of Revenue of the System.

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

"Fair Market Value" means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm's-length transaction, except for specified investments as described in Treasury Regulation §1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield-restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

"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.

"First Springing Amendment Date (Parity Bonds) " means the date when the Registered owners of at least 51% in aggregate principal amount of all outstanding Parity Bonds have consented to the adoption of an ordinance or ordinances amending the definition of Reserve Requirement; establishing one or more separate Reserve Requirements for one or more Series of Parity Bonds, including each Series of the Bonds issued as Parity Bonds; reducing any Reserve Requirement, including the Reserve Requirement for each Series of the Bonds issued as Parity Bonds, to an amount less than maximum Annual Parity Debt Service in any calendar year, including to zero; or establishing one or more separate subaccounts within the Parity Bond Reserve Account to secure one or more Series of Parity Bonds, including each Series of the Bonds issued as Parity

Bonds, with other Series of Parity Bonds not being secured by such separate subaccounts, as set forth in Ordinance 18588, Section 34.C., and Ordinance 19112, Section 35.C (~~(of this ordinance)~~).

"First Springing Amendment Date (Parity Lien Obligations)" means the date when no Parity Lien Obligations designated as Series 2008 Bonds remain outstanding.

"Fitch" means Fitch 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 "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the county.

"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 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 Obligations" means the county's: (a) Junior Lien Variable Rate Demand Sewer Revenue Bonds, Series 2001A and Series 2001B, dated August 15, 2001, authorized by Ordinances 14171 and 14172 , respectively; (b) Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2011, dated October 26, 2011,

authorized by Ordinance 17202 (c) Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, dated December 27, 2012, authorized by Ordinance 17495 and (d) any 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.

"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 Bonds" means the county's: (a) 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 ; (b) Multi-Modal Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), Series 2019A and Series 2019B, dated June 27, 2019, authorized by Ordinance 18898 and (c) any Future 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.

"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, and continued pursuant to Ordinance 19112, Section 9 ~~((of this ordinance))~~, for the purpose of paying and securing the payment of 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 the Preamble to ~~((this-ø))~~Ordinance 19112, together with: (a) any Bonds issued under ~~((this-ø))~~Ordinance 19112 with a lien on Revenue of the System equal to the lien thereon of those bonds; and (b) any Future Parity Bonds. "Parity Bonds" include any Parity 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, and continued pursuant to Ordinance 19112, Section 10 ~~((of this ordinance))~~, 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 Obligation Term Bonds" means Parity Lien Obligations that are Term Bonds.

"Parity Lien Obligations" means bonds identified as such in the Preamble to ~~((this-ø))~~Ordinance 19112, together with: (a) any Bonds issued under ~~((this-ø))~~Ordinance 19112 with a lien on Revenue of the System equal to the lien thereon of those bonds; and (b) any Future Parity Lien Obligations. "Parity Lien Obligations" include any Parity Lien Obligation Payment Agreements and parity reimbursement agreements entered into with the provider of a Credit Facility securing any Parity Lien Obligations.

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

"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: (a) 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; (b) 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, asset or liability management purposes; (c) with a Qualified Counterparty; and (d) 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.

"Permitted Investments" means any investment permitted by law, but only to the extent that the same are acquired at Fair Market Value.

"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.

"Project Bonds" mean the not to exceed \$825,000,000 aggregate principal amount of bonds of the county authorized to be issued under ~~((this ~~o~~))~~ Ordinance 19112 to pay costs of acquiring and constructing improvements to the System. The Project Bonds may be issued in one or more Series of Parity Bonds or Parity Lien Obligations, as provided in ~~((this ~~o~~))~~ Ordinance 19112.

"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 July 20, 2020~~((the date of this ordinance))~~ 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 in effect as of July 20, 2020~~((the date of this ordinance))~~.

"Qualified Counterparty" means with respect to a Payment Agreement an entity: (a) 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 (and A- by Fitch for any Parity Lien Obligation Payment Agreement), or the equivalent thereof by any successor thereto; and (b) 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 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., and continued pursuant to Ordinance 19112, Section 13.B(~~(of this ordinance)~~).

"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" means, with respect to a Bond, unless otherwise provided in the Sale Motion, the Registrar's close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, "Record Date" means the Registrar's close of business on the date on which the Registrar sends notice of the redemption.

"Refunded Bonds" mean, for each Series of Refunding Bonds the Refunding Candidates that will be refunded from proceeds of that Series of Bonds, as determined by the Finance Director pursuant to Ordinance 19112, Sections 16 and 28 (~~(of this ordinance)~~), and set forth in the Sale Motion in accordance with Ordinance 19112, Sections 16 and 28 (~~(of this ordinance)~~).

"Refunding Account" means any account authorized to be created pursuant to Ordinance 19112, Section 16 (~~(of this ordinance)~~), to provide for the refunding of any Refunded Bonds.

"Refunding Bonds" mean the bonds authorized to be issued in one or more series by ~~((this -))~~Ordinance 19112 and to refund the Refunded Bonds. The Refunding Bonds may be issued in one or more series of Parity Bonds or Parity Lien Obligations, as provided in ~~((this -))~~Ordinance 19112.

"Refunding Candidates" mean the ~~((currently))~~ outstanding Parity Bonds, Parity Lien Obligations,

Junior Lien Obligations ~~((and))~~ Multi-Modal LTGO/Sewer Revenue Bonds, SRF Loans, Public Works Trust Fund Loans, the Bonds, and any other obligations issued after ~~((the effective date of this ordinance))~~ July 20, 2020, that are Future Parity Bonds, Future Parity Lien Obligations, Future Junior Lien Obligations, Future Multi-Modal LTGO/Sewer Revenue Bonds, ~~or~~ Subordinate Lien Obligations, SRF Loans, or Public Works Trust Fund Loans.

"Refunding Trustee" means each corporate trustee chosen pursuant to the provisions of Ordinance 19112, Section 16 ~~((of this ordinance))~~, to serve as refunding trustee or escrow agent in connection with the refunding of Refunded Bonds upon the issuances of any Series of 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 Sale Motion, 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.

"Reserve Requirement" means maximum Annual Parity Debt Service with respect to any calendar year; provided that on and after the First Springing Amendment Date (Parity Bonds), Reserve Requirement shall have the meaning set forth in any ordinance or ordinances amending the definition of Reserve Requirement pursuant to Ordinance 18588, Section 34.C., and Ordinance 19112, Section 35.C. ~~((of this ordinance))~~.

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

"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 any money collected pursuant to the Service Agreements applicable to administrative costs of the county other than costs of administration of the System. For certain

purposes described in Ordinance 19112, Section 13.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.

"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.

"Sale Motion" means, with respect to each Series of the Bonds, the motion of the council approving a bond purchase contract (if the Bonds are sold by negotiated sale), accepting a bid (if the Bonds are sold by competitive bid) or approving a loan or other agreement with the federal government or other purchaser, for the purchase of the Bonds and ratifying the sale of the Bonds, all in accordance with Ordinance 19112, Section 28 ~~((of this ordinance))~~.

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

"Second Springing Amendment Date (Parity Bonds) " means the date when the Registered Owners of at least 51% in aggregate principal amount of all outstanding Parity Bonds have consented to the definitions of Assumed Amortization Period, Assumed Debt Service, Balloon Maturity, and Annual Parity Debt Service set forth in ~~((this ~~o~~))~~Ordinance 19112 (including all springing amendments set forth herein). All Registered Owners of Parity Bonds issued after ~~((the effective date of this ordinance))~~ July 20, 2020, are deemed to have consented to the definitions of Assumed Amortization Period, Assumed Debt Service, Balloon Maturity, and Annual Parity Debt Service set forth in ~~((this ~~o~~))~~Ordinance 19112 (including all springing amendments set forth herein) by their purchase of such Parity Bonds.

"Second Springing Amendment Date (Parity Lien Obligations) " means the date when: (a) the First Springing Amendment Date (Parity Lien Obligations) has occurred; and (b) the Registered Owners of at least 51% in aggregate principal amount of all outstanding Parity Lien Obligations have consented to the definitions

of Assumed Amortization Period, Assumed Debt Service, Balloon Maturity, and Annual Debt Service set forth in ~~((this  $\emptyset$ ))~~ Ordinance 19112 (including all springing amendments set forth herein). All Registered Owners of Parity Lien Obligations issued after ~~((the effective date of this ordinance))~~ July 20, 2020, are deemed to have consented to the definitions of Assumed Amortization Period, Assumed Debt Service, Balloon Maturity and Annual Debt Service set forth in ~~((this  $\emptyset$ ))~~ Ordinance 19112 (including all springing amendments set forth herein) by their purchase of such Parity Lien Obligations.

"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.

"Series" means any series of Parity Bonds or Parity Lien Obligations.

"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.

"SRF Loans" means loans to the county by the State Department of Ecology pursuant to loan agreements in effect as of July 20, 2020 ~~((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 in effect as of July 20, 2020 ~~((the date of this ordinance))~~.

"State" means the State of Washington.

"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 19112, Section 14 ~~((of this ordinance~~

)).

"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 Obligations.

"Tax-Exempt Obligations" means Parity Bonds or Parity Lien Obligations the interest on which the county intends to be excludable from gross income for federal income tax purposes and also includes taxable direct pay or other Parity Bonds or Parity Lien Obligations that are subject to the requirements applicable to Tax-Exempt Obligations.

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

"Trustee" means a trustee for the Parity Bonds authorized to be appointed by registered owners of Parity Bonds, as provided by ~~((this-ø))~~ Ordinance 19112.

"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, as authorized by a Sale Motion.

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

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

B. **Rules of Interpretation.** As used in ~~((this-ø))~~ Ordinance 19112, unless the context otherwise requires:

1. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms refer to ~~((this-ø))~~ Ordinance 19112 as a whole and not to any particular section, subsection, paragraph or clause of ~~((this-ø))~~ Ordinance 19112.

2. Unless the context otherwise indicates, words expressed in the singular may include the plural and vice versa.

3. Any headings preceding the text of the various sections and subsections of ~~((this-ø))~~ Ordinance 19112, and any table of contents or marginal notes appended to copies of ~~((this-ø))~~ Ordinance 19112, are solely for convenience of reference and do not constitute a part of ~~((this-ø))~~ Ordinance 19112, nor shall they affect its meaning, construction or effect.

4. All references in ~~((this-ø))~~ Ordinance 19112 to "sections," "subsections," "paragraphs" and "clauses" are to the corresponding sections, subsections, paragraphs or clauses of ~~((this-ø))~~ Ordinance 19112 as originally adopted.

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

**SECTION 4. Original Ordinance Remains in Effect.** The Original Ordinance, as amended by this

ordinance, is and remains in full force and effect.

SECTION 5. **Effective Date.** This ordinance shall be effective 10 days after its enactment, in accordance with Article II of the county charter.