



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

June 17, 2008

Ordinance 16133

Proposed No. 2008-0219.2

Sponsors Phillips

1 AN ORDINANCE providing long-term financing for capital
2 needs of the county's sewer system by authorizing the issuance
3 of sewer revenue bonds and/or limited tax general obligation
4 bonds (payable from sewer revenues) of the county in the
5 aggregate principal amount of not to exceed \$900,000,000 to
6 provide funds for acquiring and constructing improvements to
7 the sewer system and not to exceed \$200,000,000 of such
8 bonds for refunding certain outstanding bonds of the county
9 payable from sewer revenues; providing for the form, terms
10 and covenants of such bonds; providing for the sale of the
11 bonds in one or more series and for a plan of refunding;
12 establishing funds for the receipt and expenditure of bond
13 proceeds and for the payment of the bonds; pledging sewer
14 revenues to pay the principal of and interest on any sewer
15 revenue bonds issued hereunder; and pledging the annual levy
16 of taxes and an additional pledge of sewer revenues to pay the

17 principal of and interest on any limited tax general obligation
18 bonds (payable from sewer revenues) issued hereunder.

19

20 PREAMBLE:

21 The county owns and operates facilities for the conveyance and treatment
22 of sewage and control of combined sewer overflows that include, but are
23 not limited to, wastewater treatment plants, interceptor and trunk sewers,
24 pumping stations, regulator stations, outfall sewers, storm sewers to divert
25 stormwater from sanitary sewers, lands for application of biosolids,
26 property rights, and buildings and other structures (collectively the "Sewer
27 System" or the "System"), all in accordance with a comprehensive plan for
28 metropolitan water pollution abatement under the authority of chapters
29 36.56 and 35.58 of the Revised Code of Washington ("RCW").

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

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

40 that certain Participants discharge sewage collected by such Participants
 41 into facilities of the System.

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

Designation	Ordinance	Date of Issue	Outstanding	
			Original Principal	Principal (4/1/2008)
1999 (2nd) Bonds	13650	11/01/1999	\$ 60,000,000	\$ 1,125,000
2001 Bonds	14225	11/28/2001	270,060,000	226,730,000
2002A Bonds	14406	8/14/2002	100,000,000	94,960,000
2002B Bonds	14406	10/03/2002	346,130,000	271,105,000
2003A Bonds	14406	4/24/2003	96,470,000	92,325,000
2004A Bonds	14753	3/18/2004	185,000,000	185,000,000
2004B Bonds	14753	3/18/2004	61,760,000	59,375,000
2006 Bonds	15385	5/16/2006	124,070,000	124,070,000
2006 (2nd) Bonds	15385	11/30/2006	193,435,000	193,215,000
2007 Bonds	15758	6/26/2007	250,000,000	250,000,000

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

Designation	Ordinance	Date of Issue	Original Principal	Outstanding Principal (4/1/2008)
Series 2005	15033	4/21/2005	200,000,000	200,000,000
Series 2008	15779	2/12/2008	236,950,000	236,950,000

48 The county may have opportunities to refund all or portions of the
49 currently outstanding Parity Bonds and Parity Lien Obligations (the
50 "Refunding Candidates") and thereby realize savings to the county and
51 ratepayers of the Sewer System. It is deemed necessary and advisable that
52 the county authorize the issuance and sale of not to exceed \$200,000,000
53 principal amount of its bonds payable from sewer revenues (the
54 "Refunding Bonds") for such refunding opportunities, as provided herein.
55 It is deemed necessary and desirable that the county also authorize the
56 issuance and sale of its bonds payable from sewer revenues in the
57 aggregate principal amount of \$900,000,000 (the "Project Bonds") to pay
58 costs of certain capital improvements to the System, in accordance with
59 the Comprehensive Plan.
60 Since market conditions can change quickly, it is in the best interest of the
61 county to delegate to the county's Finance Director authority to sell the
62 Refunding Bonds and the Project Bonds in one or more series, as either
63 Parity Bonds or Parity Lien Obligations, or a combination thereof, by
64 competitive bid or negotiated sale, as provided in this ordinance; provided

65 that the aggregate principal amount of Project Bonds shall not exceed
66 \$900,000,000 and the aggregate principal amount of Refunding Bonds
67 shall not exceed \$200,000,000, and provided further that the sale of any
68 Series of the Bonds shall be ratified and confirmed by motion of the
69 council, as provided herein.

70 The ordinances authorizing the issuance of the outstanding Parity Bonds
71 and Parity Lien Obligations all provide that the county may issue
72 additional Parity Bonds and additional Parity Lien Obligations if certain
73 conditions are met. By each Sale Motion the county council shall find that
74 the applicable parity conditions have been or will be met for each series of
75 Bonds issued hereunder

76 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

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

87 straight-line interpolation as of the immediately preceding and the immediately
88 succeeding compounding dates.

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

93 "Agency Customer" means any city, town, water-sewer district or other political
94 subdivision, person, firm or private corporation that collects sewage from customers and
95 disposes of any portion of that sewage into the Metropolitan Sewerage System and is not
96 a Participant.

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

99 (1)The interest due for all outstanding Parity Bonds and Parity Lien Obligations
100 (i) on all interest payment dates (other than January 1) in such calendar year, and (ii) on
101 January 1 of the next succeeding year, and any Payment Agreement Payments due on
102 such dates in respect of any Parity Payment Agreements and Parity Lien Obligation
103 Payment Agreements, minus any Payment Agreement Receipts due in such period in
104 respect of any Parity Payment Agreements and Parity Lien Obligation Payment
105 Agreements.

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

109 (ii) The amount of interest deemed to be payable on any issue of Variable Rate
110 Parity Bonds or Variable Rate Parity Lien Obligations shall be calculated on the
111 assumption that the interest rate on those bonds would be equal to the rate (the "assumed
112 RBI rate") that is 90% of the average Bond Buyer Revenue Bond Index or comparable
113 index during the fiscal quarter preceding the quarter in which the calculation is made;
114 provided, however, that for purposes of determining actual compliance in any past
115 calendar year with the rate covenant made in Section 16 of this ordinance, the actual
116 amount of interest paid on any issue of Variable Rate Parity Bonds or Parity Lien
117 Obligations shall be taken into account.

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

122 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or
123 upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation
124 Bonds shall be included in the calculation of Annual Debt Service, and references in this
125 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or
126 upon the mandatory redemption of any Capital Appreciation Bonds.

127 Notwithstanding the foregoing, debt service on Parity Bonds or Parity Lien
128 Obligations with respect to which a Payment Agreement is in force shall be calculated by
129 the county to reflect the net economic effect on the county intended to be produced by the
130 terms of the Parity Bonds or Parity Lien Obligations and the terms of the applicable
131 Payment Agreement, in accordance with the requirements for Payment Agreements set

132 forth in the ordinances authorizing issuance of such Parity Bonds or Parity Lien
133 Obligations.

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

136 (1) The interest due for all outstanding Parity Bonds (i) on all interest payment
137 dates (other than January 1) in such calendar year, and (ii) on January 1 of the next
138 succeeding year, and any Payment Agreement Payments due on such dates in respect of
139 Parity Payment Agreements, minus any Payment Agreement Receipts due in such period
140 in respect of such Parity Payment Agreements.

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

144 (ii) The amount of interest deemed to be payable on any issue of Variable Rate
145 Parity Bonds shall be calculated on the assumption that the interest rate on those bonds
146 would be equal to the rate (the "assumed RBI rate") that is 90% of the average Bond
147 Buyer Revenue Bond Index or comparable index during the fiscal quarter preceding the
148 quarter in which the calculation is made; provided, however, that for purposes of
149 determining actual compliance in any past calendar year with the rate covenant made in
150 Section 16 of this ordinance, the actual amount of interest paid on any issue of Variable
151 Rate Parity Bonds shall be taken into account.

152 (2) The principal due (at maturity or upon the mandatory redemption of Term
153 Bonds prior to their maturity) for all outstanding Parity Bonds (i) on all principal

154 payment dates (other than January 1) of such calendar year and (ii) on January 1 of the
155 next succeeding year.

156 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or
157 upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation
158 Bonds shall be included in the calculation of Annual Debt Service, and references in this
159 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or
160 upon the mandatory redemption of any Capital Appreciated Bonds.

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

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

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

169 "Bond Registrar" means the fiscal agency of the State of Washington in either
170 Seattle, Washington, or New York, New York, for the purposes of registering and
171 authenticating the Bonds, maintaining the Bond Register, effecting the transfer of
172 ownership of the Bonds and paying the principal of and interest and redemption
173 premium, if any, on the Bonds.

174 "Bonds" means all or a portion of the Project Bonds or the Refunding Bonds
175 issued pursuant to this ordinance.

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

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

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

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

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

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

197 "Comprehensive Plan" means the county's comprehensive water pollution
198 abatement plan authorized by RCW 35.58.200 and defined in Section 28.82.150 of the

199 King County Code as the Comprehensive Sewage Disposal Plan adopted by Resolution
200 No. 23 of the Metro Council on April 22, 1959, and all amendments thereto, together
201 with any amendments hereafter approved by ordinance of the county.

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

204 "Credit Facility" means any letter of credit, standby bond purchase agreement,
205 line of credit, surety bond, insurance policy or other insurance commitment or similar
206 agreement (but not including a Payment Agreement), satisfactory to the county, that is
207 provided by a commercial bank, insurance company or other financial institution with a
208 current long term rating (or whose obligations thereunder are guaranteed by a financial
209 institution with a long term rating): (i) from Moody's and S&P not lower, when issued,
210 than the credit rating of any series of Parity Bonds, to provide support for a series of
211 Parity Bonds, and shall include any substitute therefor in accordance with the provisions
212 of the ordinance providing for the issuance of Parity Bonds supported by a Credit
213 Facility, or (ii) from Fitch, Moody's and S&P not lower, when issued, than the credit
214 rating of any series of Parity Lien Obligations, to provide support for a series of Parity
215 Lien Obligations (including Variable Rate Parity Lien Obligations), and shall include any
216 substitute therefor in accordance with the provisions of the ordinance providing for the
217 issuance of Parity Lien Obligations supported by a Credit Facility.

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

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

221 "Escrow Agent" means each corporate trustee chosen pursuant to the provisions of
222 Section 16 of this ordinance to serve as escrow agent in connection with the refunding of
223 Refunded Bonds upon the issuance of any series of Refunding Bonds.

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

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

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

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

234 "Junior Lien Obligations" means the county's Junior Lien Variable Rate Demand
235 Sewer Revenue Bonds, Series 2001A and Series 2001B, issued under date of August 15,
236 2001, as authorized by Ordinances 14171 and 14172, the county's Junior Lien
237 Multi-Modal Sewer Revenue Bonds, Series 2006A and 2006B, issued under date of
238 October 4, 2006, as authorized by Ordinances 15584 and 15585, and any other revenue
239 bonds or other revenue obligations having a lien on Revenue of the System equal to the
240 lien thereon of such bonds.

241 "Moody's" means Moody's Investors Service, a corporation duly organized and
242 existing under and by virtue of the laws of the State of Delaware, and its successors and
243 assigns, except that if such corporation shall be dissolved or liquidated or shall no longer

244 perform the functions of a securities rating agency, then the term "Moody's" shall be
245 deemed to refer to any other nationally recognized securities rating agency selected by
246 the county.

247 "MSRB" means the Municipal Securities Rulemaking Board or any successor to
248 its functions.

249 "Net Revenue" means Revenue of the System less Operating and Maintenance
250 Expenses.

251 "NRMSIR" means a nationally recognized municipal securities information
252 repository.

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

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

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

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

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

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

275 "Parity Lien Obligations" means bonds identified as such in the Preamble to this
276 ordinance and any future Parity Lien Obligations. "Parity Lien Obligations" include any
277 Parity Lien Obligation Payment Agreements and parity reimbursement agreements
278 entered into with the provider of a Credit Facility securing any Parity Lien Obligations.

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

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

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

290 "Parity Lien Obligation Term Bonds" means Parity Lien Obligations that are
291 Term Bonds.

292 "Participant" means each city, town, county, water-sewer district, municipal
293 corporation, person, firm or private corporation that disposes of any portion of its sanitary
294 sewage into the Sewer System and has entered into a Service Agreement with the county.

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

304 "Payment Agreement Payments" means the amounts periodically required to be
305 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The
306 term "Payment Agreement Payments" does not include any termination payment required
307 to be paid with respect to a Payment Agreement.

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

310 "Professional Utility Consultant" means a licensed professional engineer, a
311 Certified Public Accountant, or other independent person(s) or firm(s) selected by the
312 county having a favorable reputation for skill and experience with sewer systems of

313 comparable size and character to the System in such areas as are relevant to the purposes
314 for which they are retained.

315 "Project Bonds" means the \$900,000,000 aggregate principal amount of bonds of
316 the county authorized to be issued hereunder to pay costs of acquiring and constructing
317 improvements to the System. The Project Bonds may be issued in one or more series of
318 Parity Bonds or Parity Lien Obligations, as provided herein.

319 "Public Works Trust Fund Loans" means loans to the county by the State of
320 Washington Department of Community, Trade and Economic Development under the
321 Public Works Trust Fund loan program pursuant to loan agreements in effect as of the
322 date of this ordinance and any loan agreements hereafter entered into by the county under
323 the Public Works Trust Fund loan program, the repayment obligations of which are
324 secured by a lien on Revenue of the System equal to the lien thereon established by such
325 loan agreements.

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

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

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

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

351 "RCW" means the Revised Code of Washington.

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

355 "Refunded Bonds" means with respect to each series of Refunding Bonds, those
356 Refunding Candidates that shall be refunded from proceeds of such series of Refunding

357 Bonds, as determined by the Finance Manager pursuant to Sections 16 and 28 hereof and
358 set forth in a Sale Motion in accordance with Sections 16 and 28 hereof.

359 "Refunding Candidates" means any of the currently outstanding Parity Bonds and
360 Parity Lien Obligations.

361 "Refunding Account" means any account authorized to be created pursuant to
362 Section 14 hereof to provide for the refunding of any Refunded Bonds.

363 "Refunding Bonds" means not to exceed \$200,000,000 principal amount of bonds
364 authorized to be issued in one or more series by this ordinance to refund the Refunded
365 Bonds. The Refunding Bonds may be issued in one or more series of Parity Bonds or
366 Parity Lien Obligations, as provided herein.

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

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

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

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

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

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

386 "Sale Motion" means a motion of the county council approving each sale of a
387 series of the Bonds and ratifying and confirming each plan of refunding any Refunded
388 Bonds, in accordance with Sections 16 and 28 hereof.

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

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

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

401 "State" means the State of Washington.

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

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

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

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

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

415 "Variable Rate Parity Bonds" means Parity Bonds bearing interest at a variable
416 rate of interest, provided that at least one of the following conditions is met: (i) at the
417 time of issuance the county has entered into a Payment Agreement with respect to such
418 Parity Bonds, which Agreement converts the effective interest rate to the county on the
419 Variable Rate Parity Bonds from a variable interest rate to a fixed interest rate, or (ii) the
420 Parity Bonds bear interest at a variable rate but are issued concurrently in equal par
421 amounts with other Parity Bonds bearing interest at a variable rate and which are required
422 to remain outstanding in equal amounts at all times, if the net effect of such equal par
423 amounts and variable rates at all times is a fixed rate of interest to the county.

424 "Variable Rate Parity Lien Obligations" means Parity Lien Obligations bearing
425 interest at a variable rate of interest, provided that at least one of the following conditions
426 is met: (i) at the time of issuance the county has entered into a Payment Agreement with
427 respect to such Parity Lien Obligations, which Agreement converts the effective interest
428 rate to the county on the Variable Rate Parity Lien Obligations from a variable interest
429 rate to a fixed interest rate or (ii) the Parity Lien Obligations bear interest at a variable
430 rate but are issued concurrently in equal par amounts with other Parity Lien Obligations
431 bearing interest at a variable rate and which are required to remain outstanding in equal
432 amounts at all times, if the net effect of such equal par amounts and variable rates at all
433 times is a fixed rate of interest to the county.

434 SECTION 2. Findings. Because conditions in the capital markets are volatile,
435 the council finds that it is in the best interests of the county and ratepayers of the System
436 that the county retain the flexibility to issue the Bonds in one or more series, as Parity
437 Bonds or Parity Lien Obligations, to maximize interest rate savings and, where possible,
438 to achieve further savings by refunding all or some of the Refunding Candidates. To
439 achieve this flexibility, the council further finds that it is in the best interests of the
440 county and ratepayers of the System that a plan of refunding and the sale of the Bonds in
441 one or more series, as Parity Bonds or Parity Lien Obligations, by competitive bid or
442 negotiated sale, for current or future delivery, be determined by the Finance Director, in
443 consultation with the county's financial advisors. Each sale of a series of Bonds and plan
444 of refunding, will be ratified and confirmed by the council in a Sale Motion.

445 SECTION 3. Authorization of Bonds. To provide funds necessary to pay costs
446 of acquiring, constructing and equipping improvements, additions or betterments to the

447 System set forth in the Comprehensive Plan, the county shall issue the Project Bonds in
448 the aggregate principal amount of \$900,000,000.

449 To provide funds to refund the Refunded Bonds, the county shall issue one or
450 more series of Refunding Bonds in principal amounts to be established as provided in
451 Sections 16 and 28 hereof and in any event not to exceed an aggregate principal amount
452 of \$200,000,000.

453 The Refunding Bonds and Project Bonds may be issued and sold in one or more
454 series of Parity Bonds or Parity Lien Obligations, as provided in Section 28, each such
455 series of Parity Bonds to be designated as "King County, Washington, Sewer Revenue
456 [and Refunding] Bonds" with an applicable year and series designation, and each such
457 series of Parity Lien Obligations to be designated as "King County Limited Tax General
458 Obligations [and Refunding] Bonds (Payable from Sewer Revenue)" with an applicable
459 year and series description. The Bonds shall be fully registered as to both principal and
460 interest, shall be in the denomination of \$5,000 each or any integral multiple thereof (but
461 no Bond shall represent more than one maturity), shall be numbered separately in such
462 manner and with any additional designation as the Bond Registrar deems necessary for
463 purposes of identification, and shall be dated as of such date and shall mature on the
464 dates, in the years and the amounts established as provided in Section 28 hereof.

465 Each series of the Bonds shall bear interest (computed on the basis of a 360-day
466 year of twelve 30-day months) from their date or from the most recent interest payment
467 date for which interest has been paid or duly provided for, whichever is later, payable on
468 interest payment dates and at the rate or rates established as provided in Section 28 hereof

469 and ratified and confirmed by a Sale Motion. The Accreted Values of any Bonds that are
470 Capital Appreciation Bonds shall be set forth in a Sale Motion.

471 SECTION 4. Registration, Exchange and Payments.

472 A. Bond Registrar/Bond Register. In accordance with KCC 4.84, the county
473 hereby adopts for the Bonds the system of registration specified and approved by the
474 Washington State Finance Committee, which utilizes the fiscal agencies of the State of
475 Washington in Seattle, Washington, and New York, New York, as registrar,
476 authenticating agent, paying agent and transfer agent (collectively, the "Bond Registrar").
477 The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office,
478 sufficient books for the registration and transfer of the Bonds, which shall at all times be
479 open to inspection by the county. The Bond Registrar is authorized, on behalf of the
480 county, to authenticate and deliver the Bonds transferred or exchanged in accordance
481 with the provisions of such Bonds and this ordinance and to carry out all of the Bond
482 Registrar's powers and duties under this ordinance.

483 The Bond Registrar shall be responsible for its representations contained in the
484 Certificate of Authentication on the Bonds. The Bond Registrar may become the
485 Registered Owner of Bonds with the same rights it would have if it were not the Bond
486 Registrar, and to the extent permitted by law may act as depositary for and permit any of
487 its officers or directors to act as a member of, or in any other capacity with respect to, any
488 committee formed to protect the rights of Registered Owners.

489 B. Registered Ownership. The county and the Bond Registrar, each in its
490 discretion, may deem and treat the Registered Owner of each Bond as the absolute owner
491 thereof for all purposes, and neither the county nor the Bond Registrar shall be affected

