



Legislation Details (With Text)

File #: 2015-0037 **Version:** 1

Type: Ordinance **Status:** Passed

File created: 1/12/2015 **In control:** Metropolitan King County Council

On agenda: **Final action:** 1/12/2015

Enactment date: 1/12/2015 **Enactment #:** 17958

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

Sponsors: Joe McDermott

Indexes: Bonds, Sewage

Code sections:

Attachments: 1. Ordinance 17958.pdf, 2. 2015-0037 transmittal letter.doc, 3. 2015-0037 Fiscal note.xls

Date	Ver.	Action By	Action	Result
1/12/2015	1	Metropolitan King County Council	Hearing Held	
1/12/2015	1	Metropolitan King County Council	Passed	Pass

Clerk 01/08/2015

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

PREAMBLE:

Ordinance 17599 of the county, passed by the county council on June 3, 2013, authorizes the

county to issue sewer revenue bonds and limited tax general obligation bonds (payable from sewer revenues) of the county in the aggregate principal amount of not to exceed \$950,000,000 for refunding outstanding bonds of the county payable from sewer revenues, such authorization to expire two years from the effective date of Ordinance 17599. Pursuant to Ordinance 17599, the county has issued its sewer revenue refunding bonds in the aggregate principal amount of \$288,285,000 and realized thereby aggregate present value savings of \$27,726,649, leaving \$661,715,000 of authorization. Current favorable market conditions permit the county to refund more than \$661,715,000 in aggregate principal amount of outstanding bonds of the county payable from sewer revenues and achieve the present value savings required by Section 16.A of Ordinance 17599. Section 35 of Ordinance 17599 authorizes the county to supplement Ordinance 17599 in this respect without the consent of owners of any of the Bonds authorized to be issued by Ordinance 17599.

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

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 17599.

SECTION 2. Findings; Declaration of Emergency.

A. The council finds that it is in the best interest of the county and the ratepayers of the System to amend Ordinance 17599 to increase the authorization to issue sewer revenue bonds and limited tax general obligation bonds (payable from sewer revenues) of the county in the additional aggregate principal amount of not to exceed \$350,000,000 for refunding outstanding bonds of the county payable from sewer revenues.

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

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

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

Definitions; Interpretation.

A. Definitions. The following words and terms as used in this ordinance have the following meanings for all purposes of this ordinance, 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.

"Additional 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 equal to the lien thereon of the Commercial Paper Notes and the Bank Note.

"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 Metropolitan Sewerage System and is not a Participant.

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

(1) The interest due for all outstanding Parity Bonds and Parity Lien Obligations (i) on all interest payment dates (other than January 1) in such calendar year, and (ii) 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.

(i) 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.

(ii) 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, however, that for purposes of determining actual compliance in any past calendar year with the rate covenant made in 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) 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 (i) on all principal payment dates (other than January 1) of such calendar year and (ii) on January 1 of the next succeeding 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 ordinance 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 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 date when no Series 2008 Bonds or Series 2009 Bonds remain outstanding, for purposes of satisfying the rate covenant in Section 18.B and the tests for the issuance of additional Parity Lien Obligations in Section 25, Annual Debt Service for any Fiscal Year or calendar year shall exclude any Debt Service Offsets.

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

(1) The interest due for all outstanding Parity Bonds (i) on all interest payment dates (other than January 1) in such calendar year, and (ii) 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.

(i) 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.

(ii) 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, however, that for purposes of determining actual compliance in any past calendar year with the rate covenant made in 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) The principal due (at maturity or upon the mandatory redemption of Term Bonds prior to

their maturity) for all outstanding Parity Bonds (i) on all principal payment dates (other than January 1) of such calendar year and (ii) on January 1 of the next succeeding 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 ordinance 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 Section 27 of this ordinance and any other applicable requirements from the ordinances authorizing issuance of such Parity Bonds.

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

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

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

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

"Bonds" means all or a portion of the Project Bonds or the Refunding Bonds issued pursuant to this

ordinance.

"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, however, 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.

"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.

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

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

"Comprehensive Plan" means the county's comprehensive water pollution abatement plan authorized by RCW 35.58.200 and defined in Section 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

Section 30 of Ordinance No. 12076 of the county.

"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 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 but not limited to 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.

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

"Finance Director" means the director of the finance and business operations division of the county or

his or her designee, or the successor to the duties of such office.

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

"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 Parity Bonds.

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

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

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

"Parity Bond Fund" means the "Water Quality Revenue Bond Account" designated pursuant to Section 30 of Ordinance No. 12076 of the county and continued pursuant to 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 ordinance, together with (i) any Bonds issued under this ordinance with a lien on Revenue of the System equal to the lien thereon of those bonds and (ii) 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 Section 8 of Ordinance 11241 of the county and continued pursuant to 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 upon that revenue 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 ordinance, together with (i) any Bonds issued under this ordinance with a lien on Revenue of the System equal to the lien thereon

of those bonds and (ii) 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 that revenue 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 Sewer 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, 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.

"Project Bonds" means the \$300,000,000 aggregate principal amount of bonds of the county authorized to be issued under this ordinance 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 ordinance.

"Public Works Trust Fund Loans" means loans to the county by the State of Washington Department of Commerce under the Public Works Trust Fund loan program pursuant to loan agreements in effect as of 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.

"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 (and A- by Fitch for any Parity Lien Obligation Payment Agreement), 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 (i) so long as any 2004B Bonds, 2006 Bonds, 2006 (2nd) Bonds, 2007 Bonds, 2008 Bonds, or 2009 Bonds remain outstanding, 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 is 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, provided, that, as of the time of issuance of such policy or surety bond, such insurance company or companies maintain a policy owner's surplus in excess of \$500,000,000; and (ii) from and after such time as no 2004B Bonds, 2006 Bonds, 2006 (2nd) Bonds, 2007 Bonds, 2008 Bonds, or 2009 Bonds remain outstanding, 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 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 and continued pursuant to 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.

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

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

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

"Refunding Bonds" means not to exceed ((~~\$950,000,000~~)) \$1,300,000,000 principal amount of bonds authorized to be issued in one or more series by this ordinance 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.

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

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

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

"S&P" means Standard and Poor's Ratings Services 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 a motion of the county council approving each sale of a series of the Bonds and ratifying and confirming each plan of refunding any Refunded Bonds, in accordance with Sections 16 and 28 hereof.

"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 of Washington Department of Ecology pursuant to loan agreements in effect as of the date of this ordinance and any loans and loan agreements hereafter entered into by the county under the State of Washington 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.

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

"System" or "Sewer 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 the 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 Section 21 of this ordinance and so designated pursuant to Section 28.A 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 Section 21 of this ordinance and so designated pursuant to Section 28.A of this ordinance.

"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 owners of Parity Bonds, as provided by this ordinance.

"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 the Rule, 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: (i) at the time of issuance the county has entered into a Payment Agreement with respect to such Parity Bonds, which 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 (ii) 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: (i) at the time of issuance the county has entered into a Payment Agreement with respect to such Parity Lien Obligations, which 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 (ii) 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 ordinance, unless the context otherwise requires:

(i) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms refer

to this ordinance as a whole and not to any particular section, subdivision or clause of this ordinance.

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

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

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

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

Authorization of Bonds. To provide funds necessary to pay costs of acquiring, constructing and equipping improvements, additions or betterments to the System as set forth in the Comprehensive Plan, the county will issue the Project Bonds in the aggregate principal amount of \$300,000,000.

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

The Refunding Bonds and Project Bonds may be issued and sold in one or more series of Parity Bonds or Parity Lien Obligations, as provided in Section 28, each such series of Parity Bonds to be designated as “King County, Washington, Sewer Revenue [and Refunding] Bonds” with an applicable year and series designation, and each such series of Parity Lien Obligations to be designated as “King County Limited Tax General Obligation [and Refunding] Bonds (Payable from Sewer Revenues)” with an applicable year and series designation. The Bonds will be fully registered as to both principal and interest, will be in the denomination of

\$5,000 each or any integral multiple thereof (but no Bond shall represent more than one maturity), will be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification, and will be dated as of such date and mature on the dates, in the years and the amounts established as provided in Section 28 hereof.

Each series of the Bonds will bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date for which interest has been paid or duly provided for, whichever is later, payable on interest payment dates and at the rate or rates established as provided in Section 28 hereof and ratified and confirmed by a Sale Motion. The Accreted Values of any Bonds that are Capital Appreciation Bonds will be set forth in a Sale Motion.

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

SECTION 7. Effective Date - Emergency. The county council finds as a fact and declares that an emergency exists and that this ordinance is necessary for the immediate preservation of public peace, health or safety or for the support of county government and its existing public institutions.