



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 17, 2001

Ordinance 14173

Proposed No. 2001-0240.1

Sponsors McKenna

1 AN ORDINANCE amending certain provisions of
2 Ordinance 12057 of the county, passed on
3 December 11, 1995, which authorized the issuance
4 of not to exceed \$100,000,000 aggregate principal
5 amount of sewer revenue bond anticipation notes of
6 the county in a commercial paper series.

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AN ORDINANCE amending certain provisions of Ordinance 12057 of the county, passed on December 11, 1995, which authorized the issuance of not to exceed \$100,000,000 aggregate principal amount of sewer revenue bond anticipation notes of the county in a commercial paper series.

PREAMBLE:

Pursuant to Ordinance 12057 of the county, passed by the county council on December 11, 1995, the county has issued and currently has outstanding \$100,000,000 of its Sewer Revenue Bond Anticipation Notes, Commercial Paper Series A (the "Notes"). The Notes provide a flexible and low cost method of borrowing for the capital needs of the county's Sewer System.

With the consent of the bank that provides a liquidity facility for the Notes, the county wishes to amend certain provisions of Ordinance 12057, as provided herein, in conjunction with the county's plans to issue variable rate bonds secured by revenues of the Sewer System.

48 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

49 ARTICLE I.

50 DEFINITIONS

51 Section 1.01. **Definitions.** Unless otherwise defined in this Article 1, capitalized
52 terms used in this ordinance shall have the meaning given such terms in Ordinance
53 12057. The following terms shall have the following meanings:

54 *Annual Debt Service* for designated obligations of the System means, with
55 respect to any calendar year, the sum of the following:

56 (1) The interest due on such designated obligations during such calendar year,
57 and any Payment Agreement Payments due in such year in respect of Payment
58 Agreements for such obligations.

59 (i) For purposes of calculating the amounts required to pay interest on
60 such designated obligations, capitalized interest and accrued interest paid to the county
61 upon the issuance of such obligations shall be excluded.

62 (ii) The amount of interest deemed to be payable on any such
63 obligations bearing interest at a variable rate shall be calculated on the assumption that
64 the interest rate on such obligations would be equal to the rate (the "assumed RBI rate")
65 that is 90% of the average Bond Buyer Revenue Bond Index or comparable index during
66 the fiscal quarter preceding the quarter in which the calculation is made.

67 (2) The principal due during such calendar year for all such designated
68 obligations other than Term Bonds and Balloon Maturity Bonds.

69 (3) The amounts required to be paid into the applicable bond fund during such
70 calendar year for interest on and amortization of principal of any such designated
71 obligations that are Term Bonds.

72 (4) An amount for assumed payments of principal of any of such designated
73 obligations that are Balloon Maturity Bonds calculated for the applicable calendar year
74 by amortizing the then outstanding principal amount of such obligations in accordance
75 with a maturity schedule not exceeding 30 years from the date of issuance of such
76 Balloon Maturity Bonds and resulting in approximately level debt service based on their
77 actual interest rates (if such obligations bear interest at fixed rates) or on the assumed
78 interest rate calculated as provided in Paragraph (1)(ii) above (if such obligations bear
79 interest at variable rates).

80 Notwithstanding the foregoing, debt service on the designated obligations with
81 respect to which a Payment Agreement is in force shall be calculated by the county to
82 reflect the net economic effect on the county intended to be produced by the terms of
83 such obligations and the terms of such Payment Agreement, in accordance with the
84 requirements applicable to such Payment Agreement.

85 ***Balloon Maturity Bonds*** means any obligations of the System, other than Term
86 Bonds, the entire principal amount of which is due at maturity without serial bond
87 payments or mandatory sinking fund redemption payments, including the county's Junior
88 Lien Variable Rate Demand Sewer Revenue Bonds, 2001 Series A and B.

89 **Prior Lien Payments** means, for any calendar year, the sum of the following:

- 90 (1) Annual Parity Debt Service (Cash Basis) for such year;
- 91 (2) Annual Debt Service for such year for then outstanding Parity Lien
- 92 Obligations, the 1990 SRF Loan and then outstanding Junior Lien Obligations;
- 93 and
- 94 (3) any other payments described in Paragraphs Second through
- 95 Twelfth of Section 12 hereof required to be made during such year.

96 **Qualified Insurance** means any unconditional municipal bond insurance policy

97 or surety bond issued with respect to any Parity Bonds by any insurance company

98 licensed to conduct an insurance business in any state of the United States or by a service

99 corporation acting on behalf of one or more such insurance companies, which insurance

100 company or service corporation is rated in one of the two highest rating categories by

101 each Rating Agency and any other rating agency then maintaining a rating on the Parity

102 Bonds being insured, provided, that, as of the time of issuance of such policy or surety

103 bond, such insurance company or companies maintain a policy owner's surplus in excess

104 of \$500,000,000.

105 **Qualified Letter of Credit** means any irrevocable letter of credit issued by a bank

106 for the account of the county and for the benefit of the owners of Parity Bonds, provided

107 that such bank maintains an office, agency or branch in the United States, and provided

108 further, that, as of the time of issuance of such letter of credit, such bank is currently rated

109 in one of the two highest rating categories by Moody's or S&P, and any other rating

110 agency then maintaining a rating on the Parity Bonds, as applicable.

111 **Rate Stabilization Fund** means the fund of that name authorized to be created
112 pursuant to Section 13.D of Ordinance 12314 of the county.

113 **2000 SRF Loan** means the State Revolving Fund loan to the county by the State
114 of Washington Department of Ecology pursuant to the 2000 SRF Loan Agreement and
115 any other State Revolving Fund loans to the county having a lien and charge against
116 Revenue of the System on a parity with the lien and charge of the 2000 SRF Loan.

117 **2000 SRF Loan Agreement** means the Washington State Water Pollution Control
118 State Revolving Fund (SRF) Loan Agreement between the State of Washington
119 Department of Ecology and King County Department of Natural Resources Wastewater
120 Treatment Division effective as of June 1, 2000, as amended from time to time.

121 **Section 1.02. Amended Definitions.** The following definitions set forth in
122 Section 1 of Ordinance 12057 are hereby amended, as follows (deletions are stricken and
123 additions are underscored):

124 "Permitted Prior Lien Bonds" means the Parity Bonds, the 1990 SRF Loan, the
125 Parity Lien Obligations and any Junior Lien Obligations ~~revenue bonds, notes or other~~
126 ~~obligations that may be issued in the future at the discretion of the county payable from~~
127 ~~Revenue of the System available after the payment of the amounts described in~~
128 ~~paragraphs First through Eleventh of Section 12 of this ordinance~~, all as permitted in
129 Section 16(a) of this ordinance. All Permitted Prior Lien Bonds shall have liens on
130 Revenue of the System superior to the lien thereon of the Notes, the Bank Note, and any
131 Additional Subordinate Lien Obligations.

132 "1990 SRF Loan" means the State Revolving Fund loans to Metro (assumed by
133 the county) by the State of Washington Department of Ecology pursuant to the 1990 SRF
134 Loan Agreement.

135 "1990 SRF Loan Agreement" means the Washington State Water Pollution
136 Control State Revolving Fund (SRF) Loan Agreement between the State of Washington
137 Department of Ecology and Metro dated December 26, 1990, as amended from time to
138 time.

139 "Sewer Revenue Fund" means the special fund of Metro created by Resolution
140 No. 7 of the Metro Council adopted November 26, 1958, and redesignated as the
141 "Municipality of Metropolitan Seattle Sewer Revenue Fund" by Section 5 of Resolution
142 No. 90 of the Metro Council, and redesignated and continued by the county as the "Water
143 Quality Operating Account" pursuant to Section 30 of Ordinance 12076 of the county
144 Fund".

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ARTICLE II.

147

AMENDING PROVISIONS OF ORDINANCE 12057

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Section 2.01. Amending Disbursement Procedure. Section 7 of Ordinance
12057 is hereby amended, as follows (deletions are stricken and additions are
underscored):

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SECTION 7. Application of Note Proceeds. The proceeds from
the sale of the Notes shall be applied in the following order of priority:

154 (a) first, to the payment of the principal of Notes maturing on
155 the date of such sale;

156 (b) second, to the payment of the outstanding principal amount
157 of the Loan (as defined in the Line of Credit Agreement); and

158 (c) third, any remaining balance shall be applied as provided in
159 the next succeeding paragraph.

160

161 There has heretofore been established a special fund of the county
162 known as the "Second Water Quality Construction Fund" (the
163 "Construction Fund"). For purposes of separately accounting for
164 investment earnings on the proceeds of the Notes to facilitate compliance
165 with the requirements of Section 15(b) of this ordinance, there is hereby
166 established a special account within the Construction Fund to be known as
167 the Commercial Paper Series A Construction Account (the "Construction
168 Account"). All proceeds derived from the issuance and sale of Notes
169 described in clause (c) of the first paragraph of this Section 7 shall be paid
170 into the Construction Account. Money in the Construction Account shall
171 be held and applied to pay costs of acquiring, constructing and
172 equipping improvements, additions or betterments to the System set
173 forth in the Comprehensive Plan ~~as provided in this section to pay part~~
174 ~~of the cost of acquisition and construction of the Sewer System and all~~
175 ~~costs incident thereto, including but not limited to costs of issuance of the~~
176 ~~Notes, engineering, architectural, planning, financing, legal, urban design~~

177 or any other incidental costs, and to repay any advances heretofore or
178 hereafter made on account of such costs.

179
180 ~~_____ The county shall prepare and keep in its files in respect of each~~
181 ~~disbursement from the Construction Account a voucher approved by an~~
182 ~~Authorized Officer stating with respect to each payment made or to be~~
183 ~~made:~~

184 ~~_____ (i) The name and address of the person, firm or corporation to~~
185 ~~whom the payment is due;~~

186 ~~_____ (ii) The amount to be paid; and~~

187 ~~_____ (iii) That each obligation in the stated amount has been incurred~~
188 ~~by or on behalf of the county and that each item thereof is a proper and~~
189 ~~reasonable charge against the Construction Account and that such~~
190 ~~obligation has not been theretofore paid or reimbursed.~~

191
192 All money in the Construction Account shall be continuously and
193 fully invested to the extent that the same shall be practicable and
194 consistent with the requirements for the use of the money. Said money
195 may be invested in any investments permitted for funds of the county.

196
197 If on the date on which amounts are due and payable on the Notes
198 or the Bank Note amounts on deposit in the Note Fund or the Bank Note
199 Repayment Fund are insufficient to repay the amounts then due on the

200 Notes and the Bank Note, the county shall, to the extent amounts are held
201 in the Construction Account, transfer from the Construction Account to
202 the Note Fund or the Bank Note Repayment Fund, as applicable, amounts
203 sufficient to eliminate such insufficiency.

204

205 **Section 2.02. Amending Sewer Revenue Fund Priorities of Payment.** Section
206 12 of Ordinance 12057 is hereby amended, as follows (deletions are stricken and
207 additions are underscored):

208 Section 12. Sewer Revenue Priorities of Payment. So long as
209 any Note or Advance hereunder shall be outstanding, the Revenue of the
210 System shall be deposited into the Sewer Revenue Fund and used and
211 applied in the following order of priority:

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213 First, to pay all Operating and Maintenance Expenses;

214

215 Second, to make all required payments of principal and interest on
216 Parity Bonds as the same shall become due and payable and, when
217 permitted under the provisions of the ordinances authorizing the
218 Parity Bonds, to make any Payment Agreement Payments with
219 respect to any Parity Payment Agreements;

220

221 Third, to make required deposits for the amortization of Parity
222 Term Bonds;

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

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FourthFifth, to establish and maintain the Parity Bond Reserve (including the cost of obtaining Qualified Insurance or a Qualified Letter of Credit therefor);

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FifthSixth, to establish and maintain the Operating Reserve (so long as any Series A through Series Z Bonds remain outstanding);

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SixthSeventh, to establish and maintain the Contingency Reserve (so long as any Series A through Series Z Bonds remain outstanding);

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SeventhEighth, to establish and maintain the Betterment Reserve (so long as any Series A through Series Z Bonds remain outstanding);

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EighthNinth, to make all required payments of principal and interest due on the 1990 SRF Loan;

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~~NinthTenth~~, to accumulate in the special reserve fund for the 1990 SRF Loan the amount required by subsection E of Section VI of the 1990 SRF Loan Agreement to be accumulated therein and, if required by the terms of any other SRF loan agreement, if any, the amounts required by the terms of those SRF loan agreements to be accumulated therein;

~~TenthEleventh~~, to make all required payments of principal and interest on the Parity Lien Obligations and Payment Agreement Payments with respect to any Parity Lien Payment Agreements and debt service or Payment Agreement Payments on any other Parity Lien Obligations; and

~~EleventhTwelfth~~, to make all required payments of principal of and interest on any Junior Lien Obligations, to make all Payment Agreement Payments for any Payment Agreements entered into with respect to Junior Lien Obligations, and to make any payments required to be made to any provider of credit enhancement for any Junior Lien Obligations payments required to be made into any other revenue bond redemption fund and debt service account or reserve account created therein to pay and secure the payment of the principal of and interest on any revenue bonds or other revenue obligations of the county having liens upon Revenue of the System and the money in the Sewer Revenue Fund junior and inferior to the lien thereon for the payment of

269 ~~the principal of and interest on any Parity Lien Obligations, but prior to~~
270 ~~the lien thereon of the Notes, Advances and any Additional Subordinate~~
271 ~~Lien Obligations, as the same shall become due and payable;~~

272
273 ~~Twelfth~~**Thirteenth**, to make all required payments of principal of
274 and interest on the Notes, Advances, or Additional Subordinate Lien
275 Obligations as the same shall become due and payable; ~~and~~

276
277 ~~Thirteenth~~**Fourteenth**, to make all required payments of principal
278 and interest on bonds, notes, warrants and other evidences of
279 indebtedness, the lien and charge against Revenue of the System of which
280 is junior and inferior to the Notes, the Bank Note and Additional
281 Subordinate Lien Obligations, as the same shall become due and payable;

282
283 **Fifteenth, to make all required payments of principal and**
284 **interest due on the 2000 SRF Loan; and**

285
286 **Sixteenth, to accumulate in the special reserve fund for the**
287 **2000 SRF Loan the amount required by subsection G of Section VII**
288 **of the 2000 SRF Loan Agreement to be accumulated therein.**

289
290 Any surplus money that the county may have on hand in the Sewer Revenue Fund
291 after making all required payments set forth above may be used by the county **(i)** to

292 purchase or redeem and retire outstanding sewer revenue bonds of the county, (ii) and to
293 make necessary improvements, additions and repairs to and extensions and replacements
294 of the Sewer System, (iii) to make deposits into the Rate Stabilization Fund at such
295 time as it is authorized to be created, or (iv) for any other lawful water pollution
296 abatement purposes of the county related to the System.

297

298 **Section 2.03. Amending Rate Covenants.** Section 14 of Ordinance 12057 is
299 hereby amended, as follows (deletions are stricken and additions are underscored):

300 SECTION 14. Covenants. So long as any of the Notes or
301 Advances are outstanding:

302

303 (a) The county shall establish, maintain and collect rates and
304 charges for sewage disposal service for each calendar year that shall be
305 fair and nondiscriminatory and adequate to provide the county with
306 Revenue sufficient (1) to pay all Operating and Maintenance Expenses
307 during such calendar year; (2) to pay punctually all amounts
308 described in Paragraphs Second through Sixteenth in Section 12
309 hereof that are due during such calendar year; for the proper operation
310 and maintenance of the System and to maintain the Operating Reserve, the
311 Contingency Reserve and the Betterment Reserve; ~~(2) for the punctual~~
312 ~~payment of the principal of and interest on all outstanding Parity Bonds~~
313 ~~and all amounts that the county is obligated to set aside in the Parity Bond~~
314 ~~Fund and accounts therein securing the Parity Bonds; (3) for the punctual~~

315 ~~payment of the principal of and interest on the SRF Loan; (4) for the~~
316 ~~punctual payment of the principal of and interest on all outstanding Parity~~
317 ~~Lien Obligations and for all amounts that the county is obligated to set~~
318 ~~aside in the Bond Fund and accounts therein; (5) for the punctual payment~~
319 ~~of the principal of and interest on all other outstanding Permitted Prior~~
320 ~~Lien Bonds (other than Prior Lien Bond Anticipation Notes) and all~~
321 ~~amounts that the county is obligated to set aside in any bond redemption~~
322 ~~fund and accounts therein securing such Permitted Prior Lien Bonds;~~
323 ~~(6) for assumed payments of principal and interest on any bonds in~~
324 ~~anticipation of which Prior Lien Bond Anticipation Notes have been~~
325 ~~issued calculated for the applicable calendar year by amortizing the then~~
326 ~~outstanding principal amount of the Prior Lien Bond Anticipation Notes in~~
327 ~~accordance with a 30 year maturity schedule resulting in approximately~~
328 ~~level debt service based on an assumed interest rate equal to the Bond~~
329 ~~Buyer Revenue Bond Index as of the immediately preceding April 15 or,~~
330 ~~if such index is not available, an assumed rate of interest determined by a~~
331 ~~firm of nationally recognized financial consultants selected by the county,~~
332 ~~based on such consultants' review of comparable instruments in the then~~
333 ~~current market; (7) for assumed payments of principal and interest on the~~
334 ~~Anticipated Sewer Revenue Bonds calculated for the applicable calendar~~
335 ~~year by amortizing the then outstanding principal amount of the Notes in~~
336 ~~accordance with a 30 year maturity schedule resulting in approximately~~
337 ~~level debt service based on an assumed interest rate equal to the Bond~~

338 Buyer Revenue Bond Index as of the immediately preceding April 15 or,
339 if such index is not available, an assumed rate of interest determined by a
340 firm of nationally recognized financial consultants selected by the county,
341 based on such consultants' review of comparable instruments in the then
342 current market; (8) for the punctual payment of the principal of and
343 interest, if any, on the Bank Note; (9) for the punctual payment of the
344 principal of and interest on all outstanding Additional Subordinate Lien
345 Obligations (other than Subordinate Lien Bond Anticipation Notes) and
346 for all amounts that the county is obligated to set aside in any bond
347 redemption fund and accounts therein securing such Additional
348 Subordinate Lien Obligations; (10) for assumed payments of principal and
349 interest on any bonds in anticipation of which Subordinate Lien Bond
350 Anticipation Notes have been issued calculated for the applicable calendar
351 year by amortizing the then outstanding principal amount of the
352 Subordinate Lien Bond Anticipation Notes in accordance with a 30-year
353 maturity schedule resulting in approximately level debt service based on
354 an assumed interest rate equal to the Bond Buyer Revenue Bond Index as
355 of the immediately preceding April 15 or, if such index is not available, an
356 assumed rate of interest determined by a firm of nationally recognized
357 financial consultants selected by the county, based on such consultants'
358 review of comparable instruments in the then current market; and ~~(311)~~ to
359 pay for the payment of any and all amounts that the county is now or may

360 hereafter become obligated by law or contract to pay during such
361 calendar year from the Revenue of the System ~~by law or contract~~.

362

363 ~~———— (b) ——— (1) ——— Subject to the provisions of subparagraph (2) of this~~
364 ~~Section 16(b), the county hereby covenants with the Bank and the owner~~
365 ~~of each of the Notes for as long as any of the same are outstanding that the~~
366 ~~county will at all times establish, maintain and collect rates and charges~~
367 ~~for sewage disposal service that, together with the interest to be earned on~~
368 ~~investments made of money in the Revenue Fund, the Parity Bond Fund~~
369 ~~and the Bond Fund, will provide in each fiscal year Revenue of the System~~
370 ~~in an amount equal to at least 1.15 times the amounts required to pay:~~

371 ~~————— (A) ——— The interest coming due on July 1 of such~~
372 ~~fiscal year on the outstanding Parity Bonds, and all amounts required to be~~
373 ~~paid in such fiscal year in respect of interest on the Bonds and other Parity~~
374 ~~Lien Obligations and Payment Agreement Payments in respect of Parity~~
375 ~~Payment Agreements.~~

376 ~~————— (B) ——— The principal and interest coming due on~~
377 ~~January 1 of the next succeeding year on the outstanding Parity Bonds,~~
378 ~~and all principal coming due in such fiscal year on the Bonds and other~~
379 ~~Parity Lien Obligations (other than principal and interest on Parity Term~~
380 ~~Bonds and principal on Bonds and other Parity Lien Obligations that are~~
381 ~~Term Bonds).~~

382 ~~_____ (C) The amounts required to be paid into the~~
383 ~~Parity Bond Fund on or before January 1 of the next succeeding calendar~~
384 ~~year for interest on and amortization of principal of Parity Term Bonds,~~
385 ~~into the Bond Fund for amortization of principal of Bonds that are Term~~
386 ~~Bonds and into any fund or account for amortization of principal of any~~
387 ~~other Parity Lien Obligations that are Term Bonds after Operating and~~
388 ~~Maintenance Expenses have been paid.~~

389 ~~_____ For purposes of clause (C) of this paragraph, "amounts required to~~
390 ~~be paid" means the amount to be deposited or accumulated in any fund or~~
391 ~~account for interest on and amortization of Term Bonds on or before such~~
392 ~~January 1 for outstanding Term Bonds irrespective of the date or dates~~
393 ~~such amount, or any portion thereof, is actually deposited into such fund~~
394 ~~or account.~~

395 ~~_____ (2) Amounts required to be paid in respect of Parity~~
396 ~~Bonds and Parity Lien Obligations shall be calculated in accordance with~~
397 ~~the following requirements:~~

398 ~~_____ (A) For purposes of calculating the amounts~~
399 ~~required to pay interest on Parity Bonds or on Parity Lien Obligations,~~
400 ~~capitalized interest and accrued interest paid to the county upon the~~
401 ~~issuance of Parity Bonds and Parity Lien Obligations shall be excluded.~~

402 ~~_____ (B) The amount of interest deemed to be~~
403 ~~payable on any issue of Variable Rate Parity Lien Obligations shall be~~
404 ~~calculated on the assumption that the interest rate on those bonds would be~~

405 equal to the rate (the "assumed RBI rate") that is 90% of the average Bond
406 Buyer Revenue Bond Index or comparable index during the fiscal quarter
407 preceding the quarter in which the calculation is made; provided, for
408 purposes of determining actual compliance with the covenant made in this
409 Section 16(b) in any past fiscal year, the actual amount of interest paid on
410 any issue of Variable Rate Parity Lien Obligations shall be taken into
411 account.

412 ~~_____ (C) Debt service on Parity Lien Obligations with~~
413 ~~respect to which a Payment Agreement is in force shall be calculated by~~
414 ~~the county to reflect the net economic effect on the county intended to be~~
415 ~~produced by the terms of the Parity Lien Obligations and the terms of the~~
416 ~~Payment Agreement, in accordance with the requirements set forth in~~
417 ~~Section 23 of Ordinance No. 11763 of the county.~~

418
419 (be) The county shall comply with all the terms, covenants,
420 conditions and provisions of this ordinance and of the Parity Bond
421 Ordinances and the ordinances authorizing the Parity Lien Obligations as
422 the same provide on the date hereof (all of which are incorporated herein
423 by this reference as if fully set forth at this point).

424
425 **Section 2.04. Amending Provisions for Issuing Additional Obligations of the**
426 **System**. Section 16 of Ordinance 12057 is hereby amended, as follows (deletions are
427 stricken and additions are underscored):

428 SECTION 16. Additional Obligations of the Sewer System

429 (a) The county may issue from time to time additional
430 Permitted Prior Lien Bonds ~~Obligations Parity Bonds and Parity Lien~~
431 Obligations on the terms and conditions set forth in the resolutions ~~Parity~~
432 ~~Bond Ordinances~~ and in the ordinances authorizing issuance of the
433 Permitted Prior Lien Bonds ~~Parity Lien Obligations as the same provide~~
434 on the date hereof.

435
436 ~~_____ (b) _____~~ Provided that the county is not in default of its obligations
437 under this ordinance, the county also hereby reserves the right to issue
438 obligations payable from Revenue of the System available after payment
439 of the amounts described in paragraphs First through Tenth of Section 12
440 of this ordinance, and having lien(s) on such Revenue prior to the lien of
441 the Notes and the Bank Note ("Junior Lien Obligations"), but only if (i)
442 such Junior Lien Obligations are issued for the purpose of refunding the
443 Notes, the Bank Note or then outstanding Junior Lien Obligations or (ii)
444 such Junior Lien Obligations are issued for any lawful purpose of the
445 county related to the System and the following conditions are met:

446 ~~_____ (A) _____~~ At the time of issuing such Junior Lien Obligations,
447 there shall be no default in the payment of the principal of or interest on
448 any Permitted Prior Lien Bonds.

449 ~~_____ (B) _____~~ The county shall have on file a certificate from a
450 licensed professional engineer experienced in the design, construction and

451 operation of municipal utilities of scope similar to the System (the
452 certificate may not be dated more than 90 days prior to the date of delivery
453 of such Junior Lien Obligations) showing that in his or her professional
454 opinion the "annual income available for debt service on Permitted Prior
455 Lien Bonds (excluding the SRF Loan)" for each year during the life of
456 such Junior Lien Obligations, after deducting therefrom amounts required
457 to pay principal and interest due in such year on the SRF Loan, shall be at
458 least equal to 1.25 times the amount required in each such year to pay:

459 _____ (1) _____ The principal of the Junior Lien
460 Obligations being issued and all outstanding Permitted Prior Lien Bonds
461 (excluding the SRF Loan), but excluding the amortization of principal of
462 Term Bonds.

463 _____ (2) _____ The interest on the Junior Lien Obligations
464 being issued and all outstanding Permitted Prior Lien Bonds (excluding
465 the SRF Loan), but excluding any interest that shall be payable from the
466 proceeds of the Junior Lien Obligations to be issued.

467 _____ (3) _____ The amounts required to be paid into any
468 fund or account to amortize the principal of any Junior Lien Obligations
469 that are Term Bonds being issued and all outstanding Permitted Prior Lien
470 Bonds that are Term Bonds.

471 _____ (C) _____ Amounts required to be paid in respect of Parity
472 Bonds and Parity Lien Obligations shall be calculated in accordance with
473 the requirements set forth in Section 21.B(1)(c) of Ordinance No. 11763

474 of the county. Amounts required to be paid in respect of any Junior Lien
475 Obligations that bear interest at variable rates shall be calculated in the
476 manner set forth for Variable Rate Parity Lien Obligations in
477 Section 21B(1)(c)(ii) of Ordinance No. 11763 of the county.

478 ~~————— (D) —~~ Amounts required to be paid in respect of any Prior
479 Lien Bond Anticipation Notes shall be calculated by amortizing the then
480 outstanding principal amount of the Prior Lien Bond Anticipation Notes in
481 accordance with a 30-year maturity schedule resulting in approximately
482 level debt service based on an assumed interest rate equal to the Bond
483 Buyer Revenue Bond Index as of a date no more than 90 days prior to the
484 date of issuance of such Junior Lien Obligations or, if such index is not
485 available, an assumed rate of interest determined by and in the sole
486 discretion of a firm of nationally recognized financial consultants selected
487 by the county.

488 ~~————— (E) —~~ Such "annual income available for debt service on
489 Permitted Prior Lien Bonds (excluding the SRF Loan)" shall be
490 determined as follows for each year following the proposed date of issue
491 of such Junior Lien Obligations:

492 ~~————— (1) —~~ The Revenue of the System shall be
493 determined for a period of any 12 consecutive months out of the
494 18 months immediately preceding the delivery of the Junior Lien
495 Obligations being issued.

496 ~~_____ (2) Such revenue shall be adjusted to give effect~~
497 ~~on a 12-month basis to the rates adopted by the council and to be in effect~~
498 ~~no later than one year from the date of such certificate.~~

499 ~~_____ (3) If any Customers were added or are~~
500 ~~projected to be added to the System during such 12-month period, such~~
501 ~~revenue shall be further adjusted on the basis that added Customers were~~
502 ~~Customers of the System during the entire 12-month period, provided that~~
503 ~~the engineer's projection of additional Customers shall not assume a~~
504 ~~growth of more than 2% over and above the number of Customers served~~
505 ~~or estimated to be served during the preceding year.~~

506 ~~_____ (4) There shall be deducted from such revenue~~
507 ~~the amount expended for Operating and Maintenance Expenses during~~
508 ~~such period.~~

509 ~~_____ (5) For each year following the proposed date of~~
510 ~~issuance of such Junior Lien Obligations the engineer shall add to the~~
511 ~~annual revenue determined in the preceding four paragraphs an estimate of~~
512 ~~the income to be received in each such year from the investment of~~
513 ~~moneys in any bond fund for such obligations and the Construction Fund~~
514 ~~which will be determined by and in the sole discretion of a firm of~~
515 ~~nationally recognized financial consultants selected by the county.~~

516 ~~_____ (6) Beginning with the second year following~~
517 ~~the proposed date of issue of such obligations and for each year thereafter~~
518 ~~the engineer shall add to the annual revenue determined in the preceding~~

519 ~~five paragraphs his or her estimate of any additional annual revenue to be~~
520 ~~received from anticipated growth in the number of Customers within the~~
521 ~~area which is served by the System on the date of such certificate, after~~
522 ~~deducting therefrom any increased Operating and Maintenance Expenses~~
523 ~~estimated to be incurred as a result of such growth; provided that the~~
524 ~~engineer's estimate of the number of customers served shall not assume a~~
525 ~~growth of more than 1/4 of 1% over and above the number of customers~~
526 ~~served or estimated to be served during the preceding year.~~

527 ~~_____ (7) If extensions of or additions to the System~~
528 ~~are in the process of construction at the time of such certificate, or if the~~
529 ~~proceeds of the Junior Lien Obligations being issued are to be used to~~
530 ~~acquire or construct extensions of or additions to the System, there shall~~
531 ~~be added to the annual net revenue as above determined any revenue not~~
532 ~~included in the preceding paragraphs which will be derived from such~~
533 ~~additions and extensions after deducting therefrom the estimated~~
534 ~~additional Operating and Maintenance Expenses to be incurred as a result~~
535 ~~of such additions and extensions; provided that such estimated annual~~
536 ~~revenue shall be based upon 75% of any estimated Customer growth in the~~
537 ~~four years following the first full year in which such additional revenue is~~
538 ~~to be collected and thereafter the estimated Customer growth shall not~~
539 ~~exceed 1/4 of 1% per year over and above such reduced estimate. Such~~
540 ~~Junior Lien Obligations shall be subject to such terms, conditions and~~
541 ~~covenants set forth in their authorizing ordinances.~~

542

543

(be) Provided that the county is not in default of its obligations

544

under this ordinance, the county also hereby reserves the right to issue

545

Additional Subordinate Lien Obligations, but only if (i) such Additional

546

Subordinate Lien Obligations are issued for the purpose of refunding the

547

Notes, the Bank Note or then outstanding Additional Subordinate Lien

548

Obligations or (ii) such Additional Subordinate Lien Obligations are

549

issued for any lawful purpose of the county related to the System and the

550

following conditions are met:

551

552

(A) At the time of issuing such Additional Subordinate

553

Lien Obligations, there shall be no default in the payment of the principal

554

of or interest on any Permitted Prior Lien Bonds, the Notes, the Bank

555

Note, or any Additional Subordinate Lien Obligations.

556

557

(B) The county shall have on file one of the following

558

certificates:

559

(i) A certificate of the finance director

560

showing that Net Revenue in any 12 consecutive months out of the

561

most recent 18 months preceding the issuance of such Additional

562

Subordinate Lien Obligations, based on financial statements of the

563

System prepared by the county and after deducting therefrom the

564

Prior Lien Payments required in each calendar year during the life of

565 such Additional Subordinate Lien Obligations, shall be at least equal
566 to the Annual Debt Service for the proposed Additional Subordinate
567 Lien Obligations and all then outstanding Subordinate Lien
568 Obligations in each year during the life of such Additional
569 Subordinate Lien Obligations; or

570
571 (ii) A certificate from a licensed professional
572 engineer experienced in the design, construction and operation of
573 municipal utilities of scope similar to the System (the certificate may
574 not be dated more than 90 days prior to the date of delivery of such
575 Additional Subordinate Lien Obligations) showing that in his or her
576 professional opinion the Net Revenue, estimated on the basis of all
577 factors as he or she may consider reasonable, for each of the five
578 calendar years next following the year in which such Additional
579 Subordinate Lien Obligations are to be issued, after deducting
580 therefrom Prior Lien Payments for each such year, shall be at least
581 equal to the Annual Debt Service for the proposed Additional
582 Subordinate Lien Obligations and all then outstanding Subordinate
583 Lien Obligations in each of those five years.

584
585 ~~a certificate from a licensed professional engineer experienced in the~~
586 ~~design, construction and operation of municipal utilities of scope similar~~
587 ~~to the System (the certificate may not be dated more than 90 days prior to~~

588 ~~the date of delivery of such Additional Subordinate Lien Obligations)~~
589 ~~showing that in his or her professional opinion the "annual income~~
590 ~~available for debt service on Permitted Prior Lien Bonds (excluding the~~
591 ~~SRF Loan), the Notes, the Bank Note and Additional Subordinate Lien~~
592 ~~Obligations" for each year during the life of such Additional Subordinate~~
593 ~~Lien Obligations, after deducting therefrom amounts required to pay~~
594 ~~principal and interest due in such year on the SRF Loan, shall be at least~~
595 ~~equal to 1.25 times the amount required in each such year to pay:~~

596 ~~_____ (1) The principal of the Additional Subordinate~~
597 ~~Lien Obligations being issued and all outstanding Permitted Prior Lien~~
598 ~~Bonds (excluding the SRF Loan), the Notes (calculated as provided~~
599 ~~below), and any other outstanding Additional Subordinate Lien~~
600 ~~Obligations, but excluding the amortization of principal of Term Bonds.~~

601 ~~_____ (2) The interest on the Additional Subordinate~~
602 ~~Lien Obligations being issued and all outstanding Permitted Prior Lien~~
603 ~~Bonds (excluding the SRF Loan), the Notes (calculated as provided~~
604 ~~below) and any other outstanding Additional Subordinate Lien~~
605 ~~Obligations, but excluding any interest that shall be payable from the~~
606 ~~proceeds of the Additional Subordinate Lien Obligations to be issued.~~

607 ~~_____ (3) The amounts required to be paid into any~~
608 ~~fund or account to amortize the principal of any Additional Subordinate~~
609 ~~Lien Obligations that are Term Bonds being issued and all outstanding~~
610 ~~Permitted Prior Lien Bonds that are Term Bonds.~~

611 ~~(C) Amounts required to be paid in respect of Parity~~
612 ~~Bonds and Parity Lien Obligations shall be calculated in accordance with~~
613 ~~the requirements set forth in Section 21.B(1)(c) of Ordinance No. 11763~~
614 ~~of the county. Amounts required to be paid in respect of any Junior Lien~~
615 ~~Obligations that bear interest at variable rates shall be calculated in the~~
616 ~~manner set forth for Variable Rate Parity Lien Obligations in~~
617 ~~Section 21B(1)(c)(ii) of Ordinance No. 11763 of the county.~~

618 ~~(D) Amounts required to be paid in respect of any Prior~~
619 ~~Lien Bond Anticipation Notes and any Subordinate Lien Bond~~
620 ~~Anticipation Notes shall be calculated by amortizing the then outstanding~~
621 ~~principal amount of such Prior Lien Bond Anticipation Notes and~~
622 ~~Subordinate Lien Bond Anticipation Notes in accordance with a 30 year~~
623 ~~maturity schedule resulting in approximately level debt service based on~~
624 ~~an assumed interest rate equal to the Bond Buyer Revenue Bond Index as~~
625 ~~of a date no more than 90 days prior to the date of issuance of such~~
626 ~~Additional Subordinate Lien Obligations or, if such index is not available,~~
627 ~~an assumed rate of interest determined by and in the sole discretion of a~~
628 ~~firm of nationally recognized financial consultants selected by the county.~~

629 ~~(E) Amounts required to be paid in respect of the Notes~~
630 ~~shall be calculated by amortizing the then outstanding principal amount of~~
631 ~~the Notes in accordance with a 30 year maturity schedule and an assumed~~
632 ~~interest rate equal to the Bond Buyer Revenue Bond Index as of a date no~~
633 ~~more than 90 days prior to the date of issuance of such Additional~~

634 ~~Subordinate Lien Obligations or, if such index is not available, an~~
635 ~~assumed rate of interest determined by and in the sole discretion of a firm~~
636 ~~of nationally recognized financial consultants selected by the county.~~

637 ~~_____ (F) Such "annual income available for debt service on~~
638 ~~Permitted Prior Lien Bonds (excluding the SRF Loan), the Notes, the~~
639 ~~Bank Note and any Additional Subordinate Lien Obligations" shall be~~
640 ~~determined as follows for each year following the proposed date of issue~~
641 ~~of such Additional Subordinate Lien Obligations:~~

642 ~~_____ (1) The Revenue of the System shall be~~
643 ~~determined for a period of any 12 consecutive months out of the~~
644 ~~18 months immediately preceding the delivery of the Additional~~
645 ~~Subordinate Lien Obligations being issued.~~

646 ~~_____ (2) Such revenue shall be adjusted to give effect~~
647 ~~on a 12-month basis to the rates adopted by the council and to be in effect~~
648 ~~no later than one year from the date of such certificate.~~

649 ~~_____ (3) If any Customers were added or are~~
650 ~~projected to be added to the System during such 12-month period, such~~
651 ~~revenue shall be further adjusted on the basis that added Customers were~~
652 ~~Customers of the System during the entire 12-month period, provided that~~
653 ~~the engineer's projection of additional Customers shall not assume a~~
654 ~~growth of more than 2% over and above the number of Customers served~~
655 ~~or estimated to be served during the preceding year.~~

656 ~~_____ (4) There shall be deducted from such revenue~~
657 ~~the amount expended for Operating and Maintenance Expenses during~~
658 ~~such period.~~

659 ~~_____ (5) For each year following the proposed date of~~
660 ~~issuance of such Additional Subordinate Lien Obligations the engineer~~
661 ~~shall add to the annual revenue determined in the preceding four~~
662 ~~paragraphs an estimate of the income to be received in each such year~~
663 ~~from the investment of moneys in any bond fund for such Additional~~
664 ~~Subordinate Lien Obligations and the Construction Fund which will be~~
665 ~~determined by and in the sole discretion of a firm of nationally recognized~~
666 ~~financial consultants selected by the county.~~

667 ~~_____ (6) Beginning with the second year following~~
668 ~~the proposed date of issue of such Additional Subordinate Lien~~
669 ~~Obligations and for each year thereafter the engineer shall add to the~~
670 ~~annual revenue determined in the preceding five paragraphs his or her~~
671 ~~estimate of any additional annual revenue to be received from anticipated~~
672 ~~growth in the number of Customers within the area which is served by the~~
673 ~~System on the date of such certificate, after deducting therefrom any~~
674 ~~increased Operating and Maintenance Expenses estimated to be incurred~~
675 ~~as a result of such growth; provided that the engineer's estimate of the~~
676 ~~number of customers served shall not assume a growth of more than 1/4 of~~
677 ~~1% over and above the number of customers served or estimated to be~~
678 ~~served during the preceding year.~~

679 ~~(7) If extensions of or additions to the System~~
680 ~~are in the process of construction at the time of such certificate, or if the~~
681 ~~proceeds of the Additional Subordinate Lien Obligations being issued are~~
682 ~~to be used to acquire or construct extensions of or additions to the System,~~
683 ~~there shall be added to the annual net revenue as above determined any~~
684 ~~revenue not included in the preceding paragraphs which will be derived~~
685 ~~from such additions and extensions after deducting therefrom the~~
686 ~~estimated additional Operating and Maintenance Expenses to be incurred~~
687 ~~as a result of such additions and extensions; provided that such estimated~~
688 ~~annual revenue shall be based upon 75% of any estimated Customer~~
689 ~~growth in the four years following the first full year in which such~~
690 ~~additional revenue is to be collected and thereafter the estimated Customer~~
691 ~~growth shall not exceed 1/4 of 1% per year over and above such reduced~~
692 ~~estimate.~~

693 ~~Such Additional Subordinate Lien Obligations shall be subject to such~~
694 ~~terms, conditions and covenant set forth in their authorizing ordinances.~~

695
696 (cd) Nothing herein contained shall prevent the county from
697 issuing revenue bonds, notes or other obligations that are a charge upon
698 the Revenue of the System junior or inferior to the payments required to
699 be made therefrom into the Note Fund, the Bank Note Repayment Fund,
700 and any bond redemption fund or reserve account therein to pay and
701 secure the payment of any Additional Subordinate Lien Obligations.

702

703

ARTICLE III.

704

MISCELLANEOUS

705

Section 3.01. Effective Date. This ordinance shall be effective 10 days after its

706

enactment, in accordance with Article II of the county charter.

707

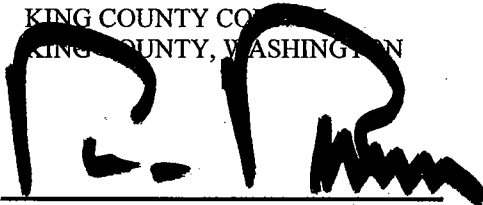
708

Ordinance 14173 was introduced on 5/7/01 and passed by the Metropolitan King County Council on 7/16/01, by the following vote:

Yes: 11 - Mr. von Reichbauer, Ms. Fimia, Mr. Phillips, Mr. Pelz, Mr. McKenna, Ms. Sullivan, Mr. Nickels, Mr. Pullen, Mr. Gossett, Mr. Thomas and Mr. Irons


No: 0

Excused: 2 - Ms. Miller and Ms. Hague

KING COUNTY CO
KING COUNTY, WASHINGTON


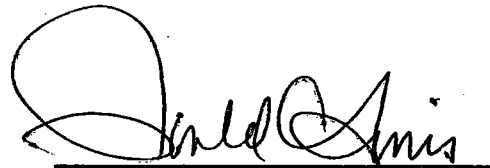
Pete von Reichbauer, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 19 day of July, 2001.



Ron Sims, County Executive

Attachments None