



King County

**Metropolitan King County Council
Budget and Fiscal Management Committee**

Staff Report

Agenda Item No:	11-13	Date:	June 15, 2010
Ordinance No:	2010-0330, 2010-0331, 2010-0332	Prepared by:	Paul Carlson and John Resha, Pat Hamacher

SUBJECT

Proposed Ordinance 2010-0330: An ordinance amending the 2010-2011 biennium Road Services Division budget and capital improvement program relating to the South Park Bridge.

Proposed Ordinance 2010-0331: An ordinance authorizing the issuance of up to \$31 million in bonds to finance a \$30 million County share for the South Park Bridge Replacement project.

Proposed Ordinance 2010-0332: A motion accepting a bid for the purchase of these bonds.

SUMMARY

The aging South Park Bridge carries approximately 20,000 vehicles per day and is an important freight route across the Duwamish. Because of its deteriorating condition, the Bridge will close on June 30, 2010. County efforts to fund a replacement bridge have been frustrated by the high cost – an additional \$130 million is needed for the project. Securing funding for the replacement bridge is a Council priority identified in Governance for the Twenty-First Century – 2010 Priorities for King County Government (Motion 13202, Council Action to Enhance Mobility for People, Goods and Services #8.05).

This South Park Bridge legislative package was transmitted on June 1, 2010 and the BFM Committee heard a high-level overview on June 8, 2010. The intent of this legislative package is to establish a County commitment of \$30 million for the Bridge project. To this end, the package authorizes the County to issue \$31 million worth of bonds to finance the \$30 million contribution. Annual debt payments over 20 years are estimated at \$2.5 million. To free up funds for the first five years of debt payments (2011-2015), 13 projects are deleted from the Roads Capital Improvement Program (“CIP”).

With a total funding need of \$130 million to build a replacement Bridge and demolish the existing Bridge, the Executive regards a firm County commitment of \$30 million as an essential first step in assembling a funding package. With this commitment in place, the Executive plans to leverage other contributions to the project. A key component of the overall funding package is a grant request for up to \$40 million from the second round of the federal Transportation Investment Generating Economic Recovery ("TIGER") program. The preliminary application for the TIGER II grant is due July 16, and the final application is due August 23. The balance of funds is expected to come from partners, including the State, the Port of Seattle, the City of Seattle, other federal grants, business and others. Potential partners have advised the Executive that a firm County funding commitment is an essential precondition for their decisions to contribute to the project. The Executive's goal is to secure commitments from local partners by June 30, the closure date for the existing bridge.

This staff report discusses the ordinances and motion in sequence, addressing the broader issues that bear on this policy decision.

ROADS CIP RESTRUCTURING

Proposed Ordinance 2010-0330 would revise the 2010-2015 Roads Capital Improvement Program ("CIP") to add \$2.5 million per year for the debt payments and eliminate funding for 13 other projects. These changes are specific to implementing the South Park Bridge replacement as a critical County priority project. Attached is a list of the 13 projects with a description and the amount of County Road Fund dollars that would be eliminated.

In October, the Executive is expected to transmit a supplemental to the 2010-2011 King County Department of Transportation ("KCDOT") biennium budget. The supplemental will be linked to adoption of the Strategic Plan for Road Services ("SPRS"), also to be transmitted in October.

The SPRS process has already found that projected future year funding is far short of the amount needed to maintain existing Road Services Division roads, bridges, and other assets. SPRS is now identifying options for managing a long-term deterioration of assets under different revenue scenarios. When transmitted later this year, it will allow the Council to evaluate a range of Roads funding levels and the services that can be provided given these different spending levels. It is possible that many CIP projects will be deleted or scaled back. The 2012-2013 biennial Roads budget will provide another opportunity to revisit the CIP. This budget should more fully reflect and incorporate policy guidance from the SPRS. It will also provide the most up-to-date assessment of critical project needs, including bridges, hazardous road locations, and maintenance needs.

Proposed Ordinance 2010-0330 is designed to restructure the current adopted CIP to leverage contributions from other agencies, spread out County costs over a 20-year period, and allow for completion of this priority project even in this difficult funding environment.

800201 CIP Bond Debt Payment (Countywide)

	2010	2011	2012	2013	2014	2015	Total
Adopted	\$3,700,000	\$7,163,000	\$7,163,000	\$7,163,000	\$7,163,000	\$7,163,000	\$39,515,000
Proposed	0	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$12,500,000
New Total	\$3,700,000	\$9,663,000	\$9,663,000	\$9,663,000	\$9,663,000	\$9,663,000	\$52,015,000

The CIP Bond Debt Payment project houses the annual debt service on bonds issued for Roads CIP projects. The 2010 payment of \$3,700,000 is for the first Roads CIP bonding of about \$40 million, with the final annual payment due in 2016. The current budget includes a \$3,463,000 increase in debt payments in 2011, which is related to bonds for the Novelty Hill Road, Phase I project (CIP #100992). With the South Park Bridge bonding added in, the annual increase is \$5,963,000. Debt payments will remain in the range of \$10 million annually for six years. Beginning in 2017, the annual debt payments would return to approximately \$6 million per year, as the first Roads CIP bonding would be retired.

The annual debt payments from the Novelty Hill Road and South Park Bridge bonds could be lower. These annual payments assume a 4.5 percent interest rate on 20-year bonds. If the actual interest rate is lower, or if some of the bonds qualify for federal debt payment subsidies, the County's annual debt payment would be lower. In the current economic climate, many transportation projects have had lower than expected bids. Nonetheless, it is also possible that either project might cost more than expected, potentially affecting the amount of bond funding needed and resulting in different debt payment costs.

Proposed Ordinance 2010-0330 does not amend the two South Park Bridge projects in the Roads CIP. The **South Park Bridge Replacement Project (CIP #300197)** has a 2010 appropriation of \$126.7 million that cannot be expended or encumbered until the Council has approved a funding plan for the project by motion. Section 1 J of Proposed Ordinance 2010-0330 states that the Executive intends to submit this motion later in the year, after the TIGER II competition results are known, if the application is successful.

The South Park Demolition Project (CIP #300610) has an appropriation of \$8,638,000 in 2010-2011 and \$17,486,000 in 2015. Some of the demolition costs are double-counted in both projects and will ultimately need to be adjusted. The County has applied to the State for a grant to cover some of the demolition project costs;

according to RSD staff, this request will only be evaluated in the context of the total funding package. Future Roads budget ordinances will provide opportunities to align the replacement and demolition appropriations and eliminate any duplication.

Amendment – a technical amendment to Proposed Ordinance 2010-0330 correcting references to the federal grant program and the \$31 million bond sale is attached to the staff report.

APPROVAL OF \$31 MILLION BOND SALE

Proposed Ordinance 2010-0331 would authorize the Executive to issue up to \$31 million in Limited Tax General Obligation (LTGO) bonds to finance a \$30 million County share of the South Park Bridge project. The property tax collections from the unincorporated area levy would be used to retire the annual debt service payments on the bonds. The current estimate is approximately \$2.5 million per year with a term of 20 years.

Section 12 of the proposed ordinance creates the “South Park Bridge Replacement Subfund” within the Road Construction Fund. The Finance Director will determine how much of the sale proceeds shall be deposited in this Subfund to provide long-term financing for the project.

Table 1. Key Dates for South Park Bridge Replacement

Date	Activity
June 30, 2010	South Park Bridge closes
July 16, 2010	Pre-application deadline for TIGER II grants
August 23, 2010	Final application deadline for TIGER II grants
October 2010	TIGER II grant awards announced
October-November 2010	Executive transmits motion to approve funding plan and release the 2010 appropriation for CIP #300197
December 16, 2010	WSDOT financial approval
January 4, 2011	Federal aid number granted
January 11, 2011	Advertise
March 8, 2011	Bid award
March 28, 2011	Notice to proceed
First Quarter 2011 - ?	Sell \$31 million in bonds to finance \$30 million County share
April 7, 2011	Start construction
November 28, 2013	End construction

The Road Services Division staff has indicated that the bond sales could take place in the First Quarter of 2011. Until the complete funding packing is approved, there will be uncertainty about the timing of each partner’s contribution and any requirements that

apply to it. Because of the unique nature of this project funding effort, the policy decision to approve the \$31 million in bonds necessarily must take place before a detailed expenditure plan can be prepared. It is thus possible that the County might be able to sell bonds later in the project construction phase, if initial cashflow requirements can be met by other contributions. Selling bonds later allows the sale amount to be aligned more closely with the actual project costs. In such cases, the amount of bonds sold can be adjusted if, for example, there is a cost overrun. The bond sale timing of this transaction, while different, does provide for regional partner certainty and as such is a beneficial component of the overall project funding.

Proposed Motion 2010-0332 is a placeholder motion that ultimately will be used to accept the purchase of the bonds on the day of the sale. This motion is currently blank in many areas, because the details of the bond sale are not yet known. The Committee may want to pass this item without recommendation, as is customary. The item can then hold its place on the Council calendar until an actual sale occurs.

REASONABLENESS

Recognizing that this legislative package offers a mechanism for the County to leverage local, regional and federal contributions to accomplish the high priority replacement of the South Park Bridge, approval of these two ordinances and one motion constitutes a reasonable business decision.

Invited:

Harold Taniguchi, Director King County Department of Transportation
Sung Yang, Director of Government Relations

Attachments:

1. Proposed Ordinance 2010-0330
2. Proposed Ordinance 2010-0331
3. Proposed Motion 2010-0332
4. Executive's Transmittal Letter for all three items
5. Fiscal Note
6. Draft amendment to Proposed Ordinance 2010-0330





KING COUNTY

Signature Report

June 7, 2010

Ordinance

Attachment 1

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Proposed No. 2010-0330.1

Sponsors Drago, Ferguson and Patterson

1 AN ORDINANCE pertaining to the Roads Capital
2 Improvement Program; and amending the 2010/2011
3 Biennium Budget Ordinance, Ordinance 16717, Section
4 137, as amended, and Attachment G, as amended.

5 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

6 **SECTION. Findings:**

7 A. The South Park Bridge, built in 1931, is at the end of its useful life. The
8 problems with the bridge structure are so extensive that there are no feasible repair
9 options, and the bridge is scheduled to close June 30, 2010.

10 B. The current cost estimate to build a new bridge and demolish the existing
11 structure is approximately \$131,000,000.

12 C. Efforts to find replacement funding for the bridge have been underway for
13 many years. With pre-2010 contributions from several sources, an additional
14 \$30,000,000 has been expended on this project thus far, including the preliminary
15 engineering, design and environmental work, as well as the acquisition of right-of-way
16 necessary for the construction of the new bridge.

17 D. Since 2009, King County applied for a \$99,000,000 grant from the United
18 States Department of Transportation, Transportation Infrastructure Generating Economic
19 Recovery (TIGER) program for the replacement of the South Park Bridge. This

20 application made the final round of projects but ultimately was not chosen to receive
21 grant funding.

22 E. In April 2010, the United States Department of Transportation announced a
23 second opportunity for transportation projects eligible under the Transportation
24 Infrastructure Generating Economic Recovery ("TIGER II") program.

25 F. King County is preparing an application for this second round of funding with
26 a request of \$40,000,000. Additional efforts are underway to engage funding partners to
27 help realize full funding of the South Park Bridge replacement.

28 G. King County must contribute more of its own funding to demonstrate
29 sufficient commitment to its share of the project and to provide a local match as a
30 requirement of the TIGER II program application, which is due August 23, 2010.

31 H. This contribution can be realized by issuing \$30,000,000 in bonds backed by
32 the King County road fund. This bond issuance will be addressed through a separate
33 ordinance.

34 I. It is estimated that the annual debt service for these bonds will amount to
35 \$2,500,000. This ordinance amends the Roads Capital Improvement Program
36 accordingly to provide the funding needed to pay the annual debt service.

37 J. Following notification of a successful grant award, legislation will be
38 transmitted to release additional construction funding currently constrained by proviso P1
39 in section 2 of this ordinance.

40 SECTION 2. Ordinance 16717, Section 137, as amended is hereby amended by
41 adding thereto and inserting therein the following:

42 ROADS CAPITAL IMPROVEMENT PROGRAM - The executive is hereby
43 authorized to execute any utility easements, bill of sale or related documents necessary
44 for the provision of utility services to the capital projects described in Attachment G to
45 this ordinance, but only if the documents are reviewed and approved by the custodial
46 agency, the real estate services division, and the prosecuting attorney's office. Consistent
47 with the requirements of the Growth Management Act, Attachment G to this ordinance
48 was reviewed and evaluated according to the King County Comprehensive Plan. Any
49 project slated for bond funding will be reimbursed by bond proceeds if the project incurs
50 expenditures before the bonds are sold.

51 The two primary prioritization processes that provided input to the 2010-2015
52 Roads Capital Improvement Program are the Bridge Priority Process published in the
53 Annual Bridge Report, and the Transportation Needs Report.

54 From the Road Services Capital Improvement Program funds there are hereby
55 appropriated and authorized to be disbursed the following amounts for the specific
56 projects identified in Attachment G to this ordinance.

57	Fund	Fund Name	2010/2015
58	3860	ROADS CONSTRUCTION	\$0

59 P1 PROVIDED THAT:

60 For CIP Project 300610, South Park Bridge Demolition, no more than \$1,800,000
61 may be expended or encumbered for right-of-way acquisition, and no more than
62 \$1,400,000 may be expended or encumbered for other project purposes until the
63 executive has transmitted a report certifying that insufficient funding is available for CIP
64 Project 300197, South Park Bridge Replacement, or providing an update on an executive

65 plan to fund CIP Project 300197. The report shall include the finalized closure plan for
66 the South Park Bridge.

67 The report required to be submitted by this proviso must be filed in the form of a
68 paper original and an electronic copy with the clerk of the council, who shall retain the
69 original and provide an electronic copy to all councilmembers and to the committee
70 coordinator for the Physical Environment Committee or its successor.

71 P2 PROVIDED FURTHER THAT:

72 For CIP Project 300197, South Park Bridge Replacement, none of the amount
73 appropriated in 2010 may be expended or encumbered until the executive has
74 transmitted, and the council has approved by motion, a funding plan for the project. Any
75 ordinance necessary for implementation of the funding plan shall be transmitted with the
76 plan.

77 Any plan or legislation required to be submitted by this proviso must be filed in
78 the form of a paper original and an electronic copy with the clerk of the council, who
79 shall retain the original and provide an electronic copy to all councilmembers and to the
80 committee coordinator for the Physical Environment Committee or its successor.

81 SECTION 3. Attachment A to this ordinance hereby amends Attachment G to

82 Ordinance 16717, as amended, by adding thereto and inserting therein the projects listed
83 in Attachment A to this ordinance.
84

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Robert W. Ferguson, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. Revised Capital Improvement Program dated June 1, 2010

Attachment A: Revised Roads Capital Improvement Program (Biennial Budget 2010/2011) dated June 1, 2010
Adopted Ordinance 16717, Section 137

Fund	Project	Description	2010	2011	2012	2013	2014	2015	2010-2015
3860		Roads Construction							
	100109	NE Woodinville-Duvall Rd @ 194th Ave NE	-	-	-	(254,000)	(198,000)	-	(452,000)
	100114	Bear Creek Bridge #333A	-	-	-	-	(498,000)	(215,000)	(713,000)
	300511	132nd Ave SE @ SE 224th St	-	-	-	(127,000)	(46,000)	-	(173,000)
	300311	SE 288th St @ 51st Ave S.	-	(196,000)	(781,000)	-	-	-	(977,000)
	300411	S. 316th St @ 51st Ave S.	-	(178,000)	(1,290,000)	-	-	-	(1,468,000)
	300508	SE 277th St Bridge #3126	-	-	(2,355,000)	-	-	-	(2,355,000)
	300611	S. 288th St @ 48th Ave S.	-	(178,000)	(737,000)	-	-	-	(915,000)
	400511	Covington Creek Bridge #3082	-	(178,000)	(636,000)	-	-	-	(814,000)
	200211	SE Newport Way	-	(268,000)	(831,000)	-	-	-	(1,099,000)
	300213	Soos Creek Bridge #3109A	-	-	-	(191,000)	(681,000)	-	(872,000)
	300313	Soos Creek Bridge #3109	-	-	-	(191,000)	(681,000)	-	(872,000)
	400109	148th Ave SE @ SE 224th St	-	(268,000)	(700,000)	-	-	-	(968,000)
	400113	Lake Youngs Way Bridge #3109B	-	-	-	(191,000)	(681,000)	-	(872,000)
	800201	Debt Service Project	-	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	12,500,000
	999386	Cost Model Contingency	-	-	50,000	-	-	-	50,000
		Total Fund 3860	0	1,234,000	-4780000	1546000	-285000	2285000	-



KING COUNTY

Signature Report

June 7, 2010

Ordinance

Attachment 2

1200 King County Courthouse

516 Third Avenue

Seattle, WA 98104

Proposed No. 2010-0331.1

Sponsors Drago, Ferguson and Patterson

1 AN ORDINANCE authorizing the issuance and public sale
2 of one or more series of limited tax general obligation
3 bonds of the county in an outstanding aggregate principal
4 amount not to exceed \$31,000,000 to provide long-term
5 financing for the South Park Bridge Replacement Project;
6 providing for the disposition of the proceeds of sale of the
7 bonds; establishing funds for the receipt and expenditure of
8 bond proceeds and for the payment of the bonds; and
9 providing for the annual levy of taxes to pay the principal
10 thereof and interest thereon.

11 **PREAMBLE:**

12 The county council has previously reviewed and approved expenditures
13 for the South Park Bridge Replacement Project.

14 It is deemed necessary and advisable that the county now authorize the
15 issuance and sale of one or more series of its limited tax general obligation
16 bonds in an outstanding aggregate principal amount not to exceed
17 \$31,000,000 to provide long-term financing for the South Park Bridge
18 Replacement Project.

19 **BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:**

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

23 "BABs" means "build America bonds" authorized under Section 54AA of the
24 Code.

25 "Bond Fund" means, with respect to each series of the Bonds, the bond
26 redemption account established therefor pursuant to Section 11 of this ordinance.

27 "Bond Sale Motion" means a motion of the council adopted at the time of sale of
28 each series of the Bonds that establishes, with respect thereto, the following, among other
29 things: the year and, if applicable, a series designation, dates, principal amounts and
30 maturity dates, the interest rates and interest payment dates, and the redemption
31 provisions therefor.

32 "Bonds" means the limited tax general obligation bonds of the county in an
33 outstanding aggregate principal amount not to exceed \$31,000,000, authorized to be
34 issued in one or more series by this ordinance to provide long-term financing for the
35 South Park Bridge Replacement Project. Each series of Bonds may be issued as Tax-
36 Exempt Obligations, BABs, RZEDBs or other Taxable Obligations, as provided in
37 Section 4.E of this ordinance.

38 "Code" means the federal Internal Revenue Code of 1986, as amended, together
39 with corresponding and applicable final, temporary or proposed regulations and revenue
40 rulings issued or amended with respect thereto by the United States Treasury Department
41 or the Internal Revenue Service.

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

43 "Federal Tax Certification" means, with respect to each series of Bonds, the
44 certificate executed by the Finance Director pertaining to the county's expectations in
45 connection with the federal tax treatment of interest on such series of Bonds.

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

49 "Government Obligations" means "government obligations," as defined in chapter
50 39.53 RCW, as now in existence or hereafter amended.

51 "Official Notice of Bond Sale" means, with respect to each series of the Bonds
52 that is sold by competitive bid, the official notice of sale therefor prepared pursuant to
53 Section 4.E of this ordinance.

54 "Rebate Amount" means the amount, if any, determined to be payable by the
55 county to the United States of America with respect to a specified series of Bonds in
56 accordance with Section 148(f) of the Code.

57 "Refundable Credits" means with respect to any series of the Bonds that are
58 issued as BABs or RZEDBs, the amounts which are payable by the federal government
59 under Section 6431 of the Code, which the county has elected to receive under Section
60 54AA(g)(1) of the Code.

61 "Register" means the registration books maintained by the Registrar for purposes
62 of identifying ownership of the Bonds.

63 "Registrar" means the fiscal agency of the State of Washington appointed from
64 time to time by the Washington State Finance Committee pursuant to chapter 43.80
65 RCW.

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

68 "RZEDBs" means "recovery zone economic development bonds" authorized
69 under Section 1400U-2 of the Code.

70 "South Park Bridge Replacement Project" means the capital costs of the project to
71 construct a moveable bridge over the Duwamish Waterway parallel and adjacent to the
72 existing South Park Bridge, as well as related intersection improvements, rain garden
73 construction, roadway and drainage construction, utilities removal and relocation,
74 riverbank mitigation and incorporation of historic/art elements.

75 "Taxable Obligations" means the Bonds of any series determined to be issued on
76 a taxable basis, but not including any BABs or RZEDBs, pursuant to Section 4.E of this
77 ordinance.

78 "Tax-Exempt Obligations" means the Bonds of any series determined to be issued
79 on a tax-exempt basis pursuant to Section 4.E of this ordinance.

80 SECTION 2. Findings. The county council hereby makes the following findings:

81 A. The South Park Bridge Replacement Project will contribute to the health,
82 safety and welfare of the citizens of the county. The South Park Bridge is a critical part
83 of our infrastructure linking industrial and manufacturing centers. The bridge carries
84 over 20,000 vehicles a day and links the residential and industrial neighborhoods of
85 Georgetown and South Park. The bridge is important to maintaining mobility in the
86 region and its closure will affect other connections across the Duwamish River including
87 the First Avenue South Bridge.

88 B. The issuance of limited tax general obligation bonds of the county to
89 provide long-term financing for the South Park Bridge Replacement Project, payable
90 from regular property taxes or other revenues, taxes and money of the county legally
91 available for such purposes, will reduce the overall costs of borrowing such funds and is
92 in the best interests of the county and its citizens.

93 SECTION 3. Authorization of South Park Bridge Replacement Project. The
94 county has previously authorized the undertaking of the South Park Bridge Replacement
95 Project. The South Park Bridge Replacement Project shall also include (a) capitalized
96 interest, interest on interim financing for such projects pending receipt of Bond proceeds,
97 and costs and expenses incurred in issuing the Bonds; (b) the capitalizable costs of sales
98 tax, acquisition and contingency allowances, financing, and any and all surveys,
99 explorations, engineering and architectural studies, drawings, designs and specifications
100 incidental, necessary or convenient to the implementation of the South Park Bridge
101 Replacement Project; and (c) the purchase of all materials, supplies, appliances,
102 equipment and facilities, and the permits, franchises, property and property rights and
103 capitalizable administrative costs, necessary, incidental or convenient to the
104 implementation of the South Park Bridge Replacement Project.

105 The South Park Bridge Replacement Project may be modified where deemed
106 advisable or necessary in the judgment of the county council, and implementation or
107 completion of any authorized component thereof shall not be required if the county
108 council determines that it has become inadvisable or impractical. If all of the South Park
109 Bridge Replacement Project has been completed, or its completion duly provided for, or
110 their completion found to be inadvisable or impractical, the county may apply any

111 remaining proceeds of the Bonds, or any portion thereof, to the acquisition or
112 improvement of other county capital projects as the county council in its discretion may
113 determine. In the event that the proceeds of the sale of the Bonds, plus any other money
114 of the county legally available therefor, are insufficient to accomplish all of the South
115 Park Bridge Replacement Project, the county shall use the available funds for paying the
116 cost of those components of the South Park Bridge Replacement Project deemed by the
117 county council most necessary and in the best interest of the county.

118 SECTION 4. Purpose, Authorization and Description of Bonds.

119 A. Purpose and Authorization of Bonds. The county authorizes the issuance
120 of the Bonds to provide long-term financing for the South Park Bridge Replacement
121 Project.

122 B. Description of Bonds. The Bonds may be issued in one or more series so
123 long as the aggregate principal amount of the Bonds to be outstanding on the date of
124 issuance of each series of the Bonds does not exceed \$31,000,000. Each series of the
125 Bonds shall be designated "King County, Washington, Limited Tax General Obligation
126 Bonds," with the year and any applicable series designation and with the additional
127 designations of "(Federally Tax-Exempt)" for any series of Bonds issued as Tax-Exempt
128 Obligations, "(Federally Taxable Build America Bonds)" for any series of Bonds issued
129 as BABs, "(Federally Taxable Recovery Zone Economic Development Bonds)" for any
130 series of Bonds issued as RZEDBs, or "(Federally Taxable)" for any series of Bonds
131 issued as any other sort of Taxable Obligations, as applicable, all as established by the
132 related Bond Sale Motion. Each series of the Bonds shall be dated as of such date, shall
133 mature on the date or dates in each of the years and in the principal amounts, shall bear

134 interest (computed on the basis of a 360-day year of twelve 30-day months) from their
135 date or the most recent interest payment date to which interest has been paid or duly
136 provided for, whichever is later, at the rates and payable on such dates, and shall be
137 subject to redemption prior to maturity in the amounts, in the manner and at the prices,
138 and shall be subject to such other terms and provisions as the county shall establish by the
139 related Bond Sale Motion. Each series of the Bonds shall be fully registered as to both
140 principal and interest, shall be in the denomination of \$5,000 each or any integral
141 multiple thereof (but no Bond shall represent more than one maturity), shall be numbered
142 separately in such manner and with any additional designation as the Registrar deems
143 necessary for purposes of identification.

144 C. Initial Immobilization of Bonds; Depository Provisions. The Bonds of
145 each series shall initially be held in fully immobilized form by DTC acting as depository
146 pursuant to the terms and conditions set forth in the Blanket Issuer Letter of
147 Representations heretofore executed on behalf of the county. Neither the county nor the
148 Registrar shall have any responsibility or obligation to DTC participants or the persons
149 for whom they act as nominees with respect to such Bonds with respect to the accuracy of
150 any records maintained by DTC or any DTC participant, the payment by DTC or any
151 DTC participant of any amount in respect of principal or redemption price or interest on
152 such Bonds, any notice that is permitted or required to be given to registered owners
153 under this ordinance (except such notice as is required to be given by the county to the
154 Registrar or to DTC), the selection by DTC or any DTC participant of any person to
155 receive payment in the event of a partial redemption of such Bonds or any consent given
156 or other action taken by DTC as owner of such Bonds.

157 The Bonds of each series shall initially be issued in denominations equal to the
158 aggregate principal amount of each maturity and initially shall be registered in the name
159 of CEDE & Co., as the nominee of DTC. Such Bonds so registered shall be held in fully
160 immobilized form by DTC as depository. For so long as any such Bonds are held in fully
161 immobilized form, DTC, its successor or any substitute depository appointed by the
162 county, as applicable, shall be deemed to be the registered owner for all purposes
163 hereunder and all references to registered owners, bondowners, bondholders, owners or
164 the like shall mean DTC or its nominees and shall not mean the owners of any beneficial
165 interests in the Bonds. Registered ownership of such Bonds, or any portions thereof, may
166 not thereafter be transferred except:

- 167 (1) To any successor of DTC or its nominee, if that successor shall be
168 qualified under any applicable laws to provide the services proposed to be provided by it;
- 169 (2) To any substitute depository appointed by the county pursuant to
170 this subsection or such substitute depository's successor; or
- 171 (3) To any person as herein provided if such Bonds are no longer held
172 in immobilized form.

173 Upon the resignation of DTC or its successor (or any substitute depository or its
174 successor) from its functions as depository, or a determination by the county that it is no
175 longer in the best interests of beneficial owners of such Bonds to continue the system of
176 book entry transfers through DTC or its successor (or any substitute depository or its
177 successor), the county may appoint a substitute depository. Any such substitute
178 depository shall be qualified under any applicable laws to provide the services proposed
179 to be provided by it.

180 In the case of any transfer pursuant to clause (1) or (2) of the second paragraph of
181 this subsection, the Registrar, upon receipt of all outstanding Bonds of such series
182 together with a written request on behalf of the county, shall issue a single new Bond
183 certificate for each maturity of Bonds of such series then outstanding, registered in the
184 name of such successor or such substitute depository, or their nominees, as the case may
185 be, all as specified in such written request of the county.

186 In the event that DTC or its successor (or substitute depository or its successor)
187 resigns from its functions as depository, and no substitute depository can be obtained; or
188 the county determines that it is in the best interests of the beneficial owners of the Bonds
189 of any series that they be able to obtain Bond certificates, the ownership of such Bonds
190 may be transferred to any person as herein provided, and such Bonds shall no longer be
191 held in fully immobilized form. The county shall deliver a written request to the
192 Registrar, together with a supply of definitive Bonds of such series, to issue Bonds of
193 such series as herein provided in any authorized denomination. Upon receipt of all then
194 outstanding Bonds of any series by the Registrar, together with a written request on
195 behalf of the county to the Registrar, new Bonds of such series shall be issued in such
196 denominations and registered in the names of such persons as are requested in such a
197 written request.

198 D. Place, Manner and Medium of Payment. Both principal of and interest on
199 the Bonds shall be payable in lawful money of the United States of America. For so long
200 as any outstanding Bonds are registered in the name of CEDE & Co., or its registered
201 assigns, as nominee of DTC, payments of principal of and interest on such Bonds shall be

202 made in next day funds on the date such payment is due and payable at the place and in
203 the manner provided in the Letter of Representations.

204 In the event that the Bonds of any series are no longer held in fully immobilized
205 form by DTC or its successor (or substitute depository or its successor), interest on such
206 Bonds shall be paid by checks or drafts mailed, or by wire transfer, to the owners of such
207 Bonds at the addresses for such owners appearing on the Register on the 15th day of the
208 calendar month preceding the interest payment date. Wire transfer will be made only if
209 so requested in writing and if the owner owns at least \$1,000,000 par value of such
210 Bonds. Principal of the Bonds shall be payable at maturity or on such dates as may be
211 fixed for prior redemption upon presentation and surrender of such Bonds by the owners
212 to the Registrar.

213 E. Sale of Bonds. The county hereby authorizes the public sale of the Bonds.
214 The Bonds shall be sold in one or more series, any of which may be sold in a combined
215 offering with other bonds and/or notes of the county, at the option of the Finance
216 Director. The Finance Director shall determine, in consultation with the county's
217 financial advisors, whether each series of the Bonds shall be sold by negotiated sale or
218 competitive bid, and whether such series of Bonds shall be issued and sold as Tax-
219 Exempt Obligations, BABs, RZEDBs or other Taxable Obligations.

220 If the Finance Director determines that any series of the Bonds shall be sold by
221 negotiated sale, the Finance Director shall, in accordance with applicable county
222 procurement procedures, solicit one or more underwriting firms with which to negotiate
223 the sale of such Bonds. The purchase contract for each series of the Bonds shall specify
224 whether the Bonds of such series are being issued and sold as Tax-Exempt Obligations,

