



Signature Report

May 7, 2007

Ordinance 15758

Proposed No. 2007-0178.1

Sponsors Phillips

1 AN ORDINANCE authorizing the issuance of sewer revenue
2 bonds of the county in the aggregate principal amount of not to
3 exceed \$250,000,000 to provide funds for acquiring and
4 constructing improvements to the sewer system of the county;
5 providing for the form, terms and covenants of such bonds;
6 providing for the sale of the bonds; establishing funds for the
7 receipt and expenditure of bond proceeds and for the payment
8 of the bonds; pledging sewer revenues to pay the principal of
9 and interest on the bonds; and amending the ordinances
10 authorizing certain currently outstanding sewer revenue bonds
11 of the county.

12
13 **PREAMBLE:**

14 The county owns and operates facilities for the conveyance and treatment
15 of sewage and control of combined sewer overflows that include, but are
16 not limited to, wastewater treatment plants, interceptor and trunk sewers,
17 pumping stations, regulator stations, outfall sewers, storm sewers to divert

18 stormwater from sanitary sewers, lands for application of biosolids,
19 property rights, and buildings and other structures (collectively the "Sewer
20 System" or the "System"), all in accordance with a comprehensive plan for
21 metropolitan water pollution abatement under the authority of chapters
22 36.56 and 35.58 of the Revised Code of Washington ("RCW").

23 Long term service agreements with participating municipalities (the
24 "Participants") obligate the county to treat and dispose of sewage collected
25 by the Participants. The Participants must pay the costs of such services
26 including debt service on sewer revenue bonds, including the bonds
27 authorized herein, and other indebtedness payable from and secured by
28 sewer revenues. Comparable rates and charge have been established for
29 customers who deliver sewage to the System but are not subject to a
30 contract with the county for such service.

31 In accordance with RCW 35.58.200(3), the county has declared that the
32 health, safety and welfare of people within the metropolitan area require
33 that certain Participants discharge sewage collected by such Participants
34 into facilities of the System.

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

| Designation | Ordinance | Date of Issue | Original Principal | Outstanding Principal (1/1/2007) |
|--------------------|------------------|----------------------|-------------------------------|---|
| 1999 (2nd) Bonds | 13650 | 11/01/1999 | \$ 60,000,000 | \$ 2,270,000 |

| Designation | Ordinance | Date of Issue | Original Principal | Outstanding Principal (1/1/2007) |
|--------------------|------------------|----------------------|-------------------------------|---|
| 2001 Bonds | 14225 | 11/28/2001 | 270,060,000 | 229,925,000 |
| 2002A Bonds | 14406 | 8/14/2002 | 100,000,000 | 94,960,000 |
| 2002B Bonds | 14406 | 10/03/2002 | 346,130,000 | 291,715,000 |
| 2003A Bonds | 14406 | 4/24/2003 | 96,470,000 | 93,005,000 |
| 2004A Bonds | 14753 | 3/18/2004 | 185,000,000 | 185,000,000 |
| 2004B Bonds | 14753 | 3/18/2004 | 61,760,000 | 59,840,000 |
| 2006 Bonds | 15385 | 5/16/2006 | 124,070,000 | 124,070,000 |
| 2006 (2nd) Bonds | 15385 | 11/30/2006 | 193,435,000 | 193,435,000 |

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

| Designation | Ordinance | Date of Issue | Original Principal | Outstanding Principal (1/1/2007) |
|--------------------|------------------|----------------------|-------------------------------|---|
| Series 1996 | 12314 | 12/15/1996 | \$ 130,965,000 | \$ 2,730,000 |
| Series 1998 | 13256 | 9/15/1998 | 261,625,000 | 247,810,000 |
| Series 2005 | 15033 | 4/21/2005 | 200,000,000 | 200,000,000 |

41 It is deemed necessary and desirable that the county issue and sell its
 42 sewer revenue bonds in the aggregate principal amount of \$250,000,000

43 (the "Bonds") to pay costs of certain capital improvements to the System,
44 in accordance with the comprehensive plan. The county wishes to
45 delegate to the county's Finance Director authority to sell the Bonds in one
46 or more series, by competitive bid or negotiated sale, as provided in this
47 ordinance.

48 The ordinances authorizing the issuance of the outstanding Parity Bonds
49 and Parity Lien Obligations all provide that the county may issue
50 additional sewer revenue bonds on a parity with the outstanding Parity
51 Bonds if certain conditions are met. The county council has found and
52 determined that such parity conditions have been or will be met, and
53 therefore the pledge of revenues of the Sewer System to secure such bonds
54 shall be on a parity with the pledge of such revenues to secure the
55 outstanding Parity Bonds.

56 The county wishes to clarify an ambiguity in the ordinances authorizing
57 the currently outstanding Parity Bonds by providing (i) that payments for
58 amortizing Term Bonds shall be made from the Debt Service Account and
59 (ii) that the Reserve Account is available to make up any deficiency that
60 might occur in making such required amortization payments for
61 outstanding Term Bonds.

62 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

66 "Accreted Value" means with respect to any Parity Bonds that are Capital
67 Appreciation Bonds, as of any date of calculation, the sum of the amounts set forth in the
68 ordinance, resolution or motion authorizing such bonds as the amounts representing the
69 initial principal amount of such bonds plus the interest accumulated, compounded and
70 unpaid thereon as of the most recent compounding date, as provided in the ordinance,
71 resolution or motion authorizing the issuance of such bonds; provided that if such
72 calculation is not made as of a compounding date, such amount shall be determined by
73 straight-line interpolation as of the immediately preceding and the immediately
74 succeeding compounding dates.

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

79 "Annual Parity Debt Service" means, with respect to any calendar year, the sum
80 of the following:

81 (1) The interest due for all outstanding Parity Bonds (i) on all interest payment
82 dates (other than January 1) in such calendar year, and (ii) on January 1 of the next
83 succeeding year, and any Payment Agreement Payments due on such dates in respect of
84 Parity Payment Agreements, minus any Payment Agreement Receipts due in such period
85 in respect of such Parity Payment Agreements.

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

89 (ii) The amount of interest deemed to be payable on any issue of Variable Rate
90 Parity Bonds shall be calculated on the assumption that the interest rate on those bonds
91 would be equal to the rate (the "assumed RBI rate") that is 90% of the average Bond
92 Buyer Revenue Bond Index or comparable index during the fiscal quarter preceding the
93 quarter in which the calculation is made; provided, however, that for purposes of
94 determining actual compliance in any past calendar year with the rate covenant made in
95 Section 15 of this ordinance, the actual amount of interest paid on any issue of Variable
96 Rate Parity Bonds shall be taken into account.

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

101 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or
102 upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation
103 Bonds, shall be included in the calculation of Annual Debt Service and references in this
104 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or
105 upon the mandatory redemption of any Capital Appreciated Bonds.

106 Notwithstanding the foregoing, debt service on Parity Bonds with respect to
107 which a Payment Agreement is in force shall be calculated by the county to reflect the net
108 economic effect of the terms of the Parity Bonds and the applicable Payment Agreement,
109 in accordance with the requirements set forth in Section 23 of this ordinance.

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

112 "Bond Fund" means the "Water Quality Revenue Bond Account" designated
113 pursuant to Section 30 of Ordinance No. 12076 of the county for the purpose of paying
114 and securing the payment of the Parity Bonds.

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

117 "Bond Registrar" means the fiscal agency of the State of Washington in either
118 Seattle, Washington, or New York, New York, for the purposes of registering and
119 authenticating the Bonds, maintaining the Bond Register, effecting the transfer of
120 ownership of the Bonds and paying the principal of and interest and premium, if any, on
121 the Bonds.

122 "Bond Reserve" or "Bond Reserve Account" means the bond reserve account in
123 the Bond Fund securing the payment of the Parity Bonds.

124 "Bonds" means all or a portion of the sewer revenue bonds of the county
125 authorized to be issued in an aggregate principal amount of not to exceed \$250,000,000,
126 in one or more series, pursuant to this ordinance to pay costs of acquiring and constructing
127 improvements to the System in accordance with the Comprehensive Plan.

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

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

138 "Closing" means the delivery of a series of the Bonds to, and payment of the
139 purchase price therefor by, the initial purchasers of such series of the Bonds.

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

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

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

149 "Comprehensive Plan" means the county's comprehensive water pollution
150 abatement plan authorized by RCW 35.58.200 and defined in Section 28.82.150 of the
151 King County Code as the Comprehensive Sewage Disposal Plan adopted by Resolution
152 No. 23 of the Metro Council on April 22, 1959, and all amendments thereto, together
153 with any amendments hereafter approved by ordinance of the county.

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

156 "Credit Facility" means any letter of credit, standby bond purchase agreement,
157 line of credit, surety bond, insurance policy or other insurance commitment or similar

158 agreement (but not including a Payment Agreement), satisfactory to the county, that is
159 provided by a commercial bank, insurance company or other financial institution with a
160 current long term rating (or whose obligations thereunder are guaranteed by a financial
161 institution with a long term rating) from Moody's and S&P not lower than the credit
162 rating of any series of Parity Bonds, to provide support for a series of Parity Bonds, and
163 shall include any substitute therefor in accordance with the provisions of the ordinance
164 providing for the issuance of Parity Bonds supported by a Credit Facility.

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

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

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

170 "Future Parity Bonds" means any sewer revenue bonds, warrants or other
171 obligations that may be issued in the future as Parity Bonds.

172 "Government Obligations" means those obligations now or hereafter defined as
173 such in Chapter 39.53 RCW, as now in existence or hereafter amended or restated.

174 "Junior Lien Obligations" means the county's Junior Lien Variable Rate Demand
175 Sewer Revenue Bonds, Series 2001A and Series 2001B, issued under date of August 15,
176 2001, as authorized by Ordinances 14171 and 14172, the county's Junior Lien
177 Multi-Modal Sewer Revenue Bonds, Series 2006A and 2006B, issued under date of
178 October 4, 2006, as authorized by Ordinances 15584 and 15585, and any other revenue
179 bonds or other revenue obligations having a lien on Revenue of the System equal to the
180 lien thereon of such bonds.

181 "Moody's" means Moody's Investors Service, a corporation duly organized and
182 existing under and by virtue of the laws of the State of Delaware, and its successors and
183 assigns, except that if such corporation shall be dissolved or liquidated or shall no longer
184 perform the functions of a securities rating agency, then the term "Moody's" shall be
185 deemed to refer to any other nationally recognized securities rating agency selected by
186 the county.

187 "MSRB" means the Municipal Securities Rulemaking Board or any successor to
188 its functions.

189 "Net Revenue" means Revenue of the System less Operating and Maintenance
190 Expenses.

191 "NRMSIR" means a nationally recognized municipal securities information
192 repository.

193 "Operating and Maintenance Expenses" means all normal expenses incurred by
194 the county in causing the System to be maintained in good repair, working order and
195 condition and shall include payments to any private or governmental agency for the
196 operation or maintenance of facilities or for the disposal of sewage but shall exclude any
197 allowance for depreciation.

198 "Parity Bonds" means the bonds identified as such in the Preamble to this
199 ordinance, together with the Bonds and any Future Parity Bonds. "Parity Bonds" include
200 any Parity Payment Agreements and parity reimbursement agreements entered into with
201 the provider of a Credit Facility.

202 "Parity Lien Obligation Bond Fund" means the Water Quality Limited Tax
203 General Obligation Bond Redemption Fund, established pursuant to Section 8 of
204 Ordinance 11241 of the county, to provide for payment of Parity Lien Obligations.

205 "Parity Lien Obligations" means bonds identified as such in the Preamble to this
206 ordinance together with any future Parity Lien Obligations. "Parity Lien Obligations"
207 include any Parity Lien Obligation Payment Agreements and parity reimbursement
208 agreements entered into with the provider of a credit facility securing any Parity Lien
209 Obligations.

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

215 "Parity Payment Agreement" means a Payment Agreement under which the
216 county's payment obligations are expressly stated to constitute a charge and lien on the
217 Revenue of the System equal in rank with the charge and lien upon such revenue securing
218 amounts required to be paid into the Bond Fund to pay and secure the payment of
219 principal of and interest on the Parity Bonds.

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

221 "Payment Agreement" means, to the extent permitted from time to time by
222 applicable law, a written agreement entered into by the county (i) in connection with or
223 incidental to the issuance, incurring or carrying of bonds or other obligations of the
224 county secured in whole or in part by a lien on Revenue of the System; (ii) for the

225 purpose of managing or reducing the county's exposure to fluctuations or levels of
226 interest rates, currencies or commodities or for other interest rate, investment, asset or
227 liability management purposes; (iii) with a Qualified Counterparty; and (iv) which
228 provides, on either a current or forward basis, for an exchange of payments determined in
229 accordance with a formula specified therein.

230 "Payment Agreement Payments" means the amounts periodically required to be
231 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The
232 term "Payment Agreement Payments" does not include any termination payment required
233 to be paid with respect to a Payment Agreement.

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

236 "Professional Utility Consultant" means a licensed professional engineer, a
237 Certified Public Accountant, or other independent person(s) or firm(s) selected by the
238 county having a favorable reputation for skill and experience with sewer systems of
239 comparable size and character to the System in such areas as are relevant to the purposes for
240 which they are retained.

241 "Public Works Trust Fund Loans" means loans to the county by the State of
242 Washington Department of Community, Trade and Economic Development under the
243 Public Works Trust Fund loan program pursuant to loan agreements in effect as of the
244 date of this ordinance and any loan agreements hereafter entered into by the county under
245 the Public Works Trust Fund loan program, the repayment obligations of which are
246 secured by a lien on Revenue of the System equal to the lien thereon established by such
247 loan agreements.

248 "Qualified Counterparty" means with respect to a Payment Agreement an entity
249 (i) whose senior long term debt obligations, other senior unsecured long term obligations
250 or claims paying ability or whose payment obligations under a Payment Agreement are
251 guaranteed by an entity whose senior long term debt obligations, other senior unsecured
252 long term obligations or claims paying ability are rated (at the time the Payment
253 Agreement is entered into) at least as high as A3 by Moody's and A- by S&P, or the
254 equivalent thereof by any successor thereto, and (ii) who is otherwise qualified to act as
255 the other party to a Payment Agreement under any applicable laws of the State.

256 "Qualified Insurance" means any unconditional municipal bond insurance policy
257 or surety bond issued by any insurance company licensed to conduct an insurance
258 business in any state of the United States or by a service corporation acting on behalf of
259 one or more such insurance companies, which insurance company or service corporation
260 is rated in one of the two highest rating categories by Moody's, S&P, and any other rating
261 agency then maintaining a rating on the Bonds, provided, that, as of the time of issuance
262 of such policy or surety bond, such insurance company or companies maintain a policy
263 owner's surplus in excess of \$500,000,000.

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

270 "Rate Stabilization Fund" means the fund of that name created pursuant to Section
271 13.D of Ordinance 12314 of the county.

272 "RCW" means the Revised Code of Washington.

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

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

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

280 "Revenue Fund" means the "Water Quality Operating Account" as designated by
281 Section 30 of Ordinance 12076 of the county.

282 "Revenue of the System" means all the earnings, revenues and money received by
283 the county from or on account of the operations of the Sewer System and the income
284 from the investment of money in the Revenue Fund or any account within such fund, but
285 shall not include any money collected pursuant to the Service Agreements applicable to
286 administrative costs of the county other than costs of administration of the System.

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

289 "S&P" means Standard and Poor's Ratings Services, a Division of The McGraw
290 Hill Companies, duly organized and existing under and by virtue of the laws of the State
291 of New York, and its successors and assigns, except that if such corporation shall be
292 dissolved or liquidated or shall no longer perform the functions of a securities rating

293 agency, then the term "S&P" shall be deemed to refer to any other nationally recognized
294 securities rating agency selected by the county.

295 "Sale Motion" means a motion of the county council approving each sale of a
296 series of the Bonds, in accordance with Section 23 hereof.

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

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

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

309 "State" means the State of Washington.

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

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

315 "Tax Certificate" means the Federal Tax Certificate with respect to certain federal
316 tax matters executed on behalf of the County upon the issuance of each series of the
317 Bonds.

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

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

323 "Variable Rate Parity Bonds" means Parity Bonds bearing interest at a variable
324 rate of interest, provided that at least one of the following conditions is met: (i) at the
325 time of issuance the county has entered into a Payment Agreement with respect to such
326 Parity Bonds, which Agreement converts the effective interest rate to the county on the
327 Variable Rate Parity Bonds from a variable interest rate to a fixed interest rate, or (ii) the
328 Parity Bonds bear interest at a variable rate but are issued concurrently in equal par
329 amounts with other Parity Bonds bearing interest at a variable rate and which are required
330 to remain outstanding in equal amounts at all times, if the net effect of such equal par
331 amounts and variable rates at all times is a fixed rate of interest to the county.

332 **SECTION 2. Findings.** In accordance with the provisions of the ordinances
333 authorizing the issuance of the currently outstanding Parity Bonds, which permit the
334 issuance of additional Parity Bonds upon compliance with the conditions set forth therein
335 (the "Parity Conditions"), the county council hereby finds and determines, as follows:

336 (i) The Bonds are to be issued for the purpose of acquiring, constructing and
337 installing portions of the Comprehensive Plan and for acquiring, constructing and installing
338 necessary renewals or replacements of the System.

339 (ii) There is not now, and when any series of Bonds are issued there shall not
340 then be, any deficiency in the Bond Fund or any account therein.

341 (iii) This ordinance provides for payment out of the Bond Fund of the principal
342 of and interest on the Bonds and provides for satisfaction of the Reserve Requirement, as
343 required by the Parity Conditions.

344 (iv) The county shall have on file at the Closing of each series of the Bonds a
345 certificate of the Finance Director or of a Professional Utility Consultant to satisfy the
346 revenue test for issuance of Future Parity Bonds required by the Parity Conditions.

347 The applicable Parity Conditions having been complied with in connection with
348 the issuance of the Bonds, the pledge contained herein of Revenue of the System to pay
349 and secure the payment of the Bonds shall constitute a lien and charge upon such revenue
350 equal in rank with the lien and charge upon the Revenue of the System to pay and secure
351 the payment of the outstanding Parity Bonds.

352 **SECTION 3. Authorization of Bonds.** To provide funds necessary to pay costs
353 of acquiring, constructing and equipping improvements, additions or betterments to the
354 System set forth in the Comprehensive Plan, the county shall issue the Bonds in the
355 aggregate principal amount of \$250,000,000. The Bonds shall be issued and sold in one
356 or more series, as provided in Section 23, each series to be designated as "King County,
357 Washington, Sewer Revenue Bonds" with an applicable year and series designation. The
358 Bonds shall be fully registered as to both principal and interest, shall be in the

359 denomination of \$5,000 each or any integral multiple thereof (but no Bond shall represent
360 more than one maturity), shall be numbered separately in such manner and with any
361 additional designation as the Bond Registrar deems necessary for purposes of
362 identification, and shall be dated as of such date and shall mature on the dates, in the
363 years and the amounts established as provided in Section 23 hereof.

364 Each series of the Bonds shall bear interest (computed on the basis of a 360-day
365 year of twelve 30-day months) from their date or from the most recent interest payment
366 date for which interest has been paid or duly provided for, whichever is later, payable on
367 interest payment dates and at the rate or rates established as provided in Section 23 hereof
368 and ratified and confirmed by a Sale Motion. The Accreted Values of any Bonds that are
369 Capital Appreciation Bonds shall be set forth in a Sale Motion.

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

371 A. **Bond Registrar/Bond Register.** In accordance with KCC 4.84, the county
372 hereby adopts for the Bonds the system of registration specified and approved by the
373 Washington State Finance Committee, which utilizes the fiscal agencies of the State of
374 Washington in Seattle, Washington, and New York, New York, as registrar,
375 authenticating agent, paying agent and transfer agent (collectively, the "Bond Registrar").
376 The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office,
377 sufficient books for the registration and transfer of the Bonds, which shall at all times be
378 open to inspection by the county. The Bond Registrar is authorized, on behalf of the
379 county, to authenticate and deliver the Bonds transferred or exchanged in accordance
380 with the provisions of such Bonds and this ordinance and to carry out all of the Bond
381 Registrar's powers and duties under this ordinance.

382 The Bond Registrar shall be responsible for its representations contained in the
383 Certificate of Authentication on the Bonds. The Bond Registrar may become the
384 Registered Owner of Bonds with the same rights it would have if it were not the Bond
385 Registrar, and to the extent permitted by law may act as depository for and permit any of
386 its officers or directors to act as a member of, or in any other capacity with respect to, any
387 committee formed to protect the rights of Registered Owners.

388 B. Registered Ownership. The county and the Bond Registrar, each in its
389 discretion, may deem and treat the Registered Owner of each Bond as the absolute owner
390 thereof for all purposes, and neither the county nor the Bond Registrar shall be affected
391 by any notice to the contrary. Payment of any such Bond shall be made only as described
392 in Section 4.G hereof, but such registration may be transferred as herein provided. All
393 such payments made as described in Section 4.G shall be valid and shall satisfy and
394 discharge the liability of the county upon such Bond to the extent of the amount or
395 amounts so paid. The county and the Bond Registrar shall be entitled to treat the person
396 in whose name any Bond is registered as the absolute owner thereof for all purposes of
397 this ordinance and any applicable laws, notwithstanding any notice to the contrary
398 received by the Bond Registrar or the county.

399 C. DTC Acceptance/Letter of Representations. The Bonds initially issued shall
400 be held in fully immobilized form by DTC acting as depository. To induce DTC to
401 accept the Bonds as eligible for deposit at DTC, the county has heretofore executed and
402 delivered to DTC a Blanket Issuer Letter of Representations.

403 Neither the county nor the Bond Registrar will have any responsibility or
404 obligation to DTC participants or the persons for whom they act as nominees with respect

405 to the Bonds in respect of the accuracy of any records maintained by DTC or any DTC
406 participant, the payment by DTC or any DTC participant of any amount in respect of the
407 principal of or interest on the Bonds, any notice which is permitted or required to be
408 given to Registered Owners under this ordinance (except such notices as shall be required
409 to be given by the county to the Bond Registrar or to DTC), or any consent given or other
410 action taken by DTC as the Registered Owner. For so long as any Bonds are held in fully
411 immobilized form hereunder, DTC or its successor depository shall be deemed to be the
412 Registered Owner for all purposes hereunder, and all references herein to the Registered
413 Owners shall mean DTC or its nominee and shall not mean the owners of any beneficial
414 interest in the Bonds.

415 D. Use of Depository.

416 (1) The Bonds shall be registered initially in the name of "Cede & Co.," as
417 nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds of
418 each series in a denomination corresponding to the total principal therein designated to
419 mature on such date. Registered ownership of such immobilized Bonds, or any portions
420 thereof, may not thereafter be transferred except (i) to any successor of DTC or its
421 nominee, provided that any such successor shall be qualified under any applicable laws to
422 provide the service proposed to be provided by it; (ii) to any substitute depository
423 appointed by the county pursuant to subsection (2) below or such substitute depository's
424 successor; or (iii) to any person as provided in subsection (4) below.

425 (2) Upon the resignation of DTC or its successor (or any substitute depository or
426 its successor) from its functions as depository or a determination by the county to
427 discontinue the system of book entry transfers through DTC or its successor (or any

428 substitute depository or its successor), the county may hereafter appoint a substitute
429 depository. Any such substitute depository shall be qualified under any applicable laws
430 to provided the services proposed to be provided by it.

431 (3) In the case of any transfer pursuant to clause (i) or (ii) of subsection (1)
432 above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a
433 written request on behalf of the county, issue a single new Bond for each maturity of such
434 Bonds then outstanding, registered in the name of such successor or such substitute
435 depository, or their nominees, as the case may be, all as specified in such written request
436 of the county.

437 (4) In the event that (i) DTC or its successor (or substitute depository or its
438 successor) resigns from its functions as depository, and no substitute depository can be
439 obtained, or (ii) the county determines that it is in the best interest of the beneficial
440 owners of any of the Bonds that they be able to obtain such Bonds in the form of bond
441 certificates, the ownership of Bonds may then be transferred to any person or entity as
442 herein provided, and the Bonds shall no longer be held in fully immobilized form. The
443 county shall deliver a written request to the Bond Registrar, together with a supply of
444 definitive Bonds, to issue Bonds as herein provided in any authorized denomination.
445 Upon receipt of all then outstanding Bonds by the Bond Registrar together with a written
446 request on behalf of the county to the Bond Registrar, new Bonds shall be issued in such
447 denominations and registered in the names of such persons as are requested in such
448 written request.

449 E. Transfer or Exchange of Registered Ownership; Change in Denominations.

450 The registered ownership of any Bond may be transferred or exchanged, but no transfer

451 of any Bond shall be valid unless it is surrendered to the Bond Registrar with the
452 assignment form appearing on such Bond duly executed by the Registered Owner or such
453 Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar.
454 Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall
455 authenticate and deliver, without charge to the Registered Owner or transferee therefor, a
456 new Bond (or Bonds at the option of the new Registered Owner) of the same series, date,
457 maturity and interest rate and for the same aggregate principal amount in any authorized
458 denomination, naming as Registered Owner the person or persons listed as the assignee
459 on the assignment form appearing on the surrendered Bond, in exchange for such
460 surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar
461 and exchanged, without charge, for an equal aggregate principal amount of Bonds of the
462 same date, maturity and interest rate, in any authorized denomination. The Bond
463 Registrar shall not be obligated to transfer or exchange any Bond during a period
464 beginning at the opening of business on the 15th day of the month next preceding any
465 interest payment date and ending at the close of business on such interest payment date,
466 or, in the case of any proposed redemption of the Bonds, after the mailing of notice of the
467 call of such Bonds for redemption.

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

471 G. Place and Medium of Payment. Both principal of and interest on the Bonds
472 shall be payable in lawful money of the United States of America. For so long as all
473 Bonds are in fully immobilized form, payments of principal and interest thereon shall be

474 made as provided in accordance with the operational arrangements of DTC referred to in
475 the Letter of Representations. In the event that the Bonds are no longer held in fully
476 immobilized form, interest on the Bonds shall be paid by check or draft mailed to the
477 Registered Owners at the addresses for such Registered Owners appearing on the Bond
478 Register on the 15th day of the month preceding the interest payment date; provided,
479 however, that if so requested in writing by the Registered Owner of at least \$1,000,000
480 principal amount of a series of Bonds, interest will be paid by wire transfer on the interest
481 payment date to an account with a bank located within the United States. Principal of the
482 Bonds shall be payable upon presentation and surrender of such Bonds by the Registered
483 Owners at the principal office of the Bond Registrar.

484 **SECTION 5. Redemption of Bonds; Open Market Purchases.** The county
485 may reserve the right to redeem outstanding Bonds prior to their maturity on the dates
486 and at the prices established as provided in Section 23 hereof and ratified and confirmed
487 by a Sale Motion. Portions of the principal amount of any Bond, in increments of \$5,000
488 or any integral multiple of \$5,000, may be redeemed.

489 If less than all of the Bonds subject to optional redemption are called for
490 redemption, the county shall choose the maturities to be redeemed. If less than a whole
491 of a maturity is called for redemption, the Bonds to be redeemed shall be chosen at
492 random by the Bond Registrar (or in such other manner as the Bond Registrar may
493 determine) or, so long as the Bonds are registered in the name of CEDE & CO. or its
494 registered assign, the Bonds to be redeemed shall be chosen in accordance with the
495 operational arrangements in effect of DTC.

496 If less than all of the principal amount of any Bond is redeemed, upon surrender
497 of such Bond at the principal office of the Bond Registrar there shall be issued to the
498 Registered Owner, without charge therefor, for the then unredeemed balance of the
499 principal amount thereof, a new Bond or Bonds, at the option of the Registered Owner, of
500 like maturity and interest rate in any denomination authorized by this ordinance.

501 The county reserves the right to purchase any or all of the Bonds on the open
502 market at any time at any price.

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

504 A. Notice of Redemption. Written notice of any redemption of Bonds shall be
505 given by the Bond Registrar on behalf of the county by first class mail, postage prepaid,
506 not less than 30 days nor more than 60 days before the redemption date to the Registered
507 Owners of Bonds that are to be redeemed at their last addresses shown on the Bond
508 Register. So long as the Bonds are in book-entry form, notice of redemption shall be
509 given as provided in the Letter of Representations. The Bond Registrar shall provide
510 additional notice of redemption (at least 30 days) to each NRMSIR and SID, if any, in
511 accordance with the ongoing disclosure provisions to be adopted by the Sale Motion.

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

514 Each notice of redemption shall contain the following information: (1) the
515 redemption date, (2) the redemption price, (3) if less than all outstanding Bonds are to be
516 redeemed, the identification (and, in the case of partial redemption, the principal
517 amounts) of the Bonds to be redeemed, (4) that on the redemption date the redemption
518 price will become due and payable upon each Bond or portion called for redemption, and

519 that interest shall cease to accrue from the redemption date, (5) that the Bonds are to be
520 surrendered for payment at the principal office of the Bond Registrar, (6) the CUSIP
521 numbers of all Bonds being redeemed, (7) the dated date of the Bonds, (8) the rate of
522 interest for each Bond being redeemed, (9) the date of the notice, (10) information
523 regarding the county's right to cancel an optional redemption prior to the designated
524 redemption date by giving notice of such cancellation, and (11) any other information
525 relating to the redemption or to the Bonds being redeemed.

526 Upon the payment of the redemption price of Bonds being redeemed, each check
527 or other transfer of funds issued for such purpose shall bear the CUSIP number
528 identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such
529 check or other transfer.

530 B. Cancellation of Redemption. The county may cancel any notice of an optional
531 redemption of Bonds by giving written notice of such cancellation no later than seven
532 days prior to the designated redemption date to all parties who were given notice of
533 redemption in the in the same manner as such notice was given.

534 C. Effect of Redemption. Unless the county has cancelled a notice of
535 redemption, the county shall transfer to the Bond Registrar amounts that, in addition to
536 other money, if any, held by the Bond Registrar, will be sufficient to redeem, on the
537 redemption date, all the Bonds to be redeemed. From the redemption date interest on
538 each Bond to be redeemed shall cease to accrue.

539 D. Amendment of Notice Provisions. The foregoing notice provisions of this
540 section, including but not limited to the information to be included in redemption notices
541 and the persons designated to receive notices, may be amended by additions, deletions

542 and changes in order to maintain compliance with duly promulgated regulations and
543 recommendations regarding notices of redemption of municipal securities.

544 SECTION 7. Form of Bonds; Execution of Bonds. The Bonds shall be in
545 substantially the form set forth in Exhibit A of this ordinance. The Bonds shall be
546 executed on behalf of the county with the manual or facsimile signatures of the county
547 executive and the clerk of the county council, and shall have the seal of the county
548 impressed or imprinted thereon.

549 In case either or both of the officers who shall have executed the Bonds shall
550 cease to be an officer or officers of the county before the Bonds so signed shall have been
551 authenticated or delivered by the Bond Registrar, or issued by the county, such Bonds
552 may nevertheless be authenticated, delivered and issued and upon such authentication,
553 delivery and issuance shall be as binding upon the county as though those who signed the
554 same had continued to be such officers of the county. Any Bond also may be signed and
555 attested on behalf of the county by such persons as at the actual date of execution of such
556 Bond shall be the proper officers of the county although at the original date of such Bond
557 any such person shall not have been such officer of the county.

558 Only such Bonds as shall bear thereon a Certificate of Authentication in the form
559 set forth in Exhibit A of this ordinance, manually executed by the Bond Registrar, shall
560 be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such
561 Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated
562 have been duly executed, authenticated and delivered hereunder and are entitled to the
563 benefits of this ordinance.

564 **SECTION 8. Mutilated, Lost, or Destroyed Bonds.** If any Bond shall become
565 mutilated, the Bond Registrar shall authenticate and deliver a new Bond of like series,
566 amount, date, interest rate and tenor in exchange and substitution for the Bond so
567 mutilated, upon the owner's paying the expenses and charges of the county and the Bond
568 Registrar in connection therewith and upon surrender to the Bond Registrar of the Bond
569 so mutilated. Every mutilated Bond so surrendered shall be canceled and destroyed by
570 the Bond Registrar.

571 In case the Bonds or any of them shall be lost, stolen or destroyed, the Bond
572 Registrar may authenticate and deliver a new Bond or Bonds of like series, amount, date,
573 and tenor to the Registered Owner thereof upon the owner's paying the expenses and
574 charges of the county and the Bond Registrar in connection therewith and upon his/her
575 filing with the Bond Registrar evidence satisfactory to the Bond Registrar that such Bond
576 or Bonds were actually lost, stolen or destroyed and of his/her ownership thereof, and
577 upon furnishing the county and Bond Registrar with indemnity satisfactory to the Finance
578 Director and the Bond Registrar.

579 **SECTION 9. Bond Fund.** There has heretofore been created a special fund of
580 the county known as the "Water Quality Revenue Bond Account" (the "Bond Fund").
581 The Bond Fund is at all times completely segregated and set apart from all other funds
582 and accounts of the county and is a trust fund for the security and payment of the
583 principal of and interest and any premium on any Parity Bonds. All money credited to
584 the Bond Fund is pledged and ordered to be used for the sole purpose of paying the
585 principal of and interest and any premium on the Parity Bonds.

586 A. Debt Service Account. A "Debt Service Account" has heretofore been
587 established in the Bond Fund. The county hereby obligates and binds itself to set aside
588 and pay into said account out of the Revenue of the System amounts sufficient, together
589 with accrued interest, if any, received at the time of delivery of the Bonds and deposited
590 therein, income from the investment of money in the Debt Service Account and Bond
591 Reserve Account and any other money on deposit in the Debt Service Account and
592 legally available, to pay the principal of and interest on outstanding Parity Bonds as the
593 same become due and payable.

594 For each series of the Bonds there is hereby authorized to be created a special
595 subaccount in the Debt Service Account. All money required by this Section 9.A to be
596 deposited into the Debt Service Account for the payment of principal of and interest on
597 such series of the Bonds shall be deposited into the subaccount created for such series.
598 Money in such subaccount shall be treated in all respects as all other money in the Debt
599 Service Account, but shall be accounted for separately for the purpose of calculating any
600 Rebate Amount payable with respect to such series of the Bonds.

601 Payments on account of each series of the Bonds shall be made out of the
602 Revenue of the System into the applicable debt service subaccount in the Bond Fund on
603 or before the day each payment of interest on or principal of such Bonds is due.

604 B. Term Bond Provisions. If any Bonds are designated as Term Bonds pursuant
605 to Section 23 hereof, the Sale Motion for such series of Bonds shall set forth a mandatory
606 redemption schedule to amortize the principal of such Parity Term Bonds. Payments of
607 principal of Parity Term Bonds under any such mandatory redemption schedule shall be
608 made from the Debt Service Account, as provided in Section 9.A above; provided,

609 however, that if more than the required principal amount of such Parity Term Bonds is
610 retired by purchase or optional redemption in any given year, the mandatory redemption
611 amount in the next succeeding year or years may be reduced accordingly.

612 The county covenants that in the event it issues any Future Parity Bonds as Term
613 Bonds, it will identify such Future Parity Bonds as Parity Term Bonds in the proceedings
614 authorizing their issuance and establish a schedule of mandatory redemptions, payable
615 from the Debt Service Account, to amortize the principal of such Parity Term Bonds
616 prior to their maturity.

617 C. Bond Reserve Account. A Bond Reserve Account has heretofore been
618 established in the Bond Fund, and the county hereby pledges that it will pay into and
619 maintain in the Bond Reserve Account an amount that together with other funds in the Bond
620 Reserve Account will be at least equal to the Reserve Requirement. The county may
621 substitute Qualified Insurance or a Qualified Letter of Credit for amounts required to be
622 paid into or maintained in the Bond Reserve Account. Such Qualified Letter of Credit or
623 Qualified Insurance shall not be cancelable on less than five years' notice. In the event of
624 any cancellation, the Bond Reserve Account shall be funded in accordance with the
625 provisions of this section providing for payment in the event of a deficiency therein, as if
626 the Parity Bonds that remain outstanding had been issued on the date of such notice of
627 cancellation.

628 An amount sufficient to establish the Reserve Requirement in the Bond Reserve
629 Account required by the issuance of each series of the Bonds shall be deposited therein from
630 the proceeds of Bonds or other funds available therefor on the date of Closing or shall be
631 provided for by Qualified Insurance or a Qualified Letter of Credit, as herein permitted.

632 Within one year following the issuance of any Future Parity Bonds (or upon the issuance of
633 such Future Parity Bonds, if required by the terms of any agreement with a provider of
634 Qualified Insurance or a Qualified Letter of Credit then securing any Parity Bonds), the
635 amounts required to be paid into the Bond Reserve to establish the Reserve Requirement
636 therein shall be paid from Revenue of the System, proceeds of such Future Parity Bonds, or
637 other funds available therefor, or provided for by Qualified Insurance or a Qualified Letter
638 of Credit.

639 In the event there shall be a deficiency in the Debt Service Account to make any
640 payment when due of either principal of or interest on any Parity Bonds, such deficiency
641 shall be made up from the Bond Reserve Account by the withdrawal of money therefrom
642 and by the sale or redemption of obligations held in the Bond Reserve Account, if
643 necessary, in such amounts as will provide cash in the Bond Reserve Account sufficient
644 to make up any such deficiency, and if a deficiency still exists immediately prior to an
645 interest payment date and after the withdrawal of cash, the county shall then draw from
646 any Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility in
647 sufficient amount to make up the deficiency. Such draw shall be made at such times and
648 under such conditions as the agreement for such Qualified Letter of Credit or such
649 Qualified Insurance shall provide. If more than one Qualified Letter of Credit or
650 Qualified Insurance is available, draws shall be made ratably thereon to make up the
651 deficiency. Any deficiency created in the Bond Reserve Account by reason of any such
652 withdrawal shall then be made up from the Revenue of the System that shall be available
653 after first making the payments required to be made under paragraph "FIRST" through
654 "THIRD" of Section 12 hereof.

655 Income from the investment of money in the Bond Reserve Account shall be
656 deposited in and become a part of the Bond Fund.

657 SECTION 10. Pledge of Sewer Revenues. The amounts covenanted to be paid
658 out of the Revenue of the System into the Bond Fund and the accounts therein shall
659 constitute a lien and charge on such revenue superior to all other charges of any kind or
660 nature except Operating and Maintenance Expenses, and of equal lien to any charges
661 heretofore or hereafter made upon the Revenue of the System for the payment of the
662 principal of and interest on any Parity Bonds.

663 In the event that money and/or investments in the Debt Service Account and the
664 Bond Reserve Account shall be reduced below the amounts required to pay the principal
665 and/or interest then due and payable on any Parity Bonds, funds on deposit in any reserve
666 created in the Revenue Fund not then required for the payment of necessary Operating and
667 Maintenance Expenses shall be transferred to the Debt Service Account to the extent
668 required to pay such principal and interest.

669 SECTION 11. Revenue Fund. There has heretofore been created a special fund
670 of the county known as the "Water Quality Operating Account" (the "Revenue Fund").
671 All of the Revenue of the System shall be deposited in the Revenue Fund. All Operating
672 and Maintenance Expenses shall be paid out of the Revenue Fund or appropriate reserves
673 therein.

674 A special fund of the county designated as the "Sewer Rate Stabilization Fund"
675 (the "Rate Stabilization Fund") has been established in anticipation of increases in
676 revenue requirements of the System. In accordance with the provisions of Section 12 of
677 this ordinance, the county may from time to time appropriate or budget amounts in the

678 Revenue Fund for deposit in the Rate Stabilization Fund and may from time to time
679 withdraw amounts therefrom for deposit in the Revenue Fund to prevent or mitigate
680 sewer rate increases or for other lawful purposes of the county related to the System.

681 SECTION 12. Sewer Revenue Priorities of Payment. So long as any Bond
682 shall be outstanding, the Revenue of the System shall be deposited into the Revenue Fund
683 and used and applied in the following order of priority:

684 First, to pay all Operating and Maintenance Expenses;

685 Second, to make all required deposits into the Debt Service Account to provide
686 for the payment of principal of and interest on Parity Bonds as the same shall become due
687 and payable and to make any Payment Agreement Payments with respect to any Parity
688 Payment Agreements;

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

694 Fourth, to establish and maintain the Bond Reserve (including making deposits
695 into the Bond Reserve Account and paying the costs of obtaining Qualified Insurance or a
696 Qualified Letter of Credit therefor);

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

700 Sixth, to make all required payments of principal of and interest on the Junior
701 Lien Obligations as the same shall become due and payable, to make all Payment
702 Agreement Payments with respect to any Payment Agreements entered into with respect
703 to Junior Lien Obligations, and to make any payments required to be made to providers
704 of any credit enhancement or liquidity facilities for Junior Lien Obligations;

705 Seventh, to make all required payments of principal of and interest on the
706 Subordinate Lien Obligations as the same shall become due and payable;

707 Eighth, to make all required payments of principal and interest on bonds, notes,
708 warrants and other evidences of indebtedness, the lien and charge against Revenue of the
709 System of which is junior and inferior to the Subordinate Lien Obligations, as the same
710 shall become due and payable;

711 Ninth, to make all required payments of principal and interest due on the SRF
712 Loans and the Public Works Trust Fund Loans; and

713 Tenth, to accumulate in the special reserve account for the SRF Loans the amount
714 required to be accumulated therein pursuant to the terms of the SRF Loans.

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

721 SECTION13. Construction Account; Disposition of Bond Proceeds

722 A. Construction Account. There has heretofore been created a special fund of the
723 county known as the "Second Water Quality Construction Account" (the "Construction
724 Account"). For purposes of separately accounting for investment earnings on the
725 proceeds of the Bonds to facilitate compliance with the requirements of Section 17 of this
726 ordinance, there is hereby established for each series of Bonds issued hereunder a special
727 subaccount within the Construction Account to be designated as the "Series [applicable
728 year designation] Construction Subaccount" (each a "Construction Subaccount").

729 Money in each Construction Subaccount shall be held and applied to pay costs of
730 acquiring, constructing and equipping improvements, additions or betterments to the
731 System set forth in the Comprehensive Plan and all costs incidental thereto, including but
732 not limited to engineering, architectural, planning, financial, legal, urban design or any
733 other incidental costs, and to repay any advances heretofore or hereafter made on account
734 of such costs, provided that if deficiencies exist in the Bond Fund, money in any
735 Construction Subaccount may be transferred to the Bond Fund in such amounts as shall
736 be necessary to pay principal of and interest on the Bonds.

737 B. Disposition of Bond Proceeds. The proceeds of the Bonds shall be deposited
738 as follows:

739 (1) The amount equal to the interest, if any, accruing on each series of the
740 Bonds from their dated date to the date of their Closing shall be deposited in the
741 appropriate subaccount for such series created in the Debt Service Account in the Bond
742 Fund.

743 (2) Proceeds of each series of the Bonds may be deposited into the Bond
744 Reserve Account, as shall be provided for in each Sale Motion.

745 (3) The balance of the proceeds of the Bonds shall be deposited in the
746 appropriate Subaccount and applied as provided in subsection A of this Section 13.

747 **SECTION 14. Due Regard for Expenses.** The county council hereby declares
748 that, in fixing the amounts to be paid into the Bond Fund and the accounts therein out of
749 the Revenue of the System, it has exercised due regard for the necessary Operating and
750 Maintenance Expenses and has not obligated the county to set aside, pay into and
751 maintain in said fund and accounts a greater amount of the Revenue of the System than in
752 its judgment will be available over and above such necessary Operating and Maintenance
753 Expenses.

754 **SECTION 15. Rate Covenant.** The county hereby covenants with the owner of
755 each of the Bonds for so long as any of the same are outstanding that the county will at
756 all times establish, maintain and collect rates and charges for sewage disposal service that
757 together with the interest to be earned on investments made of money in the Revenue Fund,
758 Bond Fund, Bond Reserve and Construction Account, will provide in each calendar year
759 Net Revenue in an amount equal to at least 1.15 times the amount required to pay the
760 Annual Parity Debt Service for such calendar year.

761 At all times and in any event, rates and charges for sewage disposal service shall be
762 sufficient to provide funds adequate to operate and maintain the System, to make all
763 payments and to establish and maintain all reserves required by this or any other ordinance
764 authorizing obligations of the county payable from Revenue of the System, to make up any
765 deficit in such payments remaining from prior years and to pay all costs incurred in the
766 construction or acquisition of any portion of the Comprehensive Plan that may be ordered

767 by the county and for the payment of which sewer revenue bonds (or other obligations
768 payable from Revenue of the System) are not issued.

769 For the purpose of meeting the requirement of this Section 15, there may be added
770 to Revenue of the System for any fiscal year any amount withdrawn from the Rate
771 Stabilization Fund and deposited in the Revenue Fund. There shall be subtracted from
772 Net Revenue for any fiscal year any amounts in such year withdrawn from the Revenue
773 Fund and deposited into the Rate Stabilization Fund in such fiscal year.

774 **SECTION 16. Certain Other Covenants.** The county hereby covenants with
775 the owner and holder of each of the Bonds for as long as any of the Bonds are
776 outstanding, as follows:

777 A. **Maintain in Good Order.** The county shall cause the System and the business
778 in connection therewith to be operated in a safe, sound, efficient, and economic manner
779 in compliance with all health, safety, and environmental laws, regulatory body rules,
780 regulatory body orders and court orders applicable to the county's operation of the
781 System, and shall cause to be maintained, preserved, reconstructed, expanded and kept,
782 with all appurtenances and every part and parcel thereof, in good repair, working order
783 and condition, and shall from time to time cause to be made, without undue deferral, all
784 necessary or proper repairs, replacements and renewals, so that all times the operation of
785 the System shall be properly and advantageously conducted.

786 B. **Sale or Disposition.** The county will not sell or voluntarily dispose of all of
787 the operating properties of the System unless provision is made for payment into the
788 Bond Fund of a sum sufficient to pay the principal of and interest on all outstanding
789 Parity Bonds in accordance with the terms thereof, nor will the county sell or voluntarily

790 dispose of any part of the operating properties of the System unless provision is made for
791 payment into the Bond Fund of an amount that will bear at least the same proportion to
792 the amount of the outstanding Parity Bonds that the estimated amount of any resulting
793 reduction in the Revenue of the System for the twelve months following such sale or
794 disposition bears to the Revenue of the System that would have been realized if such sale
795 or disposition had not been made. Such estimate shall be made by a Professional Utility
796 Consultant. Any money so paid into the Bond Fund shall be used to retire outstanding
797 Parity Bonds as provided herein at the earliest possible date; provided, however, that the
798 county may sell or otherwise dispose of any of the works, plant, properties and facilities
799 of the System or any real or personal property comprising a part of the System with a
800 value of less than 5% of the net utility plant of the System or which shall have become
801 unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or
802 no longer necessary, material to or useful in such operation, without making any deposit
803 into the Bond Fund.

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

806 D. Annual Audit. The county shall cause its books of accounts, including its
807 annual financial report, to be audited annually by the State auditor's office or other State
808 department or agency as may be authorized and directed by law to make such audits, or if
809 such an audit shall not be made for twelve months after the close of any fiscal year of the
810 county, by a Certified Public Accountant. The county will furnish such audit to the
811 owner or holder of any Parity Bond upon written request therefor.

812 E. Insurance. The county will at all times carry fire and extended coverage and
813 such other forms of insurance on such of the buildings, equipment, facilities and
814 properties of the Sewer System as under good practice are ordinarily carried on such
815 buildings, equipment, facilities and properties by municipal or privately owned utilities
816 engaged in the operation of sewer systems and will also carry adequate public liability
817 insurance at all times, provided that the county may, if deemed advisable by the county
818 council, institute or continue a self insurance program with respect to any or all of the
819 aforementioned risks.

820 F. Construction. The county shall cause the construction of any duly authorized
821 and ordered portions of the Comprehensive Plan to be performed and completed within a
822 reasonable time and at the lowest reasonable cost.

823 G. Collection of Revenue. The county shall so operate and maintain the System
824 and conduct its affairs as to entitle it at all times to receive and enforce payment to it of
825 sewage disposal charges payable (i) pursuant to the ordinance or ordinances establishing
826 a tariff of rates and charges for sewage disposal services and (ii) under any Service
827 Agreement that the county has now or may hereafter enter into and to entitle the county
828 to collect all revenues derived from the operation of the System. The county shall not
829 release the obligations of any person, corporation or political subdivision under such
830 tariff of rates and charges or the Service Agreements and shall at all times, to the extent
831 permitted by law, defend, enforce, preserve and protect the rights and privileges of the
832 county and of the holders of the Parity Bonds under or with respect thereto.

833 In accordance with RCW 35.58.200(3), the county shall require any county, city,
834 special district or other political subdivision to discharge to the System all sewage

835 collected by such entity from any portion of the Seattle metropolitan area that can drain
836 by gravity flow into facilities of the System that serve such areas if the county council
837 declares that the health, safety or welfare of the people within the metropolitan area
838 require such action.

839 **SECTION 17. Tax-Exemption.**

840 A. General. The county intends that interest on the Bonds shall be excludable
841 from gross income for federal income tax purposes pursuant to sections 103 and 141
842 through 150 of the Code, and the applicable regulations. The county covenants not to
843 take any action, or knowingly omit to take any action within its control, that if taken or
844 omitted would cause the interest on the Bonds to be includable in gross income, as
845 defined in section 61 of the Code, for federal income tax purposes.

846 B. Tax Certificate. Upon the issuance of each series of Bonds, the Finance
847 Director is authorized to execute a federal tax certificate (the "Tax Certificate"), which
848 will certify to various facts and representations concerning such series of Bonds, based on
849 the facts and estimates known or reasonably expected on the date of issuance of such
850 series of Bonds, and make certain covenants with respect to such series of Bonds,
851 including but not limited to the following:

852 (i) *No Private Activity Bonds.* The proceeds of such series of Bonds will not be
853 used in a manner that would cause such Bonds to be "private activity bonds" within the
854 meaning of the Code, as further described in the Tax Certificate. Moreover, the county
855 covenants that it will use the proceeds of such Bonds (including interest or other
856 investment income derived from Bond proceeds), regulate the use of property financed or

857 refinanced, directly or indirectly, with such proceeds, and take such other and further
858 action as may be required so that such Bonds will not be "private activity bonds."

859 (ii) *No Federal Guarantee.* The county has not and will not take any action, and
860 has not knowingly omitted and will not knowingly omit to take any action within its
861 control, that, if taken or omitted would cause such Bonds to be "federally guaranteed"
862 within the meaning of the Code, as further described in the Tax Certificate.

863 (iii) *No Arbitrage Bonds.* The county reasonably expects that the proceeds of
864 such Bonds will not be used in a manner that would cause such Bonds to be "arbitrage
865 bonds" within the meaning of the Code, as further described in the Tax Certificate.

866 (iv) *No Hedge Bonds.* The county reasonably expects that at least 85% percent
867 of the proceeds of such Bonds will be spent within three years of the date such Bonds are
868 issued to carry out the governmental purposes of such Bonds.

869 The county covenants that it will comply with the Tax Certificate unless it
870 receives advice from nationally recognized bond counsel or the Internal Revenue Service
871 that certain provisions have been amended or no longer apply to the Bonds.

872 C. Arbitrage Rebate. If the county does not qualify for an exception to the
873 requirements of Section 148(f) of the Code relating to the payment of arbitrage rebate to
874 the United States, the county will take all necessary steps to comply with the requirement
875 that certain amounts earned by the county on the investment of the "gross proceeds" of
876 the Bonds (within the meaning of the Code) be rebated.

877 **SECTION 18. Trustee for Bondowners.**

878 A. Appointment of Trustee. Upon the occurrence of any "event of default"
879 described in Section 19.A of this ordinance, the owners of a majority in principal amount

880 of the outstanding Parity Bonds may appoint a Trustee by an instrument or concurrent
881 instruments in writing signed and acknowledged by such Bondowners or by their
882 attorneys-in-fact duly authorized and delivered to such Trustee, notification thereof being
883 given to the county. Any appointment of a Trustee under the provisions of this
884 subsection shall be a bank or trust company organized under the laws of the State of
885 Washington or the State of New York or a national banking association. The fees and
886 expenses of a Trustee shall be borne by the Bondowners and not by the county. The bank
887 or trust company acting as a Trustee may be removed at any time and a successor Trustee
888 may be appointed by the owners of a majority in principal amount of the outstanding
889 Parity Bonds, by an instrument or concurrent instruments in writing signed and
890 acknowledged by such Bondowners or by their attorneys-in-fact duly authorized.

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

894 B. Certain Rights and Obligations of Trustee. The Trustee shall not be responsible
895 for recitals in any ordinance or in the Parity Bonds, or for the validity of said bonds, nor
896 shall the Trustee be responsible for insuring the System or for collecting any insurance
897 money or for the title to any of the property of the System.

898 The Trustee shall be protected in acting upon any notice, request, consent,
899 certificate, order, affidavit, letter, telegram or other paper or document believed by it to be
900 genuine and correct and to have been signed, sent or delivered by the person or persons by
901 whom such paper or document shall purport to have been signed, sent or delivered.

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

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

907 The Trustee shall not be bound to recognize any person as an owner or holder of any
908 Parity Bond until his, her or its title thereto, if disputed, shall have been established to its
909 reasonable satisfaction.

910 The Trustee may consult with counsel and the opinion of such counsel shall be full
911 and complete authorization and protection in respect of any action taken or suffered by it
912 hereunder in good faith and in accordance with the opinion of such counsel.

913 **SECTION 19. Events of Default; Powers and Duties of Trustee**

914 A. Events of Default. The occurrence of one or more of the following events shall
915 be "events of default" under this ordinance:

916 (i) default in the payment of principal of or interest on any Parity Bonds when the
917 same shall become due; or

918 (ii) default in the observance or performance of any of the other covenants herein
919 contained, and such default continues for a period of six months after written notice to the
920 county from a bondholder specifying such default and requiring the same to be remedied.

921 B. Powers of Trustee. The Trustee in its own name and on behalf of and for the
922 benefit and protection of the holders and owners of all Parity Bonds may proceed, and upon
923 the written request of the holders and owners of not less than 25% in principal amount of the
924 Parity Bonds then outstanding shall proceed, to protect and enforce any rights of the Trustee

925 and, to the full extent that owners or holders of Parity Bonds themselves might do, the rights
926 of such owners and holders of Parity Bonds under the laws of the State of Washington or
927 under the ordinances providing for the issuance of such bonds, by such suits, actions or
928 proceedings in equity or at law, either for the specific performance of any covenant
929 contained herein or in aid or execution of any power herein granted or for any proper legal
930 or equitable remedy as the Trustee shall deem most effectual to protect and enforce the
931 rights of the Trustee and the holders and owners of Parity Bonds. In the enforcement of any
932 such rights under this or any other ordinance of the county, the Trustee shall be entitled to
933 sue for, to enforce payment of and to receive any and all amounts due from the county for
934 principal, interest or otherwise under any of the provisions of such ordinance, with interest
935 on overdue payments at the rate or rates set forth in such bond or bonds, together with any
936 and all costs and expenses of collection and of all proceedings taken by the Trustee without
937 prejudice to any other right or remedy of the Trustee or of the bondholders.

938 In the event that default shall be made in the payment of principal of any Parity
939 Bond and such default shall continue for a period of 30 days, (i) so long as any of the 1999
940 (2nd) Bonds, 2001 Bonds, 2002A Bonds, 2002B Bonds, 2003A Bonds and 2004 Bonds
941 remain outstanding, the Trustee shall be entitled to declare all outstanding Parity Bonds
942 immediately due and payable and may proceed to enforce payment thereof as hereinabove
943 provided, and (ii) after such time as no 1999 (2nd) Bonds, 2001 Bonds, 2002A Bonds,
944 2002B Bonds, 2003A Bonds and 2004 Bonds remain outstanding, the Trustee may not
945 accelerate payment of any Parity Bonds but may proceed to enforce payment thereof as
946 hereinabove provided. In the event any default shall, in the sole judgment of the Trustee, be
947 cured and the Trustee shall furnish the county a certificate so stating, such default shall be

948 conclusively deemed to be cured, and the county, Trustee and owners and holders of Parity
949 Bonds shall be restored to the same rights and position they would have held if no event of
950 default had occurred.

951 C. Actions in Name of Trustee. All rights of action under this ordinance or upon
952 any of the Parity Bonds enforceable by the Trustee may be enforced by the Trustee without
953 the possession of any of such bonds or the production thereof on the trial or other
954 proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee
955 shall be brought in its name for the ratable benefit of the holders of said bonds, subject to the
956 provisions of this ordinance.

957 D. Procedure by Bond Owners. No owner of any one or more of the Bonds shall
958 have any right to institute any action, suit or proceedings at law or in equity for the
959 enforcement of the same, unless an event of default has occurred and unless no Trustee
960 has been appointed as herein provided, but any remedy herein authorized to be exercised
961 by a Trustee may be exercised individually by any Bondowner, in his own name and on
962 his own behalf or for the benefit of all Parity Bondowners, in the event that no Trustee
963 has been appointed, or with the consent of the Trustee if such Trustee has been appointed.

964 E. Application of Money Collected by Trustee. Any money collected by the
965 Trustee at any time pursuant to this section shall be applied, first, to the payment of its
966 charges, expenses, advances and compensation and the charges, expenses, counsel fees,
967 disbursements and compensation of its agents and attorneys, and, second, toward payment
968 of the amount then due and unpaid upon the Parity Bonds, ratably and without preference or
969 priority of any kind not expressly provided in this ordinance, according to the amounts due
970 and payable upon such bonds at the date fixed by the Trustee for the distribution of such

971 money, upon presentation of the several bonds and upon causing such payment to be
972 stamped thereon, if partly paid, and upon surrender thereof, if fully paid.

973 SECTION 20. Future Parity Bonds. The county further covenants and agrees
974 with the owners and holders of the Parity Bonds for as long as the same are outstanding that
975 it will not create any special fund for the payment of the principal of and interest on any
976 revenue bonds that will rank on a parity with or have any priority over the payments out of
977 the Revenue of the System required to be made into the Bond Fund and the accounts therein
978 to pay or secure the payment of the outstanding Parity Bonds, except that it reserves the
979 right for:

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

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

984 (3) the purpose of refunding or purchasing and retiring at or prior to their maturity
985 any outstanding obligations of the county payable from Revenue of the System, to issue
986 additional or refunding bonds and to make payments into the Bond Fund out of the Revenue
987 Fund that will be sufficient to pay the principal of and interest on said additional or
988 refunding bonds and to maintain required reserves, which such payments out of the Revenue
989 Fund may rank equally with the payments out of the Revenue Fund required to be made into
990 the Bond Fund and the accounts therein for the payment of the principal of and interest on
991 outstanding Parity Bonds only upon compliance with the following conditions:

992 A. At the time of the issuance of any Future Parity Bonds there shall not be any
993 deficiency in the Bond Fund or any account therein.

994 B. Each ordinance providing for the issuance of any Future Parity Bonds that are
995 refunding bonds shall require that all money held in any fund or account of the county
996 created for the purpose of paying the principal of and interest on the bonds being refunded
997 either be used to pay the principal of and interest on such bonds or be transferred or paid
998 into the Bond Fund.

999 C. Each ordinance providing for the issuance of Future Parity Bonds shall provide
1000 for the payment of the principal thereof and interest thereon out of the Bond Fund. The
1001 Future Parity Bonds may bear such date of issue, interest payment dates, and principal
1002 payment dates, and shall mature in such year or years as the county council may determine.
1003 Each such ordinance shall further provide that within one year following the issuance of
1004 such Future Parity Bonds (or upon the issuance of such Future Parity Bonds, if required by
1005 the terms of any agreement with a provider of Qualified Insurance or a Qualified Letter of
1006 Credit then securing any Parity Bonds) the county will pay into the Bond Reserve an
1007 amount that will be sufficient to satisfy the Reserve Requirement then applicable or provide
1008 Qualified Insurance or a Qualified Letter of Credit to satisfy such Reserve Requirement.

1009 D.(1) At the time of the issuance of any Future Parity Bonds, the county shall have
1010 on file a certificate from a Professional Utility Consultant (the certificate may not be dated
1011 more than 90 days prior to the date of delivery of such Future Parity Bonds), showing that in
1012 his or her professional opinion the "annual income available for revenue bond debt service"
1013 for each year during the life of such Future Parity Bonds shall be at least equal to 1.25 times
1014 the amount required in each such year to pay the Annual Parity Debt Service for such year.

1015 (2) Such "annual income available for revenue bond debt service" shall be
1016 determined as follows for each year following the proposed date of issue of such Future
1017 Parity Bonds:

1018 (i) The Revenue of the System shall be determined for a period of any 12
1019 consecutive months out of the 18 months immediately preceding the delivery of the
1020 Future Parity Bonds being issued.

1021 (ii) Such revenue shall be adjusted to give effect on a 12-month basis to the
1022 rates in effect on the date of such certificate.

1023 (iii) If there were any Customers added to the System during such 12-month
1024 period or thereafter and prior to the date of the Professional Utility Consultant's
1025 certificate, such revenue shall be further adjusted on the basis that added Customers were
1026 Customers of the System during the entire 12-month period.

1027 (iv) There shall be deducted from such revenue the amount expended for
1028 Operating and Maintenance Expenses during such period.

1029 (v) For each year following the proposed date of issuance of such Future Parity
1030 Bonds the Professional Utility Consultant shall add to the annual revenue determined in
1031 the preceding four paragraphs an estimate of the income to be received in each such year
1032 from the investment of money in the Bond Fund and any account therein, and the
1033 Construction Account, which will be determined by and in the sole discretion of a firm of
1034 nationally recognized financial consultants selected by the county.

1035 (vi) Beginning with the second year following the proposed date of issue of
1036 such Future Parity Bonds and for each year thereafter, the Professional Utility Consultant
1037 shall add to the annual revenue determined in the preceding five paragraphs his or her

1038 estimate of any additional annual revenue to be received from anticipated growth in the
1039 number of Customers within the area served by the System on the date of such certificate,
1040 after deducting therefrom any increased Operating and Maintenance Expenses estimated
1041 to be incurred as a result of such growth; provided that the Professional Utility
1042 Consultant's estimate of the number of Customers served shall not assume growth of
1043 more than 1/4 of 1% over and above the number of Customers served or estimated to be
1044 served during the preceding year.

1045 (vii) If extensions of or additions to the System are in the process of
1046 construction at the time of such certificate, or if the proceeds of the Future Parity Bonds
1047 being issued are to be used to acquire or construct extensions of or additions to the
1048 System, there shall be added to the annual net revenue as above determined any revenue
1049 not included in the preceding paragraphs that will be derived from such additions and
1050 extensions after deducting therefrom the estimated additional Operating and Maintenance
1051 Expenses to be incurred as a result of such additions and extensions; provided that such
1052 estimated annual revenue shall be based upon 75% of any estimated Customer growth in
1053 the four years following the first full year in which such additional revenue is to be
1054 collected and thereafter the estimated Customer growth shall not exceed 1/4 of 1% per
1055 year over and above such reduced estimate.

1056 E. Instead of the certificate described in subsection D above, the county may
1057 elect instead to have on file a certificate of the Finance Director demonstrating that
1058 during any 12 consecutive calendar months out of the immediately preceding 18 calendar
1059 months Net Revenue was at least equal to 1.25 times the amount required to pay, in each

1060 year that such Future Parity Bonds would be outstanding, the Annual Parity Debt Service for
1061 such year.

1062 F. For the purpose of refunding at or prior to their maturity any outstanding
1063 Parity Bonds or any bonds or other obligations of the county payable from Revenue of
1064 the System, the county may at any time issue Future Parity Bonds without complying
1065 with the provisions of subsection D or E hereof; provided, however, that the county shall
1066 not issue Future Parity Bonds for such purpose under this subsection F unless the Finance
1067 Director certifies that upon the issuance of such Future Parity Bonds that (i) total debt
1068 service required for all Parity Bonds (including the refunding bonds but not including the
1069 bonds to be refunded thereby) shall decrease, and (ii) the annual debt service for each
1070 year that any Parity Bonds (including the refunding bonds proposed to be issued) are then
1071 outstanding shall not be increased by more than \$5,000 by reason of the issuance of such
1072 Future Parity Bonds.

1073 The principal amount of Future Parity Bonds issued pursuant to this subsection F
1074 may include amounts necessary to pay the principal of the Parity Bonds or other
1075 obligations to be refunded, interest thereon to the date of payment or redemption thereof,
1076 any premium payable thereon upon such payment or redemption and the costs of issuance
1077 of such Future Parity Bonds, and if there shall have been provided a Payment Agreement
1078 with respect to the obligations to be refunded, may include amounts necessary to make
1079 the payment of all amounts, if any, due and payable by the county under such Payment
1080 Agreement. The proceeds of such Future Parity Bonds shall be held and applied in such
1081 manner as is provided for in the ordinance authorizing the issuance of the Parity Bonds or
1082 other obligations to be refunded, so that upon the delivery of such Future Parity Bonds,

1083 the Parity Bonds or other obligations to be refunded thereby shall be deemed to be no
1084 longer outstanding in accordance with the ordinance authorizing their issuance.

1085 G. Nothing contained in this ordinance shall prevent the county from issuing
1086 revenue bonds that are a charge upon the Revenue of the System and money in the Revenue
1087 Fund junior or inferior to the payments required to be made therefrom into the Bond Fund
1088 and any account therein, nor shall anything herein contained prevent the county from issuing
1089 Future Parity Bonds to refund maturing Parity Bonds for the payment of which money is not
1090 otherwise available.

1091 **SECTION 21. Reimbursement Obligations.** If the county elects to secure any
1092 Parity Bonds with a Credit Facility, the county may contract with the entity providing
1093 such Credit Facility that the reimbursement obligation, if any, to such entity shall be a
1094 Parity Bond.

1095 **SECTION 22. Parity Payment Agreements**

1096 A. General. To the extent and for the purposes permitted from time to time by
1097 Chapter 39.96 RCW, as it may be amended, and other applicable provisions of State law,
1098 the county may enter into Parity Payment Agreements, subject to the conditions set forth
1099 in this section and in other provisions of this ordinance.

1100 B. Manner and Schedule of Payments. Each Parity Payment Agreement shall set
1101 forth the manner in which the Payment Agreement Payments and the Payment
1102 Agreement Receipts shall be calculated and a schedule of payment dates.

1103 C. Authorizing Ordinance. Prior to entering into a Parity Payment Agreement,
1104 the county council shall pass an ordinance authorizing such agreement and setting forth

1105 such provisions as the county deems necessary or desirable and are not inconsistent with
1106 the provisions of this ordinance.

1107 D. Calculation of Payment Agreement Payments and Debt Service on Parity
1108 Bonds with Respect to which a Payment Agreement is in Force. It is the intent of the
1109 county, for purposes of Sections 15 or 20 of this ordinance, that debt service on Parity
1110 Bonds with respect to which a Parity Payment Agreement is in force shall be calculated
1111 to reflect the net economic effect on the county intended to be produced by the terms of
1112 such Parity Bonds and Parity Payment Agreement. In calculating such amounts, the
1113 county shall be guided by the following requirements.

1114 (i) The amount of interest deemed to be payable on any Parity Bonds with
1115 respect to which a Parity Payment Agreement is in force shall be an amount equal to the
1116 amount of interest that would be payable at the rate or rates stated in those Parity Bonds
1117 plus Payment Agreement Payments minus Payment Agreement Receipts.

1118 (ii) For any period during which Payment Agreement Payments are not taken
1119 into account in calculating interest on any outstanding Parity Bonds because the Parity
1120 Payment Agreement is not then related to any outstanding Parity Bonds, Payment
1121 Agreement Payments on that Parity Payment Agreement shall be calculated based upon
1122 the following assumptions:

1123 (a) County Obligated to Make Payments Based on Fixed Rate. If the county is
1124 obligated to make Payment Agreement Payments based on a fixed rate and the Qualified
1125 Counterparty is obligated to make payments based on a variable rate index, payments by
1126 the county will be based on the assumed fixed payor rate, and payments by the Qualified
1127 Counterparty will be based on a rate equal to the average rate determined by the variable

1128 rate index specified by the Parity Payment Agreement during the fiscal quarter preceding
1129 the quarter in which the calculation is made; and

1130 (b) County Obligated to Make Payments Based on Variable Rate Index. If the
1131 county is obligated to make Payment Agreement Payments based on a variable rate index
1132 and the Qualified Counterparty is obligated to make payments based on a fixed rate,
1133 payments by the county will be based on a rate equal to the average rate determined by
1134 the variable rate index specified by the Parity Payment Agreement during the fiscal
1135 quarter preceding the quarter in which the calculation is made, and the Qualified
1136 Counterparty will make payments based on the fixed rate specified by the Parity Payment
1137 Agreement.

1138 E. Prior Notice to Moody's and S&P. The county shall give notice to Moody's
1139 and S&P 30 days prior to the date it intends to enter into a Parity Payment Agreement.

1140 **SECTION 23. Sale of Bonds.**

1141 A. Determination by Finance Director. The Finance Director shall determine, in
1142 consultation with the county's financial advisors, whether the Bonds shall be sold in one
1143 or more series and whether each such series of the Bonds shall be sold by negotiated sale
1144 or competitive bid and by current or future delivery. The authority to sell any of the
1145 Bonds authorized hereunder shall terminate one year from the effective date of this
1146 ordinance.

1147 B. Procedure for Negotiated Sale. If the Finance Director determines that any
1148 series of the Bonds shall be sold by negotiated sale, the Finance Director shall, in
1149 accordance with applicable county procurement procedures, solicit one or more
1150 underwriting firms with which to negotiate the sale of the Bonds. The purchase contract

1151 for any series of Bonds shall establish the date, principal amount, interest rates, maturity
1152 schedule, redemption and bond insurance provisions, and delivery date of the Bonds.
1153 The county council by a Sale Motion shall approve the bond purchase contract and ratify
1154 and confirm the terms for the series of Bonds established therein.

1155 C. Procedure for Sale by Competitive Bid. If the Finance Director determines
1156 that any series of the Bonds shall be sold by competitive bid, bids for the purchase of
1157 such Bonds shall be received at such time or place and by such means as the Finance
1158 Director shall direct. The Finance Director is authorized to prepare a notice of sale for
1159 such Bonds, establishing in such notice the date, principal amount, interest payment
1160 dates, maturity schedule, and redemption and bond insurance provisions for such Bonds.
1161 The official notice of sale or an abridged form thereof shall be published in such
1162 newspapers or financial journals as may be deemed desirable or appropriate by the
1163 financial advisors to the county.

1164 Upon the date and time established for the receipt of bids for any series of the
1165 Bonds, the Finance Director or his designee shall review the bids, shall cause the bids to
1166 be mathematically verified and shall report to the county council regarding the bids
1167 received. Such bids shall then be considered and acted upon by the county council in an
1168 open public meeting. The county council reserves the right to reject any and all bids for
1169 such Bonds. The county council by a Sale Motion shall approve the sale of such Bonds
1170 and ratify and confirm the date, interest rates, maturity schedule, redemption and bond
1171 insurance provisions, and any other terms of such Bonds.

1172 SECTION 24. Delivery of Bonds. Following the sale of any series of the Bonds,
1173 the county shall cause definitive Bonds of such series to be prepared, executed and

1174 delivered, which Bonds shall be typewritten, lithographed or printed with engraved or
1175 lithographed borders, or in such other form acceptable to DTC as initial depository for
1176 the Bonds.

1177 If definitive Bonds are not ready for delivery by the date established for a
1178 Closing, then the Finance Director, upon the approval of the purchasers, may cause to be
1179 issued and delivered to the purchasers one or more temporary Bonds with appropriate
1180 omissions, changes and additions. Any temporary Bond or Bonds shall be entitled and
1181 subject to the same benefits and provisions of this ordinance with respect to the payment,
1182 security and obligation thereof as definitive Bonds authorized thereby. Such temporary
1183 Bond or Bonds shall be exchangeable without cost to the owners thereof for definitive
1184 Bonds when the latter are ready for delivery.

1185 **SECTION 25. Preliminary Official Statement; Official Statement.** The
1186 county hereby authorizes and directs the Finance Director: (i) to review and approve the
1187 information contained in the preliminary official statement (the "Preliminary Official
1188 Statement") prepared in connection with the sale of any series of the Bonds; and (ii) for
1189 the sole purpose of the Bond purchasers' compliance with Section (b)(1) of the Rule, to
1190 "deem final" that Preliminary Official Statement as of its date, except for the omission of
1191 information on offering prices, interest rates, selling compensation, delivery dates, bond
1192 insurance, any other terms or provisions required by the county to be specified in a
1193 competitive bid or bond purchase contract, ratings, the identity of the Bond Purchaser,
1194 and other terms of such series of Bonds dependent on such matters. After a Preliminary
1195 Official Statement has been reviewed and approved in accordance with the provisions of

1196 this section, the county hereby authorizes distribution of the Preliminary Official
1197 Statement to prospective purchasers of such series of Bonds.

1198 Following the sale of any series of the Bonds in accordance with Section 23 of
1199 this ordinance, the Finance Director is hereby authorized to review and approve on behalf
1200 of the county a final official statement with respect to such Bonds. The county agrees to
1201 cooperate with the purchaser of such Bonds to deliver or cause to be delivered, within
1202 seven business days from the date of the Sale Motion and in sufficient time to accompany
1203 any confirmation that requests payment from any customer of the purchaser, copies of the
1204 final official statement in sufficient quantity to comply with paragraph (b)(4) of the Rule
1205 and the rules of the Municipal Securities Rulemaking Board ("MSRB").

1206 **SECTION 26. Undertaking to Provide Ongoing Disclosure.** In each Sale
1207 Motion, the county council will set forth an undertaking for ongoing disclosure with
1208 respect to each series of the Bonds, as required by Section (b)(5) of the Rule.

1209 **SECTION 27. General Authorization.** The appropriate county officials, agents
1210 and representatives are hereby authorized and directed to do everything necessary for the
1211 prompt sale, issuance, execution and delivery of the Bonds, and for the proper use and
1212 application of the proceeds of the sale thereof.

1213 **SECTION 28. Investment of Funds and Accounts.** Money in the Bond Fund,
1214 Bond Reserve Account, Revenue Fund and Construction Account may be invested in any
1215 investments permitted for funds of the county. Obligations purchased as an investment of
1216 money in the Revenue Fund, Bond Fund and Construction Account and accounts or
1217 subaccounts therein shall be deemed at all times to be a part of such respective fund,
1218 account or subaccount, and the income or interest earned, profits realized or losses

1219 suffered by a fund, account or subaccount due to the investment thereof shall be retained
1220 in, credited or charged, as the case may be, to such fund or account.

1221 In computing the amount in any fund or account under the provisions of this
1222 ordinance, obligations purchased as an investment of money therein shall be valued at the
1223 cost or market price thereof, whichever is lower, inclusive of accrued interest.

1224 **SECTION 29. Defeasance.** In the event that money and/or noncallable
1225 Government Obligations maturing at such time or times and bearing interest to be earned
1226 thereon in amounts (together with such money, if necessary) sufficient to redeem and
1227 retire, refund or defease part or all of the Bonds in accordance with their terms, are set
1228 aside in a special account of the county to effect such redemption and retirement, and
1229 such money and the principal of and interest on such Government Obligations are
1230 irrevocably set aside and pledged for such purpose, then no further payments need be
1231 made into the Bond Fund for the payment of the principal of and interest on the Bonds so
1232 provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of
1233 this ordinance except the right to receive the money so set aside and pledged, and such
1234 Bonds shall be deemed not to be outstanding hereunder.

1235 Within 30 days of the defeasance of any of the Bonds, the Bond Registrar shall
1236 provide notice of defeasance of such Bonds to the Registered Owners of the Bonds and to
1237 each NRMSIR and SID, if any, in accordance with the ongoing disclosure provisions to
1238 be adopted by the Sale Motion.

1239 **SECTION 30. Supplemental Ordinances.** The county council from time to
1240 time and at any time may adopt an ordinance or ordinances supplemental to this

1241 ordinance which supplemental ordinance or ordinances thereafter shall become a part of
1242 this ordinance, for any one or more of the following purposes:

1243 A. To add to the covenants and agreements of the county in this ordinance such
1244 other covenants and agreements thereafter to be observed, which shall not adversely
1245 affect the interests of the holds and owners of any Parity Bonds, or to surrender any right
1246 or power herein reserved to or conferred upon the county.

1247 B. To make such provisions for the purpose of curing any ambiguities or of
1248 curing, correcting or supplementing any defective provision contained in this ordinance
1249 or any ordinance authorizing Future Parity Bonds in regard to matters or questions arising
1250 under such ordinances as the county council may deem necessary or desirable and not
1251 inconsistent with such ordinances and which shall not adversely affect the interest of the
1252 holders and owners of Parity Bonds.

1253 **SECTION 31. Amending Prior Ordinance Provisions Relating to Parity**
1254 **Term Bonds.** Upon the retirement of all sewer revenue bonds originally issued by
1255 Metro, a number of springing covenants in the county's sewer revenue bond ordinances
1256 took effect and created unintended ambiguities regarding the payment provisions for and
1257 the availability of the Reserve Account to secure the outstanding Parity Term Bonds.
1258 The county wishes to clarify (i) that payments of principal to amortize Parity Term Bonds
1259 are made from the Debt Service Account in the Bond Fund and that the Term Bond
1260 accounts in the Bond Fund are superfluous and shall be closed and (ii) that funds in the
1261 Reserve Account are available to secure the payment of amortized principal for Parity
1262 Term Bonds. Ordinances 14225, 14406, 14753 and 15385, each of which authorized
1263 currently outstanding Parity Term Bonds, permit amending or supplemental provisions

1264 without the consent of the owners of the Parity Bonds to add to the covenants and
1265 agreements of the county such other covenants and agreements that do not adversely
1266 affect the interests of the owners of any Parity Bonds and to cure ambiguities or correct
1267 defective provisions contained in such ordinances. The county council hereby finds that
1268 the following curative and corrective amendments to the provisions of such ordinances
1269 relating to Parity Term Bonds do not adversely affect the interests of the owners of any
1270 Parity Bonds.

1271 A. Amending Definition of "Annual Parity Debt Service." Paragraphs (2) and (3)
1272 of the definition of "Annual Parity Debt Service" in Section 1 of Ordinances 14225,
1273 14406, 14753 and 15385 are hereby amended as follow (additions are underscored and
1274 deletions are stricken):

1275 (2) The principal due (at maturity or upon the mandatory redemption of
1276 Term Bonds prior to their maturity) for all outstanding Parity Bonds ~~other than~~
1277 ~~Term Bonds~~ (i) on all Principal Payment Dates (other than January 1) of such
1278 calendar year and (ii) on January 1 of the next succeeding year.

1279 ~~(3) The amounts required to be paid into the Bond Fund on or before~~
1280 ~~(i) each Principal Payment Date (other than January 1) of such calendar year and~~
1281 ~~(ii) January 1 of the next succeeding calendar year for interest on and~~
1282 ~~amortization of principal of Parity Term Bonds. For purposes of this paragraph~~
1283 ~~(3), "amounts required to be paid" means the amount to be deposited or~~
1284 ~~accumulated in the Term Bond Accounts on or before such dates for outstanding~~
1285 ~~Parity Term Bonds irrespective of the date or dates such amount, or any portion~~
1286 ~~thereof, is actually deposited into such fund or account.~~

1287 B. Amending Term Bond Provisions. Section 10.B of Ordinance 14225 and
1288 Section 9.B of Ordinances 14406, 14753 and 15385 are hereby amended as follows
1289 (additions are underscored and deletions are stricken):

1290 Ordinance 14225:

1291 [Section 10.] B. Term Bond ProvisionsAccounts. The Bonds issued as Parity
1292 Term Bonds shall be payable from the Debt Service Account as provided in
1293 subsection A above and secured by the Reserve Account, as provided in
1294 subsection C below, and the Term Bond Payment Account shall be closed. If
1295 more than the required principal amount of the Bonds issued as Parity Term Bonds
1296 is retired by purchase or optional redemption in any given year, the mandatory
1297 redemption amount in the next succeeding year or years may be reduced
1298 accordingly.

1299 The county covenants that in the event it issues any Future Parity Bonds as
1300 Term Bonds, it will identify such Future Parity Bonds as Parity Term Bonds in
1301 the proceedings authorizing their issuance and establish a schedule of mandatory
1302 redemptions, payable from the Debt Service Account, to amortize the principal of
1303 such Parity Term Bonds prior to their maturity. After making the payments
1304 required in paragraph A above, the county shall deposit to the Term Bond Sinking
1305 Fund Account and the Term Bond Payment Account (collectively, the "Term Bond
1306 Accounts"), on or before each annual Principal Payment Date, out of the Revenue of
1307 the System, additional money that together with available income from the
1308 investment of money in the Debt Service Account and Bond Reserve Account will
1309 be sufficient to meet the requirements set forth in this Subsection 10.B. Any deposit

1310 into the Term Bond Accounts shall be applied to the Term Bond Sinking Fund
1311 Account and the Term Bond Payment Account in proportion to the respective
1312 amounts due to be deposited therein on the particular January 1 for which such
1313 deposit is being made.

1314 (1) Term Bond Sinking Fund Account. A Term Bond Sinking Fund
1315 Account has been established in the Bond Fund by Metro Council Resolution
1316 No. 3864 for the purpose of separately accounting for the payments made into the
1317 Bond Fund to retire the Term Bonds of Series A through I inclusive. The additional
1318 money required by this subparagraph B.1 to be deposited in the Term Bond Sinking
1319 Fund Account shall, together with income from the investment of money in such
1320 account, be sufficient to retire by purchase or by redemption pursuant to call Term
1321 Bonds of Series A through I inclusive on or before the dates and in at least the
1322 principal amounts set forth in the respective resolutions authorizing the bonds of
1323 each of such series; provided that, if more than the required amount shall be
1324 deposited in any given year, the amount to be deposited in the next succeeding year
1325 or years may be reduced accordingly. The amount so paid into the Term Bond
1326 Sinking Fund Account shall be used for the sole purpose of retiring at maturity or by
1327 purchase or redemption prior to maturity Term Bonds of Series A through I
1328 inclusive.

1329 (2) Term Bond Payment Account. A Term Bond Payment Account has
1330 been heretofore established in the Bond Fund by Metro Council Resolution
1331 No. 4075 for the amortization of any Term Bonds of Series M or any Parity Term
1332 Bonds issued thereafter. The money required by this subparagraph B.2 to be

1333 deposited in the Term Bond Payment Account shall, together with income from the
1334 investment of money in such account, be sufficient to retire by purchase or by
1335 redemption pursuant to call the Series V Term Bonds, the Series Z Term Bonds, any
1336 of the Bonds that may be Term Bonds, and any future Parity Term Bonds on or
1337 before such payment dates and in at least such principal amounts as shall be set forth
1338 in the resolution or motion authorizing, or the notice of bond sale for, such bonds.
1339 The amounts so paid into the Term Bond Payment Account shall be used for the sole
1340 purpose of purchasing or redeeming the Series V Term Bonds, the Series Z Term
1341 Bonds, any Bonds that are Term Bonds and any future Parity Term Bonds on or
1342 before their respective scheduled payment dates, provided that, if more than the
1343 required principal amount of such Parity Term Bonds shall be retired by such
1344 purchase or redemption in any given year, the amount required to be purchased or
1345 redeemed in the next succeeding year or years may be reduced accordingly.

1346 If the original purchaser of the Bonds designates any Bonds as Term
1347 Bonds pursuant to Section 25 hereof and the Official Notice of Bond Sale, there is
1348 hereby authorized to be created a special subaccount for the Bonds within the
1349 Term Bond Payment Account. All money required by this Section 10.B.2 to be
1350 deposited into the Term Bond Payment Account for the purchase or redemption of
1351 Bonds that are Term Bonds shall be deposited into such subaccount within the
1352 Term Bond Payment Account. Money in such subaccount shall be treated in all
1353 respects as all other money in the Term Bond Payment Account, but shall be
1354 accounted for separately for the purpose of calculating amounts required to be
1355 paid to the federal government pursuant to Section 19 of this ordinance.

1356 Ordinances 14406, 14753 and 15385:

1357 [Section 9] B. Term Bond Provisions~~Payment Account~~. A Term Bond
1358 Payment Account has heretofore been established in the Bond Fund for the
1359 amortization of Parity Term Bonds. The Bonds issued as Parity Term Bonds shall
1360 be payable from the Debt Service Account as provided in subsection A above and
1361 secured by the Reserve Account, as provided in subsection C below, and the Term
1362 Bond Payment Account shall be closed. If more than the required principal amount
1363 of the Bonds issued as Parity Term Bonds is retired by purchase or optional
1364 redemption in any given year, the mandatory redemption amount in the next
1365 succeeding year or years may be reduced accordingly.

1366 The county covenants that in the event it issues any Future Parity Bonds as
1367 Term Bonds, it will identify such Future Parity Bonds as Parity Term Bonds in
1368 the proceedings authorizing their issuance and establish a schedule of mandatory
1369 redemptions, payable from the Debt Service Account, to amortize the principal of
1370 such Parity Term Bonds prior to their maturity. After making the payments
1371 required in paragraph A above, the county shall deposit to the Term Bond Payment
1372 Account, on or before each annual Principal Payment Date, out of the Revenue of
1373 the System, additional money that together with available income from the
1374 investment of money in the Debt Service Account and Bond Reserve Account will
1375 be sufficient to retire by purchase or by redemption pursuant to call any Parity Term
1376 Bonds on or before such payment dates and in at least such principal amounts as
1377 shall be set forth in the ordinance, resolution or motion authorizing, or the notice of
1378 bond sale for, such bonds. The amounts so paid into the Term Bond Payment

1379 Account shall be used for the sole purpose of purchasing or redeeming Parity Term
1380 Bonds on or before their respective scheduled payment dates, provided that, if more
1381 than the required principal amount of such Parity Term Bonds shall be retired by
1382 such purchase or redemption in any given year, the amount required to be purchased
1383 or redeemed in the next succeeding year or years may be reduced accordingly.

1384 If the original purchaser of any series of the Bonds designates any Bonds
1385 as Term Bonds pursuant to Section 24 hereof, there is hereby authorized to be
1386 created a special subaccount for such series of Bonds within the Term Bond
1387 Payment Account. All money required by this Section 9.B to be deposited into
1388 the Term Bond Payment Account for the purchase or redemption of such series of
1389 Bonds that are Term Bonds shall be deposited into such subaccount within the
1390 Term Bond Payment Account. Money in such subaccount shall be treated in all
1391 respects as all other money in the Term Bond Payment Account, but shall be
1392 accounted for separately for the purpose of calculating amounts required to be
1393 paid to the federal government pursuant to Section 19 of this ordinance.

1394 C. Amending Bond Reserve Account Provision. The third paragraph of
1395 Section 10.C of Ordinance 14225 and of Section 9.C of Ordinances 14406, 14753
1396 and 15385 is hereby amended as follows (additions are underscored and deletions
1397 are stricken):

1398 In the event there shall be a deficiency in the Debt Service Account to make
1399 any payment ~~meet maturing installments~~ of either principal of or interest on any
1400 Parity Bonds, such deficiency shall be made up from the Bond Reserve Account by
1401 the withdrawal of money therefrom and by the sale or redemption of obligations

1402 held in the Bond Reserve Account, if necessary, in such amounts as will provide
1403 cash in the Bond Reserve Account sufficient to make up any such deficiency, and
1404 if a deficiency still exists immediately prior to an interest payment date and after
1405 the withdrawal of cash, the county shall then draw from any Qualified Letter of
1406 Credit, Qualified Insurance, or other equivalent credit facility in sufficient amount
1407 to make up the deficiency. Such draw shall be made at such times and under such
1408 conditions as the agreement for such Qualified Letter of Credit or such Qualified
1409 Insurance shall provide. If more than one Qualified Letter of Credit or Qualified
1410 Insurance is available, draws shall be made ratably thereon to make up the
1411 deficiency. Any deficiency created in the Bond Reserve Account by reason of any
1412 such withdrawal shall then be made up from the Revenue of the System that shall be
1413 first available after making the payments required to be made under paragraph
1414 "FIRST" through "FOURTH" of Section [13/12] hereof.

1415 D. Amending Revenue Fund Provisions. The descriptions of the priority of
1416 payments from the Revenue Fund set forth in Section 13 of Ordinance 14225 and Section
1417 12 of Ordinances 14406, 14753 and 15385 are hereby amended by deleting the
1418 superfluous reference to deposits for the amortization of Parity Term Bonds, as follows
1419 (deletions are stricken):

1420 [Section 13/12] Sewer Revenue Priorities of Payment. So long as any
1421 Bond shall be outstanding, the Revenue of the System shall be deposited into the
1422 Revenue Fund and used and applied in the following order of priority:

1423 First, to pay all Operating and Maintenance Expenses;

1424 Second, to make all required payments of principal and interest on Parity
1425 Bonds as the same shall become due and payable and, when the provisions of
1426 Section 24 hereof become effective, to make any Payment Agreement Payments
1427 with respect to any Parity Payment Agreements;

1428 ~~Third, to make required deposits for the amortization of Parity Term~~
1429 ~~Bonds;~~

1430 E. Amending Payment Default Provision. Section 21.A(i) of Ordinance
1431 14225 and Sections 20.A(i) of Ordinances 14406, 14753 and 15385 are hereby
1432 amended as follows (deletions are stricken):

1433 Ordinance 14225:

1434 [Section 21.A] (i) default in the payment of principal of or interest on any Parity
1435 Bonds when the same shall become due ~~or in the deposit of amounts into the Term~~
1436 ~~Bond Accounts by the required dates for such deposits, and in the case of payment~~
1437 ~~of interest or deposits into the Term Bond Sinking Fund Account such default~~
1438 ~~continues for a period of thirty days; or~~

1439 Ordinances 14406, 14753 and 15385:

1440 [Section 20.A] (i) default in the payment of principal of or interest on any Parity
1441 Bonds when the same shall become due ~~or default in the deposit of amounts into the~~
1442 ~~Term Bond Payment Account by the required dates for such deposits; or~~

1443 SECTION 32. Ordinance a Contract; Severability. The covenants contained
1444 in this ordinance shall constitute a contract between the county and (i) the owners of each
1445 and every Bond, (ii) the Qualified Counterparty to any Parity Payment Agreement
1446 entered into with respect to any Bonds, and (iii) the provider of any Credit Facility,

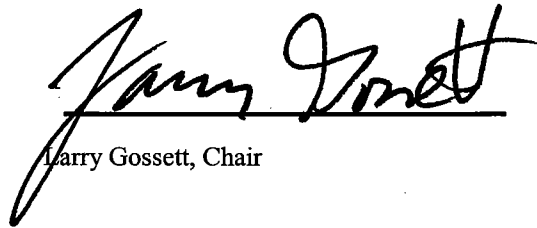
1447 Qualified Insurance or Qualified Letter of Credit with respect to any Bonds. If any one
1448 or more of the covenants or agreements provided in this ordinance to be performed on the
1449 part of the county by any court of competent jurisdiction to be contrary to law, then such
1450 covenant or covenants, agreement or agreements, shall be null and void and shall be
1451 deemed separable from the remaining covenants and agreements of this ordinance and
1452 shall in no way affect the validity of the other provisions of this ordinance or of the
1453 Bonds.

1454 SECTION 33. Effective Date. This ordinance shall be effective 10 days after its
1455 enactment, in accordance with Article II of the county charter.
1456


Ordinance 15758 was introduced on 3/12/2007 and passed by the Metropolitan King
County Council on 5/7/2007, by the following vote:

Yes: 9 - Mr. Gossett, Ms. Patterson, Ms. Lambert, Mr. von Reichbauer, Mr.
Dunn, Mr. Ferguson, Mr. Phillips, Ms. Hague and Mr. Constantine
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 17 day of May, 2007.



Ron Sims, County Executive

Attachments A. EXHIBIT A. Form of Bond

RECEIVED
2007 MAY 18 PM 1:14
CLERK
KING COUNTY COUNCIL

EXHIBIT A
FORM OF BOND

NO. _____

\$ _____

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

SEWER REVENUE BOND, [applicable year and series designation]

INTEREST RATE:

MATURITY DATE:

CUSIP NO.:

Registered Owner:

Principal Amount:

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

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

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

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

The Bonds are subject to optional [and mandatory] redemption as provided in the Bond Ordinance.

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

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

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

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

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

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

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

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

KING COUNTY, WASHINGTON

By _____ /s/ _____
King County Executive

ATTEST:

_____/s/_____
Clerk of the County Council

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

CERTIFICATE OF AUTHENTICATION

This is one of the Sewer Revenue Bonds, Series _____, of King County, Washington, dated _____, 20__, described in the within mentioned Bond Ordinance.

WASHINGTON STATE FISCAL
AGENCY, as Bond Registrar

By _____
Authorized Signatory

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

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

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

(State)

Additional abbreviations may also be used though not listed above.

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR
TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

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

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

DATED: _____, 20__.

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

SIGNATURE GUARANTEED:

NOTICE: Signatures must be guaranteed
pursuant to law.