

WHEREAS, pursuant to Ordinance 17564 (the "Ordinance"), the county council authorized, among other things, the issuance of one or more series of its unlimited tax general obligation bonds to refund certain outstanding unlimited tax general obligation bonds of the county, including the 2003 Bonds, in an aggregate principal amount that does not to exceed the county's debt capacity at the time of issuance of those bonds, so long as the annual principal and interest payments on those bonds is consistent with RCW 39.53.090, and

WHEREAS, there are presently outstanding \$9,325,000 par value of 2003 Bonds maturing on June 1 of each of the years 2014 through 2019, inclusive, and all bearing interest at the rate of 5.25%; and

WHEREAS, the county has determined that a debt service savings will be realized by the refunding of the 2003 Bonds; and

WHEREAS, the Ordinance provided that such bonds may be publicly sold in one or more series, either by negotiated sale or by competitive bid, as determined by the Finance Director in consultation with the county's financial advisor, and

WHEREAS, the Finance Director has determined that a series of such bonds authorized pursuant to the Ordinance, designated as the county's Unlimited Tax General Obligation Refunding Bonds, 2013, in the aggregate principal amount of \$8,660,000 (the "Bonds"), be sold as provided herein, and

WHEREAS, to effect that refunding in the manner that will be most advantageous to the county, it is found necessary and advisable that a portion of the proceeds of the Bonds be deposited with the Escrow Agent and held in an irrevocable trust account for the benefit of the holders of the Bonds; and

WHEREAS, a preliminary official statement dated June 17, 2013, has been prepared for the public sale of the Bonds, the official notice of such sale dated June 17, 2013 and attached as Attachment A (the "Notice"), has been duly published, and bids have been received in accordance with the Notice, and

WHEREAS, the bid of J.P. Morgan Securities LLC to purchase the Bonds (attached as Attachment B) is the best bid received for the Bonds, and it is in the best interest of the county that such Bonds be sold to J.P. Morgan Securities LLC on the terms set forth in the Notice, the attached bid, the Ordinance and this motion;

NOW, THEREFORE, BE IT MOVED by the Council of King County:

A. Definitions. Except as expressly authorized herein, terms used in this motion have the meanings set forth in the Ordinance.

"Escrow Agent" means U.S. Bank National Association, Seattle, Washington, serving as trustee or escrow agent or any successor trustee or escrow agent.

"Refunded Bonds" means the outstanding Unlimited Tax General Obligation Refunding Bonds, 2003, of the county maturing in the years 2014 through 2019, inclusive, issued pursuant to Ordinance 14583 and Motion 11681, the refunding of which has been provided for by Ordinance 17564 and this motion.

"Refunding Plan" means:

(a) the placement of sufficient proceeds of the Bonds, together with other money of the county, if necessary, with the Escrow Agent;

(b) the call, payment, and redemption on July 29, 2013, of all of the then-outstanding Refunded Bonds at a price of par; and

(c) the payment of the costs of issuing the Bonds and the costs of carrying out the foregoing elements of the Refunding Plan.

"Refunding Escrow Agreement" means a Refunding Escrow Agreement between the county and the Escrow Agent substantially in the form of that which is on file with the clerk of the county council and by this reference incorporated herein.

B. Ratification of Notice of Sale, Acceptance of Bids, and Authorization of Bonds. The issuance of the Bonds, designated as the county's Unlimited Tax General Obligation Refunding Bonds, 2013, in the aggregate principal amount of \$8,660,000, to provide the funds to (i) refund, on a current basis, the county's outstanding Unlimited Tax General Obligation Refunding Bonds, 2003, and (ii) pay the costs of issuance and sale of the Bonds, and the other terms and conditions thereof set forth in the Notice, are hereby ratified and confirmed.

The offer to purchase the Bonds, as set forth in the bid of J.P. Morgan Securities LLC attached as

Attachment B, is hereby accepted. All other bids that have been received are attached as Attachment C. The aggregate principal amount, interest payment dates, interest rates, maturity schedule and principal amounts per maturity, and redemption provisions of the Bonds shall be as specified in Attachment D. The Bonds shall conform in all respects to the terms and conditions specified in the Notice and Ordinance.

C. Application of Bond Proceeds. The proceeds of the Bonds shall be deposited immediately upon the receipt thereof with the Escrow Agent and used to discharge the obligations of the county relating to the Refunded Bonds under the 2003 Bond Legislation pursuant to the Refunding Plan, as defined herein and modified or amplified by the Refunding Escrow Agreement. Any remaining proceeds of the Bonds shall be deposited in the Bond Fund to pay interest on the Bonds on the first interest payment date.

D. Refunding of the Refunded Bonds.

(a) Appointment of Escrow Agent. U.S. Bank National Association of Seattle, Washington, is appointed Escrow Agent.

(b) Use of Bond Proceeds; Acquisition of Acquired Obligations. All of the proceeds of the sale of the Bonds shall be deposited immediately upon the receipt thereof with the Escrow Agent, who shall hold such Bond proceeds uninvested, and be used to discharge the obligations of the county relating to the Refunded Bonds under the 2003 Bond Legislation by providing for the payment of the amounts required to be paid by the Refunding Plan. Any Bond proceeds or other money deposited with the Escrow Agent not needed to provide a beginning cash balance, and pay the costs of issuance of the Bonds shall be returned to the county at the time of delivery of the Bonds to the initial purchaser thereof and deposited in the Bond Fund to pay interest on the Bonds on the first interest payment date.

(c) Administration of Refunding Plan. The Escrow Agent is authorized and directed to make the payments required to be made by the Refunding Plan from the money deposited with the Escrow Agent pursuant to this motion. All money deposited with the Escrow Agent and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of the 2003 Bond Legislation, Ordinance

17564, this motion, chapter 39.53 RCW and other applicable statutes of the State of Washington and the Refunding Escrow Agreement. All necessary and proper fees, compensation, and expenses of the Escrow Agent for the Bonds and all other costs incidental to the setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs related to the issuance and delivery of the Bonds, including bond printing, verification fees, bond counsel's fees, and other related expenses, shall be paid out of the proceeds of the Bonds.

(d) Authorization for Refunding Escrow Agreement. To carry out the Refunding Plan provided for by Ordinance 17564 and this motion, the Finance Director of the county is authorized and directed to execute and deliver to the Escrow Agent a Refunding Escrow Agreement in such form as the Finance Director deems appropriate and consistent with Ordinance 17564 and this motion setting forth the duties, obligations and responsibilities of the Escrow Agent in connection with the payment, redemption, and retirement of the Refunded Bonds as provided herein and stating that the provisions for payment of the fees, compensation, and expenses of such Escrow Agent set forth therein are satisfactory to it. The Refunding Escrow Agreement shall be consistent with the requirements of federal law governing the exclusion of interest on the Bonds from gross income for federal income tax purposes.

E. Call for Redemption of the Refunded Bonds. The county calls for redemption on July 29, 2013, all of the Refunded Bonds at par plus accrued interest. Such call for redemption shall be irrevocable after the delivery of the Bonds to the initial purchaser thereof. The date on which the Refunded Bonds are herein called for redemption is the first date on which those bonds may be called.

The proper county officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, pursuant to Ordinance 14583 in order to effect the redemption prior to their maturity of the Refunded Bonds.

F. County Findings with Respect to Refunding. The county council of the county finds and determines that the issuance and sale of the Bonds at this time will effect a savings to the county and is in the best interest of the county and its taxpayers and in the public interest. In making such finding and determination, the county

council has given consideration to the fixed maturities of the Bonds and the Refunded Bonds, the costs of issuance of the Bonds and the known earned income from the investment of the proceeds of the issuance and sale of the Bonds pending payment and redemption of the Refunded Bonds.

The county council further finds and determines that the money to be deposited with the Escrow Agent for the Refunded Bonds in accordance with Section D(b) of this motion will discharge and satisfy the obligations of the county under the 2003 Bond Legislation with respect to the Refunded Bonds, and the pledges, charges, trusts, covenants, and agreements of the county therein made or provided for as to the Refunded Bonds, and that the Refunded Bonds shall no longer be deemed to be outstanding under such ordinance immediately upon the deposit of such money with the Escrow Agent.

G. Undertaking to Provide Ongoing Disclosure.

1. Contract/Undertaking. This section G. constitutes the county's written undertaking for the benefit of the owners and beneficial owners of the Bonds as required by section (b)(5) of rule 15c2 12 (the "rule") of the Securities and Exchange Commission (the "commission") (the "Undertaking").

2. Material Events. The county agrees to provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (the "MSRB"), in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

a. Annual financial information and operating date of the type included in the final official statement for the Bonds and described in section G.3. of this motion ("annual financial information");

b. Timely notice (not in excess of ten business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue

(IRS Form 5701 - TEB) or other material notices or determinations with respect to the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the county, as such "Bankruptcy Events" are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the county or the sale of all or substantially all of the assets of the county other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and

c. Timely notice of a failure by the county to provide required annual financial information on or before the date specified in section G.3. of this motion.

3. Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the county undertakes to provide in section G.2. of this motion:

a. Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to State local governmental units such as the county, as such principles may be changed from time to time, which statements may be unaudited, provided, that if and when audited financial statements are otherwise prepared and available, they will be provided; (2) a summary of the assessed value of taxable property in the county; (3) a summary of budgeted General Fund revenues and appropriations; (4) a summary of *ad valorem* property tax levy rates per \$1,000 of assessed value and delinquency rates; (5) a summary of outstanding tax-supported indebtedness of the county; and (6) a schedule of the aggregate annual debt service on tax-supported indebtedness of the county;

b. Shall be provided not later than the last day of the seventh month after the end of each

fiscal year of the county (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the county's fiscal year ending December 31, 2012; and

c. May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

4. Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by the Rule.

The county will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

5. Beneficiaries. The Undertaking evidenced by this section shall inure to the benefit of the county and any holder of Bonds, and shall not inure to the benefit of or create any rights in any other person.

6. Termination of Undertaking. The county's obligations under this Undertaking shall terminate upon the legal defeasance of the Bonds. In addition, the county's obligations under this Undertaking shall terminate if those provisions of the Rule which require the county to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the county, and the county provides timely notice of such termination to the MSRB.

7. Remedy for Failure to Comply with Undertaking. As soon as practicable after the county learns of any failure to comply with the Undertaking, the county will proceed with due diligence to cause such

noncompliance to be corrected. No failure by the county or other obligated person to comply with the Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the county or other obligated person to comply with the Undertaking.

8. Designation of Official Responsible to Administer Undertaking. The Finance Director of the county (or such other officer of the county who may in the future perform the duties of that office) or his or her designee is authorized and directed in his or her discretion to take such further actions as may be necessary, appropriate or convenient to carry out the Undertaking of the county in respect of the Bonds set forth in this section and in accordance with the Rule, including, without limitation, the following actions:

- a. Preparing and filing the annual financial information undertaken to be provided;
- b. Determining whether any event specified in section G(2) of this motion has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;
- c. Determining whether any person other than the county is an "obligated person" within the meaning of the Rule with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person in accordance with the Rule;
- d. Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the county in carrying out the Undertaking; and
- e. Effecting any necessary amendment of the Undertaking.

H. Further Authority. The county officials, their agents, and representatives are hereby authorized and directed to do everything necessary for the prompt issuance and delivery of the Bonds and for the proper use and application of the proceeds of such sale.

I. Severability. The covenants contained in this motion shall constitute a contract between the county

and the owners of each and every Bond. If any one or more of the covenants or agreements provided in this motion to be performed on the part of the county shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this motion and shall in no way affect the validity of the other provisions of this motion or of the Bonds.