



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

May 22, 2007

Ordinance 15779

Proposed No. 2007-0190.1

Sponsors Ferguson

1 AN ORDINANCE authorizing the issuance of the county's
2 limited tax general obligation bonds (payable from sewer
3 revenues) in the aggregate principal amount of not to
4 exceed \$440,000,000 to provide funds for refunding certain
5 bonds of the county payable from sewer revenues;
6 providing for the form, terms and covenants of such bonds
7 and for a plan of refunding; providing for the sale of the
8 bonds; establishing funds for the receipt and expenditure of
9 bond proceeds and for the payment of the bonds; providing
10 for the annual levy of taxes to pay the principal thereof and
11 interest thereon; and pledging sewer revenues as additional
12 security for the bonds.

13
14 **PREAMBLE:**

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

18 pumping stations, regulator stations, outfall sewers, storm sewers to divert
 19 stormwater from sanitary sewers, lands for application of biosolids,
 20 property rights, and buildings and other structures (collectively the "Sewer
 21 System" or the "System"), all in accordance with a comprehensive plan for
 22 metropolitan water pollution abatement under the authority of chapters
 23 36.56 and 35.58 of the Revised Code of Washington ("RCW").
 24 Long term service agreements with participating municipalities (the
 25 "Participants") obligate the county, to treat and dispose of sewage
 26 collected by the Participants. The Participants must pay the costs of such
 27 services including debt service on sewer revenue bonds, including the
 28 bonds authorized herein, and other indebtedness payable from and secured
 29 by sewer revenues.
 30 The county has issued the following series of sewer revenue bonds with a
 31 senior lien on revenues of the Sewer System (the "Parity Bonds"):

Designation	Ordinance	Date of Issue	Original Principal	Outstanding Principal (1/1/2007)
1999 (2 nd) Bonds	13650	11/01/1999	60,000,000	2,270,000
2001 Bonds	14225	11/28/2001	270,060,000	229,925,000
2002A Bonds	14406	8/14/2002	100,000,000	94,960,000
2002B Bonds	14406	10/03/2002	346,130,000	291,715,000
2003A Bonds	14406	4/24/2003	96,470,000	93,005,000
2004A Bonds	14753	3/18/2004	185,000,000	185,000,000

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Designation	Ordinance	Date of Issue	Original Principal	Outstanding Principal (1/1/2007)
2004B Bonds	14753	3/18/2004	61,760,000	59,840,000
2006 Bonds	15385	5/16/2006	124,070,000	124,070,000
2006 (2 nd) Bonds	15385	11/30/2006	193,435,000	193,435,000

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

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

36 The county may have opportunities to refund certain of the currently
 37 outstanding Parity Bonds and Parity Lien Obligations (the "Refunding
 38 Candidates") and thereby realize savings to the county and to ratepayers of
 39 the Sewer System. It is deemed necessary and advisable that the county
 40 authorize the issuance and sale of not to exceed \$440,000,000 principal
 41 amount of additional Parity Lien Obligations for such refunding
 42 opportunities, as provided herein (the "Bonds").

43 To maximize the savings from refunding any of the Refunding
44 Candidates, it is in the best interest of the county to delegate to the
45 county's Finance Director authority to sell the Bonds in one or more series
46 by competitive bid or negotiated sale, as provided in this ordinance.

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

54 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

55 SECTION 1. DefinitionsError! Bookmark not defined.. The following words
56 and terms as used in this ordinance shall have the following meanings for all purposes of
57 this ordinance, unless some other meaning is plainly intended.

58 "Accreted Value" means with respect to any Parity Bonds that are Capital
59 Appreciation Bonds, as of any date of calculation, the sum of the amounts set forth in the
60 ordinance, resolution or motion authorizing such bonds as the amounts representing the
61 initial principal amount of such bonds plus the interest accumulated, compounded and
62 unpaid thereon as of the most recent compounding date, as provided in the ordinance,
63 resolution or motion authorizing the issuance of such bonds; provided that if such
64 calculation is not made as of a compounding date, such amount shall be determined by

65 straight-line interpolation as of the immediately preceding and the immediately
66 succeeding compounding dates.

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

71 "Annual Debt Service" means, with respect to any calendar year, the sum of the
72 following:

73 (1) The interest due for all outstanding Parity Bonds and Parity Lien Obligations
74 (i) on all interest payment dates (other than January 1) in such calendar year, and (ii) on
75 January 1 of the next succeeding year, and any Payment Agreement Payments due on
76 such dates in respect of any Parity Payment Agreements and Parity Lien Obligation
77 Payment Agreements, minus any Payment Agreement Receipts due in such period in
78 respect of any Parity Payment Agreements and Parity Lien Obligation Payment
79 Agreements.

80 (i) For purposes of calculating the amounts required to pay interest on Parity
81 Bonds or Parity Lien Obligations, capitalized interest and accrued interest paid to the
82 county upon the issuance of Parity Bonds or Parity Lien Obligations shall be excluded.

83 (ii) The amount of interest deemed to be payable on any issue of Variable Rate
84 Parity Bonds or Variable Rate Parity Lien Obligations shall be calculated on the
85 assumption that the interest rate on those bonds would be equal to the rate (the "assumed
86 RBI rate") that is 90% of the average Bond Buyer Revenue Bond Index or comparable
87 index during the fiscal quarter preceding the quarter in which the calculation is made;

88 provided, however, that for purposes of determining actual compliance in any past
89 calendar year with the rate covenant made in Section 16 of this ordinance, the actual
90 amount of interest paid on any issue of Variable Rate Parity Bonds or Parity Lien
91 Obligations shall be taken into account.

92 (2) The principal due (at maturity or upon the mandatory redemption of Term
93 Bonds prior to their maturity) for all outstanding Parity Bonds and Parity Lien
94 Obligations (i) on all principal payment dates (other than January 1) of such calendar year
95 and (ii) on January 1 of the next succeeding year.

96 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or
97 upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation
98 Bonds shall be included in the calculation of Annual Debt Service, and references in this
99 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or
100 upon the mandatory redemption of any Capital Appreciation Bonds.

101 Notwithstanding the foregoing, debt service on Parity Bonds or Parity Lien
102 Obligations with respect to which a Payment Agreement is in force shall be calculated by
103 the county to reflect the net economic effect on the county intended to be produced by the
104 terms of the Parity Bonds or Parity Lien Obligations and the terms of the applicable
105 Payment Agreement, in accordance with the requirements for Payment Agreements set
106 forth in the ordinances authorizing issuance of such Parity Bonds or Parity Lien
107 Obligations.

108 "Bank Note" means the bank note authorized to be issued by Ordinance No.
109 12057 of the county, as amended, to secure payment of the Commercial Paper Notes.

110 "Bond Fund" means the "Water Quality Limited Tax General Obligation Bond
111 Redemption Fund" established pursuant to Section 8 of Ordinance 11241 of the county
112 for the purpose of paying the Parity Lien Obligations.

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

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

120 "Bonds" means all or a portion of the limited tax general obligation bonds
121 (payable from sewer revenues) of the county authorized to be issued in an aggregate
122 principal amount of not to exceed \$440,000,000, in one or more series, pursuant to this
123 ordinance to refund certain bonds of the county payable from Revenue of the System.

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

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

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

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

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

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

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

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

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

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

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

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

165 "Escrow Agent" means each corporate trustee chosen pursuant to the provisions of Section
166 14 of this ordinance to serve as escrow agent in connection with the refunding of
167 Refunded Bonds upon the issuance of any series of Bonds.

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

170 "Fitch" means Fitch Inc., and its successors and assigns, except that if such
171 corporation shall be dissolved or liquidated or shall no longer perform the functions of a
172 securities rating agency, then the term "Fitch" shall be deemed to refer to any other
173 nationally recognized securities rating agency selected by the county.

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

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

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

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

191 "MSRB" means the Municipal Securities Rulemaking Board or any successor to
192 its functions.

193 "Net Revenue" means Revenue of the System less Operating and Maintenance
194 Expenses.

195 "NRMSIR" means a nationally recognized municipal securities information
196 repository.

197 "Operating and Maintenance Expenses" means all normal expenses incurred by
198 the county in causing the System to be maintained in good repair, working order and

199 condition and shall include payments to any private or governmental agency for the
200 operation or maintenance of facilities or for the disposal of sewage but shall exclude any
201 allowance for depreciation.

202 "Parity Bond Fund" means the "Water Quality Revenue Bond Account," as
203 designated by Section 30 of Ordinance No. 12076 of the county for the purpose of paying
204 and securing the payment of Parity Bonds.

205 "Parity Bond Ordinances" means the ordinances of the county authorizing the
206 issuance of the Parity Bonds.

207 "Parity Bond Reserve Account" means the bond reserve account in the Parity
208 Bond Fund.

209 "Parity Bonds" means the bonds identified as such in the Preamble to this
210 ordinance and any Future Parity Bonds. "Parity Bonds" include any Parity Payment
211 Agreements and parity reimbursement agreements entered into with the provider of a
212 credit facility serving any Parity Bonds.

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

218 "Parity Lien Obligations" means the bonds identified as such in the Preamble to
219 this ordinance, the Bonds, and all bonds, notes or other evidences of indebtedness
220 payable in whole or in part from Revenue of the System and secured by a lien on such
221 Revenue on a parity with the lien thereon of the outstanding Parity Lien Obligations and

222 the Bonds. "Parity Lien Obligations" include any Parity Lien Obligation Payment
223 Agreements and parity reimbursement agreements entered into with the provider of a
224 Credit Facility.

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

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

231 "Payment Agreement" means, to the extent permitted from time to time by
232 applicable law, a written agreement entered into by the county (i) in connection with or
233 incidental to the issuance, incurring or carrying of bonds or other obligations of the
234 county secured in whole or in part by a lien on Revenue of the System; (ii) for the
235 purpose of managing or reducing the county's exposure to fluctuations or levels of
236 interest rates, currencies or commodities or for other interest rate, investment, asset or
237 liability management purposes; (iii) with an entity that at the time the agreement is
238 entered into is a Qualified Counterparty; and (iv) which provides, on either a current or
239 forward basis, for an exchange of payments determined in accordance with a formula
240 specified therein.

241 "Payment Agreement Payments" means the amounts periodically required to be
242 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The
243 term "Payment Agreement Payments" does not include any termination payment required
244 to be paid with respect to a Payment Agreement.

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

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

252 "Public Works Trust Fund Loans" means loans to the county by the State of
253 Washington Department of Community, Trade and Economic Development under the
254 Public Works Trust Fund loan program pursuant to loan agreements in effect as of the
255 date of this ordinance and any loan agreements hereafter entered into by the county under
256 the Public Works Trust Fund loan program, the repayment obligations of which are
257 secured by a lien on Revenue of the System equal to the lien thereon established by such
258 loan agreements.

259 "Qualified Counterparty" means with respect to a Payment Agreement an entity
260 (i) whose senior long term debt obligations, other senior unsecured long term obligations
261 or claims paying ability or whose payment obligations under a Payment Agreement are
262 guaranteed by an entity whose senior long term debt obligations, other senior unsecured
263 long term obligations or claims paying ability are rated (at the time the Payment
264 Agreement is entered into) at least as high as A- by Fitch, A3 by Moody's and A- by
265 S&P, or the equivalent thereof by any successor thereto and (ii) who is otherwise
266 qualified to act as the other party to a Payment Agreement under any applicable laws of
267 the State.

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

270 "RCW" means the Revised Code of Washington.

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

274 "Refunded Bonds" means with respect to each series of Bonds, those Refunding
275 Candidates that shall be refunded from proceeds of such series of Bonds, as determined
276 by the Finance Director and identified in a Sale Motion in accordance with Section 14
277 hereof.

278 "Refunding Candidates" means any of the currently outstanding Parity Bonds and
279 Parity Lien Obligations.

280 "Refunding Account" means any account established pursuant to Section 14
281 hereof to provide for the refunding of any Refunded Bonds.

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

284 "Revenue Fund" means the "Water Quality Operating Account," as designated by
285 Section 30 of Ordinance No. 12076 of the county.

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

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

293 "S&P" means Standard and Poor's Ratings Services, a Division of The McGraw-
294 Hill Companies, duly organized and existing under and by virtue of the laws of the State
295 of New York, and its successors and assigns, except that if such corporation shall be
296 dissolved or liquidated or shall no longer perform the functions of a securities rating
297 agency, then the term "S&P" shall be deemed to refer to any other nationally recognized
298 securities rating agency selected by the county.

299 "Sale Motion" means a motion of the council approving each sale of a series of
300 the Bonds, in accordance with Section 22 hereof.

301 "Service Agreements" means the sewage disposal agreements entered between the
302 county and municipal corporations, persons, firms, private corporations, or governmental
303 agencies providing for the disposal by the county of sewage collected from such
304 contracting parties.

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

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

313 "State" means the State of Washington.

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

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

319 Tax Certificate" means the Federal Tax Certificate with respect to certain federal
320 tax matters executed on behalf of the county upon the issuance of each series of the
321 Bonds.

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

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

334 "Variable Rate Parity Lien Obligations" means Parity Lien Obligations bearing
335 interest at a variable rate of interest, provided that at least one of the following conditions
336 is met: (i) at the time of issuance the county has entered into a Payment Agreement with

337 respect to such Parity Lien Obligations, which Agreement converts the effective interest
338 rate to the county on the Variable Rate Parity Lien Obligations from a variable interest
339 rate to a fixed interest rate or (ii) the Parity Lien Obligations bear interest at a variable
340 rate but are issued concurrently in equal par amounts with other Parity Lien Obligations
341 bearing interest at a variable rate and which are required to remain outstanding in equal
342 amounts at all times, if the net effect of such equal par amounts and variable rates at all
343 times is a fixed rate of interest to the county.

344 **SECTION 2. Findings.**

345 A. Refunding Opportunities. The county may be able to realize significant debt
346 service savings by refunding certain of the Refunding Candidates. Because market
347 conditions may change rapidly, the council finds that it is in the best interests of the
348 county and ratepayers of the System that a plan of refunding and the sale of the Bonds in
349 one or more series by competitive bid or negotiated sale, for current or future delivery, be
350 determined by the Finance Director in consultation with the county's financial advisors.
351 Each plan of refunding and sale of a series of Bonds will be ratified and confirmed by the
352 council in a Sale Motion.

353 B. Satisfaction of Parity Conditions. In accordance with the provisions of
354 Section 23 of Ordinance 12314, Section 22 of Ordinance 13256, and Section 19 of
355 Ordinance 15033, which permit the issuance of additional Parity Lien Obligations upon
356 compliance with the conditions set forth therein (the "Parity Conditions"), the county
357 council hereby finds and determines, as follows:

358 (i) The Bonds are to be issued for the purpose of refunding and retiring prior to
359 their maturity certain outstanding obligations of the county payable from Revenue of the
360 System.

361 (ii) There is not now, and when the Bonds are issued there shall not then be, any
362 deficiency in the Parity Bond Fund, the Bond Fund or any other bond fund or account
363 securing Parity Lien Obligations.

364 (iii) On or prior to the Closing of any series of Bonds, there shall have been
365 filed with the clerk of the county council a certificate of the Finance Director stating that
366 immediately after the issuance of such series of Bonds the annual debt service for each
367 year that such series of Bonds and any other Parity Lien Obligations are then outstanding
368 shall not be increased by more than \$5,000 by reason of the issuance of such series of
369 Bonds.

370 The applicable Parity Conditions having been complied with in connection with
371 the issuance of the Bonds, the pledge contained herein of Revenue of the System to pay
372 and secure the payment of the Bonds shall constitute a lien and charge upon such
373 Revenue equal in rank with the lien and charge upon the Revenue of the System to pay
374 and secure the payment of the outstanding Parity Lien Obligations.

375 **SECTION 3. Authorization of Bonds.** To provide funds to refund the Refunded
376 Bonds, the county shall issue the Bonds in an aggregate principal amount not to exceed
377 \$440,000,000. The Bonds shall be issued and sold in one or more series, as provided in
378 Section 22, each series to be designated as "King County, Washington, Limited Tax
379 General Obligation Refunding Bonds (Payable from Sewer Revenues)" with an
380 applicable year and series designation. The Bonds shall be fully registered as to both

381 principal and interest, shall be in the denomination of \$5,000 each or any integral
382 multiple thereof (but no Bond shall represent more than one maturity), shall be numbered
383 separately in such manner and with any additional designation as the Bond Registrar
384 deems necessary for purposes of identification, and shall be dated as of such date and
385 shall mature on the dates, in the years and the amounts established as provided in Section
386 22 hereof.

387 Each series of the Bonds shall bear interest (computed on the basis of a 360-day
388 year of twelve 30-day months) from their date or from the most recent interest payment
389 date for which interest has been paid or duly provided for, whichever is later, payable on
390 interest payment dates and at the rate or rates established as provided in Section 22 hereof
391 and ratified and confirmed by a Sale Motion.

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

393 A. Registrar/Bond Register. In accordance with KCC 4.84, the county hereby
394 adopts for the Bonds the system of registration specified and approved by the
395 Washington State Finance Committee, which utilizes the fiscal agencies of the State of
396 Washington in Seattle, Washington, and New York, New York, as registrar,
397 authenticating agent, paying agent and transfer agent (collectively, the "Bond Registrar").
398 The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office,
399 sufficient books for the registration and transfer of the Bonds, which shall at all times be
400 open to inspection by the county. The Bond Registrar is authorized, on behalf of the
401 county, to authenticate and deliver the Bonds transferred or exchanged in accordance
402 with the provisions of such Bonds and this ordinance and to carry out all of the Bond
403 Registrar's powers and duties under this ordinance.

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

410 B. Registered Ownership. The county and the Bond Registrar, each in its
411 discretion, may deem and treat the Registered Owner of each Bond as the absolute owner
412 thereof for all purposes, and neither the county nor the Bond Registrar shall be affected
413 by any notice to the contrary. Payment of any such Bond shall be made only as described
414 in Section 4.G hereof, but such registration may be transferred as herein provided. All
415 such payments made as described in Section 4.G shall be valid and shall satisfy and
416 discharge the liability of the county upon such Bond to the extent of the amount or
417 amounts so paid. The county and the Bond Registrar shall be entitled to treat the person
418 in whose name any Bond is registered as the absolute owner thereof for all purposes of
419 this ordinance and any applicable laws, notwithstanding any notice to the contrary
420 received by the Bond Registrar or the county.

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

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

427 to the Bonds in respect of the accuracy of any records maintained by DTC or any DTC
428 participant, the payment by DTC or any DTC participant of any amount in respect of the
429 principal of or interest on the Bonds, any notice which is permitted or required to be
430 given to Registered Owners under this ordinance (except such notices as shall be required
431 to be given by the county to the Bond Registrar or to DTC), or any consent given or other
432 action taken by DTC as the Registered Owner. For so long as any Bonds are held in fully
433 immobilized form hereunder, DTC or its successor depository shall be deemed to be the
434 Registered Owner for all purposes hereunder, and all references herein to the Registered
435 Owners shall mean DTC or its nominee and shall not mean the owners of any beneficial
436 interest in the Bonds.

437 D. Use of Depository.

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

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

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

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

459 (4) In the event that (i) DTC or its successor (or substitute depository or its
460 successor) resigns from its functions as depository, and no substitute depository can be
461 obtained, or (ii) the county determines that it is in the best interest of the beneficial
462 owners of any of the Bonds that they be able to obtain such Bonds in the form of bond
463 certificates, the ownership of Bonds may then be transferred to any person or entity as
464 herein provided, and the Bonds shall no longer be held in fully immobilized form. The
465 county shall deliver a written request to the Bond Registrar, together with a supply of
466 definitive Bonds, to issue Bonds as herein provided in any authorized denomination.
467 Upon receipt of all then outstanding Bonds by the Bond Registrar together with a written
468 request on behalf of the county to the Bond Registrar, new Bonds shall be issued in such
469 denominations and registered in the names of such persons as are requested in such
470 written request.

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

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

473 of any Bond shall be valid unless it is surrendered to the Bond Registrar with the
474 assignment form appearing on such Bond duly executed by the Registered Owner or such
475 Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar.
476 Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall
477 authenticate and deliver, without charge to the Registered Owner or transferee therefor, a
478 new Bond (or Bonds at the option of the new Registered Owner) of the same series, date,
479 maturity and interest rate and for the same aggregate principal amount in any authorized
480 denomination, naming as Registered Owner the person or persons listed as the assignee
481 on the assignment form appearing on the surrendered Bond, in exchange for such
482 surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar
483 and exchanged, without charge, for an equal aggregate principal amount of Bonds of the
484 same series, date, maturity and interest rate, in any authorized denomination. The Bond
485 Registrar shall not be obligated to transfer or exchange any Bond during a period
486 beginning at the opening of business on the 15th day of the month next preceding any
487 interest payment date and ending at the close of business on such interest payment date,
488 or, in the case of any proposed redemption of the Bonds, after the mailing of notice of the
489 call of such Bonds for redemption.

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

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

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

506 SECTION 5. Redemption of Bonds; Open Market Purchases. The county
507 may reserve the right to redeem outstanding Bonds prior to their maturity on the dates
508 and at the prices established as provided in Section 22 and ratified and confirmed by a
509 Sale Motion. Portions of the principal amount of any Bond, in increments of \$5,000 or
510 any integral multiple of \$5,000, may be redeemed.

511 If less than all of the Bonds subject to optional redemption are called for
512 redemption, the county shall choose the maturities to be redeemed. If less than a whole
513 of a maturity is called for redemption, the Bonds to be redeemed shall be chosen at
514 random by the Bond Registrar (or in such other manner as the Bond Registrar may
515 determine) or, so long as the Bonds are registered in the name of CEDE & CO. or its
516 registered assign, the Bonds to be redeemed shall be chosen in accordance with the
517 operational arrangements of DTC then in effect.

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

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

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

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

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

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

