



King County
Metropolitan King County Council
Budget & Fiscal Management Committee

Agenda Item No.: 6

Date: May 21, 2013

Proposed No.: 2013-0218

Prepared By: Patrick Hamacher

STAFF REPORT

SUBJECT:

Proposed Ordinance 2013-0218 would authorize the Executive to issue up to \$300 million in new Sewer Revenue bonds to fund construction of the wastewater utility's capital improvement plan. The proposed ordinance would also authorize refunding bonds of up to \$950 million of existing debt, should the right conditions materialize.

BACKGROUND:

Revenue Bonds

As the name would imply, these bonds pledge future revenues, in this case, future sewer revenues towards the repayment of the obligation. Some prior issuances of bonds to support the Capital Improvement Program have been sold as Limited Tax General Obligation bonds. When selling LTGO bonds (see Table 1 for examples) on behalf of the enterprise fund, the County pledges not just revenues from future enterprise operations, but also pledges the limited "full faith and credit" of the County towards repayment of the bonds.

Refunding Bonds

The County actively manages its debt portfolio. This means that when the right financial conditions exist, the county will often refinance or "refund" existing debt at lower interest rates or more favorable financial terms. The County has a policy for advance refundings that at least 5% of the remaining principal must be saved or the refunding will not occur. This ordinance authorizes the Executive to execute those refunding bond sales should the right financial conditions materialize.

SUMMARY:

Proposed Ordinance **2013-0218** would authorize the issuance and competitive or negotiated sale of sewer revenue bonds in an aggregate amount not to exceed \$300,000,000 to provide funds for constructing improvements to the sewer system as outlined by the Capital Improvement Plan for the department. The ordinance also sets the terms, definitions, and conditions necessary for the issuance and sale of the revenue bonds at a term of up to 40 years. Additionally, the proposed ordinance would grant authority to refund up to \$950,000,000 of existing debt should the right economic

conditions materialize. This action would only be taken should the County be able to save a Net Present Value of 5% of the outstanding principal, consistent with County policy. The Executive and the County's financial advisor have noted that should there be relatively minor changes in the bond markets over the next 2 years, a substantial amount of the outstanding Wastewater debt may meet the County's targets for refunding. Table 1 shows the existing WTD debt. The most likely candidates for refunding are shaded in grey.

Table 1: Existing Wastewater Debt

Outstanding Wastewater Bonds		
As of April 30, 2013		
	<u>Original Principal</u>	<u>Outstanding Principal</u>
<u>Sewer Revenue Bonds</u>		
2004B Bonds	\$61,760,000	\$51,035,000
2006 Bonds	\$124,070,000	\$84,520,000
2006 (2nd) Bonds	\$193,435,000	\$176,185,000
2007 Bonds	\$250,000,000	\$250,000,000
2008 Bonds	\$350,000,000	\$350,000,000
2009 Bonds	\$250,000,000	\$248,670,000
2010 Bonds	\$334,365,000	\$330,435,000
2011 Bonds	\$175,000,000	\$175,000,000
2011B Bonds	\$494,270,000	\$463,030,000
2011C Bonds	\$32,445,000	\$32,445,000
2012 Bonds	\$104,445,000	\$104,445,000
2012B Bonds	\$64,260,000	\$64,260,000
2012C Bonds	\$65,415,000	\$65,415,000
2013A Bonds	\$122,895,000	\$122,895,000
total	\$2,622,360,000	\$2,518,335,000
<u>Double-Barreled Bonds</u>		
Series 2008	\$236,950,000	\$222,360,000
Series 2009	\$300,000,000	\$300,000,000
Series 2012	\$68,395,000	\$67,755,000
Series 2012B	\$41,725,000	\$41,725,000
Series 2012C	\$53,405,000	\$53,405,000
total	\$700,475,000	\$685,245,000
<u>Variable Rate Debt</u>		
Commercial Paper, Series A	\$100,000,000	\$100,000,000
2001A	\$50,000,000	\$50,000,000
2001B	\$50,000,000	\$50,000,000
2010A	\$50,000,000	\$50,000,000
2010B	\$50,000,000	\$50,000,000
2011 Direct Purchase	\$100,000,000	\$100,000,000
2012 Direct Purchase	\$100,000,000	\$100,000,000
total	\$500,000,000	\$500,000,000
TOTAL	\$3,822,835,000	\$3,703,580,000

ANALYSIS:

The proposed ordinance would provide the authority (for two years from the effective date of the ordinance) for the Finance Manager, in consultation with the County's financial advisors, to determine the timing and packaging of the new sewer revenue bonds to a limit of \$300,000,000 and sewer refunding bonds to a limit of \$950,000,000. The proposed issuance of new debt is consistent with the rate and capacity charge adopted for 2013 and proposed for 2014 (unchanged).

It should be noted that with adoption of Ordinance 15757, May 2007, the County has returned to the issuance of longer-term bonds for Wastewater facilities. This is consistent with the policy that capital improvement projects financed with debt are financed over the expected life of the asset.

Proposed Ordinance 2013-0218 sets all the terms, definitions, and conditions necessary for the issuance and sale of bonds. The County's bond counsel prepared the ordinance. The proposed ordinance delegates authority to the Finance Manager to take the necessary steps for the public sale of bonds over the next two years. All sales would be subject to approval by the Council on the day of the sale.

REASONABLENESS:

The adoption of the ordinance with the recommended changes would constitute a reasonable business decision that would allow for sufficient funding of the Wastewater utility capital program for 2011 and 2012.

INVITED:

Ken Guy, Director, Finance & Business Operations Division
Nigel Lewis, Senior Debt Analyst, Finance Division
Dwight Dively, Director, Office of Management and Budget
David Thompson, Bond Counsel, K&L Gates
Rob Shelley, Financial Advisor, Seattle Northwest

ATTACHMENTS:

1. Proposed Ordinance 2013-0218
2. Transmittal Letter

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**KING COUNTY**

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report**May 20, 2013****Ordinance****Proposed No. 2013-0218.1****Sponsors McDermott and Phillips**

1 AN ORDINANCE providing long-term financing for
2 capital needs of the county's sewer system by authorizing
3 the issuance of sewer revenue bonds and limited tax
4 general obligation bonds (payable from sewer revenues) of
5 the county in an aggregate principal amount not to exceed
6 \$300,000,000 to provide funds for acquiring and
7 constructing improvements to the sewer system and an
8 aggregate principal amount not to exceed \$950,000,000 for
9 refunding outstanding bonds of the county payable from
10 sewer revenues; providing for the form, terms and
11 covenants of such bonds; providing for the sale of the
12 bonds in one or more series and for a plan of refunding;
13 establishing funds for the receipt and expenditure of bond
14 proceeds and for the payment of the bonds; pledging sewer
15 revenues to pay the principal of and interest on any sewer
16 revenue bonds issued under this ordinance; and pledging
17 the annual levy of taxes and an additional pledge of sewer
18 revenues to pay the principal of and interest on any limited

19 tax general obligation bonds (payable from sewer revenues)
20 issued under this ordinance.

21 PREAMBLE:

22 The county owns and operates facilities for the conveyance and treatment
23 of sewage and control of combined sewer overflows that include, but are
24 not limited to, wastewater treatment plants, interceptor and trunk sewers,
25 pumping stations, regulator stations, outfall sewers, storm sewers to divert
26 stormwater from sanitary sewers, lands for application of biosolids,
27 property rights, and buildings and other structures and equipment
28 (collectively "the Sewer System" or "the System"), all in accordance with
29 a comprehensive plan for metropolitan water pollution abatement under
30 the authority of chapters 36.56 and 35.58 of the Revised Code of
31 Washington ("RCW").

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

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

45 The county has issued the following series of sewer revenue bonds with a
 46 senior lien on revenues of the Sewer System (the "Parity Bonds"):

Designation	Ord	Date of Issue	Original Principal	Outstanding Principal (as of 5/1/2013)
2004B Bonds	14753	3/18/2004	\$ 61,760,000	\$ 51,035,000
2006 Bonds	15385	5/16/2006	124,070,000	84,520,000
2006 (2nd) Bonds	15385	11/30/2006	193,435,000	176,185,000
2007 Bonds	15758	6/26/2007	250,000,000	250,000,000
2008 Bonds	16133	8/14/2008	350,000,000	350,000,000
2009 Bonds	16133	8/12/2009	250,000,000	248,670,000
2010 Bonds	16868	7/29/2010	334,365,000	330,435,000
2011 Bonds	16868	1/25/2011	175,000,000	175,000,000
2011B Bonds	17111	10/5/2011	494,270,000	463,030,000
2011C Bonds	17111	11/1/2011	32,445,000	32,445,000
2012 Bonds	17111	4/18/2012	104,445,000	104,445,000

2012B Bonds	17111	8/2/2012	64,260,000	64,260,000
2012C Bonds	17111	9/19/2012	65,415,000	65,415,000
2013A Bonds	17111	4/9/2013	122,895,000	122,895,000

47 The county has issued the following series of limited tax general
 48 obligation bonds additionally secured by a lien on revenues of the Sewer
 49 System junior and subordinate to the lien thereon of the Parity Bonds (the
 50 "Parity Lien Obligations"):

Designation	Ord	Date of Issue	Original Principal	Outstanding Principal (as of 5/1/2013)
Series 2008	15779	2/12/2008	\$ 236,950,000	\$ 222,360,000
Series 2009	16133	4/8/2009	300,000,000	300,000,000
Series 2012	17111	4/18/2012	68,395,000	67,755,000
Series 2012B	17111	8/2/2012	41,725,000	41,725,000
Series 2012C	17111	9/19/2012	53,405,000	53,405,000

51 The county may have opportunities to refund all or portions of the
 52 currently outstanding Parity Bonds and Parity Lien Obligations (the
 53 "Refunding Candidates") and thereby realize savings to the county and
 54 ratepayers of the Sewer System. It is deemed necessary and advisable that
 55 the county authorize the issuance and sale of not to exceed \$950,000,000
 56 principal amount of its bonds payable from sewer revenues (the

57 "Refunding Bonds") for such refunding opportunities, as provided in this
58 ordinance.

59 It is deemed necessary and desirable that the county also authorize the
60 issuance and sale of its bonds payable from sewer revenues in the
61 aggregate principal amount of \$300,000,000 (the "Project Bonds") to pay
62 costs of capital improvements to the System, in accordance with the
63 comprehensive plan.

64 Since market conditions can change quickly, it is in the best interest of the
65 county to delegate to the county's Finance Director authority to sell the
66 Refunding Bonds and the Project Bonds in one or more series, as either
67 Parity Bonds or Parity Lien Obligations, or a combination thereof, by
68 competitive bid or negotiated sale, as provided in this ordinance, so long
69 as the aggregate principal amount of Project Bonds does not exceed
70 \$300,000,000 and the aggregate principal amount of Refunding Bonds
71 does not exceed \$950,000,000. The sale of any Series of the Bonds will be
72 ratified and confirmed by motion of the council, as provided in this
73 ordinance.

74 The ordinances authorizing the issuance of the outstanding Parity Bonds
75 and Parity Lien Obligations all provide that the county may issue
76 additional Parity Bonds and additional Parity Lien Obligations if certain
77 conditions are met. By each Sale Motion the county council must find that
78 the applicable parity conditions have been or will be met for each series of
79 Bonds issued under this ordinance.

80 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

81 **SECTION 1. Definitions; Interpretation.**

82 A. **Definitions.** The following words and terms as used in this ordinance have
83 the following meanings for all purposes of this ordinance, unless some other meaning is
84 plainly intended.

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

94 "Additional Subordinate Lien Obligations" means those revenue bonds or other
95 revenue obligations that may be issued by the county in the future with a lien on Revenue
96 of the System equal to the lien thereon of the Commercial Paper Notes and the Bank
97 Note.

98 "Agency Customer" means any city, town, water-sewer district or other political
99 subdivision, person, firm, private corporation or other entity that collects sewage from
100 customers and disposes of any portion of that sewage into the Metropolitan Sewerage
101 System and is not a Participant.

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

103 (1) The interest due for all outstanding Parity Bonds and Parity Lien
104 Obligations (i) on all interest payment dates (other than January 1) in such calendar year,
105 and (ii) on January 1 of the next succeeding year, and any Payment Agreement Payments
106 due on such dates in respect of any Parity Payment Agreements and Parity Lien
107 Obligation Payment Agreements, minus any Payment Agreement Receipts due in such
108 period in respect of any Parity Payment Agreements and Parity Lien Obligation Payment
109 Agreements.

110 (i) For purposes of calculating the amounts required to pay
111 interest on Parity Bonds or Parity Lien Obligations, capitalized interest and accrued
112 interest paid to the county upon the issuance of Parity Bonds or Parity Lien Obligations
113 shall be excluded.

114 (ii) The amount of interest deemed to be payable on any issue
115 of Variable Rate Parity Bonds or Variable Rate Parity Lien Obligations shall be
116 calculated on the assumption that the interest rate on those bonds would be equal to the
117 rate (the "assumed RBI rate") that is 90% of the average Bond Buyer Revenue Bond
118 Index or comparable index during the fiscal quarter preceding the quarter in which the
119 calculation is made; provided, however, that for purposes of determining actual
120 compliance in any past calendar year with the rate covenant made in Section 18 of this
121 ordinance, the actual amount of interest paid on any issue of Variable Rate Parity Bonds
122 or Parity Lien Obligations shall be taken into account.

123 (2) The principal due (at maturity or upon the mandatory redemption
124 of Term Bonds prior to their maturity) for all outstanding Parity Bonds and Parity Lien

125 Obligations (i) on all principal payment dates (other than January 1) of such calendar year
126 and (ii) on January 1 of the next succeeding year.

127 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or
128 upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation
129 Bonds shall be included in the calculation of Annual Debt Service, and references in this
130 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or
131 upon the mandatory redemption of any Capital Appreciation Bonds.

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

139 From and after the date when no Series 2008 Bonds or Series 2009 Bonds remain
140 outstanding, for purposes of satisfying the rate covenant in Section 18.B and the tests for
141 the issuance of additional Parity Lien Obligations in Section 25, Annual Debt Service for
142 any Fiscal Year or calendar year shall exclude any Debt Service Offsets.

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

145 (1) The interest due for all outstanding Parity Bonds (i) on all interest
146 payment dates (other than January 1) in such calendar year, and (ii) on January 1 of the
147 next succeeding year, and any Payment Agreement Payments due on such dates in

148 respect of Parity Payment Agreements, minus any Payment Agreement Receipts due in
149 such period in respect of such Parity Payment Agreements.

150 (i) For purposes of calculating the amounts required to pay
151 interest on Parity Bonds, capitalized interest and accrued interest paid to the county upon
152 the issuance of Parity Bonds shall be excluded.

153 (ii) The amount of interest deemed to be payable on any issue
154 of Variable Rate Parity Bonds shall be calculated on the assumption that the interest rate
155 on those bonds would be equal to the rate (the "assumed RBI rate") that is 90% of the
156 average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter
157 preceding the quarter in which the calculation is made; provided, however, that for
158 purposes of determining actual compliance in any past calendar year with the rate
159 covenant made in Section 18 of this ordinance, the actual amount of interest paid on any
160 issue of Variable Rate Parity Bonds shall be taken into account.

161 (2) The principal due (at maturity or upon the mandatory redemption
162 of Term Bonds prior to their maturity) for all outstanding Parity Bonds (i) on all principal
163 payment dates (other than January 1) of such calendar year and (ii) on January 1 of the
164 next succeeding year.

165 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or
166 upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation
167 Bonds shall be included in the calculation of Annual Debt Service, and references in this
168 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or
169 upon the mandatory redemption of any Capital Appreciation Bonds.

170 Notwithstanding the foregoing, debt service on Parity Bonds with respect to
171 which a Payment Agreement is in force shall be calculated by the county to reflect the net
172 economic effect of the terms of the Parity Bonds and the applicable Payment Agreement,
173 in accordance with the requirements set forth in Section 27 of this ordinance and any
174 other applicable requirements from the ordinances authorizing issuance of such Parity
175 Bonds.

176 From and after the date when no 2004B Bonds, 2006 Bonds, 2006 (2nd) Bonds,
177 2007 Bonds, 2008 Bonds, or 2009 Bonds remain outstanding, for purposes of calculating
178 the Reserve Requirement and satisfying the rate covenant in Section 18.A and the tests
179 for the issuance of Future Parity Bonds in Section 24, Annual Parity Debt Service for any
180 Fiscal Year or calendar year shall exclude any Debt Service Offsets.

181 "Bank Note" means the bank note authorized to be issued by Ordinance No.
182 12057 of the county, as amended, to secure payment of the Commercial Paper Notes.

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

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

190 "Bonds" means all or a portion of the Project Bonds or the Refunding Bonds
191 issued pursuant to this ordinance.

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

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

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

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

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

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

213 "Comprehensive Plan" means the county's comprehensive water pollution
214 abatement plan authorized by RCW 35.58.200 and defined in Section 28.82.150 of the

215 King County Code as the Comprehensive Sewage Disposal Plan adopted by Resolution
216 No. 23 of the Metro Council on April 22, 1959, and all amendments thereto, together
217 with any amendments hereafter approved by ordinance of the county.

218 "Construction Account" means the "Second Water Quality Construction
219 Account," as designated by Section 30 of Ordinance No. 12076 of the county.

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

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

236 "Debt Service Offset" means receipts of the county, including but not limited to
237 federal interest subsidy payments, designated as such by the county that are not included

238 in Revenue of the System and that are legally available to pay debt service on Parity
239 Bonds, Parity Lien Obligations or other obligations of the county payable from and
240 secured by a pledge of Revenue of the System.

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

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

245 "Finance Director" means the director of the finance and business operations
246 division of the county or his or her designee, or the successor to the duties of such office.

247 "Fitch" means Fitch Inc., and its successors and assigns, except that if that
248 corporation is dissolved or liquidated or no longer performs the functions of a securities
249 rating agency, then the term "Fitch" shall be deemed to refer to any other nationally
250 recognized securities rating agency selected by the county.

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

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

256 "Junior Lien Obligations" means the county's (i) Junior Lien Variable Rate
257 Demand Sewer Revenue Bonds, Series 2001A and Series 2001B, dated August 15, 2001,
258 authorized by Ordinances 14171 and 14172, (ii) Junior Lien Variable Rate Demand
259 Sewer Revenue Bond, Series 2011, dated October 26, 2011, authorized by Ordinance
260 17202, (iii) Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, dated

261 December 27, 2012, authorized by Ordinance 17495, and (iv) any other revenue bonds or
262 revenue obligations having a lien on Revenue of the System equal to the lien thereon of
263 such bonds.

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

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

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

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

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

283 "Parity Bond Fund" means the "Water Quality Revenue Bond Account"
284 designated pursuant to Section 30 of Ordinance No. 12076 of the county and continued
285 pursuant to Section 9 of this ordinance for the purpose of paying and securing the
286 payment of the Parity Bonds.

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

289 "Parity Bonds" means the bonds identified as such in the Preamble to this
290 ordinance, together with (i) any Bonds issued under this ordinance with a lien on
291 Revenue of the System equal to the lien thereon of those bonds and (ii) any Future Parity
292 Bonds. "Parity Bonds" include any Parity Payment Agreements and parity reimbursement
293 agreements entered into with the provider of a Credit Facility securing any Parity Bonds.

294 "Parity Lien Obligation Bond Fund" means the Water Quality Limited Tax
295 General Obligation Bond Redemption Fund, established pursuant to Section 8 of
296 Ordinance 11241 of the county and continued pursuant to Section 10 of this ordinance, to
297 provide for payment of Parity Lien Obligations.

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

303 "Parity Lien Obligation Term Bonds" means Parity Lien Obligations that are
304 Term Bonds.

305 "Parity Lien Obligations" means bonds identified as such in the Preamble to this
306 ordinance, together with (i) any Bonds issued under this ordinance with a lien on
307 Revenue of the System equal to the lien thereon of those bonds and (ii) any future Parity
308 Lien Obligations. "Parity Lien Obligations" include any Parity Lien Obligation Payment
309 Agreements and parity reimbursement agreements entered into with the provider of a
310 Credit Facility securing any Parity Lien Obligations.

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

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

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

321 "Payment Agreement" means, to the extent permitted from time to time by
322 applicable law, a written agreement entered into by the county (i) in connection with or
323 incidental to the issuance, incurring or carrying of bonds or other obligations of the
324 county secured in whole or in part by a lien on Revenue of the System; (ii) for the
325 purpose of managing or reducing the county's exposure to fluctuations or levels of
326 interest rates, currencies or commodities or for other interest rate, investment, asset or
327 liability management purposes; (iii) with a Qualified Counterparty; and (iv) which

328 provides, on either a current or forward basis, for an exchange of payments determined in
329 accordance with a formula specified therein.

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

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

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

341 "Project Bonds" means the \$300,000,000 aggregate principal amount of bonds of
342 the county authorized to be issued under this ordinance to pay costs of acquiring and
343 constructing improvements to the System. The Project Bonds may be issued in one or
344 more series of Parity Bonds or Parity Lien Obligations, as provided in this ordinance.

345 "Public Works Trust Fund Loans" means loans to the county by the State of
346 Washington Department of Commerce under the Public Works Trust Fund loan program
347 pursuant to loan agreements in effect as of the date of this ordinance and any loan
348 agreements hereafter entered into by the county under the Public Works Trust Fund loan
349 program, the repayment obligations of which are secured by a lien on Revenue of the
350 System equal to the lien thereon established by such loan agreements.

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

360 "Qualified Insurance" means (i) so long as any 2004B Bonds, 2006 Bonds, 2006
361 (2nd) Bonds, 2007 Bonds, 2008 Bonds, or 2009 Bonds remain outstanding, any
362 unconditional municipal bond insurance policy or surety bond issued by any insurance
363 company licensed to conduct an insurance business in any state of the United States or by
364 a service corporation acting on behalf of one or more such insurance companies, which
365 insurance company or service corporation is rated in one of the two highest rating
366 categories by Moody's, S&P, and any other rating agency then maintaining a rating on
367 the Parity Bonds, provided, that, as of the time of issuance of such policy or surety bond,
368 such insurance company or companies maintain a policy owner's surplus in excess of
369 \$500,000,000; and (ii) from and after such time as no 2004B Bonds, 2006 Bonds, 2006
370 (2nd) Bonds, 2007 Bonds, 2008 Bonds, or 2009 Bonds remain outstanding, any
371 unconditional municipal bond insurance policy or surety bond issued by any insurance
372 company licensed to conduct an insurance business in any state of the United States or by
373 a service corporation acting on behalf of one or more such insurance companies, which

374 insurance company or service corporation, as of the time of issuance of such policy or
375 surety bond, is then rated in one of the two highest rating categories by Moody's, S&P,
376 and any other rating agency then maintaining a rating on the Parity Bonds and maintains
377 a policy owner's surplus in excess of \$500,000,000.

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

384 "Rate Stabilization Fund" means the fund of that name created pursuant to
385 Ordinance 12314, Section 13.D., of the county and continued pursuant to section 13.B of
386 this ordinance.

387 "RCW" means the Revised Code of Washington.

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

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

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

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

399 "Refunding Bonds" means not to exceed \$950,000,000 principal amount of bonds
400 authorized to be issued in one or more series by this ordinance to refund the Refunded
401 Bonds. The Refunding Bonds may be issued in one or more series of Parity Bonds or
402 Parity Lien Obligations, as provided in this ordinance.

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

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

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

409 "Revenue of the System" means all the earnings, revenues and money received by
410 the county from or on account of the operations of the Sewer System and the income
411 from the investment of money in the Revenue Fund or any account within such fund, but
412 shall not include any money collected pursuant to the Service Agreements applicable to
413 administrative costs of the county other than costs of administration of the System. For
414 certain purposes described in section 13.B of this ordinance, deposits from the Rate
415 Stabilization Fund into the Revenue Fund may be included in calculations of "Revenue of
416 the System."

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

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

423 "Sale Motion" means a motion of the county council approving each sale of a
424 series of the Bonds and ratifying and confirming each plan of refunding any Refunded
425 Bonds, in accordance with Sections 16 and 28 hereof.

426 "Service Agreements" means the sewage disposal agreements entered into
427 between the county and municipal corporations, persons, firms, private corporations, or
428 governmental agencies providing for the disposal by the county of sewage collected from
429 such contracting parties.

430 "SRF Loans" means loans to the county by the State of Washington Department
431 of Ecology pursuant to loan agreements in effect as of the date of this ordinance and any
432 loans and loan agreements hereafter entered into by the county under the State of
433 Washington water pollution control revolving fund loan program, the repayment
434 obligations of which are secured by a lien on Revenue of the System equal to the lien
435 thereon established by such loan agreements.

436 "State" means the State of Washington.

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

439 "System" or "Sewer System" means the sewers and sewage disposal facilities now
440 or hereafter acquired, constructed, used or operated by the county for the purpose of
441 carrying out the Comprehensive Plan.

442 "Tax Certificate" means the Federal Tax Certificate regarding certain federal tax
443 matters executed on behalf of the county upon the issuance of each series of the Bonds.

444 "Tax-Benefited Bonds" means Bonds other than Tax-Exempt Bonds that are
445 structured so as to confer certain benefits under the Code to the county or to the owners
446 of such Bonds, as provided in Section 21 of this ordinance and so designated pursuant to
447 Section 28.A of this ordinance.

448 "Tax-Exempt Bonds" means Bonds the interest on which the county intends to be
449 excludable from gross income for federal income tax purposes, as provided in Section 21
450 of this ordinance and so designated pursuant to Section 28.A of this ordinance.

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

454 "Trustee" means a trustee for the Parity Bonds authorized to be appointed by
455 owners of Parity Bonds, as provided by this ordinance.

456 "Undertaking" means an undertaking for ongoing disclosure to be entered into by
457 the county for each series of Bonds, if and to the extent required by the Rule, as
458 authorized by a Sale Motion.

459 "Variable Rate Parity Bonds" means Parity Bonds bearing interest at a variable
460 rate of interest, provided that at least one of the following conditions is met: (i) at the
461 time of issuance the county has entered into a Payment Agreement with respect to such
462 Parity Bonds, which Agreement converts the effective interest rate to the county on the
463 Variable Rate Parity Bonds from a variable interest rate to a fixed interest rate, or (ii) the
464 Parity Bonds bear interest at a variable rate but are issued concurrently in equal par

465 amounts with other Parity Bonds bearing interest at a variable rate and are required to
466 remain outstanding in equal amounts at all times, if the net effect of such equal par
467 amounts and variable rates at all times is a fixed rate of interest to the county.

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

478 B. Rules of Interpretation. As used in this ordinance, unless the context
479 otherwise requires:

480 (i) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and
481 any similar terms refer to this ordinance as a whole and not to any particular section,
482 subdivision or clause of this ordinance.

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

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

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

494 **SECTION 2. Findings.** Because conditions in the capital markets are volatile,
495 the council finds that it is in the best interests of the county and ratepayers of the System
496 that the county retain the flexibility to issue the Bonds in one or more series, as Parity
497 Bonds or Parity Lien Obligations, to maximize interest rate savings and, where possible,
498 to achieve further savings by refunding all or some of the Refunding Candidates. To
499 achieve this flexibility, the council further finds that it is in the best interests of the
500 county and ratepayers of the System that a plan of refunding and the sale of Bonds in one
501 or more series, as Parity Bonds or Parity Lien Obligations, as Tax-Exempt Bonds, Tax
502 Benefited Bonds or otherwise, by competitive bid or negotiated sale, for current or future
503 delivery, be determined by the Finance Director, in consultation with the county's
504 financial advisors. Each sale of a series of Bonds and plan of refunding, if any, will be
505 ratified and confirmed by the council in a Sale Motion.

506 **SECTION 3. Authorization of Bonds.** To provide funds necessary to pay costs
507 of acquiring, constructing and equipping improvements, additions or betterments to the
508 System as set forth in the Comprehensive Plan, the county will issue the Project Bonds in
509 the aggregate principal amount of \$300,000,000.

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

514 The Refunding Bonds and Project Bonds may be issued and sold in one or more
515 series of Parity Bonds or Parity Lien Obligations, as provided in Section 28, each such
516 series of Parity Bonds to be designated as "King County, Washington, Sewer Revenue
517 [and Refunding] Bonds" with an applicable year and series designation, and each such
518 series of Parity Lien Obligations to be designated as "King County Limited Tax General
519 Obligation [and Refunding] Bonds (Payable from Sewer Revenues)" with an applicable
520 year and series designation. The Bonds will be fully registered as to both principal and
521 interest, will be in the denomination of \$5,000 each or any integral multiple thereof (but
522 no Bond shall represent more than one maturity), will be numbered separately in such
523 manner and with any additional designation as the Bond Registrar deems necessary for
524 purposes of identification, and will be dated as of such date and mature on the dates, in
525 the years and the amounts established as provided in Section 28 hereof.

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

532 **SECTION 4. Registration, Exchange and Payments.**

533 A. Bond Registrar/Bond Register. In accordance with K.C.C. chapter
534 4.84, the county hereby adopts for the Bonds the system of registration specified and
535 approved by the Washington State Finance Committee, which utilizes the fiscal agencies
536 of the State of Washington in Seattle, Washington, and New York, New York, as
537 registrar, authenticating agent, paying agent and transfer agent (collectively, the "Bond
538 Registrar"). The Bond Registrar will keep, or cause to be kept, at its principal corporate
539 trust office, sufficient books for the registration and transfer of the Bonds, which will at
540 all times be open to inspection by the county. The Bond Registrar is authorized, on behalf
541 of the county, to authenticate and deliver the Bonds transferred or exchanged in
542 accordance with the provisions of those Bonds and this ordinance and to carry out all of
543 the Bond Registrar's powers and duties under this ordinance.

544 The Bond Registrar will be responsible for its representations contained in the
545 Certificate of Authentication on the Bonds. The Bond Registrar may become the
546 Registered Owner of Bonds with the same rights it would have if it were not the Bond
547 Registrar, and to the extent permitted by law may act as depositary for and permit any of
548 its officers or directors to act as a member of, or in any other capacity with respect to, any
549 committee formed to protect the rights of Registered Owners.

550 B. Registered Ownership. The county and the Bond Registrar, each in
551 its discretion, may deem and treat the Registered Owner of each Bond as the absolute
552 owner thereof for all purposes, and neither the county nor the Bond Registrar will be
553 affected by any notice to the contrary. Payment of any Bond will be made only as
554 described in Section 4.G hereof, but registration of any Bond may be transferred as herein
555 provided. All payments made as described in Section 4.G will be valid and will satisfy

556 and discharge the liability of the county upon such Bond to the extent of the amount or
557 amounts so paid. The county and the Bond Registrar are entitled to treat the person in
558 whose name any Bond is registered as the absolute owner thereof for all purposes of this
559 ordinance and any applicable laws, notwithstanding any notice to the contrary received
560 by the Bond Registrar or the county.

561 C. DTC Acceptance/Letter of Representations. The Bonds will
562 initially be held in fully immobilized form by DTC acting as depository. To induce DTC
563 to accept the Bonds as eligible for deposit at DTC, the county has heretofore executed
564 and delivered to DTC a Blanket Issuer Letter of Representations.

565 Neither the county nor the Bond Registrar will have any responsibility or
566 obligation to DTC participants or the persons for whom they act as nominees with respect
567 to the Bonds regarding the accuracy of any records maintained by DTC or any DTC
568 participant, the payment by DTC or any DTC participant of any amount in respect of the
569 principal of or interest on the Bonds, any notice that is permitted or required to be given
570 to Registered Owners under this ordinance (except those notices that are required to be
571 given by the county to the Bond Registrar or to DTC), or any consent given or other
572 action taken by DTC as the Registered Owner. For so long as any Bonds are held in fully
573 immobilized form hereunder, DTC or its successor depository will be deemed to be the
574 Registered Owner for all purposes hereunder, and all references herein to the Registered
575 Owners will mean DTC or its nominee and will not mean the owners of any beneficial
576 interest in the Bonds.

577 D. Use of Depository.

578 (1) The Bonds will be registered initially in the name of "Cede
579 & Co.," as nominee of DTC, with one Bond of each series maturing on each maturity
580 date for the Bonds of that series in a denomination corresponding to the total principal
581 therein designated to mature on that date. Registered ownership of immobilized Bonds, or
582 any portions thereof, may not thereafter be transferred except (i) to any successor of DTC
583 or its nominee, provided that any such successor must be qualified under any applicable
584 laws to provide the service proposed to be provided by it; (ii) to any substitute depository
585 appointed by the county pursuant to subsection (2) below or such substitute depository's
586 successor; or (iii) to any person as provided in subsection (4) below.

587 (2) Upon the resignation of DTC or its successor (or any
588 substitute depository or its successor) from its functions as depository or a determination
589 by the county to discontinue the system of book entry transfers through DTC or its
590 successor (or any substitute depository or its successor), the county may hereafter appoint
591 a substitute depository. Any such substitute depository must be qualified under any
592 applicable laws to provide the services proposed to be provided by it.

593 (3) In the case of any transfer pursuant to clause (i) or (ii) of
594 subsection (1) above, the Bond Registrar will, upon receipt of all outstanding Bonds,
595 together with a written request on behalf of the county, issue a single new Bond for each
596 maturity of those Bonds then outstanding, registered in the name of such successor or
597 such substitute depository, or their nominees, as the case may be, all as specified in such
598 written request of the county.

599 (4) If (i) DTC or its successor (or substitute depository or its
600 successor) resigns from its functions as depository, and no substitute depository can be

601 obtained, or (ii) the county determines that it is in the best interest of the beneficial
602 owners of any of the Bonds that they be able to obtain such Bonds in the form of bond
603 certificates, the ownership of Bonds may then be transferred to any person or entity as
604 herein provided, and the Bonds will no longer be held in fully immobilized form. The
605 county will deliver a written request to the Bond Registrar, together with a supply of
606 definitive Bonds, to issue Bonds as herein provided in any authorized denomination.
607 Upon receipt of all then outstanding Bonds by the Bond Registrar together with a written
608 request on behalf of the county to the Bond Registrar, new Bonds will be issued in such
609 denominations and registered in the names of such persons as are requested in the written
610 request.

611 E. Transfer or Exchange of Registered Ownership; Change in
612 Denominations. The registered ownership of any Bond may be transferred or exchanged,
613 but no transfer of any Bond will be valid unless it is surrendered to the Bond Registrar
614 with the assignment form appearing on the Bond duly executed by the Registered Owner
615 or the Registered Owner's duly authorized agent in a manner satisfactory to the Bond
616 Registrar. Upon that surrender, the Bond Registrar will cancel the surrendered Bond and
617 will authenticate and deliver, without charge to the Registered Owner or transferee
618 therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same
619 series, date, maturity and interest rate and for the same aggregate principal amount in any
620 authorized denomination, naming as Registered Owner the person or persons listed as the
621 assignee on the assignment form appearing on the surrendered Bond, in exchange for
622 such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond
623 Registrar and exchanged, without charge, for an equal aggregate principal amount of

624 Bonds of the same series, date, maturity and interest rate, in any authorized
625 denomination. The Bond Registrar is not obligated to transfer or exchange any Bond
626 during a period beginning at the opening of business on the 15th day of the month next
627 preceding any interest payment date and ending at the close of business on that interest
628 payment date, or, in the case of any proposed redemption of the Bonds, after the mailing
629 of notice of redemption for such Bonds.

630 F. Registration Covenant. The county covenants that, until all Bonds
631 have been surrendered and canceled, it will maintain a system for recording the
632 ownership of each Bond that complies with the provisions of Section 149 of the Code.

633 G. Place and Medium of Payment. Both principal of and interest on
634 the Bonds are payable in lawful money of the United States of America. For so long as all
635 Bonds are in fully immobilized form, payments of principal thereof and interest thereon
636 will be made in accordance with the operational arrangements of DTC referred to in the
637 Letter of Representations. If the Bonds are no longer held in fully immobilized form,
638 interest on the Bonds will be paid by check or draft mailed to the Registered Owners at
639 the addresses for such Registered Owners appearing on the Bond Register on the 15th
640 day of the month preceding the interest payment date; provided, however, that if so
641 requested in writing by the Registered Owner of at least \$1,000,000 principal amount of a
642 series of Bonds, interest will be paid by wire transfer on the interest payment date to an
643 account with a bank located within the United States. Principal of the Bonds is payable
644 upon presentation and surrender of the Bonds by the Registered Owners at the principal
645 office of the Bond Registrar.

646 **SECTION 5. Redemption of Bonds; Purchases.** The county may reserve the
647 right to redeem outstanding Bonds prior to their maturity on the dates and at the prices
648 established as provided in Section 28 of this ordinance and ratified and confirmed by a
649 Sale Motion. Portions of the principal amount of any Bond, in increments of \$5,000 or
650 any integral multiple of \$5,000, may be redeemed.

651 If less than all of the Bonds subject to optional redemption are called for
652 redemption, the county may choose the maturities to be redeemed. If less than a whole of
653 a maturity is called for redemption, the Bonds to be redeemed will be chosen randomly or
654 by a method to be established in connection with the sale of each series of the Bonds in
655 accordance with section 28 of this ordinance.

656 If less than all of the principal amount of any Bond is redeemed, upon surrender
657 of that Bond at the principal office of the Bond Registrar there will be issued to the
658 Registered Owner, without charge therefor, for the then unredeemed balance of the
659 principal amount thereof, a new Bond or Bonds, at the option of the Registered Owner, of
660 like series, maturity and interest rate in any denomination authorized by this ordinance.

661 Any optional redemption of Bonds may be subject to conditions, including but not
662 limited to the receipt of refunding bond proceeds, that the county may set forth in the
663 notice of redemption, as provided in Section 6 of this ordinance.

664 The county reserves the right to purchase any or all of the Bonds at any time at
665 any price.

666 **SECTION 6. Notice and Effect of Redemption.**

667 A. Notice of Redemption. Written notice of any redemption of Bonds
668 will be given by the Bond Registrar on behalf of the county by first class mail, postage

669 prepaid, not less than 20 days nor more than 60 days before the redemption date to the
670 Registered Owners of Bonds that are to be redeemed at their last addresses shown on the
671 Bond Register. So long as the Bonds are in book-entry form, notice of redemption will be
672 given as provided in the Letter of Representations. The Bond Registrar will provide
673 additional notice of redemption to the MSRB in accordance with the applicable
674 Undertaking.

675 The requirements of this section will be deemed complied with when notice is
676 mailed, whether or not it is actually received by the owner.

677 Each notice of redemption will contain the following information: (1) the
678 redemption date, (2) the redemption price, (3) any condition to the redemption (including,
679 but not limited, to the receipt of proceeds of refunding bonds), (4) if less than all
680 outstanding Bonds are to be redeemed, the identification (and, in the case of partial
681 redemption, the principal amounts) of the Bonds to be redeemed, (5) that on the
682 redemption date, upon the satisfaction of any conditions, the redemption price will
683 become due and payable upon each Bond or portion called for redemption, and that
684 interest will cease to accrue from the redemption date, (6) that the Bonds are to be
685 surrendered for payment at the principal office of the Bond Registrar, (7) the CUSIP
686 numbers of all Bonds being redeemed, (8) the dated date of the Bonds, (9) the rate of
687 interest for each Bond being redeemed, (10) the date of the notice, (11) information
688 regarding the county's right to rescind an optional redemption prior to the designated
689 redemption date by giving notice of such rescission, and (12) any other information
690 relating to the redemption or identifying the Bonds being redeemed.

691 Upon the payment of the redemption price of Bonds being redeemed, each check
692 or other transfer of funds issued for that purpose will bear the CUSIP number identifying,
693 by issue and maturity, the Bonds being redeemed with the proceeds of such check or
694 other transfer.

695 B. Conditional Redemption; Rescission of Redemption. Any
696 redemption of Bonds may be subject to such conditions, including but not limited to the
697 receipt of proceeds of refunding bonds, as the county may specify in the notice of
698 redemption. The county may also rescind any notice of an optional redemption of Bonds
699 by giving written notice of such rescission no later than the business day before the
700 designated redemption date to all parties who were given notice of redemption in the in
701 the same manner as such notice was given.

702 C. Effect of Redemption. Unless the county has rescinded a notice of
703 redemption or a condition to the redemption has not been satisfied, the county will
704 transfer to the Bond Registrar amounts that, in addition to other money, if any, held by
705 the Bond Registrar, will be sufficient to redeem, on the redemption date, all the Bonds to
706 be redeemed. From the redemption date interest on each Bond to be redeemed will cease
707 to accrue.

708 D. Amendment of Notice Provisions. The foregoing notice provisions
709 of this section, including but not limited to the information to be included in redemption
710 notices and the persons designated to receive notices, may be amended by additions,
711 deletions and changes to maintain compliance with duly promulgated regulations and
712 recommendations regarding notices of redemption of municipal securities.

713 **SECTION 7. Form of Bonds; Execution of Bonds.** Bonds issued as Parity
714 Bonds will be in substantially the form set forth in Attachment A to this ordinance. Bonds
715 issued as Parity Lien Obligations will be in substantially the form set forth in Attachment
716 B this ordinance. The Bonds will be executed on behalf of the county with the manual or
717 facsimile signature of the county executive, attested by the manual or facsimile signature
718 of the clerk of the county council, and will have the seal of the county impressed or
719 imprinted thereon.

720 If any officer who has signed or attested any of the Bonds ceases to be an officer
721 of the county authorized to sign bonds before the Bonds bearing his or her signature are
722 authenticated or delivered by the Bond Registrar or issued by the county, those Bonds
723 nevertheless may be authenticated, issued and delivered and, when authenticated, issued
724 and delivered, shall be as binding on the county as though that person had continued to be
725 an officer of the county authorized to sign bonds. Any Bond also may be signed on behalf
726 of the county by any person who, on the actual date of signing of the Bond, is an officer
727 of the county authorized to sign bonds, although he or she did not hold the required office
728 on the date of issuance of the Bonds.

729 Only Bonds that bear a Certificate of Authentication in the form set forth in
730 Attachment A or B to this ordinance, as applicable, manually executed by the Bond
731 Registrar, will be valid or obligatory for any purpose or entitled to the benefits of this
732 ordinance. Such Certificate of Authentication will be conclusive evidence that the Bonds
733 so authenticated have been duly executed, authenticated and delivered hereunder and are
734 entitled to the benefits of this ordinance.

735 **SECTION 8. Mutilated, Lost, or Destroyed Bonds.** If any Bond becomes
736 mutilated, the Bond Registrar will authenticate and deliver a new Bond of like series,
737 amount, date, interest rate and tenor in exchange and substitution for the Bond so
738 mutilated, upon the owner's paying the expenses and charges of the county and the Bond
739 Registrar in connection therewith and upon surrender to the Bond Registrar of the Bond
740 so mutilated. Every mutilated Bond so surrendered will be canceled and destroyed by the
741 Bond Registrar.

742 If any Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate
743 and deliver a new Bond or Bonds of like series, amount, date, and tenor to the Registered
744 Owner thereof upon the owner's paying the expenses and charges of the county and the
745 Bond Registrar in connection therewith and upon his or her filing with the Bond Registrar
746 evidence satisfactory to the Bond Registrar that such Bond or Bonds were actually lost,
747 stolen or destroyed and of his or her ownership thereof, and upon furnishing the county
748 and Bond Registrar with indemnity satisfactory to the Finance Director and the Bond
749 Registrar.

750 **SECTION 9. Parity Bond Fund.** A special fund of the county known as the
751 "Water Quality Revenue Bond Account" (the "Parity Bond Fund") has heretofore been
752 created and is hereby continued, along with the accounts therein described in this Section
753 9. The Parity Bond Fund is at all times completely segregated and set apart from all other
754 funds and accounts of the county and is a trust fund for the security and payment of the
755 principal of and interest and any redemption premium on any Parity Bonds. All money
756 credited to the Parity Bond Fund is pledged and ordered to be used for the sole purpose of
757 paying the principal of and interest and any redemption premium on the Parity Bonds.

758 A. Debt Service Account. A "Debt Service Account" has heretofore
759 been established in the Parity Bond Fund. The county hereby obligates and binds itself to
760 set aside and pay into that account out of Revenue of the System amounts sufficient,
761 together with accrued interest, if any, received at the time of delivery of any series of
762 Bonds that are Parity Bonds and deposited therein, income from the investment of money
763 in the Debt Service Account and Parity Bond Reserve Account, and any other money on
764 deposit in the Debt Service Account and legally available, to pay the principal of and
765 interest on outstanding Parity Bonds as the same become due and payable.

766 For each series of the Bonds that are Parity Bonds there is hereby authorized to be
767 created a special subaccount in the Debt Service Account. All money required by this
768 section 9.A. of this ordinance to be deposited into the Debt Service Account for the
769 payment of principal of and interest on that series of the Bonds will be deposited into the
770 subaccount created for the series. Money in the subaccount will be treated in all respects
771 as all other money in the Debt Service Account, but will be accounted for separately for
772 the purpose of calculating any Rebate Amount payable with respect to that series of the
773 Bonds.

774 Payments on account of each series of the Bonds that are Parity Bonds will be
775 made out of Revenue of the System into the applicable debt service subaccount in the
776 Parity Bond Fund on or before the day each payment of interest on or principal of those
777 Bonds is due.

778 B. Term Bond Provisions. If any Bonds issued as Parity Bonds are
779 designated as Term Bonds pursuant to Section 28 hereof, the Sale Motion for that series
780 of Bonds will set forth a mandatory redemption schedule to amortize the principal of

781 those Parity Term Bonds. Payments of principal of Parity Term Bonds under any such
782 mandatory redemption schedule will be made from the Debt Service Account, as
783 provided in Section 9.A above; provided, however, that if more than the required
784 principal amount of the Parity Term Bonds of a series is retired by purchase or optional
785 redemption in any given year, the county may credit those excess purchase amounts or
786 excess optional redemption amounts to the mandatory redemption schedule for that series
787 in any manner that the county determines.

788 The county covenants that if it issues any Future Parity Bonds as Term Bonds, it
789 will identify those Future Parity Bonds as Parity Term Bonds in the proceedings
790 authorizing their issuance and establish a schedule of mandatory redemptions, payable
791 from the Debt Service Account, to amortize the principal of the Parity Term Bonds prior
792 to their maturity.

793 C. Parity Bond Reserve Account. A Parity Bond Reserve Account has
794 heretofore been established in the Parity Bond Fund. The county hereby pledges that it
795 will pay into and maintain in the Parity Bond Reserve Account an amount that together
796 with other funds in the Parity Bond Reserve Account will be at least equal to the Reserve
797 Requirement. The county may substitute Qualified Insurance or a Qualified Letter of
798 Credit for amounts required to be paid into or maintained in the Parity Bond Reserve
799 Account. The Qualified Letter of Credit or Qualified Insurance must not be cancelable on
800 less than five years' notice. In the event of any cancellation, the Parity Bond Reserve
801 Account will be funded in accordance with the provisions of this section providing for
802 payment in the event of a deficiency therein, as if the Parity Bonds that remain
803 outstanding had been issued on the date of such notice of cancellation.

804 On the date of Closing of a series of Bonds that are Parity Bonds, an amount
805 sufficient to satisfy the Reserve Requirement in the Parity Bond Reserve Account
806 required by the issuance of that series of Bonds must be deposited therein from the
807 proceeds of Parity Bonds or other funds available therefor or provided for by Qualified
808 Insurance or a Qualified Letter of Credit, as herein permitted.

809 If there is a deficiency in the Debt Service Account to make any payment when
810 due of either principal of or interest on any Parity Bonds, the deficiency will be made up
811 from the Parity Bond Reserve Account by the withdrawal of money therefrom and by the
812 sale or redemption of obligations held in the Parity Bond Reserve Account, if necessary,
813 in such amounts as will provide cash in the Parity Bond Reserve Account sufficient to
814 make up any such deficiency. If a deficiency still exists immediately prior to an interest
815 payment date and after the withdrawal of cash, the county will then draw from any
816 Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility in
817 sufficient amount to make up the deficiency. The draw will be made at such times and
818 under such conditions as the agreement for the Qualified Letter of Credit or Qualified
819 Insurance provides. If more than one Qualified Letter of Credit or Qualified Insurance is
820 available, draws will be made ratably thereon to make up the deficiency. Any deficiency
821 created in the Parity Bond Reserve Account by reason of any such withdrawal must then
822 be made up from Revenue of the System that is available after first making the payments
823 required to be made under paragraph "FIRST" through "THIRD" of Section 14 hereof.

824 Income from the investment of money in the Parity Bond Reserve Account will
825 be deposited in and become a part of the Parity Bond Fund.

826 **SECTION 10. Parity Lien Obligation Bond Fund.** A special fund of the county
827 known as the "Water Quality Limited Tax General Obligation Bond Redemption Fund"
828 (the "Parity Lien Obligation Bond Fund") has heretofore been created and is hereby
829 continued, along with the accounts therein described in this Section 10. The Parity Lien
830 Obligation Bond Fund is at all times completely segregated and set apart from all other
831 funds and accounts of the county and is a trust fund for the security and payment of the
832 principal of and interest and any redemption premium on the Parity Lien Obligations. All
833 money credited to the Parity Lien Obligation Bond Fund is pledged and ordered to be
834 used for the sole purpose of paying the principal of and interest and any redemption
835 premium on the Parity Lien Obligations.

836 A. **Debt Service Account.** A "Debt Service Account" has heretofore
837 been established in the Parity Lien Obligation Bond Fund. The county hereby obligates
838 and binds itself to set aside and pay into that Account out of Revenue of the System
839 amounts sufficient, together with accrued interest, if any, received at the time of delivery
840 of any series of Bonds issued as Parity Lien Obligations and deposited therein, income
841 from the investment of money in the Debt Service Account and any other money on
842 deposit in the Debt Service Account and legally available, to pay the principal of and
843 interest on outstanding Parity Lien Obligations as the same become due and payable.

844 For each series of the Bonds issued as Parity Lien Obligations, there is hereby
845 authorized to be created a special subaccount in the Debt Service Account. All money
846 required by this section 10.A, of this ordinance to be deposited into the Debt Service
847 Account for the payment of principal of and interest on that series of the Bonds will be
848 deposited into the subaccount created for the series. Money in that subaccount will be

849 treated in all respects as all other money in the Debt Service Account, but will be
850 accounted for separately for the purpose of calculating any Rebate Amount payable with
851 respect to that series of the Bonds.

852 Payments on account of each series of the Bonds issued as Parity Lien
853 Obligations will be made out of Revenue of the System into the applicable debt service
854 subaccount in the Parity Lien Obligation Bond Fund on or before the day each payment
855 of interest on or principal of those Bonds is due.

856 B. Term Bond Provisions. If any Bonds issued as Parity Lien
857 Obligations are designated as Term Bonds pursuant to section 28 of this ordinance, the
858 Sale Motion for that series of Bonds will set forth a mandatory redemption schedule to
859 amortize the principal of those Parity Lien Obligation Term Bonds. Payments of principal
860 of Parity Lien Obligation Term Bonds under any such mandatory redemption schedule
861 will be made from the Debt Service Account, as provided in Section 10.A above;
862 provided, however, that if more than the required principal amount of the Parity Lien
863 Obligation Term Bonds of a series is retired by purchase or optional redemption in any
864 given year, the county may credit those excess purchase amounts or excess optional
865 redemption amounts to the mandatory redemption schedule for that series in any manner
866 that the county determines.

867 The county covenants that if it issues any additional Parity Lien Obligations as
868 Term Bonds, it will identify those Parity Lien Obligations as Term Bonds in the
869 proceedings authorizing their issuance and establish a schedule of mandatory
870 redemptions, payable from the Debt Service Account, to amortize the principal of those
871 Parity Lien Obligation Term Bonds prior to their maturity.

872 **SECTION 11. Pledge of Taxation and Credit.** The county hereby irrevocably
873 covenants and agrees for as long as any Bonds issued as Parity Lien Obligations are
874 outstanding and unpaid, that each year it will include in its budget and levy an *ad*
875 *valorem* tax upon all the property within the county subject to taxation in an amount that
876 will be sufficient, together with all other revenues and money of the county legally
877 available for such purposes, to pay the principal of and interest on those Bonds issued as
878 Parity Lien Obligations as the same become due. All of the taxes so collected will be paid
879 into the Parity Lien Obligation Bond Fund no later than the date those funds are required
880 for the payment of principal and interest on the Bonds issued as Parity Lien Obligations.

881 The county hereby irrevocably pledges that the annual tax herein authorized to be
882 levied for the payment of such principal and interest shall be within and a part of the tax
883 levy permitted to counties without a vote of the people, and that a sufficient portion of the
884 taxes to be levied and collected annually by the county prior to the full payment of the
885 principal of and interest on the Bonds issued as Parity Lien Obligations will be and is
886 hereby irrevocably set aside, pledged and appropriated for the payment of the principal of
887 and interest on those Bonds.

888 The full faith, credit and resources of the county are hereby irrevocably pledged
889 for the annual levy and collection of those taxes and for the prompt payment of the
890 principal of and interest on those Bonds issued as Parity Lien Obligations as the same
891 become due.

892 Any Bonds issued hereunder as Parity Bonds are not general obligations of the
893 county, and neither the full faith and credit nor the taxing power of the county are
894 pledged to pay or secure the payment of Bonds issued as Parity Bonds hereunder.

895 **SECTION 12. Pledge of Sewer Revenues.**

896 A. Parity Bonds. The amounts covenanted to be paid out of Revenue
897 of the System into the Parity Bond Fund and the accounts therein shall constitute a lien
898 and charge on that revenue superior to all other charges of any kind or nature except
899 Operating and Maintenance Expenses, and of equal lien to any charges heretofore or
900 hereafter made upon Revenue of the System for the payment of the principal of and
901 interest on any Parity Bonds.

902 If money and investments in the Debt Service Account of the Parity Bond Fund
903 and the Parity Bond Reserve Account are reduced below the amounts required to pay the
904 principal and/or interest then due and payable on any Parity Bonds, funds on deposit in
905 any reserve created in the Revenue Fund not then required for the payment of necessary
906 Operating and Maintenance Expenses will be transferred to the Debt Service Account of
907 the Parity Bond Fund to the extent required to pay that principal and interest.

908 B. Parity Lien Obligations. The amounts covenanted to be paid out of
909 Revenue of the System into the Parity Lien Obligation Bond Fund and the accounts
910 therein shall constitute a lien and charge on that revenue subject to Operating and
911 Maintenance Expenses, and junior, subordinate and inferior to the lien and charge on that
912 revenue for the payments required by the ordinances authorizing the Parity Bonds to be
913 made into the Parity Bond Fund and the accounts therein, and equal to the lien and charge
914 on that revenue for the payments required to be made by the ordinances authorizing the
915 issuance of the outstanding Parity Lien Obligations and any additional Parity Lien
916 Obligations, and superior to all other liens and charges on that revenue whatsoever.

917 **SECTION 13. Revenue Fund; Rate Stabilization Fund.**

918 A. Revenue Fund. A special fund of the county known as the "Water
919 Quality Operating Account" (the "Revenue Fund") has heretofore been created and is
920 hereby continued. All Revenue of the System will be deposited in the Revenue Fund. All
921 Operating and Maintenance Expenses will be paid out of the Revenue Fund or
922 appropriate reserves therein.

923 B. Rate Stabilization Fund. In anticipation of increases in revenue
924 requirements of the System, a special fund of the county designated as the "Sewer Rate
925 Stabilization Fund" (the "Rate Stabilization Fund") has heretofore been established and is
926 hereby continued. The county may from time to time appropriate or budget amounts in
927 the Revenue Fund for deposit in the Rate Stabilization Fund, as provided in Section 14 of
928 this ordinance and may from time to time withdraw amounts therefrom for deposit in the
929 Revenue Fund to prevent or mitigate sewer rate increases or for other lawful purposes of
930 the county related to the System including but not limited to calculations of "Net
931 Revenue" and "Revenue of the System" for the purposes of satisfying requirements of
932 sections 18, 24 and 25 of this ordinance.

933 For any fiscal year, (i) amounts withdrawn from the Revenue Fund and deposited
934 into the Rate Stabilization Fund for that fiscal year must be subtracted from Net Revenue
935 for that fiscal year, and (ii) amounts withdrawn from the Rate Stabilization Fund and
936 deposited in the Revenue Fund for that fiscal year may be added to Revenue of the
937 System for that fiscal year.

938 SECTION 14. Sewer Revenue Priorities of Payment. So long as any Bond is
939 outstanding, all Revenue of the System will be deposited into the Revenue Fund and used
940 and applied in the following order of priority:

941 First, to pay all Operating and Maintenance Expenses;

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

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

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

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

957 Sixth, to make all required payments of principal of and interest on the Junior
958 Lien Obligations as the same become due and payable, to make all Payment Agreement
959 Payments with respect to any Payment Agreements entered into with respect to Junior
960 Lien Obligations, and to make any payments required to be made to providers of any
961 credit enhancements or liquidity facilities for Junior Lien Obligations;

962 Seventh, to make all required payments of principal of and interest on the Multi-
963 Modal LTGO/Sewer Revenue Lien Obligations as the same become due and payable, to

964 make all Payment Agreement Payments for any Payment Agreements entered into with
965 respect to Multi-Modal LTGO/Sewer Revenue Bonds, and to make any payments
966 required to be made to providers of credit enhancements or liquidity facilities for any
967 Multi-Modal LTGO/Sewer Revenue Bonds;

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

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

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

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

982 **SECTION 15. Construction Account; Disposition of Bond Proceeds.**

983 A. Construction Account. There has heretofore been created a special
984 fund of the county known as the "Second Water Quality Construction Account" (the
985 "Construction Account"). For purposes of separately accounting for investment earnings
986 on the proceeds of the Project Bonds to facilitate compliance with the requirements of

987 Section 21 of this ordinance, there is hereby established for each series of Project Bonds
988 issued hereunder a special subaccount within the Construction Account to be designated
989 as the "Series [applicable year designation] Construction Subaccount" (each a
990 "Construction Subaccount").

991 Money in each Construction Subaccount will be held and applied to pay costs of
992 acquiring, constructing and equipping improvements, additions or betterments to the
993 System as set forth in the Comprehensive Plan and all costs incidental thereto, including
994 but not limited to engineering, architectural, planning, financial, legal, urban design or
995 any other incidental costs, and to repay any advances heretofore or hereafter made on
996 account of such costs, provided that if deficiencies exist in the Parity Bond Fund or Parity
997 Lien Obligation Bond Fund, money in any Construction Subaccount may be transferred
998 to such Fund in any amounts necessary to pay principal of and interest on Parity Bonds or
999 Parity Lien Obligations, as applicable. Pursuant to a Sale Motion, proceeds of a series of
1000 Project Bonds may be designated to pay capitalized interest on those Project Bonds and
1001 may be held in the applicable Construction Subaccount or in a trust account to be
1002 established with an escrow agent appointed by the Finance Director, as provided in the
1003 Sale Motion.

1004 B. Disposition of Bond Proceeds. The proceeds of the Bonds will be
1005 deposited as follows:

1006 (1) The amount equal to the interest, if any, accruing on each
1007 series of the Bonds from their dated date to the date of their Closing will be deposited in
1008 the appropriate subaccount for the series created in the Debt Service Account in the
1009 Parity Bond Fund or Parity Lien Obligation Bond Fund, as applicable.

1010 (2) Proceeds of each series of the Bonds issued as Parity Bonds
1011 may be deposited into the Parity Bond Reserve Account, as will be provided for in each
1012 Sale Motion for any Bonds issued as Parity Bonds.

1013 (3) The balance of the proceeds of any Project Bonds will be
1014 deposited in the appropriate Construction Subaccount (including an escrow account that
1015 may be established for capitalized interest) as provided in Subsection A of this Section 15
1016 and applied as provided in subsection A of this Section 15.

1017 (4) The balance of the proceeds of any Refunding Bonds will
1018 be deposited into the appropriate Refunding Account (as defined in Section 16 of this
1019 ordinance) and applied as provided in section 16 of this ordinance.

1020 **SECTION 16. Refunding Account; Plan of Refunding.**

1021 A. Refunding Account; Guidelines for Refunding. There is hereby
1022 authorized to be established one or more special accounts of the county to be maintained
1023 with the Escrow Agent (as hereinafter defined) each to be known as a "King County
1024 [appropriate year and series designation] Sewer Revenue Bonds Refunding Account"
1025 (each a "Refunding Account"). Each Refunding Account will be drawn upon for the sole
1026 purpose of paying the principal of and interest and redemption premium, if any, on the
1027 applicable Refunded Bonds and of paying costs related to the issuance of that series of
1028 Refunding Bonds and to refunding the applicable Refunded Bonds. Proceeds of the sale
1029 of any Refunding Bonds, together with other county funds that may be designated for that
1030 purpose, will be deposited into each Refunding Account to provide for refunding the
1031 applicable Refunded Bonds in accordance with the ordinances authorizing the Refunded
1032 Bonds and to pay the costs of issuance of the Refunding Bonds.

1033 The Finance Director is authorized to determine, in consultation with the county's
1034 financial advisors, which of the Refunding Candidates, if any, are to be refunded. In
1035 determining which of the Refunding Candidates, if any, should be advance refunded
1036 under this ordinance, the council intends that the Finance Director adhere to a refunding
1037 guideline that the present value of the savings achieved by any advance refunding meet or
1038 exceed a minimum level of 5% of the principal amount of Refunded Bonds that are
1039 advance refunded. This requirement does not apply to the current refunding of any
1040 Refunded Bonds, i.e., the redemption of Refunded Bonds paid for with proceeds of
1041 Refunding Bonds issued no earlier than 90 days prior to the date fixed for redemption of
1042 the Refunded Bonds.

1043 B. Plan of Refunding. Each plan of refunding and call for redemption
1044 of Refunded Bonds will be set forth in and ratified and confirmed by a Sale Motion.
1045 Money in each Refunding Account will be used immediately upon receipt thereof to
1046 defease the applicable Refunded Bonds and discharge the other obligations of the county
1047 relating thereto under the ordinances that authorized the Refunded Bonds, by providing
1048 for the payment of the principal of and interest and redemption premium, if any, on the
1049 Refunded Bonds as set forth in a Sale Motion. The county will defease such bonds and
1050 discharge such obligations by the use of the money in each Refunding Account to
1051 purchase Government Obligations (which obligations so purchased are herein called
1052 "Escrow Securities") bearing such interest and maturing as to principal and interest in
1053 such amounts and at such times that, together with any necessary beginning cash balance,
1054 will provide for the payment of such Refunded Bonds, as set forth in the Sale Motion.
1055 Such Escrow Securities will be purchased at a yield not greater than the yield permitted

1056 by the Code and regulations relating to obligations acquired in connection with refunding
1057 bond issues.

1058 In connection with the issuance of each series of Refunding Bonds, to carry out
1059 the refunding and defeasance of Refunded Bonds, the Finance Director is hereby
1060 authorized to appoint as escrow agent a bank or trust company qualified by law to
1061 perform the duties described herein (each, an "Escrow Agent"). Any beginning cash
1062 balance and the Escrow Securities will be irrevocably deposited with the Escrow Agent
1063 in an amount sufficient to defease the Refunded Bonds in accordance with this section 16
1064 and the applicable Sale Motion.

1065 The county will take such actions as are found necessary to see that all necessary
1066 and proper fees, compensation and expenses of the Escrow Agent are paid when due. The
1067 proper officers and agents of the county are directed to obtain from each Escrow Agent
1068 an agreement setting forth the duties, obligations and responsibilities of the Escrow
1069 Agent in connection with the redemption and retirement of the Refunded Bonds as
1070 provided herein and setting forth provisions for the payment of the fees, compensation
1071 and expenses of the Escrow Agent as are satisfactory to it. To carry out the purposes of
1072 this section, the Finance Director is authorized and directed to execute and deliver to each
1073 Escrow Agent an escrow agreement and, if requested, a costs of issuance agreement, in
1074 forms approved by the county's bond counsel.

1075 C. Findings of Savings and Defeasance. By a Sale Motion, the council
1076 will set forth its findings of savings and defeasance regarding those Refunded Bonds
1077 authorized to be refunded from the proceeds of each series of Refunding Bonds.

1078 **SECTION 17. Due Regard for Expenses.** The county council hereby declares
1079 that, in fixing the amounts to be paid into the Parity Bond Fund and Parity Lien
1080 Obligation Bond Fund, as applicable, and the accounts therein, out of Revenue of the
1081 System, it has exercised due regard for the necessary Operating and Maintenance
1082 Expenses and has not obligated the county to set aside, pay into and maintain in said fund
1083 and accounts a greater amount of Revenue of the System than in its judgment will be
1084 available over and above the necessary Operating and Maintenance Expenses.

1085 **SECTION 18. Rate Covenants.**

1086 A. **Parity Bonds.** The county hereby covenants with the owner of each
1087 of the Bonds issued as Parity Bonds for so long as any of the same are outstanding that
1088 the county will at all times establish, maintain and collect rates and charges for sewage
1089 disposal service that will provide in each calendar year Net Revenue in an amount that,
1090 together with the interest earned during that calendar year on investments of money in the
1091 Parity Bond Fund, Parity Bond Reserve Account and Construction Account, will equal or
1092 exceed 1.15 times the amount required to pay the Annual Parity Debt Service for such
1093 calendar year.

1094 At all times and in any event, rates and charges for sewage disposal service will
1095 be sufficient to provide funds adequate to operate and maintain the System, to make all
1096 payments and to establish and maintain all reserves required by this or any other
1097 ordinance authorizing obligations of the county payable from Revenue of the System, to
1098 make up any deficit in such payments remaining from prior years and to pay all costs
1099 incurred in the construction or acquisition of any portion of the Comprehensive Plan that

1100 may be ordered by the county and for the payment of which sewer revenue bonds (or
1101 other obligations payable from Revenue of the System) are not issued.

1102 B. Parity Lien Obligations. The county hereby covenants with the
1103 owner of each of the Bonds issued as Parity Lien Obligations for so long as any of the
1104 same are outstanding that the county will at all times establish, maintain and collect rates
1105 and charges for sewage disposal service that will be fair and nondiscriminatory and
1106 adequate to provide Revenue of the System sufficient for the proper operation and
1107 maintenance of the System; for the punctual payment of the principal of and interest on
1108 all outstanding Parity Bonds for which payment has not otherwise been provided and all
1109 amounts that the county is obligated to set aside in the Parity Bond Fund securing the
1110 Parity Bonds; for the punctual payment of the principal of and interest on all outstanding
1111 Parity Lien Obligations and for all amounts that the county is obligated to set aside in the
1112 Parity Lien Obligation Bond Fund; and for the payment of any and all other amounts that
1113 the county is now or may hereafter become obligated to pay from Revenue of the System.

1114 The county hereby further covenants with the owner of each of the Bonds issued
1115 as Parity Lien Obligations for so long as any of the same are outstanding that the county
1116 will at all times establish, maintain and collect rates and charges for sewage disposal
1117 service that will provide in each calendar year Net Revenue in an amount that, together
1118 with the interest earned during that calendar year on investments made of money in the
1119 Parity Bond Fund, Parity Bond Reserve Account, the Parity Lien Obligation Bond Fund
1120 and Construction Account, equal to at least 1.15 times the amounts required to pay the
1121 Annual Debt Service for such calendar year.

1122 C. Rate Stabilization Fund. In determining compliance with the
1123 requirements of this Section 18, Revenue of the System and Net Revenue shall be
1124 calculated by taking into account deposits and withdrawals from the Rate Stabilization
1125 Fund as provided in Section 13.B of this ordinance.

1126 SECTION 19. Certain Other Covenants of the Bonds. The county hereby
1127 covenants with the owner and holder of each of the Bonds for as long as any of the Bonds
1128 are outstanding, as follows:

1129 A. Maintain in Good Order. The county will cause the System and the
1130 business in connection therewith to be operated in a safe, sound, efficient, and economic
1131 manner in compliance with all health, safety, and environmental laws, regulatory body
1132 rules, regulatory body orders and court orders applicable to the county's operation of the
1133 System, and will cause to be maintained, preserved, reconstructed, expanded and kept,
1134 with all appurtenances and every part and parcel thereof, in good repair, working order
1135 and condition, and will from time to time cause to be made, without undue deferral, all
1136 necessary or proper repairs, replacements and renewals, so that all times the operation of
1137 the System will be properly and advantageously conducted.

1138 B. Books and Records. The county will cause proper books of record
1139 and accounts of operation of the System to be kept, including an annual financial report.

1140 C. Annual Audit. The county will cause its books of accounts,
1141 including its annual financial report, to be audited annually by the State auditor's office or
1142 other State department or agency as may be authorized and directed by law to make such
1143 audits, or if such an audit is not made for twelve months after the close of any fiscal year

1144 of the county, by a Certified Public Accountant. The county will furnish the audit to the
1145 owner or holder of any Bond upon written request therefor.

1146 D. Insurance. The county will at all times carry fire and extended
1147 coverage and such other forms of insurance on such of the buildings, equipment, facilities
1148 and properties of the Sewer System as under good practice are ordinarily carried on such
1149 buildings, equipment, facilities and properties by municipal or privately owned utilities
1150 engaged in the operation of sewer systems and will also carry adequate public liability
1151 insurance at all times, provided that the county may, if deemed advisable by the county
1152 council, institute or continue a self insurance program for any or all of the
1153 aforementioned risks.

1154 E. Construction. The county will cause the construction of any duly
1155 authorized and ordered portions of the Comprehensive Plan to be performed and
1156 completed within a reasonable time and at the lowest reasonable cost.

1157 F. Collection of Revenue. The county will so operate and maintain
1158 the System and conduct its affairs as to entitle it at all times to receive and enforce
1159 payment to it of sewage disposal charges payable (i) pursuant to the ordinance or
1160 ordinances establishing a tariff of rates and charges for sewage disposal services and (ii)
1161 under any Service Agreement that the county has now or may hereafter enter into and to
1162 entitle the county to collect all revenues derived from the operation of the System. The
1163 county shall not release the obligations of any person, corporation or political subdivision
1164 under such tariff of rates and charges or the Service Agreements and shall at all times, to
1165 the extent permitted by law, defend, enforce, preserve and protect the rights and

1166 privileges of the county and of the holders of the Parity Bonds and Parity Lien
1167 Obligations under or with respect thereto.

1168 In accordance with RCW 35.58.200(3), the county shall require any county, city,
1169 special district or other political subdivision to discharge to the System all sewage
1170 collected by that entity from any portion of the Seattle metropolitan area that can drain by
1171 gravity flow into facilities of the System that serve such areas if the county council
1172 declares that the health, safety or welfare of the people within the metropolitan area
1173 require such action.

1174 G. Legal Authority. The county has full legal right, power and
1175 authority to adopt this ordinance, to sell, issue and deliver Bonds as provided herein, and
1176 to carry out and consummate all other transactions contemplated by this ordinance.

1177 H. Due Authorization. By all necessary official action prior to or
1178 concurrently herewith, the county has duly authorized and approved the execution and
1179 delivery of, and the performance by the county of its obligations contained in, the Bonds
1180 and in this ordinance and the consummation by it of all other transactions necessary to
1181 effectuate this ordinance in connection with the issuance of Bonds, and such
1182 authorizations and approvals are in full force and effect and have not been amended,
1183 modified or supplemented in any material respect.

1184 I. Binding Obligation. This ordinance constitutes a legal, valid and
1185 binding obligation of the county.

1186 J. No Conflict. The county's adoption of this ordinance and its
1187 compliance with the provisions contained herein will not conflict with or constitute a
1188 breach of or default under any constitutional provisions, law, administrative regulation,

1189 judgment, decree, loan agreement, indenture, bond, note, resolution, ordinance, motion,
1190 agreement or other instrument to which the county is a party or to which the county or
1191 any of its property or assets are otherwise subject, nor will the county's adoption of or
1192 compliance with this ordinance result in the creation or imposition of any lien, charge or
1193 other security interest or encumbrance of any nature whatsoever upon any of the property
1194 or assets of the county or under the terms of any such law, regulation or instrument,
1195 except as permitted by this ordinance and the ordinances authorizing the issuance of other
1196 Parity Bonds and Parity Lien Obligations.

1197 K. Performance Under Ordinance. None of the proceeds of the Bonds
1198 will be used for any purpose other than as provided in this ordinance, and the county shall
1199 not suffer any amendment or supplement to this ordinance, or any departure from the due
1200 performance of the obligations of the county hereunder, that might materially adversely
1201 affect the rights of the owners from time to time of the Bonds.

1202 L. Sale or Disposition. The county will not sell or voluntarily dispose
1203 of all of the operating properties of the System unless provision is made for payment into
1204 the Parity Bond Fund and the Parity Lien Obligation Bond Fund of a sum sufficient to
1205 pay the principal of and interest on all outstanding Parity Bonds and Parity Lien
1206 Obligations in accordance with the terms thereof, nor will the county sell or voluntarily
1207 dispose of any part of the operating properties of the System unless provision is made (i)
1208 for payment into the Parity Bond Fund of an amount that will bear at least the same
1209 proportion to the amount of the outstanding Parity Bonds that the estimated amount of
1210 any resulting reduction in Revenue of the System for the twelve months following such
1211 sale or disposition bears to the Revenue of the System that would have been realized if

1212 such sale or disposition had not been made and (ii) for payment into the Parity Lien
1213 Obligation Bond Fund of an amount that will bear at least the same proportion to the
1214 amount of the outstanding Parity Lien Obligations that the estimated amount of any
1215 resulting reduction in Revenue of the System for the twelve months following such sale
1216 or disposition bears to the Revenue of the System that would have been realized if such
1217 sale or disposition had not been made. Those estimates must be made by a Professional
1218 Utility Consultant. Any money so paid into the Parity Bond Fund and the Parity Lien
1219 Obligation Bond Fund must be used to retire outstanding Parity Bonds and Parity Lien
1220 Obligations as provided herein at the earliest possible date; provided, however, that the
1221 county may sell or otherwise dispose of any of the works, plant, properties and facilities
1222 of the System or any real or personal property comprising a part of the System with a
1223 value of less than 5% of the net utility plant of the System or that have become
1224 unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or
1225 no longer necessary, material to or useful in such operation, without making any deposit
1226 into the Parity Bond Fund or Parity Lien Obligation Bond Fund.

1227 **SECTION 20. Certain Other Covenants of the Parity Lien Obligations.** The
1228 county makes the following covenants and warranties to the owner of each of the Bonds
1229 issued as Parity Lien Obligations:

1230 A. The Bonds issued as Parity Lien Obligations, when issued, sold,
1231 authenticated and delivered, will constitute the legal, valid and binding general
1232 obligations of the county.

1233 B. The county covenants that the Bonds issued as Parity Lien
1234 Obligations will be issued within all statutory and constitutional debt limitations
1235 applicable to the county.

1236 SECTION 21. Tax Covenants.

1237 A. General. The county may elect to structure any series of Bonds so
1238 that interest on that series of Bonds would be taxable or excludable from gross income
1239 for federal income tax purposes pursuant to sections 103 and 141 through 150 of the
1240 Code and the applicable regulations (the "Tax-Exempt Bonds") or to confer other benefits
1241 under the Code to the county or owners of that series of Bonds ("Tax-Benefited Bonds").
1242 The county covenants not to take any action, or knowingly omit to take any action within
1243 its control, that if taken or omitted would cause the interest on Tax-Exempt Bonds to be
1244 includable in gross income, as defined in section 61 of the Code, for federal income tax
1245 purposes. Additional tax covenants as necessary or desirable for any series of Bonds may
1246 be set forth in the Sale Motion or Tax Certificate for that series of Bonds.

1247 B. Tax Certificate. Upon the issuance of any series of Tax-Exempt
1248 Bonds or Tax-Benefited Bonds, the Finance Director is authorized to execute a federal
1249 tax certificate (the "Tax Certificate"), which will certify to various facts and
1250 representations concerning that series of Bonds, based on the facts and estimates known
1251 or reasonably expected on the date of their issuance, and make certain covenants with
1252 respect to that series of Bonds as may be necessary or desirable to obtain or maintain the
1253 benefits conferred under the Code relating to that series of Tax-Exempt Bonds or Tax-
1254 Benefited Bonds.

1255 The county covenants that it will comply with the Tax Certificate unless it
1256 receives advice from nationally recognized bond counsel or the Internal Revenue Service
1257 that certain provisions have been amended or no longer apply to the Tax-Exempt Bonds
1258 or Tax-Benefited Bonds, as applicable.

1259 C. Arbitrage Rebate. If the county does not qualify for an exception to
1260 the requirements of Section 148(f) of the Code relating to the payment of arbitrage rebate
1261 to the United States with respect to a series of Bonds, the county will take all necessary
1262 steps to comply with the requirement that certain amounts earned by the county on the
1263 investment of the "gross proceeds" of that series of Bonds (within the meaning of the
1264 Code) be rebated.

1265 SECTION 22. Trustee for Parity Bondowners.

1266 A. Appointment of Trustee. Upon the occurrence of any "event of
1267 default" described in section 23.A. of this ordinance, the owners of a majority in principal
1268 amount of the outstanding Parity Bonds may appoint a Trustee by an instrument or
1269 concurrent instruments in writing signed and acknowledged by such Parity Bondowners
1270 or by their attorneys-in-fact duly authorized and delivered to the Trustee, notification
1271 thereof being given to the county. Any appointment of a Trustee under the provisions of
1272 this subsection must be a bank or trust company organized under the laws of the State of
1273 Washington or the State of New York or a national banking association. The fees and
1274 expenses of a Trustee must be borne by the Parity Bondowners and not by the county.
1275 The bank or trust company acting as a Trustee may be removed at any time and a
1276 successor Trustee may be appointed by the owners of a majority in principal amount of
1277 the outstanding Parity Bonds, by an instrument or concurrent instruments in writing

1278 signed and acknowledged by such Parity Bondowners or by their attorneys-in-fact duly
1279 authorized.

1280 The Trustee appointed in the manner herein provided, and each successor thereto,
1281 is hereby declared to be a trustee for the owners of all the Parity Bonds and is empowered
1282 to exercise all rights and powers herein conferred on the Trustee.

1283 B. Certain Rights and Obligations of Trustee. The Trustee will not be
1284 responsible for recitals in any ordinance or in the Parity Bonds, or for the validity of any
1285 Parity Bonds, nor will the Trustee be responsible for insuring the System or for collecting
1286 any insurance money or for the title to any property of the System.

1287 The Trustee will be protected in acting upon any notice, request, consent,
1288 certificate, order, affidavit, letter, telegram or other paper or document believed by it to
1289 be genuine and correct and to have been signed, sent or delivered by the person or
1290 persons by whom such paper or document is purported to have been signed, sent or
1291 delivered.

1292 The Trustee will not be answerable for any neglect or default of any person, firm
1293 or corporation employed and selected by it with reasonable care.

1294 The Trustee will permit the owner or holder of any Parity Bonds to inspect any
1295 instrument, opinion or certificate filed with the Trustee by the county or by any person,
1296 firm or corporation acting for the county.

1297 The Trustee will not be bound to recognize any person as an owner or holder of
1298 any Parity Bond until his, her or its title thereto, if disputed, has been established to the
1299 Trustee's reasonable satisfaction.

1300 The Trustee may consult with counsel, and the opinion of such counsel will be
1301 full and complete authorization and protection in respect of any action taken or suffered
1302 by it hereunder in good faith and in accordance with the opinion of such counsel.

1303 **SECTION 23. Events of Default for Parity Bonds; Powers and Duties of**
1304 **Parity Bondowners Trustee.**

1305 A. Events of Default. The occurrence of one or more of the following
1306 is an "event of default" with respect to any Bonds issued as Parity Bonds under this
1307 ordinance:

1308 (i) default in the payment of principal of or interest on any
1309 Parity Bonds when the same becomes due; or

1310 (ii) default in the observance or performance of any of the
1311 other covenants applicable to Parity Bonds herein contained, and the default continues for
1312 a period of six months after written notice to the county from a Parity bondholder
1313 specifying the default and requiring that it be remedied.

1314 B. Powers of Trustee. The Trustee in its own name and on behalf of
1315 and for the benefit and protection of the holders and owners of all Parity Bonds may
1316 proceed, and upon the written request of the holders and owners of not less than 25% in
1317 principal amount of the Parity Bonds then outstanding must proceed, to protect and
1318 enforce any rights of the Trustee and, to the full extent that owners or holders of Parity
1319 Bonds themselves might do, the rights of such owners and holders of Parity Bonds under
1320 the laws of the State of Washington or under the ordinances providing for the issuance of
1321 such bonds, by such suits, actions or proceedings in equity or at law, either for the
1322 specific performance of any covenant contained herein or in aid or execution of any

1323 power herein granted or for any proper legal or equitable remedy as the Trustee may
1324 deem most effectual to protect and enforce the rights of the Trustee and the holders and
1325 owners of Parity Bonds. In the enforcement of any such rights under this or any other
1326 ordinance of the county, the Trustee is entitled to sue for, to enforce payment of and to
1327 receive any and all amounts due from the county for principal, interest or otherwise under
1328 any of the provisions of such ordinance, with interest on overdue payments at the rate or
1329 rates set forth in such bond or bonds, together with any and all costs and expenses of
1330 collection and of all proceedings taken by the Trustee without prejudice to any other right
1331 or remedy of the Trustee or of the bondholders.

1332 If default is made in the payment of principal of any Parity Bond and the default
1333 continues for a period of 30 days, (i) so long as any of the 2004B Bonds remain
1334 outstanding, the Trustee shall be entitled to declare all outstanding Parity Bonds
1335 immediately due and payable and may proceed to enforce payment thereof as
1336 hereinabove provided, and (ii) after such time as no 2004B Bonds remain outstanding,
1337 the Trustee may not accelerate payment of any Parity Bonds but may proceed to enforce
1338 payment thereof as hereinabove provided. If, in the sole judgment of the Trustee, any
1339 default is cured and the Trustee furnishes the county a certificate so stating, that default is
1340 conclusively deemed to be cured, and the county, Trustee and owners and holders of
1341 Parity Bonds will be restored to the same rights and position they would have held if no
1342 event of default had occurred.

1343 C. Actions in Name of Trustee. All rights of action under this
1344 ordinance or upon any of the Parity Bonds enforceable by the Trustee may be enforced
1345 by the Trustee without the possession of any of such bonds or the production thereof on

1346 the trial or other proceedings relative thereto, and any such suit, action or proceeding
1347 instituted by the Trustee will be brought in its name for the ratable benefit of the holders
1348 of all Parity Bonds, subject to the provisions of this ordinance.

1349 D. Procedure by Bond Owners. No owner of any one or more of the
1350 Parity Bonds has any right to institute any action, suit or proceedings at law or in equity
1351 for the enforcement of the same, unless an event of default occurs and unless no Trustee
1352 is appointed as herein provided, but any remedy herein authorized to be exercised by a
1353 Trustee may be exercised individually by any Parity Bondowner, in his own name and on
1354 his own behalf or for the benefit of all Parity Bondowners, if no Trustee is appointed, or
1355 with the consent of the Trustee if such Trustee has been appointed.

1356 E. Application of Money Collected by Trustee. Any money collected
1357 by the Trustee at any time pursuant to this section will be applied, first, to the payment of
1358 its charges, expenses, advances and compensation and the charges, expenses, counsel
1359 fees, disbursements and compensation of its agents and attorneys, and, second, toward
1360 payment of the amount then due and unpaid upon the Parity Bonds, ratably and without
1361 preference or priority of any kind not expressly provided in this ordinance, according to
1362 the amounts due and payable upon such bonds at the date fixed by the Trustee for the
1363 distribution of such money, upon presentation of the several bonds and upon causing such
1364 payment to be stamped thereon, if partly paid, and upon surrender thereof, if fully paid.

1365 SECTION 24. Future Parity Bonds. The county further covenants and agrees
1366 with the owners and holders of the Parity Bonds for as long as the same are outstanding
1367 that it will not create any special fund for the payment of the principal of and interest on
1368 any revenue bonds that will rank on a parity with or have any priority over the payments

1369 out of Revenue of the System required to be made into the Parity Bond Fund and the
1370 accounts therein to pay or secure the payment of the outstanding Parity Bonds.

1371 The county reserves the right for:

1372 (1) the purpose of acquiring, constructing and installing any
1373 portion of the Comprehensive Plan, or

1374 (2) the purpose of acquiring, constructing and installing any
1375 necessary renewals or replacements of the System, or

1376 (3) the purpose of refunding or purchasing and retiring at or
1377 prior to their maturity any outstanding obligations of the county payable from Revenue of
1378 the System,

1379 to issue additional or refunding bonds and to make payments into the Parity Bond Fund
1380 out of the Revenue Fund that will be sufficient to pay the principal of and interest on
1381 those additional or refunding bonds and to maintain required reserves, such payments out
1382 of the Revenue Fund will rank equally with the payments out of the Revenue Fund
1383 required to be made into the Parity Bond Fund and the accounts therein for the payment
1384 of the principal of and interest on outstanding Parity Bonds, but only upon compliance
1385 with the following conditions:

1386 A. At the time of the issuance of any Future Parity Bonds there is no
1387 deficiency in the Parity Bond Fund or any account therein.

1388 B. Each ordinance providing for the issuance of any Future Parity
1389 Bonds that are refunding bonds must require that all money held in any fund or account
1390 of the county created for the purpose of paying the principal of and interest on the bonds

1391 being refunded either be used to pay the principal of and interest on such bonds or be
1392 transferred or paid into the Parity Bond Fund.

1393 C. Each ordinance providing for the issuance of Future Parity Bonds
1394 must provide for the payment of the principal thereof and interest thereon out of the
1395 Parity Bond Fund. The Future Parity Bonds may bear such date of issue, interest payment
1396 dates, and principal payment dates, and may mature in such year or years as the county
1397 council provides. Each such ordinance will further provide that upon the issuance of any
1398 Future Parity Bonds, the county will pay into the Parity Bond Reserve Account an
1399 amount that will be sufficient to satisfy the Reserve Requirement then applicable or
1400 provide Qualified Insurance or a Qualified Letter of Credit to satisfy the Reserve
1401 Requirement.

1402 D. (1) At the time of the issuance of any Future Parity Bonds, the
1403 county must have on file a certificate from a Professional Utility Consultant (the
1404 certificate may not be dated more than 90 days prior to the date of delivery of such Future
1405 Parity Bonds), showing that in his or her professional opinion the "annual income
1406 available for debt service on Parity Bonds" for each year during the life of such Future
1407 Parity Bonds shall be at least equal to 1.25 times the amount required in each such year to
1408 pay the Annual Parity Debt Service for such year.

1409 (2) Such "annual income available for debt service on Parity
1410 Bonds" will be determined as follows for each year following the proposed date of issue
1411 of such Future Parity Bonds:

1412 (i) The Revenue of the System will be determined for a
1413 period of any 12 consecutive months out of the 18 months immediately preceding the
1414 delivery of the Future Parity Bonds being issued.

1415 (ii) Such revenue may be adjusted to give effect on a
1416 12-month basis to the rates in effect on the date of such certificate.

1417 (iii) If there were any Customers added to the System
1418 during such 12-month period or thereafter and prior to the date of the Professional Utility
1419 Consultant's certificate, such revenue may be further adjusted on the basis that added
1420 Customers were Customers of the System during the entire 12-month period.

1421 (iv) There will be deducted from such revenue the
1422 amount expended for Operating and Maintenance Expenses during such period.

1423 (v) For each year following the proposed date of
1424 issuance of such Future Parity Bonds the Professional Utility Consultant may add to the
1425 annual revenue determined in the preceding four paragraphs an estimate of the income to
1426 be received in each such year from the investment of money in the Parity Bond Fund and
1427 any account therein, and the Construction Account, which will be determined by and in
1428 the sole discretion of a firm of nationally recognized financial consultants selected by the
1429 county.

1430 (vi) Beginning with the second year following the
1431 proposed date of issue of such Future Parity Bonds and for each year thereafter, the
1432 Professional Utility Consultant may add to the annual revenue determined in the
1433 preceding five paragraphs his or her estimate of any additional annual revenue to be
1434 received from anticipated growth in the number of Customers within the area served by

1435 the System on the date of such certificate, after deducting therefrom any increased
1436 Operating and Maintenance Expenses estimated to be incurred as a result of such growth;
1437 provided that the Professional Utility Consultant's estimate of the number of Customers
1438 served may not assume growth of more than 1/4 of 1% over and above the number of
1439 Customers served or estimated to be served during the preceding year.

1440 (vii) If extensions of or additions to the System are in the
1441 process of construction at the time of such certificate, or if the proceeds of the Future
1442 Parity Bonds being issued are to be used to acquire or construct extensions of or additions
1443 to the System, there may be added to the annual net revenue as above determined any
1444 revenue not included in the preceding paragraphs that will be derived from such additions
1445 and extensions after deducting therefrom the estimated additional Operating and
1446 Maintenance Expenses to be incurred as a result of such additions and extensions;
1447 provided that such estimated annual revenue will be based upon 75% of any estimated
1448 Customer growth in the four years following the first full year in which such additional
1449 revenue is to be collected and thereafter the estimated Customer growth may not exceed
1450 1/4 of 1% per year over and above such reduced estimate.

1451 E. Instead of the certificate described in subsection D above, the
1452 county may elect instead to have on file a certificate of the Finance Director
1453 demonstrating that during any 12 consecutive calendar months out of the immediately
1454 preceding 18 calendar months Net Revenue was at least equal to 1.25 times the amount
1455 required to pay, in each year that such Future Parity Bonds would be outstanding, the
1456 Annual Parity Debt Service for such year.

1457 F. For the purpose of refunding at or prior to their maturity any
1458 outstanding Parity Bonds or any bonds or other obligations of the county payable from
1459 Revenue of the System, the county may at any time issue Future Parity Bonds without
1460 complying with the provisions of subsection D or E hereof; provided, however, that the
1461 county may not issue Future Parity Bonds for such purpose under this subsection F unless
1462 the Finance Director certifies that upon the issuance of such Future Parity Bonds that (i)
1463 total debt service required for all Parity Bonds (including the refunding bonds and not
1464 including the bonds to be refunded thereby) will decrease, and (ii) the Annual Parity Debt
1465 Service for each year that any Parity Bonds (including the refunding bonds proposed to
1466 be issued and not including the bonds to be refunded thereby) are then outstanding will
1467 not be increased by more than \$5,000 by reason of the issuance of such Future Parity
1468 Bonds.

1469 The principal amount of Future Parity Bonds issued pursuant to this subsection F
1470 may include amounts necessary to pay the principal of the Parity Bonds or other
1471 obligations to be refunded, interest thereon to the date of payment or redemption thereof,
1472 any premium payable thereon upon such payment or redemption and the costs of issuance
1473 of such Future Parity Bonds, and if a Payment Agreement has been provided with respect
1474 to the obligations to be refunded, may include amounts necessary to make the payment of
1475 all amounts, if any, due and payable by the county under such Payment Agreement. The
1476 proceeds of such Future Parity Bonds will be held and applied in such manner as is
1477 provided for in the ordinance authorizing the issuance of the Parity Bonds or other
1478 obligations to be refunded, so that upon the delivery of such Future Parity Bonds, the

1479 Parity Bonds or other obligations to be refunded thereby will be deemed no longer
1480 outstanding in accordance with the ordinance authorizing their issuance.

1481 G. At the time of issuing any Future Parity Bonds -- so long as the
1482 county's Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, remains
1483 outstanding -- the Finance Director shall provide to the owner of that bond a debt service
1484 coverage certificate as required by Section 5.4(a) of Ordinance 17495 authorizing the
1485 issuance of that bond.

1486 H. Nothing contained in this ordinance prevents the county from
1487 issuing revenue bonds that are a charge upon Revenue of the System and money in the
1488 Revenue Fund junior or inferior to the payments required to be made therefrom into the
1489 Parity Bond Fund and any account therein, nor shall anything herein contained prevent
1490 the county from issuing Future Parity Bonds to refund maturing Parity Bonds for the
1491 payment of which money is not otherwise available.

1492 **SECTION 25. Additional Parity Lien Obligations.** The county expressly
1493 reserves the right to issue additional Parity Bonds in accordance with the ordinances,
1494 including this ordinance, authorizing the Parity Bonds. Subject to this reservation of
1495 rights with respect to Parity Bonds, the county hereby covenants and agrees with the
1496 owners of any Bonds issued as Parity Lien Obligations, so long as such Bonds are
1497 outstanding, that it will not issue or incur any other additional indebtedness secured in
1498 whole or in part by a lien on Revenue of the System superior to the lien of such Bonds
1499 issued as Parity Lien Obligations.

1500 A. Parity Lien Obligations Other Than Refunding Bonds. The county
1501 expressly reserves the right to issue or enter into additional Parity Lien Obligations

1502 (including Variable Rate Parity Lien Obligations as defined herein) for any lawful
1503 purpose of the county related to the System if at the time of issuing or entering into such
1504 Parity Lien Obligations:

1505 (i) There is no deficiency in the Parity Bond Fund, the Parity
1506 Lien Obligation Bond Fund or any other bond fund or account securing Parity Lien
1507 Obligations.

1508 (ii) The county has on file a certificate from a Professional
1509 Utility Consultant (the certificate may not be dated more than 90 days prior to the date of
1510 delivery of such Parity Lien Obligations) showing that in his or her professional opinion,
1511 the "annual income available for debt service on Parity Bonds and Parity Lien
1512 Obligations" for each year during the life of such Parity Lien Obligations is at least equal
1513 to 1.25 times the amount required to pay Annual Debt Service in each such year.

1514 (iii) Such "annual income available for debt service on Parity
1515 Bonds and Parity Lien Obligations" shall be determined as follows for each year
1516 following the proposed date of issue of such Parity Lien Obligations:

1517 1. The Revenue of the System will be determined for a
1518 period of any 12 consecutive months out of the 18 months immediately preceding the
1519 delivery of the Parity Lien Obligations being issued.

1520 2. Such revenue may be adjusted to give effect on a
1521 12-month basis to the rates in effect on the date of such certificate.

1522 3. If there were any Customers added to the System
1523 during such 12-month period or thereafter and prior to the date of the Professional Utility

1524 Consultant's certificate, such revenue may be further adjusted on the basis that added
1525 Customers were Customers of the System during the entire 12-month period.

1526 4. There will be deducted from such revenue the
1527 amount expended for Operating and Maintenance Expenses during such period.

1528 5. For each year following the proposed date of
1529 issuance of such Parity Lien Obligations the Professional Utility Consultant may add to
1530 the annual revenue determined in the preceding four paragraphs an estimate of the
1531 income to be received in each such year from the investment of money in the Parity Bond
1532 Fund, the Parity Lien Obligation Bond Fund and the Construction Account, which will be
1533 determined by and in the sole discretion of a firm of nationally recognized financial
1534 consultants selected by the county.

1535 6. Beginning with the second year following the
1536 proposed date of issue of such Parity Lien Obligations and for each year thereafter the
1537 Professional Utility Consultant may add to the annual revenue determined in the
1538 preceding five paragraphs his or her estimate of any additional annual revenue to be
1539 received from anticipated growth in the number of Customers within the area served by
1540 the System on the date of such certificate, after deducting therefrom any increased
1541 Operating and Maintenance Expenses estimated to be incurred as a result of such growth;
1542 provided that the Professional Utility Consultant's estimate of the number of customers
1543 served may shall not assume a growth of more than 1/4 of 1% over and above the number
1544 of customers served or estimated to be served during the preceding year.

1545 7. If extensions of or additions to the System are in the
1546 process of construction at the time of such certificate, or if the proceeds of the Parity Lien

1547 Obligations being issued are to be used to acquire or construct extensions of or additions
1548 to the System, there may be added to the annual net revenue as above determined any
1549 revenue not included in the preceding paragraphs which will be derived from such
1550 additions and extensions after deducting therefrom the estimated additional Operating
1551 and Maintenance Expenses to be incurred as a result of such additions and extensions;
1552 provided that such estimated annual revenue must be based upon 75% of any estimated
1553 Customer growth in the four years following the first full year in which such additional
1554 revenue is to be collected and thereafter the estimated Customer growth may not exceed
1555 1/4 of 1% per year over and above such reduced estimate.

1556 (iv) Instead of the certificate described in subsections (ii) and
1557 (iii) above, the county may elect to have on file a certificate of the Finance Director
1558 demonstrating that during any 12 consecutive calendar months out of the immediately
1559 preceding 18 calendar months Net Revenue was at least equal to 1.25 times the amount
1560 required to pay, in each year that such Parity Lien Obligations would be outstanding, the
1561 Annual Debt Service for such year.

1562 B. Parity Lien Obligations That Are Refunding Bonds.

1563 (i) The county may at any time for the purpose of refunding at
1564 or prior to their maturity any outstanding Parity Lien Obligations, Parity Bonds, or any
1565 bonds or other obligations of the county payable from Revenue of the System issue
1566 additional Parity Lien Obligations without complying with the provisions of subsections
1567 (ii)-(iv) of Section 25.A hereof if there is filed with the clerk of the county council a
1568 certificate of the Finance Director stating that upon the issuance of such additional Parity
1569 Lien Obligations (i) total debt service on all Parity Bonds and Parity Lien Obligations

1570 (including the refunding bonds but not including the bonds to be refunded thereby) will
1571 decrease, and (ii) the Annual Debt Service for each year that any Parity Bonds and any
1572 Parity Lien Obligations (including the refunding bonds proposed to be issued) are then
1573 outstanding will not be increased by more than \$5,000 by reason of the issuance of such
1574 additional Parity Lien Obligations.

1575 (ii) The principal amount of such Parity Lien Obligations may
1576 include amounts necessary to pay the principal of the bonds or other obligations to be
1577 refunded, interest thereon to the date of payment or redemption thereof, any premium
1578 payable thereon upon such payment or redemption and the costs of issuance of such
1579 Parity Lien Obligations, and if a Payment Agreement has been provided with respect to
1580 the obligations to be refunded, may include amounts necessary to make the payment of
1581 all amounts, if any, due and payable by the county under such Payment Agreement. The
1582 proceeds of such Parity Lien Obligations will be held and applied as is provided in the
1583 ordinance authorizing the issuance of such Parity Lien Obligations, so that upon the
1584 delivery of such Parity Lien Obligations, the bonds or other obligations to be refunded
1585 thereby will be deemed no longer outstanding in accordance with the ordinance
1586 authorizing their issuance.

1587 (iii) At the election of the county, the provisions of this section
1588 25.B. need not apply to the refunding at one time of all the Parity Lien Obligations then
1589 outstanding.

1590 (iv) Nothing contained in this ordinance prohibits or prevents,
1591 or will be deemed or construed to prohibit or prevent, the county from issuing Parity Lien

1592 Obligations to refund maturing Parity Lien Obligations of the county for the payment of
1593 which money is not otherwise available.

1594 C. Additional Debt Service Coverage Certificate. At the time of
1595 issuing any additional Parity Lien Obligations -- so long as the county's Junior Lien
1596 Variable Rate Demand Sewer Revenue Bond, Series 2012, remains outstanding -- the
1597 Finance Director shall provide to the owner of that bond a debt service coverage
1598 certificate as required by Ordinance 17495, Section 5.4(a), authorizing the issuance of
1599 that bond.

1600 D. Subordinate Obligations. Nothing in this ordinance prohibits, or
1601 will be deemed or construed to prohibit, the county from authorizing and issuing bonds,
1602 notes or other evidences of indebtedness for any purpose of the county related to the
1603 System payable in whole or in part from Revenue of the System and secured by a lien on
1604 that revenue that is junior, subordinate and inferior to the lien of any Bonds issued as
1605 Parity Lien Obligations.

1606 SECTION 26. Reimbursement Obligations. If the county elects to secure any
1607 Bonds with a Credit Facility, the county may contract with the entity providing the Credit
1608 Facility that the reimbursement obligation, if any, to that entity will be a Parity Bond or
1609 Parity Lien Obligation, as applicable.

1610 SECTION 27. Payment Agreements.

1611 A. General. To the extent and for the purposes permitted from time to
1612 time by Chapter 39.96 RCW, as it may be amended, and other applicable provisions of
1613 State law, the county may enter into Payment Agreements, subject to the conditions set
1614 forth in this section and in other provisions of this ordinance.

1615 B. Manner and Schedule of Payments. Each Payment Agreement
1616 must set forth the manner in which the Payment Agreement Payments and the Payment
1617 Agreement Receipts will be calculated and a schedule of payment dates.

1618 C. Authorizing Ordinance. Prior to entering into a Payment
1619 Agreement, the county council must pass an ordinance authorizing such agreement and
1620 setting forth such provisions as the county deems necessary or desirable and are not
1621 inconsistent with the provisions of this ordinance.

1622 D. Calculation of Payment Agreement Payments and Debt Service on
1623 Bonds with Respect to which a Payment Agreement is in Force. It is the intent of the
1624 county, for purposes of section 18, 24 or 25 of this ordinance, that debt service on Parity
1625 Bonds with respect to which a Parity Payment Agreement is in force will be calculated to
1626 reflect the net economic effect on the county intended to be produced by the terms of
1627 such Parity Bonds and Parity Payment Agreement and that debt service on Parity Lien
1628 Obligation Bonds with respect to which a Parity Lien Obligation Payment Agreement is
1629 in force will be calculated to reflect the net economic effect on the county intended to be
1630 produced by the terms of such Parity Lien Obligation Bonds and Parity Lien Obligation
1631 Payment Agreement. In calculating such amounts, the county will be guided by the
1632 following requirements.

1633 (i) The amount of interest deemed to be payable on any Bonds
1634 with respect to which a Payment Agreement is in force will be an amount equal to the
1635 amount of interest that would be payable at the rate or rates stated in those Bonds plus
1636 Payment Agreement Payments minus Payment Agreement Receipts.

1637 (ii) For any period during which Payment Agreement
1638 Payments are not taken into account in calculating interest on any outstanding Bonds
1639 because the Payment Agreement is not then related to any outstanding Bonds, Payment
1640 Agreement Payments on that Parity Payment Agreement will be calculated based upon
1641 the following assumptions:

1642 (a) County Obligated to Make Payments Based on
1643 Fixed Rate. If the county is obligated to make Payment Agreement Payments based on a
1644 fixed rate and the Qualified Counterparty is obligated to make payments based on a
1645 variable rate index, payments by the county will be based on the assumed fixed payor
1646 rate, and payments by the Qualified Counterparty will be based on a rate equal to the
1647 average rate determined by the variable rate index specified by the Payment Agreement
1648 during the fiscal quarter preceding the quarter in which the calculation is made; and

1649 (b) County Obligated to Make Payments Based on
1650 Variable Rate Index. If the county is obligated to make Payment Agreement Payments
1651 based on a variable rate index and the Qualified Counterparty is obligated to make
1652 payments based on a fixed rate, payments by the county will be based on a rate equal to
1653 the average rate determined by the variable rate index specified by the Payment
1654 Agreement during the fiscal quarter preceding the quarter in which the calculation is
1655 made, and the Qualified Counterparty will make payments based on the fixed rate
1656 specified by the Payment Agreement.

1657 E. Prior Notice to Rating Agencies. The county will give notice to
1658 Moody's and S&P 30 days prior to the date it intends to enter into a Parity Payment

1659 Agreement and will give notice to Fitch, Moody's and S&P 30 days prior to the date it
1660 intends to enter into a Parity Lien Obligation Payment Agreement.

1661 **SECTION 28. Sale of Bonds.**

1662 A. Determination by Finance Director. The Finance Director will
1663 determine, in consultation with the county's financial advisors, the principal amount of
1664 each series of the Project Bonds, which of the Refunding Candidates will be refunded,
1665 whether Project Bonds and Refunding Bonds will be sold separately or in one or more
1666 combined series, whether each series of Bonds will be structured as Tax-Exempt Bonds,
1667 Tax-Benefited Bonds or otherwise, and whether each series of Bonds will be sold by
1668 negotiated sale or competitive bid and by current or future delivery. The authority to sell
1669 any of the Bonds authorized hereunder will terminate two years from the effective date of
1670 this ordinance. The authority to sell any bonds pursuant to Ordinance 17111 of the county
1671 will terminate on the effective date of this ordinance.

1672 B. Satisfaction of Additional Bonds Tests. The Finance Director will
1673 provide or cause to be provided by a Professional Utility Consultant any certifications
1674 required to comply with the tests established in prior ordinances of the county for the
1675 issuance of additional Parity Bonds and additional Parity Lien Obligations, as applicable.
1676 In each Sale Motion for a series of Bonds, the council shall make findings regarding the
1677 satisfaction of the additional bonds tests applicable to that series of Bonds.

1678 At the time of issuing any Bonds hereunder -- so long as the county's Junior Lien
1679 Variable Rate Demand Sewer Revenue Bond, Series 2012, remains outstanding -- the
1680 Finance Director shall provide to the owner of that bond a debt service coverage

1681 certificate as required by Section 5.4(a) of Ordinance 17495 authorizing the issuance of
1682 that bond.

1683 C. Procedure for Negotiated Sale. If the Finance Director determines
1684 that any series of the Bonds will be sold by negotiated sale, the Finance Director will, in
1685 accordance with applicable county procurement procedures, solicit one or more
1686 underwriting firms with which to negotiate the sale of the Bonds. The purchase contract
1687 for any series of Bonds will establish the date, principal amount, interest rates, maturity
1688 schedule, redemption and bond insurance provisions, and delivery date of the Bonds. The
1689 county council by a Sale Motion will approve the bond purchase contract and ratify and
1690 confirm the terms for the series of Bonds established therein.

1691 D. Procedure for Sale by Competitive Bid. If the Finance Director
1692 determines that any series of the Bonds will be sold by competitive bid, bids for the
1693 purchase of such Bonds will be received at such time or place and by such means as the
1694 Finance Director directs. The Finance Director is authorized to prepare a notice of sale
1695 for such Bonds, establishing in such notice the date, principal amount, interest payment
1696 dates, maturity schedule, and redemption and bond insurance provisions for such Bonds.
1697 The official notice of sale or an abridged form thereof may be published in such
1698 newspapers or financial journals as the county's financial advisors deem desirable or
1699 appropriate.

1700 Upon the date and time established for the receipt of bids for any series of the
1701 Bonds, the Finance Director or his designee will review the bids, cause the bids to be
1702 mathematically verified and report to the county council regarding the bids received.
1703 Such bids will then be considered and acted upon by the county council in an open public

1704 meeting. The county council reserves the right to reject any and all bids for such Bonds.
1705 The county council by a Sale Motion will approve the sale of such Bonds and ratify and
1706 confirm the date, interest rates, maturity schedule, redemption and bond insurance
1707 provisions, plan of refunding (if any), and any other terms of such Bonds.

1708 **SECTION 29. Delivery of Bonds.** Following the sale of any series of the Bonds,
1709 the county will cause definitive Bonds of that series to be prepared, executed and
1710 delivered, which Bonds will be typewritten, lithographed or printed with engraved or
1711 lithographed borders, or in such other form acceptable to DTC as initial depository for
1712 the Bonds.

1713 If definitive Bonds are not ready for delivery by the date established for a
1714 Closing, then the Finance Director, upon the approval of the purchasers, may cause to be
1715 issued and delivered to the purchasers one or more temporary Bonds with appropriate
1716 omissions, changes and additions. Any temporary Bond or Bonds will be entitled and
1717 subject to the same benefits and provisions of this ordinance with respect to the payment,
1718 security and obligation thereof as definitive Bonds authorized thereby. Such temporary
1719 Bond or Bonds will be exchangeable without cost to the owners thereof for definitive
1720 Bonds when the latter are ready for delivery.

1721 **SECTION 30. Preliminary Official Statement; Official Statement.** The county
1722 hereby authorizes and directs the Finance Director: (i) to review and approve the
1723 information contained in the preliminary official statement (the "Preliminary Official
1724 Statement") prepared in connection with the sale of any series of the Bonds; and (ii) for
1725 the sole purpose of the Bond purchasers' compliance with Section (b)(1) of the Rule, to
1726 "deem final" that Preliminary Official Statement as of its date, except for the omission of

1727 information on offering prices, interest rates, selling compensation, delivery dates, bond
1728 insurance, any other terms or provisions required by the county to be specified in a
1729 competitive bid or bond purchase contract, ratings, the identity of the Bond purchasers,
1730 and other terms of that series of Bonds dependent on such matters. After a Preliminary
1731 Official Statement has been reviewed and approved in accordance with the provisions of
1732 this section, the county hereby authorizes distribution of the Preliminary Official
1733 Statement to prospective purchasers of that series of Bonds.

1734 Following the sale of any series of the Bonds in accordance with Section 28 of
1735 this ordinance, the Finance Director is hereby authorized to review and approve on behalf
1736 of the county a final official statement for those Bonds. The county agrees to cooperate
1737 with the purchaser of the Bonds to deliver or cause to be delivered, within seven business
1738 days from the date of the Sale Motion and in sufficient time to accompany any
1739 confirmation that requests payment from any customer of the purchaser, copies of the
1740 final official statement in sufficient quantity to comply with paragraph (b)(4) of the Rule
1741 and the rules of the Municipal Securities Rulemaking Board ("MSRB").

1742 SECTION 31. Undertaking to Provide Ongoing Disclosure. If and to the
1743 extent required by Section (b)(5) of the Rule, each Sale Motion will authorize an
1744 Undertaking for each series of the Bonds.

1745 SECTION 32. General Authorization. The appropriate county officials, agents
1746 and representatives are hereby authorized and directed to do everything necessary for the
1747 prompt sale, issuance, execution and delivery of the Bonds, and for the proper use and
1748 application of the proceeds of the sale thereof.

1749 **SECTION 33. Investment of Funds and Accounts.** Money in the Parity Bond
1750 Fund, Parity Bond Reserve Account, Parity Lien Obligation Bond Fund, Revenue Fund
1751 and Construction Account may be invested in any investments permitted for funds of the
1752 county. Obligations purchased as an investment of money in the Revenue Fund, Parity
1753 Bond Fund, Parity Lien Obligation Bond Fund, and Construction Account and accounts
1754 or subaccounts therein will be deemed at all times to be a part of such respective fund,
1755 account or subaccount, and the income or interest earned, profits realized or losses
1756 suffered by a fund, account or subaccount due to the investment thereof will be retained
1757 in, credited or charged, as the case may be, to such fund or account.

1758 In computing the amount in any fund or account under the provisions of this
1759 ordinance, obligations purchased as an investment of money therein will be valued at the
1760 cost or market price thereof, whichever is lower, inclusive of accrued interest.

1761 **SECTION 34. Defeasance.** If money or noncallable Government Obligations
1762 maturing at such time or times and bearing interest to be earned thereon in amounts
1763 (together with such money, if necessary) sufficient to redeem and retire, refund or
1764 defease part or all of the Bonds in accordance with their terms, are set aside in a special
1765 account of the county to effect such redemption and retirement, and such money and the
1766 principal of and interest on such Government Obligations are irrevocably set aside and
1767 pledged for such purpose, then no further payments need be made into the applicable
1768 bond fund for the payment of the principal of and interest on the Bonds so provided for,
1769 and such Bonds will cease to be entitled to any lien, benefit or security of this ordinance
1770 except the right to receive the money so set aside and pledged, and such Bonds will be
1771 deemed not to be outstanding hereunder.

1772 Upon the defeasance of any of the Bonds, the Bond Registrar will provide notice
1773 of the defeasance to the Registered Owners of the Bonds and to the MSRB in accordance
1774 with the ongoing disclosure provisions to be adopted by the Sale Motion.

1775 SECTION 35. Supplemental Ordinances.

1776 A. Without Bondowner Consent. The county council from time to
1777 time and at any time may adopt an ordinance or ordinances supplemental to this
1778 ordinance which supplemental ordinance or ordinances thereafter will become a part of
1779 this ordinance, without the consent of owners of any of the Bonds, for any one or more of
1780 the following purposes:

1781 (1) To add to the covenants and agreements of the county in
1782 this ordinance such other covenants and agreements thereafter to be observed that will
1783 not adversely affect the interests of the holders and owners of any Parity Bonds or Parity
1784 Lien Obligations, as applicable, or to surrender any right or power herein reserved to or
1785 conferred upon the county.

1786 (2) To make such provisions for the purpose of curing any
1787 ambiguities or of curing, correcting or supplementing any defective provision contained
1788 in this ordinance or any ordinance authorizing Parity Bonds or Parity Lien Obligations in
1789 regard to matters or questions arising under such ordinances as the county council may
1790 deem necessary or desirable and not inconsistent with such ordinances and that will not
1791 adversely affect the interest of the holders and owners of Parity Bonds or Parity Lien
1792 Obligations, as applicable.

1793 B. With Bondowner Consent.

1794 (1) From and after such time as no 2004B Bonds, 2006 Bonds,
1795 2006 (2nd) Bonds, 2007 Bonds, 2008 Bonds, or 2009 Bonds remain outstanding, with the
1796 consent of the owners of not less than 51% in aggregate principal amount of all Parity
1797 Bonds at the time outstanding, the Council may adopt an ordinance or ordinances
1798 supplemental hereto for the purpose of adding any provisions to or changing in any
1799 manner or eliminating any of the provisions of this ordinance or of any supplemental
1800 ordinance applicable to Parity Bonds, except as described in subsection (3) below.

1801 (2) From and after such time as no Series 2008 Bonds or Series
1802 2009 Bonds, with the consent of the owners of not less than 51% in aggregate principal
1803 amount of all Parity Lien Obligations at the time outstanding, the Council may adopt an
1804 ordinance or ordinances supplemental hereto for the purpose of adding any provisions to
1805 or changing in any manner or eliminating any of the provisions of this ordinance or of
1806 any supplemental ordinance applicable to Parity Lien Obligations, except as described in
1807 subsection (3) below.

1808 (3) No supplemental ordinance entered into pursuant to this
1809 subsection B may:

1810 (i) Extend the fixed maturity of any Parity Bonds or
1811 Parity Lien Obligations, or reduce the rate of interest thereon, or extend the time of
1812 payments of interest from their due date, or reduce the amount of the principal thereof, or
1813 reduce any premium payable on the redemption thereof, without the consent of the owner
1814 of each bond so affected; or

1815 (ii) Reduce the aforesaid percentage of owners of Parity
1816 Bonds or Parity Lien Obligations required to approve any such supplemental ordinance,
1817 without the consent of the owners of all of such bonds.

1818 (4) It is not necessary for the consent of Bond owners under
1819 this subsection B to approve the particular form of any proposed supplemental ordinance,
1820 but it is sufficient if such consent approves the substance thereof.

1821 SECTION 36. Ordinance a Contract; Severability. The covenants contained in
1822 this ordinance constitute a contract between the county and (i) the owners of each and
1823 every Bond, (ii) the Qualified Counterparty to any Payment Agreement entered into with
1824 respect to any Bonds, and (iii) the provider of any Credit Facility, Qualified Insurance or
1825 Qualified Letter of Credit with respect to any Bonds. If any court of competent
1826 jurisdiction determines that any covenant or agreement provided in this ordinance to be
1827 performed on the part of the county is contrary to law, then such covenant or agreement
1828 shall be null and void and shall be deemed separable from the remaining covenants and
1829 agreements of this ordinance and shall in no way affect the validity of the other
1830 provisions of this ordinance or of the Bonds.

1831 **SECTION 37. Effective Date.** This ordinance shall be effective 10 days after its
1832 enactment, in accordance with Article II of the county charter.
1833

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Larry Gossett, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. Form of Parity Bond, B. Form of Parity Lien Obligation

Attachment A

FORM OF PARITY BOND

NO. _____

\$ _____

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

SEWER REVENUE [AND] [REFUNDING] BOND, [applicable year and series designation]

INTEREST RATE:

MATURITY DATE:

CUSIP NO.:

Registered Owner:

Principal Amount:

KING COUNTY, WASHINGTON (the “County”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date specified above, the Principal Amount specified above and to pay interest thereon (computed on the basis of a 360-day year of twelve 30-day months) from _____, 20____, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on _____ 1, _____, and semiannually thereafter on the first days of each succeeding _____ and _____.

Both principal of and interest on this bond are payable in lawful money of the United States of America. While the Bonds are held in an immobilized “book entry” system of registration, payments of principal thereof and interest thereon will be made in accordance with the operational arrangements of The Depository Trust Company (“DTC”) referred to in the Blanket Issuer Letter of Representations from the County to DTC. When the Bonds are no longer held in an immobilized “book entry” registration system, principal will be paid to the Registered Owner or nominee of such owner upon presentation and surrender of this bond at either of the principal offices of the fiscal agency of the State of Washington in Seattle, Washington or New York, New York (collectively the “Bond Registrar”), and interest will be paid by mailing a check or draft (on the date such interest is due) to the Registered Owner or nominee of such owner at the address shown on the Bond Register as of the 15th day of the month prior to the interest payment date; provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 par value of the Bonds, interest will be paid by wire transfer on the interest payment date to an account with a bank located in the United States.

This bond is one of an authorized issue of bonds of like series, date and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of \$_____ (the “Bonds”), and is issued to [refund certain obligations of] [provide funds for capital improvements to] the County’s sewer system (the “System”).

The Bonds are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington, the County Charter and applicable ordinances duly adopted by the County, including Ordinance _____ of the County and Motion _____ of the County Council (together, the “Bond Legislation”). Capitalized terms used in this bond and not defined herein have the meanings given such terms in the Bond Legislation.

The Bonds are subject to redemption as provided in the Bond Legislation.

This Bonds are special limited obligations of the County, all payable solely from the special fund of the County known as the Water Quality Revenue Bond Account (the “Parity Bond Fund”), and are not obligations of the State of Washington or any political subdivision thereof other than the County, and neither the full faith and credit nor the taxing power of the County or the State of Washington or any political subdivision thereof is pledged to the payment of this bond or the Bonds.

The County hereby covenants and agrees with the holder of this bond that it will keep and perform all the covenants of this bond and of the Bond Legislation to be by it kept and performed. The County has obligated and bound itself to set aside and pay into the Parity Bond Fund out of Revenue of the System the various amounts required by the Bond Legislation to be paid into and maintained in the Parity Bond Fund, all within the times provided by the Bond Legislation.

The amounts so pledged to be paid out of Revenue of the System are hereby declared to be a prior lien and charge thereon superior to all other liens and charges of any kind or nature except Operating and Maintenance Expenses of the System. The amounts so pledged out of Revenue of the System are further declared to be of equal lien to charges that have been or may be made thereon to pay the principal of and interest on outstanding Parity Bonds and any Future Parity Bonds.

The County has pledged that it will cause the System to be maintained in good condition and repair and to be operated in an efficient manner and at a reasonable cost. The County has further pledged that it will at all times establish, maintain and collect adequate rates and charges for sewage disposal service as provided in the Bond Legislation. Reference to the Bond Legislation is made for a description of the nature and extent of the security for the Bonds, the funds or revenues pledged, and the terms and conditions upon which the Bonds are issued.

The pledge of revenues and other obligations of the County under the Bond Legislation may be discharged prior to maturity of the Bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Legislation.

This bond will not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Legislation until the Certificate of Authentication hereon has been manually signed by the Bond Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington and the Charter and ordinances of the County to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the Bonds does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the County may incur.

IN WITNESS WHEREOF, the County has caused this bond to be executed by the manual or facsimile signature of the County Executive, to be attested by the manual or facsimile signature of the Clerk of the County Council, and has caused the seal of the County to be impressed or imprinted hereon, as _____, 20__.

KING COUNTY, WASHINGTON

By _____/s/_____
King County Executive

ATTEST:

_____/s/_____
Clerk of the County Council

The Bond Registrar's Certificate of Authentication on the Bonds will be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This is one of the Sewer Revenue [and Refunding] Bonds, _____, of King County, Washington, dated _____, 20__, described in the within mentioned Bond Legislation.

WASHINGTON STATE FISCAL
AGENCY, as Bond Registrar

By _____
Authorized Signatory

The following abbreviations, when used in the inscription on the face of the within bond, will be construed as though they were written out in full according to applicable laws or regulations.

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT (TRANSFERS) MIN ACT - _____ Custodian _____
 (Cust) (Minor)
 under Uniform Gifts (Transfers) to Minors Act

 (State)

Additional abbreviations may also be used though not listed above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____
 PLEASE INSERT SOCIAL SECURITY OR
 TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

 (Please print or typewrite name and address, including zip code of Transferee)

the within bond and does hereby irrevocably constitute and appoint of _____, or its successor, as Bond Registrar to transfer said bond on the books kept for registration thereof with full power of substitution in the premises.

DATED: _____, 20____.

 NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

NOTICE: Signatures must be guaranteed
pursuant to law.

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Attachment B

FORM OF PARITY LIEN OBLIGATION

NO. _____

\$ _____

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

LIMITED TAX GENERAL OBLIGATION [AND] [REFUNDING] BOND

(PAYABLE FROM SEWER REVENUES), [applicable year] SERIES _____

INTEREST RATE:

MATURITY DATE:

CUSIP NO.:

Registered Owner:

Principal Amount:

KING COUNTY, WASHINGTON (the “County”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date specified above, the Principal Amount specified above and to pay interest thereon (computed on the basis of a 360-day year of twelve 30-day months) from _____ 1, 20__, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on _____ 1, ____, and semiannually thereafter on the first days of each succeeding _____ and _____.

Both principal of and interest on this bond are payable in lawful money of the United States of America. While the Bonds are held in an immobilized “book entry” system of registration, payments of principal thereof and interest thereon will be made in accordance with the operational arrangements of The Depository Trust Company (“DTC”) referred to in the Blanket Issuer Letter of Representations from the County to DTC. When the Bonds are no longer held in an immobilized “book entry” registration system, principal will be paid to the Registered Owner or nominee of such owner upon presentation and surrender of this bond at either of the principal offices of the fiscal agency of the State of Washington in Seattle, Washington or New York, New York (collectively the “Bond Registrar”), and interest will be paid by mailing a check or draft (on the date such interest is due) to the Registered Owner or nominee of such owner at the address shown on the Bond Register as of the 15th day of the month prior to the interest payment date; provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 par value of the Bonds, interest will be paid by wire transfer on the interest payment date to an account with a bank located in the United States.

This bond is one of an authorized issue of bonds of like series, date and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of \$_____ (the “Bonds”), and is issued [to refund certain obligations of] [provide funds for capital improvements to] the County’s sewer system (the “System”).

The Bonds are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington, the County Charter and applicable ordinances duly adopted by the County, including Ordinance _____ of the County and Motion _____ of the County Council (together, the “Bond Legislation”). Capitalized terms not otherwise defined herein have the meanings given such terms in the Bond Legislation.

The Bonds are subject to redemption as provided in the Bond Legislation.

The Bonds are general obligations of the County. The County has irrevocably covenanted and agreed for as long as any of the Bonds are outstanding and unpaid, that each year it will include in its budget and levy an *ad valorem* tax upon all property within the County subject to taxation in an amount that will be sufficient, together with all other revenues and money of the County legally available for such purposes, to pay the principal of and interest on the Bonds as the same become due. The County has pledged that the annual tax authorized to be levied for the payment of such principal and interest shall be within and a part of the tax levy permitted to counties without a vote of the people. The full faith, credit and resources of the County have been irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of the principal of and interest on the Bonds as the same become due.

The County has further obligated and bound itself to set aside and pay into the Parity Lien Obligation Bond Fund out of Revenue of the System amounts sufficient to pay when due the principal of and interest on the Bonds. The pledge of Revenue of the System constitutes a lien and charge on that revenue subject to Operating and Maintenance Expenses and junior, subordinate and inferior to the lien and charge on that revenue securing the Parity Bonds, equal to the lien and charge securing the outstanding Parity Lien Obligations and any additional Parity Lien Obligations hereafter issued, and superior to any other charges whatsoever. The County has reserved the right to issue additional Parity Lien Obligations on the terms and conditions set forth in the Bond Legislation.

The County has pledged that it will cause the System to be maintained in good condition and repair and to be operated in an efficient manner and at a reasonable cost. The County has further pledged that it will at all times establish, maintain and collect adequate rates and charges for sewage disposal service as provided in the Bond Legislation. Reference to the Bond Legislation is made for a description of the nature and extent of the security for the Bonds, the funds or revenues pledged, and the terms and conditions upon which the Bonds are issued.

The pledge of tax levies and revenues and other obligations of the County under the Bond Legislation may be discharged prior to maturity of the Bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Legislation.

This bond will not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Legislation until the Certificate of Authentication hereon has been manually signed by the Bond Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington and the Charter and ordinances of the County to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the Bonds does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the County may incur.

IN WITNESS WHEREOF, the County has caused this bond to be executed by the manual or facsimile signature of the County Executive, to be attested by the manual or facsimile signature of the Clerk of the County Council, and has caused the seal of the County to be impressed or imprinted hereon, as of _____, 20__.

KING COUNTY, WASHINGTON

By _____/s/
King County Executive

ATTEST:

_____/s/
Clerk of the County Council

The Bond Registrar's Certificate of Authentication on the Bonds will be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This is one of the Limited Tax General Obligation [and Refunding] Bonds (Payable from Sewer Revenues), [applicable year] Series ____, of King County, Washington, dated _____, 20__.

WASHINGTON STATE FISCAL
AGENCY, as Bond Registrar

By _____
Authorized Signatory

The following abbreviations, when used in the inscription on the face of the within bond, will be construed as though they were written out in full according to applicable laws or regulations.

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT (TRANSFERS) MIN ACT - _____ Custodian _____
 (Cust) (Minor)
 under Uniform Gifts (Transfers) to Minors Act

 (State)

Additional abbreviations may also be used though not listed above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

[Empty rectangular box for Social Security or Taxpayer Identification Number]

(Please print or typewrite name and address, including zip code of Transferee)

the within bond and does hereby irrevocably constitute and appoint _____ of _____, or its successor, as Bond Registrar to transfer said bond on the books kept for registration thereof with full power of substitution in the premises.

DATED: _____, 20__.

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

NOTICE: Signatures must be guaranteed pursuant to law.

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April 23, 2013

The Honorable Larry Gossett
Chair, King County Council
Room 1200
C O U R T H O U S E

Dear Councilmember Gossett:

Enclosed is a proposed Bond Ordinance that would authorize the issuance of up to \$1.25 billion of new bonds (the “Bonds”) through mid-2015 on behalf of the Wastewater Treatment Division (WTD). Of this total amount, up to \$300 million would be new borrowing to provide continued funding for WTD’s capital improvement program, while the remaining \$950 million would be utilized to refund certain outstanding wastewater bonds in order to lower future debt service costs.

With the recent completion of the Brightwater Treatment System, WTD total capital spending levels over the next several years are projected to return to historical levels of activity ranging between \$100 and \$200 million annually. This requested authorization for new borrowing is therefore consistent with WTD’s current financial plan and rate projections. It is anticipated that the Bonds to generate funds for the capital improvement program will be issued in multiple series, with the first sale expected to occur during the second half of 2013.

The ordinance would also authorize up to \$950 million of new bonds to be issued for the purpose of refunding certain outstanding wastewater bonds if such transactions are able to achieve the debt service savings target identified in the County’s debt management policy, as adopted by Motion 12660. The requested inclusion of such a large refunding authorization is driven by the desire to position the County to quickly take advantage of possible financial market developments. A significant decline in long-term interest rates on municipal bonds or a sharp rise in short-term Treasury interest rates, together simply with the passage of time, may mean that during the 2-year term of the authorization the advance refunding of a very substantial volume of outstanding wastewater bonds could achieve the County’s present value debt service savings target. If such favorable conditions do not materialize, any unused authorization would simply expire in mid-2015.

The proposed authorization would allow the Bonds to be sold as either sewer revenue bonds or so-called double-barreled limited tax general obligation bonds (LTGO bonds). The use of LTGO bonds is generally advantageous since they both produce lower borrowing costs than do sewer revenue bonds given their higher credit ratings and avoid the need for borrowing additional amounts simply to fund the debt service reserve. However, it is not always possible to issue every installment of wastewater debt in the form of LTGO bonds because a more stringent financial standard must be satisfied prior to bond issuance (this is known as the “additional bonds test”). Furthermore, if the differential between the rates on LTGO bonds and sewer revenue bonds is not sufficiently wide, it may still be prudent to issue the new debt in the form of sewer revenue bonds in order to preserve the County’s debt capacity. Prior to any new money issue, the County’s financial advisor will therefore conduct an analysis of the then-prevailing savings to recommend whether the use of LTGO bonds is warranted.

The exact terms of the Bonds will be established by the Finance Director in consultation with the County’s financial advisor and confirmed by the Council in separate Sale Motions to be adopted on the days of the sales. The first sale under this authorization is scheduled to take place late in the third quarter of 2013 when it will first become possible to undertake the current refunding of certain outstanding sewer revenue bonds that are callable on January 1, 2014.

This proposed ordinance is consistent with the financial stewardship goal in the King County Strategic Plan and will help provide for the long-term stability of County services.

The Honorable Larry Gossett
April 23, 2013
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Thank you for your consideration of this request. If you have any questions regarding these proposed bonds, please contact Ken Guy, Director, Finance and Business Operations Division, at 206-263-9254.

Sincerely,

Dow Constantine
King County Executive

Enclosure

cc: King County Councilmembers
 ATTN: Michael Woywod, Chief of Staff
 Anne Noris, Clerk of the Council
Carrie S. Cihak, Chief Advisor, Policy and Strategic Initiatives, King County
 Executive Office
Dwight Dively, Director, Office of Performance, Strategy and Budget
Christie True, Director, Department of Natural Resources and Parks (DNRP)
Pam Elardo, Director, Wastewater Treatment Division, DNRP
Caroline Whalen, County Administrative Officer, Department of Executive
 Services (DES)
Ken Guy, Director, Finance and Business Operations Division (FBOD), DES
Nigel Lewis, Senior Debt Analyst, Treasury Operations, FBOD, DES