



**KING COUNTY**  
**Signature Report**

**September 9, 2008**

**Ordinance 16231**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

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CLERK  
KING COUNTY COUNCIL

**Proposed No.** 2008-0410.1

**Sponsors** Ferguson

1 AN ORDINANCE relating to contracting indebtedness;  
2 providing for the issuance and sale of one or more series of  
3 limited tax general obligation refunding bonds of the  
4 county (secured also by public transportation sales taxes) in  
5 the aggregate principal amount of not to exceed  
6 \$103,000,000 to currently refund all or a portion of the  
7 county's outstanding Limited Tax General Obligation  
8 (Public Transportation Sales Tax) Refunding Bonds, 1998,  
9 Series A, and to advance refund all or a portion of the  
10 county's outstanding Limited Tax General Obligation  
11 (Public Transportation Sales Tax) Bonds, 2004; providing  
12 for the form, terms, covenants and other provisions of such  
13 refunding bonds; providing for the sale of the bonds and the  
14 disposition of the proceeds of sale; establishing funds for  
15 the receipt and expenditure of bond proceeds and for the  
16 payment of the bonds; and providing for the annual levy of  
17 taxes to pay the principal thereof and interest thereon; and

18                   pledging public transportation sales tax revenues as  
19                   additional security for the bonds.

20

21           PREAMBLE:

22           The Municipality of Metropolitan Seattle ("Metro") was created by public  
23           vote in 1958 to exercise certain powers conferred by Chapter 35.58 of the  
24           Revised Code of Washington ("RCW"). In 1972, pursuant to RCW  
25           35.58.245, the voters approved adding metropolitan public transportation  
26           functions to Metro's powers, and, in accordance with RCW 35.58.240,  
27           Metro adopted a comprehensive plan for public transportation for the  
28           Seattle metropolitan area, which plan has been amended from time to time  
29           (the "Comprehensive Plan"). To provide funds for the operation,  
30           maintenance and capital needs of Metro's public transportation system,  
31           Metro levied a sales tax pursuant to RCW 82.14.045 and as approved by  
32           the voters at elections held in 1972 and 1980.

33           Metro issued several series of its limited sales tax general obligation bonds  
34           secured by the pledge of the voter-approved sales tax, as authorized RCW  
35           35.58.2721, to finance the acquisition and construction of facilities  
36           required to carry out the Comprehensive Plan. RCW 35.58.2721 provides  
37           that so long as such sales tax is pledged to outstanding bonds, the  
38           legislature may not withdraw the authority to levy and collect the tax.

39           Pursuant to Resolution No. 4937, a master bond resolution adopted by the  
40           Metro Council on June 19, 1986, and subsequent series resolutions for

41 each series of bonds, Metro issued five series of limited sales tax general  
42 obligation bonds (the "Sales Tax Bonds"). No Sales Tax Bonds remain  
43 outstanding.

44 Pursuant to Chapter 36.56 RCW and a special county election held  
45 November 3, 1992, King County (the "county") on January 1, 1994,  
46 assumed the rights, powers, functions and obligations of Metro, including  
47 operation of Metro's public transportation system (the "Public  
48 Transportation System"). The county assumed and agreed to provide for  
49 the payment and retirement of outstanding bonds of Metro, including the  
50 Sales Tax Bonds, and assumed the authority to levy and collect the sales  
51 tax pledged to the payment of the Sales Tax Bonds.

52 Pursuant to Ordinance No. 13128, the county issued and sold its  
53 \$85,715,000 par value Limited Tax General Obligation (Public  
54 Transportation Sales Tax) Refunding Bonds, 1998 Series A (the "1998A  
55 Bonds"), to provide for the refunding of two then-outstanding series of  
56 Sales Tax Bonds. The 1998A Bonds were secured by a junior pledge of a  
57 portion of the sales tax securing payment of the Sales Tax Bonds.

58 Ordinance No. 13128 also provided that the county would not issue any  
59 additional bonds with a pledge on sales tax revenue equal to the Sales Tax  
60 Bonds, and provided that any further transportation sales tax bonds would  
61 be issued on a parity of lien with the 1998A Bonds.

62 Pursuant to Ordinance No. 14490, the county issued and sold its  
63 \$64,285,000 par value Limited Tax General Obligation (Public

64 Transportation Sales Tax) Refunding Bonds, 2002 (the "2002 Bonds"), to  
65 provide for the refunding of the last outstanding series of Sales Tax Bonds  
66 and to modify the lien position of the 1998A Bonds on sales tax revenue.

67 The 2002 Bonds were issued on a parity of lien with the 1998A Bonds  
68 which are now secured by a first lien pledge of the portion of the sales tax  
69 that secured payment of the Sales Tax Bonds.

70 Pursuant to Ordinance No. 14887, the county issued and sold its  
71 \$49,695,000 par value Limited Tax General Obligation (Public  
72 Transportation Sales Tax) Bonds, 2004 (the "2004 Bonds"), to finance  
73 portions of the Public Transportation Fund Capital Improvement Program  
74 of the County. The 2004 Bonds were issued on a parity of lien with the  
75 1998A Bonds and the 2002 Bonds, which are now secured by a "first lien"  
76 pledge of the portion of the sales tax that secured payment of the Sales  
77 Tax Bonds.

78 It is deemed necessary and advisable that the county now authorize the  
79 issuance and sale of one or more series of its limited tax general obligation  
80 refunding bonds in an outstanding aggregate principal amount not to  
81 exceed \$103,000,000 to undertake the refunding of all or a portion of the  
82 1998A Bonds and all or a portion of the 2004 Bonds, which bonds will be  
83 additionally secured by a pledge of the sales tax levied pursuant to RCW  
84 84.14.045, as provided herein.

85 To maximize the savings from such refundings, it is in the best interest of  
86 the county to delegate to the county's Finance Director (as hereinafter

87 defined) authority to provide for the sale of one or more series of the  
88 bonds authorized herein by competitive bid or negotiated sale; provided,  
89 however, that the aggregate principal amount of the Bonds shall not  
90 exceed \$103,000,000. The successful bid or negotiated purchase contract  
91 for each series of bonds shall be subject to approval by the county council  
92 as provided herein.

93 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

97 "Assessment Income" means amounts collected on account of the principal of and  
98 interest and penalties on Assessments.

99 "Assessments" means assessments or installments thereof levied in any local  
100 improvement district of Metro or the county created for the purpose of financing the  
101 acquisition or construction of additions and improvements to and extensions of the  
102 System and shall include interest and any penalties thereon.

103 "Bond Fund" means the bond redemption fund previously authorized to be  
104 established for the Parity Bonds and described in Section 10 hereof.

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

107 "Bond Registrar" means the fiscal agent of the State of Washington (as the same  
108 may be designated by the State of Washington from time to time) for the purposes of  
109 registering and authenticating the Bonds, maintaining the Bond Register, effecting the

110 transfer of ownership of the Bonds and paying interest on and principal and premium, if  
111 any, of the Bonds.

112 "Bonds" means all or a portion of the King County, Washington, Limited Tax  
113 General Obligation (Public Transportation Sales Tax) Bonds, [appropriate year and series  
114 designation], issued in an aggregate principal amount of not to exceed \$103,000,000  
115 pursuant to this ordinance.

116 "1998A Bonds" means King County, Washington, Limited Tax General  
117 Obligation (Public Transportation Sales Tax) Refunding Bonds, 1998 Series A, issued in  
118 an aggregate principal amount of \$85,715,000 pursuant to Ordinance No. 13128.

119 "2002 Bonds" means King County, Washington, Limited Tax General Obligation  
120 (Public Transportation Sales Tax) Refunding Bonds, 2002, issued in an aggregate  
121 principal amount of \$64,285,000 pursuant to Ordinance 14490.

122 "2004 Bonds" means King County, Washington, Limited Tax General Obligation  
123 (Public Transportation Sales Tax) Bonds, 2004, issued in an aggregate principal amount  
124 of \$49,695,000 pursuant to Ordinance No. 14887.

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

129 "Commission" means the Securities and Exchange Commission.

130 "Comprehensive Plan" means the Comprehensive Plan for Public Transportation  
131 set forth in Resolution No. 1717 of the Metro Council adopted October 5, 1972, as  
132 amended by Resolution No. 1901 of the Metro Council adopted July 5, 1973, Resolution

133 No. 1989 adopted by the Metro Council on November 5, 1973, Resolution No. 3156  
134 adopted by the Metro Council on May 3, 1979, Resolution No. 3647 adopted by the  
135 Metro Council on March 19, 1981, Resolution No. 4679, adopted by the Metro Council  
136 on July 18, 1985, and Resolution No. 6641 adopted by the Metro Council on October 21,  
137 1993, as the same may be amended or supplemented hereafter by ordinance of the  
138 county.

139 "County" means King County, Washington.

140 "Council" means the Metropolitan King County Council.

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

142 "Escrow Trustee" means the corporate trustee chosen to serve as such pursuant to  
143 Section 14 hereof.

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

148 "Future Parity Bonds" means any bonds or other obligations that may be issued  
149 by the County in the future with a lien on the Two-tenths Sales Tax Revenue equal to the  
150 lien thereon of the Outstanding Parity Bonds and the Bonds.

151 "Government Obligations" means "government obligations" as defined in Chapter  
152 39.53 RCW, as now in existence or hereafter amended.

153 "Letter of Representations" means the Blanket Issuer Letter of Representations  
154 dated May 1, 1995, by and between the county and DTC.

155 "Master Resolution" means Resolution No. 4937 of the Metro Council, adopted  
156 on June 19, 1986, pursuant to which all of the Sales Tax Bonds were issued.

157 "Metro Council" means the Metropolitan Council of the Municipality of  
158 Metropolitan Seattle established pursuant to Chapter 35.58 RCW and abolished effective  
159 January 1, 1994, pursuant to Chapter 36.56 RCW.

160 "Metro" means the Municipality of Metropolitan Seattle, formerly a municipal  
161 corporation of the State of Washington, organized pursuant to Chapter 35.58 RCW and  
162 consolidated with the county effective January 1, 1994, pursuant to Chapter 36.56 RCW.

163 "MSRB" means the Municipal Securities Rulemaking Board or any successor to  
164 its functions.

165 "NRMSIR" means a nationally recognized municipal securities information  
166 repository.

167 "Outstanding Parity Bonds" means the outstanding 1998A Bonds, 2002 Bonds  
168 and 2004 Bonds.

169 "Parity Bonds" means the Outstanding Parity Bonds, the Bonds and any Future  
170 Parity Bonds.

171 "Public Transportation Operating Account" means the account of that name  
172 within the Public Transportation Fund, redesignated and continued by the county  
173 pursuant to Ordinance No. 12076 of the county passed on December 18, 1995, and  
174 previously known as the Municipality of Metropolitan Seattle Public Transportation  
175 Revenue Fund established under Resolution No. 936 of the Metro Council adopted on  
176 June 1, 1967.



177 "Public Transportation Construction Accounts" means the accounts of that name  
178 within the Public Transportation Fund, redesignated and continued by the county  
179 pursuant to Ordinance No. 12076 of the county passed on December 18, 1995, and  
180 previously known as the Municipality of Metropolitan Seattle Public Transportation  
181 Construction Fund established under Resolution No. 2209 of the Metro Council adopted  
182 on October 17, 1974.

183 "Public Transportation Sales Tax" means the sales and use tax authorized to be  
184 levied by the county pursuant to RCW 82.14.045 and which has heretofore been duly  
185 levied by the county.

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

189 "RCW" means the Revised Code of Washington.

190 "Receiving Fund" means the Two-tenths Sales Tax Revenue Receiving Fund  
191 within the Public Transportation Fund, redesignated and continued by the county  
192 pursuant to Ordinance No. 12076 of the county passed on December 18, 1995, and  
193 previously known as the Municipality of Metropolitan Seattle Two-tenths Sales Tax  
194 Revenue Receiving Fund established under the Master Resolution.

195 "Refunded Bonds" means, collectively, the Refunded 1998A Bonds and the  
196 Refunded 2004 Bonds.

197 "Refunded 1998A Bond Redemption Date" means, with respect to each series of  
198 Bonds, each redemption date for the outstanding 1998A Bonds to be refunded thereby, as  
199 identified or ratified in the Sale Motion therefor.

200 "Refunded 1998A Bonds" means, with respect to each series of Bonds, all  
201 outstanding 1998A Bonds to be refunded thereby, as identified or ratified in the Sale  
202 Motion therefor.

203 "Refunded 2004 Bond Redemption Date" means, with respect to the Bonds, each  
204 redemption date for the outstanding 2004 Bonds to be refunded thereby, as identified or  
205 ratified in the Sale Motion therefor.

206 "Refunded 2004 Bonds" means, with respect to each series of Bonds, all  
207 outstanding 2004 Bonds to be refunded thereby, as identified or ratified in the Sale  
208 Motion therefor.

209 "Registered Owner" means any person or entity who shall be the registered owner  
210 of any Bond.

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

213 "Sale Motion" means, with respect to each series of the Bonds, the motion of the  
214 council identifying (if such series of Bonds is sold by competitive bid) or ratifying (if  
215 such series of Bonds is sold by negotiated sale) the Refunded Bonds to be refunded by  
216 such series of Bonds, their respective redemption dates and the Government Obligations  
217 to be purchased to undertake such refunding, ratifying and confirming the year and series  
218 designation, date, principal amounts and maturity dates, interest rates and interest  
219 payment dates, redemption provisions of the Bonds, and approving the bond purchase  
220 contract (if the Bonds are sold by negotiated sale) or accepting a bid (if the bonds are sold  
221 by competitive bid) for the purchase of the Bonds, all in accordance with Section 19  
222 hereof.

223 "Sales Tax Bond Fund" means the Limited Sales Tax General Obligation Fund  
224 within the Public Transportation Fund, redesignated and continued by the county  
225 pursuant to Ordinance No. 12076 of the county passed on December 18, 1995, and  
226 previously known as the Municipality of Metropolitan Seattle Limited Sales Tax General  
227 Obligation Bond Fund established by the Master Resolution as amended by Ordinance  
228 No. 11661 of the county passed on January 23, 1995.

229 "Sales Tax Bonds" means the limited sales tax general obligation bonds issued by  
230 Metro pursuant to the Master Resolution which were secured by a pledge of Sales Tax  
231 Revenues (with a senior lien on the Two-tenths Sales Tax Revenues) and Assessment  
232 Income, all of which have been redeemed.

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

236 "SID" means a state information depository for the State of Washington (if one is  
237 created).

238 "State" means the State of Washington.

239 "System" or "Public Transportation System" means the public transportation  
240 facilities now or hereafter acquired, constructed, used, or operated by the county for the  
241 purpose of carrying out the Comprehensive Plan.

242 "Term Bonds" means those outstanding bonds or obligations of any single issue  
243 or series maturing in any one year for the retirement of which regularly recurring annual  
244 deposits are required to be made into a bond fund prior to the scheduled maturity of such  
245 bonds sufficient to pay the same at or prior to their maturity.

246 "Two-tenths Sales Tax Revenues" means that portion of the Sales Tax Revenues  
247 generated by a sales and use tax rate of 2/10 of 1%, which was pledged to secure the  
248 payment of the Sales Tax Bonds and which has been pledged to secure the payment of  
249 the Parity Bonds, and the further use of which for capital and operating purposes is  
250 established by Ordinance No. 11661 of the county, passed on January 23, 1995.

251 **SECTION 2. Findings:**

252 A. The council finds that it is in the best interest of the county and its taxpayers  
253 to issue the Bonds, in accordance with the provisions of Section 19.C. of Ordinance No.  
254 13128, payable out of the Two-tenths Sales Tax Revenues during any fiscal period.

255 B. The council further finds that the Bonds will issued on a parity with the  
256 1998A, 2002 and 2004 Bonds, having a first lien position on the Two-tenths Sales Tax  
257 Revenues.

258 C. The council further finds and declares that the county is or will be in  
259 compliance with the conditions for the issuance of Future Parity Bonds under Section 19  
260 of Ordinance No. 13128, in Section 19 of Ordinance 14490 and Section 17 of Ordinance  
261 14887, and which conditions are included in Section 18 of this ordinance.

262 D. The council further finds the county may be able to realize significant debt  
263 service savings by refunding all or a portion of the 1998A Bonds and all or a portion of  
264 the 2004 Bonds.

265 **SECTION 3. Purpose, Authorization and Description of Bonds.**

266 A. Purpose and Authorization of Bonds. The county authorizes the issuance of  
267 the Bonds to refund all or a portion of the 1998A Bonds and all or a portion of the 2004  
268 Bonds and to pay the costs of issuing the Bonds.

269 B. Description. The Bonds may be issued in one or more series in an outstanding  
270 aggregate principal amount of not to exceed \$103,000,000, each series to be designated  
271 "King County, Washington, Limited Tax General Obligation (Public Transportation Sales  
272 Tax) Refunding Bonds, [appropriate year and series designation]."

273 Each series of the Bonds shall be fully registered as to both principal and interest,  
274 shall be in the denomination of \$5,000 or any integral multiple thereof within a single  
275 maturity; shall be numbered separately in such manner and with any additional  
276 designation as the Bond Registrar deems necessary for purposes of identification; and  
277 shall be dated as of such date and shall mature on the dates, in the years and the amounts  
278 established as provided in Section 19 hereof.

279 The Bonds shall bear interest (computed on the basis of a 360-day year of twelve  
280 30-day months) from their date or from the most recent interest payment date for which  
281 interest has been paid or duly provided for, whichever is later, payable on semiannual  
282 interest payment dates and at the rate or rates to be established as provided in Section 19  
283 hereof and ratified and confirmed by the Sale Motion.

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

285 A. Bond Registrar/Bond Register. In accordance with KCC 4.84, the county  
286 hereby adopts for the Bonds the system of registration specified and approved by the  
287 Washington State Finance Committee, which utilizes the fiscal agent of the State of  
288 Washington as registrar, authenticating agent, paying agent and transfer agent (the "Bond  
289 Registrar"). The Bond Registrar shall keep, or cause to be kept, at its principal corporate  
290 trust office, sufficient books for the registration and transfer of the Bonds (the "Bond  
291 Register"), which shall be open to inspection by the county at all times. The Bond

292 Register shall contain the name and mailing address of the owner of each Bond and the  
293 principal amount and number of each of the Bonds held by each owner. The Bond  
294 Registrar is authorized, on behalf of the county, to authenticate and deliver Bonds  
295 transferred or exchanged in accordance with the provisions of the Bonds and this  
296 ordinance, to serve as the county's paying agent for the Bonds and to carry out all of the  
297 Bond Registrar's powers and duties under this ordinance.

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

304 B. Registered Ownership. The Bonds shall be issued only in registered form as  
305 to both principal and interest and shall be recorded on the Bond Register. The county and  
306 the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of  
307 each Bond as the absolute owner thereof for all purposes, and neither the county nor the  
308 Bond Registrar shall be affected by any notice to the contrary. Payment of any such  
309 Bond shall be made only as described in Section 4.E hereof, but such registration may be  
310 transferred as herein provided. All such payments made as described in Section 4.E shall  
311 be valid and shall satisfy and discharge the liability of the county upon such Bond to the  
312 extent of the amount or amounts so paid.

313 C. Use of Depository. The Bonds of each series initially shall be registered in the  
314 name of Cede & Co., as the nominee of DTC. The Bonds so registered shall be held in

315 fully immobilized form by DTC as depository in accordance with the provisions of the  
316 Letter of Representations. Neither the county nor the Bond Registrar shall have any  
317 responsibility or obligation to DTC participants or the persons for whom they act as  
318 nominees with respect to the Bonds regarding accuracy of any records maintained by  
319 DTC or DTC participants, the payment by DTC or any DTC participants of any amount  
320 in respect of principal or redemption price of or interest on the Bonds, any notice which  
321 is permitted or required to be given to registered owners hereunder (except such notice as  
322 is required to be given by the Bond Registrar to DTC), the selection by DTC or any DTC  
323 participant of any person to receive payment in the event of a partial redemption of such  
324 Bonds or any consent given or other action taken by DTC as owner of such Bonds .

325 For as long as any series of Bonds are held in fully immobilized form, DTC, its  
326 nominee or its successor depository shall be deemed to be the Registered Owner for all  
327 purposes hereunder and all references to registered owners, bondowners, bondholders or  
328 the like shall mean DTC or its nominee and shall not mean the owners of any beneficial  
329 interests in such Bonds. Registered ownership of such Bonds, or any portions thereof,  
330 may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if  
331 that successor shall be qualified under any applicable laws to provide the services  
332 proposed to be provided by it; (ii) to any substitute depository appointed by the Finance  
333 Director or such substitute depository's successor; or (iii) to any person if the Bonds are  
334 no longer held in immobilized form.

335 Upon the resignation of DTC or its successor (or any substitute depository or its  
336 successor) from its functions as depository, or a determination by the Finance Director  
337 that the county no longer wishes to continue the system of book entry transfers through

338 DTC or its successor (or any substitute depository or its successor), the Finance Director  
339 may appoint a substitute depository. Any such substitute depository shall be qualified  
340 under any applicable laws to provide the services proposed to be provided by it.

341 If (i) DTC or its successor (or substitute depository or its successor) resigns from  
342 its functions as depository, and no substitute depository can be obtained, or (ii) the county  
343 determines that the Bonds of any series are to be in certificated form, the ownership of  
344 those Bonds may be transferred to any person as provided herein and those Bonds no  
345 longer shall be held in fully immobilized form.

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

349 E. Place and Medium of Payment. Both principal of and interest on the Bonds  
350 shall be payable in lawful money of the United States of America. For so long as the  
351 Bonds of any series are in fully immobilized form, payments of principal and interest  
352 thereon shall be made as provided in accordance with the operational arrangements of  
353 DTC referred to in the Letter of Representations. If the Bonds of any series are no longer  
354 in fully immobilized form, interest on those Bonds shall be paid by checks or drafts of the  
355 Bond Registrar mailed on the interest payment date to the Registered Owners at the  
356 addresses appearing on the Bond Register on the 15th day of the month preceding the  
357 interest payment date or, if requested in writing by a Registered Owner of \$1,000,000 or  
358 more in principal amount of such Bonds prior to the applicable record date, by wire  
359 transfer on the interest payment date. Principal of the Bonds shall be payable upon  
360 presentation and surrender of the Bonds by the Registered Owners to the Bond Registrar.



361 F. Transfer or Exchange of Registered Ownership; Change in Denominations.

362 The registered ownership of any Bond may be transferred or exchanged, but no transfer  
363 of any Bond shall be valid unless it is surrendered to the Bond Registrar with the  
364 assignment form appearing on such Bond duly executed by the Registered Owner or such  
365 Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar.  
366 Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall  
367 authenticate and deliver, without charge to the Registered Owner or transferee therefor, a  
368 new Bond (or Bonds at the option of the new Registered Owner) of the same series, date,  
369 maturity and interest rate and for the same aggregate principal amount in any authorized  
370 denomination, naming as Registered Owner the person or persons listed as the assignee  
371 on the assignment form appearing on the surrendered Bond, in exchange for such  
372 surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar  
373 and exchanged, without charge, for an equal aggregate principal amount of Bonds of the  
374 same series, date, maturity and interest rate, in any authorized denomination. The Bond  
375 Registrar shall not be obligated to exchange or transfer any Bond during the 15 days  
376 preceding any principal payment or redemption date, or, in the case of any proposed  
377 redemption of the Bonds, after the mailing of notice of the call of such Bonds for  
378 redemption.

379 SECTION 5. Redemption Provisions; Open Market Purchase of Bonds. The  
380 county may reserve the right to redeem outstanding Bonds of any series prior to their  
381 maturity on the dates and at the prices established by the bond purchase contract or the  
382 official notice of sale therefor, as applicable, and ratified and confirmed by a Sale Motion  
383 in accordance with Section 19 hereof. Portions of the principal amount of any Bond, in

384 increments of \$5,000 or any integral multiple thereof within a single maturity, may be  
385 redeemed.

386 If less than all of the Bonds of a series subject to optional redemption are called  
387 for redemption, the county shall choose the maturities to be redeemed. If less than a  
388 whole of a maturity is called for redemption, the Bonds to be redeemed shall be chosen  
389 randomly by the Bond Registrar or, so long as the Bonds are registered in the name of  
390 DTC or its nominee, selection of Bonds for redemption shall be in accordance with the  
391 Letter of Representations.

392 If less than all of the principal amount of any Bond is redeemed, upon surrender  
393 of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without  
394 charge therefor, a new Bond (or Bonds, at the option of the Registered Owner) of the  
395 same series, maturity and interest rate in any of the denominations authorized by this  
396 ordinance in the aggregate principal amount remaining unredeemed.

397 The county further reserves the right and option to purchase any or all of the  
398 Bonds in the open market at any time at any price.

399 All Bonds purchased or redeemed under this section shall be canceled.

400 **SECTION 6. Notice and Effect of Redemption.** Written notice of any  
401 redemption of Bonds shall be given by the Bond Registrar on behalf of the county by  
402 first-class mail, postage prepaid, not less than 30 nor more than 60 days prior to the date  
403 fixed for redemption to the Registered Owner of any Bond to be redeemed at the address  
404 appearing on the Bond Register at the time the Bond Registrar prepares the notice. The  
405 Bond Registrar shall provide additional notice of redemption (at least 30 days) to each  
406 NRMSIR and SID, if any, in accordance with the ongoing disclosure provisions to be

407 adopted by the Sale Motion. In addition, the redemption notice shall be mailed within the  
408 same period, postage prepaid, to Moody's Investors Service, Inc., Standard & Poor's and  
409 Fitch Ratings at their offices in New York, New York, or their successors, and to such  
410 other persons and with such additional information as the Finance Director shall  
411 determine, but these additional mailings shall not be a condition precedent to the  
412 redemption of Bonds. Notwithstanding the foregoing, for as long as the Bonds are  
413 registered in the name of DTC or its nominee, notice of redemption shall be given in  
414 accordance with the Letter of Representations.

415 The requirements of this section shall be deemed to have been fulfilled when  
416 notice has been mailed as so provided, whether or not it is actually received by the owner  
417 of any Bond.

418 Each notice of redemption shall contain the following information: (1) the  
419 redemption date, (2) the redemption price, (3) if less than all outstanding Bonds of the  
420 same series are to be redeemed, the identification (and, in the case of partial redemption,  
421 the principal amounts) of the Bonds to be redeemed, (4) that on the redemption date the  
422 redemption price will become due and payable upon each Bond or portion called for  
423 redemption, and that interest shall cease to accrue from the redemption date, (5) that the  
424 Bonds are to be surrendered for payment at the principal office of the Bond Registrar, (6)  
425 the CUSIP numbers of all Bonds being redeemed, (7) the dated date of the Bonds, (8) the  
426 rate of interest for each Bond being redeemed, (9) the date of the notice, and (10) any  
427 other information needed to identify the Bonds being redeemed.

428 Interest on Bonds called for redemption shall cease to accrue on the date fixed for  
429 redemption unless the Bond or Bonds called are not redeemed when presented pursuant  
430 to the call.

431 **SECTION 7. Failure To Redeem Bonds.** If any Bond is not redeemed when  
432 properly presented at its maturity or call date, the county shall be obligated to pay interest  
433 on that Bond at the same rate provided in the Bond from and after its maturity or call date  
434 until that Bond, both principal and interest, is paid in full or until sufficient money for its  
435 payment in full is on deposit in the Bond Fund and the Bond has been called for payment  
436 by giving notice of that call to the Registered Owner of each of those unpaid Bonds.

437 **SECTION 8. Form and Execution of Bonds.** The Bonds shall be printed or  
438 lithographed on good bond paper in a form consistent with the provisions of this  
439 ordinance and state law and shall be signed by the county executive and the clerk of the  
440 council, either or both of whose signatures may be manual or in facsimile, and the seal of  
441 the county or a facsimile reproduction thereof shall be impressed or printed thereon.

442 Only Bonds bearing a Certificate of Authentication in the following form,  
443 manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or  
444 entitled to the benefits of this ordinance:

445 CERTIFICATE OF AUTHENTICATION

446 This Bond is one of the fully registered King County, Washington,  
447 Limited Tax General Obligation (Public Transportation Sales Tax)  
448 Refunding Bonds, [appropriate year and series designation], described in  
449 the Bond Ordinance.

450 WASHINGTON STATE FISCAL AGENT

451 Bond Registrar

452

453 By \_\_\_\_\_

454 Authorized Signer

455 The authorized signing of a Certificate of Authentication shall be conclusive evidence  
456 that the Bond so authenticated has been duly executed, authenticated and delivered and is  
457 entitled to the benefits of this ordinance.

458 If any officer whose facsimile signature appears on the Bonds ceases to be an  
459 officer of the county authorized to sign bonds before the Bonds bearing his or her  
460 facsimile signature are authenticated or delivered by the Bond Registrar or issued by the  
461 county, those Bonds nevertheless may be authenticated, issued and delivered and, when  
462 authenticated, issued and delivered, shall be as binding on the county as though that  
463 person had continued to be an officer of the county authorized to sign bonds. Any Bond  
464 also may be signed on behalf of the county by any person who, on the actual date of  
465 signing of the Bond, is an officer of the county authorized to sign bonds, although he or  
466 she did not hold the required office on the date of issuance of the Bonds.

467 SECTION 9. Mutilated, Lost or Destroyed Bonds. If any Bond shall become  
468 mutilated, the Bond Registrar shall authenticate and deliver a new Bond of like amount,  
469 date, series, interest rate and tenor in exchange and substitution for the Bond so  
470 mutilated, upon the owner's paying the expenses and charges of the county and the Bond  
471 Registrar in connection therewith and upon surrender to the Bond Registrar of the Bond  
472 so mutilated. Every mutilated Bond so surrendered shall be canceled and destroyed by  
473 the Bond Registrar.

474 In case the Bonds or any of them shall be lost, stolen or destroyed, the Bond  
475 Registrar may authenticate and deliver a new Bond or Bonds of like amount, date, series,  
476 interest rate and tenor to the Registered Owner thereof upon the owner's paying the  
477 expenses and charges of the county and the Bond Registrar in connection therewith and  
478 upon his/her filing with the Bond Registrar evidence satisfactory to the Bond Registrar  
479 that such Bond or Bonds were actually lost, stolen or destroyed and of his/her ownership  
480 thereof, and upon furnishing the county and the Bond Registrar with indemnity  
481 satisfactory to the Finance Director and the Bond Registrar.

482 **SECTION 10. Bond Fund.**

483 A. Bond Fund and Accounts Therein. The Bond Fund has heretofore been  
484 created as a special fund of the county known as the "Limited Tax General Obligation  
485 (Public Transportation Sales Tax) Bond Redemption Fund," consisting of three accounts:  
486 the Interest Account, the Serial Bond Principal Account and the Term Bond Principal  
487 Account. The Bond Fund shall at all times be completely segregated and set apart from  
488 all other funds and accounts of the County and shall be a trust fund for the security and  
489 payment of the principal of and interest and any premium on the Parity Bonds that are  
490 also limited tax general obligations of the county (as used in this section, "General and  
491 Parity Bonds). Except as provided in subsection D of this Section 10, all money credited  
492 to the Bond Fund is pledged and ordered to be used for the sole purpose of paying the  
493 principal of and interest and any premium on the Bonds and other Parity Bonds.

494 B. Two-Tenths Sales Tax Revenues. On the same business day that any Two-  
495 tenths Sale Tax Revenues are received by the county and deposited into the Receiving

496 Fund, in accordance with Section 11.B hereof, the Finance Director shall cause the  
497 following amounts to be deposited into accounts within the Bond Fund, as follows:

498 (i) Interest Account. To the extent available in the Receiving Fund, there shall  
499 be deposited into the Interest Account an amount that, together with assessment income  
500 and other money available in the Interest Account, equals the total amount of interest due  
501 and payable on the Parity Bonds in the next succeeding six calendar months.

502 (ii) Serial Bond Principal Account. To the extent available in the Receiving  
503 Fund, there shall be deposited into the Serial Bond Principal Account an amount that,  
504 together with Assessment Income and other money available in the Serial Bond Principal  
505 Account, equals the total amount of principal due and payable on the Parity Bonds in the  
506 next succeeding twelve calendar months.

507 (iii) Term Bond Principal Account. To the extent available in the Receiving  
508 Fund, there shall be deposited into the Term Bond Principal Account an amount that,  
509 together with Assessment Income and other money available in the Term Bond Principal  
510 Account, equals the total amount necessary to make any payments required in the next  
511 succeeding twelve calendar months to retire by purchase or by redemption any Parity  
512 Bonds that are Term Bonds.

513 C. Payments to the Bond Registrar; Investments. Money on deposit in the Bond  
514 Fund shall be transmitted to the Bond Registrar at such times and in such amounts as  
515 shall be necessary to pay when due the principal of and interest and premium, if any, on  
516 any Parity Bonds. Money in the Bond Fund shall be invested in any legal investments of  
517 the county maturing in such amounts and at such times as the Finance Director may

518 determine so that payments required to be made from the Bond Fund may be made when  
519 due.

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

523 **SECTION 11. Pledge of Sales Tax Revenues.**

524 A. Pledge of Two-Tenths Sales Tax Revenues. All of the Sales Tax Revenues  
525 are hereby irrevocably pledged to the punctual payment of the principal of, premium, if  
526 any, and interest on the Bonds. Such pledge shall constitute a lien on the Two-tenths  
527 Sales Tax Revenues equal to the lien on the Two-tenths Sales Tax Revenues to pay and  
528 secure the payment of the Outstanding Parity Bonds and any Future Parity Bonds, and  
529 superior to all other liens and charges on such revenues whatsoever. The county hereby  
530 covenants that for as long as any of the Bonds are outstanding it will include in its budget  
531 and levy the Public Transportation Sales Tax in an amount that will be sufficient,  
532 together with all other funds legally available for such purpose, to pay the principal of,  
533 premium, if any, and interest on the Bonds as the same shall become due. All of such  
534 taxes so collected shall be paid into the Bond Fund no later than the date such funds are  
535 required for the payment of principal of and interest on the Bonds. The full faith, credit  
536 and resources of the county are hereby irrevocably pledged for the levy and collection of  
537 the Public Transportation Sales Tax and for the prompt payment of the principal of,  
538 premium, if any, and interest on the Bonds as the same shall become due.

539 B. Receiving Fund. The Receiving Fund has heretofore been created as a special  
540 fund of the county. Upon receipt of the Sales Tax Revenues, the Finance Director shall



541 cause the Two-tenths Sales Tax Revenues to be deposited into the Receiving Fund to be  
542 applied as provided in Section 10.B of this ordinance. In accordance with Ordinance No.  
543 11661 of the county, passed on January 23, 1995, any Two-tenths Sales Tax Revenues  
544 remaining in the Receiving Fund after making the payments required by Section 10.B of  
545 this ordinance shall be transferred on the same business day, as follows: (x) an amount  
546 equal to the 25% of the Two-tenths Sales Tax Revenues to the Public Transportation  
547 Operating Account to be used for operations and the payment of the Parity Bonds; and  
548 (y) the remainder thereof to the Public Transportation Construction Accounts to be used  
549 only for capital purposes, including the payment of Parity Bonds.

550 **SECTION 12. Pledge of General Taxation and Credit.** The county hereby  
551 further irrevocably covenants and agrees for as long as any of the Bonds are outstanding  
552 and unpaid, that each year it will include in its budget and levy an ad valorem tax upon  
553 all the property within the county subject to taxation in an amount that will be sufficient,  
554 together with all other revenues and money of the county legally available for such  
555 purposes (including the Sales Tax Revenues), to pay the principal of and interest on the  
556 Bonds and any other Parity Bonds as the same shall become due. All of such taxes so  
557 collected and any other money to be used for such purposes shall be paid into the Bond  
558 Fund no later than the date such funds are required for the payment of principal of,  
559 premium, if any, and interest on the Parity Bonds.

560 The county hereby irrevocably pledges that the annual tax provided for herein to  
561 be levied for the payment of such principal and interest shall be within and as a part of  
562 the tax levy permitted to counties without a vote of the people, and that a sufficient  
563 portion of each annual levy to be levied and collected by the county prior to the full

564 payment of the principal of, premium, if any, and interest on the Bonds and any other  
565 Parity Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the  
566 payment of the principal of, premium, if any, and interest on the Bonds and any other  
567 Parity Bonds.

568 The full faith, credit and resources of the county are hereby irrevocably pledged  
569 for the annual levy and collection of such taxes and for the prompt payment of the  
570 principal of, premium, if any, and interest on the Bonds and any other Parity Bonds as the  
571 same shall become due.

572 **SECTION 13. Pledge of Assessment Income.** The county hereby obligates and  
573 binds itself to set aside and pay any Assessment Income into the Bond Fund for payment  
574 of the principal of, premium, if any, and interest on the Parity Bonds without allocation to  
575 any particular series of bonds payable from the Bond Fund. Assessment Income, if any,  
576 shall be deposited into the various accounts within the Bond Fund, as received, according  
577 to the order of priority set forth in Section 10.B of this ordinance.

578 **SECTION 14. Covenants and Warranties.** The county makes the following  
579 covenants and warranties:

580 A. The county has full legal right power and authority to adopt this ordinance, to  
581 sell, issue and deliver the Bonds as provided herein, and to carry out and consummate all  
582 other transactions contemplated by this ordinance.

583 B. By all necessary official action prior to or concurrently herewith, the county  
584 has duly authorized and approved the execution and delivery of, and the performance by  
585 the county of its obligations contained in, the Bonds and in this ordinance and the  
586 consummation by it of all other transactions necessary to effectuate this ordinance in

587 connection with the issuance of the Bonds, and such authorizations and approvals are in  
588 full force and effect and have not been amended, modified or supplemented in material  
589 respect.

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

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

593 E. The adoption of this ordinance, and compliance on the county's part with the  
594 provisions contained herein, will not conflict with or constitute a breach of or default  
595 under any constitutional provisions, law, administrative regulation, judgment, decree,  
596 loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement or other  
597 instrument to which the county is a party or to which the county or any of its property or  
598 assets are otherwise subject, nor will any such adoption, execution, delivery, sale,  
599 issuance or compliance result in the creation or imposition of any lien, charge or other  
600 security interest or encumbrance of any nature whatsoever upon any of the property or  
601 assets of the county or under the terms of any such law, regulation or instrument, except  
602 as may be provided by the Bonds and this ordinance.

603 F. The county finds and covenants that the Bonds are issued within all statutory  
604 and constitutional debt limitations applicable to the county.

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

610            **SECTION 15. Preservation of Tax Exemption for Interest on Bonds.** The  
611 county covenants that it will take all actions necessary to prevent interest on the Bonds  
612 from being included in gross income for federal income tax purposes, and it will neither  
613 take any action nor make or permit any use of proceeds of the Bonds or other funds of the  
614 county treated as proceeds of the Bonds at any time during the term of the Bonds which  
615 will cause interest on the Bonds to be included in gross income for federal income tax  
616 purposes. The county also covenants that it will, to the extent the arbitrage rebate  
617 requirement of Section 148 of the Code is applicable to the Bonds, take all actions  
618 necessary to comply (or to be treated as having complied) with that requirement in  
619 connection with the Bonds, including the calculation and payment of any penalties that  
620 the county has elected to pay as an alternative to calculating rebatable arbitrage, and the  
621 payment of any other penalties if required under Section 148 of the Code to prevent  
622 interest on the Bonds from being included in gross income for federal income tax  
623 purposes.

624            **SECTION 16. Application of Proceeds of Bonds.** There is hereby authorized to  
625 be created a special account of the county for each series of the Bonds to be maintained  
626 with a corporate trustee chosen by the Finance Director (hereinafter called the "Escrow  
627 Trustee"), each of which will be known as a "King County Limited Tax General  
628 Obligation Refunding Bond Refunding Account," with the same year and series  
629 designation as that corresponding to the related series of the Bonds (each hereinafter  
630 called a "Refunding Account").

631            The net principal proceeds from the sale of each series of the Bonds shall be  
632 credited to the related Refunding Account.

633 Money in each Refunding Account shall be used immediately upon receipt  
634 thereof to provide for the payment of the principal of and redemption premium, if any,  
635 and interest on the Refunded Bonds to be refunded by the related series of the Bonds as  
636 hereinafter set forth in this section, to pay costs related to the refunding of such Refunded  
637 Bonds, and to pay costs of issuing the related series of the Bonds. The county shall  
638 discharge such obligations by the use of money in the each Refunding Account for each  
639 series of the Bonds to purchase certain noncallable Government Obligations, as identified  
640 or ratified in the Sale Motion therefor, bearing such interest and maturing as to principal  
641 and interest in such amounts and at such times which, together with any necessary initial  
642 cash balance, will provide for the payment of the principal, if any, of and the interest on  
643 the specified Refunded 1998A Bonds that will become due and payable on or before their  
644 respective Refunded 1998A Bond Redemption Date(s) and the redemption price of such  
645 Refunded 1998A Bonds payable on their respective Refunded 1998A Bond Redemption  
646 Date(s) and the payment of the principal, if any, of and the interest on the specified  
647 Refunded 2004 Bonds that will become due and payable on or before their respective  
648 Refunded 2004 Bond Redemption Date(s) and the redemption price of such Refunded  
649 2004 Bonds payable on their respective Refunded 2004 Bond Redemption Date(s)  
650 (collectively, the "Refunded Bond Payments"). Such Government Obligations shall be  
651 purchased at a yield not greater than the yield permitted by the Code and applicable  
652 regulations thereunder relating to acquired obligations in connection with refunding bond  
653 issues.

654 Such Government Obligations and any necessary initial cash balance shall be  
655 irrevocably deposited with the Escrow Trustee. Any Refunded Bond Payments that are

656 not provided for in full by such initial cash balance and the purchase and deposit of  
657 Government Obligations described in this section shall be provided for by the irrevocable  
658 deposit of the necessary amount out of the proceeds of sale of the related series of the  
659 Bonds or any other monies of the county legally available therefor with the Escrow  
660 Trustee. Any proceeds of a series of the Bonds remaining in the related Refunding  
661 Account after acquisition of the Government Obligations and provision for the necessary  
662 initial cash balance may be utilized to pay expenses of the acquisition and safekeeping of  
663 the Government Obligations and expenses of the issuance of such series of the Bonds.

664 The county reserves the right to substitute other noncallable securities for the  
665 Government Obligations in the event it may do so pursuant to Section 148 of the Code,  
666 and applicable regulations thereunder, upon compliance with the following conditions:

667 (i) such substitution is accomplished pursuant to a motion of the county council, which  
668 may be adopted either prior to or subsequent to the delivery of any series of Bonds; (ii)  
669 the securities to be substituted are noncallable Government Obligations; and (iii) such  
670 securities bear such interest and mature at such times and in such amounts as to fully  
671 replace the Government Obligations for which they are substituted, and to provide,  
672 together with Government Obligations and cash remaining, for the payment of the  
673 Refunded Bond Payments.

674 The county shall irrevocably set aside sufficient funds out of the proceeds of the  
675 Government Obligations purchased from proceeds of each series of the Bonds, together  
676 with any necessary initial cash balance, to pay the related Refunded Bond Payments.

677 The county hereby conditionally calls the Refunded 1998A Bonds for redemption  
678 on the Refunded 1998A Bond Redemption Date(s) and the Refunded 2004 Bonds for

679 redemption on the Refunded 2004 Bond Redemption Date(s) in accordance with Sections  
680 5 and 6 of Ordinance No. 13128 and Sections 5 and 6 of Ordinance No. 14887  
681 authorizing redemption and retirement of the 1998A Bonds and the 2004 Bonds prior to  
682 their fixed maturities. Such conditional call for redemption of any such Refunded Bonds  
683 to be refunded by each series of the Bonds shall become irrevocable only after the final  
684 establishment of the escrow account therefor and delivery of the Government Obligations  
685 to the Escrow Trustee, except as provided herein for the substitution of securities.

686           The Escrow Trustee is hereby authorized and directed to provide for the giving of  
687 notice of the redemption of the Refunded Bonds in accordance with Ordinance No. 13128  
688 and Ordinance No. 14887. The Finance Director is authorized and requested to provide  
689 whatever assistance is necessary to accomplish such redemption and the giving of notice  
690 therefor. The costs of publication of such notice shall be an expense of the county.

691           The Escrow Trustee is hereby authorized and directed to pay to the county, or, at  
692 the direction of the Finance Director, to the fiscal agent of the State of Washington, sums  
693 sufficient to pay, when due, the Refunded Bond Payments. All such sums shall be paid  
694 from the Government Obligations deposited with the Escrow Trustee pursuant to this  
695 section of this ordinance, and the income therefrom and proceeds thereof. All such sums  
696 so paid shall be credited to the applicable Refunding Account. All monies and  
697 Government Obligations deposited with the Escrow Trustee and any income therefrom  
698 shall be held, invested and applied in accordance with the provisions of this ordinance  
699 and with the laws of the State of Washington for the benefit of the county and holders of  
700 the related Refunded Bonds.

701           The county will take such actions as are found necessary to see that all necessary  
702           and proper fees, compensation and expenses of the Escrow Trustee for refunding the  
703           Refunded Bonds shall be paid when due.

704           The proper officers and agents of the county are directed to obtain from the  
705           Escrow Trustee an agreement setting forth the duties, obligations and responsibilities of  
706           the Escrow Trustee in connection with the redemption and retirement of the Refunded  
707           Bonds as provided herein and stating that such provisions for the payment of the fees,  
708           compensation and expenses of such Escrow Trustee are satisfactory to it. In order to  
709           carry out the purposes of this section, the Finance Director is authorized and directed to  
710           execute and deliver to the Escrow Trustee, a copy of such agreement when the provisions  
711           thereof have been fixed and determined.

712           SECTION 17. Application of Bond Proceeds--General. The exact amounts of  
713           net proceeds derived from the sale of each series of the Bonds to be deposited in  
714           accordance with Section 16 hereof shall be determined by the Finance Director upon the  
715           sale thereof.

716           Funds deposited in the funds and accounts established in Section 16 hereof shall  
717           be invested as permitted by law for the sole benefit of the respective funds. Irrespective  
718           of the general provisions of Ordinance No. 7112 and K.C. 4.10, the county current  
719           expense fund shall not receive any earnings attributable to such funds. Money other than  
720           proceeds of the Bonds may be deposited in the funds and accounts established under  
721           Section 16, provided, however, that proceeds of the Tax-Exempt Bonds and earnings  
722           thereon shall be accounted for separately for purposes of the rebate computations



723 required to be made pursuant to Section 15 hereof. For purposes of such computations,  
724 Tax-Exempt Bond proceeds shall be deemed to have been expended first.

725 **SECTION 18. Future Parity Bonds.**

726 A. No Additional Sales Tax Bonds. The county previously covenanted and  
727 agreed that it will issue no additional Sales Tax Bonds under the Master Resolution and  
728 will issue no others bonds or obligations with a lien upon the Two-tenths Sales Tax  
729 Revenues superior to the lien thereon of the Parity Bonds.

730 B. Future Parity Bonds (other than Refunding Bonds). The county expressly  
731 reserves the right to issue Future Parity Bonds for any lawful purpose of the county  
732 related to the System if at the time of issuing such Future Parity Bonds:

733 (i) There shall be no deficiency in the Bond Fund.

734 (ii) There shall be on file with the clerk of the council a certificate of the  
735 Finance Director stating that the amount of Two-tenths Sales Tax Revenues received for  
736 any period of twelve consecutive months during the eighteen months preceding the  
737 Closing date for such Future Parity Bonds was at least equal to 1.5 times the maximum  
738 amount required in each calendar year that such Future Parity Bonds would be  
739 outstanding to pay:

740 (a) The principal of the Future Parity Bonds being issued and all other  
741 outstanding Parity Bonds (other than amortization of principal of Term Bonds).

742 (b) The interest on the Future Parity Bonds being issued and on all other  
743 outstanding Parity Bonds, exclusive of any interest that will be payable from the proceeds  
744 of the Future Parity Bonds to be issued.

745 (c) The amounts required to be paid into any fund or account to amortize the  
746 principal of any of the Future Parity Bonds that are Term Bonds and all other outstanding  
747 Parity Bonds that are Term Bonds.

748 C. Future Parity Bonds that are Refunding Bonds.

749 (i) For the purpose of refunding at or prior to their maturity any outstanding  
750 Parity Bonds or any bonds or other obligations of the county payable from the Two-  
751 tenths Sales Tax Revenues, the county may at any time issue Future Parity Bonds without  
752 complying with the provisions of Section 18.B hereof; provided, however, that the county  
753 shall not issue Future Parity Bonds for such purpose under this Section 18.C unless there  
754 shall have been filed with the clerk of the council a certificate of the Finance Director  
755 stating that immediately after the issuance of such Future Parity Bonds the annual debt  
756 service for each year that any Parity Bonds (other than the refunding bonds proposed to  
757 be issued) are then outstanding shall not be increased by more than \$5,000 by reason of  
758 the issuance of such Future Parity Bonds.

759 (ii) The principal amount of such Future Parity Bonds may include amounts  
760 necessary to pay the principal of the bonds or other obligations to be refunded, interest  
761 thereon to the date of payment or redemption thereof, any premium payable thereon upon  
762 such payment or redemption and the costs of issuance of such Future Parity Bonds. The  
763 proceeds of such Future Parity Bonds shall be held and applied in such manner,  
764 consistent with the provisions of Section 25 hereof, as is provided in the ordinance  
765 providing for the issuance of such Future Parity Bonds, so that upon the delivery of such  
766 Future Parity Bonds, the bonds or other obligations to be refunded thereby shall be  
767 deemed to be no longer outstanding.

768 (iii) At the election of the county, the provisions of this Section 18.C shall not  
769 be applicable to the refunding at one time of all the Parity Bonds then outstanding.

770 (iv) Future Parity Bonds for the purpose of refunding outstanding Parity Bonds  
771 or bonds or other obligations of the county payable from Two-tenths Sales Tax Revenues  
772 may also be issued upon compliance with the provisions of Section 18.B hereof.

773 (v) Nothing contained in this ordinance shall prohibit or prevent, or be deemed  
774 or construed to prohibit or prevent, the county from issuing Future Parity Bonds to refund  
775 maturing Parity Bonds for the payment of which money is not otherwise available.

776 D. Subordinate Obligations. Nothing in this ordinance shall prohibit, or be  
777 deemed or construed to prohibit, the county from authorizing and issuing bonds, notes or  
778 other evidences of indebtedness for any purpose of the county related to the System  
779 payable in whole or in part from Sales Tax Revenues and secured by a lien on Two-tenths  
780 Sales Tax Revenues that is junior, subordinate and inferior to the lien thereon of the  
781 Outstanding Parity Bonds and the Bonds.

782 SECTION 19. Sale of Bonds.

783 A. Determination by Finance Director. The Finance Director shall determine, in  
784 consultation with the county's financial advisors, whether the Bonds shall be sold by  
785 negotiated sale or by competitive bid. The authority to issue any of the Bonds authorized  
786 hereunder shall terminate two years from the effective date of this ordinance.

787 B. Procedure for Negotiated Sale. If the Finance Director determines that the any  
788 series of the Bonds shall be sold by negotiated sale, the Finance Director shall, in  
789 accordance with applicable county procurement procedures, solicit one or more  
790 underwriting firms with which to negotiate the sale of those Bonds. The purchase

791 contract for each series of the Bonds shall establish the year and series designation, date,  
792 principal amount, interest payment dates, interest rates, maturity schedule and redemption  
793 provisions of such series of Bonds, so long as the aggregate principal amount of the  
794 Bonds to be outstanding following the issuance of such series of Bonds does not exceed  
795 \$103,000,000. The county council, by Sale Motion, shall ratify and approve the bond  
796 purchase contract, ratify the identification of the Refunded Bonds to be refunded by such  
797 series of Bonds, their respective redemption dates and the Government obligations to be  
798 purchased to undertake such refunding, and ratify the terms of the series of Bonds  
799 established thereby.

800 C. Procedure for Sale by Competitive Bid. If the Finance Director determines  
801 that any series of the Bonds shall be sold by competitive bid, bids for the purchase of  
802 each series of the Bonds shall be received at such time or place and by such means as the  
803 Finance Director shall direct. The Finance Director is authorized to prepare an official  
804 notice of bond sale for each series of the Bonds to be sold pursuant to competitive bid,  
805 establishing in such notice the year and series designation, date, principal amount,  
806 interest payment dates, maturity schedule and redemption provisions of such Bonds, so  
807 long as the aggregate principal amount of the Bonds to be outstanding following the  
808 issuance of such series of Bonds does not exceed \$103,000,000. The official notice of  
809 bond sale or an abridged form thereof shall be published in such newspapers or financial  
810 journals as may be deemed desirable or appropriate by the financial advisors to the  
811 county.

812 Upon the date and time established for the receipt of bids for series of the Bonds,  
813 the Finance Director or his designee shall open the bids, shall cause the bids to be

814 mathematically verified and shall report to the county council regarding the bids  
815 received. Such bids shall then be considered and acted upon by the county council in an  
816 open public meeting. The county council reserves the right to reject any and all bids for  
817 any series of the Bonds. The county council, by the Sale Motion, shall identify the  
818 Refunded Bonds to be refunded by such series of Bonds, their respective redemption  
819 dates and the Government obligations to be purchased to undertake such refunding, and  
820 ratify the year and series designation, date principal amounts and maturity dates, interest  
821 rates and interest payment dates, redemption provisions and delivery date for such series  
822 of the Bonds, and accept the bid for the purchase of such series of Bonds.

823 **SECTION 20. Delivery of Bonds.** Following the sale of each series of the  
824 Bonds, the county shall cause definitive Bonds of such series to be prepared, executed  
825 and delivered to the purchaser thereof in accordance with the provisions of this  
826 ordinance, with the approving legal opinion of municipal bond counsel regarding the  
827 Bonds.

828 If definitive Bonds of any series are not ready for delivery by the date established  
829 for their delivery to the initial purchaser, then the Finance Director, upon the approval of  
830 the purchaser, may cause to be issued and delivered to the purchaser one or more  
831 temporary Bonds of the same series with appropriate omissions, changes and additions.  
832 Any temporary Bond or Bonds shall be entitled and subject to the same benefits and  
833 provisions of this ordinance with respect to the payment, security and obligation thereof a  
834 definitive Bonds authorized thereby. Such temporary Bond or Bonds shall be  
835 exchangeable without cost to the owners thereof for definitive Bonds of the same series  
836 when the latter are ready for delivery.

837            **SECTION 21. Preliminary Official Statement Declaration.** The county  
838 authorizes and directs the Finance Director: (i) to review and approve the information  
839 contained in the preliminary official statement (the "Preliminary Official Statement")  
840 prepared in connection with the sale of each series of the Bonds; and (ii) for the sole  
841 purpose of the Bond purchasers' compliance with Section (b)(1) of the Rule, to "deem  
842 final" that Preliminary Official Statement as of its date, except for the omission of  
843 information on offering prices, interest rates, selling compensation, delivery dates, any  
844 other terms or provisions subject to final pricing, ratings, and other terms of the Bonds  
845 dependent on such matters and the identity of the Bond purchasers. After each  
846 Preliminary Official Statement has been reviewed and approved in accordance with the  
847 provisions of this section, the county hereby authorizes distribution of such Preliminary  
848 Official Statement to prospective purchasers of such series of Bonds.

849            **SECTION 22. Approval of Official Statement.** Following the sale of each  
850 series of the Bonds in accordance with Section 19 of this ordinance, the Finance Director  
851 is hereby authorized to review and approve on behalf of the county a final official  
852 statement with respect to such series of Bonds. The county agrees to cooperate with the  
853 purchaser of each series of Bonds to deliver or cause to be delivered, within seven  
854 business days from the date of the Sale Motion (or within such other period as may be  
855 required by applicable law) and in sufficient time to accompany any confirmation that  
856 requests payment from any customer of the purchaser, copies of the final official  
857 statement pertaining to such Bonds in sufficient quantity to comply with paragraph (b)(4)  
858 of the Rule and the rules of the MSRB.

859            **SECTION 23. Undertaking to Provide Ongoing Disclosure.** In the Sale  
860 Motion, the county council will set forth an undertaking for ongoing disclosure with  
861 respect to the Bonds, as required by Section (b)(5) of the Rule.

862            **SECTION 24. General Authorization.** The appropriate county officials, agents  
863 and representatives are hereby authorized and directed to do everything necessary for the  
864 prompt sale, issuance, execution and delivery of the Bonds, and for the proper use and  
865 application of the proceeds of the sale thereof.

866            **SECTION 25. Refunding or Defeasance of the Bonds.** The county may issue  
867 refunding bonds pursuant to the laws of the State of Washington or use money available  
868 from any other lawful source to pay when due the principal of and interest on the Bonds,  
869 or any portion thereof included in a refunding or defeasance plan, and to redeem and  
870 retire, refund or defease all such then-outstanding Bonds (hereinafter collectively called  
871 the "defeased Bonds") and to pay the costs of the refunding or defeasance. If money  
872 and/or Government Obligations maturing at a time or times and bearing interest in  
873 amounts (together with money, if necessary) sufficient to redeem and retire, refund or  
874 defease the defeased Bonds in accordance with their terms are set aside in a special trust  
875 fund or escrow account irrevocably pledged to that redemption, retirement or defeasance  
876 of defeased Bonds (hereinafter called the "trust account"), then all right and interest of the  
877 owners of the defeased Bonds in the covenants of this ordinance and in the funds and  
878 accounts obligated to the payment of the defeased Bonds shall cease and become void.  
879 The owners of defeased Bonds shall have the right to receive payment of the principal of  
880 and interest on the defeased Bonds from the trust account. The county shall include in  
881 the refunding or defeasance plan such provisions as the county deems necessary for the

882 random selection of any defeased Bonds that constitute less than all of a particular  
883 maturity of the Bonds, for notice of the defeasance to be given to the owners of the  
884 defeased Bonds and to such other persons as the county shall determine, and for any  
885 required replacement of Bond certificates for defeased Bonds. The defeased Bonds shall  
886 be deemed no longer outstanding, and the county may apply any money in any other fund  
887 or account established for the payment or redemption of the defeased Bonds to any lawful  
888 purposes as it shall determine.

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

892 SECTION 26. Supplemental Ordinances. The county council from time to  
893 time and at any time may adopt an ordinance or ordinances supplemental to this  
894 ordinance which supplemental ordinance or ordinances thereafter shall become a part of  
895 this ordinance, for any one or more of the following purposes:

896 A. To add to the covenants and agreements of the county in this ordinance such  
897 other covenants and agreements thereafter to be observed, which shall not adversely  
898 affect the interests of the holders and owners of any Parity Bonds, or to surrender any  
899 right or power herein reserved to or conferred upon the county.

900 B. To make such provisions for the purpose of curing any ambiguities or of  
901 curing, correcting or supplementing any defective provision contained in this ordinance  
902 or any ordinance authorizing Future Parity Bonds in regard to matters or questions arising  
903 under such ordinances as the county council may deem necessary or desirable and not



904 inconsistent with such ordinances and which shall not materially adversely affect the  
905 interest of the holders and owners of Parity Bonds.

906           SECTION 27. Contract; Severability. The covenants contained in this  
907 ordinance shall constitute a contract between the county and the owners of each and  
908 every Bond. If any one or more of the covenants or agreements provided in this  
909 ordinance to be performed on the part of the county are deemed by any court of  
910 competent jurisdiction to be contrary to law, then such covenant or covenants, agreement  
911 or agreements, shall be null and void and shall be deemed separable from the remaining  
912 covenants and agreements of this ordinance and shall in no way affect the validity of the  
913 other provisions of this ordinance or of the Bonds.

914           SECTION 28. Complete Alternative. This ordinance shall be deemed to  
915 provide a complete, additional and alternative method for the performance of those  
916 subjects authorized hereby and shall be regarded as supplemental and additional to  
917 powers conferred by other county ordinances. Whenever Bonds are issued and sold in  
918 conformance with this ordinance, such issuance and sale need not comply with contrary  
919

**Ordinance 16231**

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920 requirements of any other county ordinance applicable to the issuance and sale of bonds  
921 or other obligations.

922

Ordinance 16231 was introduced on 8/25/2008 and passed by the Metropolitan King County Council on 9/8/2008, by the following vote:

Yes: 8 - Ms. Patterson, Mr. Dunn, Mr. Constantine, Ms. Lambert, Mr. von Reichbauer, Mr. Gossett, Mr. Phillips and Ms. Hague

No: 0

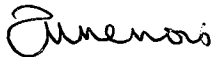
Excused: 1 - Mr. Ferguson

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



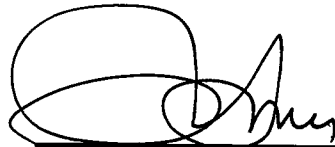
Julia Patterson, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 15 day of September, 2008.



Ron Sims, County Executive

**Attachments**      None