



King County

Metropolitan King County Council Budget & Fiscal Management Committee

Staff Report

Agenda item No:	10	Date:	August 16, 2011
Proposed No:	PO 2011-0342	Prepared by:	Patrick Hamacher

STAFF REPORT

SUBJECT:

Proposed Ordinance 2010-0402 would authorize the issuance of \$47 million in additional bonded debt for King County. These bonds would be issued to provide permanent financing for projects backed by various county funds.

BACKGROUND:

Limited Tax General Obligation Bonds:

LTGO bonds (also known as council manic bonds) are the type of bonds commonly issued by the County. These bonds include a promise of the full faith and credit of the issuing agency. This means that the promise extends only to the taxing authority of the County without a vote of the people. Bonds issued with voter approval are referred to as unlimited tax general obligation bonds or simply general obligation bonds. All bonds discussed today will be a form of LTGO bond.

The bonds to finance the projects covered by this bond sale are issued as standard tax-exempt LTGO bonds. These bonds have an implied interest savings in that the purchasers of the bonds do not have to pay federal income tax on the earnings from the bonds. This allows the County to sell the bonds at favorable rates.

Qualified Energy Conservation Bonds (QECBs): are LTGO bonds issued for projects that will lead to energy savings of at least 20%. Contained within this bond sale is authority for \$3.0 million in QECB bonds for an energy efficiency project in the Wastewater Treatment Division. These bonds are issued as taxable bonds with the County being reimbursed by the federal government for a portion of the interest cost.

ANALYSIS:

The County has a comprehensive debt management program and also has a sufficiently large capital improvement program that allows the County to reduce effort and costs by packaging bonds sales together. Toward that end, the County has historically held one LTGO bond sale in the fall of each year and included as many

projects as possible in that one sale. A summary of the various projects included in this sale is included below as Table 1.

Table 1: Proposed Bonded Projects

<u>Project</u>	<u>Amount</u>	<u>Repayment Source</u>
Water Pipes at KCCF	3,600,000	General Fund
Consolidation of KCSO Facilities	900,000	General FUnd
Telecommunication System Upgrade	18,600,000	Internal Service Charges
Maury Island Open Space Acquisition	19,200,000	Conservation Futures
Wastewater Energy Project	3,000,000	WTD Rates
Financing Costs & Contingency	1,700,000	All

All projects included for financing have already been approved by the County Council, this action would merely finance those projects.

The County has planned for these expenses and the expenditures are included within the respective fund debt service schedules and financial plans.

REASONABLENESS:

Proposed Ordinance 2011-0342 provides financing for projects previously approved for construction by the County Council. As such, this represents a reasonable business decision.

INVITED:

Ken Guy, Director, Finance & Business Operations Division
 Nigel Lewis, Senior Debt Analyst, Finance Division
 Dwight Dively, Director, Office of Management and Budget
 Rob Shelley, Financial Advisor, Seattle Northwest Securities
 Dan Gottlieb, Bond Counsel, Gottlieb Fisher

ATTACHMENTS:

1. Proposed Ordinance 2011-0342
2. Transmittal Letter Dated July 20, 2011
3. Fiscal Note



KING COUNTY
Signature Report

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

August 15, 2011

Ordinance

Proposed No. 2011-0342.1

Sponsors Patterson

1 AN ORDINANCE authorizing the issuance and public sale
2 of one or more series of limited tax general obligation
3 bonds of the county in an outstanding aggregate principal
4 amount not to exceed \$47,000,000 to provide long-term
5 financing for all or part of the capital costs of the Barton
6 Pump Station Upgrade Project, the East Precinct Command
7 Center Project, the KCCF Water Pipe Replacement Project,
8 the Maury Island Park Project and the Telephony System
9 Project; providing for the disposition of the proceeds of
10 sale of the bonds; establishing funds for the receipt and
11 expenditure of bond proceeds and for the payment of the
12 bonds; and providing for the annual levy of taxes to pay the
13 principal thereof and interest thereon.

14 **PREAMBLE:**

15 The county council has previously reviewed and approved expenditures
16 for the Barton Pump Station Upgrade Project, the East Precinct Command
17 Center Project, the KCCF Water Pipe Replacement Project, the Maury
18 Island Park Project and the Telephony System Project.

19 It is deemed necessary and advisable that the county now authorize the
20 issuance and sale of one or more series of its limited tax general obligation
21 bonds in an outstanding aggregate principal amount not to exceed
22 \$47,000,000 to provide long-term financing for all or part of the capital
23 costs of the Barton Pump Station Upgrade Project, the East Precinct
24 Command Center Project, the KCCF Water Pipe Replacement Project, the
25 Maury Island Park Project and the Telephony System Project.

26 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

27 SECTION 1. Definitions. The following words and terms as used in this
28 ordinance shall have the following meanings for all purposes of this ordinance, unless
29 some other meaning is plainly intended:

30 "BABs" means "build America bonds" authorized under Section 54AA of the
31 Code.

32 "Barton Pump Station Upgrade Project" means the project to upgrade all
33 mechanical, electrical and instrumentation systems at the wastewater treatment division's
34 Barton Pump Station.

35 "Bond Fund" means, with respect to each series of the Bonds, the bond
36 redemption account established therefore pursuant to Section 11 of this ordinance.

37 "Bond Sale Motion" means a motion of the council adopted at the time of sale of
38 each series of the Bonds that establishes, with respect thereto, the following, among other
39 things: the year and, if applicable, a series designation, dates, principal amounts and
40 maturity dates, the interest rates and interest payment dates, and the redemption
41 provisions therefor.

42 "Bonds" means the limited tax general obligation bonds of the county in an
43 outstanding aggregate principal amount not to exceed \$47,000,000, authorized to be
44 issued in one or more series by this ordinance to provide long-term financing for all or
45 part of the capital costs of the Barton Pump Station Upgrade Project, the East Precinct
46 Command Center Project, the KCCF Water Pipe Replacement Project, the Maury Island
47 Park Project and the Telephony System Project. Each series of Bonds may be issued as
48 Tax-Exempt Obligations, BABs, QECBs or other Taxable Obligations, as provided in
49 Section 4.E of this ordinance.

50 "Code" means the federal Internal Revenue Code of 1986, as amended, together
51 with corresponding and applicable final, temporary or proposed regulations and revenue
52 rulings issued or amended with respect thereto by the United States Treasury Department
53 or the Internal Revenue Service.

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

55 "East Precinct Command Center Project" means the project to create an East
56 Precinct Command Center that consolidates the current Precincts 2 and 3 into leased
57 space in Sammamish City Hall.

58 "Federal Tax Certification" means, with respect to each series of Bonds, the
59 certificate executed by the finance director pertaining to the county's expectations in
60 connection with the federal tax treatment of interest on such series of Bonds.

61 "Finance director" means the director of the finance and business operations
62 division of the department of executive services of the county or any other county officer
63 who succeeds to the duties now delegated to that office or the designee of such officer.

64 "Government Obligations" means "government obligations," as defined in chapter
65 39.53 RCW, as now in existence or hereafter amended.

66 "KCCF Water Pipe Replacement Project" means the project to replace all existing
67 domestic water piping at the King County Correctional facility with new copper piping.

68 "Maury Island Park Project" means the project to purchase 250 acres of shoreline
69 park on Maury Island.

70 "Official Notice of Bond Sale" means, with respect to each series of the Bonds
71 that is sold by competitive bid, the official notice of sale therefor prepared pursuant to
72 Section 4.E of this ordinance.

73 "QECCBs" means "qualified energy conservation bonds" authorized under Section
74 54D of the Code.

75 "Rebate Amount" means the amount, if any, determined to be payable by the
76 county to the United States of America with respect to a specified series of Bonds in
77 accordance with Section 148(f) of the Code.

78 "Refundable Credits" means with respect to any series of the Bonds that are
79 issued as BABs or QECCBs, the amounts which are payable by the federal government
80 under Section 6431 of the Code, which the county has elected to receive under (a)
81 Section 54AA(g)(1) of the Code, in the case of any series of the Bonds that are issued as
82 BABs, or (b) Section 6431(f)(3) of the Code, in the case of any series of the Bonds that
83 are issued as QECCBs.

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

86 "Registrar" means the fiscal agency of the State of Washington appointed from
87 time to time by the Washington State Finance Committee pursuant to chapter 43.80
88 RCW.

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

91 "Taxable Obligations" means the Bonds of any series determined to be issued on
92 a taxable basis, but not including any BABs or QECBs, pursuant to Section 4.E of this
93 ordinance.

94 "Tax-Exempt Obligations" means the Bonds of any series determined to be issued
95 on a tax-exempt basis pursuant to Section 4.E of this ordinance.

96 "Telephony System Project" means the project to replace the old PBX-based
97 phone system with a modern IP-based telephone system.

98 **SECTION 2. Findings:** The county council hereby makes the following
99 findings:

100 A. The Barton Pump Station Upgrade Project, the East Precinct Command Center
101 Project, the KCCF Water Pipe Replacement Project, the Maury Island Park Project and
102 the Telephony System Project will contribute to the health, safety and welfare of the
103 citizens of the county.

104 B. The issuance of limited tax general obligation bonds of the county to provide
105 long-term financing for all or part of the capital costs of the Barton Pump Station
106 Upgrade Project, the East Precinct Command Center Project, the KCCF Water Pipe
107 Replacement Project, the Maury Island Park Project and the Telephony System Project,
108 payable from regular property taxes or other revenues, taxes and money of the county

109 legally available for such purposes, will reduce the overall costs of borrowing such funds
110 and is in the best interests of the county and its citizens.

111 SECTION 3. Authorization of Projects. The county has previously authorized
112 the undertaking of the Barton Pump Station Upgrade Project, the East Precinct Command
113 Center Project, the KCCF Water Pipe Replacement Project, the Maury Island Park
114 Project and the Telephony System Project. The Barton Pump Station Upgrade Project,
115 the East Precinct Command Center Project, the KCCF Water Pipe Replacement Project,
116 the Maury Island Park Project and the Telephony System Project shall also include (a)
117 capitalized interest, interest on interim financing for such projects pending receipt of
118 Bond proceeds, and costs and expenses incurred in issuing the Bonds; (b) the
119 capitalizable costs of sales tax, acquisition and contingency allowances, financing, and
120 any and all surveys, explorations, engineering and architectural studies, drawings, designs
121 and specifications incidental, necessary or convenient to the implementation of the
122 Barton Pump Station Upgrade Project, the East Precinct Command Center Project, the
123 KCCF Water Pipe Replacement Project, the Maury Island Park Project and the
124 Telephony System Project, and (c) the purchase of all materials, supplies, appliances,
125 equipment and facilities, and the permits, franchises, property and property rights and
126 capitalizable administrative costs, necessary, incidental or convenient to the
127 implementation of the Barton Pump Station Upgrade Project, the East Precinct Command
128 Center Project, the KCCF Water Pipe Replacement Project, the Maury Island Park
129 Project and the Telephony System Project.

130 Any of the Barton Pump Station Upgrade Project, the East Precinct Command
131 Center Project, the KCCF Water Pipe Replacement Project, the Maury Island Park

132 Project or the Telephony System Project may be modified where deemed advisable or
133 necessary in the judgment of the county council, and implementation or completion of
134 any authorized component thereof shall not be required if the county council determines
135 that it has become inadvisable or impractical. If the Barton Pump Station Upgrade
136 Project, the East Precinct Command Center Project, the KCCF Water Pipe Replacement
137 Project, the Maury Island Park Project and the Telephony System Project have all been
138 completed, or their completion duly provided for, or the completion of all or any of them
139 is found to be inadvisable or impractical, the county may apply any remaining proceeds
140 of the Bonds, or any portion thereof, to the acquisition or improvement of other county
141 capital projects as the county council in its discretion may determine. In the event that
142 the proceeds of the sale of the Bonds, plus any other money of the county legally
143 available therefor, are insufficient to accomplish all of the Barton Pump Station Upgrade
144 Project, the East Precinct Command Center Project, the KCCF Water Pipe Replacement
145 Project, the Maury Island Park Project and the Telephony System Project, the county
146 shall use the available funds for paying the cost of those components of the Barton Pump
147 Station Upgrade Project, the East Precinct Command Center Project, the KCCF Water
148 Pipe Replacement Project, the Maury Island Park Project and the Telephony System
149 Project deemed by the county council most necessary and in the best interest of the
150 county.

151 **SECTION 4. Purpose, Authorization and Description of Bonds.**

152 A. **Purpose and Authorization of Bonds.** The county authorizes the issuance of
153 the Bonds to provide long-term financing for all or part of the capital costs of the Barton
154 Pump Station Upgrade Project, the East Precinct Command Center Project, the KCCF

155 Water Pipe Replacement Project, the Maury Island Park Project and the Telephony
156 System Project.

157 B. Description of Bonds. The Bonds may be issued in one or more series so long
158 as the aggregate principal amount of the Bonds to be outstanding on the date of issuance
159 of each series of the Bonds does not exceed \$47,000,000. Each series of the Bonds shall
160 be designated "King County, Washington, Limited Tax General Obligation Bonds," with
161 the year and any applicable series designation and with the additional designations of
162 "(Federally Tax-Exempt)" for any series of Bonds issued as Tax-Exempt Obligations,
163 "(Federally Taxable Build America Bonds)" for any series of Bonds issued as BABs,
164 "(Federally Taxable Qualified Energy Conservation Bonds)" for any series of Bonds
165 issued as QECEBs, or "(Federally Taxable)" for any series of Bonds issued as any other
166 sort of Taxable Obligations, as applicable, all as established by the related Bond Sale
167 Motion. Each series of the Bonds shall be dated as of such date, shall mature on the date
168 or dates in each of the years and in the principal amounts, shall bear interest (computed
169 on the basis of a 360-day year of twelve 30-day months) from their date or the most
170 recent interest payment date to which interest has been paid or duly provided for,
171 whichever is later, at the rates and payable on such dates, and shall be subject to
172 redemption prior to maturity in the amounts, in the manner and at the prices, shall
173 provide long-term financing for all or such part of the capital costs of the Barton Pump
174 Station Upgrade Project, the East Precinct Command Center Project, the KCCF Water
175 Pipe Replacement Project, the Maury Island Park Project and/or the Telephony System
176 Project, and shall be subject to such other terms and provisions as the county shall
177 establish by the related Bond Sale Motion. Each series of the Bonds shall be fully

178 registered as to both principal and interest, shall be in the denomination of \$5,000 each or
179 any integral multiple thereof (but no Bond shall represent more than one maturity), shall
180 be numbered separately in such manner and with any additional designation as the
181 Registrar deems necessary for purposes of identification.

182 C. Initial Immobilization of Bonds; Depository Provisions. The Bonds of each
183 series shall initially be held in fully immobilized form by DTC acting as depository
184 pursuant to the terms and conditions set forth in the Blanket Issuer Letter of
185 Representations heretofore executed on behalf of the county. Neither the county nor the
186 Registrar shall have any responsibility or obligation to DTC participants or the persons
187 for whom they act as nominees with respect to such Bonds with respect to the accuracy of
188 any records maintained by DTC or any DTC participant, the payment by DTC or any
189 DTC participant of any amount in respect of principal or redemption price or interest on
190 such Bonds, any notice that is permitted or required to be given to registered owners
191 under this ordinance (except such notice as is required to be given by the county to the
192 Registrar or to DTC), the selection by DTC or any DTC participant of any person to
193 receive payment in the event of a partial redemption of such Bonds or any consent given
194 or other action taken by DTC as owner of such Bonds.

195 The Bonds of each series shall initially be issued in denominations equal to the
196 aggregate principal amount of each maturity and initially shall be registered in the name
197 of Cede & Co., as the nominee of DTC. Such Bonds so registered shall be held in fully
198 immobilized form by DTC as depository. For so long as any such Bonds are held in fully
199 immobilized form, DTC, its successor or any substitute depository appointed by the
200 county, as applicable, shall be deemed to be the registered owner for all purposes

201 hereunder and all references to registered owners, bondowners, bondholders, owners or
202 the like shall mean DTC or its nominees and shall not mean the owners of any beneficial
203 interests in the Bonds. Registered ownership of such Bonds, or any portions thereof, may
204 not thereafter be transferred except:

205 1. To any successor of DTC or its nominee, if that successor shall be qualified
206 under any applicable laws to provide the services proposed to be provided by it;

207 2. To any substitute depository appointed by the county pursuant to this
208 subsection or such substitute depository's successor; or

209 3. To any person as herein provided if such Bonds are no longer held in
210 immobilized form.

211 Upon the resignation of DTC or its successor (or any substitute depository or its
212 successor) from its functions as depository, or a determination by the county that it is no
213 longer in the best interests of beneficial owners of such Bonds to continue the system of
214 book entry transfers through DTC or its successor (or any substitute depository or its
215 successor), the county may appoint a substitute depository. Any such substitute
216 depository shall be qualified under any applicable laws to provide the services proposed
217 to be provided by it.

218 In the case of any transfer pursuant to clause (1) or (2) of the second paragraph of
219 this subsection, the Registrar, upon receipt of all outstanding Bonds of such series
220 together with a written request on behalf of the county, shall issue a single new Bond
221 certificate for each maturity of Bonds of such series then outstanding, registered in the
222 name of such successor or such substitute depository, or their nominees, as the case may
223 be, all as specified in such written request of the county.

224 In the event that DTC or its successor (or substitute depository or its successor)
225 resigns from its functions as depository, and no substitute depository can be obtained; or
226 the county determines that it is in the best interests of the beneficial owners of the Bonds
227 of any series that they be able to obtain Bond certificates, the ownership of such Bonds
228 may be transferred to any person as herein provided, and such Bonds shall no longer be
229 held in fully immobilized form. The county shall deliver a written request to the
230 Registrar, together with a supply of definitive Bonds of such series, to issue Bonds of
231 such series as herein provided in any authorized denomination. Upon receipt of all then
232 outstanding Bonds of any series by the Registrar, together with a written request on
233 behalf of the county to the Registrar, new Bonds of such series shall be issued in such
234 denominations and registered in the names of such persons as are requested in such a
235 written request.

236 D. Place, Manner and Medium of Payment. Both principal of and interest on the
237 Bonds shall be payable in lawful money of the United States of America. For so long as
238 any outstanding Bonds are registered in the name of Cede & Co., or its registered assigns,
239 as nominee of DTC, payments of principal of and interest on such Bonds shall be made in
240 next day funds on the date such payment is due and payable at the place and in the
241 manner provided in the Letter of Representations.

242 In the event that the Bonds of any series are no longer held in fully immobilized
243 form by DTC or its successor (or substitute depository or its successor), interest on such
244 Bonds shall be paid by checks or drafts mailed, or by wire transfer, to the owners of such
245 Bonds at the addresses for such owners appearing on the Register on the 15th day of the
246 calendar month preceding the interest payment date. Wire transfer will be made only if

247 so requested in writing and if the owner owns at least \$1,000,000 par value of such
248 Bonds. Principal of the Bonds shall be payable at maturity or on such dates as may be
249 fixed for prior redemption upon presentation and surrender of such Bonds by the owners
250 to the Registrar.

251 E. Sale of Bonds. The county hereby authorizes the public sale of the Bonds.
252 The Bonds shall be sold in one or more series, any of which may be sold in a combined
253 offering with other bonds and/or notes of the county, at the option of the finance director.
254 The finance director shall determine, in consultation with the county's financial advisors,
255 whether each series of the Bonds shall be sold by negotiated sale or competitive bid, and
256 whether such series of Bonds shall be issued and sold as Tax-Exempt Obligations, BABs,
257 QECCBs or other Taxable Obligations.

258 If the finance director determines that any series of the Bonds shall be sold by
259 negotiated sale, the finance director shall, in accordance with applicable county
260 procurement procedures, solicit one or more underwriting firms with which to negotiate
261 the sale of such Bonds. The purchase contract for each series of the Bonds shall identify
262 which projects will be financed in whole or in part from such series of the Bonds and
263 shall specify whether the Bonds of such series are being issued and sold as Tax-Exempt
264 Obligations, BABs, QECCBs or other Taxable Obligations. The purchase contract for
265 each series of the Bonds shall also establish the year and any applicable series
266 designation, date, principal amounts and maturity dates, interest rates and interest
267 payment dates, redemption provisions and delivery date for such series of the Bonds, so
268 long as the aggregate principal amount of all Bonds to be outstanding on the date of
269 issuance of such series of the Bonds does not exceed \$47,000,000. The county council,

270 by Bond Sale Motion, shall approve the bond purchase contract and ratify whether the
271 Bonds of such series are being issued and sold as Tax-Exempt Obligations, BABs,
272 QECCBs or other Taxable Obligations, and the other terms for the series of the Bonds
273 established thereby.

274 If the finance director determines that any series of the Bonds shall be sold by
275 competitive bid, bids for the purchase of each series of the Bonds shall be received at
276 such time and place and by such means as the finance director shall direct.

277 Upon the date and time established for the receipt of bids for each series of the
278 Bonds, the finance director or his designee shall open the bids for the Bonds, shall cause
279 the bids to be mathematically verified and shall report to the county council regarding the
280 bids received. Such bids shall then be considered and acted upon by the county council
281 in an open public meeting. The county council reserves the right to reject any and all
282 bids for any series of the Bonds. The county council shall, by Bond Sale Motion, ratify
283 and confirm the projects to be financed in whole or in part from such series of the Bonds
284 and whether the Bonds of such series are being issued and sold as Tax-Exempt
285 Obligations, BABs, QECCBs or other Taxable Obligations, and shall also ratify and
286 confirm the year and any applicable series designation, date, principal amounts and
287 maturity dates, interest rates and interest payment dates, redemption provisions and
288 delivery date for such series of the Bonds, and accept the bid for the purchase of such
289 series of the Bonds.

290 The finance director is hereby authorized and directed to prepare an Official
291 Notice of Bond Sale for each series of the Bonds to be sold pursuant to competitive bid,
292 which notice shall be filed with the clerk of the council and shall be ratified and

293 confirmed by the Bond Sale Motion therefor. The finance director is hereby authorized
294 to identify which projects will be financed in whole or in part from such series of the
295 Bonds and to specify whether the Bonds of such series are being issued and sold as Tax-
296 Exempt Obligations, BABs, QECCBs or other Taxable Obligations. The finance director
297 is also hereby authorized to establish the year and any applicable series designation, date,
298 principal amounts and maturity dates, interest payment dates, redemption provisions and
299 delivery date for such series of the Bonds in such Official Notice of Bond Sale so long as
300 the aggregate principal amount of all Bonds to be outstanding on the date of issuance of
301 such series of the Bonds does not exceed \$47,000,000.

302 F. Form of Bonds. The Bonds shall be in substantially the following form:

303 NO. \$ _____

304 UNITED STATES OF AMERICA

305 STATE OF WASHINGTON

306 KING COUNTY

307 LIMITED TAX GENERAL OBLIGATION BOND,

308 [Year][, SERIES __]

309 [(FEDERALLY TAX-EXEMPT)]

310 [(FEDERALLY TAXABLE BUILD AMERICA BONDS)]

311 [(FEDERALLY TAXABLE QUALIFIED ENERGY

312 CONSERVATION BONDS)]

313 [(FEDERALLY TAXABLE)]

314 INTEREST RATE: MATURITY DATE: CUSIP NO. :

315 REGISTERED OWNER:

316 PRINCIPAL AMOUNT:

317 KING COUNTY, WASHINGTON (the "County"), hereby acknowledges itself to
318 owe and for value received promises to pay to the registered owner identified above, or
319 registered assigns, on the Maturity Date specified above, the Principal Amount specified
320 above and to pay interest thereon (computed on the basis of a 360-day year of twelve 30-
321 day months) from _____, or the most recent date to which interest has been
322 paid or duly provided for until payment of this Bond at the Interest Rate set forth above,
323 payable on _____, and semiannually thereafter on the ____ day of each succeeding
324 _____ and _____ to the maturity or prior redemption of this Bond.

325 Both principal of and interest on this Bond are payable in lawful money of the
326 United States of America. While Bonds are held on immobilized "book entry" system of
327 registration, the principal of this Bond is payable to the order of the registered owner in
328 same day funds received by the registered owner on the maturity date of this Bond, and
329 the interest on this Bond is payable to the order of the registered owner in same day funds
330 received by the registered owner on each interest payment date. When Bonds are no
331 longer held in an immobilized "book entry" registration system, the principal shall be
332 paid to the registered owner or nominee of such owner upon presentation and surrender
333 of this Bond to the fiscal agency of the State of Washington (the "Registrar"), and the
334 interest shall be paid by mailing a check or draft (on the date such interest is due) to the
335 registered owner or nominee of such owner at the address shown on the registration
336 books maintained by the Registrar (the "Register") as of the 15th day of the month prior
337 to the interest payment date; provided, however, that if so requested in writing by the

338 registered owner of at least \$1,000,000 par value of the Bonds, interest will be paid by
339 wire transfer.

340 This Bond is one of an authorized issue of Bonds of like date and tenor, except as
341 to number, amount, rate of interest and date of maturity[, and redemption provisions],in
342 the aggregate principal amount of \$_____, and is issued to provide long-term
343 financing for all or part of the capital costs of [the Barton Pump Station Upgrade
344 Project][the East Precinct Command Center Project][the KCCF Water Pipe Replacement
345 Project][the Maury Island Park Project][the Telephony System Project] defined and
346 described in King County Ordinance _____ (the "Bond Ordinance"). Capitalized words
347 and phrases used but not defined herein shall have the meanings set forth in the Bond
348 Ordinance.

349 The Bonds of this issue are issued under and in accordance with the provisions of
350 the Constitution and applicable statutes of the State of Washington, the County Charter
351 and applicable ordinances duly adopted by the County.

352 [The Bonds of this issue are subject to redemption prior to maturity as follows:
353 (information to come from related Bond Sale Motion)].

354 The County has irrevocably covenanted in the Bond Ordinance that, for as long as
355 any of the Bonds are outstanding and unpaid, each year it will include in its budget and
356 levy an *ad valorem* tax within the constitutional and statutory tax limitations provided by
357 law without a vote of the people upon all the property within the County subject to
358 taxation in an amount that will be sufficient, together with all other revenues, taxes and
359 money of the County legally available for such purposes, to pay the principal of and
360 interest on the Bonds as the same shall become due. The county has irrevocably pledged

361 its full faith, credit and resources for the annual levy and collection of such taxes and for
362 the prompt payment of the principal of and interest on the Bonds as the same shall
363 become due.

364 The pledge of tax levies for repayment of principal of and interest on the Bonds
365 may be discharged prior to maturity of the Bonds by making provisions for the payment
366 thereof on the terms and conditions set forth in the Bond Ordinance.

367 This Bond shall not be valid or become obligatory for any purpose or be entitled
368 to any security or benefit under the Bond Ordinance until the Certificate of
369 Authentication hereon shall have been manually signed by the Registrar.

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

376 [Add so long as Bonds are held in fully immobilized form by DTC: Unless this
377 certificate is presented by an authorized representative of The Depository Trust
378 Company, a New York corporation ("DTC"), to the Registrar for registration of transfer,
379 exchange or payment, and any certificate issued is registered in the name of Cede & Co.
380 or in such other name as is requested by an authorized representative of DTC (and any
381 payment is made to Cede & Co. or to such other entity as is requested by an authorized
382 representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR

383 VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as
384 the registered owner hereof, Cede & Co., has an interest herein.]

385 IN WITNESS WHEREOF, the County has caused this Bond to be executed by
386 the manual or facsimile signatures of the County Executive and the Clerk of the County
387 Council, and the seal of the County to be impressed or imprinted hereon, as of this
388 [_____] day of [_____].

389 KING COUNTY, WASHINGTON

390 By _____

391 County Executive

392 ATTEST:

393 _____

394 Clerk of the Council

395 The Registrar's Certificate of Authentication on the Bonds shall be in substantially
396 the following form:

397 CERTIFICATE OF AUTHENTICATION

398 This Bond is one of the King County, Washington, Limited Tax General
399 Obligation Bonds, [Year][, Series __][(Federally Tax-Exempt)][(Federally Taxable Build
400 America Bonds)][(Federally Taxable Qualified Energy Conservation Bonds)][(Federally
401 Taxable)], described in the within mentioned Bond Ordinance.

402 WASHINGTON STATE FISCAL

403 AGENCY, as Registrar

404 By _____

405 Authorized Officer

406

ASSIGNMENT

407

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

408

unto

409

410

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION

411

NUMBER OF TRANSFEREE

412

[]

413

414

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

415

416

the within Bond and does hereby irrevocably constitute and appoint _____

417

DATED: _____, _____.

418

419

NOTE: The signature on this

420

Assignment must correspond with

421

the name of the registered owner as

422

it appears upon the face of the within

423

note in every particular, without

424

alteration or enlargement or any

425

change whatever.

426

SIGNATURE GUARANTEED:

427

428

NOTE: Signature must be guaranteed by an eligible guarantor.

429 G. Delivery of Bonds. Following the sale of each series of the Bonds, the
430 county shall cause definitive Bonds of such series to be prepared, executed and delivered,
431 which Bonds may be wordprocessed, typewritten, lithographed or printed.

432 If definitive Bonds of any series are not ready for delivery by the date established
433 for their delivery to the initial purchasers thereof, then the finance director, upon the
434 approval of the purchasers, may cause to be issued and delivered to the purchasers one or
435 more temporary Bonds of the same series with appropriate omissions, changes and
436 additions. Any such temporary Bond or Bonds shall be entitled and subject to the same
437 benefits and provisions of this ordinance with respect to the payment, security and
438 obligation thereof as definitive Bonds authorized thereby. Such temporary Bond or
439 Bonds shall be exchangeable without cost to the owners thereof for definitive Bonds of
440 the same series when the latter are ready for delivery.

441 H. Execution of Bonds. The Bonds shall be executed on behalf of the county
442 with the manual or facsimile signatures of the county executive and the clerk of the
443 council, and shall have the seal of the county impressed or imprinted thereon.

444 In case either or both of the officers who shall have executed the Bonds shall
445 cease to be an officer or officers of the county before the Bonds so signed shall have been
446 authenticated or delivered by the Registrar, or issued by the county, such Bonds may
447 nevertheless be authenticated, delivered and issued and upon such authentication,
448 delivery and issuance, shall be as binding upon the county as though those who signed
449 the same had continued to be such officers of the county. Any Bond also may be signed
450 and attested on behalf of the county by such persons as at the actual date of execution of

451 such Bond shall be the proper officers of the county although at the original date of such
452 Bond any such person shall not have been such officer of the county.

453 Only such Bonds as shall bear thereon a Certificate of Authentication in the form
454 hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for
455 any purpose or entitled to the benefits of this ordinance. Such Certificate of
456 Authentication shall be conclusive evidence that the Bonds so authenticated have been
457 duly executed, authenticated and delivered hereunder and are entitled to the benefits of
458 this ordinance.

459 SECTION 5. Open Market Purchase. The county reserves the right to purchase
460 any or all of the Bonds of any series on the open market at any time and at any price.

461 SECTION 6. Registration, Transfer and Exchange. The county hereby adopts
462 for the Bonds the system of registration specified and approved by the Washington State
463 Finance Committee. The Registrar shall keep, or cause to be kept, at its principal
464 corporate trust office, sufficient books for the registration and transfer of the Bonds,
465 which shall at all times be open to inspection by the county. Such Register shall contain
466 the name and mailing address of the owner (or nominee thereof) of each Bond, and the
467 principal amount and number of Bonds held by each owner or nominee. The Registrar is
468 authorized, on behalf of the county, to authenticate and deliver Bonds transferred or
469 exchanged for other Bonds in accordance with the provisions thereof and this ordinance,
470 and to carry out all of the Registrar's powers and duties under this ordinance.

471 The Registrar shall be responsible for its representations contained in the
472 Certificate of Authentication on the Bonds. The Registrar may become the owner of
473 Bonds with the same rights it would have if it were not the Registrar, and to the extent

474 permitted by law may act as depository for and permit any of its officers or directors to
475 act as a member of, or in any other capacity with respect to, any committee formed to
476 protect the rights of Bond owners.

477 Upon surrender thereof to the Registrar, the Bonds of each series are
478 exchangeable for other Bonds of the same series, maturity and interest rate and for the
479 same aggregate principal amount, in any authorized denomination. Bonds may be
480 transferred only if endorsed in the manner provided thereon and surrendered to the
481 Registrar. Upon such surrender, the Registrar shall cancel the surrendered Bond and
482 shall authenticate and deliver, without charge to the owner or transferee therefor (other
483 than taxes, if any, payable on account of such transfer), one or more (at the option of the
484 new registered owner) new Bonds of the same series, maturity and interest rate and for
485 the same aggregate principal amount, in any authorized denomination, naming as
486 registered owner the person or persons listed as the assignee on the assignment form
487 appearing on the canceled and surrendered Bond, in exchange therefor. The Registrar
488 shall not be obligated to transfer or exchange any Bond during the period beginning at the
489 opening of business on the 15th day of the month next preceding the maturity date
490 thereof and ending at the close of business on such maturity date.

491 The county and the Registrar, each in its discretion, may deem and treat the
492 registered owner of each Bond as the absolute owner thereof for all purposes, and neither
493 the county nor the Registrar shall be affected by any notice to the contrary.

494 SECTION 7. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond shall
495 become mutilated, the Registrar shall authenticate and deliver one or more (at the option
496 of the new registered owner) new Bonds of the same series, maturity and interest rate and

497 for the same aggregate principal amount, in any authorized denomination, in exchange
498 and substitution therefor, upon the owner's paying the expenses and charges of the county
499 and the Registrar in connection therewith and upon surrender to the Registrar of the
500 mutilated Bond. Every mutilated Bond so surrendered shall be canceled and destroyed
501 by the Registrar.

502 If any Bond shall be lost, stolen or destroyed, the Registrar may authenticate and
503 deliver one or more (at the option of the new registered owner) new Bonds of the same
504 series, maturity and interest rate and for the same aggregate principal amount, in any
505 authorized denomination, to the registered owner thereof upon the owner's paying the
506 expenses and charges of the county and the Registrar in connection therewith and upon
507 his/her filing with the Registrar evidence satisfactory to the Registrar that such Bond was
508 actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing
509 the county and the Registrar with indemnity satisfactory to the Finance Director and the
510 Registrar.

511 **SECTION 8. Pledge of Taxation and Credit.** The county hereby irrevocably
512 covenants and agrees for as long as any of the Bonds are outstanding and unpaid, that
513 each year it will include in its budget and levy an *ad valorem* tax within the constitutional
514 and statutory tax limitations provided by law without a vote of the people upon all the
515 property within the county subject to taxation in an amount that will be sufficient,
516 together with all other revenues, taxes and money of the county legally available for such
517 purposes, to pay the principal of and interest on the Bonds as the same shall become due.

518 The county hereby irrevocably pledges that the annual tax provided for herein to
519 be levied for the payment of such principal and interest shall be within and as a part of

520 the tax levy to counties without a vote of the people, and that a sufficient portion of each
521 annual levy to be levied and collected by the county prior to the full payment of the
522 principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged
523 and appropriated for the payment of the principal of and interest on the Bonds.

524 The full faith, credit and resources of the county are hereby irrevocably pledged
525 for the annual levy and collection of said taxes and for the prompt payment of the
526 principal of and interest on the Bonds as the same shall become due.

527 **SECTION 9. Federal Tax Law Covenants.**

528 A. Provisions Applicable to Tax-Exempt Obligations. The county shall comply
529 with the provisions of this section with respect to each series of the Bonds that are issued
530 as Tax-Exempt Obligations unless, in the written opinion of nationally-recognized bond
531 counsel to the county, such compliance is not required.

532 The county hereby covenants that it will not make any use of the proceeds from
533 the sale of such series of the Bonds that are issued as Tax-Exempt Obligations (or of any
534 other funds of the county that may be deemed to be proceeds of such series the Bonds
535 pursuant to Section 148 of the Code and the applicable regulations thereunder) that will
536 cause such series of the Bonds to be "arbitrage bonds" within the meaning of said Section
537 148 of the Code and said regulations. The county will comply with the applicable
538 requirements of Section 148 of the Code (or any successor provision thereof applicable to
539 such series of the Bonds) and the applicable regulations thereunder throughout the term
540 of such series of the Bonds. In particular, the county will compute, if necessary, and pay
541 the Rebate Amount, if any, to the United States of America at the times and in the

542 amounts necessary to meet the requirements of the Code, as set forth in the related
543 Federal Tax Certification for such series of the Bonds.

544 The county further covenants that it will not take any action or permit any action
545 to be taken that would cause any series of the Bonds that are issued as Tax-Exempt
546 Obligations to constitute "private activity bonds" under Section 141 of the Code.

547 B. Provisions Applicable to BABs. The county hereby irrevocably elects to
548 apply the provisions of Section 54AA(d) of the Code to each series of Bonds that are
549 issued as BABs and intends that each series of Bonds that are issued as BABs be treated
550 as "build America bonds" within the meaning of Section 54AA(d) of the Code. In
551 addition, the county hereby irrevocably elects to treat each series of Bonds that are issued
552 as BABs as "qualified bonds" within the meaning of Section 54AA(g)(2) of the Code
553 such that each series of Bonds that are issued as BABs will be eligible for direct payment
554 by the federal government of the Refundable Credits.

555 The county shall take all actions necessary to assure that the proceeds of each
556 series of Bonds that are issued as BABs are expended and all federal tax requirements are
557 met so as to cause each series of Bonds that are issued as BABs to be treated as "build
558 America bonds" within the meaning of Section 54AA(d) of the Code and "qualified
559 bonds" within the meaning of Section 54AA(g)(2) of the Code, and therefore be eligible
560 for the Refundable Credits.

561 The county shall, within the 45-day period beginning on the date that is 90 days
562 before the next interest payment date for each series of Bonds that are issued as BABs,
563 file Form 8038-CP or any successor form designated by the federal government,

564 requesting payment of the Refundable Credits with respect to the next interest payment
565 on such series of Bonds that are issued as BABs.

566 C. Provisions Applicable to QECBs. The county hereby irrevocably elects to
567 apply the provisions of Section 54D of the Code to each series of Bonds that are issued as
568 QECBs and intends that each series of Bonds that are issued as QECBs be treated as
569 "qualified energy conservation bonds" within the meaning of Section 54D of the Code
570 that are "qualified tax credit bonds" within the meaning of Section 54A of the Code;
571 provided, that the maximum aggregate face amount of all series of Bonds that are so
572 designated and issued as QECBs shall not exceed the amount of QECB limitation that has
573 been allocated or reallocated to the county under Section 54D(e) of the Code. In
574 addition, the county hereby irrevocably elects to treat each series of Bonds that are issued
575 as QECBs as "specified tax credit bonds" within the meaning of Section 6431(f)(3) of the
576 Code such that each series of Bonds that are issued as QECBs will be eligible for direct
577 payment by the federal government of the Refundable Credits.

578 The county shall take all actions necessary to assure that the proceeds of each
579 series of Bonds that are issued as QECBs are expended and all federal tax requirements
580 are met so as to cause each series of Bonds that are issued as QECBs to be treated as
581 "qualified energy conservation bonds" within the meaning of Section 54D of the Code
582 that are "qualified tax credit bonds" within the meaning of Section 54A of the Code and
583 "specified tax credit bonds" within the meaning of Section 6431(f)(3) of the Code, and
584 therefore eligible for the Refundable Credits.

585 The county shall, within the 45-day period beginning on the date that is 90 days
586 before the next interest payment date for each series of Bonds that are issued as QECBs,

587 file Form 8038-CP or any successor form designated by the federal government,
588 requesting payment of the Refundable Credits with respect to the next interest payment
589 on such series of Bonds that are issued as QECCBs.

590 **SECTION 10. Other Covenants and Warranties.** The county makes the
591 following additional covenants and warranties:

592 A. The county has full legal right, power and authority to adopt this ordinance, to
593 sell, issue and deliver each series of the Bonds as provided herein, and to carry out and
594 consummate all other transactions contemplated by this ordinance.

595 B. By all necessary official action prior to or concurrently herewith, the county
596 has duly authorized and approved the execution and delivery of, and the performance by
597 the county of its obligations contained in the Bonds and this ordinance and the
598 consummation by it of all other transactions necessary to effectuate this ordinance in
599 connection with the issuance of each series of the Bonds, and such authorizations and
600 approvals are in full force and effect and have not been amended, modified or
601 supplemented in any material respect.

602 C. This ordinance constitutes a legal, valid and binding obligation of the county.

603 D. When issued, sold, authenticated and delivered, each series of the Bonds will
604 constitute legal, valid and binding general obligations of the county.

605 E. The county will maintain or cause to be maintained a system of registration of
606 the Bonds of each such series of Bonds that are issued as Tax-Exempt Obligations, BABs
607 or QECCBs that complies with the applicable provisions of the Code until all of the Bonds
608 of each series of Bonds that are issued as Tax-Exempt Obligations, BABs or QECCBs
609 shall have been surrendered and canceled.

610 F. The adoption of this ordinance, and compliance on the county's part with the
611 provisions contained herein, will not conflict with, constitute a breach of, or constitute a
612 default under, any constitutional provisions, law, administrative regulation, judgment,
613 decree, loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement
614 or other instrument to which the county is a party or to which the county or any of its
615 property or assets are otherwise subject.

616 G. The county finds and covenants that the Bonds of each series are issued within
617 all statutory and constitutional debt limitations applicable to the county.

618 **SECTION 11. Bond Funds.** There has heretofore been created in the office of
619 the finance director a special fund known as the "King County Limited Tax General
620 Obligation Bond Redemption Fund" to be drawn upon for the purpose of paying the
621 principal of and interest on the limited tax general obligation bonds of the county. There
622 is hereby authorized to be created within said fund a special account for each series of the
623 Bonds to be known as the "Limited Tax General Obligation Bond Redemption Account,
624 [Year][, Series ___]" (each, a "Bond Fund").

625 Any accrued interest on any series of the Bonds shall be deposited in the related
626 Bond Fund at the time of delivery of such series of the Bonds and shall be applied to the
627 payment of interest thereon.

628 The taxes hereafter levied for the purpose of paying principal of and interest on
629 each series of the Bonds, all Refundable Credits, if any, received by the county in respect
630 of any series of the Bonds that are issued as BABs or QECBs and other funds to be used
631 to pay such series of the Bonds shall be deposited in the related Bond Fund no later than
632 the date such funds are required for the payment of principal of and interest on such

633 series of the Bonds; provided, however, that if the payment of principal of and interest on
634 any series of the Bonds is required prior to the receipt of such levied taxes, the county
635 may make an interfund loan to the related Bond Fund pending actual receipt of such
636 taxes; provided, that Refundable Credits, if any, shall only be used for the punctual
637 payment of principal of and interest on the related series of the Bonds that are issued as
638 BABs or QECCBs, and shall not be used for any other purpose until all of the Bonds have
639 been paid in full; and provided further, that Refundable Credits shall not be used to pay
640 debt service on any tax-exempt obligations of the county, including, but not limited to,
641 any series of the Bonds that are issued as Tax-Exempt Obligations. Each Bond Fund
642 shall be drawn upon for the purpose of paying the principal of and interest on the related
643 series of the Bonds. Money in each Bond Fund not needed to pay the interest or principal
644 next coming due may temporarily be deposited in such institutions or invested in such
645 obligations as may be lawful for the investment of county funds. Each Bond Fund shall
646 be a second tier fund in accordance with Ordinance 7112 and K.C.C. chapter 4.10.

647 **SECTION 12. Deposit of Bond Proceeds.**

648 A. There is hereby created the "2011 G.O. Bonds-WQ Subfund" within the
649 Second Water Quality Construction Account. This subfund shall be a first tier fund
650 managed by the director of the wastewater treatment division of the department of natural
651 resources and parks of the county. The exact amount of proceeds from the sale of any
652 series of the Bonds to be deposited into the 2011 G.O. Bonds-WQ Subfund to provide
653 long-term financing for all or part of the capital costs of the Barton Pump Station
654 Upgrade Project shall be determined by the Finance Director upon the sale of such series
655 of the Bonds.

656 B. There is hereby created the "2011 G.O. Bonds-GF Subfund" within the
657 General Fund. This subfund shall be a first tier fund managed by the director of the
658 office of performance, strategy and budget of the county. The exact amount of proceeds
659 from the sale of any series of the Bonds to be deposited into the 2011 G.O. Bonds-GF
660 Subfund to provide long-term financing for all or part of the capital costs of the East
661 Precinct Command Center Project shall be determined by the finance director upon the
662 sale of such series of the Bonds.

663 C. There is hereby created the "2011 G.O. Bonds-MMR Subfund" within the
664 Major Maintenance Reserve Fund. This subfund shall be a first tier fund managed by the
665 director of the facilities management division of the department of executive services of
666 the county. The exact amount of proceeds from the sale of any series of the Bonds to be
667 deposited into the 2011 G.O. Bonds-MMR Subfund to provide long-term financing for all
668 or part of the capital costs of the KCCF Water Pipe Replacement Project shall be
669 determined by the finance director upon the sale of such series of the Bonds.

670 D. There is hereby created the "2011 G.O. Bonds-WLD Subfund" within the
671 Conservation Futures Levy Fund. This subfund shall be a first tier fund managed by the
672 director of the water and land resources division of the department of natural resources
673 and parks of the county. The exact amount of proceeds from the sale of any series of the
674 Bonds to be deposited into the 2011 G.O. Bonds-WLD Subfund to provide long-term
675 financing for all or part of the capital costs of the Maury Island Park Project shall be
676 determined by the finance director upon the sale of such series of the Bonds.

677 E. There is hereby created the "2011 G.O. Bonds-ITS Subfund" within the
678 Information and Telecommunications Services Fund. This subfund shall be a first tier

679 fund managed by the chief information officer of the county. The exact amount of
680 proceeds from the sale of any series of the Bonds to be deposited into the 2011 G.O.
681 Bonds-ITS Subfund to provide long-term financing for all or part of the capital costs of
682 the Telephony System Project shall be determined by the finance director upon the sale of
683 such series of the Bonds.

684 **SECTION 13. Application of Bond Proceeds.** Funds deposited in the funds and
685 accounts described in Sections 11 and 12 of this ordinance shall be invested as permitted
686 by law for the sole benefit of such funds and accounts. Irrespective of the general
687 provisions of Ordinance 7112 and K.C.C. chapter 4.10, the county current expense fund
688 shall not receive any earnings attributable to such funds and accounts. Money other than
689 proceeds of the Bonds may be deposited in the funds and accounts described in Sections
690 11 and 12 of this ordinance; provided, however, that proceeds of each series of the Bonds
691 that are issued as Tax-Exempt Obligations, BABs or QECBs and the earnings thereon,
692 shall be accounted for separately for purposes of the arbitrage rebate computations
693 required to be made under the Code. For purposes of such computations, Bond proceeds
694 shall be deemed to have been expended first, and then any other funds.

695 **SECTION 14. Preliminary Official Statements and Final Official Statements.**
696 The county hereby authorizes and directs the finance director: (i) to review and approve
697 the information contained in the preliminary official statement (each, a "Preliminary
698 Official Statement") prepared in connection with the sale of each series of the Bonds; and
699 (ii) for the sole purpose of compliance by the purchasers of such series of the Bonds with
700 subsection (b)(1) of the Rule, to "deem final" the related Preliminary Official Statement
701 as of its date, except for the omission of information on offering prices, interest rates,

702 selling compensation, delivery dates, any other terms or provisions required by the
703 county to be specified in a competitive bid, ratings, other terms of such series of the
704 Bonds dependent on such matters and the identity of the purchasers. After each
705 Preliminary Official Statement has been reviewed and approved in accordance with the
706 provisions of this section, the county hereby authorizes the distribution of such
707 Preliminary Official Statement to prospective purchasers of such related series of the
708 Bonds.

709 Following the sale of each series of the Bonds, the finance director is hereby
710 authorized to review and approve on behalf of the county a final official statement with
711 respect to such series of the Bonds. The county agrees to cooperate with the successful
712 bidder for each series of the Bonds to deliver or cause to be delivered, within seven
713 business days from the date of the Bond Sale Motion, and in sufficient time to
714 accompany any confirmation that requests payment from any customer of such successful
715 bidder, copies of a final official statement pertaining to such Bonds in sufficient quantity
716 to comply with paragraph (b)(4) of the Rule and the rules of the Municipal Securities
717 Rulemaking Board.

718 SECTION 15. Undertaking to Provide Ongoing Disclosure. The county
719 council will set forth an undertaking for ongoing disclosure with respect to each series of
720 the Bonds, as required by subsection (b)(5) of the Rule, in the Bond Sale Motion therefor.

721 SECTION 16. General Authorization. The appropriate county officials, agents
722 and representatives are hereby authorized and directed to do everything necessary for the
723 prompt sale, issuance, execution and delivery of each series of the Bonds, and for the
724 proper use and application of the proceeds of the sale thereof.

725 **SECTION 17. Refunding or Defeasance of Bonds.** The county may issue
726 refunding obligations pursuant to the laws of the State of Washington or use money
727 available from any other lawful source to pay when due the principal of and interest on
728 any series of the Bonds, or any portion thereof included in a refunding or defeasance
729 plan, and to redeem and retire, refund or defease all such then-outstanding Bonds, and to
730 pay the costs of the refunding or defeasance.

731 In the event that money and/or noncallable Government Obligations maturing at
732 such time or times and bearing interest to be earned thereon in amounts (together with
733 such money, if necessary) sufficient to redeem and retire, refund or defease part or all of
734 the Bonds in accordance with their terms, are set aside in a special account of the county
735 to effect such redemption and retirement, and such money and the principal of and
736 interest on such Government Obligations are irrevocably set aside and pledged for such
737 purpose, then no further payments need be made into the related Bond Fund for the
738 payment of the principal of and interest on the Bonds so provided for, and such Bonds
739 shall cease to be entitled to any lien, benefit or security of this ordinance except the right
740 to receive the money so set aside and pledged, and such Bonds shall be deemed not to be
741 outstanding hereunder.

742 Within 30 days of the defeasance of any of the Bonds, the county shall provide or
743 cause to be provided notice of defeasance of such Bonds to the registered owners thereof
744 and to the Municipal Securities Rulemaking Board, in accordance with the undertaking
745 for ongoing disclosure to be adopted pursuant to Section 15 of this ordinance.

746 **SECTION 18. Contract; Severability.** The covenants applicable to the Bonds
747 contained in this ordinance shall constitute a contract between the county and the owners

748 of each and every Bond. If any one or more of the covenants or agreements provided in
749 this ordinance to be performed on the part of the county shall be declared by any court of
750 competent jurisdiction to be contrary to law, then such covenant or covenants, agreement
751 or agreements, shall be null and void and shall be deemed separable from the remaining
752 covenants and agreements of this ordinance and shall in no way affect the validity of the
753 other provisions of this ordinance or the Bonds.

754

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: None

July 20, 2011

The Honorable Larry Gossett
 Chair, King County Council
 Room 1200
 COURTHOUSE

Dear Councilmember Gossett:

Enclosed for the King County Council's review and approval is a proposed ordinance authorizing the County to issue up to \$47 million in bonds for the permanent financing of designated capital projects. This proposed ordinance is consistent with the financial stewardship goal in King County's Strategic Plan and will help provide for the long-term sustainability of County services. The ordinance is also consistent with the 2011 Adopted Budget.

The projects to be financed include improvements to general government facilities, a telecommunications upgrade, an open space acquisition, and a wastewater energy project. These projects are summarized in the table below.

<u>Bond Ordinance Categories</u>	<u>Total (\$'s in millions)</u>
General Government Facilities	4.5
Telecommunications Upgrade	18.6
Open Space Acquisition: Maury Island	19.2
Wastewater Energy Project	3.0
<u>Financing costs and contingency</u>	<u>1.7</u>
Total	47.0

Project Descriptions

The general government facilities category includes \$3.6 million to complete the second phase of a water pipe replacement project in the King County Correctional Facility and \$900,000 to consolidate the East Precinct Command Center for the Sheriff's Office in leased space in the Sammamish City Hall.

The telecommunications upgrade includes the replacement of the County's older telephone system (PBX) with a modern Internet Protocol-based (IP) system. The new system will reduce operating costs and make billing and administration easier and more accurate.

Bonds will support the long term financing for preserving 250 acres of shoreline on Maury Island, consistent with the purchase and financing package adopted by the County Council in December 2010. This open space acquisition preserves the longest remaining stretch of undeveloped Puget Sound shoreline in King County.

The Wastewater Energy Project will upgrade the Barton Pump Station to increase pumping capacity and minimize overflow discharges into Puget Sound. The upgrade will replace all mechanical, electrical and instrumentation systems which are expected to reduce energy consumption by over 65 percent.

Proposed Financing Plan

With the exception of the wastewater energy project, the financing for the projects identified above are expected to be provided by the issuance of traditional tax-exempt limited tax general obligation (LTGO) bonds. In the eventuality that the federal government should decide to re-authorize the issuance of Build America Bonds (BABs), however, the ordinance also allows, if financially advantageous, for the bonds for these projects to be issued on a taxable basis with the County then receiving a credit from the federal government for a portion of the interest payments thereon.

The financing for the wastewater energy project will be provided by utilizing a portion of the County's remaining allocation of Qualified Energy Conservation Bonds (QECBs) on which the federal government pays 70% of the interest cost. Such QECBs can only be used to finance energy conservation projects that have been started since April 2009, must comply with the federal Davis-Bacon prevailing wage rules, and generate energy savings of at least 20%. All these criteria are satisfied by this wastewater project.

The exact terms of each of these two series of bonds will be established by the finance director in consultation with the County's financial advisor and confirmed by the Council in sale motions to be adopted on the day of their sale, which is tentatively planned to occur sometime during the fourth quarter.

The Honorable Larry Gossett

July 20, 2011

Page 3

Thank you for your consideration of this request. If you have questions about the projects to be financed by the proposed bonds, please contact Dwight Dively, Director, Office of Performance, Strategy and Budget, at 206-263-9727. If you have any questions regarding these proposed bonds, please contact Ken Guy, Director, Finance and Business Operations Division, at 206-263-9254, or Nigel Lewis, Senior Debt Analyst in the Treasury Operations Section, at 206-296-1168.

Sincerely,

Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers
ATTN: Acting Chief of Staff
Anne Noris, Clerk of the Council
Fred Jarrett, Deputy County Executive, King County Executive Office (KCEO)
Rhonda Berrey, Assistant Deputy County Executive, KCEO
Carrie Cihak, Director of Policy and Strategic Initiatives, KCEO
Frank Abe, Director of Communications, KCEO
Dwight Dively, Director, Office of Performance, Strategy and Budget
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

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Ordinance/Motion No. _____
 Title: LTGO Bond Ordinance for Various Purposes:
 - Barton Pump Station, Maury Island, Telephony System, KCCF Water Pipe, East Precinct Command Center
 Affected Agency and/or Agencies: Wastewater, OIRM, FMD, DAJD, KCSO
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Impact of the above legislation on the fiscal affairs of King County is estimated to be: \$45.3 million.

Revenue to (in millions):

Fund/Agency	Fund Code	Revenue Source	1st Year	2nd Year	3rd Year
Wastewater	4616	Bonds	3.0		
Conservation Futures	3151	Bonds	19.2		
OIRM	3781	Bonds	18.6		
MMRF	3424	Bonds	3.6		
General Fund	0010	Bonds	0.9		
TOTAL			45.3	0.0	0.0

Expenditures from (in millions):

Fund/Agency	Fund Code	Department	1st Year	2nd Year	3rd Year
Wastewater	4616			0.5	0.5
Conservation Futures	3151			1.4	1.4
OIRM	3781			3.1	3.1
MMRF	3424			0.4	0.4
General Fund	0010			0.2	0.2
TOTAL			0.0	5.6	5.6

Expenditures by Categories (in millions):

	1st Year	2nd Year	3rd Year
Bond Proceeds	45.3		
Level Debt Service Payments ^{1,2}		5.6	5.6
TOTAL	45.3	0.0	0.0

¹ Bond proceeds will be deposited directly into the identified fund. Debt service payments will be transferred from the liable fund to LTGO Fund 8400. Fund 8400 will aggregate the revenue and will service the actual debt.

² The debt payment amounts will be determined at debt issuance when the following variables have been locked in:

- (1) combination of debt instruments (i.e. LTGO and QECB and their respective interest payment provisions),
- (2) interest rates, and
- (3) repayment schedules.

Current assumptions are listed below:

<u>Project</u>	<u>Term</u>	<u>Rate</u>	<u>Debt Service</u>
Barton Pump Station (Wastewater)	7	4.0%	\$ 500,000
Maury Island (Conservation Futures)	20	4.0%	\$ 1,416,000
Telephony System (OIRM)	7	4.0%	\$ 3,097,000
KCCF Water Pipe Replacement (MMRF)	10	4.0%	\$ 444,000
East Precinct Command Center (General Fund)	5	4.0%	\$ 191,000
			\$ 5,648,000