



# KING COUNTY

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

## Signature Report

October 17, 2017

Ordinance 18581

Proposed No. 2017-0382.1

Sponsors Upthegrove

1 AN ORDINANCE providing long-term financing for the  
2 capital needs of the county's sewer system by authorizing  
3 the issuance of multi-modal limited tax general obligation  
4 refunding bonds (payable from sewer revenue) of the  
5 county for refunding certain outstanding obligations of the  
6 county; providing for the form, terms and covenants of  
7 such bonds; providing for the sale of the bonds in one or  
8 more series; and pledging the annual levy of taxes and an  
9 additional pledge of sewer revenue to pay the principal of  
10 and interest on such bonds.

11 PREAMBLE:

12 The county owns and operates facilities for the conveyance and treatment  
13 of sewage and control of combined sewer overflows that include  
14 wastewater treatment plants, interceptor and trunk sewers, pumping  
15 stations, regulator stations, outfall sewers, storm sewers to divert  
16 stormwater from sanitary sewers, lands for application of biosolids,  
17 property rights, and buildings and other structures and equipment  
18 (collectively "the System"), all in accordance with a comprehensive plan  
19 for metropolitan water pollution abatement under the authority of chapters

20 36.56 and 35.58 of the Revised Code of Washington ("RCW").  
21 Long-term service agreements with participating municipalities and other  
22 entities ("the Participants") obligate the county to treat and dispose of  
23 sewage collected by the Participants. The Participants must pay the costs  
24 of these services, including debt service on bonds payable from sewer  
25 revenues (including the bonds authorized by this ordinance) and other  
26 indebtedness payable from and secured by sewer revenues. Comparable  
27 rates and charges have been established for customers who deliver sewage  
28 to the System but are not subject to a contract with the county for this  
29 service.

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

34 The county has issued the series of sewer revenue bonds with a senior lien  
35 on Revenue of the System set forth in Attachment A to this ordinance  
36 (together with any sewer revenue bonds, warrants or other obligations that  
37 may be issued in the future with a lien on Revenue of the System equal to  
38 the lien thereon of such bonds, "the Parity Bonds").

39 The county has issued the series of limited tax general obligation bonds  
40 additionally secured by a lien on Revenue of the System junior and  
41 subordinate to the lien thereon of the Parity Bonds set forth in Attachment  
42 B to this ordinance (together with any sewer revenue bonds, warrants or

43 other obligations that may be issued in the future with a lien on Revenue  
44 of the System equal to the lien thereon of such bonds, "the Parity Lien  
45 Obligations").

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

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

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

57 Pursuant to Ordinance 16721 of the county, the county issued its Multi-  
58 Modal Limited Tax General Obligation Bonds (Payable from Sewer  
59 Revenue), Series 2010A and Series 2010B ("the Refunded Bonds") to  
60 finance capital improvements to the System.

61 In connection with the issuance of the Refunded Bonds, the county entered  
62 into a Standby Bond Purchase Agreement with the registrar and tender  
63 agent for the Refunded Bonds and with State Street Bank and Trust  
64 Company, which Standby Bond Purchase Agreement, as extended, is  
65 stated to expire on November 3, 2017.

66 The ordinances authorizing the issuance of the currently outstanding  
67 obligations payable from Revenue of the System permit additional Multi-  
68 Modal LTGO/Sewer Revenue Bonds to be issued on the terms and  
69 condition set forth in such ordinances.

70 It is deemed necessary and desirable that the county authorize the issuance  
71 and sale of its Multi-Modal LTGO/Sewer Revenue Bonds, in one or more  
72 series, in the aggregate principal amount of \$100,000,000 ("the Bonds"),  
73 to refund the Refunded Bonds.

74 The sale of any series of the Bonds shall be ratified and confirmed by  
75 motion of the council, as provided in this ordinance.

76 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

77 SECTION 1. Definitions; Interpretation.

78 A. **Definitions.** The following words and terms as used in this ordinance  
79 have the following meanings for all purposes of this ordinance, unless some other  
80 meaning is plainly intended.

81 "Accreted Value" means, for any Capital Appreciation Bonds, as of any date of  
82 calculation, the sum of the amounts set forth in the ordinance, resolution or motion  
83 authorizing such bonds as the amounts representing the initial principal amount of such  
84 bonds plus the interest accumulated, compounded and unpaid thereon as of the most  
85 recent compounding date, as provided in the ordinance, resolution or motion authorizing  
86 the issuance of such bonds; provided, that if such calculation is not made as of a  
87 compounding date, such amount shall be determined by straight-line interpolation as of  
88 the immediately preceding and the immediately succeeding compounding dates.

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

93 "Annual Debt Service" means, for designated obligations of the System, with  
94 respect to any calendar year, the sum of the following:

95 1. The interest on such designated obligations due (i) on all interest payment  
96 dates (other than January 1) in such calendar year, and (ii) on January 1 of the next  
97 succeeding calendar year, plus any Payment Agreement Payments due on such dates in  
98 respect of Payment Agreements for such designated obligations and minus any Payment  
99 Agreement Receipts due in such period in respect of Payment Agreements for such  
100 designated obligations.

101 a. For purposes of calculating the amounts required to pay interest on  
102 such designated obligations, capitalized interest, accrued interest paid to the county upon  
103 the issuance of such designated obligations, and Debt Service Offsets pledged to the  
104 payment of such designated obligations will be excluded.

105 b. The amount of interest deemed payable on any such designated  
106 obligations bearing interest at a variable rate will be calculated on the assumption that the  
107 interest rate on such designated obligations would be equal to the rate that is 90% of the  
108 average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter  
109 preceding the quarter in which the calculation is made; provided, that for purposes of  
110 determining actual compliance in any past calendar year with the rate covenants made in  
111 Section 16 of this ordinance, the actual amount of interest paid on any issue of variable

112 rate obligations will be taken into account.

113           2.       The principal due (at maturity or upon mandatory redemption prior to  
114 maturity) for such designated obligations (i) on all principal payment dates (other than  
115 January 1) of such calendar year and (ii) on January 1 of the next succeeding calendar  
116 year.

117           3.       An amount for assumed payments of principal of any of such designated  
118 obligations that are Balloon Maturity Bonds calculated for the applicable calendar year  
119 by amortizing the then outstanding principal amount of such designated obligations in  
120 accordance with a maturity schedule not exceeding 30 years from the date of issuance of  
121 such Balloon Maturity Bonds and resulting in approximately level debt service based on  
122 their actual interest rates (if such designated obligations bear interest at fixed rates) or on  
123 the assumed interest rate calculated as provided in paragraph 1.b. of this definition (if  
124 such designated obligations bear interest at a variable rate).

125           In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or  
126 upon mandatory redemption must be included in the calculation of Annual Debt Service,  
127 and references in this ordinance to principal include the Accreted Value due at maturity  
128 or upon the mandatory redemption of any Capital Appreciation Bonds.

129           Notwithstanding the foregoing, debt service on any such designated obligations  
130 with respect to which a Payment Agreement is in force shall be calculated by the county  
131 to reflect the net economic effect of the terms of such designated obligations and the  
132 applicable Payment Agreement, in accordance with the requirements set forth in the  
133 proceedings authorizing the issuance of such designated obligations.

134           "Balloon Maturity Bonds" means any obligations of the System, the entire

135 principal amount of which is due at maturity without serial bond payments or sinking  
136 fund redemption payments.

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

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

141 "Bondowners' Trustee" means the bank or financial institution selected by the  
142 Registered Owners of the Bonds pursuant to Section 20 of this ordinance.

143 "Bonds" means the multi-modal limited tax general obligation refunding bonds  
144 (payable from sewer revenue) of the county authorized to be issued under this ordinance  
145 to refund the Refunded Bonds.

146 "Capital Appreciation Bonds" means any Parity Bonds the interest on which is  
147 compounded, accumulated and payable only upon redemption or on the maturity date of  
148 such Parity Bonds; provided, that Parity Bonds may be deemed to be Capital  
149 Appreciation Bonds for only a portion of their term pursuant to the ordinance, resolution  
150 or motion authorizing their issuance. On the date on which Parity Bonds no longer are  
151 Capital Appreciation Bonds, they shall be deemed outstanding in a principal amount  
152 equal to their Accreted Value.

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

156 "Code" means the Internal Revenue Code of 1986, as amended, together with  
157 corresponding and applicable final, temporary or proposed regulations and revenue

158 rulings issued or amended with respect thereto by the United States Treasury Department  
159 or the Internal Revenue Service, to the extent applicable to the Bonds.

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

165 "Construction Account" means the "Second Water Quality Construction  
166 Account," as designated by Ordinance 12076, Section 30, of the county.

167 "Council" means the Metropolitan King County Council.

168 "Credit Enhancement" means any letter of credit, insurance policy, surety bond,  
169 line of credit or other instrument then in effect that secures or guarantees the payment of  
170 principal of and interest on any series of the Bonds.

171 "Credit Facility" means any letter of credit, standby bond purchase agreement,  
172 line of credit, surety bond, insurance policy or other insurance commitment or similar  
173 agreement (but not including a Payment Agreement), satisfactory to the county, that is  
174 provided by a commercial bank, insurance company or other financial institution with a  
175 current long-term rating (or whose obligations thereunder are guaranteed by a financial  
176 institution with a long-term rating): (i) from Moody's and S&P not lower, when issued,  
177 than the credit rating of any series of Parity Bonds, to provide support for a series of  
178 Parity Bonds, and shall include any substitute therefor in accordance with the provisions  
179 of the ordinance providing for the issuance of Parity Bonds supported by a Credit  
180 Facility, or (ii) from Fitch, Moody's and S&P not lower, when issued, than the credit

181 rating of any series of Parity Lien Obligations, to provide support for a series of Parity  
182 Lien Obligations, and shall include any substitute therefor in accordance with the  
183 provisions of the ordinance providing for the issuance of Parity Lien Obligations  
184 supported by a Credit Facility.

185 "Credit Provider" means any bank, insurance company, pension fund or other  
186 financial institution that provides a Credit Enhancement for any series of the Bonds.

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

189 "Debt Service Offset" means receipts of the county that are (i) legally available to  
190 pay debt service on obligations payable from Revenue of the System, including federal  
191 interest subsidy payments, and (ii) pledged to the payment of obligations payable from  
192 Revenue of the System.

193 "Default" means any of the events or conditions set forth in Section 19 of this  
194 ordinance.

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

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

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

203 "Future Parity Bonds" means any sewer revenue bonds, warrants or other

204 obligations that may be issued in the future with a lien on Revenue of the System equal to  
205 the lien thereon of the currently outstanding Parity Bonds.

206 "Government Obligations" means direct obligations of, or obligations the  
207 principal of and interest on which are unconditionally guaranteed by, the United States of  
208 America.

209 "Junior Lien Bond Fund" means the "King County, Washington, Junior Lien  
210 Obligation Redemption Fund" created pursuant to Ordinance 14171, Section 5.01, of the  
211 county for the purpose of paying and securing the payment of the Junior Lien  
212 Obligations.

213 "Junior Lien Obligations" means the county's (i) Junior Lien Variable Rate  
214 Demand Sewer Revenue Bonds, Series 2001A and Series 2001B, dated August 15, 2001,  
215 authorized by Ordinances 14171 and 14172, (ii) Junior Lien Variable Rate Demand  
216 Sewer Revenue Bond, Series 2011, dated October 26, 2011, authorized by Ordinance  
217 17202, (iii) Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, dated  
218 December 27, 2012, authorized by Ordinance 17495, (iv) Junior Lien Sewer Revenue  
219 Bonds, Series 2015A and Series 2015B, dated November 24, 2015, authorized by  
220 Ordinance 18141, and (v) any other revenue bonds or revenue obligations having a lien  
221 on Revenue of the System equal to the lien thereon of such bonds.

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

226 "Liquidity Facility" means any letter of credit, line of credit, standby purchase

227 agreement or other instrument then in effect that provides for the payment of the purchase  
228 price of Bonds upon the tender thereof if remarketing proceeds are insufficient therefor.

229 "Liquidity Provider" means any bank, insurance company, pension fund or other  
230 financial institution that provides a Liquidity Facility.

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

237 "MSRB" means the Municipal Securities Rulemaking Board or any successor to  
238 its functions.

239 "Multi-Modal LTGO/Sewer Revenue Bonds" means the Refunded Bonds, the  
240 Bonds and any additional limited tax general obligation bonds of the county payable from  
241 Revenue of the System and having the same lien on Revenue of the System as the  
242 Refunded Bonds and the Bonds.

243 "Net Revenue" means Revenue of the System less Operating and Maintenance  
244 Expenses.

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

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

252 "Parity Bond Fund" means the "Water Quality Revenue Bond Account"  
253 designated pursuant to Ordinance 12076, Section 30, of the county for the purpose of  
254 paying and securing the payment of the Parity Bonds.

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

257 "Parity Bonds" means the bonds identified as such in the Preamble to this  
258 ordinance, together with any Future Parity Bonds. "Parity Bonds" include any Parity  
259 Payment Agreements and parity reimbursement agreements entered into with the  
260 provider of a Credit Facility securing any Parity Bonds.

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

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

269 "Parity Lien Obligations" means bonds identified as such in the Preamble to this  
270 ordinance, together with any sewer revenue bonds, warrants or other obligations that may  
271 be issued in the future with a lien on Revenue of the System equal to the lien thereon of  
272 those bonds. "Parity Lien Obligations" include any Parity Lien Obligation Payment

273 Agreements and parity reimbursement agreements entered into with the provider of a  
274 Credit Facility securing any Parity Lien Obligations.

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

280 "Participant" means each city, town, county, water-sewer district, municipal  
281 corporation, person, firm, private corporation or other entity that disposes of any portion  
282 of its sanitary sewage into the System and has entered into a Service Agreement with the  
283 county.

284 "Payment Agreement" means, to the extent permitted from time to time by  
285 applicable law, a written agreement entered into by the county (i) in connection with or  
286 incidental to the issuance, incurring or carrying of bonds or other obligations of the  
287 county secured in whole or in part by a lien on Revenue of the System; (ii) for the  
288 purpose of managing or reducing the county's exposure to fluctuations or levels of  
289 interest rates, currencies or commodities or for other interest rate, investment, asset or  
290 liability management purposes; (iii) with a Qualified Counterparty; and (iv) which  
291 provides, on either a current or forward basis, for an exchange of payments determined in  
292 accordance with a formula specified therein.

293 "Payment Agreement Payments" means the amounts periodically required to be  
294 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The  
295 term "Payment Agreement Payments" does not include any termination payment required

296 to be paid with respect to a Payment Agreement.

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

299 "Professional Utility Consultant" means a licensed professional engineer, a  
300 Certified Public Accountant, or other independent person or firm selected by the county  
301 having a favorable reputation for skill and experience with sewer systems of comparable  
302 size and character to the System in such areas as are relevant to the purposes for which  
303 they are retained.

304 "Public Works Trust Fund Loans" means loans to the county by the State  
305 Department of Commerce under the Public Works Trust Fund loan program pursuant to  
306 loan agreements in effect as of the date of this ordinance and any loan agreements  
307 hereafter entered into by the county under the Public Works Trust Fund loan program, the  
308 repayment obligations of which are secured by a lien on Revenue of the System equal to  
309 the lien thereon established by such loan agreements.

310 "Qualified Counterparty" means with respect to a Payment Agreement an entity  
311 (i) whose senior long-term debt obligations, other senior unsecured long-term obligations  
312 or claims-paying ability or whose payment obligations under a Payment Agreement are  
313 guaranteed by an entity whose senior long-term debt obligations, other senior unsecured  
314 long-term obligations or claims-paying ability are rated (at the time the Payment  
315 Agreement is entered into) at least as high as A3 by Moody's and A- by S&P (and A- by  
316 Fitch for any Parity Lien Obligation Payment Agreement), or the equivalent thereof by  
317 any successor thereto, and (ii) who is otherwise qualified to act as the other party to a  
318 Payment Agreement under any applicable laws of the State.

319 "Qualified Insurance" means any unconditional municipal bond insurance policy  
320 or surety bond issued by any insurance company licensed to conduct an insurance  
321 business in any state of the United States or by a service corporation acting on behalf of  
322 one or more such insurance companies, which insurance company or service corporation,  
323 as of the time of issuance of such policy or surety bond, is then rated in one of the two  
324 highest rating categories by Moody's, S&P, and any other rating agency then maintaining  
325 a rating on the Parity Bonds and maintains a policy owner's surplus in excess of  
326 \$500,000,000.

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

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

335 "RCW" means the Revised Code of Washington.

336 "Record Date" has the meaning set forth in proceedings of the county authorized  
337 under this ordinance.

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

340 "Registrar" means, unless otherwise designated in proceedings of the county  
341 authorized under this ordinance, the fiscal agent of the State (as the same may be

342 designated by the State from time to time) for the purposes of registering and  
343 authenticating the Bonds, maintaining the Bond Register, effecting the transfer of  
344 ownership of the Bonds and paying principal of and premium, if any, and interest on the  
345 Bonds.

346 "Revenue Fund" means the "Water Quality Operating Account" as designated by  
347 Ordinance 12076, Section 30, of the county.

348 "Revenue of the System" means all the earnings, revenues and money received by  
349 the county from or on account of the operations of the System and the income from the  
350 investment of money in the Revenue Fund or any account within such fund, but shall not  
351 include (i) any money collected pursuant to the Service Agreements applicable to  
352 administrative costs of the county other than costs of administration of the System or (ii)  
353 any Debt Service Offsets. For certain purposes described in Section 12.B. of this  
354 ordinance, deposits from the Rate Stabilization Fund into the Revenue Fund may be  
355 included in calculations of "Revenue of the System."

356 "Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the  
357 Securities and Exchange Act of 1934, as the same may be amended from time to time.

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

362 "Sale Motion" means, with respect to each series of the Bonds, the motion of the  
363 council approving a contract (if the Bonds are sold by negotiated sale) or accepting a bid  
364 (if the Bonds are sold by competitive bid) for the initial purchase of the Bonds and

365 ratifying the initial sale of the Bonds, all in accordance with Section 22 of this ordinance.

366 "SEC" means the United States Securities and Exchange Commission.

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

371 "Senior Lien Payments" means, for any calendar year, the sum of the following:

- 372 1. Annual Debt Service for such year for the Parity Bonds and Parity Lien  
373 Obligations then outstanding; and  
374 2. any other payments described in paragraphs "Second" through "Fifth" of  
375 Section 13 of this ordinance required to be made during such year.

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

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

386 "State" means the State of Washington.

387 "Subordinate Lien Obligations" means those revenue bonds or other revenue

388 obligations that may be issued by the county in the future with a lien on Revenue of the  
389 System junior and inferior to the lien thereon of the Multi-Modal LTGO/Sewer Revenue  
390 Bonds, and payable from Revenue of the System that is available after first making the  
391 payments required to be made under paragraph "First" through "Seventh" but before  
392 making the payments required to be made under paragraph "Ninth" of Section 13 of this  
393 ordinance.

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

397 "Tax Certificate" means any federal tax certificate regarding certain federal tax  
398 matters executed on behalf of the county upon the issuance of each series of Tax-Exempt  
399 Bonds or Tax-Benefited Bonds.

400 "Tax-Benefited Bonds" means Bonds other than Tax-Exempt Bonds that are  
401 structured so as to confer certain benefits under the Code to the county or to the Owners  
402 of such Bonds, as provided in Section 18 of this ordinance and so designated pursuant to  
403 Section 22.A. of this ordinance.

404 "Tax-Exempt Bonds" means Bonds the interest on which the county intends to be  
405 excludable from gross income for federal income tax purposes, as provided in Section 17  
406 of this ordinance and so designated pursuant to Section 22.A. of this ordinance.

407 "Term Bonds" means those Bonds identified as such in proceedings of the county  
408 authorized under this ordinance, the principal of which is amortized by a schedule of  
409 mandatory redemptions prior to their maturity.

410 "Undertaking" means an undertaking for ongoing disclosure to be entered into by

411 the county for each series of Bonds, if and to the extent required by Rule15c2-12, as  
412 authorized by a Sale Motion.

413         **B. Rules of Interpretation.** As used in this ordinance, unless the context  
414 otherwise requires:

415                 1. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and  
416 any similar terms refer to this ordinance as a whole and not to any particular section,  
417 subsection, paragraph or clause of this ordinance.

418                 2. Unless the context otherwise indicates, words expressed in the  
419 singular may include the plural and vice versa, and the use of the neuter, masculine, or  
420 feminine gender is for convenience only and is deemed to mean and include the neuter,  
421 masculine or feminine gender, as appropriate.

422                 3. Any headings preceding the text of the various sections and  
423 subsections of this ordinance, and any table of contents or marginal notes appended to  
424 copies of this ordinance, are solely for convenience of reference and do not constitute a  
425 part of this ordinance, nor shall they affect its meaning, construction or effect.

426                 4. All references in this ordinance to "sections," "subsections,"  
427 "paragraphs" and "clauses" are to the corresponding sections, subsections, paragraphs or  
428 clauses of this ordinance as originally adopted.

429                 5. The term "including" means "including without limitation."

430         **SECTION 2. Findings.** Because conditions in the capital markets are volatile,  
431 the council finds that it is in the best interests of the county, its taxpayers and ratepayers  
432 of the System that the county retain the flexibility to issue the Bonds in one or more  
433 series. To achieve this flexibility, the council further finds that it is in the best interests of

434 the county, its taxpayers and ratepayers of the System that the sale of Bonds in one or  
435 more series as Tax-Exempt Bonds, Tax Benefited Bonds or otherwise, by competitive bid  
436 or negotiated sale, for current or future delivery, be determined by the Finance Director,  
437 in consultation with the county's financial advisors.

438         SECTION 3. Authorization of Bonds. To provide funds to refund the  
439 Refunded Bonds, the county is authorized to issue the Bonds in the aggregate principal  
440 amount of \$100,000,000. Each initial sale of a series of Bonds shall be ratified and  
441 confirmed by the council in a Sale Motion.

442         The Bonds may be issued in one or more series, as provided in Section 22 of this  
443 ordinance, each such series to be designated as "King County, Washington, Multi-Modal  
444 Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenue)" with  
445 an applicable year and series designation. The Bonds shall be fully registered as to both  
446 principal and interest; shall be numbered separately in such manner and with any  
447 additional designation as the Registrar deems necessary for purposes of identification;  
448 and shall be in the denominations, dated the date and mature on the dates, in the years  
449 and in the amounts established as provided in Section 22 of this ordinance.

450         The Bonds shall bear interest (computed as set forth in proceedings of the county  
451 authorized under this ordinance) from their dated date or from the most recent date to  
452 which interest has been paid or duly provided for, whichever is later, payable on interest  
453 payment dates and at the rate or rates established as provided in Section 22 of this  
454 ordinance.

455         SECTION 4. Registration, Exchange and Payments.

456         A.         **Registrar/Bond Register.** Unless otherwise specified in proceedings of

457 the county authorized under this ordinance, the county, in accordance with KCC 4.84,  
458 adopts for the Bonds the system of registration specified and approved by the  
459 Washington State Finance Committee, which utilizes the fiscal agent of the State as  
460 registrar, authenticating agent, paying agent and transfer agent ("the Registrar"). The  
461 Registrar shall keep, or cause to be kept, at its designated corporate trust office, sufficient  
462 books for the registration and transfer of the Bonds ("the Bond Register"), which shall be  
463 open to inspection by the county at all times. The Bond Register shall contain the name  
464 and mailing address of the Registered Owner of each Bond and the principal amount and  
465 number of each of the Bonds held by each Registered Owner. The Registrar is  
466 authorized, on behalf of the county, to authenticate and deliver Bonds transferred or  
467 exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as  
468 the county's paying agent for the Bonds and to carry out all of the Registrar's powers and  
469 duties under this ordinance.

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

476         B.         **Registered Ownership.** The Bonds shall be issued only in registered  
477 form as to both principal and interest and shall be recorded on the Bond Register. The  
478 county and the Registrar, each in its discretion, may deem and treat the Registered Owner  
479 of each Bond as the absolute owner thereof for all purposes, and neither the county nor

480 the Registrar shall be affected by any notice to the contrary. Payment of each Bond shall  
481 be made as described in Section 4.E. of this ordinance, but registration of ownership of  
482 each Bond may be transferred as provided herein. All payments made as described in  
483 Section 4.E. of this ordinance shall be valid and shall satisfy and discharge the liability of  
484 the county upon such Bond to the extent of the amount or amounts so paid.

485       C.     **Use of Depository.** Each Bond registered in the name of the Securities  
486 Depository shall be held fully immobilized in book-entry only form by the Securities  
487 Depository in accordance with the provisions of the Letter of Representations. Neither  
488 the county nor the Registrar shall have any obligation to participants of any Securities  
489 Depository or the persons for whom they act as nominees regarding accuracy of any  
490 records maintained by the Securities Depository or its participants. Neither the county  
491 nor the Registrar shall be responsible for any notice that is permitted or required to be  
492 given to the Registered Owner of any Bond registered in the name of the Securities  
493 Depository except such notice as is required to be given by the Registrar to the Securities  
494 Depository.

495       For so long as the Bonds are registered in the name of the Securities Depository,  
496 the Securities Depository shall be deemed to be the Registered Owner for all purposes  
497 hereunder, and all references to Registered Owners shall mean the Securities Depository  
498 and shall not mean the Beneficial Owners. Registered ownership of any Bond registered  
499 in the name of the Securities Depository may not be transferred except: (i) to any  
500 successor Securities Depository; (ii) to any substitute Securities Depository appointed by  
501 the county; or (iii) to any person if the Bond is no longer to be held by a Securities  
502 Depository.

503           Upon the resignation of the Securities Depository, or upon a termination of the  
504 services of the Securities Depository by the county, the county may appoint a substitute  
505 Securities Depository. If (i) the Securities Depository resigns and the county does not  
506 appoint a substitute Securities Depository, or (ii) the county terminates the services of the  
507 Securities Depository, the Bonds no longer shall be held in book-entry only form and the  
508 registered ownership of each Bond may be transferred to any person as provided in this  
509 ordinance or as set forth in proceedings of the county authorized under this ordinance.

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

513           E.       **Place and Medium of Payment.** Principal of and premium, if any, and  
514 interest on the Bonds are payable in lawful money of the United States of America.  
515 Principal of and premium, if any, and interest on each Bond registered in the name of the  
516 Securities Depository are payable in the manner set forth in the Letter of Representations.  
517 Unless otherwise specified in proceedings of the county authorized under this ordinance,  
518 interest on each Bond not registered in the name of the Securities Depository is payable  
519 by electronic transfer on the interest payment date, or by check or draft of the Registrar  
520 mailed on the interest payment date to the Registered Owner at the address appearing on  
521 the Bond Register on the Record Date. The county is not required to make electronic  
522 transfers except pursuant to a request by a Registered Owner in writing received on or  
523 prior to the Record Date and at the sole expense of the Registered Owner. Unless  
524 otherwise specified in proceedings of the county authorized under this ordinance, the  
525 principal of and premium, if any, on each Bond not registered in the name of the

526 Securities Depository are payable upon presentation and surrender of the Bond by the  
527 Registered Owner to the Registrar at maturity or upon prior redemption in full.

528           **F.       Transfer or Exchange of Registered Ownership; Change in**  
529 **Denominations.** The registered ownership of any Bond may be transferred or  
530 exchanged, but no transfer of any Bond shall be valid unless it is surrendered to the  
531 Registrar with the assignment form appearing on such Bond duly executed by the  
532 Registered Owner or such Registered Owner's duly authorized agent in a manner  
533 satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the  
534 surrendered Bond and shall authenticate and deliver, without charge to the Registered  
535 Owner or transferee therefor, a new Bond (or Bonds, at the option of the new Registered  
536 Owner) of the same series, date, maturity and interest rate and for the same aggregate  
537 principal amount in any authorized denomination, naming as Registered Owner the  
538 person or persons listed as the assignee on the assignment form appearing on the  
539 surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may  
540 be surrendered to the Registrar and exchanged, without charge, for an equal aggregate  
541 principal amount of Bonds of the same series, date, maturity and interest rate, in any  
542 authorized denomination. The Registrar shall not be obligated to exchange or transfer  
543 any Bond during the 15 days preceding any principal payment or redemption date, or, in  
544 the case of any proposed redemption of an Bond, after mailing of notice of the call of the  
545 Bond for redemption.

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

547           **A.       Optional Redemption.** All or some of the Bonds may be subject to  
548 redemption prior to their stated maturity dates at the option of the county at the times and

549 on the terms set forth in proceedings of the county authorized under this ordinance.

550           **B.     Mandatory Redemption.** The county shall redeem any Term Bonds, if  
551 not redeemed under the optional redemption provisions set forth in proceedings of the  
552 county authorized under this ordinance or purchased under the provisions set forth herein,  
553 randomly (or in such other manner as set forth in proceedings of the county authorized  
554 under this ordinance or as the Registrar shall determine) at par plus accrued interest on  
555 the dates and in the years and principal amounts as set forth in proceedings of the county  
556 authorized under this ordinance.

557           If the county redeems Term Bonds under the optional redemption provisions set  
558 forth in proceedings of the county authorized under this ordinance or purchases for  
559 cancellation or defeases Term Bonds, the Term Bonds so redeemed, purchased or  
560 defeased (irrespective of their redemption or purchase prices) will, unless otherwise set  
561 forth in proceedings of the county authorized under this ordinance, be credited against  
562 one or more scheduled mandatory redemption amounts for those Term Bonds. The  
563 county shall determine the manner in which the credit is to be allocated and shall notify  
564 the Registrar in writing of its allocation at least 60 days prior to the earliest mandatory  
565 redemption date for the maturity of Term Bonds for which notice of redemption has not  
566 already been given.

567           **C.     Partial Redemption.** Whenever less than all of the Bonds of a single  
568 maturity of a series are to be redeemed, the Securities Depository shall select the Bonds  
569 registered in the name of the Securities Depository to be redeemed in accordance with the  
570 Letter of Representations, and the Registrar shall select all other Bonds to be redeemed  
571 randomly, or in such other manner set forth in proceedings of the county authorized

572 under this ordinance or as the Registrar shall determine.

573        Portions of the principal amount of any Bond, in authorized denominations, may  
574 be redeemed, unless otherwise set forth in proceedings of the county authorized under  
575 this ordinance. If less than all of the principal amount of any Bond is redeemed, upon  
576 surrender of that Bond to the Registrar, there shall be issued to the Registered Owner,  
577 without charge therefor, a new Bond (or Bonds, at the option of the Registered Owner) of  
578 the same series, maturity and interest rate in any authorized denomination in the  
579 aggregate total principal amount remaining outstanding.

580        D.        **Purchase.** The county reserves the right and option to purchase any or all  
581 of the Bonds offered to the county or in the open market at any time at any price  
582 acceptable to the county plus accrued interest to the date of purchase.

583        SECTION 6. Notice and Effect of Redemption. Notice of redemption of each  
584 Bond registered in the name of the Securities Depository shall be given in accordance  
585 with the Letter of Representations. Unless otherwise set forth in proceedings of the  
586 county authorized under this ordinance, notice of redemption of each other Bond, unless  
587 waived by the Registered Owner, shall be given by the Registrar not less than 20 nor  
588 more than 60 days prior to the date fixed for redemption by first-class mail, postage  
589 prepaid, to the Registered Owner at the address appearing on the Bond Register on the  
590 Record Date. The requirements of the preceding sentences shall be deemed to have been  
591 fulfilled when notice has been mailed as so provided, whether or not it is actually  
592 received by any Owner. Notice of redemption shall also be mailed or sent electronically  
593 within the same period to the MSRB, to any nationally recognized rating agency then  
594 maintaining a rating on the Bonds at the request of the county, and to such other persons

595 and with such additional information as the Finance Director shall determine, but such  
596 further notice shall not be a condition precedent to the redemption of any Bond.

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

603         Interest on each Bond called for redemption shall cease to accrue on the date fixed  
604 for redemption, unless either the notice of optional redemption is rescinded as set forth  
605 above or money sufficient to effect such redemption is not on deposit with the Registrar  
606 or in a trust account established to refund or defease the Bond.

607         SECTION 7. Form and Execution of Bonds. The form of the Bonds shall be  
608 set forth in proceedings of the county authorized under this ordinance. The Bonds shall  
609 be signed by the county executive and the clerk of the council, either or both of whose  
610 signatures may be manual or in facsimile, and the seal of the county or a facsimile  
611 reproduction thereof shall be impressed or printed thereon.

612         Only a Bond bearing a Certificate of Authentication in the form set forth in  
613 proceedings of the county authorized under this ordinance, manually signed by the  
614 Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this  
615 ordinance. The authorized signing of a Certificate of Authentication shall be conclusive  
616 evidence that the Bond so authenticated has been duly executed, authenticated and  
617 delivered and is entitled to the benefits of this ordinance.

618           If any officer whose manual or facsimile signature appears on a Bond ceases to be  
619 an officer of the county authorized to sign bonds before the Bond bearing his or her  
620 manual or facsimile signature is authenticated by the Registrar or issued or delivered by  
621 the county, that Bond nevertheless may be authenticated, issued and delivered and, when  
622 authenticated, issued and delivered, shall be as binding on the county as though that  
623 person had continued to be an officer of the county authorized to sign bonds. Any Bond  
624 also may be signed on behalf of the county by any person who, on the actual date of  
625 signing of the Bond, is an officer of the county authorized to sign bonds, although he or  
626 she did not hold the required office on the dated date of the Bond.

627           SECTION 8. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond  
628 becomes mutilated, the Registrar may authenticate and deliver a new Bond or Bonds of  
629 like amount, date, series, interest rate and tenor to the Registered Owner thereof upon the  
630 Registered Owner's paying the expenses and charges of the county and the Registrar in  
631 connection therewith and upon surrender to the Registrar of the Bond so mutilated.  
632 Every mutilated Bond so surrendered shall be canceled and destroyed by the Registrar.

633           If any Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver  
634 a new Bond or Bonds of like amount, date, series, interest rate and tenor to the Registered  
635 Owner thereof upon the Registered Owner's paying the expenses and charges of the  
636 county and the Registrar in connection therewith and upon filing with the Registrar  
637 evidence satisfactory to the Registrar that such Bond was actually lost, stolen or  
638 destroyed and of registered ownership thereof, and upon furnishing the county and the  
639 Registrar with indemnity satisfactory to the Finance Director and the Registrar.

640           SECTION 9. Multi-Modal LTGO/Sewer Revenue Bond Fund. A special

641 fund of the county designated the "King County, Washington, Multi-Modal Limited Tax  
642 General Obligation (Payable from Sewer Revenue) Bond Fund" (the "Multi-Modal  
643 LTGO/Sewer Revenue Bond Fund") has heretofore been created for the purpose of  
644 paying Multi-Modal LTGO/Sewer Revenue Bonds. The Multi-Modal LTGO/Sewer  
645 Revenue Bond Fund shall be held separate and apart from all other funds and accounts of  
646 the county and shall be a trust fund for the owners of Multi-Modal LTGO/Sewer Revenue  
647 Bonds.

648         The county hereby irrevocably obligates and binds itself to set aside and pay into  
649 the Multi-Modal LTGO/Sewer Revenue Bond Fund, from the sources described in  
650 Section 10 and Section 11 of this ordinance, on or prior to the respective dates the same  
651 become due (and if such payment is made on the due date, such payment must be made in  
652 immediately available funds): (i) such amounts as are required to pay the interest  
653 scheduled to become due on the Bonds; and (ii) such amounts with respect to the Bonds  
654 as are required to pay maturing principal, to make any required sinking fund payments  
655 and to redeem Bonds in accordance with any mandatory redemption provisions.

656         Any series of the Bonds also may be payable from and secured by Credit  
657 Enhancement or a Liquidity Facility that secures payment of only that series of Bonds,  
658 and such Credit Enhancement or Liquidity Facility need not secure payment of any other  
659 series of the Bonds. The county's payment obligation with respect to Bonds secured by  
660 Credit Enhancement shall be deemed satisfied if provided by draws on the Credit  
661 Enhancement.

662         If any Bonds are designated as Term Bonds pursuant to Section 22 of this  
663 ordinance, there shall be set forth in proceedings of the county authorized under this

664 ordinance for that series of Bonds a mandatory redemption schedule to amortize the  
665 principal of those Term Bonds. Payments of principal of Term Bonds under any such  
666 mandatory redemption schedule shall be made from the Multi-Modal LTGO/Sewer  
667 Revenue Bond Fund, as provided in this section, to the extent not credited pursuant to  
668 Section 5.B. of this ordinance.

669 **SECTION 10. Pledge of Taxation and Credit.** The county hereby irrevocably  
670 covenants and agrees for as long as any Bonds are outstanding and unpaid, that each year  
671 it will include in its budget and levy an *ad valorem* tax upon all the property within the  
672 county subject to taxation in an amount that will be sufficient, together with all other  
673 revenues and money of the county legally available for such purposes, to make the  
674 payments into the Multi-Modal LTGO/Sewer Revenue Bond Fund required by Section 9  
675 of this ordinance as the same become due. All of the taxes so collected will be paid into  
676 the Multi-Modal LTGO/Sewer Revenue Bond Fund no later than the date those funds are  
677 required for the payments required by Section 9 of this ordinance.

678 The county hereby irrevocably pledges that the annual tax herein authorized to be  
679 levied for the payment of such amounts shall be within and a part of the tax levy  
680 permitted to counties without a vote of the people, and that a sufficient portion of the  
681 taxes to be levied and collected annually by the county prior to the full payment of the  
682 amounts required by Section 9 of this ordinance will be and is hereby irrevocably set  
683 aside, pledged and appropriated for the payment of the amounts required by Section 9 of  
684 this ordinance.

685 The full faith, credit and resources of the county are hereby irrevocably pledged  
686 for the annual levy and collection of those taxes and for the prompt payment of the

687 amounts required by Section 9 of this ordinance as the same become due.

688         SECTION 11. Pledge of Sewer Revenues. The Bonds are also payable from and  
689 secured by a pledge of Revenue of the System and by draws on any Credit Enhancement  
690 or Liquidity Facility; provided, however, that any series of additional Multi-Modal  
691 LTGO/Sewer Revenue Bonds may also be payable from and secured by a separate credit  
692 facility or liquidity facility pledged specifically to or provided for that series of additional  
693 Multi-Modal LTGO/Sewer Revenue Bonds, and such separate credit facility or liquidity  
694 facility will not secure payment of the Bonds. No additional Multi-Modal LTGO/Sewer  
695 Revenue Bonds may be secured by the Credit Enhancement or the Liquidity Facility  
696 unless the Credit Provider or the Liquidity Provider, as the case may be, so consents in  
697 writing. Unless the Credit Enhancement or the Liquidity Facility is so amended, draws  
698 on the Credit Enhancement or the Liquidity Facility must be held separately and will not  
699 be available for payments with respect to any other Multi-Modal LTGO/Sewer Revenue  
700 Bonds.

701         The county hereby irrevocably obligates and binds itself to set aside and pay into  
702 the Multi-Modal LTGO/Sewer Revenue Bond Fund out of Revenue of the System, on or  
703 prior to the respective dates the same become due, the amounts required by Section 9 of  
704 this ordinance.

705         The amounts covenanted in this ordinance to be paid out of Revenue of the  
706 System into the Multi-Modal LTGO/Sewer Revenue Bond Fund constitute, and the  
707 county hereby grants to the Registered Owners of the Bonds and to any Credit Provider  
708 and Liquidity Provider with respect to obligations owed to them under a related  
709 reimbursement agreement or Liquidity Facility, a lien and charge on Revenue of the

710 System junior, subordinate and inferior to Operating and Maintenance Expenses; junior,  
711 subordinate and inferior to the lien and charge on Revenue of the System for the  
712 payments required to be made into the Parity Bond Fund and the accounts therein; junior,  
713 subordinate and inferior to the lien and charge on Revenue of the System for the  
714 payments required to be made into the Parity Lien Obligation Bond Fund and the  
715 accounts therein; junior, subordinate and inferior to the lien and charge on Revenue of the  
716 System to pay and secure the payment of any Junior Lien Obligations; equal to the lien  
717 and charge on Revenue of the System to pay and secure the payment of any additional  
718 Multi-Modal LTGO/Sewer Revenue Bonds; and superior to all other liens and charges of  
719 any kind or nature, including, inter alia, the lien and charge on Revenue of the System to  
720 pay and secure the payment of the Subordinate Lien Obligations, SRF Loans and Public  
721 Works Trust Fund Loans.

722 **SECTION 12. Revenue Fund; Rate Stabilization Fund.**

723 A. **Revenue Fund.** A special fund of the county known as the "Water  
724 Quality Operating Account" ("the Revenue Fund") has heretofore been created and is  
725 hereby continued. All Revenue of the System shall be deposited in the Revenue Fund.  
726 All Operating and Maintenance Expenses shall be paid out of the Revenue Fund or  
727 appropriate reserves therein.

728 B. **Rate Stabilization Fund.** In anticipation of increases in revenue  
729 requirements of the System, a special fund of the county designated as the "Sewer Rate  
730 Stabilization Fund" ("the Rate Stabilization Fund") has heretofore been established and is  
731 hereby continued. The county may from time to time appropriate or budget amounts in  
732 the Revenue Fund for deposit in the Rate Stabilization Fund, as provided in Section 13 of

733 this ordinance, and may from time to time withdraw amounts therefrom for deposit in the  
734 Revenue Fund to prevent or mitigate sewer rate increases or for other lawful purposes of  
735 the county related to the System, including calculations of "Net Revenue" and "Revenue  
736 of the System" for the purposes of satisfying requirements of Sections 16 and 20 of this  
737 ordinance.

738 For any fiscal year, (i) amounts withdrawn from the Revenue Fund and deposited  
739 into the Rate Stabilization Fund for that fiscal year must be subtracted from Net Revenue  
740 for that fiscal year, and (ii) amounts withdrawn from the Rate Stabilization Fund and  
741 deposited in the Revenue Fund for that fiscal year may be added to Revenue of the  
742 System for that fiscal year.

743 SECTION 13. Sewer Revenue Priorities of Payment. So long as any Bond is  
744 outstanding, all Revenue of the System shall be deposited into the Revenue Fund and  
745 used and applied in the following order of priority:

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

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

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

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

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

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

767           **Seventh**, to make all required payments of principal of and interest on the Multi-  
768 Modal LTGO/Sewer Revenue Bonds as the same become due and payable, to make all  
769 Payment Agreement Payments for any Payment Agreements entered into with respect to  
770 Multi-Modal LTGO/Sewer Revenue Bonds, and to make any payments required to be  
771 made to providers of credit enhancements or liquidity facilities for any Multi-Modal  
772 LTGO/Sewer Revenue Bonds;

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

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

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

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

787           SECTION 14. Plan of Refunding. The proceeds of the sale of the Bonds,  
788 together with other county funds that may be designated for that purpose, shall be used to  
789 refund the Refunded Bonds in accordance with Ordinance 16721 authorizing the  
790 Refunded Bonds.

791           SECTION 15. Due Regard for Expenses and Sewer Revenues Pledged. The  
792 council hereby declares that, in fixing the amounts to be paid into the Multi-Modal  
793 LTGO/Sewer Revenue Bond Fund out of Revenue of the System, it has exercised due  
794 regard for the Operating and Maintenance Expenses and has not obligated the county to  
795 set aside in the Multi-Modal LTGO/Sewer Revenue Bond Fund a greater amount of  
796 Revenue of the System that in its judgment will be available over and above the  
797 Operating and Maintenance Expenses and Revenue of the System previously pledged.

798           SECTION 16. Rate Covenants.

799           A.     **General Rate Covenant.** The county will establish, maintain and collect  
800 rates and charges for sewage disposal service for each calendar year that are fair and  
801 nondiscriminatory and adequate to provide the county with Revenue of the System

802 sufficient (i) to pay all Operating and Maintenance Expenses during that calendar year;  
803 (ii) to pay punctually all amounts described in paragraphs "Second" through "Tenth" in  
804 Section 13 of this ordinance due during that calendar year; and (iii) to pay any and all  
805 amounts that the county is now or may hereafter become obligated by law or contract to  
806 pay during that calendar year from the Revenue of the System.

807       **B. Coverage Covenant.** Subject to the provisions of subsection C. of this  
808 section, the county will establish, maintain and collect rates and charges for sewage  
809 disposal service that, together with the interest to be earned on investments made of  
810 money in the Revenue Fund, Parity Bond Fund, Parity Lien Obligation Bond Fund,  
811 Junior Lien Bond Fund, Multi-Modal LTGO/Sewer Revenue Bond Fund and  
812 Construction Account will provide in each calendar year Net Revenue, after deducting  
813 therefrom amounts required in such year to pay Annual Debt Service on Parity Bonds and  
814 Parity Lien Obligations, in an amount equal to at least 1.10 times the amounts required to  
815 pay Annual Debt Service for all Junior Lien Obligations and Multi-Modal LTGO/Sewer  
816 Revenue Bonds for that year.

817       **C. Rate Stabilization Fund.** In determining compliance with the  
818 requirements of this section, Revenue of the System and Net Revenue shall be calculated  
819 by taking into account deposits and withdrawals from the Rate Stabilization Fund as  
820 provided in Section 12.B. of this ordinance.

821       SECTION 17. Certain Other Covenants of the County Regarding the Bonds.

822 The county hereby covenants with the Registered Owner of each of the Bonds, as  
823 follows:

824       **A. Maintain in Good Order.** The county will cause the System and the

825 business in connection therewith to be operated in a safe, sound, efficient, and economic  
826 manner in compliance with all health, safety, and environmental laws, regulatory body  
827 rules, regulatory body orders and court orders applicable to the county's operation of the  
828 System, and will cause the System to be maintained, preserved, reconstructed, expanded  
829 and kept, with all appurtenances and every part and parcel thereof, in good repair,  
830 working order and condition, and will from time to time cause to be made, without undue  
831 deferral, all necessary or proper repairs, replacements and renewals, so that all times the  
832 operation of the System will be properly and advantageously conducted.

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

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

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

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

851           F.       **Collection of Revenue.** The county will operate and maintain the System  
852 and conduct its affairs so as to entitle it at all times to receive and enforce payment to it  
853 of sewage disposal charges payable (i) pursuant to the ordinance or ordinances  
854 establishing a tariff of rates and charges for sewage disposal services and (ii) under any  
855 Service Agreement that the county has now or may hereafter enter into and to entitle the  
856 county to collect all revenues derived from the operation of the System. The county shall  
857 not release the obligations of any person, corporation or political subdivision under such  
858 tariff of rates and charges or the Service Agreements and shall at all times, to the extent  
859 permitted by law, defend, enforce, preserve and protect the rights and privileges of the  
860 county and of the Registered Owners of the Bonds under or with respect thereto.

861           In accordance with RCW 35.58.200(3), the county shall require any county, city,  
862 special district or other political subdivision to discharge to the System all sewage  
863 collected by that entity from any portion of the Seattle metropolitan area that can drain by  
864 gravity flow into facilities of the System that serve such areas if the council declares that  
865 the health, safety or welfare of the people within the metropolitan area require such  
866 action.

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

870           H.       **Due Authorization.** By all necessary official action prior to or

871 concurrently herewith, the county has duly authorized and approved the execution and  
872 delivery of, and the performance by the county of its obligations contained in, the Bonds  
873 and in this ordinance and the consummation by it of all other transactions necessary to  
874 effectuate this ordinance in connection with the issuance of Bonds, and such  
875 authorizations and approvals are in full force and effect and have not been amended,  
876 modified or supplemented in any material respect.

877       I.       **Binding Obligation.** This ordinance constitutes a legal, valid and binding  
878 obligation of the county.

879       J.       **No Conflict.** The county's adoption of this ordinance and its compliance  
880 with the provisions contained herein will not conflict with or constitute a breach of or  
881 default under any constitutional provision, law, administrative regulation, judgment,  
882 decree, loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement  
883 or other instrument to which the county is a party or to which the county or any of its  
884 property or assets are otherwise subject, nor will any such adoption or compliance result  
885 in the creation or imposition of any lien, charge or other security interest or encumbrance  
886 of any nature whatsoever upon any of the property or assets of the county or under the  
887 terms of any such law, regulation or instrument, except as may be provided by this  
888 ordinance.

889       K.       **Performance Under Ordinance.** None of the proceeds of the Bonds will  
890 be used for any purpose other than as provided in this ordinance, and except as otherwise  
891 expressly provided herein, the county shall not suffer any amendment or supplement to  
892 this ordinance, or any departure from the due performance of the obligations of the  
893 county hereunder, that might materially adversely affect the rights of the Registered

894 Owners from time to time of the Bonds.

895           L.       **Sale or Disposition.** The county will not sell or voluntarily dispose of all  
896 of the operating properties of the System unless provision is made for payment into the  
897 applicable debt service funds of a sum sufficient to pay the principal of and interest on all  
898 outstanding Parity Bonds, Parity Lien Obligations, Junior Lien Obligations and Multi-  
899 Modal LTGO/Sewer Revenue Bonds in accordance with the terms thereof, nor will the  
900 county sell or voluntarily dispose of any part of the operating properties of the System  
901 unless the county has first complied with any applicable covenants of the Parity Bonds  
902 and Parity Lien Obligations.

903           SECTION 18. Tax Covenants.

904           A.       **General.** The county may elect to structure any series of Bonds so that  
905 interest on that series of Bonds is either taxable or excludable from gross income for  
906 federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Code  
907 and the applicable regulations ("the Tax-Exempt Bonds") or to confer other benefits  
908 under the Code to the county or Owners of that series of Bonds ("the Tax-Benefited  
909 Bonds"). The county covenants not to take any action, or knowingly omit to take any  
910 action within its control, that if taken or omitted would cause the interest on Tax-Exempt  
911 Bonds to be includable in gross income, as defined in Section 61 of the Code, for federal  
912 income tax purposes. Additional tax covenants as necessary or desirable for any series of  
913 Bonds may be set forth in proceedings of the county authorized under this ordinance.

914           B.       **Tax Certificate.** Upon the issuance of any series of Tax-Exempt Bonds  
915 or Tax-Benefited Bonds, the Finance Director is authorized to execute the Tax  
916 Certificate, which will certify to various facts and representations concerning that series

917 of Bonds, based on the facts and estimates known or reasonably expected on the date of  
918 their issuance, and make certain covenants with respect to that series of Bonds as may be  
919 necessary or desirable to obtain or maintain the benefits conferred under the Code  
920 relating to that series of Tax-Exempt Bonds or Tax-Benefited Bonds.

921 The county covenants that it will comply with the Tax Certificate unless it  
922 receives advice from nationally recognized bond counsel or the Internal Revenue Service  
923 that certain provisions have been amended or no longer apply to the Tax-Exempt Bonds  
924 or Tax-Benefited Bonds, as applicable.

925 C. **Arbitrage Rebate.** If the county does not qualify for an exception to the  
926 requirements of Section 148(f) of the Code relating to the payment of arbitrage rebate to  
927 the United States with respect to a series of Bonds, the county will take all necessary  
928 steps to comply with the requirement that certain amounts earned by the county on the  
929 investment of the "gross proceeds" of that series of Bonds (within the meaning of the  
930 Code) be rebated.

931 SECTION 19. Defaults. The county hereby finds and determines that the failure  
932 or refusal of the county or any of its officers to perform the covenants and obligations of  
933 this ordinance will endanger the operation of the System and the application of Revenue  
934 of the System and such other money, funds and securities to the purposes herein set forth.  
935 Any one or more of the following will constitute a Default under this ordinance:

936 A. The county fails to make payment of the principal of any Bond when the  
937 same becomes due and payable, whether by maturity or scheduled redemption prior to  
938 maturity;

939 B. The county fails to make payment of the interest on any Bond when the

940 same becomes due and payable;

941 C. The county defaults in the observance or performance of any other  
942 covenant, condition or agreement on the part of the county contained in this ordinance,  
943 and such default has continued for a period of 30 days; or

944 D. The county (i) admits in writing its inability to pay its debts generally as  
945 they become due; (ii) files a petition in bankruptcy or seeking a composition of  
946 indebtedness under any state or federal bankruptcy or insolvency law; (iii) makes an  
947 assignment for the benefit of its creditors; (iv) consents to the appointment of a receiver  
948 for the whole or any substantial part of the System; or (v) consents to the assumption by  
949 any court of competent jurisdiction under the provisions of any other law for the relief or  
950 aid of debtors of custody or control of the county or of the whole or any substantial part  
951 of the System.

952 SECTION 20. Remedies.

953 A. **Control by Credit Provider.** Upon the occurrence and continuation of a  
954 Default described in Section 19.A. through D. of this ordinance, each Credit Provider will  
955 be entitled to exercise, on behalf of the Registered Owners of any Bonds secured by  
956 Credit Enhancement provided by the Credit Provider, any of the remedies provided to the  
957 Registered Owners of such Bonds under this section and, for so long as the Credit  
958 Provider is not in default of its obligations under the Credit Enhancement, the Credit  
959 Provider will be the only person entitled to exercise the remedies provided under this  
960 section with respect to such Bonds.

961 B. **Appointment of Bondowners' Trustee.** Upon the occurrence of a  
962 Default and so long as such Default is not remedied, and subject to the rights of any

963 Credit Provider as provided in subsection A. of this section, a Bondowners' Trustee may  
964 be appointed for the Registered Owners of the Bonds by the Registered Owners of a  
965 majority in principal amount of the Bonds then outstanding by an instrument or  
966 concurrent instruments in writing signed and acknowledged by such Registered Owners  
967 or by their attorneys-in-fact duly authorized and delivered to the Bondowners' Trustee,  
968 notification thereof having been given to the county. Any Bondowners' Trustee  
969 appointed under the provisions of this section must be a bank or trust company organized  
970 under the laws of a state or a national banking association. The fees and expenses of the  
971 Bondowners' Trustee must be borne by the Registered Owners of the Bonds and not by  
972 the county. The bank or trust company acting as the Bondowners' Trustee may be  
973 removed at any time, and a successor Bondowners' Trustee may be appointed, by the  
974 Registered Owners of a majority in principal amount of the Bonds then outstanding, by  
975 an instrument or concurrent instruments in writing signed and acknowledged by such  
976 Registered Owners or by their attorneys-in-fact duly authorized. The Bondowners'  
977 Trustee may resign upon 60 days' notice and a new Bondowners' Trustee appointed by  
978 the Registered Owners of a majority in principal amount of the Bonds then outstanding;  
979 provided, that no such resignation or removal will be effective until a successor  
980 Bondowners' Trustee has been appointed and has delivered to the county and the  
981 Registered Owners of the Bonds then outstanding a written instrument of acceptance of  
982 the duties and responsibilities of the Bondowners' Trustee under this ordinance.

983         The Bondowners' Trustee appointed in the manner herein provided, and each  
984 successor thereto, is hereby declared to be a trustee for the Registered Owners of all the  
985 Bonds then outstanding and is empowered to exercise all the rights and powers herein

986 conferred on the Bondowners' Trustee.

987           C.     **Legal Action by Bondowners' Trustee.** Subject to the rights of the  
988 Credit Provider, if any, as provided in subsection A. of this section, upon the happening  
989 of a Default and during the continuation thereof, the Bondowners' Trustee may, and upon  
990 the written request of the Registered Owners of not less than 25% in principal amount of  
991 the Bonds then outstanding must, take such steps and institute such suits, actions or other  
992 proceedings as it may deem appropriate for the protection and enforcement of the rights  
993 of such Registered Owners to collect any amounts due and owing to or from the county,  
994 or to obtain other appropriate relief, and may enforce the specific performance of any  
995 covenant, agreement or condition contained in this ordinance or in the Bonds. Any  
996 action, suit or other proceedings instituted by the Bondowners' Trustee hereunder will be  
997 brought in its name as trustee for the Registered Owners of all Bonds, and all such rights  
998 of action upon or under any of the Bonds or the provisions of this ordinance may be  
999 enforced by the Bondowners' Trustee without the possession of any of the Bonds, and  
1000 without the production of the same at any trial or proceedings relating thereto except  
1001 where otherwise required by law. Any such suit or proceeding instituted by the  
1002 Bondowners' Trustee will be brought for the ratable benefit of all of the Registered  
1003 Owners of the Bonds, subject to the provisions of this ordinance. The respective  
1004 Registered Owners of the Bonds, by taking and holding the same, will be conclusively  
1005 deemed irrevocably to have appointed the Bondowners' Trustee the true and lawful  
1006 trustee of the respective Registered Owners of the Bonds, with authority to institute any  
1007 such action, suit or proceeding; to receive as trustee and deposit in trust any sums that  
1008 become distributable on account of the Bonds; to execute any paper or documents for the

1009 receipt of such money; and to do all acts with respect thereto that such registered owners  
1010 themselves might have done. Nothing herein will be deemed to authorize or empower  
1011 the Bondowners' Trustee to consent to accept or adopt, on behalf of any Registered  
1012 Owner of the Bonds, any plan of reorganization or adjustment affecting such Bonds or  
1013 any right of any Registered Owner thereof, or to authorize or empower the Bondowners'  
1014 Trustee to vote the claims of the Registered Owners thereof in any receivership,  
1015 insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the  
1016 county is a party.

1017       D.       **Restrictions on Legal Action by Individual Owners.** Subject to the  
1018 rights of the Credit Provider, if any, as provided in subsection A. of this section, no  
1019 Registered Owner of any Bonds has any right to institute any action, suit or proceedings  
1020 at law or in equity for the enforcement of the same unless:

- 1021               1.       a Default has happened and is continuing; and
- 1022               2.       a Bondowners' Trustee has been appointed as herein provided; and
- 1023               3.       such Registered Owner previously has given to the Bondowners'  
1024 Trustee written notice of the Default as to which such suit, action or proceeding is to be  
1025 instituted; and
- 1026               4.       Registered Owners of not less than 25% in principal amount of the  
1027 Bonds then outstanding, after the occurrence of such Default, have made written request  
1028 of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable  
1029 opportunity to institute such suit, action or proceedings; and
- 1030               5.       the Bondowners' Trustee has been offered security and indemnity  
1031 satisfactory to it against the costs, expenses and liabilities to be incurred therein or

1032 thereby; and

1033                   6.       the Bondowners' Trustee has refused or neglected to comply with  
1034 such request within a reasonable time.

1035               Notwithstanding any other provision of this ordinance, each Registered Owner of  
1036 the Bonds will have the absolute and unconditional right to receive payment of principal  
1037 of and premium, if any, and interest on such Bonds on and after the due date thereof, and  
1038 to institute suit for the enforcement of any such payment.

1039               E.       **Waivers of Default; Remedies not Exclusive.** The remedies herein  
1040 conferred upon or reserved to the Registered Owners of the Bonds and to the  
1041 Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies,  
1042 and each and every such remedy will be cumulative and will be in addition to every other  
1043 remedy given hereunder or now or hereafter existing at law or in equity or by statute.  
1044 The privileges herein granted may be exercised from time to time and continued so long  
1045 as and as often as the occasion therefor may arise.

1046               Subject to the rights of the Credit Provider, if any, as provided in subsection A. of  
1047 this section, the Bondowners' Trustee may waive any past Default and its consequences,  
1048 except a default in the payment of the principal of or premium, if any, or interest on any  
1049 of the Bonds. No such waiver will extend to or affect any subsequent Default or impair  
1050 any rights or remedies consequent thereon. No delay or omission of the Credit Provider  
1051 or the Bondowners' Trustee to exercise any right or power accruing upon any Default will  
1052 impair any such right or power or be construed to be a waiver of any such Default or  
1053 acquiescence therein.

1054               SECTION 20. Additional Obligations of the System.

1055           A.     **Senior Lien Obligations.** The county reserves the right to issue  
1056 additional Parity Bonds, Parity Lien Obligations and Junior Lien Obligations on the  
1057 applicable terms and conditions set forth in the ordinances authorizing issuance of the  
1058 Parity Bonds, Parity Lien Obligations and Junior Lien Obligations then outstanding.

1059           B.     **Additional Multi-Modal LTGO/Sewer Revenue Bonds.** The county  
1060 reserves the right to issue additional Multi-Modal LTGO/Sewer Revenue Bonds, but only  
1061 if such Multi-Modal LTGO/Sewer Revenue Bonds are issued (i) for the purpose of  
1062 refunding any Junior Lien Obligations or Multi-Modal LTGO/Sewer Revenue Bonds  
1063 then outstanding or (ii) for any lawful purpose of the county related to the System and the  
1064 following conditions are met:

1065                   1.     At the time of issuing such additional Multi-Modal LTGO/Sewer  
1066 Revenue Bonds, there is no default in the payment of the principal of or interest on any  
1067 Parity Bonds, Parity Lien Obligations, Junior Lien Obligations, Multi-Modal  
1068 LTGO/Sewer Revenue Bonds, Subordinate Lien Obligations, SRF Loans or Public  
1069 Works Trust Fund Loans.

1070                   2.     The county has on file one of the following certificates:

1071                           a.     A certificate of the Finance Director showing that Net  
1072 Revenue in any 12 consecutive months out of the most recent 18 months preceding the  
1073 issuance of such additional Multi-Modal LTGO/Sewer Revenue Bonds, based on  
1074 financial statements of the System prepared by the county and after deducting therefrom  
1075 the Senior Lien Payments required in each calendar year during the life of such additional  
1076 Multi-Modal LTGO/Sewer Revenue Bonds, will be at least equal to 1.10 times the  
1077 Annual Debt Service for the proposed additional Multi-Modal LTGO/Sewer Revenue

1078 Bonds and all Junior Lien Obligations and Multi-Modal LTGO/Sewer Revenue Bonds  
1079 then outstanding in each year during the life of such additional Multi-Modal  
1080 LTGO/Sewer Revenue Bonds; or

1081           b.       A certificate from a Professional Utility Consultant (which  
1082 certificate may not be dated more than 90 days prior to the date of delivery of such  
1083 additional Multi-Modal LTGO/Sewer Revenue Bonds) showing that in his or her  
1084 professional opinion the Net Revenue, estimated on the basis of all factors as he or she  
1085 may consider reasonable, for each of the five calendar years following the year in which  
1086 such additional Multi-Modal LTGO/Sewer Revenue Bonds are to be issued, after  
1087 deducting therefrom Senior Lien Payments for each such year, will be at least equal to  
1088 1.10 times the Annual Debt Service for the proposed additional Multi-Modal  
1089 LTGO/Sewer Revenue Bonds and all Junior Lien Obligations and Multi-Modal  
1090 LTGO/Sewer Revenue Bonds then outstanding in each of those five years.

1091           C.       **Inferior Lien Obligations.** Nothing contained in this ordinance prevents  
1092 the county from issuing revenue bonds, notes or other obligations that are a charge on  
1093 Revenue of the System junior or inferior to the payments required to be made therefrom  
1094 into the Multi-Modal LTGO/Sewer Revenue Bond Fund to pay and secure the payment  
1095 of any Multi-Modal LTGO/Sewer Revenue Bonds.

1096           SECTION 21. Payment Agreements.

1097           A.       **General.** To the extent and for the purposes permitted from time to time  
1098 by chapter 39.96 RCW, as it may be amended, and other applicable provisions of State  
1099 law, the county may enter into Payment Agreements with respect to any Multi-Modal  
1100 LTGO/Sewer Revenue Bonds, subject to the conditions set forth in this section and in

1101 other provisions of this ordinance.

1102           **B. Manner and Schedule of Payments.** Each Payment Agreement must set  
1103 forth the manner in which the Payment Agreement Payments and the Payment  
1104 Agreement Receipts will be calculated and a schedule of payment dates.

1105           **C. Authorizing Ordinance.** Prior to entering into a Payment Agreement, the  
1106 council must adopt an ordinance authorizing such agreement and setting forth such  
1107 provisions as the county deems necessary or desirable and are not inconsistent with the  
1108 provisions of this ordinance.

1109           **D. Calculation of Payment Agreement Payments and Debt Service on**  
1110 **Multi-Modal LTGO/Sewer Revenue Bonds with Respect to which a Payment**  
1111 **Agreement is in Force.** It is the intent of the county, for purposes of Sections 16 and 20  
1112 of this ordinance, that debt service on Multi-Modal LTGO/Sewer Revenue Bonds with  
1113 respect to which a Payment Agreement is in force will be calculated to reflect the net  
1114 economic effect on the county intended to be produced by the terms of the Multi-Modal  
1115 LTGO/Sewer Revenue Bonds and the Payment Agreement. In calculating such amounts,  
1116 the county will be guided by the following requirements.

1117           1. The amount of interest deemed to be payable on any Multi-Modal  
1118 LTGO/Sewer Revenue Bonds with respect to which a Payment Agreement is in force  
1119 will be an amount equal to the amount of interest that would be payable at the rate or  
1120 rates stated in those Multi-Modal LTGO/Sewer Revenue Bonds plus Payment Agreement  
1121 Payments minus Payment Agreement Receipts.

1122           2. For any period during which Payment Agreement Payments are  
1123 not taken into account in calculating interest on any outstanding Multi-Modal

1124 LTGO/Sewer Revenue Bonds because the Payment Agreement is not then related to any  
1125 outstanding Multi-Modal LTGO/Sewer Revenue Bonds, Payment Agreement Payments  
1126 on that Payment Agreement will be calculated based upon the following assumptions:

1127                   a.       **County Obligated to Make Payments Based on Fixed**  
1128 **Rate.** If the county is obligated to make Payment Agreement Payments based on a fixed  
1129 rate and the Qualified Counterparty is obligated to make payments based on a variable  
1130 rate index, payments by the county will be based on the assumed fixed payor rate, and  
1131 payments by the Qualified Counterparty will be based on a rate equal to the average rate  
1132 determined by the variable rate index specified by the Payment Agreement during the  
1133 fiscal quarter preceding the quarter in which the calculation is made; and

1134                   b.       **County Obligated to Make Payments Based on Variable**  
1135 **Rate Index.** If the county is obligated to make Payment Agreement Payments based on a  
1136 variable rate index and the Qualified Counterparty is obligated to make payments based  
1137 on a fixed rate, payments by the county will be based on a rate equal to the average rate  
1138 determined by the variable rate index specified by the Payment Agreement during the  
1139 fiscal quarter preceding the quarter in which the calculation is made, and the Qualified  
1140 Counterparty will make payments based on the fixed rate specified by the Payment  
1141 Agreement.

1142           E.       **Prior Notice to Rating Agencies.** The county will give notice to Moody's  
1143 and S&P 30 days prior to the date it intends to enter into a Payment Agreement and will  
1144 give notice to Moody's and S&P 30 days prior to the date it intends to enter into a  
1145 Payment Agreement with respect to any Multi-Modal LTGO/Sewer Revenue Bonds.

1146                   SECTION 22. Sale and Remarketing of Bonds.

1147           A.     **Determination by Finance Director.** The Finance Director shall  
1148 determine, in consultation with the county's financial advisors, the principal amount of  
1149 each series of the Bonds, whether each series of Bonds will be structured as Tax-Exempt  
1150 Bonds, Tax-Benefited Bonds or otherwise, and whether each series of Bonds will be sold  
1151 by negotiated sale or competitive bid and for current or future delivery. The Finance  
1152 Director is authorized to designate any or all of the Bonds as "green bonds" or any similar  
1153 designation indicating the purpose for which the proceeds of the Bonds are to be used.  
1154 The authority to sell (but not the authority to remarket) any of the Bonds authorized  
1155 hereunder will terminate on December 31, 2018. No Bond may mature later than the  
1156 final maturity of the Refunded Bonds.

1157           B.     **Satisfaction of Conditions.** The Finance Director will provide or cause to  
1158 be provided by a Professional Utility Consultant any certifications required to satisfy the  
1159 conditions established in the ordinances of the county for the issuance of the Bonds as  
1160 Multi-Modal LTGO/Sewer Revenue Bonds. In the Sale Motion for each series of Bonds,  
1161 the council shall make findings regarding the satisfaction of such conditions applicable to  
1162 that series of Bonds.

1163           C.     **Procedure for Negotiated Sale.** If the Finance Director determines that  
1164 any series of the Bonds will be sold by negotiated sale, the Finance Director shall, in  
1165 accordance with applicable county procurement procedures, solicit one or more  
1166 underwriting firms or other financial institutions with which to negotiate the sale of the  
1167 Bonds. Unless otherwise set forth in proceedings of the county authorized under this  
1168 ordinance, the purchase contract for each series of the Bonds shall establish the year and  
1169 series designation, date, principal amount, interest payment dates, interest rates, price,

1170 maturity schedule and redemption and bond insurance provisions of the Bonds. The  
1171 purchase contract shall not be executed and delivered unless and until the council by a  
1172 Sale Motion approves the purchase contract and ratifies and confirms the terms for the  
1173 series of Bonds established therein.

1174           D.     **Procedure for Sale by Competitive Bid.** If the Finance Director  
1175 determines that any series of the Bonds will be sold by competitive bid, bids for the  
1176 purchase of such Bonds will be received at such time or place and by such means as the  
1177 Finance Director directs. The Finance Director is authorized to prepare an official notice  
1178 of sale for such Bonds, establishing in such notice the year and series designation, date,  
1179 principal amount, interest payment dates, maturity schedule and optional redemption and  
1180 bond insurance provisions of the Bonds. The official notice of sale or an abridged form  
1181 thereof may be published in such newspapers or financial journals as the county's  
1182 financial advisors deem desirable or appropriate.

1183           Upon the date and time established for the receipt of bids for a series of the  
1184 Bonds, the Finance Director or his designee will review the bids, cause the bids to be  
1185 mathematically verified and report to the council regarding the bids received. Such bids  
1186 will then be considered and acted upon by the council in an open public meeting. The  
1187 council reserves the right to reject any and all bids for such Bonds. The council by a Sale  
1188 Motion will approve the sale of such Bonds and ratify and confirm the year and series  
1189 designation, date, principal amount, interest payment dates, interest rates, price, maturity  
1190 schedule, redemption and bond insurance provisions and any other terms of such Bonds.

1191           E.     **Multi-Modal Bonds.** The Finance Director is authorized to determine  
1192 that any series of the Bonds will be issued with interest to be borne in a daily rate mode,

1193 weekly rate mode, index rate mode, direct purchase mode, flexible rate mode, term rate  
1194 mode or fixed rate mode, payable on the dates and at the rates, subject to (i) a minimum  
1195 rate, maximum rate, alternate rate and default rate, (ii) conversion between modes, (iii)  
1196 optional and mandatory tender for purchase on dates and at prices and (iv) additional  
1197 provisions relating to defaults and remedies, all as set forth in proceedings of the county  
1198 authorized under this ordinance. In connection with the remarketing of the Bonds, the  
1199 Finance Director is authorized, in his or her discretion, without further action by the  
1200 council, (i) to issue requests for proposals for purchasers, remarketing agents, tender  
1201 agents, paying agents, calculation agents, Credit Providers and Liquidity Providers and to  
1202 execute and deliver agreements based on responses received to such requests, including  
1203 continuing covenant or purchase agreements, remarketing agent agreements, tender agent  
1204 agreements, paying agent agreements, calculation agent agreements, Credit Enhancement  
1205 and extensions, replacements and terminations thereof, Liquidity Facilities and  
1206 extensions, replacements and terminations thereof, reimbursement agreements and other  
1207 agreements evidencing the county's obligations under any such agreements and any  
1208 certifications or documentation in connection therewith, (ii) to remarket the Bonds  
1209 pursuant to negotiation or pursuant to an official notice of remarketing and receipt of  
1210 competitive bids, (iii) to replace the Registrar or Securities Depository, (iv) to cause the  
1211 interest rate mode of any series of the Bonds to be converted in accordance with the  
1212 provisions set forth in the Sale Motion and (v) to establish such funds and accounts as are  
1213 necessary and desirable in connection with such remarketing in such interest rate mode.

1214         SECTION 23. Delivery of Bonds. Following the sale of each series of the  
1215 Bonds, the county will cause definitive Bonds to be prepared, executed and delivered in

1216 accordance with the provisions of this ordinance, with the approving legal opinion of  
1217 municipal bond counsel regarding the Bonds.

1218 **SECTION 24. Preliminary Official Statement; Official Statement.** No  
1219 preliminary official statement or official statement shall be delivered in connection with  
1220 the initial sale of the Bonds. The county authorizes the Finance Director: (i) to review  
1221 and approve the information contained in one or more preliminary official statements  
1222 (each, a "Preliminary Official Statement") prepared in connection with any subsequent  
1223 remarketing of each series of the Bonds; and (ii) for the sole purpose of the Bond  
1224 purchasers' compliance with paragraph (b)(1) of Rule 15c2-12, to deem final that  
1225 Preliminary Official Statement as of its date, except for the omission of information  
1226 permitted to be omitted by Rule 15c2-12. After each Preliminary Official Statement has  
1227 been reviewed and approved in accordance with the provisions of this section, the county  
1228 hereby authorizes distribution of such Preliminary Official Statement to prospective  
1229 purchasers of such series of Bonds.

1230 Following the remarketing of each series of the Bonds in accordance with Section  
1231 22 of this ordinance, the Finance Director is hereby authorized to review and approve on  
1232 behalf of the county each final official statement with respect to such series of Bonds.  
1233 The county shall cooperate with the purchaser of each series of Bonds to deliver or cause  
1234 to be delivered, within seven business days after the date of the Sale Motion (or within  
1235 such other period as may be required by applicable law) and in sufficient time to  
1236 accompany any confirmation that requests payment from any customer of the purchaser,  
1237 copies of the final official statement pertaining to such Bonds in sufficient quantity to  
1238 comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the MSRB.

1239            **SECTION 25. Undertaking to Provide Ongoing Disclosure.** If and to the  
1240 extent required by paragraph (b)(5) of Rule15c2-12, each Sale Motion will authorize an  
1241 Undertaking for each series of the Bonds.

1242            **SECTION 26. General Authorization.** The appropriate county officials, agents  
1243 and representatives are hereby authorized and directed to do everything necessary for the  
1244 prompt sale, issuance, execution, delivery and remarketing of the Bonds, and for the  
1245 proper use and application of the proceeds of the sale and remarketing thereof.

1246            **SECTION 27. Investment of Funds and Accounts.** Money in the Revenue Fund  
1247 and Multi-Modal LTGO/Sewer Revenue Bond Fund may be invested in any investments  
1248 permitted for funds of the county. Obligations purchased as an investment of money in  
1249 the Revenue Fund and Multi-Modal LTGO/Sewer Revenue Bond Fund and accounts  
1250 therein will be deemed at all times to be a part of such respective fund or account, and the  
1251 income or interest earned, profits realized or losses suffered by a fund or account due to  
1252 the investment thereof will be retained in, credited or charged, as the case may be, to such  
1253 fund or account.

1254            In computing the amount in any fund or account under the provisions of this  
1255 ordinance, obligations purchased as an investment of money therein will be valued at the  
1256 cost or market price thereof, whichever is lower, inclusive of accrued interest.

1257            **SECTION 28. Refunding or Defeasance of Bonds.** The county may issue  
1258 refunding obligations pursuant to State law or use money available from any other lawful  
1259 source to carry out a refunding or defeasance plan, which may include: (i) paying when  
1260 due the principal of and interest on any or all of the Bonds ("the defeased Bonds"); (ii)  
1261 redeeming the defeased Bonds prior to their maturity; and (iii) paying the costs of the

1262 refunding or defeasance. If the county sets aside in a special trust fund or escrow account  
1263 irrevocably pledged to that redemption or defeasance ("the trust account") money and/or  
1264 Government Obligations maturing at a time or times and bearing interest in amounts  
1265 sufficient to redeem, refund or defease the defeased Bonds in accordance with their  
1266 terms, then all right and interest of the Owners of the defeased Bonds in the covenants of  
1267 this ordinance and in the funds and accounts obligated to the payment of the defeased  
1268 Bonds shall cease and become void. Thereafter, the Registered Owners of defeased  
1269 Bonds shall have the right to receive payment of the principal of and premium, if any,  
1270 and interest on the defeased Bonds solely from the trust account and the defeased Bonds  
1271 shall be deemed no longer outstanding. In that event, the county may apply money  
1272 remaining in any fund or account (other than the trust account) established for the  
1273 payment or redemption of the defeased Bonds to any lawful purpose.

1274 Unless otherwise specified by the county in a refunding or defeasance plan, notice  
1275 of refunding or defeasance shall be given, and selection of Bonds for any partial  
1276 refunding or defeasance shall be conducted, in the manner prescribed in this ordinance  
1277 for the redemption of Bonds.

1278 SECTION 29. Supplemental Ordinances.

1279 A. **Without Owner Consent.** The council from time to time and at any time  
1280 may adopt an ordinance or ordinances supplemental to this ordinance, without the  
1281 consent of Registered Owners of any of the Bonds, for any one or more of the following  
1282 purposes:

1283 1. To add to the covenants and agreements of the county in this  
1284 ordinance such other covenants and agreements thereafter to be observed that will not

1285 adversely affect the interests of the Registered Owners of any Bonds, or to surrender any  
1286 right or power herein reserved to or conferred upon the county;

1287           2.       To make such provisions for the purpose of curing any ambiguities  
1288 or of curing, correcting or supplementing any defective provision contained in this  
1289 ordinance in regard to matters or questions arising under this ordinance as the council  
1290 may deem necessary or desirable and not inconsistent with this ordinance and that will  
1291 not adversely affect the interest of the Registered Owners of any Bonds;

1292           3.       To modify, alter, amend, supplement or restate this ordinance in  
1293 any and all respects necessary, desirable or appropriate in connection with the delivery of  
1294 Credit Enhancement or a Liquidity Facility (other than modifying notice provisions to  
1295 Registered Owners of the Bonds);

1296           4.       To modify, alter, amend, supplement or restate this ordinance in  
1297 any and all respects necessary, desirable or appropriate to satisfy the requirements of any  
1298 rating agency to obtain or maintain a rating on the Bonds as the county deems necessary,  
1299 provided that such action does not impair the security hereof or materially adversely  
1300 affect the interests of the Registered Owners of the Bonds; or

1301           5.       For any purpose, on any date all Bonds are subject to mandatory or  
1302 optional tender for purchase, in each case after written notice of such amendment has  
1303 been given by first class mail to each Registered Owner of the Bonds not less than 30  
1304 days prior to such purchase date.

1305           B.       **With Owner Consent.**

1306           1.       With the consent of the Registered Owners of not less than a  
1307 majority in aggregate principal amount of the Bonds then outstanding, the council may

1308 adopt an ordinance or ordinances supplemental hereto for the purpose of adding any  
1309 provisions to or changing in any manner or eliminating any of the provisions of this  
1310 ordinance, except as described in subsection B.2. or B.4. of this section.

1311           2.     No supplemental ordinance entered into pursuant to this subsection  
1312 B. may:

1313                   a.     Extend the fixed maturity of any Bonds, or reduce the rate  
1314 of interest thereon, or extend the time of payments of interest from their due date, or  
1315 reduce the amount of the principal thereof, or reduce any premium payable on the  
1316 redemption thereof, or amend provisions governing the mandatory or optional tender for  
1317 purchase or redemption of Bonds, without the consent of the Registered Owner of each  
1318 Bond so affected; or

1319                   b.     Reduce the aforesaid percentage of Registered Owners of  
1320 Bonds required to approve any such supplemental ordinance, without the consent of the  
1321 Registered Owners of all Bonds then outstanding.

1322           3.     It is not necessary for the consent of the Registered Owners of  
1323 Bonds under this subsection B. to approve the particular form of any proposed  
1324 supplemental ordinance, but it is sufficient if such consent approves the substance  
1325 thereof.

1326           4.     Notwithstanding any provision of this subsection B. to the  
1327 contrary, the Credit Provider, if any, will be entitled to consent, on behalf of the  
1328 Registered Owners of any Bonds secured by Credit Enhancement provided by such  
1329 Credit Provider, to the adoption by the council of any ordinance or ordinances  
1330 supplemental hereto for the purpose of adding any provisions to or changing in any

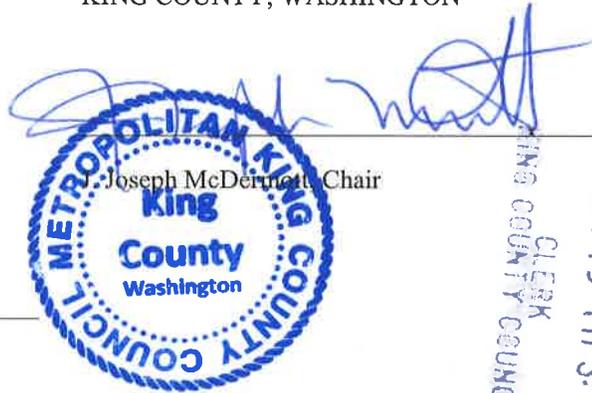
1331 manner or eliminating any of the provisions of this ordinance.

1332           C.       **Consent of Credit Provider and Liquidity Provider.** Any amendment  
1333 or supplement to this ordinance requires the prior written consent of any Credit Provider  
1334 and Liquidity Provider if the rights of such Credit Provider or Liquidity Provider, as the  
1335 case may be, will be adversely affected thereby.

1336           SECTION 30. Ordinance a Contract; Severability. The covenants contained in  
1337 this ordinance constitute a contract between the county and (i) the Registered Owner of  
1338 each Bond, (ii) the Qualified Counterparty to any Payment Agreement entered into with  
1339 respect to any Bonds and (iii) any Credit Provider or Liquidity Provider with respect to  
1340 any Bonds. If any court of competent jurisdiction determines that any covenant or  
1341 agreement provided in this ordinance to be performed on the part of the county is  
1342 contrary to law, then such covenant or agreement shall be null and void and shall be  
1343 deemed separable from the remaining covenants and agreements of this ordinance and  
1344 shall in no way affect the validity of the other provisions of this ordinance or of the  
1345 Bonds.

1346            SECTION 31. Effective Date. This ordinance shall be effective 10 days after its  
1347 enactment, in accordance with Article II of the county charter.  
1348

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



J. Joseph McDermott, Chair

ATTEST:

*Melani Pedroza*

Melani Pedroza, Clerk of the Council

RECEIVED  
2017 OCT 19 PM 3:46  
KING COUNTY COUNCIL CLERK

APPROVED this 19<sup>TH</sup> day of OCTOBER, 2017.

*[Signature]*

*Dwight R. RIVELY for*

Dow Constantine, County Executive

**Attachments:** A. Parity Bonds, B. Parity Lien Obligations

**ATTACHMENT A 18581**

**OUTSTANDING PARITY BONDS**

<b>Series</b>	<b>Ordinance</b>	<b>Date of Issue</b>	<b>Original Principal</b>	<b>Outstanding Principal (as of 7/1/2017)</b>
2010 Bonds	16868	7/29/2010	\$334,365,000	\$102,860,000
2011 Bonds	16868	1/25/2011	175,000,000	63,355,000
2011B Bonds	17111	10/5/2011	494,270,000	240,395,000
2011C Bonds	17111	11/1/2011	32,445,000	16,485,000
2012 Bonds	17111	4/18/2012	104,445,000	104,445,000
2012B Bonds	17111	8/2/2012	64,260,000	64,260,000
2012C Bonds	17111	9/19/2012	65,415,000	65,415,000
2013A Bonds	17111	4/9/2013	122,895,000	111,020,000
2013B Bonds	17599	10/29/2013	74,930,000	61,020,000
2014A Bond	17599	7/8/2014	75,000,000	75,000,000
2014B Bonds	17599	8/12/2014	192,460,000	190,790,000
2015A Bonds	17599	2/18/2015	474,025,000	472,325,000
2015B Bonds	18111	11/17/2015	93,345,000	85,220,000
2016A Bonds	18116	2/17/2016	281,535,000	278,975,000
2016B Bonds	18111	9/12/2016	499,655,000	496,165,000

**ATTACHMENT B - 18581**

**OUTSTANDING PARITY LIEN OBLIGATIONS**

<b>Series</b>	<b>Ordinance</b>	<b>Date of Issue</b>	<b>Original Principal</b>	<b>Outstanding Principal (as of 7/1/2017)</b>
2008 Bonds	15779	2/12/2008	\$236,950,000	\$205,245,000
2009 Bonds	16133	4/8/2009	300,000,000	22,125,000
2012 Bonds	17111	4/18/2012	68,395,000	61,640,000
2012B Bonds	17111	8/2/2012	41,725,000	41,725,000
2012C Bonds	17111	9/19/2012	53,405,000	53,405,000
2015A Bonds	17599	2/18/2015	247,825,000	247,620,000