



Legislation Details (With Text)

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Type: Ordinance **Status:** Passed
File created: 4/16/2024 **In control:** Budget and Fiscal Management Committee
On agenda: **Final action:** 5/21/2024
Enactment date: **Enactment #:** 19764

Title: AN ORDINANCE authorizing the issuance from time to time of limited tax general obligation notes (commercial paper) of the county in an aggregate principal amount not to exceed \$150,000,000 outstanding at any time to provide funding to finance or refinance county capital projects; providing for the form, terms and covenants of such notes; providing for the sale of the notes in one or more series from time to time; delegating authority to approve the issuance and sale of such notes within specified parameters, to select one or more commercial paper dealers and to execute mode agreements, dealer agreements, credit enhancement, liquidity facility, and related documents; and pledging the annual levy of taxes to pay the principal of and interest on notes issued under this ordinance.

Sponsors: Girmay Zahilay
Indexes: capital projects, Finance, Taxes

Code sections:

Attachments: 1. Ordinance 19764, 2. A. Form of Commercial Paper Note, 3. 2024-0116 transmittal letter, 4. 2024-0116 Fiscal note, 5. 2024-0116 Legislative Review Form, 6. 2024-0116_SR Commercial Paper, 7. 2024-0116_ATT2 AMD S1 Striking Amendment, 8. 2024-0116_REVISED SR Commercial Paper

Date	Ver.	Action By	Action	Result
5/21/2024	2	Metropolitan King County Council	Passed as Amended	Pass
5/8/2024	1	Budget and Fiscal Management Committee	Recommended Do Pass Substitute	Pass
4/16/2024	1	Metropolitan King County Council	Introduced and Referred	

AN ORDINANCE authorizing the issuance from time to time of limited tax general obligation notes (commercial paper) of the county in an aggregate principal amount not to exceed \$150,000,000 outstanding at any time to provide funding to finance or refinance county capital projects; providing for the form, terms and covenants of such notes; providing for the sale of the notes in one or more series from time to time; delegating authority to approve the issuance and sale of such notes within specified parameters, to select one or more commercial paper dealers and to execute mode agreements, dealer agreements, credit enhancement, liquidity facility, and related documents; and pledging the annual

levy of taxes to pay the principal of and interest on notes issued under this ordinance.

PREAMBLE:

1. Pursuant to county authority including RCW 39.46.110, the county may issue limited tax general obligation bonds and notes that are payable from tax revenues of the county and such other moneys lawfully available and pledged or provided by the governing body of the county.
2. The county desires to establish a commercial paper program for the issuance and sale of short-term limited tax general obligation notes (commercial paper) in the aggregate principal amount of not to exceed \$150,000,000 outstanding at any time to provide funding to finance or refinance county capital projects for general government purposes, including in anticipation of the issuance of long-term obligations.
3. Because market conditions can change quickly, it is in the best interest of the county to delegate to the county's Finance Director authority to issue and sell commercial paper notes from time to time in one or more series, as provided in this ordinance.
4. In accordance with RCW 39.46.040, the Finance Director is authorized to serve as the county's designated representative to accept on behalf of the county offers to purchase the notes. This authorization includes the Finance Director's authority to sell the notes in one or more series, and to identify any obligations to be refunded (including by purchase or exchange) with the proceeds of the notes, in consultation with the county's financial advisors, and consistent with terms and parameters established by this ordinance and county debt policy.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Definitions; Interpretation.

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

"Aggregate Interest Coverage" means, with respect to any Notes payable from Drawings, as of any date, the aggregate amount of Interest Coverage determined with respect to all Notes payable from Drawings under a Credit Enhancement, including Notes then proposed to be issued as additional Notes payable from Drawings under that Credit Enhancement, including all Commercial Paper Rate Periods then in effect.

"Authorized Denomination" means, except as otherwise set forth in the Mode Agreement, \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

"Beneficial Owner" means, with respect to a Note, the owner of the beneficial interest in such Note.

"Business Day" means any day other than a Saturday or Sunday that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in Seattle, Washington, nor a day on which the New York Stock Exchange is closed or the payment system of the Federal Reserve Bank is not operational, nor any day otherwise excluded from the definition herein pursuant to the Mode Agreement.

"Certificate of Authentication" means the Certificate of Authentication set forth in Attachment A to this ordinance to be manually signed by the Registrar.

"Code" means the Internal Revenue Code of 1986, as in effect on the date of issuance of any Notes designated as Tax-Exempt Obligations or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of such obligations, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Commercial Paper Rate" means the interest rate determined with respect to a Note during each Commercial Paper Rate Period applicable to that Note in accordance with the Mode Agreement.

"Commercial Paper Rate Period" means, with respect to any Note of a series, each period, which may be from one day to 270 days as determined for such Note, beginning on the Interest Accrual Date, and ending on, and including, a day which immediately precedes the maturity date.

"Credit Enhancement" means any letter of credit, insurance policy, surety bond, line of credit or other

instrument then in effect that secures or guarantees the payment of principal of and interest on, and/or purchase price of, any series of Notes, including any interfund loan agreement or other self-liquidity instrument provided by the county to secure the payment of principal of and interest on, and/or purchase price of, any series of Notes in advance of pledged amounts becoming available for such purpose.

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

"Dealer" means any dealer for the Notes appointed by the Finance Director pursuant to this ordinance.

"Dealer Agreement" means any commercial paper dealer agreement between the county and a Dealer for the services of the Dealer with respect to Notes, approved by the Finance Director pursuant to this ordinance.

"Drawing" means a request for funds as specified in a Credit Enhancement or Liquidity Facility.

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

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

"Final Maturity Date" means the date that is 30 years after the date Notes are initially issued under this ordinance.

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

"Global Note" means a global note delivered to the Registrar evidencing the county's obligation to pay

principal of and interest on the Notes of a series, issued from time to time.

"Instruction" has the meaning given such term in section 7 of this ordinance.

"Interest Accrual Date" means the date from which a Note shall bear interest, as set forth in the Mode Agreement.

"Interest Coverage" means with respect to any Note that is payable from Drawings, a dollar amount determined in accordance with the following formula: $((R \times P) \div 365) \times (D+15)$, where R = the Commercial Paper Rate applicable to such Note, P = the principal amount of such Note bearing interest at such Commercial Paper Rate, and D = the duration (in days) of the Commercial Paper Rate Period applicable to such Note, or such other Interest Coverage set forth in the Mode Agreement.

"Interest Payment Date" means for each Note, the maturity date of such Note.

"Interest Portion" means the dollar amount available through Drawings then in effect to pay interest on the Notes.

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

"Limit" means the dollar amount available through Drawings to pay the principal of the Notes.

"Liquidity Facility" means any letter of credit, line of credit, standby purchase agreement or other instrument then in effect that provides for the payment of the purchase price of any series of Notes upon the tender thereof if remarketing or refunding proceeds are insufficient therefor, including any interfund loan agreement or other self-liquidity instrument provided by the county to pay the principal or purchase price of or interest on any series of Notes in advance of pledged amounts becoming available for such purpose.

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

"Mode Agreement" means an agreement entered into in connection with the issuance, sale or

remarketing of any series of Notes setting forth the mechanics of the commercial paper mode in which such series of Notes will be sold or remarketed.

"Note Fund" means the administrative subfund created by the Finance Director in the special fund of the county designated the "Limited general obligation bond redemption fund (.395)" for the purpose of paying principal of and interest on the Notes.

"Note Payment Account" has the meaning given such term in section 10 of this ordinance.

"Note Proceeds Account" means the county fund or funds into which Note proceeds shall be deposited, as directed by the Finance Director, for application as set forth in section 16 of this ordinance.

"Note Register" means the registration books maintained by the Registrar for purposes of identifying ownership of the Notes.

"Notes" means the Series A Notes and the Series B Notes.

"Owner" means, with respect to a Note, without distinction, the Beneficial Owner or the Registered Owner.

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

"Provider Repayment Account" means the account of that name created pursuant to section 12 of this ordinance.

"Rate Determination Date" means the date on which the Commercial Paper Rate and maturity date for a Note (other than a Reimbursement Obligation) shall be determined.

"RCW" means the Revised Code of Washington.

"Record Date" means, with respect to a Note, unless otherwise provided in the Mode Agreement, the Registrar's close of business on the 15th day of the month preceding an Interest Payment Date.

"Refunded Bonds" means any Refunding Candidate(s) selected by the Finance Director to be refunded (including by purchase or exchange) within the parameters of this ordinance.

"Refunding Candidates" means any limited tax general obligation bond or note of the county, whether currently outstanding or issued after the effective date of this ordinance, including any series of Notes issued under this ordinance.

"Refunding Trustee" means each corporate trustee, if any, chosen pursuant to the provisions of section 24 of this ordinance to serve as refunding trustee or escrow agent in connection with the refunding or purchase of Refunding Candidates with the proceeds of any Note.

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

"Registrar" means, unless otherwise designated in the Mode Agreement, the fiscal agent of the State (as the same may be designated by the State from time to time) for the purposes of registering and authenticating the Notes, maintaining the Note Register, effecting the transfer of ownership of the Notes and paying principal of and premium, if any, and interest on the Notes.

"Reimbursement Obligation" means a note delivered to a Credit Provider or Liquidity Provider pursuant to a reimbursement agreement.

"Request" has the meaning given such term in sections 7 and 8 of this ordinance.

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

"Series A Notes" means the King County, Washington, Limited Tax General Obligation Notes (Commercial Paper), Series A (Tax-Exempt).

"Series B Notes" means the King County, Washington, Limited Tax General Obligation Notes (Commercial Paper), Series B (Taxable).

"State" means the State of Washington.

"Sum" means, with respect to Notes payable from Drawings, the aggregate principal amount of those

Notes plus the balance then outstanding under the Reimbursement Obligation relating to that Credit Enhancement or Liquidity Facility.

"Tax Certificate" means the federal tax certificate regarding certain federal tax matters executed on behalf of the county upon the issuance of each series of Tax-Exempt Obligations.

"Tax-Exempt Obligations" means: (a) Notes the interest on which the county intends to be excludable from gross income for federal income tax purposes; and (b) taxable direct pay or other Notes that are subject to some or all of the requirements applicable to such Notes described in clause (a) of this paragraph.

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

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

2. Unless the context otherwise indicates, words expressed in the singular may include the plural and vice versa.

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

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

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

SECTION 2. Findings:

A. The council finds that the issuance of limited tax general obligation notes (commercial paper) by the county, payable from property taxes or other revenues and money of the county legally available for such purposes, to finance or refinance county capital projects for general government purposes will reduce the overall costs of borrowing such funds and is in the best interests of the county and its residents.

B. Accordingly, the council finds that it is in the best interests of the county that the county authorize a commercial paper program to provide funding to finance or refinance county capital projects including in anticipation of the issuance of bonds, and issue the Notes in one or more series, sell or remarket the Notes from time to time, and enter into, amend, extend or replace Mode Agreements, Dealer Agreements, Credit Enhancements, Liquidity Facilities, and/or agreement with Owners with respect to the Notes. To achieve this flexibility, the council further finds that it is in the best interests of the county that the sale of Notes in one or more series be determined by the Finance Director, in consultation with the county's financial advisors, within the parameters set forth in this ordinance, and that the Finance Director be authorized to enter into related agreements within these parameters.

C. Because conditions in the capital markets vary and provide opportunities for debt service savings from time to time, it is in the best interests of the county that the county retain the flexibility to refund (including by purchase or exchange) all or a portion of the Refunding Candidates by issuing Notes in order to effect a savings to the county or, when necessary or in the best interest of the county, to modify debt service requirements, sources of payment, covenants or other terms of the Refunded Bonds.

SECTION 3. Authorization of the Projects. The county council approves by ordinance the issuance of limited tax general obligation bonds or notes to finance county capital projects from time to time. Once approved to be financed by ordinance, a capital project also shall be eligible for financing with Note proceeds under this ordinance. Project costs eligible to be financed with Note proceeds shall also include without limitation: (a) capitalized interest, interest on interim financing pending receipt of Note proceeds, and costs and expenses incurred in issuing the Notes; (b) the capitalizable costs of sales tax, acquisition and contingency allowances, financing and any and all surveys, explorations, engineering and architectural studies, drawings, designs and specifications incidental, necessary or convenient to the implementation of the projects; and (c) the purchase of all materials, supplies, appliances, equipment and facilities, and the acquisition of permits, franchises, property and property rights and capitalizable administrative costs, incidental, necessary or

convenient to the implementation of the projects.

SECTION 4. Authorization of Notes. For the purpose of providing funds to finance or refinance county capital project costs, to pay maturing Notes, to refund or purchase Refunding Candidates, and to pay costs of issuance, the county is hereby authorized to borrow and reborrow from time to time, and to issue limited tax general obligation notes (herein collectively referred to as the "Notes") in one or more series to evidence such borrowing or reborrowing. The aggregate principal amount of Notes authorized pursuant to this ordinance shall not exceed \$150,000,000 outstanding at any time less the outstanding principal balance, if any, on any Reimbursement Obligation, outstanding at any time. The Global Note(s) shall be delivered on the date Notes are initially issued under this ordinance. Notes evidenced by the Global Note(s) may be issued, sold, remarketed, and reissued from time to time so long as all Notes mature on or prior to the Final Maturity Date. The Series A Notes will be issued as Tax-Exempt Obligations and the Series B Notes will be issued as taxable obligations.

SECTION 5. Designation; Global Notes.

A. Each Series A Note shall be designated "Series A" and shall include additional designations to note any Credit Enhancement or Liquidity Facility available to pay the Series A Note, and any additional designations as shall be approved or requested by the Registrar from time to time (e.g., numerical designations identifying Notes payable from Drawings under a particular Credit Enhancement or Liquidity Facility). Each Series B Note shall be designated "Series B (Taxable)" and shall include additional designations to note any Credit Enhancement or Liquidity Facility available to pay the Series B Note, and any additional designations as shall be approved or requested by the Registrar from time to time (e.g., numerical designations identifying Notes payable from Drawings under a particular Credit Enhancement or Liquidity Facility).

B. A Global Note shall be issued for each series of Notes and shall be registered initially in the name of "CEDE & Co.," as nominee of DTC. The Registrar shall enter into a certificate agreement with DTC, which agreement shall be amended by the Registrar to include Notes issued under this ordinance. The

certificate agreement shall supplement the provisions of this ordinance with respect to the obligations and duties of the Registrar who shall be bound thereby and shall perform its duties hereunder in accordance therewith.

SECTION 6. Commercial Paper Issuance Limitations. Notes shall comply with all of the following requirements:

- A. No Note shall be issued with a maturity date later than 270 days from its date of issuance of the Instruction by the Registrar;
- B. Each maturity date shall be a Business Day;
- C. If a Note is payable from Drawings, such Note must have a maturity date at least one Business Day prior to the stated expiration date of the applicable Credit Enhancement or Liquidity Facility then in effect; and
- D. No Note may be issued with a maturity later than the Final Maturity Date.

SECTION 7. Determination of Commercial Paper Rates and Commercial Paper Rate Periods. A Commercial Paper Rate and a maturity date for each Note shall be established in compliance with the requirements set forth in this ordinance and pursuant to the procedures set forth in the Mode Agreement or Dealer Agreement.

Interest on a Series A Note during any Commercial Paper Rate Period shall accrue on the basis of the actual number of days elapsed in a 365-day year (or a 366-day year in a leap year) and interest on a Series B Note during any Commercial Paper Rate Period shall accrue on the basis of the actual number of days in a 360-day year (comprised of 12 30-day months), in each case except as otherwise provided in the Mode Agreement. During any Commercial Paper Rate Period, interest on any Note of a series for the period commencing on the Interest Accrual Date and ending on the last day of the Commercial Paper Rate Period for such Note shall be payable on the maturity date for such Note (the "Interest Payment Date"). Any Note may accrue interest during a Commercial Paper Rate Period at a Commercial Paper Rate different from any other Note.

Not later than 3:30 p.m., New York City time (or such other time specified in a Dealer Agreement or Mode Agreement), on each Rate Determination Date, each Dealer shall provide to the Registrar the principal amount, series designation and any additional designation within a series, maturity date, and Commercial Paper Rate for each Note sold by such Dealer. The Registrar shall obtain CUSIP numbers for each Note for which a Commercial Paper Rate and Commercial Paper Rate Period have been determined on such date.

So long as the Notes are held in book-entry form by DTC or a successor Securities Depository, the Finance Director may from time to time submit or have the Dealer submit to the Registrar a request regarding the issuance of Notes (a "Request"). Such Request shall include the following information for each such Note: series designation; proposed date of issuance; principal amount; maturity date or Commercial Paper Rate Period; Commercial Paper Rate; identity and type of any Credit Enhancement or Liquidity Facility; and information regarding the purchaser(s) of interests in the Note. A copy of each Request shall be given to any Credit Provider whose Credit Facility secures the Note and any Liquidity Provider whose Liquidity Facility may be drawn upon to pay the Note.

Upon receipt of a Request, the Registrar shall:

- A. Prepare an instruction for DTC or a successor Securities Depository (an "Instruction"), which shall, for each such Note as specified in the Request, include the following information: the name, address, and identity of the Credit Provider or Liquidity Provider, if any; the taxpayer identification number of the purchaser of an interest in such Note; the date of issuance; the maturity date or Commercial Paper Rate Period; the principal amount; the Commercial Paper Rate, and a CUSIP number;
- B. Deliver such Instruction in accordance with the Letter of Representations and other applicable DTC procedures (or in accordance with the procedures of a successor Securities Depository), and receive a confirmation that such delivery was effected; and
- C. Confirm to the county and the Dealer that delivery of each Instruction has been made.

All Requests given to the Registrar shall be given by telephone (promptly confirmed in writing), email

or other written form. The Registrar shall have no duty to act in the absence of such written confirmation or instructions.

If a Registrar receives a Request by 12:00 p.m., New York City time, on any Business Day, it shall issue an Instruction by 12:30 p.m., New York City time, on such Business Day. If a Registrar receives a Request after 12:00 p.m., New York City time, it shall issue an Instruction by 12:30 p.m., New York City time, on the next succeeding Business Day. The foregoing times may be modified in accordance with the terms of an approved Dealer Agreement or Mode Agreement.

SECTION 8. Delivery of Notes; Instructions in Certificated Form. If at any time the Notes are no longer held in book-entry form by DTC or a successor Securities Depository, and the county has determined that the Notes should be issued in certificated form, the county shall provide the Registrar a supply of Note certificates in substantially the form set forth in this ordinance, with the series designation, issue date, maturity date or Commercial Paper Rate Period, principal amount, interest rate and interest amount left blank. Such Note certificates shall be executed in accordance with this ordinance and shall be held in safekeeping by the Registrar.

The Finance Director may, or may instruct the Dealer as designated agent for the county to, from time to time, submit to the Registrar a Request regarding the issuance of Notes in certificated form.

Upon receipt of such a Request, the Registrar shall:

- A. Withdraw the necessary number of Notes from safekeeping;
- B. in accordance with the Request, complete each such Note as to the series designation, the amount of principal, the Commercial Paper Rate, the issue date, the maturity date or Commercial Paper Rate Period and registered owner;
- C. Authenticate each such Note by executing by manual or facsimile signature the certificate of authentication thereon; and
- D. Deliver, as provided herein, each such Note to the Dealer for delivery to the purchaser specified

in such Request or to the consignee to or for the account of the purchaser thereof, against receipt of payment to the Note Payment Account, and confirm to the county and the Dealer delivery of such Notes.

All such Requests given to the Registrar shall be given by telephone (promptly confirmed in writing), email or other written form. The Registrar shall have no duty to act in the absence of such written confirmation or instructions.

SECTION 9. Limitation on Delivery. A Registrar shall not be instructed to deliver any certificated Note that:

- A. Is not in an Authorized Denomination;
- B. Has a maturity date that does not comply with the maturity date requirements in section 6 of this ordinance; or
- C. With respect to any Note payable from Drawings under a Credit Enhancement, would result in: the Aggregate Interest Coverage with respect to all outstanding Notes payable from a particular Credit Enhancement being greater than the Interest Portion with respect to such Credit Enhancement; or the Sum with respect to all outstanding Notes payable from a particular Credit Enhancement being greater than the Limit with respect to such Credit Enhancement.

Prior to each issuance of any Note payable from Drawings under a Credit Enhancement, the county shall confirm, taking into account such issuance and the refunding of maturing Notes: that the Aggregate Interest Coverage with respect to all outstanding Notes payable from a particular Credit Enhancement will be less than or equal to the Interest Portion with respect to such Credit Enhancement; and that the Sum with respect to all outstanding Notes payable from a particular Credit Enhancement will not exceed the Limit with respect to such Credit Enhancement.

SECTION 10. Note Payment Account. The Registrar shall establish a special account to be used by the Registrar for payment of Notes (the "Note Payment Account"). The Note Payment Account shall be held by the Registrar in trust for the Registered Owners and Beneficial Owners of the Notes and, to the extent described

herein, for the Credit Provider or Liquidity Provider, if any; provided, however, that all money drawn under a Credit Enhancement or Liquidity Facility shall be held under the exclusive control of the Registrar. The Registrar shall not have a lien on the Note Payment Account for the payment of any fees or expenses or other obligations owing to the Registrar.

For each Note payable from Drawings, the Registrar shall submit to the applicable Credit Provider or Liquidity Provider a Drawing in accordance with the terms of the Credit Enhancement or Liquidity Facility, in such form as is set forth therein, no later than the time specified in the Credit Enhancement or Liquidity Facility, as applicable, in order to draw thereunder an amount that will be sufficient to pay the Notes maturing on such date (including principal and interest) that are payable from Drawings. The Registrar shall deposit the amount of any such Drawing in the Note Payment Account and apply the amount thereof in accordance with section 11 of this ordinance.

For each Note that is not payable from Drawings, the Registrar shall submit to the county, no later than 12:30 p.m., New York City time (or such other time specified in the Dealer Agreement or Mode Agreement), a request for an amount that will be sufficient to pay the Notes (including principal and interest) maturing on such date. The Registrar shall deposit such amount in the Note Payment Account and apply the amount thereof in accordance with section 11 of this ordinance.

On any day that Notes payable from Drawings under a Credit Enhancement that is an irrevocable direct-pay letter of credit mature, if the amount of any Drawing received by the Registrar, together with any Note proceeds actually received from the Dealer on such day pursuant to section 11 of this ordinance, exceeds the amount of principal and interest paid with respect to the Notes maturing on such day, the Registrar shall promptly distribute the excess to the county, unless the Credit Provider is then owed financial obligations under a Reimbursement Obligation.

On any day that other Notes (i.e., that are not payable from Drawings under a Credit Enhancement that is an irrevocable direct-pay letter of credit) mature, if the amount of any Drawing received by the Registrar,

together with any Note proceeds actually received from the Dealer on such day pursuant to section 11 of this ordinance, exceeds the amount of principal and interest paid with respect to the Notes maturing on such day, the Registrar shall promptly distribute the excess to the county.

If the Registrar fails to receive a payment drawn under a Credit Enhancement or Liquidity Facility, the Registrar will notify the county of the amount of the deficiency, and the county will remit an amount sufficient to remedy the deficiency from the Note Fund. There is no expectation that county money and proceeds of a Drawing will ever be on deposit at the same time in the Note Payment Account. If, for any reason, money is received from a Credit Provider or Liquidity Provider and the county, the Registrar is hereby directed to segregate and not commingle the moneys.

If Notes are payable from Drawings under a Credit Enhancement or Liquidity Facility, then such Credit Enhancement or Liquidity Facility may not be replaced except upon a date on which all outstanding Notes then payable from such Drawings are scheduled to mature. All Notes payable from Drawings under a Credit Enhancement or Liquidity Facility will be paid from Drawings upon the applicable Credit Enhancement or Liquidity Facility currently in effect and such Credit Facility or Liquidity Facility, as applicable, will not be released until such draws are honored.

SECTION 11. Mechanics for Payment of Matured Notes. So long as the Notes are held in book-entry form, the Registrar will pay the principal of and interest on matured Notes to DTC in accordance with the Letter of Representations and other applicable DTC or successor Securities Depository procedures. Such payments shall be made from and to the extent that sufficient funds are available in the Note Payment Account for a given series from the following sources in the following order of priority:

- A. Amounts received from a Drawing on a direct-pay letter of credit;
- B. Proceeds of the sale of Notes;
- C. Amounts from a Drawing not on a direct-pay letter of credit; and
- D. Amounts received from the county.

The Registrar shall have no obligation to pay, at maturity, the amounts referred to in this section unless sufficient funds have been received by the Registrar.

The Registrar shall confirm in writing to the county and to the Dealer by 3:00 p.m., New York City time (unless otherwise specified in the Dealer Agreement or Mode Agreement), on each Business Day prior to a day on which Notes marketed by that Dealer mature: (a) the aggregate principal amount of Notes marketed by that Dealer maturing on such day and the interest due thereon; and (b) the aggregate principal of and the interest to accrue to maturity on all outstanding Notes marketed by that Dealer that mature after such day.

Unless otherwise specified in the Dealer Agreement or Mode Agreement, the county shall give the Dealer, Credit Provider, Liquidity Provider, and Registrar notice at least three Business Days prior to any date on which it wishes to increase or decrease the aggregate principal amount of Notes outstanding.

SECTION 12. Provider Repayment Account. The Registrar shall establish a special account to be used by the Registrar for payments to the Credit Provider or Liquidity Provider with respect to Drawings under a Credit Enhancement or Liquidity Facility ("Provider Repayment Account"). The Provider Repayment Account shall be held by the Registrar in trust for the benefit of the Credit Provider or Liquidity Provider, as applicable, unless that Credit Provider or Liquidity Provider fails to honor a Drawing, in which case this account shall be held in trust for the benefit of the holders of the Notes to be paid from such Credit Enhancement or Liquidity Facility. The Registrar shall give notice to the county of any Note proceeds credited to a Provider Repayment Account pursuant to section 13 of this ordinance and shall promptly pay such amounts to the Credit Provider or Liquidity Provider, provided that such Credit Provider or Liquidity Provider, as applicable, has not refused to honor a properly presented Drawing. The county shall have no right to receive money held in the Provider Repayment Account.

SECTION 13. Delivery and Application of Note Proceeds. No later than 2:30 p.m., New York City time (or such other time as specified in the Dealer Agreement or Mode Agreement), on the day that any Notes are issued hereunder and upon receipt of Notes from DTC or a successor Securities Depository, the Dealer

shall deliver to the Registrar the proceeds of the sale of such Notes in immediately available funds. The Registrar shall apply proceeds from the sale of each series of Notes in the following order of priority:

- A. First credited to the Note Payment Account for the payment of Notes of the same series maturing on such date not paid from a Drawing;
- B. Second, credited to the Provider Repayment Account for the reimbursement of the Credit Provider or Liquidity Provider, as applicable, and satisfaction of the county's obligations under any Reimbursement Obligation; and
- C. Third, paid to the county for deposit to the Note Proceeds Subaccount.

SECTION 14. Use of Moneys in the Note Fund and Moneys Drawn Under a Credit Enhancement or Liquidity Facility. The county is obligated to pay the principal of and interest on the Notes when due. Money in the Note Fund shall be used solely for the payment of the principal of and interest on the Notes and the Reimbursement Obligations as the same shall become due and payable as provided in this ordinance. Funds for the payment of the principal of and interest on the Notes shall be derived by the county from the following sources in the order of priority indicated:

- A. Drawings on an irrevocable direct-pay letter of credit, for the payment of the principal of or interest on the Notes secured by a Credit Enhancement;
- B. Proceeds from the sale of other Notes of the same series;
- C. Drawings that are not on an irrevocable direct-pay letter of credit, for the payment of the principal of or interest on the Notes; and
- D. Payments made by the county pursuant to this ordinance.

Each direct-pay Credit Enhancement or Liquidity Facility shall be the obligation of the Credit Provider or Liquidity Provider, as applicable, to pay to the Registrar, in accordance with the terms thereof, such amounts as shall be specified therein and available to be drawn thereunder for the timely payment of the principal of and interest on all or any portion of the Notes. Money drawn under each Credit Enhancement or Liquidity Facility

by the Registrar shall be held by the Registrar separate and apart and shall not be commingled with any county funds. Such money shall not be invested. Each Credit Enhancement or Liquidity Facility shall be reduced to the extent of any Drawings thereunder and reinstated in accordance with the terms thereof.

SECTION 15. Enforcement of Rights. The Registered Owner of each of the Notes, any Credit Provider or Liquidity Provider, or a trustee for the Registered Owners of any of the Notes may by mandamus or other appropriate proceeding require the transfer and payment of money as directed in this ordinance.

SECTION 16. Application of Commercial Paper Proceeds. The Finance Director shall identify the applicable Note Proceeds Account and one or more special subaccounts within the Note Proceeds Account (each a "Note Proceeds Subaccount"). Money in a Note Proceeds Subaccount will be held and applied to pay project costs and all costs incidental thereto, and to repay any advances heretofore or hereafter made on account of such costs, provided that if deficiencies exist in the Note Fund, money in the Note Proceeds Subaccounts may be transferred to such fund in any amounts necessary to pay principal of and interest on the Notes.

The amount allocated by the Finance Director to pay the costs of issuing the Notes will be deposited in the appropriate fund or account of the county (as determined by the Finance Director) and used for such purpose. The balance of the proceeds of the Notes will be deposited in one or more Note Proceeds Subaccounts as provided in this section and applied as provided in this section.

SECTION 17. Registration, Exchange and Payments.

A. **Registrar/Note Register.** In accordance with KCC 4.84 and except as otherwise set forth in the Mode Agreement, the county adopts for the Notes the system of registration specified and approved by the Washington State Finance Committee, which utilizes the fiscal agent of the State as registrar, authenticating agent, paying agent and transfer agent. The Registrar shall keep, or cause to be kept, at its designated corporate trust office, sufficient books for the registration and transfer of the Notes (the "Note Register"), which shall be open to inspection by the county at all times. The Note Register shall contain the name and mailing address of the Registered Owner of each Note and the principal amount and number of each of the Notes held by each

Registered Owner. The Registrar is authorized, on behalf of the county, to authenticate and deliver Notes transferred or exchanged in accordance with the provisions of the Notes and this ordinance, to serve as the county's paying agent for the Notes and to carry out all of the Registrar's powers and duties under this ordinance.

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

B. Registered Ownership. The Notes shall be issued only in registered form as to both principal and interest and shall be recorded on the Note Register. The county and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Note as the absolute owner thereof for all purposes, and neither the county nor the Registrar shall be affected by any notice to the contrary. Payment of each Note shall be made as described in section 17.D. of this ordinance, but registration of ownership of each Note may be transferred as provided herein. All payments made as described in section 17.D. of this ordinance shall be valid and shall satisfy and discharge the liability of the county upon such Note to the extent of the amount or amounts so paid.

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

Registrar to the Securities Depository.

So long as the Notes are registered in the name of the Securities Depository, the Securities Depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references to Registered Owners shall mean the Securities Depository and shall not mean the Beneficial Owners. Registered ownership of any Note registered in the name of the Securities Depository may not be transferred except: to any successor Securities Depository; to any substitute Securities Depository appointed by the county; or to any person if the Note is no longer to be held by a Securities Depository.

Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the county, the county may appoint a substitute Securities Depository. If: the Securities Depository resigns and the county does not appoint a substitute Securities Depository, or the county terminates the services of the Securities Depository, the Notes no longer shall be held in book-entry only form and the registered ownership of each Note may be transferred to any person as provided in this ordinance or as set forth in the Mode Agreement.

D. Place and Medium of Payment. Principal of and premium, if any, and interest on the Notes are payable in lawful money of the United States of America. Principal of and premium, if any, and interest on each Note registered in the name of the Securities Depository are payable in the manner set forth in the Letter of Representations. Unless otherwise specified in the Mode Agreement, interest on each Note not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Note Register on the Record Date. The county is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Unless otherwise specified in the Mode Agreement, the principal of and premium, if any, on each Note not registered in the name of the Securities Depository are payable upon presentation and surrender of the Note by the Registered Owner to the Registrar at maturity.

E. **Transfer or Exchange of Registered Ownership; Change in Denominations.** The registered ownership of any Note may be transferred or exchanged, but no transfer or exchange of any Note shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such Note duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Note and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Note (or Notes, at the option of the new Registered Owner) of the same series, date, maturity and interest rate and for the same aggregate principal amount in any Authorized Denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Note, in exchange for such surrendered and cancelled Note. Any Note may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Note of the same series, date, maturity and interest rate, in any Authorized Denomination. The Registrar shall not be obligated to exchange or transfer any Note during the period between the Record Date and any principal payment.

SECTION 18. Redemption Provisions; Purchase of Notes.

A. **Optional Redemption.** The Notes are not subject to redemption prior to maturity; provided that Notes purchased by any Credit Provider or Liquidity Provider may be subject to redemption or prepayment as set forth in the Note Agreement.

B. **Purchase.** The county reserves the right and option to purchase (for cash or exchange consideration) any or all of the Notes offered to the county at any time at any price acceptable to the county plus accrued interest to the date of purchase, and may issue offers for such purchase from time to time.

SECTION 19. Form and Execution of Notes. The Global Notes shall be in substantially the form set forth in Attachment A to this ordinance. The Global Notes shall be signed by the county executive and the clerk of the council, either or both of whose signatures may be manual or in facsimile, and the seal of the county or a facsimile reproduction thereof shall be impressed or printed thereon.

Only a Global Note bearing a Certificate of Authentication, set forth in Attachment A to this ordinance, manually signed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Global Note, and any Note evidenced by the Global Note, so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

If any officer whose manual or facsimile signature appears on a Note ceases to be an officer of the county authorized to sign notes before the Note bearing that officer's manual or facsimile signature is authenticated by the Registrar or issued or delivered by the county, that Note nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the county as though that person had continued to be an officer of the county authorized to sign notes. Any Note also may be signed on behalf of the county by any person who, on the actual date of signing of the Note, is an officer of the county authorized to sign notes, although they did not hold the required office on the dated date of the Note.

SECTION 20. Mutilated, Lost, Stolen or Destroyed Note. If any Global Note, or any Note evidenced by the Global Note, becomes mutilated, the Registrar may authenticate and deliver a new Global Note, Note or Notes of like amount, date, series, interest rate and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the county and the Registrar in connection therewith and upon surrender to the Registrar of the Global Note or Note so mutilated. Every mutilated Global Note or Note so surrendered shall be canceled and destroyed by the Registrar.

If any Global Note or Note is lost, stolen or destroyed, the Registrar may authenticate and deliver a new Global Note, Note or Notes of like amount, date, series, interest rate and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the county and the Registrar in connection therewith and upon filing with the Registrar evidence satisfactory to the Registrar that such Global Note or Note was actually lost, stolen or destroyed and of registered ownership thereof, and upon furnishing the county

and the Registrar with indemnity satisfactory to the Finance Director and the Registrar.

SECTION 21. Note Fund. An administrative subfund shall be created by the Finance Director in the special fund of the county designated the "Limited general obligation bond redemption fund" (the "Note Fund") for the purpose of paying principal of and interest on the Notes. The Note Fund shall be held separate and apart from all other funds and accounts of the county and shall be a trust fund for the owners of Notes.

The county hereby irrevocably obligates and binds itself to set aside and pay into the Note Fund, on or prior to the respective dates that principal of and interest on any Note becomes due (and if such payment is made on the due date, such payment must be made in immediately available funds): such amounts as are required to pay the interest scheduled to become due on the Notes; and such amounts as are required to pay maturing principal scheduled to become due on the Notes, and the county hereby covenants to budget for each such payment of principal and interest when due.

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

SECTION 22. Pledge of Taxation and Credit to Notes. The county hereby irrevocably covenants and agrees for as long as any Notes are outstanding and unpaid, that each year it will include in its budget and levy an *ad valorem* tax upon all the property within the county subject to taxation in an amount that will be sufficient, together with all other revenues and money of the county legally available for such purposes, to make the payments into the Note Fund required by section 21 of this ordinance as the same become due. All of the taxes so collected will be paid into the Note Fund no later than the date those funds are required for the payments required by section 21 of this ordinance.

The county hereby irrevocably pledges that the annual tax herein authorized to be levied for the

payment of such amounts shall be within and a part of the tax levy permitted to counties without a vote of the people, and that a sufficient portion of the taxes to be levied and collected annually by the county prior to the full payment of the amounts required by section 21 of this ordinance will be and is hereby irrevocably set aside and pledged for the payment of the amounts required by section 21 of this ordinance.

The full faith, credit and resources of the county are hereby irrevocably pledged for the annual levy and collection of those taxes and for the prompt payment of the amounts required by section 21 of this ordinance as the same become due.

SECTION 23. Tax Covenants. The county will take all actions necessary to assure the exclusion of interest on any Tax-Exempt Obligations from the gross income of the Owners of such Tax-Exempt Obligations to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of such Tax-Exempt Obligations, including but not limited to the following:

A. **Private Activity Bond Limitation.** The county will assure that the proceeds of the Tax-Exempt Obligations are not so used as to cause the Tax-Exempt Obligations to satisfy applicable private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code, as applicable and as set forth in the Tax Certificate.

B. **Limitations on Disposition of Project.** The county will not sell or otherwise transfer or dispose of (a) any personal property components of the project financed or refinanced with Tax-Exempt Obligations other than in the ordinary course of an established government program under Treasury Regulation § 1.141-2(d) (4) or (b) any real property components of the project financed or refinanced with Tax-Exempt Obligations, unless it has received an opinion of nationally recognized bond counsel to the effect that such disposition will not adversely affect the treatment of interest on the Tax-Exempt Obligations as excludable from gross income for federal income tax purposes, as applicable and as set forth in the Tax Certificate.

C. **Federal Guarantee Prohibition.** The county will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Tax-Exempt Obligations to be

"federally guaranteed" within the meaning of Section 149(b) of the Code as set forth in the Tax Certificate.

D. **Rebate Requirement.** The county will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Tax-Exempt Obligations as set forth in the Tax Certificate.

E. **No Arbitrage.** The county will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Tax-Exempt Obligations which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Obligations would have caused the Tax-Exempt Obligations to be "arbitrage bonds" within the meaning of Section 148 of the Code, as applicable and as set forth in the Tax Certificate.

F. **Registration Covenant.** The county will maintain a system for recording the ownership of each Note that complies with the provisions of Section 149 of the Code until all Tax-Exempt Obligations have been surrendered and canceled.

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

H. **Compliance with Tax Certificate.** The county will comply with the provisions of the Tax Certificate with respect to the Tax-Exempt Obligations, which are incorporated herein as if fully set forth herein. In the event of any conflict between this section and the Tax Certificate, the provisions of the Tax Certificate will prevail. Additional tax covenants as necessary or desirable for any series of Notes may be set forth in the Tax Certificate for that series of Notes. In the event the county issues one or more series of Notes eligible for federal tax credits, a federal interest subsidy, or other subsidy, the county will comply with the

provisions of the Tax Certificate setting forth or incorporating applicable requirements.

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

SECTION 24. Refunding Account; Plan of Refunding.

A. **Refunding Account; Refunding Authorization.** The Finance Director is hereby authorized to determine whether to: (a) transfer the proceeds of the sale of Notes to the Registrar on or prior to the redemption or purchase date for payment of the principal of and interest coming due on and purchase price of the Refunding Candidates selected for redemption (including by purchase or exchange); or (b) establish one or more special accounts of the county to be maintained with the Refunding Trustee, each to be known as a "King County [year and series designation] Limited Tax General Obligation Bonds Refunding Account." Each Refunding Account will be drawn upon for the sole purpose of paying the principal of and premium, if any, and interest on and purchase price of the applicable Refunded Bonds and of paying costs of issuing that series of Refunding Bonds and refunding the applicable Refunded Bonds. Proceeds of the sale of any Notes, together with other county funds that may be designated for that purpose, will be transferred to the Registrar or deposited into the applicable Refunding Account to provide for refunding (including by purchase or exchange) the applicable Refunded Bonds in accordance with the ordinances authorizing the Refunded Bonds and to pay the costs of issuing the Notes.

The Finance Director is authorized to determine, in consultation with the county's financial advisors, which of the Refunding Candidates, if any, are to be refunded or purchased (for cash or exchange consideration) and whether such refunding shall be a current refunding (i.e., the redemption, purchase or exchange of Refunded Bonds paid for with proceeds of a series of Notes issued 90 days or fewer prior to the redemption date of the Refunded Bonds) or an advance refunding (i.e., the redemption, purchase or exchange of Refunded Bonds paid for with proceeds of a series of Notes issued more than 90 days prior to the redemption, purchase or exchange date of the Refunded Bonds). In determining which of the Refunding Candidates, if any, should be refunded (including by purchase or exchange) under this ordinance in order to effect a savings to the

county, the council intends that the Finance Director adhere to the applicable present value savings targets identified in the adopted debt management policy of the county in effect at the time of sale. These requirements do not apply to the refunding (including by purchase or exchange) of any Refunded Bonds when necessary or in the best interest of the county to modify debt service or reserve requirements, sources of payment, covenants or other terms of the Refunded Bonds.

B. **Plan of Refunding.** Each plan of refunding and call for redemption, purchase or exchange of Refunded Bonds shall be set forth in the Refunding Agreement or set forth in a closing certificate. Note proceeds held by the county may be invested for a period not to exceed 30 days prior to the transfer of such funds to the Registrar to accomplish the redemption or purchase, and shall be invested by the county pending such transfer in any investments permitted for funds of the county consistent with the Tax Certificate or otherwise as approved by the county's bond counsel. Money in each Refunding Account shall be used immediately upon receipt thereof to defease the applicable Refunded Bonds and discharge the other obligations of the county relating thereto under the ordinances that authorized the Refunded Bonds, by providing for the payment of the principal of and premium, if any, and interest on or purchase price of the Refunded Bonds as set forth in such agreement. The county will defease and discharge such obligations by the use of the money in each Refunding Account to purchase Government Obligations (should the purchase of such obligations be deemed by the Finance Director as being in the best interest of the County, and if so purchased, "Acquired Obligations") bearing interest and maturing as to principal in such amounts and at such times that, together with any necessary beginning cash balance, will provide for the payment of such Refunded Bonds, as set forth in the Refunding Agreement. Such Acquired Obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to the obligations acquired in connection with refunding bond issues.

In connection with any issuance of each series of Refunding Bonds, to carry out the refunding and defeasance of Refunded Bonds, the Finance Director is hereby authorized to appoint a Refunding Trustee

qualified by law to perform the duties described herein. Any beginning cash balance and the Acquired Obligations may be irrevocably deposited with the Refunding Trustee in an amount sufficient to defease the Refunding Bonds in accordance with this section and the applicable Refunding Agreement.

The county will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Refunding Trustee are paid when due. The proper officers and agents of the county are directed to negotiate an agreement with each Refunding Trustee setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the redemption, purchase and retirement of the Refunded Bonds as provided herein and setting forth provisions for the payment of the fees, compensation and expenses of the Refunding Trustee as are satisfactory to it. To carry out the Refunding Account purposes of this section, the Finance Director is authorized and directed to execute and deliver to each Refunding Trustee a Refunding Agreement and, if requested, a costs of issuance agreement, in forms approved by the county's bond counsel.

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

1. savings and defeasance with regards to the Refunded Bonds authorized to be refunded (including by purchase or exchange) from the proceeds of each series of Refunding Bonds; or
2. the best interest of the county from modifying debt service or reserve requirements, sources of payment, covenants or other terms of the Refunded Bonds authorized to be refunded or purchased from the proceeds of each series of Refunding Bonds.

SECTION 25. Sale and Remarketing of Notes.

A. **Determination by Finance Director.** The Finance Director shall determine, in consultation with the county's financial advisors, whether each series of Notes will be issued as Series A Notes or Series B Notes, the principal amount of each series of Notes, whether each series of Notes will be structured as Tax-Exempt Obligations or otherwise, whether any Notes or portions of Notes are to be designated as qualified 501

(c)(3) obligations, and whether a series of Notes will be sold separately or combined with one or more other series of Notes.

B. **Procedure for Sale.** The Finance Director shall, in accordance with applicable county procurement procedures, solicit one or more underwriting firms or other financial institutions from time to time to serve as Dealer for one or more series of the Notes. In connection with the sale, remarketing of or reissuance of any series of the Notes, the Finance Director is authorized, in the Finance Director's discretion, without further action by the council, as necessary and desirable to effect such sale, remarketing or reissuance: (a) to issue requests for proposals for purchasers, paying agents, Credit Providers, or Liquidity Providers, and to execute and deliver agreements based on responses received to such requests, including the Mode Agreement, any amendments to or extensions or replacements of the Mode Agreement, paying agent agreements, Credit Enhancement and amendments to, extensions, replacements and terminations thereof, Liquidity Facilities and amendments to, extensions, replacements and terminations thereof, reimbursement agreements and other agreements evidencing the county's obligations under any such agreements and any certifications or documentation in connection therewith; (b) to appoint or replace the Registrar or Securities Depository; (c) negotiate and approve terms for the purchase and/or exchange of Refunding Candidates tendered pursuant to any offer and enter into dealer manager agreements and other related agreements; (d) to cause the interest rate of any Note to be established in accordance with the Mode Agreement; and (e) to establish such funds and accounts as are necessary and desirable in connection with such sale or remarketing in or reissuance.

C. **Sale Parameters.** Subject to the terms and conditions set forth in this subsection, the Finance Director is hereby authorized to approve the issuance and sale of any series of the Notes in accordance with the authority granted by this section so long as:

1. The aggregate principal amount of Notes outstanding at any time does exceed \$150,000,000;
2. The maturity date for any Note is not later than the Final Maturity Date;

3. The Notes are issued at a price of par (100% of the principal amount of the Notes);
4. The true interest cost of any Note does not exceed 12%, as to be determined on the first date on which such Note is issued and disregarding any Notes issued to refund such Note;
5. The Note is sold at any time during the period for the commercial paper program established under this ordinance, which ends on the Final Maturity Date; and
6. The series of Notes conforms to all other terms of this ordinance.

Subject to the terms and conditions set forth in this section, the Finance Director is hereby authorized to approve the sale and remarketing of Notes hereunder. The signature of the Finance Director shall be sufficient to bind the county.

SECTION 26. Delivery of Global Notes. The county will cause definitive Global Notes to be prepared, executed and delivered in accordance with the provisions of this ordinance and in a form acceptable to DTC as initial depository for the Notes, as applicable, with the approving legal opinion of municipal bond counsel regarding the Notes.

SECTION 27. Offering Memorandum. The county authorizes and directs the Finance Director: (a) to review, approve and distribute any offer to purchase or exchange Refunding Candidates and to review and approve the information contained in one or more preliminary or final official statements or offering memoranda (each, an "Offering Statement") prepared in connection with any sale or remarketing of any series of the Notes; (b) if applicable, for the sole purpose of the Note purchasers' compliance with paragraph (b)(1) of Rule 15c2-12 of the U.S. Securities and Exchange Commission, to deem final any preliminary Offering Statement as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. After each Offering Statement has been reviewed and approved in accordance with the provisions of this section, the county hereby authorizes distribution of such Offering Statement to prospective purchasers of such series of Notes; (c) review and approve on behalf of the county each final Offering Statement with respect to the Notes, and amendments thereto; and (d) review and approve on behalf of the county any undertaking to provide

continuing disclosure to the Owners of the Notes.

SECTION 28. General Authorization. The appropriate county officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt sale, issuance, execution and delivery, and remarketing of the Notes, and for the proper use and application of the proceeds of the sale and remarketing thereof. The Finance Director is further authorized to execute closing certificates, agreements and other documents necessary to effectuate the issuance and sale of the Notes.

SECTION 29. Investment of Funds and Accounts. Money in the Note Fund and the Note Proceeds Subaccount may be invested in any Permitted Investments. Obligations purchased as an investment of money in the Note Fund and the Note Proceeds Subaccount and accounts therein will be deemed at all times to be a part of such respective fund or account, and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof will be retained in, credited or charged, as the case may be, to such fund or account.

SECTION 30. Defeasance of Notes. The Notes may be subject to defeasance if so provided in the Mode Agreement. The county may issue refunding obligations pursuant to State law or use money available from any other lawful source to carry out a defeasance plan, which may include paying when due the principal of and interest on any or all of the Notes (the "Defeased Notes") and paying the costs of the defeasance. If the county sets aside in a special trust fund or escrow account irrevocably pledged to that defeasance (the "trust account") money and/or government obligations under RCW 39.53.010 maturing at a time or times and bearing interest in amounts sufficient to defease the Defeased Notes in accordance with their terms, then all right and interest of the Owners of the Defeased Notes in the covenants of this ordinance and in the funds and accounts obligated to the payment of the Defeased Notes shall cease and become void. Thereafter, the Registered Owners of Defeased Notes shall have the right to receive payment of the principal of and premium, if any, and interest on the Defeased Notes solely from the trust account and the Defeased Notes shall be deemed no longer outstanding. In that event, the county may apply money remaining in any fund or account (other than the trust

account) established for the payment of the Defeased Notes to any lawful purpose.

SECTION 31. Ordinance a Contract; Severability. The covenants contained in this ordinance constitute a contract between the county and the Registered Owner of each Note and any Credit Provider or Liquidity Provider with respect to any Note. If any court of competent jurisdiction determines that any covenant or agreement provided in this ordinance to be performed on the part of the county is contrary to law, then such covenant or agreement shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Notes.

SECTION 32. The Finance Director shall transmit an annual report to the council describing the Notes approved pursuant to the authority delegated in this ordinance. The report must be transmitted by March 31 of each year. The annual report shall be electronically filed with the clerk of the county council, who shall retain an electronic copy and provide an electronic copy to all councilmembers and to the members of the executive finance committee. The requirement for an annual report provided by this subsection expires three years after the effective date of this ordinance, unless extended by ordinance.

The report shall include the principal amount of each initial Note issuance, the associated capital project (or other purpose), the interest rate and term of the initial Note, and the average rate and total interest accrued and paid over the prior year for the initial term plus subsequent rolls, the expected source of final repayment for the Note, and any related costs.