



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 12, 2004

Motion 11964

Proposed No. 2004-0321.1

Sponsors Phillips, von Reichbauer and
Hague

1 A MOTION approving of the Washington Economic
2 Development Finance Authority's plan to issue non-
3 recourse economic development revenue bonds, a portion
4 of the proceeds of which will be loaned to Cedar Grove
5 Composting, Inc., for capital improvements at the Cedar
6 Grove Composting, Inc., facility located in unincorporated
7 King County.

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10 WHEREAS, on April 4, 2003, the Washington Economic Development Finance
11 Authority ("WEDFA") approved Resolution No. W-2003-003, that was amended on
12 December 23, 2003, by Resolution No. W-2003-015, copies of which are attached to this
13 motion, declaring official intent to issue non-recourse economic development revenue
14 bonds in a maximum amount not to exceed \$37,270,000, and

15 WHEREAS, a portion of the proceeds of the bonds would be loaned to Cedar
16 Grove Composting, Inc., to finance costs of acquiring, constructing, equipping and
17 improving real or personal property for a capital improvement project at the facilities of

18 Cedar Grove Composting, Inc., located in unincorporated King County, in accordance
19 with a loan agreement or other appropriate financing agreement, and used for the purpose
20 of constructing and equipping the portions of the project located within the boundaries of
21 unincorporated King County and to pay certain costs of issuance of the bonds, and

22 WHEREAS, the capital improvements to be financed at the facilities of Cedar
23 Grove Composting, Inc., located in unincorporated King County would modernize and
24 improve the existing facility and enclose the unloading facility to reduce odor and any
25 other air quality impacts of the facility, and

26 WHEREAS, it is the policy of the WEDFA not to issue revenue bonds except
27 upon the approval of the county, city or town within whose planning jurisdiction the
28 proposed industrial development facility lies, and

29 WHEREAS, certain operations comprising a part of the project lie within the
30 boundaries of unincorporated King County, and

31 WHEREAS, neighbors and members of the community in the area of the Cedar
32 Grove Composting facility in Maple Valley were notified of the project by an
33 information packet sent to two thousand two hundred homes, legal notice by the Puget
34 Sound Air Quality Authority concerning the permit for the project from Cedar Grove
35 Composting, Inc., and through legal notice and public hearing on the WEDFA bond
36 issuance;

37 NOW, THEREFORE, BE IT MOVED by the Council of King County:

38 A. The council hereby approves of the WEDFA's plan to issue non-recourse
39 economic development revenue bonds, a portion of the proceeds of which will be loaned
40 to Cedar Grove Composting, Inc., in accordance with a loan agreement or other

41 appropriate financing agreement, and used for the purpose of constructing and equipping
42 the portions of the project located within the boundaries of unincorporated King County
43 and to pay certain costs of issuance of the bonds, as described in Resolution No. W-2003-
44 003, as amended by Resolution No. W-2003-015;

45 B. The bonds shall not constitute an obligation of the state of Washington or of
46 King County, and no tax funds or revenues of the state of Washington or of King County
47 shall be used to pay the principal or interest on the bonds. Neither the faith and credit nor
48 any taxing power of the state of Washington or of King County shall be pledged to pay
49 the principal or interest on the bonds; and

50 C. Approval by the council of the bond issuance shall not constitute county
51 approval or disapproval of any other permits, certifications or actions or waive any of the

Motion 11964

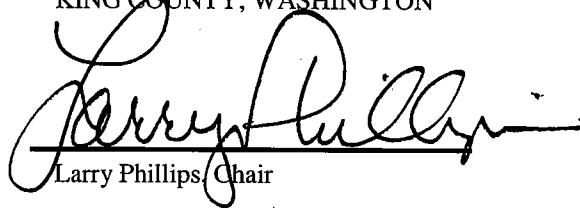
52 permitting, environmental review, financial obligations or legal requirements applicable
53 to the project.

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Motion 11964 was introduced on 7/6/2004 and passed by the Metropolitan King County Council on 7/12/2004, by the following vote:


Yes: 13 - Mr. Phillips, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr. Pelz, Mr. McKenna, Mr. Ferguson, Mr. Hammond, Mr. Gossett, Ms. Hague, Mr. Irons, Ms. Patterson and Mr. Constantine
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments A. Resolution No. W-2003-003, B. Resolution No. W-2003-015

2004-321 ATTACHMENT A

RESOLUTION NO. W-2003-003

A RESOLUTION OF THE WASHINGTON ECONOMIC DEVELOPMENT FINANCE AUTHORITY TAKING OFFICIAL ACTION TOWARD THE ISSUANCE OF NONRECOURSE ECONOMIC DEVELOPMENT REVENUE BONDS IN ONE OR MORE SERIES IN A MAXIMUM AMOUNT NOT TO EXCEED \$9,370,000 AND AUTHORIZING THE EXECUTION OF AN INDEMNIFICATION AND COMPENSATION AGREEMENT BY AND BETWEEN THE WASHINGTON ECONOMIC DEVELOPMENT FINANCE AUTHORITY AND CEDAR GROVE COMPOSTING, INC. (the "Company").

WHEREAS, the Washington Economic Development Finance Authority (the "Issuer") is a duly organized and existing instrumentality of the State of Washington authorized and empowered by the provisions of RCW Chapter 43.163 (collectively, the "Act") to issue nonrecourse economic development revenue bonds for the purpose of carrying into effect the construction of improvements and the acquisition of personal properties and provide working capital suitable for use by any industry, and to loan its moneys when necessary or convenient to carry out its powers under the Act; and

WHEREAS, the Company has informed the Issuer that it wishes to acquire, construct, equip, and improve the manufacturing facilities to be located in Maple Valley, King County, Smith Island, Snohomish County, and Seattle, King County, Washington, as more fully described in Exhibit A attached hereto and incorporated herein (the "Site"), all of which are located within the territorial limits of the State of Washington, and the Company has requested the Issuer to issue nonrecourse economic development revenue bonds (the "Bonds") in a maximum amount not to exceed NINE MILLION THREE HUNDRED SEVENTY THOUSAND dollars (\$9,370,000) pursuant to the Act to carry into effect the acquisition, construction, equipping, and improving of real and personal property and provision of working capital at the Site to be used in the manufacturing facilities of the Company, as more fully described in Exhibit A hereto (the "Project"), to loan the proceeds of the Bonds to finance the acquisition, construction, improvement, equipping, and installation of the Project; and

WHEREAS, a form of agreement designated as an "Indemnification and Compensation Agreement" has been prepared setting forth the respective agreements and undertaking of the Issuer and the Company with respect to the Bonds and the Project; and

WHEREAS, it is considered necessary and desirable for the best interest of the Issuer that the Indemnification and Compensation Agreement be executed for and on the behalf of the Issuer; and

(c) on or before two (2) years from the date hereof (or such later date as shall be mutually satisfactory to the Issuer and the Company) the Issuer and the Company shall have agreed to mutually acceptable terms and conditions of the contracts and agreements referred to in paragraph (b) of this Section 3;

(d) the Issuer shall have received an opinion of bond counsel that, with certain customary exceptions, such of the Bonds which it is intended shall be issued as tax-exempt obligations may be so issued pursuant to the provisions of the Internal Revenue Code of 1986;

(e) if required, the Issuer shall have received an allocation of the State ceiling on private activity bonds imposed by Section 146 of the Internal Revenue Code of 1986 in an amount equal to the aggregate face amount of such of the Bonds as shall be issued as tax-exempt obligations, and shall have allocated such amount to the Bonds;

(f) the Issuer shall have received evidence that the county, city, or town within whose planning jurisdiction the Project lies has approved the Project and the Bonds or such other evidence satisfactory to the Issuer that the Project will be welcomed by the community in which the Project will be located; and

(g) such other conditions as in the judgement of the Issuer and bond counsel are necessary to insure the validity of the Bonds and the tax-exempt status of such of the Bonds as shall be issued as tax-exempt obligations.

Section 4. The proper officials of the Issuer are hereby authorized to take such further action as is necessary to carry out the intent and purposes hereof under the terms and conditions stated herein and in compliance with the applicable provisions of law.

Section 5. That it is deemed necessary and advisable that the Indemnification and Compensation Agreement be approved and executed for and on behalf of the Issuer.

Section 6. That an Indemnification and Compensation Agreement by and between the Issuer and the Company be, and the same is hereby, approved and authorized and the Chair of the Issuer is hereby authorized to execute the Indemnification and Compensation Agreement on behalf of the Issuer.

Section 7. Each Bond, when and if issued, shall substantially state the following language on the face thereof:

THE OBLIGATIONS OF THE ISSUER HEREUNDER SHALL NOT BE DEEMED TO BE A DEBT, LIABILITY, OBLIGATION, OR PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF WASHINGTON, OF ANY MUNICIPALITY, OR OF ANY MUNICIPAL CORPORATION, QUASI MUNICIPAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE OF WASHINGTON, OR TO PLEDGE

WHEREAS, the Indemnification and Compensation Agreement requires the Company to pay all reasonable and necessary costs incurred by the Issuer in connection with the Bonds and/or in connection with the Project; and

WHEREAS, the Issuer finds that the Project constitutes the development and improvement of economic development facilities under the Act; and

WHEREAS, it is intended that this resolution shall constitute a declaration of official intent to reimburse Project expenditures within the meaning of Sections 1.103-(8)(T)(a)(5) and 1.150-2 of the Federal Income Tax Regulations.

NOW THEREFORE, be it resolved by the Washington Economic Development Finance Authority as follows:

Section 1. It is hereby determined that (a) the acquisition, construction and installation of the Project and its operation as an economic development facility; (b) the issuance of the bonds of the Issuer in one or more series and in a maximum amount not to exceed \$9,370,000, to finance costs of the Project, such total costs to be financed by the Bonds presently estimated to be approximately \$9,370,000; and (c) the execution and delivery of such contracts and agreements with the Issuer as are necessary to provide for the payment by the Issuer of amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds, together with certain costs of the Issuer, will all be in furtherance of the Act.

Section 2. Subject to the conditions listed in Section 3 below, including such other conditions as in the judgement of the Issuer and bond counsel are necessary to insure the validity of the Bonds and the tax-exempt or taxable status of the Bonds, it is the intent of the Issuer to proceed toward the issuance and sale of the Bonds pursuant to the provisions of the Act. Nothing in this resolution shall be construed as legally binding the Issuer to authorize, issue, or sell the Bonds.

Section 3. The authorization, issuance, and sale of the Bonds by the Issuer are subject to the following conditions:

(a) the Company shall have caused to be issued an irrevocable letter of credit (the "Letter of Credit") by an investment-grade rated commercial bank, acceptable to the Issuer (the "Letter of Credit Bank"), which shall be used to pay and secure the Bonds or shall have secured a bond purchase agreement (the "Bond Purchase Agreement") from an Accredited Investor, as such term is defined in 17 CFR 230.501(a), acceptable to the Issuer, for the purchase of the Bonds;

(b) the Company shall enter into such contracts and loan agreements with the Issuer as shall be necessary to secure payment of the principal of, premium, if any, and interest on the Bonds as when the same shall come due and payable;

ANY OR ALL OF THE FAITH AND CREDIT OF ANY OF THESE ENTITIES. NEITHER THE STATE OF WASHINGTON, THE ISSUER, ANY MUNICIPALITY, OR ANY OTHER MUNICIPAL CORPORATION, QUASI MUNICIPAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE OF WASHINGTON IS OBLIGATED TO PAY THE PRINCIPAL OR THE INTEREST THEREON. NO TAX FUNDS OR GOVERNMENTAL REVENUE MAY BE USED TO PAY THE PRINCIPAL OR INTEREST THEREON. NEITHER ANY OR ALL OF THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF WASHINGTON, THE ISSUER, IF ANY, OR ANY MUNICIPAL CORPORATION, QUASI MUNICIPAL CORPORATION, SUBDIVISION, OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR OF THE INTEREST ON THE BONDS.

Section 8. This Resolution shall be effective after its adoption.

ADOPTED by the Washington Economic Development Finance Authority this 4th day of April, 2003.

WASHINGTON ECONOMIC DEVELOPMENT FINANCE AUTHORITY

By: 

Chair

EXHIBIT A

DESCRIPTION OF PROJECT AND SITE

The Projects will consist of:

1. Construction of a new facility and purchase and installation of new composting equipment at Cedar Grove's current location at 17825 Cedar Grove Road SE, Maple Valley, King County.
2. Purchase of land, construction of a new composting facility and purchase and installation of new composting equipment at a new site on Smith Island, Snohomish County.
3. Acquisition of land for a maintenance facility at 7343 East Marginal Way South, Seattle, King County.

CERTIFICATE

I, the undersigned, Secretary of the Washington Economic Development Finance Authority (herein called the "Issuer"), DO HEREBY CERTIFY:

1. That the attached Resolution No. W-2003-003 (herein called the "Resolution") is a true and correct copy of a resolution of the Issuer as finally adopted at a special meeting of the Board of Directors of the Issuer held on the 4th day of April, 2003, and duly recorded in my office.
2. That said meeting was duly convened and held in all aspects in accordance with law, and, to the extent required by law and the by-laws of the Issuer, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Washington Economic Development Finance Authority voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out, and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS THEREOF, I have hereunto set my hand this 4th day of April, 2003.


Secretary

2004-321 ATTACHMENT B

RESOLUTION NO. W-2003-015

A RESOLUTION OF THE WASHINGTON ECONOMIC DEVELOPMENT FINANCE AUTHORITY AMENDING ITS RESOLUTION NO. W-2003-003 TO DECLARE OFFICIAL INTENT TOWARD THE ISSUANCE OF NONRECOURSE ECONOMIC DEVELOPMENT REVENUE BONDS IN ONE OR MORE SERIES IN A MAXIMUM AMOUNT NOT TO EXCEED \$37,270,000.

WHEREAS, the Washington Economic Development Finance Authority (the "Issuer") is established as a public body, corporate and politic, with perpetual corporate succession, constituting an instrumentality of the State of Washington authorized and empowered by the provisions of RCW Chapter 43.163 (the "Act") to issue nonrecourse revenue bonds for the purpose of financing economic development activities as defined in the Act; and

WHEREAS, on April 4, 2003, at a special meeting of the Board of Directors of the Issuer, the Issuer adopted its Resolution No. W-2003-003 (the "Resolution") declaring official intent toward the issuance of nonrecourse economic development revenue bonds in a maximum amount not to exceed \$9,370,000, the proceeds of such issuance to be loaned to Cedar Grove Composting, Inc. (the "Borrower") to finance project costs of acquiring, constructing, equipping and improving real or personal property to be used in the economic development facilities of the Borrower (the "Project"), as more fully described in the Resolution; and

WHEREAS, the Borrower has informed the Issuer that its estimate of eligible costs of the Project has increased to \$37,270,000 due to a change in the nature and scope of the Project as more fully described in Exhibit A hereto; and

WHEREAS, the Borrower has requested that the Issuer amend the Resolution to reflect this increase in costs; and

WHEREAS, the Issuer finds that the amended Project constitutes economic development activities as defined under the Act; and

WHEREAS, it is intended that this resolution shall constitute a declaration of official intent to reimburse Project expenditures within the meaning of Sections 1.142-4(b) and 1.150-2 of the Federal Income Tax Regulations.

NOW, THEREFORE, be it resolved by the Washington Economic Development Finance Authority as follows:

RECEIVED
004 MAR 16 AM 10:53
CLERK
KING COUNTY COUNCIL

Section 1. In the second "WHEREAS" paragraph on page 1 of the Resolution, each reference to "manufacturing facilities" is changed to "solid waste disposal facilities," and the reference to "provision of working capital" is deleted".

Section 2. In the third "WHEREAS" paragraph on page 2 of the Resolution, the reference to "Sections 1.103-(8)(T)(a)(5) and 1.150-2" is changed to "Sections 1.142-4(b) and 1.150-2."

Section 3. Each reference in the Resolution to "\$9,730,000" is changed to "\$32,270,000" so that the maximum amount of bonds to be issued by the Issuer to finance costs of the Project is \$37,270,000.

Section 4. "EXHIBIT A - DESCRIPTION OF PROJECT AND SITE" attached to the Resolution is changed to read as provided in Exhibit A attached to this amendatory resolution.

Section 5. All other provisions of the Resolution shall remain unchanged and in full force as provided for in the Resolution.

Section 6. This resolution shall be effective upon its adoption.

ADOPTED by the Washington Economic Development Finance Authority this 3rd day of December, 2003.

WASHINGTON ECONOMIC DEVELOPMENT FINANCE AUTHORITY

By: 
Vice Chair

EXHIBIT A

DESCRIPTION OF PROJECT AND SITE

The Project will consist of:

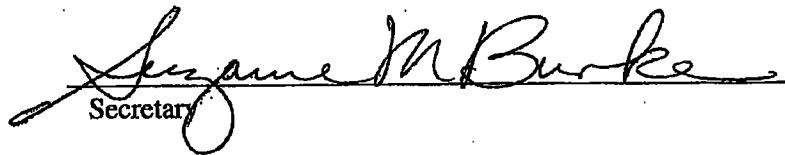
1. Construction of a new facility and purchase and installation of new composting equipment at Cedar Grove's current location at 17825 Cedar Grove Road SE, Maple Valley, King County.
2. Purchase of land, construction of a new composting facility and purchase and installation of new composting equipment at a new site at 3620 34th Avenue NE, Everett, Snohomish County.
3. Purchase of land, construction of a new composting facility and purchase and installation of new composting equipment at a new site at 2000 Taylor Way, Tacoma, Pierce, Snohomish County.
- 4.

CERTIFICATE

I, the undersigned, Secretary of the Washington Economic Development Finance Authority (herein called the "Issuer"), DO HEREBY CERTIFY:

1. That the attached Resolution No. W-2003-015 (herein called the "Resolution") is a true and correct copy of a resolution of the Issuer as finally adopted at a regular meeting of the Board of Directors of the Issuer held on the 3rd day of December, 2003, and duly recorded in my office.
2. That said meeting was duly convened and held in all aspects in accordance with law, and, to the extent required by law and the by-laws of the Issuer, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Washington Economic Development Finance Authority voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out, and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS THEREOF, I have hereunto set my hand this 3rd day of December, 2003.


Secretary