



King County

Metropolitan King County Council Budget & Fiscal Management Committee

Staff Report

| | | | |
|-----------------|-----------|--------------|------------------|
| Agenda item No: | 7 | Date: | June 5, 2012 |
| Ordinance No: | 2012-0121 | Prepared by: | Patrick Hamacher |

STAFF REPORT

SUBJECT:

Proposed Ordinance 2012-0121 would delegate authority currently held by the King County Council to the Executive Finance Committee. Specifically, the Council would no longer be required to pre-approve authority for the Executive branch to issue refunding bonds to refinance existing debt issued by the County. Instead the Council would simply approve the final version of the bonds on the day of the sale.

BACKGROUND:

Limited Tax General Obligation Bonds:

LTGO bonds (also known as council mania bonds) are the type of bonds most 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 (UTGO) or simply general obligation bonds.

Unlimited Tax General Obligation Bonds:

UTGO have the full faith and credit of King County with the added security of being approved by the voters. This means that these bonds have a dedicated property tax stream to pay the debt service and are considered to be the most secure of the various debt instruments issued by municipalities. The County currently only has outstanding UTGO debt issued for the capital construction projects at Harborview Medical Center.

Refunding Bonds:

Refunding bonds are issued to “refinance” existing debt at lower interest rates. The closest analogy to the consumer banking world is refinancing a mortgage. When the county issues debt it is most often issued for a long time period at a fixed rate. Over time, the interest rate environment often changes such that the County is then paying higher rates on the outstanding debt than could be achieved with a new bond sale. In

these instances, the County can refund the existing debt and issue new debt at a lower rate. There are two typical types of refunding bond sales:

- **Advanced Refunding** – an advance refunding is done when the existing debt is not yet at its callable date (typically 10 years). In this case, the County issues new debt at the lower rate and holds the proceeds in escrow until the existing debt reaches its callable date. Under federal law, an advance refunding can only be done once per bond issue.
- **Current Refunding** – A current refunding is done when the existing debt has reached its callable date meaning the County can “call” the bonds and pay them off immediately and begin making payments on the “new” debt issued at the lower rate.

The Countywide Debt Management Policy was approved as part of Motion 12660. This policy, among other things, said that the County would not issue an advance refunding where the County did not achieve a present value savings of at least 5% of the remaining outstanding principle.

ANALYSIS:

Proposed Ordinance 2012-0121 would change the process for authorization and approval of refunding bonds. The current process has been in place for many years and involves the County Council approving an ordinance authorizing the refunding if conditions are right and then approving a “bond sale motion” on the day of the bond sale itself. The Executive’s proposal would replace the County Council preauthorization with a final approval by the Executive Finance Committee (EFC). In very simple turns the current process looks like following:

1. Identify a series of bonds that is likely to become eligible for refunding
2. Seek County Council approval of an ordinance (typically 60 days)
3. Market the sale
4. Sell the Bonds
5. Seek County Council approval of the final terms of the sale

The revised process would look as follows:

1. Identify a series that is likely to become eligible for refunding
2. Seek Executive Finance Committee of the sale (meets once per 30 days)
3. Market the sale
4. Sell the Bonds

The transmittal letter indicates that the new process would be more efficient than the current model that requires multiple legislative approvals. Instead, the Executive Finance Committee would be in charge of approving those sales.

It should be noted, however, that the process is likely only slightly more efficient than the current process. As noted, the Executive Finance Committee only meets once per month, as opposed to typically four monthly meetings of the County Council and two

monthly meetings of the Budget & Fiscal Management Committee. The major difference is the elimination of the requirement for final approval by the County Council.

Secondly, there is a potential conflict of delegating authority for refundings to the Director of the Finance and Business Operations Division (FBOD), and then also requiring that he seek approval from the EFC, a Committee on which the FBOD Director sits.

Finally, while the Executive Finance Committee does have a broad financial purview, historically, the EFC has not been involved to any degree in the specific instances of a particular county debt issue. The EFC has reviewed the debt management policy and recommended approval by the County Council and spends a lot of time in overseeing and managing the investment pool. This new responsibility would be a major departure from the typical work performed by the EFC.

If Councilmembers are comfortable with delegating additional authority to the Director of Finance and Business Operations, they may want to consider a more streamlined approach for approval of refunding bonds. Instead of substituting the EFC for the County Council, the authority could be fully delegated to the Director. Under this scenario, an amendment would be drafted that would delegate authority for managing the process to the Director of Finance and Business Operations.

The ordinance already references the adopted King County debt management policy goals for achieving savings targets in advanced refundings.

Additionally, there may be a desire by the County Council to continue to approve the final versions of the sale to maintain oversight authority that would most commonly be used to assure that the bond refundings have met the savings targets contained within the Debt Management Policy. If the final approval authority is not maintained by the County Council there can be no oversight assurances that bond sales meet the savings targets of the County.

If this model were approved, the new streamlined process for approval of the County's refunding bonds would look as follows:

1. Identify a series of bonds that is appropriate for refunding.
2. Market the sale
3. Sell the bonds
4. Seek County Council approval on the final terms of the sale

This scenario would eliminate the need for the intermediary legislative approval from either the Executive Finance Committee or the County Council. The primary reason for this step is to make sure that the sale would achieve the proper savings targets. The ordinance references the adopted debt management policy which contains savings targets. If, for some reason, the Executive ever sold bonds inconsistent with the debt

management policy, the Council could refuse to approve those bonds. This is a highly unlikely scenario.

Amendment 2 would amend the proposed ordinance to make this change. Specifically, it would delegate authority for refunding the county's existing debt to the Director of FBOD under the condition that for advanced refunding of bonds, at least 5% of outstanding principal be saved in the transaction. Additionally, it would require that the County Council approve the final versions of bond sales as has been the common practice.

The Executive branch has continued to indicate that they feel that being restricted to only being able to sell bonds on Mondays is limiting and may impact the overall price of the bonds. They have suggested an alternative amendment that would do the following:

- Require the Executive to notify the Council 28 days prior to a refunding sale and notify the Council of the savings targets from that sale
- Give the Council up to 14 days prior to the sale to pass a motion objecting to some or all of the sale
- If no objection occurred, the Executive would then be authorized to proceed with the sale contingent upon meeting the saving targets that were sent to the Council
- The Executive would then report to the Council on the final details of the sale.

Striking Amendment S2 would make these changes to the ordinance.

REASONABLENESS:

Adoption of this ordinance with either Amendment would constitute a reasonable business decision. However, adoption of S2 would leave the County Council with no formal approval process for bond sales.

INVITED:

Ken Guy, Director, Finance & Business Operations Division
Nigel Lewis, Senior Debt Analyst, Finance Division
Rob Shelley, Financial Advisor, Seattle Northwest

ATTACHMENTS:

1. Amendment 2
2. Striking Amendment S2
3. Proposed Ordinance 2012-0121
4. Transmittal Letter dated March 20, 2012

2

5/15/2012

phh Sponsor: McDermott
 Proposed No.: 2012-0121

1 **AMENDMENT TO PROPOSED ORDINANCE 2012-0121, VERSION 1**

2 On page 4, delete line 86

3 Beginning on page 32, line 700, delete everything through page 34, line 758 and insert:

4 **"SECTION 17. Sale of Bonds.**

5 A. Determination by Finance Director. The Finance Director shall identify, in
 6 consultation with the county's financial advisor, the Refunding Candidates eligible to be
 7 refunded by each Series of Bonds. The Finance Director may determine, in consultation
 8 with the county's financial advisor, the principal amount of each Series of the Bonds,
 9 whether the Bonds should be sold separately or in one or more combined Series, and
 10 whether each Series of Bonds should be sold by negotiated sale or by competitive bid.

11 The Finance Director, in consultation with the county's financial advisor, may
 12 determine it is in the county's best interest to provide for bond insurance or other credit
 13 enhancement, and may provide conditions or covenants relating thereto, including
 14 additional terms, conditions, and covenants relating to the Bonds that are required by the
 15 bond insurer, and are consistent with the provisions of this ordinance, including but not
 16 limited to restrictions on investments and requirements of notice to and consent of the
 17 bond insurer.

18 The county executive and the Finance Director are each separately authorized to
19 execute and deliver, on behalf of the county, any contracts and other documents
20 consistent with the provisions of this ordinance for which the county's approval is
21 necessary or to which the county is a party and that are related or incidental to the
22 issuance and sale of the Bonds or to the establishment of the interest rate or rates on the
23 Bonds, including but not limited to agreements with bond insurers, underwriters, fiscal
24 agencies and the Bond Registrar. The Finance Director may determine the amount, if
25 any, from the proceeds of or accrued interest on the Bonds to be deposited into specified
26 funds, subfunds, accounts, and subaccounts.

27 B. Procedure for Negotiated Sale. If the Finance Director determines that the any
28 Series of Bonds should be sold by negotiated sale, the Finance Director shall, in
29 accordance with applicable county procurement procedures, solicit one or more
30 underwriting firms with which to negotiate the sale of those Bonds. The purchase
31 contract for each Series of Bonds shall establish the year and Series designation,
32 Additional Security, if applicable, date, aggregate principal amount, interest payment
33 dates, interest rate(s), maturity schedule and principal amounts per maturity, and
34 redemption provisions of such Series of Bonds. The county council authorizes the
35 Finance Director to serve as its designated representative and to accept, on behalf of the
36 county, an offer to purchase the Bonds, which offer must be consistent with the terms of
37 this ordinance and with the Debt Management Policy.

38 C. Procedure for Sale by Competitive Bid. If the Finance Director determines
39 that any Series of the Bonds should be sold by competitive bid, bids for the purchase of
40 each Series of Bonds shall be received at such time or place and by such means as the

41 Finance Director shall direct. The Finance Director is authorized to prepare an official
42 notice of bond sale for each Series of Bonds to be sold pursuant to competitive bid,
43 establishing in such notice the year and series designation, date, estimated aggregate
44 principal amount, interest payment dates, estimated maturity schedule and principal
45 amount per maturity, and redemption provisions of such Bonds. After consultation with
46 the county's financial advisor, the Finance Director may direct that the official notice of
47 bond sale or an abridged form thereof be published in such newspapers or financial
48 journals as may be deemed desirable or appropriate by Finance Director.

49 Upon the date and time established for the receipt of bids for a Series of Bonds,
50 the Finance Director or his or her designee shall open the bids and shall cause the bids to
51 be mathematically verified. The county council authorizes the Finance Director to serve
52 as its designated representative and to accept, on behalf of the county, the winning bid to
53 purchase the Bonds, which may be adjusted with respect to the aggregate principal
54 amount and principal amount per maturity as reflected in the notice of acceptance of
55 winning bid, and which must be consistent with the terms of this ordinance and with the
56 Debt Management Policy.

57 NEW SECTION. SECTION 18. **Legislative Approval.** On the day of each
58 refunding bond sale, the Executive shall forward a motion to the County Council
59 approving the final version of the bonds. Until such a time as this motion has been
60 approved, the bond sale shall not considered final."

61 **Renumber remaining sections accordingly**

62 **Delete Attachment A, Schedule of Refunding Candidates and insert Attachment A**
63 **Schedule of Refunding Candidates dated May 15, 2012**

64

65 **EFFECT: Amends the ordinance to delegate to the Director of FBOD the**
66 **responsibility for refunding existing county debt under certain conditions.**

6/5/2012



phh

Sponsor: McDermott

Proposed No.: 2012-0121

1 **STRIKING AMENDMENT TO PROPOSED ORDINANCE 2012-0121, VERSION**

2 **1**

3 On page 1, beginning on line 15, strike everything through page 39, line 853, and insert:

4 "PREAMBLE:

5 King County (the "county") has issued the limited tax general obligation
6 bonds and unlimited tax general obligation bonds listed in and pursuant to
7 the ordinances and motions set forth in Attachment A to this ordinance
8 (the "Refunding Candidates").

9 The county has determined it to be in the best interest of the county that it
10 authorize the issuance and sale, subject to the provisions of this ordinance,
11 of limited tax general obligation refunding bonds and unlimited tax
12 general obligation refunding bonds (collectively, the "Bonds"), in one or
13 more series, for the purpose of paying all or part of the cost of refunding
14 all or a portion of the Refunding Candidates and of paying all or part of
15 the costs of issuance and sale of the Bonds.

16 This ordinance will allow the refunding of any Refunding Candidates
17 (including bonds later designated as Refunding Candidates consistent with

18 this ordinance) only if the refunding provides a net present value savings
19 which is in compliance with the county's Debt Management Policy
20 (hereinafter defined).

21 RCW 39.53.020 authorizes the county to issue refunding bonds, and RCW
22 39.53.100 provides that in computing indebtedness for the purpose of any
23 constitutional or statutory debt limitation there shall be deducted from the
24 amount of outstanding indebtedness the amounts of money and
25 investments credited to, or on deposit for, general obligation bond
26 retirement.

27 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

31 "Acquired Obligations" means Government Obligations purchased to accomplish
32 the refunding of the Refunded Bonds.

33 "Additional Security" means, with respect to any Series of Public Transportation
34 Sales Tax (PTST) LTGO Refunding Bonds, an additional pledge of Two-tenths Sales
35 Tax Revenues. "Additional Security" also shall mean any security pledged to the
36 payment of Refunding Candidates in the related Refunded Bond Legislation other than
37 and in addition to the full faith and credit pledge of the county.

38 "Authorized Denomination" means \$5,000 or any integral multiple thereof within
39 a maturity, or such amount as may be established in the Sale Instrument.

40 "Bond Counsel" means a lawyer or a firm of lawyers, selected by the county, of
41 nationally recognized standing in matters pertaining to bonds issued by states and their
42 political subdivisions.

43 "Bond Fund" (collectively, the "Bond Funds") means one of the following funds
44 as applicable: (1) for any Unlimited Tax General Obligation (UTGO) Refunding Bonds,
45 that special fund of the county heretofore established to pay principal of and interest on
46 all unlimited tax general obligation bonds of the county; (2) for any LTGO Refunding
47 Bonds except PTST LTGO Refunding Bonds, that special fund of the county heretofore
48 established to pay principal of and interest on all limited tax general obligation bonds of
49 the county; or (3) for any PTST LTGO Refunding Bonds, the PTST Bond Fund. If any
50 future Refunding Candidates with a pledge of Additional Security have a special bond
51 fund created under the related Refunded Bond Legislation, "Bond Fund" also shall mean
52 that special bond fund.

53 "Bond Redemption Account" means each account established within a Bond Fund
54 pursuant to Section 13 of this ordinance to provide for the payment of debt service on a
55 Series of the Bonds.

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

58 "Bond Registrar" means the fiscal agent of the State of Washington (as the same
59 may be designated by the State of Washington from time to time) for the purposes of
60 registering and authenticating the Bonds, maintaining the Bond Register, effecting the
61 transfer of ownership of the Bonds and paying interest on and principal and premium, if

62 any, of the Bonds, or an alternative designated by the Finance Director and set forth in
63 the Sale Instrument.

64 "Bonds" means, collectively, the LTGO Refunding Bonds and the UTGO
65 Refunding Bonds, issued in Series from time to time.

66 "Certificate of Finance Director" means a certificate of the Finance Director for
67 each Series of Bonds making the findings and determinations set forth in Section 17 of
68 this ordinance and, if not set forth in the Sale Instrument, shall include the Refunding
69 Plan for that Series of Bonds.

70 "Closing Date" means the date on which a Series of Bonds is delivered to the
71 initial purchaser or purchasers thereof upon payment in full therefor.

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

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

77 "County" means King County, Washington.

78 "Council" means the Metropolitan King County Council.

79 "Debt Management Policy" means the county's debt management policy adopted
80 by Council Motion 12660, as it may be amended from time to time.

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

82 "Escrow Agent" means for each Series of Bonds, the Finance Director, or the
83 trustee or escrow agent, or any successor trustee or escrow agent, designated by the
84 Finance Director.

85 "Federal Credit Payments" means amounts which the county is entitled to receive
86 as a subsidy or tax credit payable by the United States Treasury to the county in respect
87 of interest on any Bonds issued as Tax-Advantaged Bonds.

88 "Finance Director" means the director of the county finance and business
89 operations division of the department of executive services of the county or any other
90 county officer who succeeds to the duties now delegated to that office, or the designee of
91 such officer.

92 "Future PTST Parity Bonds" means any bonds or other obligations that may be
93 issued by the County in the future with a lien on the Two-tenths Sales Tax Revenue equal
94 to the lien thereon of Outstanding PTST Parity Bonds and the PTST LTGO Refunding
95 Bonds.

96 "Government Obligations" means "government obligations" as defined in chapter
97 39.53 RCW, as now in existence or hereafter amended.

98 "Letter of Representations" means the Blanket Issuer Letter of Representations
99 dated May 1, 1995, by and between the county and DTC, as it may be amended or
100 replaced from time to time.

101 "LTGO Refunding Candidates" means all or a portion of the outstanding limited
102 tax general obligation bonds of the county listed in Exhibit A hereto and all or a portion
103 of any other county limited tax general obligation bonds that in the future are designated
104 as LTGO Refunding Candidates in the applicable bond ordinance.

105 "LTGO Refunded Bonds" means all or that portion of the LTGO Refunding
106 Candidates included in a Refunding Plan and refunded pursuant to this ordinance.

107 "LTGO Refunding Bonds" means the limited tax general obligation refunding
108 bonds issued pursuant to this ordinance, including PTST LTGO Refunding Bonds.

109 "MSRB" means the Municipal Securities Rulemaking Board or any successor to
110 its functions.

111 "Outstanding PTST Parity Bonds" means the County's outstanding Limited Tax
112 General Obligation (Public Transportation Sales Tax) Refunding Bonds, 2002, issued
113 pursuant to Ordinance 14490, Limited Tax General Obligation (Public Transportation
114 Sales Tax) Bonds, 2004, issued pursuant to Ordinance 14887, Limited Tax General
115 Obligation (Public Transportation Sales Tax) Refunding Bonds, 2009, issued pursuant to
116 Ordinance 16231, and any other PTST Parity Bonds issued and outstanding prior to a
117 specific Series of PTST LTGO Refunding Bonds.

118 "Public Transportation Sales Tax" or "PTST" means the sales and use tax
119 authorized to be levied by the county pursuant to RCW 82.14.045 and which has
120 heretofore been duly levied by the county.

121 "PTST Bond Fund" means the Limited Tax General Obligation Bond Redemption
122 Fund" established pursuant to Ordinance 13128 with respect to all PTST Parity Bonds.

123 "PTST LTGO Refunding Bonds" means any Series of LTGO Refunding Bonds
124 which have pledged Two-tenths Sales Tax Revenues as Additional Security.

125 "PTST Parity Bonds" means the Outstanding PTST Parity Bonds, the PTST
126 LTGO Refunding Bonds and any Future PTST Parity Bonds.

127 "Rebate Amount" means the amount, if any, determined to be payable with
128 respect to a Series of Bonds by the county to the United States of America in accordance
129 with Section 148(f) of the Code.

130 "RCW" means the Revised Code of Washington.

131 "Refunded Bond Legislation" means the ordinances and motions of the county
132 pursuant to which Refunded Bonds were issued.

133 "Refunded Bonds" means the LTGO Refunded Bonds and UTGO Refunded
134 Bonds.

135 "Refunding Candidates" means the LTGO Refunding Candidates and the UTGO
136 Refunding Candidates.

137 "Refunding Plan" means, with respect to the issuance of each Series of Bonds, the
138 refunding of all or a portion of the Refunded Bonds through the issuance of such Series,
139 as will be more particularly described in the Certificate of Finance Director or in the Sale
140 Instrument.

141 "Refunding Escrow Agreement" means, with respect to each Series of Bonds, a
142 refunding trust or escrow agreement between the county and an Escrow Agent (or
143 arrangement determined by the Finance Director when the Finance Director serves as
144 Escrow Agent), dated as of the Closing Date of such Series, providing for the safekeeping
145 of certain Bond proceeds and the refunding of all or a portion of the Refunding
146 Candidates.

147 "Registered Owner" means any person or entity who shall be the registered owner
148 of any Bond. For so long as the county utilizes the book-entry system for the Bonds
149 under the Letter of Representations, Registered Owner shall mean DTC or its nominee.

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

152 "Sale Instrument" means, with respect to Bonds issued pursuant to a negotiated
153 sale, the bond purchase contract and, with respect to Bonds issued pursuant to a
154 competitive sale, the notice of sale, the winning bid and a notice of acceptance of bid
155 from the Finance Director. Sale Instrument shall also include any bond sale motion with
156 respect to a Series of Bonds combined for sale with a new money issue, or any bond sale
157 motion when the council or the Finance Director determine that it is appropriate to use a
158 bond sale motion with respect to a Series of Bonds.

159 "Sales Tax Revenues" means the amounts available for distribution to the county
160 by the state treasurer pursuant to RCW 82.14.060 on account of the Public Transportation
161 Sales Tax.

162 "Series of Bonds" or "Bonds of a Series" or "Series" means a series of Bonds
163 issued pursuant to this ordinance.

164 "State" means the State of Washington.

165 "Tax Certificate" means a certificate with respect to certain federal tax matters
166 executed on behalf of the county upon the issuance of each Series of Bonds.

167 "Tax-Advantaged Bonds" means any Bonds other than Tax-Exempt Bonds that
168 are designated by the county as Bonds with respect to which the county is eligible to
169 receive Federal Credit Payments or the holders of which are eligible to receive a federal
170 tax credit under any federal subsidy or credit program available under the Code.

171 "Tax-Exempt Bonds" means any Bond the interest on which is excludable from
172 gross income of the beneficial owner for the purposes of federal income tax.

173 "Term Bonds" means those outstanding Bonds or obligations of any single issue
174 or Series maturing in any one year for the retirement of which regularly recurring annual

175 deposits are required to be made into a Bond Fund prior to the scheduled maturity of such
176 Bonds sufficient to pay the same at or prior to their maturity.

177 "Two-tenths Sales Tax Revenues" means that portion of the Sales Tax Revenues
178 generated by a sales and use tax rate of 2/10 of 1%, which has been pledged to secure the
179 payment of the PTST Parity Bonds, and the further use of which for capital and operating
180 purposes is established by Ordinance 11661 of the county, passed on January 23, 1995.

181 "Undertaking" means an ongoing disclosure undertaking with respect to any
182 public offer or sale of a Series of Bonds consistent with the requirements of paragraph
183 (b)(5) of the Rule, as described in Section 21.

184 "UTGO Refunding Candidates" means all or a portion of the outstanding
185 unlimited tax general obligation bonds of the county listed in Exhibit A hereto and all or
186 a portion of any other county unlimited tax general obligation bonds that in the future are
187 designated as UTGO Refunding Candidates in the applicable bond ordinance.

188 "UTGO Refunded Bonds" means all or that portion of the UTGO Refunding
189 Candidates included in a Refunding Plan and refunded pursuant to this ordinance.

190 "UTGO Refunding Bonds" means the unlimited tax general obligation refunding
191 bonds issued pursuant to this ordinance.

192 **SECTION 2. Purpose, Authorization and Description of Bonds; Allocation of**
193 **Bonds to Refunded Bonds.**

194 A. Purpose and Authorization of LTGO Refunding Bonds. For the purpose of
195 providing all or part of the funds with which to pay the cost of refunding, defeasing, or
196 refunding and defeasing, the LTGO Refunded Bonds and to pay all or part of the costs of
197 issuing and selling the LTGO Refunding Bonds, the county is authorized to borrow

198 money on the credit of the county and issue LTGO Refunding Bonds evidencing that
199 indebtedness in the maximum principal amount which, together with other limited tax
200 general obligation bonds, is consistent with the Debt Management Policy and does not
201 exceed the county's nonvoted debt capacity at the time of issuance of those LTGO
202 Refunding Bonds.

203 B. Purpose and Authorization of UTGO Refunding Bonds. For the purpose of
204 providing all or part of the funds with which to pay the cost of refunding, defeasing, or
205 refunding and defeasing, the UTGO Refunded Bonds and to pay all or part of the costs of
206 issuing and selling the UTGO Refunding Bonds, the county is authorized to borrow
207 money on the credit of the county and issue UTGO Refunding Bonds evidencing that
208 indebtedness in the maximum principal amount which, together with other unlimited tax
209 general obligation bonds, is consistent with the Debt Management Policy and does not
210 exceed the county's debt capacity at the time of issuance of those UTGO Refunding
211 Bonds, so long as the annual principal and interest payments on those UTGO Refunding
212 Bonds is consistent with RCW 39.53.090.

213 C. Description. The Bonds may be issued in one or more Series; may be
214 combined with other general obligation bonds authorized separately; shall have such year
215 and Series or other designation as determined by the Finance Director consistent with the
216 provisions of this ordinance; shall be in Authorized Denominations; and shall be
217 numbered separately, in the manner and with any additional designation as the Bond
218 Registrar deems necessary for the purpose of identification. Each Series of Bonds shall
219 be dated as of the date established in the Sale Instrument. All or some of any Series of
220 Bonds may be Term Bonds, as specified in the Sale Instrument.

221 Each Series of Bonds will bear interest (computed on the basis of a 360-day year
222 of twelve 30-day months) from their date or from the most recent interest payment date
223 for which interest has been paid or duly provided for, whichever is later, payable
224 semiannually on interest payment dates to be determined by the Finance Director in
225 consultation with the county's financial advisor. The Bonds shall bear interest at the rate
226 or rates set forth in the Sale Instrument, except that the true interest cost for each Series
227 shall not exceed the average interest rate on the Refunded Bonds being refunded.

228 The Bonds shall mature on principal payment dates to be determined by the
229 Finance Director in consultation with the county's financial advisor. The various
230 maturities of Bonds issued to refund Refunded Bonds shall not extend over a longer
231 period of time than those Refunded Bonds unless the county council extends the
232 maturities by motion and unless otherwise permitted by RCW 39.53.090.

233 D. Allocation of the Bonds to the Refunded Bonds. The Finance Director
234 shall, in the Sale Instrument or the Tax Certificate, allocate the Series of Bonds to the
235 various series of the Refunded Bonds in such manner as will comply with applicable
236 requirements of the Code, meet restrictions in State law concerning the refunding of
237 voter-approved Refunded Bonds, and effectuate any other allocation deemed necessary or
238 appropriate for accounting and debt administration purposes.

239 **SECTION 3. Registration, Exchange and Payments.**

240 A. Bond Registrar/Bond Register. In accordance with KCC 4.84, the county
241 hereby adopts for the Bonds the system of registration specified and approved by the
242 Washington State Finance Committee, which utilizes the fiscal agent of the State as
243 registrar, authenticating agent, paying agent and transfer agent (the "Bond Registrar").

244 The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office,
245 sufficient books for the registration and transfer of the Bonds (the "Bond Register"),
246 which shall be open to inspection by the county at all times. The Bond Register shall
247 contain the name and mailing address of the owner of each Bond and the principal
248 amount and number of each of the Bonds held by each owner. The Bond Registrar is
249 authorized, on behalf of the county, to authenticate and deliver Bonds transferred or
250 exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as
251 the county's paying agent for the Bonds and to carry out all of the Bond Registrar's
252 powers and duties under this ordinance.

253 The Bond Registrar shall be responsible for its representations contained in the
254 Bond Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may
255 become the Registered Owner of Bonds with the same rights it would have if it were not
256 the Bond Registrar and, to the extent permitted by law, may act as depository for and
257 permit any of its officers or directors to act as members of, or in any other capacity with
258 respect to, any committee formed to protect the rights of Registered Owners.

259 B. Registered Ownership. The Bonds shall be issued only in registered form as
260 to both principal and interest and shall be recorded on the Bond Register. The county and
261 the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of
262 each Bond as the absolute owner thereof for all purposes, and neither the county nor the
263 Bond Registrar shall be affected by any notice to the contrary. Payment of any such
264 Bond shall be made only as described in Section 3.E hereof, but such registration may be
265 transferred as herein provided. All such payments made as described in Section 3.E shall

266 be valid and shall satisfy and discharge the liability of the county upon such Bond to the
267 extent of the amount or amounts so paid.

268 C. Use of Depository. The Bonds of each Series initially shall be registered in
269 the name of Cede & Co., as the nominee of DTC; however, if DTC shall request that the
270 Bonds be registered in the name of a different nominee, the Bond Registrar shall
271 exchange all or any portion of the Bonds for an equal aggregate principal amount of
272 Bonds registered in the name of such other nominee or nominees of DTC. The Bonds so
273 registered shall be held in fully immobilized form by DTC as depository in accordance
274 with the provisions of the Letter of Representations. Neither the county nor the Bond
275 Registrar shall have any responsibility or obligation to DTC participants or the persons
276 for whom they act as nominees with respect to the Bonds regarding accuracy of any
277 records maintained by DTC or DTC participants, the payment by DTC or any DTC
278 participants of any amount in respect of principal or redemption price of or interest on the
279 Bonds, any notice which is permitted or required to be given to Registered Owners
280 hereunder (except such notice as is required to be given by the Bond Registrar to DTC),
281 the selection by DTC or any DTC participant of any person to receive payment in the
282 event of a partial redemption of such Bonds or any consent given or other action taken by
283 DTC as owner of such Bonds.

284 For as long as any Series of Bonds are held in fully immobilized form, DTC, its
285 nominee or its successor depository shall be deemed to be the Registered Owner for all
286 purposes hereunder and all references to registered owners, bondowners, bondholders or
287 the like shall mean DTC or its nominee and shall not mean the owners of any beneficial
288 interests in such Bonds. Registered ownership of such Bonds, or any portions thereof,

289 may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if
290 that successor shall be qualified under any applicable laws to provide the services
291 proposed to be provided by it; (ii) to any substitute depository appointed by the Finance
292 Director or such substitute depository's successor; or (iii) to any person if the Bonds are
293 no longer held in immobilized form.

294 Upon the resignation of DTC or its successor (or any substitute depository or its
295 successor) from its functions as depository, or a determination by the Finance Director
296 that the county no longer wishes to continue the system of book-entry transfers through
297 DTC or its successor (or any substitute depository or its successor), the Finance Director
298 may appoint a substitute depository. Any such substitute depository shall be qualified
299 under any applicable laws to provide the services proposed to be provided by it.

300 If (i) DTC or its successor (or substitute depository or its successor) resigns from
301 its functions as depository, and no substitute depository can be obtained, or (ii) the county
302 determines that the Bonds of any Series are to be in certificated form, the ownership of
303 those Bonds may be transferred to any person as provided herein and those Bonds no
304 longer shall be held in fully immobilized form.

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

308 E. Place and Medium of Payment. Principal of, premium, if any, and interest on
309 the Bonds shall be payable in lawful money of the United States of America. For so long
310 as the Bonds of any Series are in fully immobilized form, payments of principal and
311 interest thereon shall be made as provided in accordance with the operational

312 arrangements of DTC referred to in the Letter of Representations. If the Bonds of any
313 Series are no longer in fully immobilized form, interest on those Bonds shall be paid by
314 checks or drafts of the Bond Registrar mailed on the interest payment date to the
315 Registered Owners at the addresses appearing on the Bond Register on the 15th day of
316 the month preceding the interest payment date or by electronic transfer on the interest
317 payment date. The county shall not be required to make electronic transfers except to a
318 Registered Owner of Bonds pursuant to a request in writing received at least 10 days
319 before an interest payment date, and any such electronic transfer shall be at the sole
320 expense of that Registered Owner. Principal of the Bonds shall be payable upon
321 presentation and surrender of the Bonds by the Registered Owners to the Bond Registrar.

322 F. Transfer or Exchange of Registered Ownership; Change in Denominations.
323 The registered ownership of any Bond may be transferred or exchanged, but no transfer
324 of any Bond shall be valid unless it is surrendered to the Bond Registrar with the
325 assignment form appearing on such Bond duly executed by the Registered Owner or such
326 Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar.
327 Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall
328 authenticate and deliver, without charge to the Registered Owner or transferee therefor, a
329 new Bond (or Bonds at the option of the new Registered Owner) of the same Series, date,
330 maturity and interest rate and for the same aggregate principal amount in any Authorized
331 Denomination, naming as Registered Owner the person or persons listed as the assignee
332 on the assignment form appearing on the surrendered Bond, in exchange for such
333 surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar
334 and exchanged, without charge, for an equal aggregate principal amount of Bonds of the

335 same Series, date, maturity and interest rate, in any Authorized Denomination. The Bond
336 Registrar shall not be obligated to exchange or transfer any Bond during the 15 days
337 preceding any principal payment or redemption date, or, in the case of any proposed
338 redemption of the Bonds, after the mailing of notice of the call of such Bonds for
339 redemption.

340 **SECTION 4. Redemption Provisions; Open Market Purchase of Bonds.**

341 A. Optional Redemption. The county may reserve the right to redeem
342 outstanding Bonds of any Series prior to their maturity on the dates and at the prices
343 established in the Sale Instrument therefor; *provided, however*, that, if necessary to
344 comply with the Code, such optional redemption date for any Series shall be no later than
345 10½ years from the issue date of that Series and that no redemption price shall be greater
346 than 102% of par. Portions of the principal amount of any Bond, in any Authorized
347 Denomination, may be redeemed.

348 B. Mandatory Redemption. The county shall redeem Term Bonds of any Series,
349 if not previously redeemed under any optional redemption provisions or purchased and
350 surrendered for cancellation under the provisions set forth below, by lot (or in such other
351 manner as the Bond Registrar shall determine) at par plus accrued interest on the dates
352 and in the years and principal amounts as set forth in the related Sale Instrument.

353 If the county redeems Term Bonds under any optional redemption provisions or
354 purchases Term Bonds for surrender and cancellation as set forth below, the Term Bonds
355 so redeemed or purchased (irrespective of their redemption or purchase prices) shall be
356 credited at the par amount thereof against the remaining mandatory redemption

357 requirements in a manner to be determined by the Finance Director or, if no such
358 determination is made, on a pro-rata basis.

359 C. Partial Redemption. If fewer than all of the Bonds of a Series subject to
360 optional redemption are called for redemption, the county shall choose the maturities to
361 be redeemed. If fewer than all of the Bonds of a Series maturing on the same date are
362 called for redemption, the Bond Registrar shall select for redemption such Bonds or
363 portions thereof randomly, or in such other manner as the Bond Registrar shall determine,
364 except that, for so long as the Bonds are registered in the name of DTC or its nominee,
365 DTC shall select for redemption such Bonds or portions thereof in accordance with the
366 Letter of Representations. In no event shall any Bond be outstanding in a principal
367 amount that is not an Authorized Denomination.

368 If less than all of the principal amount of any Bond is redeemed, upon surrender
369 of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without
370 charge therefor, a new Bond (or Bonds, at the option of the Registered Owner) of the
371 same Series, maturity and interest rate in any Authorized Denominations in the aggregate
372 total principal amount remaining unredeemed.

373 D. Purchase of Bonds. The county further reserves the right and option to
374 purchase any or all of the Bonds at any time at any price.

375 E. Cancellation of Bonds. All Bonds purchased or redeemed under this section
376 shall be canceled.

377 **SECTION 5. Notice and Effect of Redemption.**

378 A. Notice of Redemption. While Bonds are held by DTC in book-entry only
379 form, any notice of redemption shall be given at the time, to the entity and in the manner

380 required by DTC in accordance with the Letter of Representations, and the Bond
381 Registrar shall not be required to give any other notice of redemption. If the Bonds cease
382 to be in book-entry only form, unless waived by any Registered Owner of the Bonds to
383 be redeemed, the county shall cause notice of any intended redemption of Bonds to be
384 given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed
385 for redemption by first-class mail, postage prepaid, to the Registered Owner of any Bond
386 to be redeemed at the address appearing on the Bond Register at the time the Bond
387 Registrar prepares the notice. The requirements of this section shall be deemed to have
388 been fulfilled when notice has been mailed as so provided, whether or not it is actually
389 received by the owner of any Bond.

390 In the case of an optional redemption, the notice may state that the county retains
391 the right to rescind the redemption notice and the related optional redemption of Bonds
392 by giving a notice of rescission to the affected Registered Owners at any time prior to the
393 scheduled optional redemption date. Any notice of optional redemption that is so
394 rescinded shall be of no effect, and the Bonds for which the notice of optional redemption
395 has been rescinded shall remain outstanding.

396 In addition, the redemption notice shall be mailed or sent electronically within the
397 same period to the MSRB, consistent with the Undertaking, to any nationally recognized
398 rating agency which at the time maintains a rating on the Bonds at the request of the
399 county, and to such other persons and with such additional information as the Finance
400 Director shall determine, but these additional mailings shall not be a condition precedent
401 to the redemption of Bonds.

402 B. Effect of Redemption. Interest on Bonds called for redemption shall cease to
403 accrue on the date fixed for redemption, except in the case of a rescinded optional
404 redemption as described above, or unless the Bond or Bonds called are not redeemed
405 when presented pursuant to the call.

406 SECTION 6. Failure to Redeem Bonds. If any Bond is not redeemed when
407 properly presented at its maturity or date set for redemption, the county shall be obligated
408 to pay interest on that Bond at the same rate provided in the Bond from and after its
409 maturity or date set for redemption until that Bond, both principal and interest, is paid in
410 full or until sufficient money for its payment in full is on deposit in the applicable Bond
411 Fund and the Bond has been called for payment by giving notice of that call to the
412 Registered Owner.

413 SECTION 7. Form and Execution of Bonds. The Bonds shall be prepared in a
414 form consistent with the provisions of this ordinance and State law and shall be signed by
415 the county executive and the clerk of the council, either or both of whose signatures may
416 be manual or in facsimile, and the seal of the county or a facsimile reproduction thereof
417 shall be impressed or printed thereon.

418 Only Bonds bearing a Certificate of Authentication in the following form,
419 manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or
420 entitled to the benefits of this ordinance: "Certificate of Authentication. This Bond is
421 one of the fully registered King County, Washington, [appropriate name, year and series
422 designation], described in the Bond Ordinance." The authorized signing of a Certificate
423 of Authentication shall be conclusive evidence that the Bond so authenticated has been

424 duly executed, authenticated and delivered and is entitled to the benefits of this
425 ordinance.

426 If any officer whose facsimile signature appears on the Bonds ceases to be an
427 officer of the county authorized to sign bonds before the Bonds bearing his or her
428 facsimile signature are authenticated or delivered by the Bond Registrar or issued by the
429 county, those Bonds nevertheless may be authenticated, issued and delivered and, when
430 authenticated, issued and delivered, shall be as binding on the county as though that
431 person had continued to be an officer of the county authorized to sign bonds. Any Bond
432 also may be signed on behalf of the county by any person who, on the actual date of
433 signing of the Bond, is an officer of the county authorized to sign bonds, although he or
434 she did not hold the required office on the date of issuance of the Bonds.

435 SECTION 8. Mutilated, Lost or Destroyed Bonds. If any Bond shall become
436 mutilated, the Bond Registrar shall authenticate and deliver a new Bond of like amount,
437 date, series, interest rate and tenor in exchange and substitution for the Bond so
438 mutilated, upon the owner's paying the expenses and charges of the county and the Bond
439 Registrar in connection therewith and upon surrender to the Bond Registrar of the Bond
440 so mutilated. Every mutilated Bond so surrendered shall be canceled and destroyed by
441 the Bond Registrar.

442 In case the Bonds or any of them shall be lost, stolen or destroyed, the Bond
443 Registrar may authenticate and deliver a new Bond or Bonds of like amount, date, series,
444 interest rate and tenor to the Registered Owner thereof upon the owner's paying the
445 expenses and charges of the county and the Bond Registrar in connection therewith and
446 upon his/her filing with the Bond Registrar evidence satisfactory to the Bond Registrar

447 that such Bond or Bonds were actually lost, stolen or destroyed and of his/her ownership
448 thereof, and upon furnishing the county and the Bond Registrar with indemnity
449 satisfactory to the Finance Director and the Bond Registrar.

450 **SECTION 9. UTGO Refunding Bonds - Pledge of Taxation and Credit.** For
451 so long as any of the UTGO Refunding Bonds remain outstanding and unpaid, the county
452 irrevocably pledges, that unless the principal of and interest on the UTGO Refunding
453 Bonds are paid from other sources, it will make annual levies of taxes without limitation
454 as to rate or amount upon all property within the county subject to taxation in amounts
455 sufficient to pay such principal and interest as the same shall become due and will pay the
456 same into the Bond Fund for the UTGO Refunding Bonds. All of those taxes so
457 collected and any other money to be used for such purposes shall be paid into the Bond
458 Fund for the UTGO Refunding Bonds no later than the date such funds are required for
459 the payment of principal of and interest on the UTGO Refunding Bonds.

460 The full faith, credit, and resources of the county are pledged irrevocably for the
461 annual levy and collection of those taxes and for the prompt payment of that principal
462 and interest.

463 **SECTION 10. Security for LTGO Refunding Bonds.**

464 A. **Pledge of General Taxation and Credit.** For so long as any of the LTGO
465 Refunding Bonds remain outstanding and unpaid, the county irrevocably covenants and
466 agrees that each year it will include in its budget and levy an *ad valorem* tax upon all the
467 property within the county subject to taxation in an amount that will be sufficient,
468 together with all other revenues and money of the county legally available for such
469 purposes, to pay the principal of and interest on the LTGO Refunding Bonds as the same

470 shall become due. All of such taxes so collected and any other money to be used for such
471 purposes shall be paid into the applicable Bond Fund for the LTGO Refunding Bonds no
472 later than the date such funds are required for the payment of principal of and interest on
473 the LTGO Refunding Bonds.

474 The county irrevocably pledges that the annual tax provided for herein to be
475 levied for the payment of such principal and interest shall be within and as a part of the
476 tax levy permitted to counties without a vote of the people, and that a sufficient portion of
477 each annual levy to be levied and collected by the county prior to the full payment of the
478 principal of and interest on the LTGO Refunding Bonds will be and is hereby irrevocably
479 set aside, pledged and appropriated for the payment of the principal of, premium, if any,
480 and interest on the LTGO Refunding Bonds.

481 The full faith, credit and resources of the county are irrevocably pledged for the
482 annual levy and collection of such taxes and for the prompt payment of such principal
483 and interest as the same shall become due.

484 B. Additional Security Pledge. If a Series of LTGO Refunding Bonds refunds
485 LTGO Refunding Candidates having a pledge of Additional Security under the related
486 Refunded Bond Legislation, such Additional Security also shall be pledged to the
487 payment of that Series of LTGO Refunding Bonds.

488 **SECTION 11. Covenants and Warranties.** The county makes the following
489 covenants and warranties:

490 A. The county has full legal right, power and authority to enact this ordinance, to
491 sell, issue and deliver the Bonds as provided herein, and to carry out and consummate all
492 other transactions contemplated by this ordinance.

493 B. By all necessary official action prior to or concurrently herewith, the county
494 has duly authorized and approved the execution and delivery of, and the performance by
495 the county of its obligations contained in, the Bonds and in this ordinance and the
496 consummation by it of all other transactions necessary to effectuate this ordinance in
497 connection with the issuance of the Bonds, and such authorizations and approvals are in
498 full force and effect and have not been amended, modified or supplemented in material
499 respect.

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

501 D. The Bonds, when issued, sold, authenticated and delivered will constitute the
502 legal, valid and binding general obligations of the county.

503 E. The enactment of this ordinance, and compliance on the county's part with the
504 provisions contained herein, will not conflict with or constitute a breach of or default
505 under any constitutional provisions, law, administrative regulation, judgment, decree,
506 loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement or other
507 instrument to which the county is a party or to which the county or any of its property or
508 assets are otherwise subject, nor will any such adoption, execution, delivery, sale,
509 issuance or compliance result in the creation or imposition of any lien, charge or other
510 security interest or encumbrance of any nature whatsoever upon any of the property or
511 assets of the county or under the terms of any such law, regulation or instrument, except
512 as may be provided by the Bonds and this ordinance.

513 F. The county covenants that each Series of Bonds shall be issued within all
514 statutory and constitutional debt limitations applicable to the county.

515 G. None of the proceeds of the Bonds will be used for any purpose other than as
516 provided in this ordinance, and the county shall not suffer any amendment or supplement
517 to this ordinance, or any departure from the due performance of the obligations of the
518 county hereunder, which might materially adversely affect the rights of the owners from
519 time to time of the Bonds.

520 H. The county covenants to meet any parity requirements under any Refunded
521 Bond Legislation still in effect at the time Bonds are issued to refund the related
522 Refunding Candidates.

523 SECTION 12. Tax Covenants. The county covenants that it will take all actions
524 necessary to prevent interest on the Tax-Exempt Bonds from being included in gross
525 income for federal income tax purposes, and it will neither take any action nor make or
526 permit any use of proceeds of the Tax-Exempt Bonds or other funds of the county treated
527 as proceeds of the Tax-Exempt Bonds at any time during the term of the Tax-Exempt
528 Bonds which will cause interest on the Tax-Exempt Bonds to be included in gross income
529 for federal income tax purposes. The county also covenants that it will, to the extent the
530 arbitrage rebate requirement of Section 148 of the Code is applicable to the Tax-Exempt
531 Bonds, take all actions necessary to comply (or to be treated as having complied) with
532 that requirement in connection with the Tax-Exempt Bonds, including the calculation and
533 payment of any penalties that the county has elected to pay as an alternative to
534 calculating rebatable arbitrage, and the payment of any other penalties if required under
535 Section 148 of the Code to prevent interest on the Tax-Exempt Bonds from being
536 included in gross income for federal income tax purposes.

537 The county also covenants that the county will not take or permit to be taken on
538 its behalf any action that would adversely affect the entitlement of the county to receive
539 from the United States Treasury the applicable Federal Credit Payments in respect of
540 Tax-Advantaged Bonds, or the entitlement of the beneficial owners to receive tax credits
541 in respect of Tax-Advantaged Bonds.

542 SECTION 13. Bond Funds.

543 A. General. There previously have been created and established the Bond Funds,
544 which shall each at all times be completely segregated and set apart from all other funds
545 and accounts of the county. Bond Redemption Accounts are authorized to be created
546 within the Bond Fund for each Series, except within the PTST Bond Fund. There
547 previously has been created in the PTST Bond Fund the Interest Account, the Serial Bond
548 Principal Account and the Term Bond Principal Account. Accrued interest on the Bonds
549 received from the sale and delivery of the Bonds, if any, together with any net premium
550 received from the sale and delivery of the Bonds that is not necessary to carry out the
551 Refunding Plan, shall be paid or allocated into the applicable Bond Fund prior to the first
552 debt service payment date with respect to those Bonds. All taxes and Additional Security
553 collected for and allocated to the payment of the principal of and interest on a Series of
554 Bonds shall be deposited in the applicable Bond Fund. With respect to any PTST LTGO
555 Refunding Bonds, payments into and out of the PTST Bond Fund and accounts therein
556 shall be in accordance with the provisions of the related Refunded Bond Legislation. In
557 addition, payments into or out of a special bond fund created for any future LTGO
558 Refunding Candidates shall be in accordance with the provisions of the related Refunded
559 Bond Legislation.

560 C. Payments to the Bond Registrar; Investments. Money on deposit in the Bond
561 Funds shall be transmitted to the Bond Registrar at such times and in such amounts as
562 shall be necessary to pay when due the principal of and interest and premium, if any, on
563 any related Bonds and with respect to the PTST Bond Fund, any PTST Parity Bonds.
564 Money in the Bond Funds shall be invested in any legal investments of the county
565 maturing in such amounts and at such times as the finance Director may determine so that
566 payments required to be made from the Bond Funds may be made when due.

567 D. Using Bond Fund Money to Pay Rebate. Notwithstanding any provisions of
568 this ordinance regarding the use of money deposited in a Bond Fund, such money may be
569 withdrawn from a Bond Fund as necessary to pay the Rebate Amount.

570 **SECTION 14. Execution of Refunding Plan.**

571 A. Appointment of Escrow Agent. The Finance Director may serve as, or
572 appoint separately, the Escrow Agent for each Series of Bonds.

573 B. Use of Bond Proceeds; Acquisition and Substitution of Acquired Obligations.
574 There is authorized to be created a special account of the county for each Series of the
575 Bonds to be maintained with the Escrow Agent therefor, each of which will be known as
576 a "King County [Unlimited/Limited] Tax General Obligation Refunding Bond Refunding
577 Account," with the same year and series designation as that corresponding to the related
578 Series of Bonds (each hereinafter call a "Refunding Account"). Each Refunding Account
579 shall be used for the sole purpose of providing for the payment of the principal of and
580 redemption premium, if any, and interest on the Refunded Bonds to be refunded by the
581 related Series of Bonds as hereinafter set forth in this section, paying costs related to the
582 refunding of such Refunded Bonds, and paying costs of issuing the related Series of

583 Bonds. The net principal proceeds from the sale of each Series of Bonds shall be credited
584 to the related Refunding Account.

585 For each Series of Bonds, sufficient proceeds of the sale of the Bonds, together
586 with other money of the county, if any, required by the Refunding Plan, shall be
587 deposited immediately upon the receipt thereof with the Escrow Agent and used to
588 discharge the obligations of the county relating to the Refunded Bonds to be refunded
589 therewith under the respective Refunded Bond Legislation by providing for the payment
590 of the amounts required to be paid by the Refunding Plan. The Refunding Plan shall be
591 carried out, and proceeds of the Bonds shall be applied, in accordance with this
592 ordinance, the respective Refunded Bond Legislation, and the laws of the State. To the
593 extent practicable, such obligations shall be discharged fully by the Escrow Agent's
594 simultaneous purchase of the Acquired Obligations, bearing such interest and maturing as
595 to principal and interest in such amounts and at such times so as to provide, together with
596 a beginning cash balance, if necessary, for the payment of the amounts required to be
597 paid by the Refunding Plan. The Acquired Obligations shall be listed and more
598 particularly described in a schedule attached to the Refunding Escrow Agreement, but are
599 subject to substitution as set forth below.

600 Prior to the purchase of any such Acquired Obligations, the county reserves the
601 right to substitute other Government Obligations for any of the Acquired Obligations and
602 to use any savings created thereby for any lawful county purpose if, (i) in the opinion of
603 Bond Counsel, such substitution shall not result in the interest on the applicable Series of
604 Bonds (if issued as Tax-Exempt Bonds) and the applicable series of Refunded Bonds (if
605 issued as tax-exempt obligations) becoming includable in gross income for federal

606 income tax purposes under the Code, and (ii) such substitution shall not impair the timely
607 payment of the amounts required to be paid by the Refunding Plan, as verified by a
608 nationally recognized firm of independent certified public accountants.

609 After the purchase of the Acquired Obligations by the Escrow Agent, the county
610 reserves the right to substitute therefor cash or Government Obligations subject to the
611 conditions that such money or securities held by the Escrow Agent shall be sufficient to
612 carry out the Refunding Plan, that such substitution will not cause the Bonds or the
613 Refunded Bonds issued as tax-exempt obligations to be arbitrage bonds within the
614 meaning of Section 148 of the Code and regulations thereunder in effect on the date of
615 such substitution and applicable to obligations issued on the issue date of the Bonds, and
616 that the county obtain: (i) verification by a nationally recognized independent certified
617 public accounting firm reasonably acceptable to the Escrow Agent confirming that the
618 payments of principal of and interest on the Government Obligations, if paid when due,
619 and any other money held by the Escrow Agent will be sufficient to carry out the
620 Refunding Plan; and (ii) an opinion from Bond Counsel to the effect that the disposition
621 and substitution or purchase of such securities, under the statutes, rules and regulations
622 then in force and applicable to the Bonds, will not cause the interest on the Bonds or the
623 Refunded Bonds issued as tax-exempt obligations to be included in gross income for
624 federal income tax purposes and that such disposition and substitution or purchase is in
625 compliance with the statutes and regulations applicable to the Bonds. Any surplus money
626 resulting from the sale, transfer, other disposition or redemption of the Acquired
627 Obligations and the substitutions therefor shall be released from the trust estate and may
628 be used for any lawful county purpose.

629 C. Administration of Refunding Plan. The Escrow Agent is authorized and
630 directed to purchase the Acquired Obligations (or substitute obligations) and to make the
631 payments required to be made by the Refunding Plan from the Acquired Obligations (or
632 substitute obligations) and money deposited with the Escrow Agent pursuant to this
633 ordinance. All Acquired Obligations (or substitute obligations) and the money deposited
634 with the Escrow Agent and any income therefrom shall be held irrevocably, invested and
635 applied in accordance with the provisions of the respective Refunded Bond Legislation,
636 this ordinance, chapter 39.53 RCW and other applicable statutes of the State of
637 Washington and the Refunding Escrow Agreement. All necessary and proper fees,
638 compensation and expenses of the Escrow Agent and all other costs incidental to the
639 setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs
640 related to the issuance and delivery of the Bonds, including bond printing, verification
641 fees, Bond Counsel's fees and other related expenses, may be paid out of the proceeds of
642 the Bonds.

643 D. Authorization for Refunding Escrow Agreement. To carry out the Refunding
644 Plan provided for by this ordinance, the Finance Director is authorized and directed to
645 execute and deliver to an Escrow Agent that is not the Finance Director, in connection
646 with each Series of Bonds, one or more Refunding Escrow Agreements setting forth the
647 duties, obligations and responsibilities of the Escrow Agent in connection with the
648 payment, redemption and retirement of the Refunded Bonds as provided herein and in the
649 Sale Instrument and stating that the provisions for payment of the fees, compensation and
650 expenses of such Escrow Agent set forth therein are satisfactory to it. Prior to executing
651 any such Refunding Escrow Agreement, the Finance Director is authorized to make such

652 changes therein which do not change the substance and purpose thereof or which assure
653 that the escrow provided therein and the Bonds are in compliance with the requirements
654 of federal law governing the exclusion of interest on the Tax-Exempt Bonds from gross
655 income for federal income tax purposes.

656 SECTION 15. Redemption of the Refunded Bonds. As a part of the Refunding
657 Plan, the county may call Refunded Bonds for redemption, which call shall be
658 determined by the Finance Director, in consultation with the county's financial advisor.
659 Such call for redemption of the Refunded Bonds shall specify the Refunded Bonds, call
660 dates and redemption prices (expressed as a percentage of par, plus accrued interest). If
661 authorized under the Refunded Bond Legislation, such call for redemption of the
662 Refunded Bonds may be subject to revocation by the county prior to and/or conditioned
663 upon, delivery to the initial purchaser of the applicable Series of Bonds and receipt of the
664 proceeds thereof by the county, but shall be irrevocable thereafter. The dates on which
665 the Refunded Bonds are called for redemption shall be, in the judgment of the Finance
666 Director, the earliest practical dates on which those bonds may be called for redemption.

667 The proper county officials are authorized and directed to give or cause to be
668 given such notices as may be required, at the times and in the manner required pursuant
669 to the related Refunded Bond Legislation, in order to effect the defeasance and
670 redemption prior to maturity of the Refunded Bonds. The costs of publication of such
671 notice shall be an expense of the county.

672 SECTION 16. Sale of Bonds.

673 A. Determination by Finance Director. The Finance Director shall identify, in
674 consultation with the county's financial advisor, the Refunding Candidates eligible to be

675 refunded by each Series of Bonds and at least 28 days prior to an expected sale date, the
676 Finance Director shall inform the council of his or her intent to refund those Refunding
677 Candidates and the expected sale date, and shall inform the council of the minimum
678 savings to the county that must be achieved by the Refunding Plan with respect to the
679 proposed Series of Bonds, based on the Debt Management Policy then in effect. The
680 council may, by motion adopted not later than 14 days prior to the expected sale date,
681 determine that any or all of those identified refunding Candidates may not be refunded at
682 that time. Absent such motion, the Finance Director shall continue with the proposed
683 refunding and sale of Bonds in accordance with the terms of this ordinance. The council
684 may determine that those identified Refunding Candidates may not be refunded. Absent
685 such determination, the Finance Director shall continue with the proposed refunding and
686 sale of Bonds in accordance with the terms of this ordinance. The Finance Director may
687 determine, in consultation with the county's financial advisor, the principal amount of
688 each Series of the Bonds, whether the Bonds should be sold separately or in one or more
689 combined Series, and whether each Series of Bonds should be sold by negotiated sale or
690 by competitive bid.

691 The Finance Director, in consultation with the county's financial advisor, may
692 determine it is in the county's best interest to provide for bond insurance or other credit
693 enhancement, and may provide conditions or covenants relating thereto, including
694 additional terms, conditions, and covenants relating to the Bonds that are required by the
695 bond insurer, and are consistent with the provisions of this ordinance, including but not
696 limited to restrictions on investments and requirements of notice to and consent of the
697 bond insurer.

698 The county executive and the Finance Director are each separately authorized to
699 execute and deliver, on behalf of the county, any contracts and other documents
700 consistent with the provisions of this ordinance for which the county's approval is
701 necessary or to which the county is a party and that are related or incidental to the
702 issuance and sale of the Bonds or to the establishment of the interest rate or rates on the
703 Bonds, including but not limited to agreements with bond insurers, underwriters, fiscal
704 agencies and the Bond Registrar. The Finance Director may determine the amount, if
705 any, from the proceeds of or accrued interest on the Bonds to be deposited into specified
706 funds, subfunds, accounts, and subaccounts.

707 B. Procedure for Negotiated Sale. If the Finance Director determines that the any
708 Series of Bonds should be sold by negotiated sale, the Finance Director shall, in
709 accordance with applicable county procurement procedures, solicit one or more
710 underwriting firms with which to negotiate the sale of those Bonds. The purchase
711 contract for each Series of Bonds shall establish the year and Series designation,
712 Additional Security, if applicable, date, aggregate principal amount, interest payment
713 dates, interest rate(s), maturity schedule and principal amounts per maturity, and
714 redemption provisions of such Series of Bonds. The county council authorizes the
715 Finance Director to serve as its designated representative to accept, on behalf of the
716 county, an offer to purchase the Bonds, which offer must be consistent with the terms of
717 this ordinance and with the Debt Management Policy (including without limitation the
718 requirements with respect to minimum savings to the county that must be achieved by the
719 Refunding Plan).

720 C. Procedure for Sale by Competitive Bid. If the Finance Director determines
721 that any Series of the Bonds should be sold by competitive bid, bids for the purchase of
722 each Series of Bonds shall be received at such time or place and by such means as the
723 Finance Director shall direct. The Finance Director is authorized to prepare an official
724 notice of bond sale for each Series of Bonds to be sold pursuant to competitive bid,
725 establishing in such notice the year and series designation, date, estimated aggregate
726 principal amount, interest payment dates, estimated maturity schedule and principal
727 amount per maturity, and redemption provisions of such Bonds. After consultation with
728 the county's financial advisor, the Finance Director may direct that the official notice of
729 bond sale or an abridged form thereof be published in such newspapers or financial
730 journals as may be deemed desirable or appropriate by Finance Director.

731 Upon the date and time established for the receipt of bids for a Series of Bonds,
732 the Finance Director or his or her designee shall open the bids and shall cause the bids to
733 be mathematically verified. The county council authorizes the Finance Director to serve
734 as its designated representative and to accept, on behalf of the county, the winning bid to
735 purchase the Bonds, which may be adjusted with respect to the aggregate principal
736 amount and principal amount per maturity as reflected in the notice of acceptance of
737 winning bid, and which must be consistent with the terms of this ordinance and with the
738 Debt Management Policy (including without limitation the requirements with respect to
739 minimum savings to the county that must be achieved by the Refunding Plan).

740 D. Report to Council. After acceptance of the offer or winning bid with respect
741 to the Bonds, the Finance Director shall, prior to or at the next full meeting of the council,

742 report to the council on the sale of the Bonds, including a report on the savings to the
743 county achieved by the Refunding Plan for those Bonds.

744 SECTION 17. County Findings with Respect to Refunding. Prior to the
745 issuance of any Series of Bonds, the Finance Director must execute a Certificate of
746 Finance Director making a finding and determination on behalf of the county that the
747 issuance and sale of those Bonds will affect a savings to the county, consistent with the
748 Debt Management Policy (including without limitation the requirements with respect to
749 minimum savings to the county that must be achieved by the Refunding Plan). In making
750 such finding and determination, the Finance Director shall give consideration to the fixed
751 maturities of the Bonds and the Refunded Bonds, the costs of issuance and sale of the
752 Bonds, and the known earned income from the investment of the proceeds of the issuance
753 and sale of the Bonds and other money of the county used in the Refunding Plan pending
754 payment and redemption of the Refunded Bonds.

755 In the Certificate of Finance Director, the Finance Director must further find and
756 determine that the money to be deposited with the Escrow Agent in accordance with this
757 ordinance and the Sale Instrument will discharge and satisfy the obligations of the county
758 with respect to the Refunded Bonds under the respective Refunded Bond Legislation,
759 and, if applicable, that the pledges, charges, trusts, covenants, and agreements of the
760 county therein made or provided for as to the Refunded Bonds shall be discharged, and, if
761 applicable, that the Refunded Bonds shall no longer be deemed to be outstanding under
762 the respective Refunded Bond Legislation immediately upon the irrevocable deposit of
763 such money with the Escrow Agent. The Finance Director may rely on the advice of

764 Bond Counsel and/or a verification report in making the determination described in this
765 paragraph.

766 SECTION 18. Delivery of Bonds. Following the sale of each Series of the
767 Bonds, the county shall cause definitive Bonds of such Series to be prepared, executed
768 and delivered to the purchaser thereof in accordance with the provisions of this
769 ordinance, with the approving legal opinion of municipal bond counsel regarding the
770 Bonds.

771 If definitive Bonds of any Series are not ready for delivery by the date established
772 for their delivery to the initial purchaser, then the Finance Director, upon the approval of
773 the purchaser, may cause to be issued and delivered to the purchaser one or more
774 temporary Bonds of the same series with appropriate omissions, changes and additions.
775 Any temporary Bond or Bonds shall be entitled and subject to the same benefits and
776 provisions of this ordinance with respect to the payment, security and obligation thereof as
777 definitive Bonds authorized thereby. Such temporary Bond or Bonds shall be
778 exchangeable without cost to the owners thereof for definitive Bonds of the same series
779 when the latter are ready for delivery.

780 SECTION 19. Preliminary Official Statement under SEC Rule 15c2-12. The
781 county authorizes and directs the Finance Director: (i) to review and approve the
782 information contained in any preliminary official statement (the "Preliminary Official
783 Statement") prepared in connection with the public offer and sale of a Series of Bonds;
784 and (ii) for the sole purpose of the Bond purchasers' compliance with Section (b)(1) of
785 the Rule, to "deem final" that Preliminary Official Statement as of its date, except for the
786 omission of information on offering prices, interest rates, selling compensation, delivery

787 dates, any other terms or provisions subject to final pricing, ratings, and other terms of
788 the Bonds of such Series dependent on such matters and the identity of the Bond
789 purchasers. After any such Preliminary Official Statement has been reviewed and
790 approved in accordance with the provisions of this section, the county hereby authorizes
791 distribution of such Preliminary Official Statement to prospective purchasers of such
792 Series of Bonds.

793 SECTION 20. Approval of Official Statement. Following the public offer and
794 sale of a Series of Bonds in accordance with the terms of this ordinance, the Finance
795 Director is hereby authorized to review and approve on behalf of the county a final
796 official statement with respect to such Series of Bonds. The county agrees to cooperate
797 with the purchaser of such Series of Bonds to deliver or cause to be delivered, within
798 such period as may be required by applicable law and in sufficient time to accompany
799 any confirmation that requests payment from any customer of the purchaser, copies of the
800 final official statement pertaining to such Series of Bonds in sufficient quantity to comply
801 with paragraph (b)(4) of the Rule and the rules of the MSRB.

802 SECTION 21. Undertaking to Provide Ongoing Disclosure. The Finance
803 Director is hereby authorized and directed to enter into a written Undertaking for the
804 benefit of holders of any publicly offered and sold series of Bonds to the extent required
805 by and consistent with the requirements of paragraph (b)(5) of the Rule, as applicable to a
806 participating underwriter for such Series of Bonds.

807 SECTION 22. General Authorization. The appropriate county officials, agents
808 and representatives are hereby authorized and directed to do everything necessary for the

809 prompt sale, issuance, execution and delivery of each Series of Bonds, and for the proper
810 use and application of the proceeds of the sale thereof.

811 SECTION 23. Refunding or Defeasance of the Bonds. The county may issue
812 refunding bonds pursuant to the laws of the State of Washington or use money available
813 from any other lawful source to pay when due the principal of, premium, if any, and
814 interest on the Bonds of any Series, or any portion thereof included in a refunding or
815 defeasance plan, and to redeem and retire, refund or defease all such then-outstanding
816 Bonds (hereinafter collectively called the "defeased Bonds") and to pay the costs of the
817 refunding or defeasance. If money and/or Government Obligations maturing at a time or
818 times and bearing interest in amounts (together with money, if necessary) sufficient to
819 redeem and retire, refund or defease the defeased Bonds in accordance with their terms
820 are set aside in a special trust fund or escrow account irrevocably pledged to that
821 redemption, retirement or defeasance of defeased Bonds (hereinafter called the "trust
822 account"), then all right and interest of the owners of the defeased Bonds in the covenants
823 of this ordinance and in the funds and accounts obligated to the payment of the defeased
824 Bonds shall cease and become void. The owners of defeased Bonds shall have the right
825 to receive payment of the principal of and interest on the defeased Bonds from the trust
826 account. The county shall include in the refunding or defeasance plan such provisions as
827 the county deems necessary for the random selection of any defeased Bonds that
828 constitute less than all of a particular maturity of such Series of Bonds, for notice of the
829 defeasance to be given to the owners of the defeased Bonds and to such other persons as
830 the county shall determine, and for any required replacement of Bond certificates for
831 defeased Bonds. The defeased Bonds shall be deemed no longer outstanding, and the

832 county may apply any money in any other fund or account established for the payment or
833 redemption of the defeased Bonds to any lawful purposes as it shall determine.

834 If the defeased Bonds are registered in the name of DTC or its nominee, notice of
835 any defeasance of Bonds shall be given to DTC in the manner prescribed in the Letter of
836 Representations for notices of redemption of Bonds.

837 SECTION 24. Supplemental Ordinances. The county council from time to
838 time and at any time may adopt an ordinance or ordinances amendatory or supplemental
839 to this ordinance for any purpose that the county council may deem necessary or
840 desirable if such amendatory or supplemental ordinance shall not materially adversely
841 affect the interests of the holders and owners of any outstanding Bonds, and such
842 amendatory or supplemental ordinance or ordinances thereafter shall become a part of
843 this ordinance.

844 SECTION 25. Contract; Severability. The covenants contained in this
845 ordinance shall constitute a contract between the county and the owners of each and
846 every Bond. If any one or more of the covenants or agreements provided in this ordinance
847 to be performed on the part of the county are deemed by any court of competent
848 jurisdiction to be contrary to law, then such covenant or covenants, agreement or
849 agreements, shall be null and void and shall be deemed separable from the remaining
850 covenants and agreements of this ordinance and shall in no way affect the validity of the
851 other provisions of this ordinance or of the Bonds.

852 SECTION 26. Complete Alternative. This ordinance shall be deemed to
853 provide a complete, additional and alternative method for the performance of those
854 subjects authorized hereby and shall be regarded as supplemental and additional to

855 powers conferred by other county ordinances. Whenever Bonds are issued and sold in
856 conformance with this ordinance, such issuance and sale need not comply with contrary
857 requirements of any other county ordinance applicable to the issuance and sale of bonds
858 or other obligations.

859 SECTION 27. Effective Date. This ordinance shall be effective 10 days after its
860 enactment, in accordance with Article II of the county charter."

861

862 **Delete Attachment A, Schedule of Refunding Candidates and insert Attachment A**
863 **Schedule of Refunding Candidates dated May 15, 2012**

864

865 **EFFECT: Amends the ordinance to delegate to the Director of FBOD the**
866 **responsibility for refunding existing county debt under certain conditions.**

LTGO REFUNDING CANDIDATES

| Issue Name* | Dated Date | Original Par Amount (\$) | Outstanding Balance (\$) (5/15/2012) | Bond Legislation |
|---|------------|--------------------------|--------------------------------------|--|
| LTGO Refunding Bonds, 2004, Series A | 09/21/2004 | 57,045,000 | 28,210,000 | ORD: 14890 Motion: 11986 |
| LTGO Bonds, 2004, Series B | 10/01/2004 | 82,435,000 | 61,985,000 | ORD: 14167 as amended Motion: 12004 |
| LTGO Refunding Bonds, 2005, Series A | 06/29/2005 | 22,510,000 | 19,490,000 | ORD: 14890 Motion: 12130 |
| LTGO Refunding Bonds, 2006 | 12/14/2006 | 46,325,000 | 24,010,000 | ORD: 15386 Motion: 12401 |
| LTGO Bonds, 2007 Series C | 11/01/2007 | 10,695,000 | 9,140,000 | ORD: 14167 as amended Motion: 12607 |
| VP LTGO Bonds, 2007, Series D | 11/01/2007 | 34,630,000 | 29,725,000 | ORD: 14991 Motion: 12607 |
| VP LTGO Bonds, 2007, Series E | 11/27/2007 | 43,705,000 | 37,260,000 | ORD: 15925 Motion: 12630 |
| LTGO Bonds, 2009, Series B | 05/12/2009 | 34,810,000 | 31,945,000 | ORD: 14167 as amended Motion: 12966 |
| LTGO Refunding Bonds, 2009, Series C | 12/10/2009 | 17,150,000 | 16,975,000 | ORD: 15780 Motion: 13097 |
| LTGO Refunding Bonds, 2010, Series A | 10/28/2010 | 26,555,000 | 26,085,000 | ORD: 15780 Motion: 13365 |
| LTGO Bonds, 2010, Series B (Federally Taxable Build America Bonds) | 12/01/2010 | 45,035,000 | 45,035,000 | ORD: 16920 Motion: 13373 |
| LTGO Bonds, 2010, Series C (Federally Taxable Recovery Zone Economic Development Bonds) | 12/01/2010 | 23,165,000 | 23,165,000 | ORD: 16920 Motion: 13374 |
| LTGO Bonds, 2010, Series D (Federally Taxable Qualified Energy Conservation Bonds) | 12/01/2010 | 5,825,000 | 5,825,000 | ORD: 16920 Motion: 13375 |
| LTGO Bonds, 2010, Series E (Federally Tax-Exempt) | 12/01/2010 | 10,025,000 | 9,665,000 | ORD: 16920 Motion: 13376 |
| LTGO Refunding Bonds, 2011 | 08/01/2011 | 25,700,000 | 25,485,000 | ORD: 15780 Motion: 13520 |
| LTGO Bonds, 2011, Series D | 12/21/2011 | 21,895,000 | 21,895,000 | ORD: 17175 Motion: 13605 |
| LTGO Bonds, 2012, Series A | 3/29/2012 | 65,935,000 | 65,935,000 | ORD: 16785 Motion: 13645 |
| LTGO Bonds, 2012, Series B | 5/8/2012 | 28,065,000 | 28,065,000 | ORD: 16865 Motion: 13659 |
| Additional Security- Public Transportation Sales Tax | | | | |
| LTGO (Public Transportation Sales Tax) Refunding Bonds, 2002 | 11/05/2002 | 64,285,000 | 37,195,000 | ORD: 14490 Motion: 11602 |
| LTGO (Public Transportation Sales Tax) Bonds, 2004 | 06/08/2004 | 49,695,000 | 43,625,000 | ORD: 14887 Motion: 11926 |

Attachment A: Schedule of Refunding Candidates May 15, 2012

* LTGO – Limited Tax General Obligation
 VP – Various Purpose

UTGO REFUNDING CANDIDATES

| Issue Name* | Dated Date | Original Par Amount (\$) | Outstanding Balance (\$) (5/15/2012) | Bond Legislation |
|--|------------|--------------------------|--------------------------------------|-----------------------------|
| UTGO Refunding Bonds, 2003 | 04/23/2003 | 108,795,000 | 11,825,000 | ORD: 14583 Motion: 11681 |
| UTGO Bonds, 2004 (Harborview Medical Center) | 05/04/2004 | 110,000,000 | 85,465,000 | ORD: 14857 Motion: 11902 |
| UTGO Bonds, Series 2004B (Harborview Medical Center) | 10/01/2004 | 54,000,000 | 43,005,000 | ORD: 14857 Motion: 11984 |
| UTGO Refunding Bonds, 2009, Series A | 12/10/2009 | 19,570,000 | 17,715,000 | ORD: 16657 Motion:13098 |

*UTGO – Unlimited Tax General Obligation

[Blank Page]



KING COUNTY
Signature Report

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

June 4, 2012

Ordinance

Proposed No. 2012-0121.1

Sponsors McDermott

1 AN ORDINANCE relating to contracting indebtedness;
2 authorizing and providing for the issuance and sale of
3 limited tax general obligation (LTGO) refunding bonds and
4 unlimited tax general obligation refunding bonds, in one or
5 more series, for the purpose of paying all or part of the cost
6 of refunding certain of the county's outstanding limited tax
7 general obligation bonds and unlimited tax general
8 obligation bonds, and the costs of issuing and selling the
9 bonds; providing for the terms, covenants and manner of
10 sale of the bonds; and providing for agreements and
11 activities in connection with the disposition of the proceeds
12 of the Bonds.

13 **PREAMBLE:**

14 King County (the "county") has issued the limited tax general obligation
15 bonds and unlimited tax general obligation bonds listed in and pursuant to
16 the ordinances and motions set forth in Attachment A to this ordinance
17 (the "Refunding Candidates").

18 The county has determined it to be in the best interest of the county that it
19 authorize the issuance and sale, subject to the provisions of this ordinance,

20 of limited tax general obligation refunding bonds and unlimited tax
21 general obligation refunding bonds (collectively, the "Bonds"), in one or
22 more series, for the purpose of paying all or part of the cost of refunding
23 all or a portion of the Refunding Candidates and of paying all or part of
24 the costs of issuance and sale of the Bonds.

25 This ordinance will allow the refunding of any Refunding Candidates
26 (including bonds later designated as Refunding Candidates consistent with
27 this ordinance) only if the refunding provides a net present value savings
28 which is in compliance with the county's Debt Management Policy
29 (hereinafter defined).

30 RCW 39.53.020 authorizes the county to issue refunding bonds, and RCW
31 39.53.100 provides that in computing indebtedness for the purpose of any
32 constitutional or statutory debt limitation there shall be deducted from the
33 amount of outstanding indebtedness the amounts of money and
34 investments credited to, or on deposit for, general obligation bond
35 retirement.

36 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

37 **SECTION 1. Definitions.** The following words and terms as used in this
38 ordinance shall have the following meanings for all purposes of this ordinance, unless
39 some other meaning is plainly intended.

40 "Acquired Obligations" means Government Obligations purchased to accomplish
41 the refunding of the Refunded Bonds.

42 "Additional Security" means, with respect to any Series of Public Transportation
43 Sales Tax (PTST) LTGO Refunding Bonds, an additional pledge of Two-tenths Sales
44 Tax Revenues. "Additional Security" also shall mean any security pledged to the
45 payment of Refunding Candidates in the related Refunded Bond Legislation other than
46 and in addition to the full faith and credit pledge of the county.

47 "Authorized Denomination" means \$5,000 or any integral multiple thereof within
48 a maturity, or such amount as may be established in the Sale Instrument.

49 "Bond Counsel" means a lawyer or a firm of lawyers, selected by the county, of
50 nationally recognized standing in matters pertaining to bonds issued by states and their
51 political subdivisions.

52 "Bond Fund" (collectively, the "Bond Funds") means one of the following funds
53 as applicable: (1) for any Unlimited Tax General Obligation (UTGO) Refunding Bonds,
54 that special fund of the county heretofore established to pay principal of and interest on
55 all unlimited tax general obligation bonds of the county; (2) for any LTGO Refunding
56 Bonds except PTST LTGO Refunding Bonds, that special fund of the county heretofore
57 established to pay principal of and interest on all limited tax general obligation bonds of
58 the county; or (3) for any PTST LTGO Refunding Bonds, the PTST Bond Fund. If any
59 future Refunding Candidates with a pledge of Additional Security have a special bond
60 fund created under the related Refunded Bond Legislation, "Bond Fund" also shall mean
61 that special bond fund.

62 "Bond Redemption Account" means each account established within a Bond Fund
63 pursuant to Section 13 of this ordinance to provide for the payment of debt service on a
64 Series of the Bonds.

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

67 "Bond Registrar" means the fiscal agent of the State of Washington (as the same
68 may be designated by the State of Washington from time to time) for the purposes of
69 registering and authenticating the Bonds, maintaining the Bond Register, effecting the
70 transfer of ownership of the Bonds and paying interest on and principal and premium, if
71 any, of the Bonds, or an alternative designated by the Finance Director and set forth in
72 the Sale Instrument.

73 "Bonds" means, collectively, the LTGO Refunding Bonds and the UTGO
74 Refunding Bonds, issued in Series from time to time.

75 "Certificate of Finance Director" means a certificate of the Finance Director for
76 each Series of Bonds making the findings and determinations set forth in Section 16 of
77 this ordinance and, if not set forth in the Sale Instrument, shall include the Refunding
78 Plan for that Series of Bonds.

79 "Closing Date" means the date on which a Series of Bonds is delivered to the
80 initial purchaser or purchasers thereof upon payment in full therefor.

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

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

86 "Committee" means the Executive Finance Committee of the county.

87 "County" means King County, Washington.

88 "Council" means the Metropolitan King County Council.

89 "Debt Management Policy" means the county's debt management policy adopted
90 by Council Motion 12660, as it may be amended from time to time.

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

92 "Escrow Agent" means for each Series of Bonds, the Finance Director, or the
93 trustee or escrow agent, or any successor trustee or escrow agent, designated by the
94 Finance Director.

95 "Federal Credit Payments" means amounts which the county is entitled to receive
96 as a subsidy or tax credit payable by the United States Treasury to the county in respect
97 of interest on any Bonds issued as Tax-Advantaged Bonds.

98 "Finance Director" means the director of the county finance and business
99 operations division of the department of executive services of the county or any other
100 county officer who succeeds to the duties now delegated to that office, or the designee of
101 such officer.

102 "Future PTST Parity Bonds" means any bonds or other obligations that may be
103 issued by the County in the future with a lien on the Two-tenths Sales Tax Revenue equal
104 to the lien thereon of Outstanding PTST Parity Bonds and the PTST LTGO Refunding
105 Bonds.

106 "Government Obligations" means "government obligations" as defined in chapter
107 39.53 RCW, as now in existence or hereafter amended.

108 "Letter of Representations" means the Blanket Issuer Letter of Representations
109 dated May 1, 1995, by and between the county and DTC, as it may be amended or
110 replaced from time to time.

111 "LTGO Refunding Candidates" means all or a portion of the outstanding limited
112 tax general obligation bonds of the county listed in Exhibit A hereto and all or a portion
113 of any other county limited tax general obligation bonds that in the future are designated
114 as LTGO Refunding Candidates in the applicable bond ordinance.

115 "LTGO Refunded Bonds" means all or that portion of the LTGO Refunding
116 Candidates included in a Refunding Plan and refunded pursuant to this ordinance.

117 "LTGO Refunding Bonds" means the limited tax general obligation refunding
118 bonds issued pursuant to this ordinance, including PTST LTGO Refunding Bonds.

119 "MSRB" means the Municipal Securities Rulemaking Board or any successor to
120 its functions.

121 "Outstanding PTST Parity Bonds" means the County's outstanding Limited Tax
122 General Obligation (Public Transportation Sales Tax) Refunding Bonds, 2002, issued
123 pursuant to Ordinance 14490, Limited Tax General Obligation (Public Transportation
124 Sales Tax) Bonds, 2004, issued pursuant to Ordinance 14887, Limited Tax General
125 Obligation (Public Transportation Sales Tax) Refunding Bonds, 2009, issued pursuant to
126 Ordinance 16231, and any other PTST Parity Bonds issued and outstanding prior to a
127 specific Series of PTST LTGO Refunding Bonds.

128 "Public Transportation Sales Tax" or "PTST" means the sales and use tax
129 authorized to be levied by the county pursuant to RCW 82.14.045 and which has
130 heretofore been duly levied by the county.

131 "PTST Bond Fund" means the Limited Tax General Obligation Bond Redemption
132 Fund" established pursuant to Ordinance 13128 with respect to all PTST Parity Bonds.

133 "PTST LTGO Refunding Bonds" means any Series of LTGO Refunding Bonds
134 which have pledged Two-tenths Sales Tax Revenues as Additional Security.

135 "PTST Parity Bonds" means the Outstanding PTST Parity Bonds, the PTST
136 LTGO Refunding Bonds and any Future PTST Parity Bonds.

137 "Rebate Amount" means the amount, if any, determined to be payable with
138 respect to a Series of Bonds by the county to the United States of America in accordance
139 with Section 148(f) of the Code.

140 "RCW" means the Revised Code of Washington.

141 "Refunded Bond Legislation" means the ordinances and motions of the county
142 pursuant to which Refunded Bonds were issued.

143 "Refunded Bonds" means the LTGO Refunded Bonds and UTGO Refunded
144 Bonds.

145 "Refunding Candidates" means the LTGO Refunding Candidates and the UTGO
146 Refunding Candidates.

147 "Refunding Plan" means, with respect to the issuance of each Series of Bonds, the
148 refunding of all or a portion of the Refunded Bonds through the issuance of such Series,
149 as will be more particularly described in the Certificate of Finance Director or in the Sale
150 Instrument.

151 "Refunding Escrow Agreement" means, with respect to each Series of Bonds, a
152 refunding trust or escrow agreement between the county and an Escrow Agent (or
153 arrangement determined by the Finance Director when the Finance Director serves as
154 Escrow Agent), dated as of the Closing Date of such Series, providing for the safekeeping

155 of certain Bond proceeds and the refunding of all or a portion of the Refunding
156 Candidates.

157 "Registered Owner" means any person or entity who shall be the registered owner
158 of any Bond. For so long as the county utilizes the book-entry system for the Bonds
159 under the Letter of Representations, Registered Owner shall mean DTC or its nominee.

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

162 "Sale Instrument" means, with respect to Bonds issued pursuant to a negotiated
163 sale, the bond purchase contract and, with respect to Bonds issued pursuant to a
164 competitive sale, the notice of sale, the winning bid and a notice of acceptance of bid
165 from the Finance Director. Sale Instrument shall also include any bond sale motion with
166 respect to a Series of Bonds combined for sale with a new money issue, or any bond sale
167 motion when the council or the Finance Director determine that it is appropriate to use a
168 bond sale motion with respect to a Series of Bonds.

169 "Sales Tax Revenues" means the amounts available for distribution to the county
170 by the state treasurer pursuant to RCW 82.14.060 on account of the Public Transportation
171 Sales Tax.

172 "Series of Bonds" or "Bonds of a Series" or "Series" means a series of Bonds
173 issued pursuant to this ordinance.

174 "State" means the State of Washington.

175 "Tax Certificate" means a certificate with respect to certain federal tax matters
176 executed on behalf of the county upon the issuance of each Series of Bonds.

177 "Tax-Advantaged Bonds" means any Bonds other than Tax-Exempt Bonds that
178 are designated by the county as Bonds with respect to which the county is eligible to
179 receive Federal Credit Payments or the holders of which are eligible to receive a federal
180 tax credit under any federal subsidy or credit program available under the Code.

181 "Tax-Exempt Bonds" means any Bond the interest on which is excludable from
182 gross income of the beneficial owner for the purposes of federal income tax.

183 "Term Bonds" means those outstanding Bonds or obligations of any single issue
184 or Series maturing in any one year for the retirement of which regularly recurring annual
185 deposits are required to be made into a Bond Fund prior to the scheduled maturity of such
186 Bonds sufficient to pay the same at or prior to their maturity.

187 "Two-tenths Sales Tax Revenues" means that portion of the Sales Tax Revenues
188 generated by a sales and use tax rate of 2/10 of 1%, which has been pledged to secure the
189 payment of the PTST Parity Bonds, and the further use of which for capital and operating
190 purposes is established by Ordinance 11661 of the county, passed on January 23, 1995.

191 "Undertaking" means an ongoing disclosure undertaking with respect to any
192 public offer or sale of a Series of Bonds consistent with the requirements of paragraph
193 (b)(5) of the Rule, as described in Section 21.

194 "UTGO Refunding Candidates" means all or a portion of the outstanding
195 unlimited tax general obligation bonds of the county listed in Exhibit A hereto and all or
196 a portion of any other county unlimited tax general obligation bonds that in the future are
197 designated as UTGO Refunding Candidates in the applicable bond ordinance.

198 "UTGO Refunded Bonds" means all or that portion of the UTGO Refunding
199 Candidates included in a Refunding Plan and refunded pursuant to this ordinance.

200 "UTGO Refunding Bonds" means the unlimited tax general obligation refunding
201 bonds issued pursuant to this ordinance.

202 **SECTION 2. Purpose, Authorization and Description of Bonds; Allocation of**
203 **Bonds to Refunded Bonds.**

204 A. Purpose and Authorization of LTGO Refunding Bonds. For the purpose of
205 providing all or part of the funds with which to pay the cost of refunding, defeasing, or
206 refunding and defeasing, the LTGO Refunded Bonds and to pay all or part of the costs of
207 issuing and selling the LTGO Refunding Bonds, the county is authorized to borrow
208 money on the credit of the county and issue LTGO Refunding Bonds evidencing that
209 indebtedness in the maximum principal amount which, together with other limited tax
210 general obligation bonds, is consistent with the Debt Management Policy and does not
211 exceed the county's nonvoted debt capacity at the time of issuance of those LTGO
212 Refunding Bonds.

213 B. Purpose and Authorization of UTGO Refunding Bonds. For the purpose of
214 providing all or part of the funds with which to pay the cost of refunding, defeasing, or
215 refunding and defeasing, the UTGO Refunded Bonds and to pay all or part of the costs of
216 issuing and selling the UTGO Refunding Bonds, the county is authorized to borrow
217 money on the credit of the county and issue UTGO Refunding Bonds evidencing that
218 indebtedness in the maximum principal amount which, together with other unlimited tax
219 general obligation bonds, is consistent with the Debt Management Policy and does not
220 exceed the county's debt capacity at the time of issuance of those UTGO Refunding
221 Bonds, so long as the annual principal and interest payments on those UTGO Refunding
222 Bonds is consistent with RCW 39.53.090.

223 C. Description. The Bonds may be issued in one or more Series; may be
224 combined with other general obligation bonds authorized separately; shall have such year
225 and Series or other designation as determined by the Finance Director consistent with the
226 provisions of this ordinance; shall be in Authorized Denominations; and shall be
227 numbered separately, in the manner and with any additional designation as the Bond
228 Registrar deems necessary for the purpose of identification. Each Series of Bonds shall
229 be dated as of the date established in the Sale Instrument. All or some of any Series of
230 Bonds may be Term Bonds, as specified in the Sale Instrument.

231 Each Series of Bonds will bear interest (computed on the basis of a 360-day year
232 of twelve 30-day months) from their date or from the most recent interest payment date
233 for which interest has been paid or duly provided for, whichever is later, payable
234 semiannually on interest payment dates to be determined by the Finance Director in
235 consultation with the county's financial advisor. The Bonds shall bear interest at the rate
236 or rates set forth in the Sale Instrument, except that the true interest cost for each Series
237 shall not exceed the average interest rate on the Refunded Bonds being refunded.

238 The Bonds shall mature on principal payment dates to be determined by the
239 Finance Director in consultation with the county's financial advisor. The various
240 maturities of Bonds issued to refund Refunded Bonds shall not extend over a longer
241 period of time than those Refunded Bonds unless the county council extends the
242 maturities by motion and unless otherwise permitted by RCW 39.53.090.

243 D. Allocation of the Bonds to the Refunded Bonds. The Finance Director
244 shall, in the Sale Instrument or the Tax Certificate, allocate the Series of Bonds to the
245 various series of the Refunded Bonds in such manner as will comply with applicable

246 requirements of the Code, meet restrictions in State law concerning the refunding of
247 voter-approved Refunded Bonds, and effectuate any other allocation deemed necessary or
248 appropriate for accounting and debt administration purposes.

249 **SECTION 3. Registration, Exchange and Payments.**

250 A. Bond Registrar/Bond Register. In accordance with KCC 4.84, the county
251 hereby adopts for the Bonds the system of registration specified and approved by the
252 Washington State Finance Committee, which utilizes the fiscal agent of the State as
253 registrar, authenticating agent, paying agent and transfer agent (the "Bond Registrar").
254 The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office,
255 sufficient books for the registration and transfer of the Bonds (the "Bond Register"),
256 which shall be open to inspection by the county at all times. The Bond Register shall
257 contain the name and mailing address of the owner of each Bond and the principal
258 amount and number of each of the Bonds held by each owner. The Bond Registrar is
259 authorized, on behalf of the county, to authenticate and deliver Bonds transferred or
260 exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as
261 the county's paying agent for the Bonds and to carry out all of the Bond Registrar's
262 powers and duties under this ordinance.

263 The Bond Registrar shall be responsible for its representations contained in the
264 Bond Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may
265 become the Registered Owner of Bonds with the same rights it would have if it were not
266 the Bond Registrar and, to the extent permitted by law, may act as depository for and
267 permit any of its officers or directors to act as members of, or in any other capacity with
268 respect to, any committee formed to protect the rights of Registered Owners.

269 B. Registered Ownership. The Bonds shall be issued only in registered form as
270 to both principal and interest and shall be recorded on the Bond Register. The county and
271 the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of
272 each Bond as the absolute owner thereof for all purposes, and neither the county nor the
273 Bond Registrar shall be affected by any notice to the contrary. Payment of any such
274 Bond shall be made only as described in Section 3.E hereof, but such registration may be
275 transferred as herein provided. All such payments made as described in Section 3.E shall
276 be valid and shall satisfy and discharge the liability of the county upon such Bond to the
277 extent of the amount or amounts so paid.

278 C. Use of Depository. The Bonds of each Series initially shall be registered in
279 the name of Cede & Co., as the nominee of DTC; however, if DTC shall request that the
280 Bonds be registered in the name of a different nominee, the Bond Registrar shall
281 exchange all or any portion of the Bonds for an equal aggregate principal amount of
282 Bonds registered in the name of such other nominee or nominees of DTC. The Bonds so
283 registered shall be held in fully immobilized form by DTC as depository in accordance
284 with the provisions of the Letter of Representations. Neither the county nor the Bond
285 Registrar shall have any responsibility or obligation to DTC participants or the persons
286 for whom they act as nominees with respect to the Bonds regarding accuracy of any
287 records maintained by DTC or DTC participants, the payment by DTC or any DTC
288 participants of any amount in respect of principal or redemption price of or interest on the
289 Bonds, any notice which is permitted or required to be given to Registered Owners
290 hereunder (except such notice as is required to be given by the Bond Registrar to DTC),
291 the selection by DTC or any DTC participant of any person to receive payment in the

292 event of a partial redemption of such Bonds or any consent given or other action taken by
293 DTC as owner of such Bonds.

294 For as long as any Series of Bonds are held in fully immobilized form, DTC, its
295 nominee or its successor depository shall be deemed to be the Registered Owner for all
296 purposes hereunder and all references to registered owners, bondowners, bondholders or
297 the like shall mean DTC or its nominee and shall not mean the owners of any beneficial
298 interests in such Bonds. Registered ownership of such Bonds, or any portions thereof,
299 may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if
300 that successor shall be qualified under any applicable laws to provide the services
301 proposed to be provided by it; (ii) to any substitute depository appointed by the Finance
302 Director or such substitute depository's successor; or (iii) to any person if the Bonds are
303 no longer held in immobilized form.

304 Upon the resignation of DTC or its successor (or any substitute depository or its
305 successor) from its functions as depository, or a determination by the Finance Director
306 that the county no longer wishes to continue the system of book-entry transfers through
307 DTC or its successor (or any substitute depository or its successor), the Finance Director
308 may appoint a substitute depository. Any such substitute depository shall be qualified
309 under any applicable laws to provide the services proposed to be provided by it.

310 If (i) DTC or its successor (or substitute depository or its successor) resigns from
311 its functions as depository, and no substitute depository can be obtained, or (ii) the county
312 determines that the Bonds of any Series are to be in certificated form, the ownership of
313 those Bonds may be transferred to any person as provided herein and those Bonds no
314 longer shall be held in fully immobilized form.

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

318 E. Place and Medium of Payment. Principal of, premium, if any, and interest on
319 the Bonds shall be payable in lawful money of the United States of America. For so long
320 as the Bonds of any Series are in fully immobilized form, payments of principal and
321 interest thereon shall be made as provided in accordance with the operational
322 arrangements of DTC referred to in the Letter of Representations. If the Bonds of any
323 Series are no longer in fully immobilized form, interest on those Bonds shall be paid by
324 checks or drafts of the Bond Registrar mailed on the interest payment date to the
325 Registered Owners at the addresses appearing on the Bond Register on the 15th day of
326 the month preceding the interest payment date or by electronic transfer on the interest
327 payment date. The county shall not be required to make electronic transfers except to a
328 Registered Owner of Bonds pursuant to a request in writing received at least 10 days
329 before an interest payment date, and any such electronic transfer shall be at the sole
330 expense of that Registered Owner. Principal of the Bonds shall be payable upon
331 presentation and surrender of the Bonds by the Registered Owners to the Bond Registrar.

332 F. Transfer or Exchange of Registered Ownership; Change in Denominations.
333 The registered ownership of any Bond may be transferred or exchanged, but no transfer
334 of any Bond shall be valid unless it is surrendered to the Bond Registrar with the
335 assignment form appearing on such Bond duly executed by the Registered Owner or such
336 Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar.
337 Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall

338 authenticate and deliver, without charge to the Registered Owner or transferee therefor, a
339 new Bond (or Bonds at the option of the new Registered Owner) of the same Series, date,
340 maturity and interest rate and for the same aggregate principal amount in any Authorized
341 Denomination, naming as Registered Owner the person or persons listed as the assignee
342 on the assignment form appearing on the surrendered Bond, in exchange for such
343 surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar
344 and exchanged, without charge, for an equal aggregate principal amount of Bonds of the
345 same Series, date, maturity and interest rate, in any Authorized Denomination. The Bond
346 Registrar shall not be obligated to exchange or transfer any Bond during the 15 days
347 preceding any principal payment or redemption date, or, in the case of any proposed
348 redemption of the Bonds, after the mailing of notice of the call of such Bonds for
349 redemption.

350 **SECTION 4. Redemption Provisions; Open Market Purchase of Bonds.** A. Optional Redem

351 comply with the Code, such optional redemption date for any Series shall be no later than
352 10½ years from the issue date of that Series and that no redemption price shall be greater
353 than 102% of par. Portions of the principal amount of any Bond, in any Authorized
354 Denomination, may be redeemed.

355 B. Mandatory Redemption. The county shall redeem Term Bonds of any Series,
356 if not previously redeemed under any optional redemption provisions or purchased and
357 surrendered for cancellation under the provisions set forth below, by lot (or in such other
358 manner as the Bond Registrar shall determine) at par plus accrued interest on the dates
359 and in the years and principal amounts as set forth in the related Sale Instrument.

360 If the county redeems Term Bonds under any optional redemption provisions or
361 purchases Term Bonds for surrender and cancellation as set forth below, the Term Bonds
362 so redeemed or purchased (irrespective of their redemption or purchase prices) shall be
363 credited at the par amount thereof against the remaining mandatory redemption
364 requirements in a manner to be determined by the Finance Director or, if no such
365 determination is made, on a pro-rata basis.

366 C. Partial Redemption. If fewer than all of the Bonds of a Series subject to
367 optional redemption are called for redemption, the county shall choose the maturities to
368 be redeemed. If fewer than all of the Bonds of a Series maturing on the same date are
369 called for redemption, the Bond Registrar shall select for redemption such Bonds or
370 portions thereof randomly, or in such other manner as the Bond Registrar shall determine,
371 except that, for so long as the Bonds are registered in the name of DTC or its nominee,
372 DTC shall select for redemption such Bonds or portions thereof in accordance with the
373 Letter of Representations. In no event shall any Bond be outstanding in a principal
374 amount that is not an Authorized Denomination.

375 If less than all of the principal amount of any Bond is redeemed, upon surrender
376 of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without
377 charge therefor, a new Bond (or Bonds, at the option of the Registered Owner) of the
378 same Series, maturity and interest rate in any Authorized Denominations in the aggregate
379 total principal amount remaining unredeemed.

380 D. Purchase of Bonds. The county further reserves the right and option to
381 purchase any or all of the Bonds at any time at any price.

382 E. Cancellation of Bonds. All Bonds purchased or redeemed under this section
383 shall be canceled.

384 **SECTION 5. Notice and Effect of Redemption.**

385 A. Notice of Redemption. While Bonds are held by DTC in book-entry only
386 form, any notice of redemption shall be given at the time, to the entity and in the manner
387 required by DTC in accordance with the Letter of Representations, and the Bond
388 Registrar shall not be required to give any other notice of redemption. If the Bonds cease
389 to be in book-entry only form, unless waived by any Registered Owner of the Bonds to
390 be redeemed, the county shall cause notice of any intended redemption of Bonds to be
391 given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed
392 for redemption by first-class mail, postage prepaid, to the Registered Owner of any Bond
393 to be redeemed at the address appearing on the Bond Register at the time the Bond
394 Registrar prepares the notice. The requirements of this section shall be deemed to have
395 been fulfilled when notice has been mailed as so provided, whether or not it is actually
396 received by the owner of any Bond.

397 In the case of an optional redemption, the notice may state that the county retains
398 the right to rescind the redemption notice and the related optional redemption of Bonds
399 by giving a notice of rescission to the affected Registered Owners at any time prior to the
400 scheduled optional redemption date. Any notice of optional redemption that is so
401 rescinded shall be of no effect, and the Bonds for which the notice of optional redemption
402 has been rescinded shall remain outstanding.

403 In addition, the redemption notice shall be mailed or sent electronically within the
404 same period to the MSRB, consistent with the Undertaking, to any nationally recognized

405 rating agency which at the time maintains a rating on the Bonds at the request of the
406 county, and to such other persons and with such additional information as the Finance
407 Director shall determine, but these additional mailings shall not be a condition precedent
408 to the redemption of Bonds.

409 B. Effect of Redemption. Interest on Bonds called for redemption shall cease to
410 accrue on the date fixed for redemption, except in the case of a rescinded optional
411 redemption as described above, or unless the Bond or Bonds called are not redeemed
412 when presented pursuant to the call.

413 SECTION 6. Failure to Redeem Bonds. If any Bond is not redeemed when
414 properly presented at its maturity or date set for redemption, the county shall be obligated
415 to pay interest on that Bond at the same rate provided in the Bond from and after its
416 maturity or date set for redemption until that Bond, both principal and interest, is paid in
417 full or until sufficient money for its payment in full is on deposit in the applicable Bond
418 Fund and the Bond has been called for payment by giving notice of that call to the
419 Registered Owner.

420 SECTION 7. Form and Execution of Bonds. The Bonds shall be prepared in a
421 form consistent with the provisions of this ordinance and State law and shall be signed by
422 the county executive and the clerk of the council, either or both of whose signatures may
423 be manual or in facsimile, and the seal of the county or a facsimile reproduction thereof
424 shall be impressed or printed thereon.

425 Only Bonds bearing a Certificate of Authentication in the following form,
426 manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or
427 entitled to the benefits of this ordinance: "Certificate of Authentication. This Bond is

428 one of the fully registered King County, Washington, [appropriate name, year and series
429 designation], described in the Bond Ordinance." The authorized signing of a Certificate
430 of Authentication shall be conclusive evidence that the Bond so authenticated has been
431 duly executed, authenticated and delivered and is entitled to the benefits of this
432 ordinance.

433 If any officer whose facsimile signature appears on the Bonds ceases to be an
434 officer of the county authorized to sign bonds before the Bonds bearing his or her
435 facsimile signature are authenticated or delivered by the Bond Registrar or issued by the
436 county, those Bonds nevertheless may be authenticated, issued and delivered and, when
437 authenticated, issued and delivered, shall be as binding on the county as though that
438 person had continued to be an officer of the county authorized to sign bonds. Any Bond
439 also may be signed on behalf of the county by any person who, on the actual date of
440 signing of the Bond, is an officer of the county authorized to sign bonds, although he or
441 she did not hold the required office on the date of issuance of the Bonds.

442 SECTION 8. Mutilated, Lost or Destroyed Bonds. If any Bond shall become
443 mutilated, the Bond Registrar shall authenticate and deliver a new Bond of like amount,
444 date, series, interest rate and tenor in exchange and substitution for the Bond so
445 mutilated, upon the owner's paying the expenses and charges of the county and the Bond
446 Registrar in connection therewith and upon surrender to the Bond Registrar of the Bond
447 so mutilated. Every mutilated Bond so surrendered shall be canceled and destroyed by
448 the Bond Registrar.

449 In case the Bonds or any of them shall be lost, stolen or destroyed, the Bond
450 Registrar may authenticate and deliver a new Bond or Bonds of like amount, date, series,

451 interest rate and tenor to the Registered Owner thereof upon the owner's paying the
452 expenses and charges of the county and the Bond Registrar in connection therewith and
453 upon his/her filing with the Bond Registrar evidence satisfactory to the Bond Registrar
454 that such Bond or Bonds were actually lost, stolen or destroyed and of his/her ownership
455 thereof, and upon furnishing the county and the Bond Registrar with indemnity
456 satisfactory to the Finance Director and the Bond Registrar.

457 **SECTION 9. UTGO Refunding Bonds - Pledge of Taxation and Credit.** For
458 so long as any of the UTGO Refunding Bonds remain outstanding and unpaid, the county
459 irrevocably pledges, that unless the principal of and interest on the UTGO Refunding
460 Bonds are paid from other sources, it will make annual levies of taxes without limitation
461 as to rate or amount upon all property within the county subject to taxation in amounts
462 sufficient to pay such principal and interest as the same shall become due and will pay the
463 same into the Bond Fund for the UTGO Refunding Bonds. All of those taxes so
464 collected and any other money to be used for such purposes shall be paid into the Bond
465 Fund for the UTGO Refunding Bonds no later than the date such funds are required for
466 the payment of principal of and interest on the UTGO Refunding Bonds.

467 The full faith, credit, and resources of the county are pledged irrevocably for the
468 annual levy and collection of those taxes and for the prompt payment of that principal
469 and interest.

470 **SECTION 10. Security for LTGO Refunding Bonds.**

471 A. Pledge of General Taxation and Credit. For so long as any of the LTGO
472 Refunding Bonds remain outstanding and unpaid, the county irrevocably covenants and
473 agrees that each year it will include in its budget and levy an *ad valorem* tax upon all the

474 property within the county subject to taxation in an amount that will be sufficient,
475 together with all other revenues and money of the county legally available for such
476 purposes, to pay the principal of and interest on the LTGO Refunding Bonds as the same
477 shall become due. All of such taxes so collected and any other money to be used for such
478 purposes shall be paid into the applicable Bond Fund for the LTGO Refunding Bonds no
479 later than the date such funds are required for the payment of principal of and interest on
480 the LTGO Refunding Bonds.

481 The county irrevocably pledges that the annual tax provided for herein to be
482 levied for the payment of such principal and interest shall be within and as a part of the
483 tax levy permitted to counties without a vote of the people, and that a sufficient portion of
484 each annual levy to be levied and collected by the county prior to the full payment of the
485 principal of and interest on the LTGO Refunding Bonds will be and is hereby irrevocably
486 set aside, pledged and appropriated for the payment of the principal of, premium, if any,
487 and interest on the LTGO Refunding Bonds.

488 The full faith, credit and resources of the county are irrevocably pledged for the
489 annual levy and collection of such taxes and for the prompt payment of such principal
490 and interest as the same shall become due.

491 B. Additional Security Pledge. If a Series of LTGO Refunding Bonds refunds
492 LTGO Refunding Candidates having a pledge of Additional Security under the related
493 Refunded Bond Legislation, such Additional Security also shall be pledged to the
494 payment of that Series of LTGO Refunding Bonds.

495 SECTION 11. Covenants and Warranties. The county makes the following
496 covenants and warranties:

497 A. The county has full legal right, power and authority to enact this ordinance, to
498 sell, issue and deliver the Bonds as provided herein, and to carry out and consummate all
499 other transactions contemplated by this ordinance.

500 B. By all necessary official action prior to or concurrently herewith, the county
501 has duly authorized and approved the execution and delivery of, and the performance by
502 the county of its obligations contained in, the Bonds and in this ordinance and the
503 consummation by it of all other transactions necessary to effectuate this ordinance in
504 connection with the issuance of the Bonds, and such authorizations and approvals are in
505 full force and effect and have not been amended, modified or supplemented in material
506 respect.

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

508 D. The Bonds, when issued, sold, authenticated and delivered will constitute the
509 legal, valid and binding general obligations of the county.

510 E. The enactment of this ordinance, and compliance on the county's part with the
511 provisions contained herein, will not conflict with or constitute a breach of or default
512 under any constitutional provisions, law, administrative regulation, judgment, decree,
513 loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement or other
514 instrument to which the county is a party or to which the county or any of its property or
515 assets are otherwise subject, nor will any such adoption, execution, delivery, sale,
516 issuance or compliance result in the creation or imposition of any lien, charge or other
517 security interest or encumbrance of any nature whatsoever upon any of the property or
518 assets of the county or under the terms of any such law, regulation or instrument, except
519 as may be provided by the Bonds and this ordinance.

520 F. The county covenants that each Series of Bonds shall be issued within all
521 statutory and constitutional debt limitations applicable to the county.

522 G. None of the proceeds of the Bonds will be used for any purpose other than as
523 provided in this ordinance, and the county shall not suffer any amendment or supplement
524 to this ordinance, or any departure from the due performance of the obligations of the
525 county hereunder, which might materially adversely affect the rights of the owners from
526 time to time of the Bonds.

527 H. The county covenants to meet any parity requirements under any Refunded
528 Bond Legislation still in effect at the time Bonds are issued to refund the related
529 Refunding Candidates.

530 **SECTION 12. Tax Covenants.** The county covenants that it will take all actions
531 necessary to prevent interest on the Tax-Exempt Bonds from being included in gross
532 income for federal income tax purposes, and it will neither take any action nor make or
533 permit any use of proceeds of the Tax-Exempt Bonds or other funds of the county treated
534 as proceeds of the Tax-Exempt Bonds at any time during the term of the Tax-Exempt
535 Bonds which will cause interest on the Tax-Exempt Bonds to be included in gross income
536 for federal income tax purposes. The county also covenants that it will, to the extent the
537 arbitrage rebate requirement of Section 148 of the Code is applicable to the Tax-Exempt
538 Bonds, take all actions necessary to comply (or to be treated as having complied) with
539 that requirement in connection with the Tax-Exempt Bonds, including the calculation and
540 payment of any penalties that the county has elected to pay as an alternative to
541 calculating rebatable arbitrage, and the payment of any other penalties if required under

542 Section 148 of the Code to prevent interest on the Tax-Exempt Bonds from being
543 included in gross income for federal income tax purposes.

544 The county also covenants that the county will not take or permit to be taken on
545 its behalf any action that would adversely affect the entitlement of the county to receive
546 from the United States Treasury the applicable Federal Credit Payments in respect of
547 Tax-Advantaged Bonds, or the entitlement of the beneficial owners to receive tax credits
548 in respect of Tax-Advantaged Bonds.

549 **SECTION 13. Bond Funds.**

550 A. General. There previously have been created and established the Bond Funds,
551 which shall each at all times be completely segregated and set apart from all other funds
552 and accounts of the county. Bond Redemption Accounts are authorized to be created
553 within the Bond Fund for each Series, except within the PTST Bond Fund. There
554 previously has been created in the PTST Bond Fund the Interest Account, the Serial Bond
555 Principal Account and the Term Bond Principal Account. Accrued interest on the Bonds
556 received from the sale and delivery of the Bonds, if any, together with any net premium
557 received from the sale and delivery of the Bonds that is not necessary to carry out the
558 Refunding Plan, shall be paid or allocated into the applicable Bond Fund prior to the first
559 debt service payment date with respect to those Bonds. All taxes and Additional Security
560 collected for and allocated to the payment of the principal of and interest on a Series of
561 Bonds shall be deposited in the applicable Bond Fund. With respect to any PTST LTGO
562 Refunding Bonds, payments into and out of the PTST Bond Fund and accounts therein
563 shall be in accordance with the provisions of the related Refunded Bond Legislation. In
564 addition, payments into or out of a special bond fund created for any future LTGO

565 Refunding Candidates shall be in accordance with the provisions of the related Refunded
566 Bond Legislation.

567 C. Payments to the Bond Registrar; Investments. Money on deposit in the Bond
568 Funds shall be transmitted to the Bond Registrar at such times and in such amounts as
569 shall be necessary to pay when due the principal of and interest and premium, if any, on
570 any related Bonds and with respect to the PTST Bond Fund, any PTST Parity Bonds.
571 Money in the Bond Funds shall be invested in any legal investments of the county
572 maturing in such amounts and at such times as the finance Director may determine so that
573 payments required to be made from the Bond Funds may be made when due.

574 D. Using Bond Fund Money to Pay Rebate. Notwithstanding any provisions of
575 this ordinance regarding the use of money deposited in a Bond Fund, such money may be
576 withdrawn from a Bond Fund as necessary to pay the Rebate Amount.

577 **SECTION 14. Execution of Refunding Plan.**

578 A. Appointment of Escrow Agent. The Finance Director may serve as, or
579 appoint separately, the Escrow Agent for each Series of Bonds.

580 B. Use of Bond Proceeds; Acquisition and Substitution of Acquired Obligations.
581 There is authorized to be created a special account of the county for each Series of the
582 Bonds to be maintained with the Escrow Agent therefor, each of which will be known as
583 a "King County [Unlimited/Limited] Tax General Obligation Refunding Bond Refunding
584 Account," with the same year and series designation as that corresponding to the related
585 Series of Bonds (each hereinafter call a "Refunding Account"). Each Refunding Account
586 shall be used for the sole purpose of providing for the payment of the principal of and
587 redemption premium, if any, and interest on the Refunded Bonds to be refunded by the

588 related Series of Bonds as hereinafter set forth in this section, paying costs related to the
589 refunding of such Refunded Bonds, and paying costs of issuing the related Series of
590 Bonds. The net principal proceeds from the sale of each Series of Bonds shall be credited
591 to the related Refunding Account.

592 For each Series of Bonds, sufficient proceeds of the sale of the Bonds, together
593 with other money of the county, if any, required by the Refunding Plan, shall be
594 deposited immediately upon the receipt thereof with the Escrow Agent and used to
595 discharge the obligations of the county relating to the Refunded Bonds to be refunded
596 therewith under the respective Refunded Bond Legislation by providing for the payment
597 of the amounts required to be paid by the Refunding Plan. The Refunding Plan shall be
598 carried out, and proceeds of the Bonds shall be applied, in accordance with this
599 ordinance, the respective Refunded Bond Legislation, and the laws of the State. To the
600 extent practicable, such obligations shall be discharged fully by the Escrow Agent's
601 simultaneous purchase of the Acquired Obligations, bearing such interest and maturing as
602 to principal and interest in such amounts and at such times so as to provide, together with
603 a beginning cash balance, if necessary, for the payment of the amounts required to be
604 paid by the Refunding Plan. The Acquired Obligations shall be listed and more
605 particularly described in a schedule attached to the Refunding Escrow Agreement, but are
606 subject to substitution as set forth below.

607 Prior to the purchase of any such Acquired Obligations, the county reserves the
608 right to substitute other Government Obligations for any of the Acquired Obligations and
609 to use any savings created thereby for any lawful county purpose if, (i) in the opinion of
610 Bond Counsel, such substitution shall not result in the interest on the applicable Series of

611 Bonds (if issued as Tax-Exempt Bonds) and the applicable series of Refunded Bonds (if
612 issued as tax-exempt obligations) becoming includable in gross income for federal
613 income tax purposes under the Code, and (ii) such substitution shall not impair the timely
614 payment of the amounts required to be paid by the Refunding Plan, as verified by a
615 nationally recognized firm of independent certified public accountants.

616 After the purchase of the Acquired Obligations by the Escrow Agent, the county
617 reserves the right to substitute therefor cash or Government Obligations subject to the
618 conditions that such money or securities held by the Escrow Agent shall be sufficient to
619 carry out the Refunding Plan, that such substitution will not cause the Bonds or the
620 Refunded Bonds issued as tax-exempt obligations to be arbitrage bonds within the
621 meaning of Section 148 of the Code and regulations thereunder in effect on the date of
622 such substitution and applicable to obligations issued on the issue date of the Bonds, and
623 that the county obtain: (i) verification by a nationally recognized independent certified
624 public accounting firm reasonably acceptable to the Escrow Agent confirming that the
625 payments of principal of and interest on the Government Obligations, if paid when due,
626 and any other money held by the Escrow Agent will be sufficient to carry out the
627 Refunding Plan; and (ii) an opinion from Bond Counsel to the effect that the disposition
628 and substitution or purchase of such securities, under the statutes, rules and regulations
629 then in force and applicable to the Bonds, will not cause the interest on the Bonds or the
630 Refunded Bonds issued as tax-exempt obligations to be included in gross income for
631 federal income tax purposes and that such disposition and substitution or purchase is in
632 compliance with the statutes and regulations applicable to the Bonds. Any surplus money
633 resulting from the sale, transfer, other disposition or redemption of the Acquired

634 Obligations and the substitutions therefor shall be released from the trust estate and may
635 be used for any lawful county purpose.

636 C. Administration of Refunding Plan. The Escrow Agent is authorized and
637 directed to purchase the Acquired Obligations (or substitute obligations) and to make the
638 payments required to be made by the Refunding Plan from the Acquired Obligations (or
639 substitute obligations) and money deposited with the Escrow Agent pursuant to this
640 ordinance. All Acquired Obligations (or substitute obligations) and the money deposited
641 with the Escrow Agent and any income therefrom shall be held irrevocably, invested and
642 applied in accordance with the provisions of the respective Refunded Bond Legislation,
643 this ordinance, chapter 39.53 RCW and other applicable statutes of the State of
644 Washington and the Refunding Escrow Agreement. All necessary and proper fees,
645 compensation and expenses of the Escrow Agent and all other costs incidental to the
646 setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs
647 related to the issuance and delivery of the Bonds, including bond printing, verification
648 fees, Bond Counsel's fees and other related expenses, may be paid out of the proceeds of
649 the Bonds.

650 D. Authorization for Refunding Escrow Agreement. To carry out the Refunding
651 Plan provided for by this ordinance, the Finance Director is authorized and directed to
652 execute and deliver to an Escrow Agent that is not the Finance Director, in connection
653 with each Series of Bonds, one or more Refunding Escrow Agreements setting forth the
654 duties, obligations and responsibilities of the Escrow Agent in connection with the
655 payment, redemption and retirement of the Refunded Bonds as provided herein and in the
656 Sale Instrument and stating that the provisions for payment of the fees, compensation and

657 expenses of such Escrow Agent set forth therein are satisfactory to it. Prior to executing
658 any such Refunding Escrow Agreement, the Finance Director is authorized to make such
659 changes therein which do not change the substance and purpose thereof or which assure
660 that the escrow provided therein and the Bonds are in compliance with the requirements
661 of federal law governing the exclusion of interest on the Tax-Exempt Bonds from gross
662 income for federal income tax purposes.

663 SECTION 15. Redemption of the Refunded Bonds. As a part of the Refunding
664 Plan, the county may call Refunded Bonds for redemption, which call shall be
665 determined by the Finance Director, in consultation with the county's financial advisor.
666 Such call for redemption of the Refunded Bonds shall specify the Refunded Bonds, call
667 dates and redemption prices (expressed as a percentage of par, plus accrued interest). If
668 authorized under the Refunded Bond Legislation, such call for redemption of the
669 Refunded Bonds may be subject to revocation by the county prior to and/or conditioned
670 upon, delivery to the initial purchaser of the applicable Series of Bonds and receipt of the
671 proceeds thereof by the county, but shall be irrevocable thereafter. The dates on which
672 the Refunded Bonds are called for redemption shall be, in the judgment of the Finance
673 Director, the earliest practical dates on which those bonds may be called for redemption.

674 The proper county officials are authorized and directed to give or cause to be
675 given such notices as may be required, at the times and in the manner required pursuant
676 to the related Refunded Bond Legislation, in order to effect the defeasance and
677 redemption prior to maturity of the Refunded Bonds. The costs of publication of such
678 notice shall be an expense of the county.

679 **SECTION 16. County Findings with Respect to Refunding.** Prior to the
680 issuance of any Series of Bonds, the Finance Director must execute a Certificate of
681 Finance Director making a finding and determination on behalf of the county that the
682 issuance and sale of those Bonds will affect a savings to the county, consistent with the
683 Debt Management Policy. In making such finding and determination, the Finance
684 Director shall give consideration to the fixed maturities of the Bonds and the Refunded
685 Bonds, the costs of issuance and sale of the Bonds, and the known earned income from
686 the investment of the proceeds of the issuance and sale of the Bonds and other money of
687 the county used in the Refunding Plan pending payment and redemption of the Refunded
688 Bonds.

689 In the Certificate of Finance Director, the Finance Director must further find and
690 determine that the money to be deposited with the Escrow Agent in accordance with this
691 ordinance and the Sale Instrument will discharge and satisfy the obligations of the county
692 with respect to the Refunded Bonds under the respective Refunded Bond Legislation,
693 and, if applicable, that the pledges, charges, trusts, covenants, and agreements of the
694 county therein made or provided for as to the Refunded Bonds shall be discharged, and, if
695 applicable, that the Refunded Bonds shall no longer be deemed to be outstanding under
696 the respective Refunded Bond Legislation immediately upon the irrevocable deposit of
697 such money with the Escrow Agent. The Finance Director may rely on the advice of
698 Bond Counsel and/or a verification report in making the determination described in this
699 paragraph.

700 **SECTION 17. Sale of Bonds.**

701 A. Determination by Finance Director. The Finance Director shall identify, in
702 consultation with the county's financial advisor, the Refunding Candidates eligible to be
703 refunded by each Series of Bonds and at least 28 days prior to an expected sale date, the
704 Finance Director shall inform the Committee of his or her intent to refund those
705 Refunding Candidates. The Committee may determine that those identified Refunding
706 Candidates may not be refunded. Absent such determination, the Finance Director shall
707 continue with the proposed refunding and sale of Bonds in accordance with the terms of
708 this ordinance. The Finance Director may determine, in consultation with the county's
709 financial advisor, the principal amount of each Series of the Bonds, whether the Bonds
710 should be sold separately or in one or more combined Series, and whether each Series of
711 Bonds should be sold by negotiated sale or by competitive bid.

712 The Finance Director, in consultation with the county's financial advisor, may
713 determine it is in the county's best interest to provide for bond insurance or other credit
714 enhancement, and may provide conditions or covenants relating thereto, including
715 additional terms, conditions, and covenants relating to the Bonds that are required by the
716 bond insurer, and are consistent with the provisions of this ordinance, including but not
717 limited to restrictions on investments and requirements of notice to and consent of the
718 bond insurer.

719 The county executive and the Finance Director are each separately authorized to
720 execute and deliver, on behalf of the county, any contracts and other documents
721 consistent with the provisions of this ordinance for which the county's approval is
722 necessary or to which the county is a party and that are related or incidental to the

723 issuance and sale of the Bonds or to the establishment of the interest rate or rates on the
724 Bonds, including but not limited to agreements with bond insurers, underwriters, fiscal
725 agencies and the Bond Registrar. The Finance Director may determine the amount, if
726 any, from the proceeds of or accrued interest on the Bonds to be deposited into specified
727 funds, subfunds, accounts, and subaccounts.

728 B. Procedure for Negotiated Sale. If the Finance Director determines that the any
729 Series of Bonds should be sold by negotiated sale, the Finance Director shall, in
730 accordance with applicable county procurement procedures, solicit one or more
731 underwriting firms with which to negotiate the sale of those Bonds. The purchase
732 contract for each Series of Bonds shall establish the year and Series designation,
733 Additional Security, if applicable, date, aggregate principal amount, interest payment
734 dates, interest rate(s), maturity schedule and principal amounts per maturity, and
735 redemption provisions of such Series of Bonds. The county council authorizes the
736 Finance Director to serve as its designated representative and upon the approval of the
737 Committee to accept, on behalf of the county, an offer to purchase the Bonds, which offer
738 must be consistent with the terms of this ordinance and with the Debt Management
739 Policy.

740 C. Procedure for Sale by Competitive Bid. If the Finance Director determines
741 that any Series of the Bonds should be sold by competitive bid, bids for the purchase of
742 each Series of Bonds shall be received at such time or place and by such means as the
743 Finance Director shall direct. The Finance Director is authorized to prepare an official
744 notice of bond sale for each Series of Bonds to be sold pursuant to competitive bid,
745 establishing in such notice the year and series designation, date, estimated aggregate

746 principal amount, interest payment dates, estimated maturity schedule and principal
747 amount per maturity, and redemption provisions of such Bonds. After consultation with
748 the county's financial advisor, the Finance Director may direct that the official notice of
749 bond sale or an abridged form thereof be published in such newspapers or financial
750 journals as may be deemed desirable or appropriate by Finance Director.

751 Upon the date and time established for the receipt of bids for a Series of Bonds,
752 the Finance Director or his or her designee shall open the bids and shall cause the bids to
753 be mathematically verified. The county council authorizes the Finance Director to serve
754 as its designated representative and upon the approval of the Committee to accept, on
755 behalf of the county, the winning bid to purchase the Bonds, which may be adjusted with
756 respect to the aggregate principal amount and principal amount per maturity as reflected
757 in the notice of acceptance of winning bid, and which must be consistent with the terms
758 of this ordinance and with the Debt Management Policy.

759 SECTION 18. Delivery of Bonds. Following the sale of each Series of the
760 Bonds, the county shall cause definitive Bonds of such Series to be prepared, executed
761 and delivered to the purchaser thereof in accordance with the provisions of this
762 ordinance, with the approving legal opinion of municipal bond counsel regarding the
763 Bonds.

764 If definitive Bonds of any Series are not ready for delivery by the date established
765 for their delivery to the initial purchaser, then the Finance Director, upon the approval of
766 the purchaser, may cause to be issued and delivered to the purchaser one or more
767 temporary Bonds of the same series with appropriate omissions, changes and additions.
768 Any temporary Bond or Bonds shall be entitled and subject to the same benefits and

769 provisions of this ordinance with respect to the payment, security and obligation thereof a
770 definitive Bonds authorized thereby. Such temporary Bond or Bonds shall be
771 exchangeable without cost to the owners thereof for definitive Bonds of the same series
772 when the latter are ready for delivery.

773 **SECTION 19. Preliminary Official Statement under SEC Rule 15c2-12.** The
774 county authorizes and directs the Finance Director: (i) to review and approve the
775 information contained in any preliminary official statement (the "Preliminary Official
776 Statement") prepared in connection with the public offer and sale of a Series of Bonds;
777 and (ii) for the sole purpose of the Bond purchasers' compliance with Section (b)(1) of
778 the Rule, to "deem final" that Preliminary Official Statement as of its date, except for the
779 omission of information on offering prices, interest rates, selling compensation, delivery
780 dates, any other terms or provisions subject to final pricing, ratings, and other terms of
781 the Bonds of such Series dependent on such matters and the identity of the Bond
782 purchasers. After any such Preliminary Official Statement has been reviewed and
783 approved in accordance with the provisions of this section, the county hereby authorizes
784 distribution of such Preliminary Official Statement to prospective purchasers of such
785 Series of Bonds.

786 **SECTION 20. Approval of Official Statement.** Following the public offer and
787 sale of a Series of Bonds in accordance with the terms of this ordinance, the Finance
788 Director is hereby authorized to review and approve on behalf of the county a final
789 official statement with respect to such Series of Bonds. The county agrees to cooperate
790 with the purchaser of such Series of Bonds to deliver or cause to be delivered, within
791 such period as may be required by applicable law and in sufficient time to accompany

792 any confirmation that requests payment from any customer of the purchaser, copies of the
793 final official statement pertaining to such Series of Bonds in sufficient quantity to comply
794 with paragraph (b)(4) of the Rule and the rules of the MSRB.

795 **SECTION 21. Undertaking to Provide Ongoing Disclosure.** The Finance
796 Director is hereby authorized and directed to enter into a written Undertaking for the
797 benefit of holders of any publicly offered and sold series of Bonds to the extent required
798 by and consistent with the requirements of paragraph (b)(5) of the Rule, as applicable to a
799 participating underwriter for such Series of Bonds.

800 **SECTION 22. General Authorization.** The appropriate county officials, agents
801 and representatives are hereby authorized and directed to do everything necessary for the
802 prompt sale, issuance, execution and delivery of each Series of Bonds, and for the proper
803 use and application of the proceeds of the sale thereof.

804 **SECTION 23. Refunding or Defeasance of the Bonds.** The county may issue
805 refunding bonds pursuant to the laws of the State of Washington or use money available
806 from any other lawful source to pay when due the principal of, premium, if any, and
807 interest on the Bonds of any Series, or any portion thereof included in a refunding or
808 defeasance plan, and to redeem and retire, refund or defease all such then-outstanding
809 Bonds (hereinafter collectively called the "defeased Bonds") and to pay the costs of the
810 refunding or defeasance. If money and/or Government Obligations maturing at a time or
811 times and bearing interest in amounts (together with money, if necessary) sufficient to
812 redeem and retire, refund or defease the defeased Bonds in accordance with their terms
813 are set aside in a special trust fund or escrow account irrevocably pledged to that
814 redemption, retirement or defeasance of defeased Bonds (hereinafter called the "trust

815 account"), then all right and interest of the owners of the defeased Bonds in the covenants
816 of this ordinance and in the funds and accounts obligated to the payment of the defeased
817 Bonds shall cease and become void. The owners of defeased Bonds shall have the right
818 to receive payment of the principal of and interest on the defeased Bonds from the trust
819 account. The county shall include in the refunding or defeasance plan such provisions as
820 the county deems necessary for the random selection of any defeased Bonds that
821 constitute less than all of a particular maturity of such Series of Bonds, for notice of the
822 defeasance to be given to the owners of the defeased Bonds and to such other persons as
823 the county shall determine, and for any required replacement of Bond certificates for
824 defeased Bonds. The defeased Bonds shall be deemed no longer outstanding, and the
825 county may apply any money in any other fund or account established for the payment or
826 redemption of the defeased Bonds to any lawful purposes as it shall determine.

827 If the defeased Bonds are registered in the name of DTC or its nominee, notice of
828 any defeasance of Bonds shall be given to DTC in the manner prescribed in the Letter of
829 Representations for notices of redemption of Bonds.

830 SECTION 24. Supplemental Ordinances. The county council from time to
831 time and at any time may adopt an ordinance or ordinances amendatory or supplemental
832 to this ordinance for any purpose that the county council may deem necessary or
833 desirable if such amendatory or supplemental ordinance shall not materially adversely
834 affect the interests of the holders and owners of any outstanding Bonds, and such
835 amendatory or supplemental ordinance or ordinances thereafter shall become a part of
836 this ordinance.

837 **SECTION 25. Contract; Severability.** The covenants contained in this
838 ordinance shall constitute a contract between the county and the owners of each and
839 every Bond. If any one or more of the covenants or agreements provided in this ordinance
840 to be performed on the part of the county are deemed by any court of competent
841 jurisdiction to be contrary to law, then such covenant or covenants, agreement or
842 agreements, shall be null and void and shall be deemed separable from the remaining
843 covenants and agreements of this ordinance and shall in no way affect the validity of the
844 other provisions of this ordinance or of the Bonds.

845 **SECTION 26. Complete Alternative.** This ordinance shall be deemed to
846 provide a complete, additional and alternative method for the performance of those
847 subjects authorized hereby and shall be regarded as supplemental and additional to
848 powers conferred by other county ordinances. Whenever Bonds are issued and sold in
849 conformance with this ordinance, such issuance and sale need not comply with contrary
850 requirements of any other county ordinance applicable to the issuance and sale of bonds
851 or other obligations.

852 **SECTION 27. Effective Date.** This ordinance shall be effective 10 days after its
853 enactment, in accordance with Article II of the county charter.
854

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. Schedule of Refunding Candidates

[Blank Page]

Attachment A

SCHEDULE OF REFUNDING CANDIDATES

LTGO REFUNDING CANDIDATES

| Issue Name* | Dated Date | Original Par Amount (\$) | Outstanding Balance (\$) (8/31/2011) | Bond Legislation |
|---|------------|--------------------------|--------------------------------------|--|
| LTGO Refunding Bonds, 2004, Series A | 09/21/2004 | 57,045,000 | 34,480,000 | ORD: 14890 Motion: 11986 |
| LTGO Bonds, 2004, Series B | 10/01/2004 | 82,435,000 | 65,405,000 | ORD: 14167 as amended Motion: 12004 |
| LTGO Refunding Bonds, 2005, Series A | 06/29/2005 | 22,510,000 | 22,510,000 | ORD: 14890 Motion: 12130 |
| LTGO Refunding Bonds, 2006 | 12/14/2006 | 46,325,000 | 27,880,000 | ORD: 15386 Motion: 12401 |
| LTGO Bonds, 2007 Series C | 11/01/2007 | 10,695,000 | 9,535,000 | ORD: 14167 as amended Motion: 12607 |
| VP LTGO Bonds, 2007, Series D | 11/01/2007 | 34,630,000 | 30,980,000 | ORD: 14991 Motion: 12607 |
| VP LTGO Bonds, 2007, Series E | 11/27/2007 | 43,705,000 | 38,975,000 | ORD: 15925 Motion: 12630 |
| LTGO Bonds, 2009, Series B | 05/12/2009 | 34,810,000 | 31,945,000 | ORD: 14167 as amended Motion: 12966 |
| LTGO Refunding Bonds, 2009, Series C | 12/10/2009 | 17,150,000 | 16,975,000 | ORD: 15780 Motion: 13097 |
| LTGO Bonds, 2010, Series B (Federally Taxable Build America Bonds) | 12/01/2010 | 45,035,000 | 45,035,000 | ORD: 16920 Motion: 13373 |
| LTGO Bonds, 2010, Series C (Federally Taxable Recovery Zone Economic Development Bonds) | 12/01/2010 | 23,165,000 | 23,165,000 | ORD: 16920 Motion 13374 |
| LTGO Bonds, 2010, Series D (Federally Taxable Qualified Energy Conservation Bonds) | 12/01/2010 | 5,825,000 | 5,825,000 | ORD: 16920 Motion 13375 |
| LTGO Bonds, 2010, Series E (Federally Tax-Exempt) | 12/01/2010 | 10,025,000 | 10,025,000 | ORD: 16920 Motion 13376 |
| LTGO Refunding Bonds, 2011 | 08/01/2011 | 25,700,000 | 25,700,000 | ORD: 15780 Motion 13520 |
| LTGO Bonds, 2011, Series D | 12/21/2011 | 21,895,000 | 21,895,000 | ORD: 17175 Motion 13605 |
| Additional Security- Public Transportation Sales Tax | | | | |
| LTGO (Public Transportation Sales Tax) Refunding Bonds, 2002 | 11/05/2002 | 64,285,000 | 40,840,000 | ORD: 14490 Motion: 11602 |
| LTGO (Public Transportation Sales Tax) Bonds, 2004 | 06/08/2004 | 49,695,000 | 43,625,000 | ORD: 14887 Motion: 11926 |

* LTGO – Limited Tax General Obligation

VP – Various Purpose

UTGO REFUNDING CANDIDATES

| Issue Name* | Dated Date | Original Par Amount (\$) | Outstanding Balance (\$) (6/30/2011) | Bond Legislation |
|--|------------|--------------------------|--------------------------------------|-----------------------------|
| UTGO Refunding Bonds, 2003 | 04/23/2003 | 108,795,000 | 11,825,000 | ORD: 14583 Motion: 11681 |
| UTGO Bonds, 2004 (Harborview Medical Center) | 05/04/2004 | 110,000,000 | 89,750,000 | ORD: 14857 Motion: 11902 |
| UTGO Bonds, Series 2004B (Harborview Medical Center) | 10/01/2004 | 54,000,000 | 43,005,000 | ORD: 14857 Motion: 11984 |
| UTGO Refunding Bonds, 2009, Series A | 12/10/2009 | 19,570,000 | 19,325,000 | ORD: 16657 Motion: 13098 |

*UTGO – Unlimited Tax General Obligation

March 20, 2012

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

Dear Councilmember Gossett:

The enclosed ordinance would authorize the issuance of general obligation bonds (GO bonds) for the sole purpose of reducing future debt service costs by refinancing any of King County's outstanding general obligation bonds, including all such new bonds to be issued in the future. The proposed legislation would enhance the County's ability to take advantage of historical low interest rates and is consistent with the financial stewardship goal in King County's Strategic Plan. We would therefore like to request the council's expeditious review.

The adoption of this ordinance would mark a significant departure from the County's past practice for refinancing GO bonds (referred to as "refundings"). Historically, whenever financial market conditions would improve, selected issues of outstanding GO bonds would be identified as refunding candidates based on achieving the relevant threshold debt service saving targets, as specified in the County's adopted Debt Management Policy (Motion 12660). An ordinance would then be transmitted to permit the issuance of new bonds to refund such candidates and, once adopted, the County would proceed with the refunding.

As proposed, the King County Council would delegate authority to the Director of the Finance and Business Operations Division (Finance Director) to approve refunding bond sales. However, such proposed delegation of authority is conditioned on the Finance Director providing prior notification of planned refundings to the County's Executive Finance Committee (EFC) and further obtaining EFC approval of the sales. The EFC includes the Council's chair of the Budget and Fiscal Management Committee and three other members from the Executive Branch: the Director of the Office of Performance, Strategy and Budget; the Finance Director; and the County Administrative Officer.

The substitution of the EFC's approval for that of the King County Council's will expedite refundings so that the County is able to take full advantage of lower interest rates and

reduced borrowing costs. Since the EFC is already responsible for countywide debt management policies and oversight of the County's investment pool, this new responsibility for authorizing refunding sales is consistent with the EFC's broad financial purview.

While the historical practice of preparing separate refunding ordinances and sale motions has generally worked well, it does have drawbacks. First, it is unnecessarily cumbersome in terms of requiring repeated legislative action. Second, and much more importantly, it does not provide sufficient flexibility for the County to quickly take advantage of changes in market conditions. Often, by the time that the necessary legislation is prepared, transmitted and adopted, a process which can take a considerable amount of time, the opportunity to achieve the required savings from refunding such bonds will have passed.

The proposed legislation would instead simply authorize the refunding of any outstanding GO bonds and, with the inclusion of appropriate language in the relevant ordinances, future GO bonds as well. With the need to obtain legislative authority eliminated, the time between identifying potential refunding candidates and effecting a refunding transaction would be significantly reduced, lowering the chance that intervening adverse changes in financial market conditions will have eliminated the opportunity.

Under the proposed ordinance, the Finance Director would proceed with any refunding that is expected to meet the County's debt service savings targets subject to a requirement to provide at least 28 days prior notification of any planned sale to the EFC. Assuming EFC support for the refunding, the Finance Director would be authorized to either accept the winning bid for such bonds in the case of a competitive sale or execute a bond purchase agreement in the case of a negotiated sale. However, the Finance Director's exercise of such delegated authority is conditioned on obtaining the approval of the EFC, either at a meeting prior to or on the actual day of the sale. Such delegation of authority to the Finance Director will eliminate the current need to have a separate Sale Motion adopted by the Council on the day of a sale. This offers two advantages that may potentially be significant.

First, there are weeks during the course of the calendar year when it is currently either impossible or difficult to schedule bond sales because the Council is either in recess or occupied with other business, most notably the annual budget. The inability to sell refunding bonds during such weeks may mean that the County is unable to take advantage of unusually favorable market conditions. The requested delegation of authority to the Finance Director would permit the sale of refunding bonds to take place during such weeks, potentially resulting in lower borrowing costs for the County.

Second, the current need to have a Sale Motion adopted forces the County to hold all of its bond sales on a Monday. While it has sometimes been alleged that such timing works to the detriment of the County's pricings because of the greater risk of market-moving news events over the preceding weekend, it is highly doubtful that there has been any such systematic adverse impact on the County. However, as the municipal marketplace has evolved in recent years, it has become somewhat more common to hold retail order periods one to two days

The Honorable Larry Gossett
March 20, 2012
Page 3

prior to offering bonds to institutional investors. Holding such retail order periods is more difficult when the sale to institutional investors is delayed to the subsequent week, as currently must be the case for the County's Monday sales. The requested delegation of authority to the Finance Director would permit the sale of refunding bonds to take place on days of the week other than Mondays and would facilitate such retail order periods. In addition, the County would no longer be constrained by avoiding refunding bond sales on Mondays coinciding with County holidays, thereby providing more options for the County to capture favorable market conditions that may occur.

At this time, the proposed ordinance would only apply to GO bonds and would not affect the current process for refunding sewer revenue bonds or the refunding of double-barreled Limited Tax General Obligation bonds which pledge sewer revenues backed by the County's full faith and credit. The County currently has sufficient flexibility to refund bonds for the Wastewater Treatment Division based on current bond authorization ordinances. However, because the advantages described above apply to all types of refundings, we will consider developing a similar ordinance for expediting Wastewater bonds later this year.

If you have any questions in this regard, please call Ken Guy, Director of the 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: Cindy Domingo, Acting Chief of Staff
Mark Melroy, Senior Principal Legislative Analyst, BFM Committee
Anne Noris, Clerk of the Council
Fred Jarrett, Deputy County Executive, King County Executive Office (KCEO)
Rhonda Berry, Assistant Deputy County Executive, KCEO
Carrie S. Cihak, Chief Advisor, Policy and Strategic Initiatives, 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