



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

Ordinance 19377

Proposed No. 2021-0389.1

Sponsors Kohl-Welles

1 AN ORDINANCE providing long-term financing for
2 capital needs of the county's sewer system by authorizing
3 the issuance of sewer revenue bonds and limited tax
4 general obligation bonds (payable from sewer revenues) of
5 the county in an aggregate principal amount not to exceed
6 \$905,000,000 to provide funds for acquiring and
7 constructing improvements to the sewer system;
8 authorizing the issuance of sewer revenue bonds and
9 limited tax general obligation bonds (payable from sewer
10 revenues) of the county for refunding outstanding
11 obligations of the county payable from sewer revenues;
12 providing for the form, terms and covenants of such bonds;
13 providing for the sale of the bonds in one or more series;
14 establishing funds for the receipt and expenditure of bond
15 proceeds and for the payment of the bonds; pledging sewer
16 revenues to pay the principal of and interest on sewer
17 revenue bonds issued under this ordinance; and pledging
18 the annual levy of taxes and an additional pledge of sewer
19 revenues to pay the principal of and interest on limited tax

Ordinance 19377

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

22 **PREAMBLE:**

23 The county owns and operates facilities for the conveyance and treatment
24 of sewage and control of combined sewer overflows that include
25 wastewater treatment plants, interceptor and trunk sewers, pumping
26 stations, regulator stations, outfall sewers, storm sewers to divert
27 stormwater from sanitary sewers, lands for application of biosolids,
28 property rights, and buildings and other structures and equipment
29 (collectively, "the System"), all in accordance with a comprehensive plan
30 for metropolitan water pollution abatement under the authority of chapters
31 36.56 and 35.58 of the Revised Code of Washington ("RCW").

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

41 In accordance with RCW 35.58.200(3), the county has declared that the
42 health, safety and welfare of people within the metropolitan area require

Ordinance 19377

43 that certain Participants discharge sewage collected by those Participants
44 into facilities of the System.

45 The county has issued the series of sewer revenue bonds with a senior lien
46 on Revenue of the System set forth in Attachment A to this ordinance
47 ("the Parity Bonds").

48 The county has issued the series of limited tax general obligation bonds
49 additionally secured by a lien on Revenue of the System junior and
50 subordinate to the lien thereon of the Parity Bonds set forth in Attachment
51 B to this ordinance ("the Parity Lien Obligations").

52 The county has issued its sewer revenue bonds with a lien on Revenue of the
53 System junior and subordinate to the lien thereon of the Parity Lien Obligations
54 (as further defined herein, the "Junior Lien Obligations").

55 The county has issued its limited tax general obligation bonds additionally
56 secured by a lien on Revenue of the System junior and subordinate to the lien
57 thereon of the Junior Lien Obligations (as further defined herein, "the Multi-
58 Modal LTGO/Sewer Revenue Bonds").

59 The county has reserved the right to issue certain revenue bonds or other revenue
60 obligations with a lien on Revenue of the System junior and inferior to the lien
61 thereon of the Multi-Modal LTGO/Sewer Revenue Bonds (as further defined
62 herein, "the Subordinate Lien Obligations").

63 The county has entered into loan agreements with the State Department of
64 Ecology under the State water pollution control revolving fund loan program
65 ("SRF Loans") and with the State Department of Commerce under the Public

Ordinance 19377

66 Works Trust Fund loan program ("Public Works Trust Fund Loans"), the
67 repayment obligations of which are secured by a lien on Revenue of the System
68 junior and subordinate to the lien thereon of the Subordinate Lien Obligations.
69 The county may have opportunities to refund all or portions of its currently
70 outstanding Parity Bonds, Parity Lien Obligations, Junior Lien Obligations,
71 Multi-Modal LTGO/Sewer Revenue Bonds, SRF Loans and Public Works Trust
72 Fund Loans, and any Future Parity Bonds, Future Parity Lien Obligations, Future
73 Junior Lien Obligations, Future Multi-Modal LTGO/Sewer Revenue Bonds,
74 Subordinate Lien Obligations, and future SRF Loans and Public Works Trust
75 Fund Loans, in each case to effect a saving to the county and ratepayers of the
76 System or when necessary or in the best interest of the county and ratepayers of
77 the System to modify debt service or reserve requirements, sources of payment,
78 covenants or other terms of the obligations to be refunded. It is deemed necessary
79 and desirable that the county authorize the issuance and sale of its bonds payable
80 from sewer revenue ("the Refunding Bonds") for such refunding opportunities, as
81 provided in this ordinance.

82 It is deemed necessary and desirable that the county also authorize the
83 issuance and sale of its bonds payable from sewer revenues in an
84 aggregate principal amount not to exceed \$905,000,000 ("the Project
85 Bonds") to pay costs of capital improvements to the System, in accordance
86 with the Comprehensive Plan and the Capital Improvement Budget.

87 The county council furthermore deems it in the best interest of the county
88 to designate, pursuant to RCW 39.46.040 and other authority of the

Ordinance 19377

89 county, the county's Finance Director to serve as its designated
90 representative to accept offers to purchase the Project Bonds and the
91 Refunding Bonds on behalf of the county consistent with terms and
92 parameters established by this ordinance and county debt policy.

93 As designated representative, the county's Finance Director is authorized
94 to sell the Bonds in one or more series, as either Parity Bonds or Parity
95 Lien Obligations, or a combination thereof, by competitive bid or
96 negotiated sale, or to the federal government or another direct purchaser,
97 as provided in this ordinance.

98 The sale of any series of the Bonds shall be reported to the county council
99 and the Executive Finance Committee, as part of the annual report
100 provided for in this ordinance.

101 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

105 "Accreted Value" means, for any Parity Bonds that are Capital Appreciation
106 Bonds, as of any date of calculation, the sum of the amounts set forth in the ordinance,
107 resolution or Sale Document authorizing such bonds as the amounts representing the
108 initial principal amount of such bonds plus the interest accumulated, compounded and
109 unpaid thereon as of the most recent compounding date, as provided in the ordinance,
110 resolution or Sale Document authorizing the issuance of such bonds; provided, that if
111 such calculation is not made as of a compounding date, such amount shall be determined

Ordinance 19377

112 by straight-line interpolation as of the immediately preceding and the immediately
113 succeeding compounding dates.

114 "Agency Customer" means any city, town, water-sewer district or other political
115 subdivision, person, firm, private corporation or other entity that collects sewage from
116 customers and disposes of any portion of that sewage into the System and is not a
117 Participant.

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

119 1. The interest due on all outstanding Parity Bonds and Parity Lien
120 Obligations: (a) on all interest payment dates (other than January 1) in such calendar
121 year; and (b) on January 1 of the next succeeding year, and any Payment Agreement
122 Payments due on such dates in respect of any Parity Payment Agreements and Parity Lien
123 Obligation Payment Agreements, minus any Payment Agreement Receipts due in such
124 period in respect of any Parity Payment Agreements and Parity Lien Obligation Payment
125 Agreements.

126 a. For purposes of calculating the amounts required to pay
127 interest on Parity Bonds or Parity Lien Obligations, capitalized interest and accrued
128 interest paid to the county upon the issuance of Parity Bonds or Parity Lien Obligations
129 shall be excluded and, on and after the Second Springing Amendment Date (Parity Lien
130 Obligations), interest on any Balloon Maturity shall also be excluded.

131 b. Prior to the Second Springing Amendment Date (Parity
132 Lien Obligations), the amount of interest deemed to be payable on any issue of Variable
133 Rate Parity Bonds or Variable Rate Parity Lien Obligations shall be calculated on the
134 assumption that the interest rate on those bonds would be equal to the rate that is 90% of

Ordinance 19377

135 the average Bond Buyer Revenue Bond Index or comparable index during the fiscal
136 quarter preceding the quarter in which the calculation is made ("the assumed RBI rate");
137 provided, that for purposes of determining actual compliance in any past calendar year
138 with the rate covenant made in Section 18 of this ordinance, the actual amount of interest
139 paid on any issue of Variable Rate Parity Bonds or Parity Lien Obligations shall be taken
140 into account. On and after the Second Springing Amendment Date (Parity Lien
141 Obligations), the amount of interest deemed to be payable on any issue of Variable Rate
142 Parity Bonds or Variable Rate Parity Lien Obligations shall be calculated on the
143 assumption that the interest rate on those bonds would be equal to the rate that is the
144 average of the SIFMA Municipal Swap Index over the 10 calendar years preceding the
145 quarter in which the calculation is made ("the assumed variable rate"); provided, that for
146 purposes of determining actual compliance in any past calendar year with the rate
147 covenant made in Section 18 of this ordinance, the actual amount of interest paid on any
148 issue of Variable Rate Parity Bonds or Parity Lien Obligations shall be taken into
149 account;

150 2. Prior to the Second Springing Amendment Date (Parity Lien
151 Obligations), the principal due (at maturity or upon the mandatory redemption of Term
152 Bonds prior to their maturity) for all outstanding Parity Bonds and Parity Lien
153 Obligations: (a) on all principal payment dates (other than January 1) of such calendar
154 year; and (b) on January 1 of the next succeeding year. On and after the Second
155 Springing Amendment Date (Parity Lien Obligations), the principal due (at maturity or
156 upon the mandatory redemption of Term Bonds prior to their maturity) for all outstanding
157 Parity Bonds and Parity Lien Obligations other than any Balloon Maturity: (a) on all

Ordinance 19377

158 principal payment dates (other than January 1) of such calendar year; and (b) on January
159 1 of the next succeeding year; and

160 3. On and after the Second Springing Amendment Date (Parity Lien
161 Obligations), the Assumed Debt Service for any Balloon Maturity of a Parity Bond or
162 Parity Lien Obligation for that calendar year.

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

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

175 From and after the First Springing Amendment Date (Parity Lien Obligations), for
176 purposes of satisfying the rate covenant in Section 18.B. of this ordinance and the tests
177 for the issuance of additional Parity Lien Obligations in Section 25 of this ordinance,
178 Annual Debt Service for any fiscal year or calendar year shall exclude any Debt Service
179 Offsets (i.e., any Debt Service Offsets shall be deducted from Annual Debt Service).

Ordinance 19377

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

182 1. The interest due on all outstanding Parity Bonds: (a) on all interest
183 payment dates (other than January 1) in such calendar year; and (b) on January 1 of the
184 next succeeding year, and any Payment Agreement Payments due on such dates in
185 respect of Parity Payment Agreements, minus any Payment Agreement Receipts due in
186 such period in respect of such Parity Payment Agreements.

187 a. For purposes of calculating the amounts required to pay
188 interest on Parity Bonds, capitalized interest and accrued interest paid to the county upon
189 the issuance of Parity Bonds shall be excluded and, on and after the Second Springing
190 Amendment Date (Parity Bonds), interest on any Balloon Maturity shall also be
191 excluded.

192 b. Prior to the Second Springing Amendment Date (Parity
193 Bonds), the amount of interest deemed to be payable on any issue of Variable Rate Parity
194 Bonds shall be calculated on the assumption that the interest rate on those bonds would
195 be equal to the rate that is 90% of the average Bond Buyer Revenue Bond Index or
196 comparable index during the fiscal quarter preceding the quarter in which the calculation
197 is made ("the assumed RBI rate"); provided, that for purposes of determining actual
198 compliance in any past calendar year with the rate covenant made in Section 18 of this
199 ordinance, the actual amount of interest paid on any issue of Variable Rate Parity Bonds
200 shall be taken into account. On and after the Second Springing Amendment Date (Parity
201 Bonds), the amount of interest deemed to be payable on any issue of Variable Rate Parity
202 Bonds shall be calculated on the assumption that the interest rate on those bonds would

Ordinance 19377

203 be equal to the rate that is the average of the SIFMA Municipal Swap Index over the 10
204 calendar years preceding the quarter in which the calculation is made ("the assumed
205 variable rate"); provided, that for purposes of determining actual compliance in any past
206 calendar year with the rate covenant made in Section 18 of this ordinance, the actual
207 amount of interest paid on any issue of Variable Rate Parity Bonds shall be taken into
208 account.

209 2. Prior to the Second Springing Amendment Date (Parity Bonds),
210 the principal due (at maturity or upon the mandatory redemption of Term Bonds prior to
211 their maturity) for all outstanding Parity Bonds; (a) on all principal payment dates (other
212 than January 1) of such calendar year; and (b) on January 1 of the next succeeding year.
213 On and after the Second Springing Amendment Date (Parity Bonds), the principal due (at
214 maturity or upon the mandatory redemption of Term Bonds prior to their maturity) for all
215 outstanding Parity Bonds other than any Balloon Maturity: (a) on all principal payment
216 dates (other than January 1) of such calendar year; and (b) on January 1 of the next
217 succeeding year.

218 3. On and after the Second Springing Amendment Date (Parity
219 Bonds), the Assumed Debt Service for any Balloon Maturity of a Parity Bond for that
220 calendar year.

221 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or
222 upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation
223 Bonds shall be included in the calculation of Annual Debt Service, and references in this
224 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or
225 upon the mandatory redemption of any Capital Appreciation Bonds.

Ordinance 19377

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

232 For purposes of calculating the Reserve Requirement and satisfying the rate
233 covenant in Section 18.A. of this ordinance and the tests for the issuance of Future Parity
234 Bonds in Section 24 of this ordinance, Annual Parity Debt Service for any fiscal year or
235 calendar year shall exclude any Debt Service Offsets (i.e., any Debt Service Offsets shall
236 be deducted from Annual Parity Debt Service).

237 "Assumed Amortization Period" means an assumed amortization period for a
238 Balloon Maturity as specified in the Sale Document designating the Balloon Maturity.
239 An Assumed Amortization Period may not be longer than the lesser of: (a) the useful
240 life, as of the date of designation, of the assets being financed; and (b) 75 years. The
241 Assumed Amortization Period for a Balloon Maturity applies (i.e., is not reset) until the
242 Balloon Maturity, and any Balloon Maturity issued to refund that Balloon Maturity, is no
243 longer outstanding.

244 "Assumed Debt Service" for any Balloon Maturity for any calendar year means an
245 amount equals to the principal and interest that would be payable in each calendar year if
246 that Balloon Maturity were amortized over the Assumed Amortization Period on a
247 substantially level debt service basis, calculated based on the actual interest rate on the
248 Balloon Maturity, if fixed, and based on the average of the SIFMA Municipal Swap

Ordinance 19377

249 Index over the 10 calendar years preceding the quarter in which the calculation is made,
250 if variable.

251 "Balloon Maturity" means any scheduled principal maturity of any Series of
252 Parity Bonds or Parity Lien Obligations that the county designates in the Sale Document
253 for that Series to be a Balloon Maturity for the purposes of the definitions of Annual Debt
254 Service and Annual Parity Debt Service. Any Balloon Maturity includes any
255 corresponding scheduled principal maturity of Parity Bonds or Parity Lien Obligations
256 issued to refund such Balloon Maturity unless the Balloon Maturity designation is
257 rescinded in the Sale Document approving the refunding.

258 "Beneficial Owner" means, with respect to a Bond, the owner of the beneficial
259 interest in that Bond.

260 "Bond Purchase Agreement" means any bond purchase agreement for the sale of a
261 Series of Bonds approved by the Finance Director pursuant to section 28.B. of this
262 ordinance.

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

265 "Bonds" means the Project Bonds of the county in an aggregate principal amount
266 not to exceed \$905,000,000 authorized to be issued under this ordinance to pay costs of
267 acquiring and constructing improvements to the System and the Refunding Bonds
268 authorized to be issued under this ordinance to refund outstanding obligations of the
269 county. The Bonds may be issued in one or more Series of Parity Bonds or Parity Lien
270 Obligations, as provided in this ordinance.

Ordinance 19377

271 "Capital Appreciation Bonds" means any Parity Bonds the interest on which is
272 compounded, accumulated and payable only upon redemption or on the maturity date of
273 such Parity Bonds; provided, that Parity Bonds may be deemed to be Capital
274 Appreciation Bonds for only a portion of their term pursuant to the ordinance, resolution
275 or Sale Document authorizing their issuance. On the date on which Parity Bonds no
276 longer are Capital Appreciation Bonds, they shall be deemed outstanding in a principal
277 amount equal to their Accreted Value.

278 "Capital Improvement Budget" means the capital improvement budget of the
279 county in effect from time to time, as such budget may have been amended or
280 supplemented.

281 "Certificate of Award" means any certificate of award for the sale of a Series of
282 Bonds approved by the Finance Director pursuant to section 28.C. of this ordinance.

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

286 "Closing" means the delivery of a Series of the Bonds to, and payment of the
287 purchase price therefor by, the initial purchasers of that Series of Bonds.

288 "Code" means the Internal Revenue Code of 1986, as in effect on the date of
289 issuance of a Series of Tax-Advantaged Obligations or Tax-Exempt Obligations or
290 (except as otherwise referenced herein) as it may be amended to apply to obligations
291 issued on the date of issuance of the Tax-Advantaged Obligations or Tax-Exempt
292 Obligations, together with applicable proposed, temporary, and final regulations
293 promulgated, and applicable official public guidance published, under the Code.

Ordinance 19377

294 "Comprehensive Plan" means the county's comprehensive water pollution
295 abatement plan authorized by RCW 35.58.200 and defined in K.C.C. 28.82.150 as the
296 Comprehensive Sewage Disposal Plan adopted by Resolution No. 23 of the Metro
297 Council on April 22, 1959, and all amendments thereto, together with any amendments
298 hereafter approved by ordinance.

299 "Construction Account" means the "Second Water Quality Construction
300 Account," as designated by Ordinance 12076, Section 30.

301 "Council" means the Metropolitan King County Council.

302 "Credit Facility" means any letter of credit, standby bond purchase agreement,
303 line of credit, surety bond, insurance policy or other insurance commitment or similar
304 agreement (but not including a Payment Agreement), satisfactory to the county, that is
305 provided by a commercial bank, insurance company or other financial institution with a
306 current long-term rating (or whose obligations thereunder are guaranteed by a financial
307 institution with a long-term rating): (a) from Moody's and S&P not lower, when issued,
308 than the credit rating of any Series of Parity Bonds, to provide support for a Series of
309 Parity Bonds, and shall include any substitute therefor in accordance with the provisions
310 of the ordinance providing for the issuance of Parity Bonds supported by a Credit
311 Facility; or (b) from Fitch, Moody's and S&P not lower, when issued, than the credit
312 rating of any Series of Parity Lien Obligations, to provide support for a Series of Parity
313 Lien Obligations (including Variable Rate Parity Lien Obligations), and shall include any
314 substitute therefor in accordance with the provisions of the ordinance providing for the
315 issuance of Parity Lien Obligations supported by a Credit Facility.

Ordinance 19377

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

318 "Debt Service Offset" means receipts of the county, including federal interest
319 subsidy payments, designated as such by the county that are not included in Revenue of
320 the System and that are legally available to pay debt service on Parity Bonds, Parity Lien
321 Obligations or other obligations of the county payable from and secured by a pledge of
322 Revenue of the System.

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

324 "Fair Market Value" means the price at which a willing buyer would purchase an
325 investment from a willing seller in a bona fide, arm's-length transaction, except for
326 specified investments as described in Treasury Regulation § 1.148-5(d)(6), including
327 United States Treasury obligations, certificates of deposit, guaranteed investment
328 contracts, and investments for yield-restricted defeasance escrows. Fair Market Value is
329 generally determined on the date on which a contract to purchase or sell an investment
330 becomes binding, and, to the extent required by the applicable regulations under the
331 Code, the term "investment" will include a hedge.

332 "Federal Tax Certificate" means the certificate executed by the Finance Director
333 setting forth the requirements of the Code for maintaining the tax status of the applicable
334 Tax-Advantaged Obligations or Tax-Exempt Obligations, and attachments thereto.

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

Ordinance 19377

338 "First Springing Amendment Date (Parity Bonds)" means the date when the
339 Registered owners of at least 51% in aggregate principal amount of all outstanding Parity
340 Bonds have consented to the adoption of an ordinance or ordinances amending the
341 definition of Reserve Requirement; establishing one or more separate Reserve
342 Requirements for one or more Series of Parity Bonds, including each Series of the Bonds
343 issued as Parity Bonds; reducing any Reserve Requirement, including the Reserve
344 Requirement for each Series of the Bonds issued as Parity Bonds, to an amount less than
345 maximum Annual Parity Debt Service in any calendar year, including to zero; or
346 establishing one or more separate subaccounts within the Parity Bond Reserve Account to
347 secure one or more Series of Parity Bonds, including each Series of the Bonds issued as
348 Parity Bonds, with other Series of Parity Bonds not being secured by such separate
349 subaccounts, as set forth in Ordinance 19112, Section 35.C., and section 35.C. of this
350 ordinance.

351 "First Springing Amendment Date (Parity Lien Obligations)" means the date
352 when no Parity Lien Obligations designated as Series 2008 Bonds remain outstanding.

353 "Fitch" means Fitch Ratings, and its successors and assigns, except that if that
354 entity is dissolved or liquidated or no longer performs the functions of a securities rating
355 agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized
356 securities rating agency selected by the county.

357 "Future Junior Lien Obligations" means any sewer revenue bonds, warrants or
358 other obligations that may be issued in the future with a lien on Revenue of the System
359 equal to the lien thereon of the currently outstanding Junior Lien Obligations.

Ordinance 19377

360 "Future Multi-Modal LTGO/Sewer Revenue Bonds" means any limited tax
361 general obligation bonds that may be issued in the future that are additionally secured by
362 a lien on Revenue of the System on a parity with the lien thereon of the currently
363 outstanding Multi-Modal LTGO/Sewer Revenue Bonds.

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

367 "Future Parity Lien Obligations" means any limited tax general obligation bonds
368 that may be issued in the future that are additionally secured by a lien on Revenue of the
369 System on a parity with the lien thereon of the currently outstanding Parity Lien
370 Obligations.

371 "Government Obligations" means "government obligations," as defined in
372 chapter 39.53 RCW, as such chapter may be hereafter amended or restated, except as
373 such definition is further limited in the Sale Document.

374 "Junior Lien Obligations" means the county's: (a) Junior Lien Sewer Revenue
375 Refunding Bonds (Mandatory Put Bonds), Series 2020A and 2020B, dated July 14, 2020,
376 authorized by Ordinance 18898, and (b) any Future Junior Lien Obligations.

377 "Letter of Representations" means the Blanket Issuer Letter of Representations
378 dated May 1, 1995, by and between the county and DTC, as it may be amended from
379 time to time, and any successor or substitute letter relating to the operational procedures
380 of the Securities Depository.

Ordinance 19377

381 "Loan Agreement" means any loan agreement or direct purchase agreement for
382 the sale of a Series of Bonds approved by the Finance Director pursuant to section 28.D.
383 of this ordinance.

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

390 "MSRB" means the Municipal Securities Rulemaking Board or any successor to
391 its functions.

392 "Multi-Modal LTGO/Sewer Revenue Bonds" means the county's: (a) Multi-
393 Modal Limited Tax General Obligation Refunding Bonds (Payable from Sewer
394 Revenue), Series 2017A and Series 2017B, dated October 26, 2017, authorized by
395 Ordinance 18581; (b) Multi-Modal Limited Tax General Obligation Refunding Bonds
396 (Payable from Sewer Revenues), Series 2019A and Series 2019B, dated June 27, 2019,
397 authorized by Ordinance 18898; (c) Multi-Modal Limited Tax General Obligation Notes
398 (Payable from Sewer Revenues) (Commercial Paper), Series A, and Multi-Modal Limited
399 Tax General Obligation Notes (Payable from Sewer Revenues) (Commercial Paper),
400 Series B (Taxable), authorized by Ordinances 19114 and 18898; and (d) any Future
401 Multi-Modal LTGO/Sewer Revenue Bonds.

402 "Net Revenue" means Revenue of the System less Operating and Maintenance
403 Expenses.

Ordinance 19377

404 "Official Notice of Bond Sale" means, with respect to each Series of Bonds sold
405 by competitive bid, the official notice of sale therefor prepared pursuant to section 28 of
406 this ordinance.

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

412 "Owner" means, with respect to a Bond, without distinction, the Beneficial Owner
413 or the Registered Owner.

414 "Parity Bond Fund" means the "Water Quality Revenue Bond Account"
415 designated pursuant to Ordinance 12076, Section 30, and continued pursuant to section 9
416 of this ordinance for the purpose of paying and securing the payment of the Parity Bonds.

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

419 "Parity Bonds" means the bonds identified as such in the Preamble to this
420 ordinance, together with: (a) any Bonds issued under this ordinance with a lien on
421 Revenue of the System equal to the lien thereon of those bonds; and (b) any Future Parity
422 Bonds. "Parity Bonds" include any Parity Payment Agreements and parity
423 reimbursement agreements entered into with the provider of a Credit Facility securing
424 any Parity Bonds.

425 "Parity Lien Obligation Bond Fund" means the "Water Quality Limited Tax
426 General Obligation Bond Redemption Fund" established pursuant to Ordinance 11241,

Ordinance 19377

427 Section 8, and continued pursuant to section 10 of this ordinance, to provide for payment
428 of Parity Lien Obligations.

429 "Parity Lien Obligation Payment Agreement" means a Payment Agreement under
430 which the county's payment obligations are expressly stated to constitute a charge and
431 lien on Revenue of the System equal in rank with the charge and lien on Revenue of the
432 System securing amounts required to be paid into the Parity Lien Obligation Bond Fund
433 to pay and secure the payment of principal of and interest on the Parity Lien Obligations.

434 "Parity Lien Obligation Term Bonds" means Parity Lien Obligations that are
435 Term Bonds.

436 "Parity Lien Obligations" means bonds identified as such in the Preamble to this
437 ordinance, together with: (a) any Bonds issued under this ordinance with a lien on
438 Revenue of the System equal to the lien thereon of those bonds; and (b) any Future Parity
439 Lien Obligations. "Parity Lien Obligations" include any Parity Lien Obligation Payment
440 Agreements and parity reimbursement agreements entered into with the provider of a
441 Credit Facility securing any Parity Lien Obligations.

442 "Parity Payment Agreement" means a Payment Agreement under which the
443 county's payment obligations are expressly stated to constitute a charge and lien on
444 Revenue of the System equal in rank with the charge and lien on Revenue of the System
445 securing amounts required to be paid into the Parity Bond Fund to pay and secure the
446 payment of principal of and interest on the Parity Bonds.

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

448 "Participant" means each city, town, county, water-sewer district, municipal
449 corporation, person, firm, private corporation or other entity that disposes of any portion

Ordinance 19377

450 of its sanitary sewage into the System and has entered into a Service Agreement with the
451 county.

452 "Payment Agreement" means, to the extent permitted from time to time by
453 applicable law, a written agreement entered into by the county: (a) in connection with or
454 incidental to the issuance, incurring or carrying of bonds or other obligations of the
455 county secured in whole or in part by a lien on Revenue of the System; (b) for the
456 purpose of managing or reducing the county's exposure to fluctuations or levels of
457 interest rates, currencies or commodities or for other interest rate, investment, asset or
458 liability management purposes; (c) with a Qualified Counterparty; and (d) which
459 provides, on either a current or forward basis, for an exchange of payments determined in
460 accordance with a formula specified therein.

461 "Payment Agreement Payments" means the amounts periodically required to be
462 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The
463 term "Payment Agreement Payments" does not include any termination payment required
464 to be paid with respect to a Payment Agreement.

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

467 "Permitted Investments" means any investment permitted by law, but only to the
468 extent that the same are acquired at Fair Market Value.

469 "Professional Utility Consultant" means a licensed professional engineer, a
470 Certified Public Accountant, or other independent person or firm selected by the county
471 having a favorable reputation for skill and experience with sewer systems of comparable

Ordinance 19377

472 size and character to the System in such areas as are relevant to the purposes for which
473 they are retained.

474 "Project Bonds" means the not to exceed \$905,000,000 aggregate principal
475 amount of bonds of the county authorized to be issued under this ordinance to pay costs
476 of acquiring and constructing improvements to the System. The Project Bonds may be
477 issued in one or more Series of Parity Bonds or Parity Lien Obligations, as provided in
478 this ordinance.

479 "Public Works Trust Fund Loans" means loans to the county by the State
480 Department of Commerce under the Public Works Trust Fund loan program pursuant to
481 loan agreements in effect as of the date of this ordinance and any loan agreements
482 hereafter entered into by the county under the Public Works Trust Fund loan program, the
483 repayment obligations of which are secured by a lien on Revenue of the System equal to
484 the lien thereon established by such loan agreements in effect as of the date of this
485 ordinance.

486 "Qualified Counterparty" means with respect to a Payment Agreement an entity:
487 (a) whose senior long-term debt obligations, other senior unsecured long-term obligations
488 or claims paying ability, or whose payment obligations under a Payment Agreement are
489 guaranteed by an entity whose senior long-term debt obligations, other senior unsecured
490 long-term obligations or claims paying ability, are rated (at the time the Payment
491 Agreement is entered into) at least as high as A3 by Moody's and A- by S&P (and A- by
492 Fitch for any Parity Lien Obligation Payment Agreement), or the equivalent thereof by
493 any successor thereto; and (b) who is otherwise qualified to act as the other party to a
494 Payment Agreement under any applicable laws of the State.

Ordinance 19377

495 "Qualified Insurance" means any unconditional municipal bond insurance policy
496 or surety bond issued by any insurance company licensed to conduct an insurance
497 business in any state of the United States or by a service corporation acting on behalf of
498 one or more such insurance companies, which insurance company or service corporation,
499 as of the time of issuance of such policy or surety bond, is then rated in one of the two
500 highest rating categories by Moody's, S&P, and any other rating agency then maintaining
501 a rating on the Parity Bonds and maintains a policy owner's surplus in excess of
502 \$500,000,000.

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

509 "Rate Stabilization Fund" means the fund of that name created pursuant to
510 Ordinance 12314, Section 13.D., and continued pursuant to section 13.B. of this
511 ordinance.

512 "RCW" means the Revised Code of Washington.

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

516 "Record Date" means, except as otherwise set forth in the applicable Sale
517 Document, for an interest or principal payment date or for a maturity date, the 15th day of

Ordinance 19377

518 the calendar month next preceding that date. With respect to redemption of a Bond prior
519 to its maturity, "Record Date" means the Registrar's close of business on the date on
520 which the Registrar sends notice of the redemption.

521 "Refunded Bonds" mean, for each Series of Refunding Bonds, the Refunding
522 Candidates that will be refunded from proceeds of that Series of Bonds, as determined by
523 the Finance Director pursuant to sections 16 and 28 of this ordinance and set forth in a
524 closing certificate or a Refunding Agreement in accordance with sections 16 and 28 of
525 this ordinance.

526 "Refunding Account" means any account authorized to be created pursuant to
527 section 16 of this ordinance to provide for the refunding of any Refunded Bonds.

528 "Refunding Agreement" means a refunding trust agreement entered into between
529 the county and a Refunding Trustee in connection with the refunding of Refunded Bonds.

530 "Refunding Bonds" mean the bonds authorized to be issued by this ordinance to
531 refund any of the Refunding Candidates. The Refunding Bonds may be issued in one or
532 more Series of Parity Bonds or Parity Lien Obligations, as provided in this ordinance.

533 "Refunding Candidates" mean the currently outstanding Parity Bonds, Parity Lien
534 Obligations, Junior Lien Obligations, Multi-Modal LTGO/Sewer Revenue Bonds, SRF
535 Loans, Public Works Trust Fund Loans, the Bonds, and any other obligations issued after
536 the effective date of this ordinance that are Future Parity Bonds, Future Parity Lien
537 Obligations, Future Junior Lien Obligations, Future Multi-Modal LTGO/Sewer Revenue
538 Bonds, Subordinate Lien Obligations, SRF Loans, or Public Works Trust Fund Loans.

539 "Refunding Trustee" means each corporate trustee chosen pursuant to the
540 provisions of section 16 of this ordinance to serve as refunding trustee or escrow agent in

Ordinance 19377

541 connection with the refunding of Refunded Bonds upon the issuance of any Series of
542 Bonds.

543 "Registered Owner" means, with respect to a Bond, the person in whose name
544 that Bond is registered on the Bond Register.

545 "Registrar" means, except as may be set forth in the Sale Document, the fiscal
546 agent of the State appointed from time to time by the Washington State Finance
547 Committee pursuant to chapter 43.80 RCW, serving as the registrar, authenticating agent,
548 paying agent and transfer agent for the Bonds.

549 "Reserve Requirement" means maximum Annual Parity Debt Service with respect
550 to any calendar year; provided that on and after the First Springing Amendment Date
551 (Parity Bonds), Reserve Requirement shall have the meaning set forth in any ordinance or
552 ordinances amending the definition of Reserve Requirement pursuant to Ordinance
553 19112, Section 35.C., and section 35.C. of this ordinance.

554 "Revenue Fund" means the "Water Quality Operating Account" as designated by
555 Ordinance 12076, Section 30.

556 "Revenue of the System" means all the earnings, revenues and money received by
557 the county from or on account of the operations of the System and the income from the
558 investment of money in the Revenue Fund or any account within such fund, but shall not
559 include any money collected pursuant to the Service Agreements applicable to
560 administrative costs of the county other than costs of administration of the System. For
561 certain purposes described in section 13.B. of this ordinance, deposits from the Rate
562 Stabilization Fund into the Revenue Fund may be included in calculations of "Revenue of
563 the System."

Ordinance 19377

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

566 "S&P" means S&P Global Ratings and its successors and assigns, except that if
567 that entity is dissolved or liquidated or no longer performs the functions of a securities
568 rating agency, then the term "S&P" will be deemed to refer to any other nationally
569 recognized securities rating agency selected by the county.

570 "Sale Document" means the Bond Purchase Agreement, Certificate of Award or
571 Loan Agreement, as applicable, for a Series of Bonds.

572 "Second Springing Amendment Date (Parity Bonds) " means the date when the
573 Registered Owners of at least 51% in aggregate principal amount of all outstanding Parity
574 Bonds have consented to the definitions of Assumed Amortization Period, Assumed Debt
575 Service, Balloon Maturity, and Annual Parity Debt Service set forth in this ordinance
576 (including all springing amendments set forth herein). All Registered Owners of Parity
577 Bonds issued after the effective date of this ordinance are deemed to have consented to
578 the definitions of Assumed Amortization Period, Assumed Debt Service, Balloon
579 Maturity, and Annual Parity Debt Service set forth in this ordinance (including all
580 springing amendments set forth herein) by their purchase of such Parity Bonds.

581 "Second Springing Amendment Date (Parity Lien Obligations) " means the date
582 when: (a) the First Springing Amendment Date (Parity Lien Obligations) has occurred;
583 and (b) the Registered Owners of at least 51% in aggregate principal amount of all
584 outstanding Parity Lien Obligations have consented to the definitions of Assumed
585 Amortization Period, Assumed Debt Service, Balloon Maturity, and Annual Debt Service
586 set forth in this ordinance (including all springing amendments set forth herein). All

Ordinance 19377

587 Registered Owners of Parity Lien Obligations issued after the effective date of this
588 ordinance are deemed to have consented to the definitions of Assumed Amortization
589 Period, Assumed Debt Service, Balloon Maturity and Annual Debt Service set forth in
590 this ordinance (including all springing amendments set forth herein) by their purchase of
591 such Parity Lien Obligations.

592 "Securities Depository" means DTC, any successor thereto, any substitute
593 securities depository selected by the county that is qualified under applicable laws and
594 regulations to provide the services proposed to be provided by it, or the nominee of any
595 of the foregoing.

596 "Series" means any series of Parity Bonds or Parity Lien Obligations.

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

601 "SRF Loans" means loans to the county by the State Department of Ecology
602 pursuant to loan agreements in effect as of the date of this ordinance and any loans and
603 loan agreements hereafter entered into by the county under the State water pollution
604 control revolving fund loan program, the repayment obligations of which are secured by a
605 lien on Revenue of the System equal to the lien thereon established by such loan
606 agreements in effect as of the date of this ordinance.

607 "State" means the State of Washington.

608 "Subordinate Lien Obligations" means those revenue bonds or other revenue
609 obligations that may be issued by the county in the future with a lien on Revenue of the

Ordinance 19377

610 System junior and inferior to the lien thereon of the Multi-Modal LTGO/Sewer Revenue
611 Bonds, and payable from Revenue of the System that is available after first making the
612 payments required to be made under paragraph "First" through "Seventh" but before
613 making the payments required to be made under paragraph "Ninth" of section 14 of this
614 ordinance.

615 "System" means the sewers and sewage disposal facilities now or hereafter
616 acquired, constructed, used or operated by the county for the purpose of carrying out the
617 Comprehensive Plan.

618 "Taxable Obligations" means the Bonds of any Series determined to be issued on
619 a taxable basis pursuant to section 28 of this ordinance.

620 "Tax-Advantaged Obligations" means the Bonds of any Series that are eligible for
621 federal tax credits, a federal interest subsidy, or other subsidy, determined to be issued
622 upon such tax-advantaged basis pursuant to section 28 of this ordinance.

623 "Tax-Exempt Obligations" means the Bonds of any Series determined to be
624 issued on a tax-exempt basis pursuant to section 28 of this ordinance.

625 "Term Bonds" means those bonds identified as such in the applicable Sale
626 Document, the principal of which is amortized by a schedule of mandatory redemptions,
627 payable from a bond redemption fund, prior to their maturity.

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

630 "Undertaking" means an undertaking for ongoing disclosure to be entered into by
631 the county for each Series of Bonds, if and to the extent required by the Rule.

Ordinance 19377

632 "Variable Rate Parity Bonds" means Parity Bonds bearing interest at a variable
633 rate of interest, provided that at least one of the following conditions is met: (a) at the
634 time of issuance the county has entered into a Payment Agreement with respect to such
635 Parity Bonds, which Payment Agreement converts the effective interest rate to the county
636 on the Variable Rate Parity Bonds from a variable interest rate to a fixed interest rate; or
637 (b) the Parity Bonds bear interest at a variable rate but are issued concurrently in equal
638 par amounts with other Parity Bonds bearing interest at a variable rate and are required to
639 remain outstanding in equal amounts at all times, if the net effect of such equal par
640 amounts and variable rates at all times is a fixed rate of interest to the county.

641 "Variable Rate Parity Lien Obligations" means Parity Lien Obligations bearing
642 interest at a variable rate of interest, provided that at least one of the following conditions
643 is met: (a) at the time of issuance the county has entered into a Payment Agreement with
644 respect to such Parity Lien Obligations, which Payment Agreement converts the effective
645 interest rate to the county on the Variable Rate Parity Lien Obligations from a variable
646 interest rate to a fixed interest rate; or (b) the Parity Lien Obligations bear interest at a
647 variable rate but are issued concurrently in equal par amounts with other Parity Lien
648 Obligations bearing interest at a variable rate and which are required to remain
649 outstanding in equal amounts at all times, if the net effect of such equal par amounts and
650 variable rates at all times is a fixed rate of interest to the county.

651 SECTION 2. Findings. Because conditions in the capital markets are volatile,
652 the council finds that it is in the best interests of the county and ratepayers of the System
653 that the county retain the flexibility to issue the Bonds in one or more Series, as Parity
654 Bonds or Parity Lien Obligations, to maximize interest rate savings and, where possible,

Ordinance 19377

655 to achieve further savings by refunding all or some of the Refunding Candidates. To
656 achieve this flexibility, the council further finds that it is in the best interests of the
657 county and ratepayers of the System to delegate to the Finance Director the authority to
658 sell the Bonds in one or more Series, as Parity Bonds or Parity Lien Obligations, as Tax-
659 Exempt Obligations, Tax-Advantaged Obligations or Taxable Obligations, by
660 competitive bid or negotiated sale, or to the federal government or another purchaser, for
661 current or future delivery, and to identify any Refunding Candidates to be refunded, in
662 consultation with the county's financial advisors.

663 SECTION 3. Authorization of Bonds. To provide funds necessary to pay costs
664 of acquiring, constructing and equipping improvements, additions or betterments to the
665 System as set forth in the Comprehensive Plan and the Capital Improvement Budget, the
666 county is authorized to issue one or more Series of Project Bonds in an aggregate
667 principal amount not to exceed \$905,000,000.

668 To provide funds to refund any of the Refunding Candidates, the county is
669 authorized to issue one or more Series of Refunding Bonds in principal amounts to be
670 established within the parameters provided in sections 16 and 28 of this ordinance. The
671 Refunding Bonds and Project Bonds may be issued in one or more Series of Parity Bonds
672 or Parity Lien Obligations, as provided in section 28 of this ordinance, each such Series
673 of Parity Bonds to be designated as "King County, Washington, Sewer Revenue [and
674 Refunding] Bonds" with an applicable year and Series designation, and each such Series
675 of Parity Lien Obligations to be designated as "King County Limited Tax General
676 Obligation [and Refunding] Bonds (Payable from Sewer Revenues)" with an applicable
677 year and Series designation, all as established by the related Sale Document.

Ordinance 19377

678 The Bonds shall be fully registered as to both principal and interest; shall be in the
679 denomination of \$5,000 or any integral multiple thereof within a single Series, maturity
680 and interest rate (except as provided in the Sale Document) provided that no Bond shall
681 represent more than one maturity within a Series; shall be numbered separately in such
682 manner and with any additional designation as the Registrar deems necessary for
683 purposes of identification; and shall be dated the date and mature on the dates, in the
684 years and in the amounts approved by the Finance Director, subject to the parameters set
685 forth in section 28.E. of this ordinance.

686 Each Series of Bonds shall bear interest (computed, unless otherwise provided in
687 the Sale Document, on the basis of a 360-day year of twelve 30-day months) from their
688 dated date, payable on interest payment dates and at the rate or rates approved by the
689 Finance Director, subject to the parameters set forth in in section 28.E. of this ordinance.
690 The Accreted Values of any Bonds that are Capital Appreciation Bonds shall be set forth
691 in a Sale Document.

692 SECTION 4. Registration, Exchange and Payments.

693 A. **Registrar/Bond Register.** Unless otherwise specified in the Sale
694 Document, the county, in accordance with K.C.C. chapter 4.84, adopts for the Bonds the
695 system of registration specified and approved by the Washington State Finance
696 Committee, which utilizes the fiscal agent of the State as registrar, authenticating agent,
697 paying agent and transfer agent ("the Registrar"). The Registrar shall keep, or cause to be
698 kept, at its designated corporate trust office, sufficient books for the registration and
699 transfer of the Bonds ("the Bond Register"), which shall be open to inspection by the
700 county at all times. The Bond Register shall contain the name and mailing address of the

Ordinance 19377

701 Registered Owner of each Bond and the principal amount and number of each of the
702 Bonds held by each Registered Owner. The Registrar is authorized, on behalf of the
703 county, to authenticate and deliver Bonds transferred or exchanged in accordance with
704 the provisions of the Bonds and this ordinance, to serve as the county's paying agent for
705 the Bonds and to carry out all of the Registrar's powers and duties under this ordinance.

706 The Registrar shall be responsible for the representations contained in its
707 Certificate of Authentication on the Bonds. The Registrar may become the Owner of the
708 Bonds with the same rights it would have if it were not the Registrar and, to the extent
709 permitted by law, may act as depository for and permit any of its officers or directors to
710 act as members of, or in any other capacity with respect to, any committee formed to
711 protect the rights of Owners.

712 B. **Registered Ownership.** The Bonds shall be issued only in registered
713 form as to both principal and interest and shall be recorded on the Bond Register. The
714 county and the Registrar, each in its discretion, may deem and treat the Registered Owner
715 of each Bond as the absolute owner thereof for all purposes, and neither the county nor
716 the Registrar shall be affected by any notice to the contrary. Payment of each Bond shall
717 be made as described in subsection D. of this section, but registration of ownership of
718 each Bond may be transferred as provided herein. All payments made as described in
719 subsection D. of this section shall be valid and shall satisfy and discharge the liability of
720 the county upon such Bond to the extent of the amount or amounts so paid.

721 C. **Use of Depository.** Unless otherwise specified in the Sale Document, the
722 Bonds initially shall be registered in the name of Cede & Co., as the nominee of DTC.
723 Each Bond registered in the name of the Securities Depository shall be held fully

Ordinance 19377

724 immobilized in book-entry only form by the Securities Depository in accordance with the
725 provisions of the Letter of Representations. Neither the county nor the Registrar shall
726 have any obligation to participants of any Securities Depository or the persons for whom
727 they act as nominees regarding the accuracy of any records maintained by the Securities
728 Depository or its participants. Neither the county nor the Registrar shall be responsible
729 for any notice that is permitted or required to be given to the Registered Owner of any
730 Bond registered in the name of the Securities Depository except such notice as is required
731 to be given by the Registrar to the Securities Depository.

732 For so long as the Bonds are registered in the name of the Securities Depository,
733 the Securities Depository shall be deemed to be the Registered Owner for all purposes
734 hereunder, and all references to Registered Owners shall mean the Securities Depository
735 and shall not mean the Beneficial Owners. Registered ownership of any Bond registered
736 in the name of the Securities Depository may not be transferred except: (a) to any
737 successor Securities Depository; (b) to any substitute Securities Depository appointed by
738 the county; or (c) to any person if the Bond is no longer to be held by a Securities
739 Depository.

740 Upon the resignation of the Securities Depository, or upon a termination of the
741 services of the Securities Depository by the county, the county may appoint a substitute
742 Securities Depository. If: (a) the Securities Depository resigns and the county does not
743 appoint a substitute Securities Depository, or (b) the county terminates the services of the
744 Securities Depository, the Bonds no longer shall be held in book-entry only form and the
745 registered ownership of each Bond may be transferred to any person as provided in this
746 ordinance.

Ordinance 19377

747 D. **Place and Medium of Payment.** Principal of and premium, if any, and
748 interest on the Bonds are payable in lawful money of the United States of America.
749 Principal of and premium, if any, and interest on each Bond registered in the name of the
750 Securities Depository are payable in the manner set forth in the Letter of Representations.
751 Unless otherwise specified in the Sale Document, interest on each Bond not registered in
752 the name of the Securities Depository is payable by electronic transfer on the interest
753 payment date, or by check or draft of the Registrar mailed on the interest payment date to
754 the Registered Owner at the address appearing on the Bond Register on the Record Date.
755 The county is not required to make electronic transfers except pursuant to a request by a
756 Registered Owner in writing received on or prior to the Record Date and at the sole
757 expense of the Registered Owner. Unless otherwise specified in the Sale Document,
758 principal of and premium, if any, on each Bond not registered in the name of the
759 Securities Depository are payable upon presentation and surrender of the Bond by the
760 Registered Owner to the Registrar at maturity or upon prior redemption in full.

761 E. **Transfer or Exchange of Registered Ownership; Change in**
762 **Denominations.** The registered ownership of any Bond may be transferred or
763 exchanged, but no transfer of any Bond shall be valid unless it is surrendered to the
764 Registrar with the assignment form appearing on such Bond duly executed by the
765 Registered Owner or such Registered Owner's duly authorized agent in a manner
766 satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the
767 surrendered Bond and shall authenticate and deliver, without charge to the Registered
768 Owner or transferee therefor, a new Bond (or Bonds, at the option of the new Registered
769 Owner) of the same Series, date, maturity and interest rate and for the same aggregate

Ordinance 19377

770 principal amount in any authorized denomination, naming as Registered Owner the
771 person or persons listed as the assignee on the assignment form appearing on the
772 surrendered Bond, in exchange for such surrendered and canceled Bond.

773 Any Bond may be surrendered to the Registrar and exchanged, without charge,
774 for an equal aggregate principal amount of Bonds of the same Series, date, maturity and
775 interest rate, in any authorized denomination. The Registrar shall not be obligated to
776 exchange or transfer any Bond after the Record Date for any principal payment or
777 redemption date, or, in the case of any proposed redemption of a Bond, after mailing of
778 notice of the call of the Bond for redemption.

779 **SECTION 5. Redemption Provisions; Purchase of Bonds.**

780 A. **Optional Redemption.** All or some of the Bonds may be subject to
781 redemption prior to their stated maturity dates at the option of the county at the times and
782 on the terms set forth in the Sale Document.

783 B. **Mandatory Redemption.** The county shall redeem any Term Bonds, if
784 not redeemed under the optional redemption provisions set forth in the Sale Document or
785 purchased under the provisions set forth herein, randomly (or in such other manner as set
786 forth in the Sale Document or as the Registrar shall determine) at par plus accrued
787 interest on the dates and in the years and principal amounts as set forth in the Sale
788 Document.

789 If the county redeems Term Bonds under the optional redemption provisions set
790 forth in the Sale Document or purchases for cancellation or defeases Term Bonds, the
791 Term Bonds so redeemed, purchased or defeased (irrespective of their redemption or
792 purchase prices) shall, unless otherwise provided in the Sale Document, be credited

Ordinance 19377

793 against one or more scheduled mandatory redemption amounts for those Term Bonds.

794 The county shall determine the manner in which the credit is to be allocated and shall

795 notify the Registrar in writing of its allocation.

796 C. **Partial Redemption.** Whenever less than all of the Bonds of a single
797 maturity of a Series are to be redeemed, the Securities Depository shall select the Bonds
798 registered in the name of the Securities Depository to be redeemed in accordance with the
799 Letter of Representations, and the Registrar shall select all other Bonds to be redeemed
800 randomly, or in such other manner set forth in the Sale Document or as the Registrar shall
801 determine.

802 Portions of the principal amount of any Bond, in integral amounts of \$5,000
803 within a Series and maturity, may be redeemed, unless otherwise provided in the Sale
804 Document. If less than all of the principal amount of any Bond is redeemed, upon
805 surrender of that Bond to the Registrar, there shall be issued to the Registered Owner,
806 without charge therefor, a new Bond (or Bonds, at the option of the Registered Owner) of
807 the same Series, maturity and interest rate in any authorized denomination in the
808 aggregate total principal amount remaining outstanding.

809 D. **Purchase.** The county reserves the right and option to purchase any or all
810 of the Bonds offered to the county at any time at any price acceptable to the county plus
811 accrued interest to the date of purchase.

812 SECTION 6. Notice and Effect of Redemption. Notice of redemption of each
813 Bond registered in the name of the Securities Depository shall be given in accordance
814 with the Letter of Representations. Notice of redemption of each other Bond, unless
815 waived by the Registered Owner, shall be given by the Registrar not less than 20 nor

Ordinance 19377

816 more than 60 days prior to the date fixed for redemption by first-class mail, postage
817 prepaid, to the Registered Owner at the address appearing on the Bond Register on the
818 Record Date, except as otherwise set forth in the Sale Document. The requirements of
819 the preceding sentences shall be deemed to have been fulfilled when notice has been
820 mailed as so provided, whether or not it is actually received by any Owner. Notice of
821 redemption shall also be mailed or sent electronically within the same period to the
822 MSRB, to any nationally recognized rating agency then maintaining a rating on the
823 Bonds at the request of the county, and to such other persons and with such additional
824 information as the Finance Director shall determine, but such further notice shall not be a
825 condition precedent to the redemption of any Bond.

826 In the case of an optional redemption, the notice of redemption may state that the
827 county retains the right to rescind the redemption notice and the redemption by giving a
828 notice of rescission to the affected Registered Owners at any time on or prior to the date
829 fixed for redemption. Any notice of optional redemption that is so rescinded shall be of
830 no effect, and each Bond for which a notice of optional redemption has been rescinded
831 shall remain outstanding.

832 Interest on each Bond called for redemption shall cease to accrue on the date fixed
833 for redemption, unless either the notice of optional redemption is rescinded as set forth
834 above, or money sufficient to effect such redemption is not on deposit in the Parity Bond
835 Fund or the Parity Lien Obligation Bond Fund, as applicable, or in a trust account
836 established to refund or defease the Bond.

837 SECTION 7. Form and Execution of Bonds. Bonds issued as Parity Bonds
838 shall be in substantially the form set forth in Attachment C to this ordinance. Bonds

Ordinance 19377

839 issued as Parity Lien Obligations shall be in substantially the form set forth in
840 Attachment D to this ordinance. The Bonds shall be signed by the county executive and
841 the clerk of the council, either or both of whose signatures may be manual or in facsimile,
842 and the seal of the county or a facsimile reproduction thereof shall be impressed or
843 printed thereon.

844 Only a Bond bearing a Certificate of Authentication in the form set forth in
845 Attachment C or Attachment D to this ordinance, as applicable, manually signed by the
846 Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this
847 ordinance. The authorized signing of a Certificate of Authentication shall be conclusive
848 evidence that the Bond so authenticated has been duly executed, authenticated and
849 delivered and is entitled to the benefits of this ordinance.

850 If any officer whose manual or facsimile signature appears on a Bond ceases to be
851 an officer of the county authorized to sign bonds before the Bond bearing the officer's
852 manual or facsimile signature is authenticated by the Registrar or issued or delivered by
853 the county, that Bond nevertheless may be authenticated, issued and delivered and, when
854 authenticated, issued and delivered, shall be as binding on the county as though that
855 person had continued to be an officer of the county authorized to sign bonds. Any Bond
856 also may be signed on behalf of the county by any person who, on the actual date of
857 signing of the Bond, is an officer of the county authorized to sign bonds, although such
858 officer did not hold the required office on the dated date of the Bond.

859 SECTION 8. Lost, Stolen or Destroyed Bonds. If any Bond is lost, stolen or
860 destroyed, the Registrar may authenticate and deliver a new Bond or Bonds of like
861 amount, date, Series, interest rate and tenor to the Registered Owner thereof upon the

Ordinance 19377

862 Registered Owner's paying the expenses and charges of the county and the Registrar in
863 connection therewith and upon filing with the Registrar evidence satisfactory to the
864 Registrar that such Bond was actually lost, stolen or destroyed and of registered
865 ownership thereof, and upon furnishing the county and the Registrar with indemnity
866 satisfactory to the Finance Director and the Registrar.

867 SECTION 9. Parity Bond Fund. A special fund of the county known as the
868 "Water Quality Revenue Bond Account" ("the Parity Bond Fund") has heretofore been
869 created and is hereby continued, along with the accounts therein described in this section.
870 The Parity Bond Fund is at all times completely segregated and set apart from all other
871 funds and accounts of the county and is a trust fund for the security and payment of
872 principal of and premium, if any, and interest on Parity Bonds. All money credited to the
873 Parity Bond Fund is pledged and ordered to be used for the sole purpose of paying the
874 principal of and premium, if any, and interest on Parity Bonds.

875 A. **Debt Service Account.** A "Debt Service Account" has heretofore been
876 established in the Parity Bond Fund. The county hereby obligates and binds itself to set
877 aside and pay into that account out of Revenue of the System amounts sufficient, together
878 with accrued interest, if any, received at the time of delivery of any Series of Bonds that
879 are Parity Bonds and deposited therein, income from the investment of money in the Debt
880 Service Account and Parity Bond Reserve Account, and any other money on deposit in
881 the Debt Service Account and legally available, to pay the principal of and interest on
882 outstanding Parity Bonds as the same become due and payable.

883 For each Series of the Bonds that are Parity Bonds there is hereby authorized to
884 be created a special subaccount in the Debt Service Account. All money required by this

Ordinance 19377

885 subsection A. to be deposited into the Debt Service Account for the payment of principal
886 of and interest on that Series of the Bonds shall be deposited into the subaccount created
887 for the Series, and the county hereby covenants to budget for each such payment of
888 principal and interest when due. Money in the subaccount will be treated in all respects
889 as all other money in the Debt Service Account, but will be accounted for separately for
890 the purpose of calculating any Rebate Amount payable with respect to that Series of the
891 Bonds.

892 Payments on account of each Series of the Bonds that are Parity Bonds will be
893 made out of Revenue of the System into the applicable debt service subaccount in the
894 Parity Bond Fund on or before the day each payment of interest on or principal of those
895 Bonds is due.

896 **B. Term Bond Provisions.** If any Bonds issued as Parity Bonds are
897 designated as Term Bonds pursuant to section 28 of this ordinance, the Sale Document
898 for that Series of Bonds shall set forth a mandatory redemption schedule to amortize the
899 principal of those Parity Term Bonds. Payments of principal of Parity Term Bonds under
900 any such mandatory redemption schedule shall be made from the Debt Service Account,
901 as provided in subsection A. of this section, to the extent not credited pursuant to section
902 5.B. of this ordinance.

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

Ordinance 19377

908 C. **Parity Bond Reserve Account.** A Parity Bond Reserve Account has
909 heretofore been established in the Parity Bond Fund. The county hereby pledges that it
910 will pay into and maintain in the Parity Bond Reserve Account, an amount that, together
911 with other funds in the Parity Bond Reserve Account, will be at least equal to the Reserve
912 Requirement. The county may substitute Qualified Insurance or a Qualified Letter of
913 Credit for amounts required to be paid into or maintained in the Parity Bond Reserve
914 Account. The Qualified Letter of Credit or Qualified Insurance must not be cancelable
915 on less than five years' notice. In the event of any cancellation, the Parity Bond Reserve
916 Account will be funded in accordance with the provisions of this section providing for
917 payment in the event of a deficiency therein, as if the Parity Bonds that remain
918 outstanding had been issued on the date of such notice of cancellation.

919 On the date of Closing of a Series of Bonds that are Parity Bonds, an amount
920 sufficient to satisfy the Reserve Requirement in the Parity Bond Reserve Account
921 required by the issuance of that Series of Bonds must be deposited therein from the
922 proceeds of Parity Bonds or other funds available therefor or provided for by Qualified
923 Insurance or a Qualified Letter of Credit, as herein permitted.

924 If there is a deficiency in the Debt Service Account to make any payment when
925 due of either principal of or interest on any Parity Bonds, the deficiency will be made up
926 from the Parity Bond Reserve Account by the withdrawal of money therefrom and by the
927 sale or redemption of obligations held in the Parity Bond Reserve Account, if necessary,
928 in such amounts as will provide cash in the Parity Bond Reserve Account sufficient to
929 make up any such deficiency. If a deficiency still exists immediately prior to an interest
930 payment date and after the withdrawal of cash, the county will then draw from any

Ordinance 19377

931 Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility in
932 sufficient amount to make up the deficiency. The draw will be made at such times and
933 under such conditions as the agreement for the Qualified Letter of Credit or Qualified
934 Insurance provides. If more than one Qualified Letter of Credit or Qualified Insurance is
935 available, draws will be made ratably thereon to make up the deficiency. Any deficiency
936 created in the Parity Bond Reserve Account by reason of any such withdrawal must then
937 be made up from Revenue of the System that is available after first making the payments
938 required to be made under paragraph "First" through "Third" of section 14 of this
939 ordinance.

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

942 **SECTION 10. Parity Lien Obligation Bond Fund.** A special fund of the county
943 known as the "Water Quality Limited Tax General Obligation Bond Redemption Fund"
944 ("the Parity Lien Obligation Bond Fund") has heretofore been created and is hereby
945 continued, along with the accounts therein described in this section. The Parity Lien
946 Obligation Bond Fund is at all times completely segregated and set apart from all other
947 funds and accounts of the county and is a trust fund for the security and payment of
948 principal of and premium, if any, and interest on Parity Lien Obligations. All money
949 credited to the Parity Lien Obligation Bond Fund is pledged and ordered to be used for
950 the sole purpose of paying principal of and premium, if any, and interest on Parity Lien
951 Obligations.

952 A. **Debt Service Account.** A "Debt Service Account" has heretofore been
953 established in the Parity Lien Obligation Bond Fund. The county hereby obligates and

Ordinance 19377

954 binds itself to set aside and pay into that account out of Revenue of the System amounts
955 sufficient, together with accrued interest, if any, received at the time of delivery of any
956 Series of Bonds issued as Parity Lien Obligations and deposited therein, income from the
957 investment of money in the Debt Service Account and any other money on deposit in the
958 Debt Service Account and legally available, to pay the principal of and interest on
959 outstanding Parity Lien Obligations as the same become due and payable.

960 For each Series of the Bonds issued as Parity Lien Obligations, there is hereby
961 authorized to be created a special subaccount in the Debt Service Account. All money
962 required by this subsection A. to be deposited into the Debt Service Account for the
963 payment of principal of and interest on that Series of the Bonds will be deposited into the
964 subaccount created for the Series, and the county hereby covenants to budget for each
965 such payment of principal and interest when due. Money in that subaccount will be
966 treated in all respects as all other money in the Debt Service Account, but will be
967 accounted for separately for the purpose of calculating any Rebate Amount payable with
968 respect to that Series of the Bonds.

969 Payments on account of each Series of the Bonds issued as Parity Lien
970 Obligations will be made out of Revenue of the System into the applicable debt service
971 subaccount in the Parity Lien Obligation Bond Fund on or before the day each payment
972 of interest on or principal of those Bonds is due.

973 B. **Term Bond Provisions.** If any Bonds issued as Parity Lien Obligations
974 are designated as Term Bonds pursuant to section 28 of this ordinance, the Sale
975 Document for that Series of Bonds shall set forth a mandatory redemption schedule to
976 amortize the principal of those Parity Lien Obligation Term Bonds. Payments of

Ordinance 19377

977 principal of Parity Lien Obligation Term Bonds under any such mandatory redemption
978 schedule will be made from the Debt Service Account, as provided in subsection A. of
979 this section, to the extent not credited pursuant to section 5.B. of this ordinance.

980 The county covenants that if it issues any Future Parity Lien Obligations as Term
981 Bonds, it will identify those Parity Lien Obligations as Term Bonds in the proceedings
982 authorizing their issuance and establish a schedule of mandatory redemptions, payable
983 from the Debt Service Account, to amortize the principal of those Parity Lien Obligation
984 Term Bonds prior to their maturity.

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

994 The county hereby irrevocably pledges that the annual tax herein authorized to be
995 levied for the payment of such principal and interest shall be within and a part of the tax
996 levy permitted to counties without a vote of the people, and that a sufficient portion of the
997 taxes to be levied and collected annually by the county prior to the full payment of the
998 principal of and interest on the Bonds issued as Parity Lien Obligations will be and is
999 hereby irrevocably set aside and pledged for the payment of the principal of and interest

Ordinance 19377

1000 on those Bonds, and the county hereby covenants to budget for each such payment of
1001 principal and interest when due.

1002 The full faith, credit and resources of the county are hereby irrevocably pledged
1003 for the annual levy and collection of those taxes and for the prompt payment of the
1004 principal of and interest on those Bonds issued as Parity Lien Obligations as the same
1005 become due.

1006 Any Bonds issued hereunder as Parity Bonds are not general obligations of the
1007 county, and neither the full faith and credit nor the taxing power of the county are
1008 pledged to pay or secure the payment of Bonds issued as Parity Bonds hereunder.

1009 SECTION 12. Pledge of Sewer Revenues.

1010 A. **Parity Bonds.** The amounts covenanted to be paid out of Revenue of the
1011 System into the Parity Bond Fund and the accounts therein shall constitute a lien and
1012 charge on Revenue of the System superior to all other charges of any kind or nature
1013 except Operating and Maintenance Expenses, and of equal lien to any charges heretofore
1014 or hereafter made on Revenue of the System for the payment of the principal of and
1015 interest on any Parity Bonds.

1016 If money and investments in the Debt Service Account of the Parity Bond Fund
1017 and the Parity Bond Reserve Account are reduced below the amounts required to pay the
1018 principal and/or interest then due and payable on any Parity Bonds, funds on deposit in
1019 any reserve created in the Revenue Fund not then required for the payment of necessary
1020 Operating and Maintenance Expenses will be transferred to the Debt Service Account of
1021 the Parity Bond Fund to the extent required to pay that principal and interest.

1022 B. **Parity Lien Obligations.** The amounts covenanted to be paid out of
1023 Revenue of the System into the Parity Lien Obligation Bond Fund and the accounts
1024 therein shall constitute a lien and charge on Revenue of the System subject to Operating
1025 and Maintenance Expenses, and junior, subordinate and inferior to the lien and charge on
1026 Revenue of the System for the payments required by the ordinances authorizing the
1027 Parity Bonds to be made into the Parity Bond Fund and the accounts therein, and equal to
1028 the lien and charge on Revenue of the System for the payments required to be made by
1029 the ordinances authorizing the issuance of the outstanding Parity Lien Obligations and
1030 any additional Parity Lien Obligations, and superior to all other liens and charges on
1031 Revenue of the System whatsoever.

1032 **SECTION 13. Revenue Fund; Rate Stabilization Fund.**

1033 A. **Revenue Fund.** A special fund of the county known as the "Water
1034 Quality Operating Account" ("the Revenue Fund") has heretofore been created and is
1035 hereby continued. All Revenue of the System will be deposited in the Revenue Fund.
1036 All Operating and Maintenance Expenses will be paid out of the Revenue Fund or
1037 appropriate reserves therein.

1038 B. **Rate Stabilization Fund.** In anticipation of increases in revenue
1039 requirements of the System, a special fund of the county designated as the "Sewer Rate
1040 Stabilization Fund" ("the Rate Stabilization Fund") has heretofore been established and is
1041 hereby continued. The county may from time to time appropriate or budget amounts in
1042 the Revenue Fund for deposit in the Rate Stabilization Fund, as provided in section 14 of
1043 this ordinance, and may from time to time withdraw amounts therefrom for deposit in the
1044 Revenue Fund to prevent or mitigate sewer rate increases or for other lawful purposes of

Ordinance 19377

1045 the county related to the System, including calculations of "Net Revenue" and "Revenue
1046 of the System" for the purposes of satisfying requirements of sections 18, 24 and 25 of
1047 this ordinance.

1048 For any fiscal year: (a) amounts withdrawn from the Revenue Fund and
1049 deposited into the Rate Stabilization Fund for that fiscal year must be subtracted from Net
1050 Revenue for that fiscal year; and (b) amounts withdrawn from the Rate Stabilization Fund
1051 and deposited in the Revenue Fund for that fiscal year may be added to Revenue of the
1052 System for that fiscal year.

1053 SECTION 14. Sewer Revenue Priorities of Payment. So long as any Bond is
1054 outstanding, all Revenue of the System will be deposited into the Revenue Fund and used
1055 and applied in the following order of priority:

1056 **First**, to pay all Operating and Maintenance Expenses;

1057 **Second**, to make all required deposits into the Debt Service Account in the Parity
1058 Bond Fund to provide for the payment of principal of and interest on Parity Bonds as the
1059 same become due and payable and to make any Payment Agreement Payments with
1060 respect to any Parity Payment Agreements;

1061 **Third**, to make all payments required to be made pursuant to a reimbursement
1062 agreement or agreements (or other equivalent documents) in connection with Qualified
1063 Insurance or a Qualified Letter of Credit; provided, that if there is not sufficient money to
1064 make all payments under such reimbursement agreements, the payments will be made on
1065 a pro rata basis;

Ordinance 19377

1066 **Fourth**, to establish and maintain the Parity Bond Reserve Account (including
1067 making deposits into such account and paying the costs of obtaining Qualified Insurance
1068 or a Qualified Letter of Credit therefor);

1069 **Fifth**, to make all required payments of principal and interest on the Parity Lien
1070 Obligations and to make any Payment Agreement Payments with respect to any Parity
1071 Lien Obligation Payment Agreements;

1072 **Sixth**, to make all required payments of principal of and interest on the Junior
1073 Lien Obligations as the same become due and payable, to make all Payment Agreement
1074 Payments with respect to any Payment Agreements entered into with respect to Junior
1075 Lien Obligations, and to make any payments required to be made to providers of any
1076 credit enhancements or liquidity facilities for Junior Lien Obligations;

1077 **Seventh**, to make all required payments of principal of and interest on the Multi-
1078 Modal LTGO/Sewer Revenue Bonds as the same become due and payable, to make all
1079 Payment Agreement Payments for any Payment Agreements entered into with respect to
1080 Multi-Modal LTGO/Sewer Revenue Bonds, and to make any payments required to be
1081 made to providers of credit enhancements or liquidity facilities for any Multi-Modal
1082 LTGO/Sewer Revenue Bonds;

1083 **Eighth**, to make all required payments of principal of and interest on the
1084 Subordinate Lien Obligations as the same become due and payable;

1085 **Ninth**, to make all required payments of principal of and interest on bonds, notes,
1086 warrants and other evidences of indebtedness, the lien and charge on Revenue of the
1087 System of which are junior and inferior to the Subordinate Lien Obligations, as the same
1088 become due and payable; and

Ordinance 19377

1089 **Tenth**, to make all required payments of principal of and interest due on the SRF
1090 Loans and the Public Works Trust Fund Loans.

1091 Any surplus money that the county may have on hand in the Revenue Fund after
1092 making all required payments set forth above may be used by the county: (a) to make
1093 necessary improvements, additions and repairs to and extensions and replacements of the
1094 System; (b) to purchase or redeem and retire outstanding sewer revenue bonds of the
1095 county; (c) to make deposits into the Rate Stabilization Fund; or (d) for any other lawful
1096 purposes of the county related to the System.

1097 **SECTION 15. Construction Account; Disposition of Bond Proceeds.**

1098 A. **Construction Account.** There has heretofore been created a special fund
1099 of the county known as the "Second Water Quality Construction Account" ("the
1100 Construction Account"). For purposes of separately accounting for investment earnings
1101 on the proceeds of the Project Bonds to facilitate compliance with the requirements of
1102 section 21 of this ordinance, there is hereby established for each Series of Project Bonds
1103 issued hereunder a special subaccount within the Construction Account to be designated
1104 as the "Series [applicable year designation] Construction Subaccount" (each a
1105 "Construction Subaccount").

1106 Money in each Construction Subaccount will be held and applied to pay costs of
1107 acquiring, constructing and equipping improvements, additions or betterments to the
1108 System as set forth in the Comprehensive Plan and the Capital Improvement Budget and
1109 all costs incidental thereto, including engineering, architectural, planning, financial, legal,
1110 urban design or any other incidental costs, and to repay any advances heretofore or
1111 hereafter made on account of such costs, provided that if deficiencies exist in the Parity

Ordinance 19377

1112 Bond Fund or Parity Lien Obligation Bond Fund, money in any Construction Subaccount
1113 may be transferred to such fund in any amounts necessary to pay principal of and interest
1114 on Parity Bonds or Parity Lien Obligations, as applicable. Proceeds from the sale of a
1115 Series of Project Bonds may be designated to pay capitalized interest on those Project
1116 Bonds and may be held in the applicable Construction Subaccount or in a trust account to
1117 be established with an escrow agent or refunding trustee appointed by the Finance
1118 Director, as determined by the Finance Director upon the sale of such Series of Project
1119 Bonds.

1120 B. **Disposition of Bond Proceeds.** The proceeds of the Bonds will be
1121 deposited as follows:

1122 1. The amount equal to the interest, if any, accruing on each Series of
1123 the Bonds from their dated date to the date of their Closing will be deposited in the
1124 appropriate subaccount for the Series created in the Debt Service Account in the Parity
1125 Bond Fund or Parity Lien Obligation Bond Fund, as applicable;

1126 2. Proceeds of each Series of the Bonds issued as Parity Bonds may
1127 be deposited into the Parity Bond Reserve Account, as determined by the Finance
1128 Director upon the sale of any Bonds issued as Parity Bonds;

1129 3. The balance of the proceeds of any Series of Project Bonds will be
1130 deposited in the appropriate Construction Subaccount (including an escrow account that
1131 may be established for capitalized interest) as provided in subsection A. of this section
1132 and applied as provided in subsection A. of this section; and

Ordinance 19377

1133 4. The balance of the proceeds of any Series of Refunding Bonds will
1134 be deposited into the appropriate Refunding Account and applied as provided in section
1135 16 of this ordinance.

1136 **SECTION 16. Refunding Account; Plan of Refunding.**

1137 A. **Refunding Account; Refunding Authorization.** The Finance Director is
1138 hereby authorized to determine whether to (i) transfer the proceeds of the sale of a Series
1139 of the Bonds to the Registrar on or prior to the redemption date for payment of the
1140 principal of and interest coming due on the Refunding Candidates selected for
1141 redemption or (ii) establish one or more special accounts of the county to be maintained
1142 with the Refunding Trustee, each to be known as a "King County [year and Series
1143 designation] Sewer Revenue Bonds Refunding Account" (each a "Refunding Account").
1144 Each Refunding Account will be drawn upon for the sole purpose of paying the principal
1145 of and premium, if any, and interest on the applicable Refunded Bonds and of paying
1146 costs related to the issuance of that Series of Refunding Bonds and to refunding the
1147 applicable Refunded Bonds. Proceeds of the sale of any Refunding Bonds, together with
1148 other county funds that may be designated for that purpose, will be transferred to the
1149 Registrar or deposited into the applicable Refunding Account to provide for refunding the
1150 applicable Refunded Bonds in accordance with the ordinances authorizing the Refunded
1151 Bonds and to pay the costs of issuance of the Refunding Bonds.

1152 The Finance Director is authorized to determine, in consultation with the county's
1153 financial advisors, which of the Refunding Candidates, if any, are to be refunded and
1154 whether such refunding shall be a current refunding (i.e., the redemption of Refunded
1155 Bonds paid for with proceeds of a Series of Bonds issued 90 or fewer days prior to the

Ordinance 19377

1156 redemption date of the Refunded Bonds) or an advance refunding (i.e., the redemption of
1157 Refunded Bonds paid for with proceeds of a Series of Bonds issued more than 90 days
1158 prior to the redemption date of the Refunded Bonds). In determining which of the
1159 Refunding Candidates, if any, should be refunded under this ordinance in order to effect a
1160 saving to the county and ratepayers of the System, the council intends that the Finance
1161 Director adhere to the applicable present value savings targets identified in the adopted
1162 debt management policy of the county in effect at the time of sale. These requirements
1163 do not apply to the refunding of any Refunding Candidates when necessary or in the best
1164 interest of the county and ratepayers of the System to modify debt service or reserve
1165 requirements, sources of payment, covenants or other terms of the Refunding Candidates.

1166 **B. Plan of Refunding.** Each plan of refunding and call for redemption of
1167 Refunded Bonds shall be set forth in the Refunding Agreement or set forth in a closing
1168 certificate. Bond proceeds held by the county may be invested for a period not to exceed
1169 30 days prior to the transfer of such funds to the Registrar to accomplish the redemption,
1170 and shall be invested by the county pending such transfer in any investments permitted
1171 for funds of the county consistent with the Federal Tax Certificate or otherwise as
1172 approved by the county's bond counsel. Money in each Refunding Account shall be used
1173 immediately upon receipt thereof to defease the applicable Refunded Bonds and
1174 discharge the other obligations of the county relating thereto under the ordinances that
1175 authorized the Refunded Bonds, by providing for the payment of the principal of and
1176 premium, if any, and interest on the Refunded Bonds as set forth in such agreement. The
1177 county will defease such bonds and discharge such obligations by the use of the money in
1178 each Refunding Account to purchase Government Obligations (should the purchase of

Ordinance 19377

1179 such obligations be deemed by the Finance Director as being in the best interest of the
1180 County, and if so purchased, "Acquired Obligations") bearing interest and maturing as to
1181 principal in such amounts and at such times that, together with any necessary beginning
1182 cash balance, will provide for the payment of such Refunded Bonds, as set forth in the
1183 Refunding Agreement. Such Acquired Obligations shall be purchased at a yield not
1184 greater than the yield permitted by the Code and regulations relating to the obligations
1185 acquired in connection with refunding bond issues.

1186 In connection with any issuance of a Series of Refunding Bonds to carry out the
1187 refunding and defeasance of Refunded Bonds, the Finance Director is hereby authorized
1188 to appoint a Refunding Trustee qualified by law to perform the duties described herein.
1189 Any beginning cash balance and the Acquired Obligations will be irrevocably deposited
1190 with the Refunding Trustee in an amount sufficient to defease the Refunding Bonds in
1191 accordance with this section and the applicable Refunding Agreement.

1192 The county will take such actions as are found necessary to see that all necessary
1193 and proper fees, compensation and expenses of the Refunding Trustee are paid when due.
1194 The proper officers and agents of the county are directed to negotiate an agreement with
1195 each Refunding Trustee setting forth the duties, obligations and responsibilities of the
1196 Refunding Trustee in connection with the redemption and retirement of the Refunded
1197 Bonds as provided herein and setting forth provisions for the payment of the fees,
1198 compensation and expenses of the Refunding Trustee as are satisfactory to it. To carry
1199 out the Refunding Account purposes of this section, the Finance Director is authorized
1200 and directed to execute and deliver to each Refunding Trustee a Refunding Agreement

Ordinance 19377

1201 and, if requested, a costs of issuance agreement, in forms approved by the county's bond
1202 counsel.

1203 C. **Required Findings.** The Refunding Agreement or closing certificate
1204 shall set forth the findings of the Finance Director made on behalf of the county, of
1205 either:

1206 1. savings and defeasance regarding the Refunded Bonds authorized
1207 to be refunded from the proceeds of each Series of Refunding Bonds; or

1208 2. the best interest of the county and ratepayers of the System from
1209 modifying debt service or reserve requirements, sources of payment, covenants or other
1210 terms of the Refunded Bonds authorized to be refunded from the proceeds of each Series
1211 of Refunding Bonds.

1212 **SECTION 17. Due Regard for Expenses and Sewer Revenues Pledged.** The
1213 council hereby declares that, in fixing the amounts to be paid into the Parity Bond Fund
1214 and Parity Lien Obligation Bond Fund, as applicable, and the accounts therein, out of
1215 Revenue of the System, it has exercised due regard for the Operating and Maintenance
1216 Expenses and has not obligated the county to set aside in such funds and accounts a
1217 greater amount of Revenue of the System than in its judgment will be available over and
1218 above the Operating and Maintenance Expenses and Revenue of the System previously
1219 pledged.

1220 **SECTION 18. Rate Covenants.**

1221 A. **Parity Bonds.** The county hereby covenants with the Registered Owner
1222 of each of the Bonds issued as Parity Bonds that, for so long as any of the same are
1223 outstanding, the county will at all times establish, maintain and collect rates and charges

Ordinance 19377

1224 for sewage disposal service that will provide in each calendar year Net Revenue in an
1225 amount that, together with the interest earned during that calendar year on investments of
1226 money in the Parity Bond Fund, Parity Bond Reserve Account and Construction Account,
1227 will equal or exceed 1.15 times the amount required to pay the Annual Parity Debt
1228 Service for such calendar year.

1229 At all times and in any event, rates and charges for sewage disposal service will
1230 be sufficient to provide funds adequate to operate and maintain the System, to make all
1231 payments and to establish and maintain all reserves required by this or any other
1232 ordinance authorizing obligations of the county payable from Revenue of the System, to
1233 make up any deficit in such payments remaining from prior years and to pay all costs
1234 incurred in the construction or acquisition of any portion of the Comprehensive Plan that
1235 may be ordered by the county and for the payment of which sewer revenue bonds (or
1236 other obligations payable from Revenue of the System) are not issued.

1237 **B. Parity Lien Obligations.** The county hereby covenants with the
1238 Registered Owner of each of the Bonds issued as Parity Lien Obligations that, for so long
1239 as any of the same are outstanding, the county will at all times establish, maintain and
1240 collect rates and charges for sewage disposal service that will be fair and
1241 nondiscriminatory and adequate to provide Revenue of the System sufficient for the
1242 proper operation and maintenance of the System; for the punctual payment of the
1243 principal of and interest on all outstanding Parity Bonds for which payment has not
1244 otherwise been provided and all amounts that the county is obligated to set aside in the
1245 Parity Bond Fund securing the Parity Bonds; for the punctual payment of the principal of
1246 and interest on all outstanding Parity Lien Obligations and for all amounts that the county

Ordinance 19377

1247 is obligated to set aside in the Parity Lien Obligation Bond Fund; and for the payment of
1248 any and all other amounts that the county is now or may hereafter become obligated to
1249 pay from Revenue of the System.

1250 The county hereby further covenants with the Registered Owner of each of the
1251 Bonds issued as Parity Lien Obligations for so long as any of the same are outstanding
1252 that the county will at all times establish, maintain and collect rates and charges for
1253 sewage disposal service that will provide in each calendar year Net Revenue in an
1254 amount that, together with the interest earned during that calendar year on investments
1255 made of money in the Parity Bond Fund, Parity Bond Reserve Account, Parity Lien
1256 Obligation Bond Fund and Construction Account, is equal to at least 1.15 times the
1257 amounts required to pay the Annual Debt Service for such calendar year.

1258 C. **Rate Stabilization Fund.** In determining compliance with the
1259 requirements of this section, Revenue of the System and Net Revenue shall be calculated
1260 by taking into account deposits and withdrawals from the Rate Stabilization Fund as
1261 provided in section 13.B. of this ordinance.

1262 SECTION 19. Certain Other Covenants of the County Regarding the Bonds.

1263 The county hereby covenants with the Registered Owner of each of the Bonds for as long
1264 as any of the Bonds are outstanding, as follows:

1265 A. **Maintain in Good Order.** The county will cause the System and the
1266 business in connection therewith to be operated in a safe, sound, efficient, and economic
1267 manner in compliance with all health, safety, and environmental laws, regulatory body
1268 rules, regulatory body orders and court orders applicable to the county's operation of the
1269 System, and will cause the System to be maintained, preserved, reconstructed, expanded

Ordinance 19377

1270 and kept, with all appurtenances and every part and parcel thereof, in good repair,
1271 working order and condition, and will from time to time cause to be made, without undue
1272 deferral, all necessary or proper repairs, replacements and renewals, so that at all times
1273 the operation of the System will be properly and advantageously conducted;

1274 B. **Books and Records.** The county will cause proper books of record and
1275 accounts of operation of the System to be kept, including an annual financial report;

1276 C. **Annual Audit.** The county will cause its books of accounts, including its
1277 annual financial report, to be audited annually by the State auditor's office or other State
1278 department or agency as may be authorized and directed by law to make such audits, or if
1279 such an audit is not made for twelve months after the close of any fiscal year of the
1280 county, by a Certified Public Accountant. The county will furnish the audit to the Owner
1281 of any Bond upon written request therefor;

1282 D. **Insurance.** The county will at all times carry fire and extended coverage
1283 and such other forms of insurance on such of the buildings, equipment, facilities and
1284 properties of the System as under good practice are ordinarily carried on such buildings,
1285 equipment, facilities and properties by municipal or privately owned utilities engaged in
1286 the operation of sewer systems and will also carry adequate public liability insurance at
1287 all times, provided that the county may, if deemed advisable by the council, institute or
1288 continue a self-insurance program for any or all of the aforementioned risks;

1289 E. **Construction.** The county will cause the construction of any duly
1290 authorized and ordered portions of the Comprehensive Plan to be performed and
1291 completed within a reasonable time and at the lowest reasonable cost;

Ordinance 19377

1292 F. **Collection of Revenue.** The county will operate and maintain the System
1293 and conduct its affairs so as to entitle it at all times to receive and enforce payment to it
1294 of sewage disposal charges payable: (a) pursuant to the ordinance or ordinances
1295 establishing a tariff of rates and charges for sewage disposal services; and (b) under any
1296 Service Agreement that the county has now or may hereafter enter into and to entitle the
1297 county to collect all revenues derived from the operation of the System. The county shall
1298 not release the obligations of any person, corporation or political subdivision under such
1299 tariff of rates and charges or the Service Agreements and shall at all times, to the extent
1300 permitted by law, defend, enforce, preserve and protect the rights and privileges of the
1301 county and of the registered owners of the Parity Bonds and Parity Lien Obligations
1302 under or with respect thereto.

1303 In accordance with RCW 35.58.200(3), the county shall require any county, city,
1304 special district or other political subdivision to discharge to the System all sewage
1305 collected by that entity from any portion of the Seattle metropolitan area that can drain by
1306 gravity flow into facilities of the System that serve such areas if the council declares that
1307 the health, safety or welfare of the people within the metropolitan area require such
1308 action;

1309 G. **Legal Authority.** The county has full legal right, power and authority to
1310 adopt this ordinance, to sell, issue and deliver the Bonds as provided herein, and to carry
1311 out and consummate all other transactions contemplated by this ordinance;

1312 H. **Due Authorization.** By all necessary official action prior to or
1313 concurrently herewith, the county has duly authorized and approved the execution and
1314 delivery of, and the performance by the county of its obligations contained in, the Bonds

Ordinance 19377

1315 and this ordinance and the consummation by it of all other transactions necessary to
1316 effectuate this ordinance in connection with the issuance of Bonds, and such
1317 authorizations and approvals are in full force and effect and have not been amended,
1318 modified or supplemented in any material respect;

1319 I. **Binding Obligation.** This ordinance constitutes a legal, valid and binding
1320 obligation of the county;

1321 J. **No Conflict.** The county's adoption of this ordinance and its compliance
1322 with the provisions contained herein will not conflict with or constitute a breach of or
1323 default under any constitutional provision, law, administrative regulation, judgment,
1324 decree, loan agreement, indenture, bond, note, resolution, ordinance, Sale Document,
1325 agreement or other instrument to which the county is a party or to which the county or
1326 any of its property or assets are otherwise subject, nor will any such adoption or
1327 compliance result in the creation or imposition of any lien, charge or other security
1328 interest or encumbrance of any nature whatsoever upon any of the property or assets of
1329 the county or under the terms of any such law, regulation or instrument, except as
1330 permitted by this ordinance and the ordinances authorizing the issuance of other Parity
1331 Bonds and Parity Lien Obligations;

1332 K. **Performance under Ordinance.** None of the proceeds of the Bonds will
1333 be used for any purpose other than as provided in this ordinance, and except as otherwise
1334 expressly provided herein, the county shall not suffer any amendment or supplement to
1335 this ordinance, or any departure from the due performance of the obligations of the
1336 county hereunder, that might materially adversely affect the rights of the Registered
1337 Owners from time to time of the Bonds; and

Ordinance 19377

1338 L. **Sale or Disposition.** The county will not sell or voluntarily dispose of all
1339 of the operating properties of the System unless provision is made for payment into the
1340 Parity Bond Fund and the Parity Lien Obligation Bond Fund of a sum sufficient to pay
1341 the principal of and interest on all outstanding Parity Bonds and Parity Lien Obligations
1342 in accordance with the terms thereof, nor will the county sell or voluntarily dispose of
1343 any part of the operating properties of the System unless provision is made: (a) for
1344 payment into the Parity Bond Fund of an amount that will bear at least the same
1345 proportion to the amount of the outstanding Parity Bonds that the estimated amount of
1346 any resulting reduction in Revenue of the System for the twelve months following such
1347 sale or disposition bears to the Revenue of the System that would have been realized if
1348 such sale or disposition had not been made; and (b) for payment into the Parity Lien
1349 Obligation Bond Fund of an amount that will bear at least the same proportion to the
1350 amount of the outstanding Parity Lien Obligations that the estimated amount of any
1351 resulting reduction in Revenue of the System for the twelve months following such sale
1352 or disposition bears to the Revenue of the System that would have been realized if such
1353 sale or disposition had not been made. Those estimates must be made by a Professional
1354 Utility Consultant. Any money so paid into the Parity Bond Fund and the Parity Lien
1355 Obligation Bond Fund must be used to retire outstanding Parity Bonds and Parity Lien
1356 Obligations as provided herein at the earliest possible date; provided, however, that the
1357 county may sell or otherwise dispose of any of the works, plant, properties and facilities
1358 of the System or any real or personal property comprising a part of the System with a
1359 value of less than 5% of the net utility plant of the System or that have become
1360 unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or

Ordinance 19377

1361 no longer necessary, material to or useful in such operation, without making any deposit
1362 into the Parity Bond Fund or Parity Lien Obligation Bond Fund.

1363 **SECTION 20. Certain Other Covenants of the County Regarding the Bonds**

1364 **Issued as Parity Lien Obligations.** The county makes the following covenants and
1365 warranties to the Registered Owner of each of the Bonds issued as Parity Lien
1366 Obligations:

1367 A. The Bonds issued as Parity Lien Obligations, when issued, sold,
1368 authenticated and delivered, will constitute legal, valid and binding general obligations of
1369 the county.

1370 B. The county covenants that the Bonds issued as Parity Lien Obligations
1371 will be issued within all statutory and constitutional debt limitations applicable to the
1372 county.

1373 **SECTION 21. Federal Tax Law Covenants.** The county will take all actions
1374 necessary to assure the tax-advantaged status of the Tax-Advantaged Obligations, or the
1375 exclusion of interest on the Tax-Exempt Obligations from the gross income of the owners
1376 of the Tax-Exempt Obligations to the same extent as such interest is permitted to be
1377 excluded from gross income under the Code as in effect on the date of issuance of the
1378 Tax-Advantaged or Tax-Exempt Obligations, as applicable and as set forth in the Federal
1379 Tax Certificate, including but not limited to the following to the extent applicable:

1380 A. The county will assure that the proceeds of the Tax-Exempt Obligations
1381 are not so used as to cause the Tax-Exempt Obligations issued as governmental bonds to
1382 satisfy the private business tests of Section 141(b) of the Code or the private loan

Ordinance 19377

1383 financing test of Section 141(c) of the Code or to cause any other Tax-Exempt

1384 Obligations to fail to qualify as exempt private activity bonds;

1385 B. The county will not sell or otherwise transfer or dispose of: (i) any
1386 personal property components of the projects financed or refinanced with proceeds of the
1387 Tax-Exempt Obligations (the "Tax-Exempt Projects") other than in the ordinary course of
1388 an established government program under Treasury Regulation § 1.141-2(d)(4); or (ii)
1389 any real property components of the Tax-Exempt Projects, unless it has received an
1390 opinion of nationally recognized bond counsel to the effect that such disposition will not
1391 affect the treatment of interest on the Tax-Exempt Obligations as excludable from gross
1392 income for federal income tax purposes, as applicable;

1393 C. The county will not take any action or permit or suffer any action to be
1394 taken if the result of such action would be to cause any of the Tax-Exempt Obligations to
1395 be "federally guaranteed" within the meaning of Section 149(b) of the Code;

1396 D. The county will take any and all actions necessary to assure compliance
1397 with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if
1398 any, to the federal government;

1399 E. The county will not take, or permit or suffer to be taken, any action with
1400 respect to the proceeds of the Tax-Exempt Obligations which, if such action had been
1401 reasonably expected to have been taken, or had been deliberately and intentionally taken,
1402 on the date of issuance of the Tax-Exempt Obligations would have caused the Tax-
1403 Exempt Obligations to be "arbitrage bonds" within the meaning of Section 148 of the
1404 Code;

Ordinance 19377

1405 F. The county will maintain a system for recording the ownership of each
1406 Tax-Exempt Obligation that complies with the provisions of Section 149 of the Code
1407 until all Tax-Exempt Obligations have been surrendered and canceled;

1408 G. The county will retain its records of all accounting and monitoring it
1409 carries out with respect to the Tax-Exempt Obligations for at least three years after the
1410 Tax-Exempt Obligations mature or are redeemed (whichever is earlier); however, if the
1411 Tax-Exempt Obligations are redeemed and refunded, the county will retain its records of
1412 accounting and monitoring at least three years after the earlier of the maturity or
1413 redemption of the obligations that refunded the Tax-Exempt Obligations;

1414 H. In the event the county issues one or more Series of Tax-Advantaged
1415 Obligations eligible for federal tax credits, a federal interest subsidy, or other subsidy, the
1416 county will comply with the provisions of the Federal Tax Certificate setting forth or
1417 incorporating applicable requirements; and

1418 I. The county will comply with the provisions of the Federal Tax Certificate
1419 with respect to the applicable Tax-Exempt Obligations or Tax-Advantaged Obligations,
1420 which are incorporated herein as if fully set forth herein. In the event of any conflict
1421 between this section and the Federal Tax Certificate, the provisions of the Federal Tax
1422 Certificate will prevail. Additional tax covenants as necessary or desirable for any Series
1423 of Bonds may be set forth in the Sale Document or Federal Tax Certificate for that Series
1424 of Bonds.

1425 The covenants of this section will survive payment in full or defeasance of the
1426 applicable Tax-Exempt Obligations or Tax-Advantaged Obligations.

1427 **SECTION 22. Trustee for Registered Owners of Parity Bonds.**

Ordinance 19377

1428 A. **Appointment of Trustee.** Upon the occurrence of any "event of default"
1429 described in section 23.A. of this ordinance, the Registered Owners of a majority in
1430 principal amount of the outstanding Parity Bonds may appoint a Trustee by an instrument
1431 or concurrent instruments in writing signed and acknowledged by such Registered
1432 Owners or by their attorneys-in-fact duly authorized and delivered to the Trustee,
1433 notification thereof being given to the county. Any appointment of a Trustee under the
1434 provisions of this subsection A. must be a bank or trust company organized under the
1435 laws of the State or the State of New York or a national banking association. The fees
1436 and expenses of a Trustee must be borne by the owners of the Parity Bonds and not by
1437 the county. The bank or trust company acting as a Trustee may be removed at any time
1438 and a successor Trustee may be appointed by the Registered Owners of a majority in
1439 principal amount of the outstanding Parity Bonds, by an instrument or concurrent
1440 instruments in writing signed and acknowledged by such Registered Owners or by their
1441 attorneys-in-fact duly authorized.

1442 The Trustee appointed in the manner herein provided, and each successor thereto,
1443 is hereby declared to be a trustee for the Registered Owners of all the Parity Bonds and is
1444 empowered to exercise all rights and powers herein conferred on the Trustee.

1445 B. **Certain Rights and Obligations of Trustee.** The Trustee will not be
1446 responsible for recitals in any ordinance or in the Parity Bonds, or for the validity of any
1447 Parity Bonds, nor will the Trustee be responsible for insuring the System or for collecting
1448 any insurance money or for the title to any property of the System.

1449 The Trustee will be protected in acting upon any notice, request, consent,
1450 certificate, order, affidavit, letter or other paper or document believed by it to be genuine

Ordinance 19377

1451 and correct and to have been signed, sent or delivered by the person or persons by whom
1452 such paper or document is purported to have been signed, sent or delivered.

1453 The Trustee will not be answerable for any neglect or default of any person, firm
1454 or corporation employed and selected by it with reasonable care.

1455 The Trustee will permit the owner of any Parity Bonds to inspect any instrument,
1456 opinion or certificate filed with the Trustee by the county or by any person, firm or
1457 corporation acting for the county.

1458 The Trustee will not be bound to recognize any person as an owner of any Parity
1459 Bond until such person's title thereto, if disputed, has been established to the Trustee's
1460 reasonable satisfaction.

1461 The Trustee may consult with counsel, and the opinion of such counsel will be
1462 full and complete authorization and protection in respect of any action taken or suffered
1463 by it hereunder in good faith and in accordance with the opinion of such counsel.

1464 **SECTION 23. Events of Default for Parity Bonds; Powers and Duties of**
1465 **Trustee.**

1466 A. **Events of Default.** The occurrence of one or more of the following is an
1467 "event of default" with respect to any Bonds issued as Parity Bonds under this ordinance:

1468 1. default in the payment of principal of or interest on any Parity
1469 Bonds when the same becomes due; or

1470 2. default in the observance or performance of any of the other
1471 covenants applicable to Parity Bonds herein contained, and the default continues for a
1472 period of six months after written notice to the county from the registered owner of a
1473 Parity Bond specifying the default and requiring that it be remedied.

Ordinance 19377

1474 B. **Powers of Trustee.** The Trustee in its own name and on behalf of and for
1475 the benefit and protection of the registered owners of all Parity Bonds may proceed, and
1476 upon the written request of the Registered Owners of not less than 25% in principal
1477 amount of the Parity Bonds then outstanding must proceed, to protect and enforce any
1478 rights of the Trustee and, to the full extent that Registered Owners of Parity Bonds
1479 themselves might do, the rights of such Registered Owners of Parity Bonds under the
1480 laws of the State or under the ordinances providing for the issuance of the Parity Bonds,
1481 by such suits, actions or proceedings in equity or at law, either for the specific
1482 performance of any covenant contained herein or in aid or execution of any power herein
1483 granted or for any proper legal or equitable remedy as the Trustee may deem most
1484 effectual to protect and enforce the rights of the Trustee and the Registered Owners of
1485 Parity Bonds. In the enforcement of any such rights under this or any other ordinance of
1486 the county, the Trustee is entitled to sue for, to enforce payment of and to receive any and
1487 all amounts due from the county for principal, interest or otherwise under any of the
1488 provisions of such ordinance, with interest on overdue payments at the rate or rates set
1489 forth in such Parity Bond or Parity Bonds, together with any and all costs and expenses of
1490 collection and of all proceedings taken by the Trustee without prejudice to any other right
1491 or remedy of the Trustee or of the owners of the Parity Bonds.

1492 If default is made in the payment of principal of any Parity Bond and the default
1493 continues for a period of 30 days, the Trustee may not accelerate payment of any Parity
1494 Bonds but may proceed to enforce payment thereof as hereinabove provided. If, in the
1495 sole judgment of the Trustee, any default is cured and the Trustee furnishes the county a
1496 certificate so stating, that default is conclusively deemed to be cured, and the county,

Ordinance 19377

1497 Trustee and owners of Parity Bonds will be restored to the same rights and position they
1498 would have held if no event of default had occurred.

1499 C. **Actions in Name of Trustee.** All rights of action under this ordinance or
1500 upon any of the Parity Bonds enforceable by the Trustee may be enforced by the Trustee
1501 without the possession of any Parity Bonds or the production thereof in the trial or other
1502 proceedings relative thereto, and any such suit, action or proceeding instituted by the
1503 Trustee will be brought in its name for the ratable benefit of the Registered Owners of all
1504 Parity Bonds, subject to the provisions of this ordinance.

1505 D. **Procedure by Bond Owners.** No owner of any one or more of the Parity
1506 Bonds has any right to institute any action, suit or proceedings at law or in equity for the
1507 enforcement of the same, unless an event of default occurs and no Trustee has been
1508 appointed as herein provided, but any remedy herein authorized to be exercised by a
1509 Trustee may be exercised individually by any registered owner of a Parity Bond, in such
1510 Registered Owner's own name and on such Registered Owner's own behalf or for the
1511 benefit of all registered owners of Parity Bonds, if no Trustee is appointed, or with the
1512 consent of the Trustee if such Trustee has been appointed.

1513 E. **Application of Money Collected by Trustee.** Any money collected by
1514 the Trustee at any time pursuant to this section will be applied, first, to the payment of its
1515 charges, expenses, advances and compensation and the charges, expenses, counsel fees,
1516 disbursements and compensation of its agents and attorneys, and, second, toward
1517 payment of the amount then due and unpaid upon the Parity Bonds, ratably and without
1518 preference or priority of any kind not expressly provided in this ordinance, according to
1519 the amounts due and payable on the Parity Bonds at the date fixed by the Trustee for the

Ordinance 19377

1520 distribution of such money, upon presentation of the several Parity Bonds and upon
1521 causing such payment to be stamped thereon, if partly paid, and upon surrender thereof, if
1522 fully paid.

1523 SECTION 24. Future Parity Bonds. The county further covenants and agrees
1524 with the Registered Owner of each of the Bonds issued as Parity Bonds for as long as the
1525 same are outstanding that it will not create any special fund for the payment of the
1526 principal of and interest on any revenue bonds that will rank on a parity with or have any
1527 priority over the payments out of Revenue of the System required to be made into the
1528 Parity Bond Fund and the accounts therein to pay or secure the payment of the
1529 outstanding Parity Bonds. The county reserves the right for: (a) the purpose of
1530 acquiring, constructing and installing any portion of the Comprehensive Plan; (b) the
1531 purpose of acquiring, constructing and installing any necessary renewals or replacements
1532 of the System; or (c) the purpose of refunding or purchasing and retiring at or prior to
1533 their maturity any outstanding obligations of the county payable from Revenue of the
1534 System, to issue additional or refunding Parity Bonds (including Variable Rate Parity
1535 Bonds) and to make payments into the Parity Bond Fund out of the Revenue Fund that
1536 will be sufficient to pay the principal of and interest on those additional or refunding
1537 Parity Bonds and to maintain required reserves, such payments out of the Revenue Fund
1538 to rank equally with the payments out of the Revenue Fund required to be made into the
1539 Parity Bond Fund and the accounts therein for the payment of the principal of and interest
1540 on outstanding Parity Bonds, but only upon compliance with the following conditions:

1541 A. At the time of the issuance of any Future Parity Bonds there is no
1542 deficiency in the Parity Bond Fund or any account therein;

Ordinance 19377

1543 B. Each ordinance providing for the issuance of any Future Parity Bonds that
1544 are refunding bonds must require that all money held in any fund or account of the county
1545 created for the purpose of paying the principal of and interest on the bonds being
1546 refunded either be used to pay the principal of and interest on such bonds or be
1547 transferred or paid into the Parity Bond Fund;

1548 C. Each ordinance providing for the issuance of Future Parity Bonds must
1549 provide for the payment of the principal thereof and interest thereon out of the Parity
1550 Bond Fund. The Future Parity Bonds may bear such date of issue, interest payment
1551 dates, and principal payment dates, and may mature in such year or years, as the council
1552 provides. Each such ordinance will further provide that upon the issuance of any Future
1553 Parity Bonds, the county will pay into the Parity Bond Reserve Account an amount that
1554 will be sufficient to satisfy the Reserve Requirement then applicable or provide Qualified
1555 Insurance or a Qualified Letter of Credit to satisfy the Reserve Requirement;

1556 D. At the time of the issuance of any Future Parity Bonds, the county must
1557 have on file a certificate from a Professional Utility Consultant (dated no more than 90
1558 days prior to the date of delivery of such Future Parity Bonds) showing that, in the
1559 Professional Utility Consultant's professional opinion, the "annual income available for
1560 debt service on Parity Bonds" for each year during the life of such Future Parity Bonds
1561 shall be at least equal to 1.25 times the amount required in each such year to pay the
1562 Annual Parity Debt Service for such year. Such "annual income available for debt
1563 service on Parity Bonds" must be determined as follows for each year following the
1564 proposed date of issue of such Future Parity Bonds:

Ordinance 19377

- 1565 1. The Revenue of the System must be determined for a period of any
1566 12 consecutive months out of the 18 months immediately preceding the delivery of the
1567 Future Parity Bonds being issued;
- 1568 2. Such revenue may be adjusted to give effect on a 12-month basis
1569 to the rates in effect on the date of such certificate;
- 1570 3. If there were any Customers added to the System during such 12-
1571 month period or thereafter and prior to the date of the Professional Utility Consultant's
1572 certificate, such revenue may be further adjusted on the basis that added Customers were
1573 Customers of the System during the entire 12-month period;
- 1574 4. There will be deducted from such revenue the amount expended
1575 for Operating and Maintenance Expenses during such period;
- 1576 5. For each year following the proposed date of issuance of such
1577 Future Parity Bonds the Professional Utility Consultant may add to the annual revenue
1578 determined in subsection D.1. through 4. of this section an estimate of the income to be
1579 received in each such year from the investment of money in the Parity Bond Fund and
1580 any account therein, and the Construction Account, which is to be determined by and in
1581 the sole discretion of a firm of nationally recognized financial consultants selected by the
1582 county;
- 1583 6. Beginning with the second year following the proposed date of
1584 issue of such Future Parity Bonds and for each year thereafter, the Professional Utility
1585 Consultant may add to the annual revenue determined in subsection D.1. through 5. of
1586 this section the Professional Utility Consultant's estimate of any additional annual
1587 revenue to be received from anticipated growth in the number of Customers within the

Ordinance 19377

1588 area served by the System on the date of such certificate, after deducting therefrom any
1589 increased Operating and Maintenance Expenses estimated to be incurred as a result of
1590 such growth; provided, that the Professional Utility Consultant's estimate of the number
1591 of Customers served may not assume growth of more than 1/4 of 1% over and above the
1592 number of Customers served or estimated to be served during the preceding year; and

1593 7. If extensions of or additions to the System are in the process of
1594 construction at the time of such certificate, or if the proceeds of the Future Parity Bonds
1595 being issued are to be used to acquire or construct extensions of or additions to the
1596 System, there may be added to the annual net revenue as above determined any revenue
1597 not included in subsection D.1. through 6. of this section that will be derived from such
1598 additions and extensions after deducting therefrom the estimated additional Operating
1599 and Maintenance Expenses to be incurred as a result of such additions and extensions;
1600 provided, that such estimated annual revenue will be based upon 75% of any estimated
1601 Customer growth in the four years following the first full year in which such additional
1602 revenue is to be collected and thereafter the estimated Customer growth may not exceed
1603 1/4 of 1% per year over and above such reduced estimate;

1604 E. Instead of the certificate described in subsection D. of this section, the
1605 county may elect to have on file a certificate of the Finance Director demonstrating that
1606 during any 12 consecutive calendar months out of the immediately preceding 18 calendar
1607 months Net Revenue was at least equal to 1.25 times the amount required to pay, in each
1608 year that such Future Parity Bonds would be outstanding, the Annual Parity Debt Service
1609 for such year;

Ordinance 19377

1610 F. For the purpose of refunding at or prior to their maturity any outstanding
1611 Parity Bonds or any bonds or other obligations of the county payable from Revenue of
1612 the System, the county may at any time issue Future Parity Bonds without complying
1613 with the provisions of subsection D. or E. of this section; provided, that the county may
1614 not issue Future Parity Bonds for such purpose under this subsection F. unless the
1615 Finance Director certifies that upon the issuance of such Future Parity Bonds: (a) total
1616 debt service required for all Parity Bonds (including the refunding bonds and not
1617 including the bonds to be refunded thereby) will decrease; and (b) the Annual Parity Debt
1618 Service for each year that any Parity Bonds (including the refunding bonds and not
1619 including the bonds to be refunded thereby) are then outstanding will not be increased by
1620 more than \$5,000 by reason of the issuance of such Future Parity Bonds.

1621 The principal amount of Future Parity Bonds issued pursuant to this subsection F.
1622 may include amounts necessary to pay the principal of the Parity Bonds or other
1623 obligations to be refunded, interest thereon to the date of payment or redemption thereof,
1624 any premium payable thereon upon such payment or redemption and the costs of issuance
1625 of such Future Parity Bonds, and if a Payment Agreement has been provided with respect
1626 to the obligations to be refunded, may include amounts necessary to make the payment of
1627 all amounts, if any, due and payable by the county under such Payment Agreement. The
1628 proceeds of such Future Parity Bonds will be held and applied in such manner as is
1629 provided for in the ordinance authorizing the issuance of the Parity Bonds or other
1630 obligations to be refunded, so that upon the delivery of such Future Parity Bonds, the
1631 Parity Bonds or other obligations to be refunded thereby will be deemed no longer
1632 outstanding in accordance with the ordinance authorizing their issuance; and

Ordinance 19377

1633 G. Nothing contained in this ordinance prevents the county from issuing
1634 revenue bonds that are a charge on Revenue of the System and money in the Revenue
1635 Fund junior or inferior to the payments required to be made therefrom into the Parity
1636 Bond Fund and any account therein, nor shall anything herein contained prevent the
1637 county from issuing Future Parity Bonds to refund maturing Parity Bonds for the
1638 payment of which money is not otherwise available.

1639 SECTION 25. Additional Parity Lien Obligations. The county expressly
1640 reserves the right to issue additional Parity Bonds in accordance with the ordinances,
1641 including this ordinance, authorizing the Parity Bonds. Subject to this reservation of
1642 rights with respect to Parity Bonds, the county hereby covenants and agrees with the
1643 Registered Owner of each of the Bonds issued as Parity Lien Obligations, so long as such
1644 Bonds are outstanding, that it will not issue or incur any other additional indebtedness
1645 secured in whole or in part by a lien on Revenue of the System superior to the lien of
1646 such Bonds issued as Parity Lien Obligations.

1647 A. **Parity Lien Obligations Other Than Refunding Bonds.** The county
1648 expressly reserves the right to issue or enter into additional Parity Lien Obligations
1649 (including Variable Rate Parity Lien Obligations as defined herein) for any lawful
1650 purpose of the county related to the System if at the time of issuing or entering into such
1651 Parity Lien Obligations:

1652 1. There is no deficiency in the Parity Bond Fund, the Parity Lien
1653 Obligation Bond Fund or any other bond fund or account securing Parity Lien
1654 Obligations;

Ordinance 19377

1655 2. The county has on file a certificate from a Professional Utility
1656 Consultant (dated no more than 90 days prior to the date of delivery of such Parity Lien
1657 Obligations) showing that, in the Professional Utility Consultant's professional opinion,
1658 the "annual income available for debt service on Parity Bonds and Parity Lien
1659 Obligations" for each year during the life of such Parity Lien Obligations is at least equal
1660 to 1.25 times the amount required to pay Annual Debt Service in each such year. Such
1661 "annual income available for debt service on Parity Bonds and Parity Lien Obligations"
1662 shall be determined as follows for each year following the proposed date of issue of such
1663 additional Parity Lien Obligations:

1664 a. The Revenue of the System must be determined for a
1665 period of any 12 consecutive months out of the 18 months immediately preceding the
1666 delivery of the Parity Lien Obligations being issued;

1667 b. Such revenue may be adjusted to give effect on a 12-month
1668 basis to the rates in effect on the date of such certificate;

1669 c. If there were any Customers added to the System during
1670 such 12-month period or thereafter and prior to the date of the Professional Utility
1671 Consultant's certificate, such revenue may be further adjusted on the basis that added
1672 Customers were Customers of the System during the entire 12-month period;

1673 d. There will be deducted from such revenue the amount
1674 expended for Operating and Maintenance Expenses during such period;

1675 e. For each year following the proposed date of issuance of
1676 such Parity Lien Obligations the Professional Utility Consultant may add to the annual
1677 revenue determined in clauses a through d of this paragraph 2 an estimate of the income

Ordinance 19377

1678 to be received in each such year from the investment of money in the Parity Bond Fund,
1679 the Parity Lien Obligation Bond Fund and the Construction Account, which is to be
1680 determined by and in the sole discretion of a firm of nationally recognized financial
1681 consultants selected by the county;

1682 f. Beginning with the second year following the proposed
1683 date of issue of such Parity Lien Obligations and for each year thereafter the Professional
1684 Utility Consultant may add to the annual revenue determined in clauses a through e of
1685 this paragraph 2 the Professional Utility Consultant's estimate of any additional annual
1686 revenue to be received from anticipated growth in the number of Customers within the
1687 area served by the System on the date of such certificate, after deducting therefrom any
1688 increased Operating and Maintenance Expenses estimated to be incurred as a result of
1689 such growth; provided, that the Professional Utility Consultant's estimate of the number
1690 of customers served may not assume a growth of more than 1/4 of 1% over and above the
1691 number of customers served or estimated to be served during the preceding year; and

1692 g. If extensions of or additions to the System are in the
1693 process of construction at the time of such certificate, or if the proceeds of the Parity Lien
1694 Obligations being issued are to be used to acquire or construct extensions of or additions
1695 to the System, there may be added to the annual net revenue as above determined any
1696 revenue not included in clauses a through f of this paragraph 2 that will be derived from
1697 such additions and extensions after deducting therefrom the estimated additional
1698 Operating and Maintenance Expenses to be incurred as a result of such additions and
1699 extensions; provided, that such estimated annual revenue must be based upon 75% of any
1700 estimated Customer growth in the four years following the first full year in which such

Ordinance 19377

1701 additional revenue is to be collected and thereafter the estimated Customer growth may
1702 not exceed 1/4 of 1% per year over and above such reduced estimate; and

1703 3. Instead of the certificate described in subsection A.2. of this
1704 section, the county may elect to have on file a certificate of the Finance Director
1705 demonstrating that during any 12 consecutive calendar months out of the immediately
1706 preceding 18 calendar months Net Revenue was at least equal to 1.25 times the amount
1707 required to pay, in each year that such Parity Lien Obligations would be outstanding, the
1708 Annual Debt Service for such year.

1709 **B. Parity Lien Obligations That Are Refunding Bonds.**

1710 1. The county may at any time, for the purpose of refunding at or
1711 prior to their maturity any outstanding Parity Lien Obligations, Parity Bonds, or any
1712 bonds or other obligations of the county payable from Revenue of the System, issue
1713 additional Parity Lien Obligations without complying with the provisions of subsection
1714 A.2. and 3. of this section if there is filed with the clerk of the council a certificate of the
1715 Finance Director stating that upon the issuance of such additional Parity Lien
1716 Obligations: (a) total debt service on all Parity Bonds and Parity Lien Obligations
1717 (including the refunding bonds but not including the bonds to be refunded thereby) will
1718 decrease; and (b) the Annual Debt Service for each year that any Parity Bonds and any
1719 Parity Lien Obligations (including the refunding bonds but not including the bonds to be
1720 refunded thereby) are then outstanding will not be increased by more than \$5,000 by
1721 reason of the issuance of such additional Parity Lien Obligations.

1722 2. The principal amount of such Parity Lien Obligations may include
1723 amounts necessary to pay the principal of the bonds or other obligations to be refunded,

Ordinance 19377

1724 interest thereon to the date of payment or redemption thereof and any premium payable
1725 thereon upon such payment or redemption and the costs of issuance of such Parity Lien
1726 Obligations and, if a Payment Agreement has been provided with respect to the
1727 obligations to be refunded, may include amounts necessary to make the payment of all
1728 amounts, if any, due and payable by the county under such Payment Agreement. The
1729 proceeds of such Parity Lien Obligations will be held and applied as provided in the
1730 ordinance authorizing the issuance of such Parity Lien Obligations, so that upon the
1731 delivery of such Parity Lien Obligations, the bonds or other obligations to be refunded
1732 thereby will be deemed no longer outstanding in accordance with the ordinance
1733 authorizing their issuance.

1734 3. At the election of the county, the provisions of this subsection B.
1735 need not apply to the refunding at one time of all the Parity Lien Obligations then
1736 outstanding.

1737 4. Nothing contained in this ordinance prohibits or prevents, or will
1738 be deemed or construed to prohibit or prevent, the county from issuing Parity Lien
1739 Obligations to refund maturing Parity Lien Obligations of the county for the payment of
1740 which money is not otherwise available.

1741 C. **Subordinate Obligations.** Nothing in this ordinance prohibits, or will be
1742 deemed or construed to prohibit, the county from authorizing and issuing bonds, notes or
1743 other evidences of indebtedness for any purpose of the county related to the System
1744 payable in whole or in part from Revenue of the System and secured by a lien on
1745 Revenue of the System that is junior, subordinate and inferior to the lien of any Bonds
1746 issued as Parity Lien Obligations.

1747 **SECTION 26. Reimbursement Obligations.** If the county elects to secure any
1748 Bonds with a Credit Facility, the county may contract with the entity providing the Credit
1749 Facility that the reimbursement obligation, if any, to that entity will be a Parity Bond or
1750 Parity Lien Obligation, as applicable.

1751 **SECTION 27. Payment Agreements.**

1752 A. **General.** To the extent and for the purposes permitted from time to time
1753 by chapter 39.96 RCW, as it may be amended, and other applicable provisions of State
1754 law, the county may enter into Payment Agreements, subject to the conditions set forth in
1755 this section and in other provisions of this ordinance.

1756 B. **Manner and Schedule of Payments.** Each Payment Agreement must set
1757 forth the manner in which the Payment Agreement Payments and the Payment
1758 Agreement Receipts will be calculated and a schedule of payment dates.

1759 C. **Authorizing Ordinance.** Prior to entering into a Payment Agreement, the
1760 council must adopt an ordinance authorizing such agreement and setting forth such
1761 provisions as the county deems necessary or desirable and are not inconsistent with the
1762 provisions of this ordinance.

1763 D. **Calculation of Payment Agreement Payments and Debt Service on**
1764 **Bonds with Respect to which a Payment Agreement is in Force.** It is the intent of the
1765 county, for purposes of section 18, 24 or 25 of this ordinance, that debt service on Parity
1766 Bonds with respect to which a Parity Payment Agreement is in force will be calculated to
1767 reflect the net economic effect on the county intended to be produced by the terms of
1768 such Parity Bonds and Parity Payment Agreement and that debt service on Parity Lien
1769 Obligation Bonds with respect to which a Parity Lien Obligation Payment Agreement is

Ordinance 19377

1770 in force will be calculated to reflect the net economic effect on the county intended to be
1771 produced by the terms of such Parity Lien Obligation Bonds and Parity Lien Obligation
1772 Payment Agreement. In calculating such amounts, the county will be guided by the
1773 following requirements.

1774 1. The amount of interest deemed to be payable on any Bonds with
1775 respect to which a Payment Agreement is in force will be an amount equal to the amount
1776 of interest that would be payable at the rate or rates stated in those Bonds plus Payment
1777 Agreement Payments minus Payment Agreement Receipts.

1778 2. For any period during which Payment Agreement Payments are
1779 not taken into account in calculating interest on any outstanding Bonds because the
1780 Payment Agreement is not then related to any outstanding Bonds, Payment Agreement
1781 Payments on that Parity Payment Agreement will be calculated based upon the following
1782 assumptions:

1783 a. **County Obligated to Make Payments Based on Fixed**
1784 **Rate.** If the county is obligated to make Payment Agreement Payments based on a fixed
1785 rate and the Qualified Counterparty is obligated to make payments based on a variable
1786 rate index, payments by the county will be based on the assumed fixed payor rate, and
1787 payments by the Qualified Counterparty will be based on a rate equal to the average rate
1788 determined by the variable rate index specified by the Payment Agreement during the
1789 fiscal quarter preceding the quarter in which the calculation is made; and

1790 b. **County Obligated to Make Payments Based on Variable**
1791 **Rate Index.** If the county is obligated to make Payment Agreement Payments based on a
1792 variable rate index and the Qualified Counterparty is obligated to make payments based

Ordinance 19377

1793 on a fixed rate, payments by the county will be based on a rate equal to the average rate
1794 determined by the variable rate index specified by the Payment Agreement during the
1795 fiscal quarter preceding the quarter in which the calculation is made, and the Qualified
1796 Counterparty will make payments based on the fixed rate specified by the Payment
1797 Agreement.

1798 E. **Prior Notice to Rating Agencies.** The county will give notice to Moody's
1799 and S&P 30 days prior to the date it intends to enter into a Parity Payment Agreement
1800 and will give notice to Fitch, Moody's and S&P 30 days prior to the date it intends to
1801 enter into a Parity Lien Obligation Payment Agreement.

1802 SECTION 28. Sale of Bonds. The county hereby authorizes the sale of the
1803 Bonds in one or more Series. The Finance Director is authorized to proceed with the sale
1804 of any Series of the Bonds pursuant to subsections B., C. or D. of this section to refund
1805 any of the Refunding Candidates, and/or finance the costs of any project that has been
1806 approved by the county council or will have been approved by the county council prior to
1807 the sale date for such Bonds. The Finance Director is further authorized to proceed under
1808 this ordinance with the sale of the Project Bonds for any such project and with the sale of
1809 the Refunding Bonds to refund any Refunding Candidate pursuant to the sale provisions
1810 set forth in this section and without regard to the requirements of any prior bond
1811 ordinance that authorized the financing of the project or the refunding of such Refunding
1812 Candidate.

1813 The Bonds will be sold in one or more Series, any of which may be sold in a
1814 combined offering with other bonds and/or notes of the county, at the option of the
1815 Finance Director. The Finance Director will determine, in consultation with the county's

Ordinance 19377

1816 financial advisors, the principal amount of each Series of the Project Bonds, which of the
1817 Refunding Candidates will be refunded, whether any Series of Project Bonds or
1818 Refunding Bonds will be sold separately or in one or more combined Series, whether
1819 each Series of Bonds will be sold by competitive bid or negotiated sale, or to the federal
1820 government or another purchaser, and for current or future delivery, and whether such
1821 Series of Bonds will be issued and sold as Tax-Advantaged Obligations, Tax-Exempt
1822 Obligations or Taxable Obligations.

1823 A. **Satisfaction of Additional Bonds Tests.** The Finance Director will
1824 provide or cause to be provided by a Professional Utility Consultant any certifications
1825 required to comply with the tests established in prior ordinances of the county for the
1826 issuance of additional Parity Bonds and additional Parity Lien Obligations, as applicable.

1827 B. **Negotiated Sale.** If the Finance Director determines that any Series of the
1828 Bonds will be sold by negotiated sale, the Finance Director shall, in accordance with
1829 applicable county procurement procedures, solicit one or more underwriting firms or
1830 other financial institutions with which to negotiate the sale of such Bonds. Subject to the
1831 parameters set forth in subsection E. of this section, the bond purchase agreement for
1832 each Series of the Bonds will specify whether the Bonds of such Series are being issued
1833 and sold as Tax-Advantaged Obligations, Tax-Exempt Obligations or Taxable
1834 Obligations, and whether any Series of Bonds are designated as "green bonds" or social
1835 impact bonds, and will also identify any Term Bonds and the year and any applicable
1836 Series designation, date, principal amounts and maturity dates, interest rates and interest
1837 payment dates, redemption and/or purchase provisions and delivery date for such Series
1838 of Bonds.

Ordinance 19377

1839 C. **Sale by Competitive Bid.** If the Finance Director determines that any
1840 Series of Bonds will be sold by competitive bid, bids for the purchase of such Series of
1841 Bonds will be received at such time and place and by such means as the Finance Director
1842 will direct. The Finance Director is authorized to prepare an Official Notice of Bond Sale
1843 for each Series of Bonds to be sold pursuant to competitive bid, which notice will be filed
1844 with the clerk of the county council. The Official Notice of Bond Sale will specify
1845 whether the Bonds of such Series are being issued and sold as Tax-Advantaged
1846 Obligations, Tax-Exempt Obligations or Taxable Obligations, and whether any Series
1847 will be designated as "green bonds" or social impact bonds, and will identify the year and
1848 any applicable Series designation, date, principal amounts and maturity dates, interest
1849 payment dates, redemption and/or purchase provisions and delivery date for such Series
1850 of Bonds.

1851 Upon the date and time established for the receipt of bids for a Series of the
1852 Bonds, the Finance Director or the Finance Director's designee will review the bids
1853 received, cause the bids to be mathematically verified, and accept the winning bid by
1854 executing the Certificate of Award, which shall designate any Term Bonds, subject to the
1855 parameters set forth in subsection E. of this section. The county, acting through the
1856 Finance Director, reserves the right to reject any and all bids for such Bonds.

1857 D. **Other Sales.** If the Finance Director determines that any Series of Bonds
1858 will be sold to the federal government or other purchaser to evidence a loan from that
1859 purchaser, the Finance Director will negotiate the sale of such Bonds and the terms of any
1860 loan or other agreement with the purchaser. The loan agreement or other agreement for
1861 such Series of Bonds will specify whether the Bonds of such Series are being issued and

Ordinance 19377

1862 sold as Tax-Advantaged Obligations, Tax-Exempt Obligations or Taxable Obligations,
1863 and whether any Series of Bonds are designated as "green bonds" or social impact bonds,
1864 and will also identify any Term Bonds and the year and any applicable Series
1865 designation, date, principal amounts and maturity dates, interest rates and interest
1866 payment dates, redemption and/or purchase provisions and delivery date for such Series
1867 of Bonds.

1868 E. **Sale Parameters.** Subject to the terms and conditions set forth in this
1869 subsection, the Finance Director is hereby authorized to approve the issuance and sale of
1870 any Series of the Bonds upon the Finance Director's approval of the final interest rates,
1871 maturity dates, aggregate principal amounts, principal maturities and redemption rights
1872 for the Series of the Bonds in accordance with the authority granted by this section so
1873 long as:

1874 1. The aggregate principal amount for the Series of Project Bonds
1875 does not cause the aggregate principal amount for all Project Bonds issued under this
1876 ordinance to exceed \$905,000,000;

1877 2. The aggregate principal amount of the Series of Refunding
1878 Bonds to be issued does not exceed the aggregate principal amount of the Refunded
1879 Bonds to be refunded with such Series of Refunding Bonds, plus the amount deemed by
1880 the Finance Director as reasonably required to effect such refunding as described in RCW
1881 39.53.050, including amounts reasonably required to pay the redemption price of the
1882 Refunded Bonds and costs of issuance and the refunding;

1883 3. The final maturity date for the Series of the Project Bonds to be
1884 issued is not later than 31 years after its date of issuance;

Ordinance 19377

1885 4. The final maturity date for the Series of the Refunding Bonds to
1886 be issued is not later than the end of the fiscal year that includes the final maturity date
1887 for the Refunded Bonds to be refunded with such Series of Bonds;

1888 5. The Series of the Bonds to be issued are sold (in the aggregate) at
1889 a price not less than 95 percent;

1890 6. The true interest cost for the Series of Bonds does not exceed
1891 5.0% if the Series of Bonds are issued as Tax-Exempt Obligations;

1892 7. The true interest cost for the Series of Bonds does not exceed
1893 7.0% if the Series of Bonds are issued as Taxable or Tax-Advantaged Obligations; and

1894 8. The Series of Bonds conforms to all other terms of this
1895 ordinance.

1896 Subject to the terms and conditions set forth in this section, the Finance Director
1897 is hereby authorized to execute each Sale Document to be dated the date of sale of the
1898 applicable Series of Bonds. The signature of the Finance Director shall be sufficient to
1899 bind the county.

1900 The Finance Director shall provide an annual report to the Executive Finance
1901 Committee and county council describing the Bonds approved pursuant to the authority
1902 delegated in this section. The report must be transmitted by March 31 of each year. The
1903 annual report shall be filed in the form of a paper original and an electronic copy with the
1904 clerk of the council, who shall retain the original and provide an electronic copy to all
1905 councilmembers. The requirement for an annual report provided by this subsection
1906 expires three years after the effective date of this ordinance.

Ordinance 19377

1907 The authority granted to the Finance Director by this subsection E. to execute Sale
1908 Documents shall expire December 31, 2024; provided that an amendment to a Sale
1909 Document may be executed, and performance pursuant to any Sale Document may be
1910 completed, at any time. All other provisions of this ordinance will remain in full force
1911 and effect. If a Sale Document for a Series of the Bonds has not been executed by
1912 December 31, 2024, the authorization for the issuance of the Bonds shall be rescinded
1913 and the Bonds shall not be issued nor their sale approved unless such Bonds shall have
1914 been reauthorized by ordinance of the council. The ordinance reauthorizing the issuance
1915 and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in
1916 whole or in part or may be in the form of an amendatory ordinance approving a bond
1917 purchase agreement, certificate of award or loan agreement or establishing terms and
1918 conditions for the authority delegated under this section. The authority of the county to
1919 sell bonds (e.g., enter into a bond purchase agreement, accept a bid to sell any bonds or
1920 enter into a loan or other agreement for the sale of the bonds), as defined in and pursuant
1921 to Ordinance 19112, as amended by Ordinance 19216, will terminate on the effective
1922 date of this ordinance, but all other provisions of Ordinance 19112, as amended by
1923 Ordinance 19216, will remain in full force and effect.

1924 SECTION 29. Delivery of Bonds. Following the sale of each Series of the
1925 Bonds, the county will cause definitive Bonds to be prepared, executed and delivered in
1926 accordance with the provisions of this ordinance and in a form acceptable to DTC as
1927 initial depository for the Bonds, with the approving legal opinion of municipal bond
1928 counsel regarding such Series of Bonds.

1929 **SECTION 30. Preliminary Official Statement and Final Official Statement.**

1930 The county hereby authorizes and directs the Finance Director: (a) to review and approve
1931 the information contained in any preliminary official statement (each, a "Preliminary
1932 Official Statement") prepared in connection with the sale of each Series of Bonds; and (b)
1933 for the sole purpose of compliance by the purchasers of such Series of Bonds with
1934 subsection (b)(1) of the Rule, to "deem final" the related Preliminary Official Statement
1935 as of its date, except for such omissions as are permitted under the Rule. After each
1936 Preliminary Official Statement has been reviewed and approved in accordance with the
1937 provisions of this section, the county hereby authorizes the distribution of such
1938 Preliminary Official Statement to prospective purchasers of such related Series of Bonds.

1939 Following the sale of each Series of Bonds, the Finance Director is hereby
1940 authorized to review and approve on behalf of the county a final official statement with
1941 respect to such Series of Bonds. The county agrees to cooperate with the purchaser of
1942 each Series of Bonds to deliver or cause to be delivered, within seven business days from
1943 the date of the Sale Document, and in sufficient time to accompany any confirmation that
1944 requests payment from any customer of the purchaser, copies of a final official statement
1945 pertaining to such Series of Bonds in sufficient quantity to allow compliance with
1946 subsection (b)(4) of the Rule and the rules of the MSRB.

1947 **SECTION 31. Undertaking to Provide Ongoing Disclosure.** The Finance
1948 Director is authorized to enter into an undertaking to provide ongoing disclosure with
1949 respect to each Series of Bonds, as required by subsection (b)(5) of the Rule. The form of
1950 the undertaking may be set forth in the Sale Document or the Official Statement for the
1951 Bonds.

Ordinance 19377

1952 **SECTION 32. General Authorization.** The appropriate county officials, agents
1953 and representatives are hereby authorized and directed to do everything necessary for the
1954 prompt sale, issuance, execution and delivery of each Series of Bonds, and for the proper
1955 use and application of the proceeds of the sale thereof.

1956 **SECTION 33. Investment of Funds and Accounts.** Money in the Parity Bond
1957 Fund, Parity Bond Reserve Account, Parity Lien Obligation Bond Fund, Revenue Fund
1958 and Construction Account may be invested in any Permitted Investments. Obligations
1959 purchased as an investment of money in the Parity Bond Fund, Parity Bond Reserve
1960 Account, Parity Lien Obligation Bond Fund, Revenue Fund and Construction Account
1961 and accounts or subaccounts therein will be deemed at all times to be a part of such
1962 respective fund, account or subaccount, and the income or interest earned and profits
1963 realized or losses suffered by a fund, account or subaccount due to the investment thereof
1964 will be retained in, credited or charged, as the case may be, to such fund or account.

1965 **SECTION 34. Refunding or Defeasance of Bonds.** The Bonds are designated as
1966 Refunding Candidates for purposes of ordinances of the county authorizing the issuance
1967 of bonds to refund outstanding obligations of the county. The county may issue
1968 refunding obligations pursuant to the laws of the State or use money available from any
1969 other lawful source to pay when due the principal of, premium, if any, and interest on the
1970 Bonds of any Series, or any portion thereof included in a refunding or defeasance plan
1971 and to redeem and retire, refund or defease all or a portion of such then-outstanding
1972 Bonds of such Series (hereinafter collectively called the "Defeased Bonds"), and to pay
1973 the costs of the refunding or defeasance.

Ordinance 19377

1974 If money and/or noncallable Government Obligations maturing at such time or
1975 times and bearing interest to be earned thereon in amounts (together with such money, if
1976 necessary) sufficient to redeem and retire, refund or defease the Defeased Bonds in
1977 accordance with their terms are set aside in a special trust or escrow fund or account
1978 irrevocably pledged to that redemption, retirement or defeasance of Defeased Bonds
1979 (hereinafter called the "trust account"), then the Defeased Bonds will be deemed not to be
1980 outstanding hereunder, no further payments need be made into the related bond fund for
1981 the payment of the principal of and interest on the Defeased Bonds and the Registered
1982 Owners of the Defeased Bonds will cease to be entitled to any covenant, pledge, benefit
1983 or security of this ordinance. The Registered Owners of Defeased Bonds will have the
1984 right to receive payment of the principal of, premium, if any, and interest on the Defeased
1985 Bonds from the trust account.

1986 The county will provide or cause to be provided notice of defeasance of such
1987 Bonds to the MSRB in accordance with the undertaking for ongoing disclosure to be
1988 adopted pursuant to section 31 of this ordinance.

1989 **SECTION 35. Supplemental Ordinances.**

1990 A. **Without Bondowner Consent.** The council from time to time and at any
1991 time may adopt an ordinance or ordinances supplemental to this ordinance, without the
1992 consent of owners of any of the Bonds, for any one or more of the following purposes:

1993 1. To add to the covenants and agreements of the county in this
1994 ordinance such other covenants and agreements thereafter to be observed that will not
1995 adversely affect the interests of the registered owners of any Parity Bonds or Parity Lien

Ordinance 19377

1996 Obligations, as applicable, or to surrender any right or power herein reserved to or
1997 conferred upon the county.

1998 2. To make such provisions for the purpose of curing any ambiguities
1999 or of curing, correcting or supplementing any defective provision contained in this
2000 ordinance or any ordinance authorizing Parity Bonds or Parity Lien Obligations in regard
2001 to matters or questions arising under such ordinances as the council may deem necessary
2002 or desirable and not inconsistent with such ordinances and that will not adversely affect
2003 the interest of the registered owners of Parity Bonds or Parity Lien Obligations, as
2004 applicable.

2005 B. **With Bondowner Consent.**

2006 1. With the consent of the registered owners of not less than 51% in
2007 aggregate principal amount of all Parity Bonds at the time outstanding, the council may
2008 adopt an ordinance or ordinances supplemental hereto for the purpose of adding any
2009 provisions to or changing in any manner or eliminating any of the provisions of this
2010 ordinance or of any supplemental ordinance applicable to Parity Bonds, except as
2011 described in subsection B.3. of this section.

2012 2. From and after the First Springing Amendment Date (Parity Lien
2013 Obligations), with the consent of the registered owners of not less than 51% in aggregate
2014 principal amount of all Parity Lien Obligations at the time outstanding, the council may
2015 adopt an ordinance or ordinances supplemental hereto for the purpose of adding any
2016 provisions to or changing in any manner or eliminating any of the provisions of this
2017 ordinance or of any supplemental ordinance applicable to Parity Lien Obligations, except
2018 as described in subsection B.3. of this section.

Ordinance 19377

2019 3. No supplemental ordinance entered into pursuant to this subsection

2020 B. may:

2021 a. Extend the fixed maturity of any Parity Bonds or Parity
2022 Lien Obligations, or reduce the rate of interest thereon, or extend the time of payments of
2023 interest from their due date, or reduce the amount of the principal thereof, or reduce any
2024 premium payable on the redemption thereof, without the consent of the registered owner
2025 of each bond so affected; or

2026 b. Reduce the aforesaid percentage of registered owners of
2027 Parity Bonds or Parity Lien Obligations required to approve any such supplemental
2028 ordinance, without the consent of the registered owners of all of such bonds.

2029 4. It is not necessary for the consent of registered owners of bonds
2030 under this subsection B. to approve the particular form of any proposed supplemental
2031 ordinance, but it is sufficient if such consent approves the substance thereof.

2032 C. **Amendments Deemed Approved by Parity Bondowners.** The
2033 Registered Owners from time to time of the Bonds issued as Parity Bonds, by taking and
2034 holding the same, shall be deemed to have consented to the adoption of an ordinance or
2035 ordinances supplemental to this ordinance to amend the definition of Reserve
2036 Requirement. From and after the First Springing Amendment Date (Parity Bonds), such
2037 supplemental ordinance or ordinances may:

2038 1. Establish one or more separate Reserve Requirements for one or
2039 more Series of Parity Bonds, including each Series of the Bonds issued as Parity Bonds;

Ordinance 19377

2040 2. Reduce any Reserve Requirement, including the Reserve
2041 Requirement for each Series of the Bonds issued as Parity Bonds, to an amount less than
2042 maximum Annual Parity Debt Service in any calendar year, including to zero; and

2043 3. Establish one or more separate subaccounts within the Parity Bond
2044 Reserve Account to secure one or more Series of Parity Bonds, including each Series of
2045 the Bonds issued as Parity Bonds, with other Series of Parity Bonds not being secured by
2046 such separate subaccounts.

2047 The adoption of any such supplemental ordinance or ordinances may result in
2048 Bonds issued as Parity Bonds not being secured by any amounts in the Parity Bond
2049 Reserve Account.

2050 **SECTION 36. Contract; Severability.** The covenants contained in this
2051 ordinance constitute a contract between the county and: (a) the Registered Owner of each
2052 Bond; (b) the Qualified Counterparty to any Payment Agreement entered into with
2053 respect to any Bonds; and (c) the provider of any Credit Facility, Qualified Insurance or
2054 Qualified Letter of Credit with respect to any Bonds. If any court of competent
2055 jurisdiction determines that any covenant or agreement provided in this ordinance to be
2056 performed on the part of the county is contrary to law, then such covenant or agreement
2057 shall be null and void and shall be deemed separable from the remaining covenants and
2058 agreements of this ordinance and shall in no way affect the validity of the other
2059 provisions of this ordinance or of the Bonds.

Ordinance 19377

2060 **SECTION 37. Effective Date.** This ordinance shall be effective 10 days after its
2061 enactment, in accordance with Article II of the county charter.

Ordinance 19377 was introduced on 10/19/2021 and passed by the Metropolitan King County Council on 12/14/2021, by the following vote:

Yes: 9 - Ms. Balducci, Mr. Dembowski, Mr. Dunn, Ms. Kohl-Welles, Ms. Lambert, Mr. McDermott, Mr. Upthegrove, Mr. von Reichbauer and Mr. Zahilay

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

DocuSigned by:

7E1C273CE9994B6...
Claudia Balducci, Chair

ATTEST:

DocuSigned by:

C267B914088E4A0...
Melani Pedroza, Clerk of the Council

APPROVED this ____ day of 12/27/2021, _____.

DocuSigned by:

4FBCAB8196AE4C6...
Dow Constantine, County Executive

Attachments: A. Outstanding Parity Bonds, B. Outstanding Parity Lien Obligations, C. Form of Parity Bond, D. Form of Parity Lien Obligation

Ordinance 19377

ATTACHMENT A –
OUTSTANDING PARITY BONDS

Series	Ordinance	Date of Issue	Original Principal	Outstanding Principal (as of 9/1/2021)
2011C	17111	11/1/2011	\$ 32,445,000	\$ 7,885,000
2012	17111	4/18/2012	104,445,000	9,785,000
2012B	17111	8/2/2012	64,260,000	13,640,000
2012C	17111	9/19/2012	65,415,000	11,330,000
2013A	17111	4/9/2013	122,895,000	41,570,000
2013B	17599	10/29/2013	74,930,000	52,385,000
2014A	17599	7/8/2014	75,000,000	75,000,000
2014B	17599	8/12/2014	192,460,000	169,240,000
2015A	17599	2/18/2015	474,025,000	267,965,000
2015B	18111	11/17/2015	93,345,000	65,680,000
2016A	18116	2/17/2016	281,535,000	262,385,000
2016B	18111	9/12/2016	499,655,000	445,510,000
2017	18587	12/19/2017	149,485,000	117,865,000
2018A ⁽¹⁾	18588	4/19/2018	134,500,000	134,500,000
2018B	18588	11/15/2018	124,455,000	122,645,000
2020A	19112	8/4/2020	179,530,000	179,530,000
2020B	19112	8/4/2020	186,745,000	185,195,000
2021 ⁽¹⁾	19112	1/19/2021	96,844,510	96,844,510
2021A	19112	8/10/2021	231,200,000	231,200,000
		Total	\$3,183,169,510	\$ 2,490,154,510

⁽¹⁾ WIFIA loan, authorized but not drawn upon

Ordinance 19377

**ATTACHMENT B –
OUTSTANDING PARITY LIEN OBLIGATIONS**

Series	Ordinance	Date of Issue	Original Principal	Outstanding Principal (as of 9/1/2021)
2008	15779	2/12/2008	\$ 236,950,000	\$ 21,020,000
2012	17111	4/18/2012	68,695,000	33,895,000
2012B	17111	8/2/2012	41,725,000	30,500,000
2015A	17599	2/18/2015	247,825,000	149,895,000
2017	18116	10/25/2017	154,560,000	131,970,000
2019	18588	10/24/2019	101,035,000	101,035,000
2021A	19112	8/10/2021	239,585,000	239,585,000
2021B	19112	8/10/2021	94,510,000	94,510,000
		Total	<u>\$1,184,885,000</u>	<u>\$ 802,410,000</u>

Ordinance 19377

**ATTACHMENT C
FORM OF PARITY BOND**

No. R- _____

\$ _____

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the County or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), **ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

SEWER REVENUE [AND] [REFUNDING] BOND, [YEAR], SERIES _____

Interest Rate:
_____ %

Maturity Date:

CUSIP No.:

Registered Owner: CEDE & CO.

Principal Amount: _____ AND NO/100 DOLLARS

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 the date of this bond, or the most recent date to which interest has been paid or duly provided for, until payment of this bond, at the Interest Rate specified, payable on _____, and semiannually thereafter on each succeeding _____ and _____.

Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as this bond is registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), principal of and premium, if any, and interest on this bond are payable in the manner set forth in the Blanket Issuer Letter of Representations by and between the County and DTC. When this bond is not registered in the name of the Securities Depository, interest on this bond is payable by electronic transfer on the interest payment date, or by check or draft of the fiscal agent of the State of Washington (as the same may be designated by the State of Washington from time to time, the "Registrar") mailed on the interest payment date to

Ordinance 19377

the Registered Owner at the address appearing on the Bond Register on the Record Date. The County is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. When this bond is not registered in the name of the Securities Depository, principal of and premium, if any, on this bond are payable upon presentation and surrender of this bond by the Registered Owner to the Registrar at maturity or upon prior redemption in full.

This bond is one of an authorized issue of bonds of like series, date and tenor, except as to number, amount, rate of interest, options of redemption and date of maturity, in the aggregate principal amount of \$_____ (the "Bonds"), and is issued to provide funds necessary to pay costs of [refunding certain outstanding obligations of the County payable from Revenue of] 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 "State"), the County Charter and applicable ordinances duly adopted by the County, including Ordinance ____ and Motion _____ (together, the "Bond Legislation"). Capitalized terms used in this bond and not defined herein have the meanings given such terms in the Bond Legislation.

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

The Bonds are special limited obligations of the County, payable solely from the special fund of the County known as the Water Quality Revenue Bond Account (the "Parity Bond Fund"), and are not obligations of the State 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 or any political subdivision thereof is pledged to the payment of this bond or the Bonds.

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

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

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

Ordinance 19377

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

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

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State and the Charter and ordinances of the County to exist and to have happened, have been done and performed precedent to and in the issuance of this bond do exist and 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 the seal of the County to be impressed or imprinted hereon, all as of _____.

KING COUNTY, WASHINGTON

By _____
King County Executive

ATTEST:

Clerk of the County Council

Date of Authentication: _____.

CERTIFICATE OF AUTHENTICATION

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

WASHINGTON STATE FISCAL AGENT
as Registrar

By _____
Authorized Signer

Ordinance 19377

ASSIGNMENT

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

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

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

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

DATED: _____, 20__.

NOTE: The signature on this Agreement 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.

Ordinance 19377

**ATTACHMENT D –
FORM OF PARITY LIEN OBLIGATION**

No. R- _____

\$ _____

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the County or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), **ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

**LIMITED TAX GENERAL OBLIGATION [AND] [REFUNDING] BOND
(PAYABLE FROM SEWER REVENUES), [YEAR], SERIES _____**

Interest Rate:
_____ %

Maturity Date:

CUSIP No.:

Registered Owner: CEDE & Co.

Principal Amount: _____ AND NO/100 DOLLARS

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 the date of this bond, or the most recent date to which interest has been paid or duly provided for, until payment of this bond, at the Interest Rate specified, payable on _____, and semiannually thereafter on each succeeding _____ and _____.

Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as this bond is registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), principal of and premium, if any, and interest on this bond are payable in the manner set forth in the Blanket Issuer Letter of Representations by and between the County and DTC. When this bond is not registered in the name of the Securities Depository, interest on this bond is payable by electronic transfer on the interest payment date, or

Ordinance 19377

by check or draft of the fiscal agent of the State of Washington (as the same may be designated by the State of Washington from time to time, the "Registrar") mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The County is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. When this bond is not registered in the name of the Securities Depository, principal of and premium, if any, on this bond are payable upon presentation and surrender of the Bond by the Registered Owner to the Registrar at maturity or upon prior redemption in full.

This bond is one of an authorized issue of bonds of like series, date and tenor, except as to number, amount, rate of interest, options of redemption and date of maturity, in the aggregate principal amount of \$_____ (the "Bonds"), and is issued to provide funds necessary to pay costs of [refunding certain outstanding obligations of the County payable from Revenue of] 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 "State"), the County Charter and applicable ordinances duly adopted by the County, including Ordinance ____ and Motion ____ (together, the "Bond Legislation"). Capitalized terms used in this bond and not defined herein have the meanings given such terms in the Bond Legislation.

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

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

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

The County has pledged that it will cause the System to be maintained in good condition and repair and to be operated in an efficient manner and at a reasonable cost. The County has

Ordinance 19377

further pledged that it will at times establish, maintain and collect adequate rates and charges for sewage disposal service as provided in the Bond Legislation. Reference to the Bond Legislation is made for a description of the nature and extent of the security for the Bonds, the funds or revenues pledged, and the terms and conditions upon which the Bonds are issued.

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

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

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

Ordinance 19377

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 the seal of the County to be impressed or imprinted hereon, all as of _____.

KING COUNTY, WASHINGTON

By _____
King County Executive

ATTEST:

Clerk of the County Council

Date of Authentication: _____.

CERTIFICATE OF AUTHENTICATION

This is one of the fully registered Limited Tax General Obligation [and] [Refunding] Bonds (Payable from Sewer Revenues), [Year], Series ____, of King County, Washington, dated _____, described in the within mentioned Bond Legislation.

WASHINGTON STATE FISCAL AGENT
as Registrar

By _____
Authorized Signer

Ordinance 19377

ASSIGNMENT

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

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

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

the within bond and does hereby irrevocably constitute and appoint _____
or its successor, as Registrar to transfer this 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.

Certificate Of Completion

Envelope Id: A78407A19AEA4989BFD75E2F1F61BB21	Status: Completed
Subject: Please DocuSign: Ordinance 19377.docx, Ordinance 19377 Attachment A.docx, Ordinance 19377 Attac...	
Source Envelope:	
Document Pages: 92	Signatures: 3
Supplemental Document Pages: 11	Initials: 0
Certificate Pages: 6	Envelope Originator:
AutoNav: Enabled	Cherie Camp
Envelopeld Stamping: Enabled	401 5th Ave
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	Suite 100
	Seattle, WA 98104
	Cherie.Camp@kingcounty.gov
	IP Address: 198.49.222.20

Record Tracking

Status: Original	Holder: Cherie Camp	Location: DocuSign
12/16/2021 6:30:08 PM	Cherie.Camp@kingcounty.gov	
Security Appliance Status: Connected	Pool: FedRamp	
Storage Appliance Status: Connected	Pool: King County General (ITD)	Location: DocuSign

Signer Events

Claudia Balducci
 claudia.balducci@kingcounty.gov
 King County General (ITD)
 Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

 7E1C273CE9994B6...
 Signature Adoption: Pre-selected Style
 Using IP Address: 73.83.124.149

Timestamp

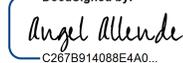
Sent: 12/16/2021 6:33:02 PM
 Viewed: 12/19/2021 6:30:32 AM
 Signed: 12/19/2021 6:30:47 AM

Electronic Record and Signature Disclosure:

Not Offered via DocuSign
 Supplemental Documents:

Ordinance 19377 Attachment A.docx	Viewed: 12/19/2021 6:30:35 AM
	Read: Not Required
	Accepted: Not Required
Ordinance 19377 Attachment B.docx	Viewed: 12/19/2021 6:30:37 AM
	Read: Not Required
	Accepted: Not Required
Ordinance 19377 Attachment C.docx	Viewed: 12/19/2021 6:30:41 AM
	Read: Not Required
	Accepted: Not Required
Ordinance 19377 Attachment D.docx	Viewed: 12/19/2021 6:30:43 AM
	Read: Not Required
	Accepted: Not Required

Angel Allende
 angel.allende@kingcounty.gov
 Deputy Clerk of the Council
 King County Council
 Security Level: Email, Account Authentication (None)

DocuSigned by:

 C267B914088E4A0...
 Signature Adoption: Pre-selected Style
 Using IP Address: 198.49.222.20

Sent: 12/19/2021 6:30:52 AM
 Viewed: 12/20/2021 9:58:08 AM
 Signed: 12/20/2021 9:58:33 AM

Electronic Record and Signature Disclosure:

Not Offered via DocuSign
 Supplemental Documents:

Ordinance 19377 Attachment A.docx	Viewed: 12/20/2021 9:58:17 AM
	Read: Not Required
	Accepted: Not Required
Ordinance 19377 Attachment B.docx	Viewed: 12/20/2021 9:58:21 AM
	Read: Not Required
	Accepted: Not Required

Signer Events	Signature	Timestamp
Dow Constantine Dow.Constantine@kingcounty.gov Security Level: Email, Account Authentication (None)	Ordinance 19377 Attachment C.docx	Viewed: 12/20/2021 9:58:24 AM Read: Not Required Accepted: Not Required
	Ordinance 19377 Attachment D.docx	Viewed: 12/20/2021 9:58:27 AM Read: Not Required Accepted: Not Required
		Sent: 12/20/2021 9:58:38 AM Viewed: 12/27/2021 3:51:31 PM Signed: 12/27/2021 3:51:50 PM
	Signature Adoption: Uploaded Signature Image Using IP Address: 174.61.167.141	

Electronic Record and Signature Disclosure:
Accepted: 12/27/2021 3:51:31 PM
ID: 2e88cc20-c7ec-4b2e-9a93-514087fc456b
Supplemental Documents:

Ordinance 19377 Attachment A.docx	Viewed: 12/27/2021 3:51:42 PM Read: Not Required Accepted: Not Required
Ordinance 19377 Attachment B.docx	Viewed: 12/27/2021 3:51:44 PM Read: Not Required Accepted: Not Required
Ordinance 19377 Attachment C.docx	Viewed: 12/27/2021 3:51:45 PM Read: Not Required Accepted: Not Required
Ordinance 19377 Attachment D.docx	Viewed: 12/27/2021 3:51:48 PM Read: Not Required Accepted: Not Required

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Kaitlyn Wiggins kwiggins@kingcounty.gov Security Level: Email, Account Authentication (None)		Sent: 12/20/2021 9:58:38 AM Viewed: 12/21/2021 11:50:25 AM
Electronic Record and Signature Disclosure: Not Offered via DocuSign		

Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	12/16/2021 6:33:02 PM
Certified Delivered	Security Checked	12/27/2021 3:51:31 PM
Signing Complete	Security Checked	12/27/2021 3:51:50 PM
Completed	Security Checked	12/27/2021 3:51:50 PM

Payment Events

Status

Timestamps

Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Carahsoft OBO King County ITD (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign, Inc. (DocuSign) electronic signing system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after signing session and, if you elect to create a DocuSign signer account, you may access them for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of a DocuSign envelope instead of signing it. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Carahsoft OBO King County ITD:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: bob.johnson@kingcounty.gov

To advise Carahsoft OBO King County ITD of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at bob.johnson@kingcounty.gov and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

In addition, you must notify DocuSign, Inc. to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in the DocuSign system.

To request paper copies from Carahsoft OBO King County ITD

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to bob.johnson@kingcounty.gov and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Carahsoft OBO King County ITD

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to bob.johnson@kingcounty.gov and in the body of such request you must state your e-mail, full name, US Postal Address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows® 2000, Windows® XP, Windows Vista®; Mac OS® X
Browsers:	Final release versions of Internet Explorer® 6.0 or above (Windows only); Mozilla Firefox 2.0 or above (Windows and Mac); Safari™ 3.0 or above (Mac only)
PDF Reader:	Acrobat® or similar software may be required to view and print PDF files
Screen Resolution:	800 x 600 minimum

Enabled Security Settings:	Allow per session cookies
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** These minimum requirements are subject to change. If these requirements change, you will be asked to re-accept the disclosure. Pre-release (e.g. beta) versions of operating systems and browsers are not supported.

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