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AN ORDINANCE authorizing the issuance and sale of one or more series of sewer revenue bonds and limited tax general obligation bonds payable from sewer revenues of the county in an aggregate principal amount not to exceed $1,200,000,000 to provide funds for acquiring and constructing improvements to the sewer system and to pay the costs of issuing such bonds; authorizing the issuance and sale of one or more series of sewer revenue bonds and limited tax general obligation bonds payable from sewer revenues of the county to refund outstanding obligations of the county payable from sewer revenues and to pay the costs of issuing such refunding bonds; pledging sewer revenues to pay the principal of and interest on sewer revenue bonds issued under this ordinance; amending reserve requirements; and pledging the annual levy of taxes and an additional pledge of sewer revenues to pay the principal of and interest on limited tax general obligation bonds issued under this ordinance.

PREAMBLE:

The county owns and operates facilities for the conveyance and treatment of sewage and control of combined sewer overflows that include wastewater treatment plants, interceptor and trunk sewers, pumping stations, regulator stations, outfall sewers, storm sewers to divert stormwater from sanitary sewers, lands for application of biosolids, property rights, and buildings and other structures and equipment (collectively, the "System"), all in accordance with a comprehensive plan for metropolitan water pollution abatement under the authority of chapters 36.56 and 35.58

of the Revised Code of Washington ("RCW").

Long-term service agreements with participating municipalities and other entities (the "Participants") obligate the county to treat and dispose of sewage collected by the Participants. The Participants must pay the costs of these services including debt service on bonds payable from sewer revenues, including the bonds authorized by this ordinance, and other indebtedness payable from and secured by sewer revenues. Comparable rates and charges have been established for customers who deliver sewage to the System but are not subject to a contract with the county for this service.

In accordance with RCW 35.58.200(3), the county has declared that the health, safety and welfare of people within the metropolitan area require that certain Participants discharge sewage collected by those Participants into facilities of the System.

It is necessary and desirable for the county to issue and sell, from time to time, one or more series of its bonds payable from sewer revenues in an aggregate principal amount not to exceed $1,200,000,000 (the "Project Bonds") to pay costs of capital improvements to the System, in accordance with the Comprehensive Plan and the Capital Improvement Budget, and to pay the costs of issuing the bonds.

In addition, the county may have opportunities to refund, including by purchase or exchange, or defease all or portions of its currently outstanding obligations of the county payable from sewer revenues, in each case to effect a saving to the county and ratepayers of the System or when necessary or in the best interest of the county and ratepayers of the System to modify debt service or reserve requirements, sources of payment, covenants or other terms of the obligations to be refunded.

The county has issued its sewer revenue bonds with a senior lien on Revenue of the System ("Parity Bonds"), as set forth in Attachment A to this ordinance.

The county has issued its limited tax general obligation bonds additionally secured by a lien on Revenue of the System, junior and subordinate to the lien thereon of the Parity Bonds ("Parity Lien Obligations"), as set forth in Attachment B to this ordinance.

The county has issued its sewer revenue bonds with a lien on Revenue of the System junior and subordinate to the lien thereon of the Parity Lien Obligations (as further defined herein, the "Junior Lien Obligations").

The county has issued its limited tax general obligation bonds additionally secured by a lien on Revenue of the System junior and subordinate to the lien thereon of the Junior Lien Obligations (as further defined herein, the "Multi-Modal LTGO/Sewer Revenue Bonds").

The county has reserved the right to issue certain revenue bonds or other revenue obligations with a lien on Revenue of the System junior and inferior to the lien thereon of the Multi-Modal LTGO/Sewer Revenue Bonds (as further defined herein, the "Subordinate Lien Obligations").

The county has entered into loan agreements with the State Department of Ecology under the State water pollution control revolving fund loan program ("SRF Loans") and with the State Department of Commerce under the Public Works Trust Fund loan program ("Public Works Trust Fund Loans"), the repayment obligations of which are secured by a lien on Revenue of the System junior and subordinate to the lien thereon of the Subordinate Lien Obligations.

It is necessary and advisable for the county to issue and sell, from time to time, one or more series of its bonds payable from sewer revenue (the "Refunding Bonds," and together with the Project Bonds, the "Bonds") to effect the refunding of Parity Bonds, Parity Lien Obligations, Junior Lien Obligations, Multi-Modal LTGO/Sewer Revenue Bonds, SRF Loans and Public Works Trust Fund Loans, and any Future Parity Bonds, Future Parity Lien Obligations, Future Junior Lien Obligations, Future Multi-Modal LTGO/Sewer Revenue Bonds, Subordinate Lien Obligations, and future SRF Loans and Public Works Trust Fund Loans, and to pay the costs of

issuing the bonds and accomplishing the refunding.

It is anticipated that during the delegation period of this ordinance, the county will have received the required bondowner consents to amend the reserve requirements for Parity Bonds on the "First Springing Amendment Date (Parity Bonds)" and the county now desires to authorize such amendments as provided in this ordinance. The county will confirm the First Springing Amendment Date (Parity Bonds) in a certificate (the "First Springing Amendment Certificate"), if and when such springing amendment date occurs.

It is in the best interest of the county to designate, pursuant to RCW 39.46.040 and other authority of the county, the county's Finance Director to serve as its designated representative to accept offers to purchase the Bonds on behalf of the county consistent with terms and parameters established by this ordinance and county debt policy.

As designated representative, the county's Finance Director may sell the Bonds in one or more series, as either Parity Bonds or Parity Lien Obligations, or a combination thereof, by competitive bid or negotiated sale, or to the federal government or another direct purchaser, as provided in this ordinance.

The sale of any series of the Bonds shall be reported to the county council and the Executive Finance Committee, as part of the annual report provided for in this ordinance.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. 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. With respect to terms that include "Springing Amendment Date" followed by a parenthetical reference, e.g., "First Springing Amendment Date (Parity Bonds)" or "Springing Amendment Date (Parity Lien Obligations),” the parenthetical reference specifies whether such springing amendment date relates to Parity Bonds or Parity Lien Obligations.

"Accreted Value" means, for any Parity Bonds that are Capital Appreciation Bonds, as of any date of

calculation, the sum of the amounts set forth in the ordinance, resolution or Sale Document authorizing such bonds as the amounts representing the initial principal amount of such bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, as provided in the ordinance, resolution or Sale Document authorizing the issuance of such bonds; provided, that if such calculation is not made as of a compounding date, such amount shall be determined by straight-line interpolation as of the immediately preceding and the immediately succeeding compounding dates.

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

"Annual Debt Service" means, for any calendar year, the sum of the following:

1. The interest due on all outstanding Parity Bonds and Parity Lien Obligations: (a) on all interest payment dates other than January 1 in such calendar year; and (b) on January 1 of the next succeeding year, and any Payment Agreement Payments due on such dates in respect of any Parity Payment Agreements and Parity Lien Obligation Payment Agreements, minus any Payment Agreement Receipts due in such period in respect of any Parity Payment Agreements and Parity Lien Obligation Payment Agreements.

a. For purposes of calculating the amounts required to pay interest on Parity Bonds or Parity Lien Obligations, capitalized interest and accrued interest paid to the county upon the issuance of Parity Bonds or Parity Lien Obligations shall be excluded and, on and after the Springing Amendment Date (Parity Lien Obligations), interest on any Balloon Maturity shall also be excluded.

b. Prior to the Springing Amendment Date (Parity Lien Obligations), the amount of interest deemed to be payable on any issue of Variable Rate Parity Bonds or Variable Rate Parity Lien Obligations shall be calculated on the assumption that the interest rate on those bonds would be equal to the rate that is 90% of the average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter preceding the quarter in which the calculation is made (the "assumed RBI rate"); provided, that for purposes of

determining actual compliance in any past calendar year with the rate covenant made in section 18 of this ordinance, the actual amount of interest paid on any issue of Variable Rate Parity Bonds or Parity Lien Obligations shall be taken into account. On and after the Springing Amendment Date (Parity Lien Obligations), the amount of interest deemed to be payable on any issue of Variable Rate Parity Bonds or Variable Rate Parity Lien Obligations shall be calculated on the assumption that the interest rate on those bonds would be equal to the rate that is the average of the SIFMA Municipal Swap Index over the 10 calendar years preceding the quarter in which the calculation is made (the "assumed variable rate"); provided, that for purposes of determining actual compliance in any past calendar year with the rate covenant made in section 18 of this ordinance, the actual amount of interest paid on any issue of Variable Rate Parity Bonds or Parity Lien Obligations shall be taken into account;

2. Prior to the Springing Amendment Date (Parity Lien Obligations), the principal due, at maturity or upon the mandatory redemption of Term Bonds prior to their maturity, for all outstanding Parity Bonds and Parity Lien Obligations: (a) on all principal payment dates other than January 1 of such calendar year; and (b) on January 1 of the next succeeding year. On and after the Springing Amendment Date (Parity Lien Obligations), the principal due, at maturity or upon the mandatory redemption of Term Bonds prior to their maturity, for all outstanding Parity Bonds and Parity Lien Obligations other than any Balloon Maturity: (a) on all principal payment dates other than January 1 of such calendar year; and (b) on January 1 of the next succeeding year; and

3. On and after the Springing Amendment Date (Parity Lien Obligations), the Assumed Debt Service for any Balloon Maturity of a Parity Bond or Parity Lien Obligation for that calendar year.

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

Notwithstanding the foregoing, debt service on Parity Bonds or Parity Lien Obligations with respect to which a Payment Agreement is in force shall be calculated by the county to reflect the net economic effect on the county intended to be produced by the terms of the Parity Bonds or Parity Lien Obligations and the terms of the applicable Payment Agreement, in accordance with the requirements for Payment Agreements set forth in section 27 of this ordinance and any other applicable requirements from the ordinances authorizing the issuance of such Parity Bonds or Parity Lien Obligations.

For purposes of satisfying the rate covenant in section 18.B. of this ordinance and the tests for the issuance of additional Parity Lien Obligations in section 25 of this ordinance, Annual Debt Service for any fiscal year or calendar year shall exclude any Debt Service Offsets, i.e., any Debt Service Offsets shall be deducted from Annual Debt Service.

"Annual Parity Debt Service" means, for any calendar year, the sum of the following:

1. The interest due on all outstanding Parity Bonds: (a) on all interest payment dates other than January 1 in such calendar year; and (b) on January 1 of the next succeeding year, and any Payment Agreement Payments due on such dates in respect of Parity Payment Agreements, minus any Payment Agreement Receipts due in such period in respect of such Parity Payment Agreements.

a. For purposes of calculating the amounts required to pay interest on Parity Bonds, capitalized interest and accrued interest paid to the county upon the issuance of Parity Bonds shall be excluded and, on and after the Second Springing Amendment Date (Parity Bonds), interest on any Balloon Maturity shall also be excluded.

b. Prior to the Second Springing Amendment Date (Parity Bonds), the amount of interest deemed to be payable on any issue of Variable Rate Parity Bonds shall be calculated on the assumption that the interest rate on those bonds would be equal to the rate that is 90% of the average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter preceding the quarter in which the calculation is made (the "assumed RBI rate"); provided, that for purposes of determining actual compliance in any past

calendar year with the rate covenant made in section 18 of this ordinance, the actual amount of interest paid on any issue of Variable Rate Parity Bonds shall be taken into account. On and after the Second Springing Amendment Date (Parity Bonds), the amount of interest deemed to be payable on any issue of Variable Rate Parity Bonds shall be calculated on the assumption that the interest rate on those bonds would be equal to the rate that is the average of the SIFMA Municipal Swap Index over the 10 calendar years preceding the quarter in which the calculation is made (the "assumed variable rate"); provided, that for purposes of determining actual compliance in any past calendar year with the rate covenant made in section 18 of this ordinance, the actual amount of interest paid on any issue of Variable Rate Parity Bonds shall be taken into account.

2. Prior to the Second Springing Amendment Date (Parity Bonds), the principal due at maturity or upon the mandatory redemption of Term Bonds prior to their maturity for all outstanding Parity Bonds: (a) on all principal payment dates other than January 1 of such calendar year; and (b) on January 1 of the next succeeding year. On and after the Second Springing Amendment Date (Parity Bonds), the principal due at maturity or upon the mandatory redemption of Term Bonds prior to their maturity for all outstanding Parity Bonds other than any Balloon Maturity: (x) on all principal payment dates other than January 1 of such calendar year; and (y) on January 1 of the next succeeding year.

3. On and after the Second Springing Amendment Date (Parity Bonds), the Assumed Debt Service for any Balloon Maturity of a Parity Bond for that calendar year.

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

Notwithstanding the foregoing, debt service on Parity Bonds with respect to which a Payment Agreement is in force shall be calculated by the county to reflect the net economic effect of the terms of the Parity Bonds and the applicable Payment Agreement, in accordance with the requirements set forth in section

27 of this ordinance and any other applicable requirements from the ordinances authorizing issuance of such Parity Bonds.

For purposes of calculating the Reserve Requirement and satisfying the rate covenant in section 18.A. of this ordinance and the tests for the issuance of Future Parity Bonds in section 24 of this ordinance, Annual Parity Debt Service for any fiscal year or calendar year shall exclude any Debt Service Offsets, i.e., any Debt Service Offsets shall be deducted from Annual Parity Debt Service.

"Assumed Amortization Period" means an assumed amortization period for a Balloon Maturity as specified in the Sale Document designating the Balloon Maturity. An Assumed Amortization Period may not be longer than the lesser of: (a) the useful life, as of the date of designation, of the assets being financed; and (b) 75 years. The Assumed Amortization Period for a Balloon Maturity applies, i.e., is not reset, until the Balloon Maturity, and any Balloon Maturity issued to refund that Balloon Maturity, is no longer outstanding.

"Assumed Debt Service" for any Balloon Maturity for any calendar year means an amount equal to the principal and interest that would be payable in each calendar year if that Balloon Maturity were amortized over the Assumed Amortization Period on a substantially level debt service basis, calculated based on the actual interest rate on the Balloon Maturity, if fixed, and based on the average of the SIFMA Municipal Swap Index over the 10 calendar years preceding the quarter in which the calculation is made, if variable.

"Balloon Maturity" means any scheduled principal maturity of any Series of Parity Bonds or Parity Lien Obligations that the county designates in the Sale Document for that Series to be a Balloon Maturity for the purposes of the definitions of Annual Debt Service and Annual Parity Debt Service. Any Balloon Maturity includes any corresponding scheduled principal maturity of Parity Bonds or Parity Lien Obligations issued to refund such Balloon Maturity unless the Balloon Maturity designation is rescinded in the Sale Document approving the refunding.

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

"Bond Purchase Agreement" means any bond purchase agreement for the sale of a Series of Bonds

approved by the Finance Director pursuant to section 28.B. of this ordinance.

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

"Bonds" means the county's Project Bonds, Refunding Bonds or both, authorized to be issued under this ordinance. The Bonds may be issued in one or more Series of Parity Bonds or Parity Lien Obligations, as provided in this ordinance.

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

"Capital Improvement Budget" means the capital improvement budget of the county in effect from time to time, as such budget may have been amended or supplemented.

"Certificate of Award" means any certificate of award for the sale of a Series of Bonds approved by the Finance Director pursuant to section 28.C. of this ordinance.

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

"Closing" means the delivery of a Series of the Bonds to, and payment of the purchase price therefor by, the initial purchasers of that Series of Bonds.

"Code" means the Internal Revenue Code of 1986, as in effect on the date of issuance of a Series of Tax-Advantaged Obligations or 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 the Tax-Advantaged Obligations or Tax-Exempt Obligations, together with applicable proposed, temporary, and final regulations promulgated, and

applicable official public guidance published, under the Code.

"Comprehensive Plan" means the county's comprehensive water pollution abatement plan authorized by RCW 35.58.200 and defined in K.C.C. 28.82.150 as the Comprehensive Sewage Disposal Plan adopted by Resolution No. 23 of the Municipality of Metropolitan Seattle Council on April 22, 1959, and all amendments thereto, together with any amendments hereafter approved by ordinance.

"Construction Account" means the "Second Water Quality Construction Account," as designated by Ordinance 12076, Section 30.

"County council" means the Metropolitan King County Council.

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

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

"Debt Service Offset" means receipts of the county, including federal interest subsidy payments, designated as such by the county that are not included in Revenue of the System and that are legally available to pay debt service on Parity Bonds, Parity Lien Obligations or other obligations of the county payable from

and secured by a pledge of Revenue of the System.

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

"EPA" means the United States Environmental Protection Agency.

"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 Regulation § 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.

"Federal Tax Certificate" means the certificate executed by the Finance Director setting forth the requirements of the Code for maintaining the tax status of the applicable Tax-Advantaged Obligations or Tax-Exempt Obligations, and attachments thereto.

"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.

"First Springing Amendment Certificate" means a certificate issued by the Finance Director dated as of the First Springing Amendment Date (Parity Bonds) documenting the occurrence of such date.

"First Springing Amendment Date (Parity Bonds)" means the date when the Registered owners of at least 51% in aggregate principal amount of all outstanding Parity Bonds have consented to the adoption of an ordinance or ordinances, including this ordinance, amending the definition of Reserve Requirement; establishing one or more separate Reserve Requirements for one or more Series of Parity Bonds, including each Series of the Bonds issued as Parity Bonds; reducing any Reserve Requirement, including the Reserve Requirement for each Series of the Bonds issued as Parity Bonds, to an amount less than maximum Annual Parity Debt Service in any calendar year, including to zero; or establishing one or more separate subaccounts

within the Parity Bond Reserve Account to secure one or more Series of Parity Bonds, including each Series of the Bonds issued as Parity Bonds, with other Series of Parity Bonds not being secured by such separate subaccounts, as set forth in Ordinance 19112, Section 35.C., Ordinance 19377, Section 35.C. and section 35.C. of this ordinance. As set forth in section 2.C. of this ordinance, the county anticipates that the First Springing Amendment Date (Parity Bonds) will occur during the delegation period of this ordinance.

"Fitch" means Fitch Ratings, and its successors and assigns, except that if such entity is dissolved or liquidated or no longer performs the functions of a securities rating agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the county.

"Future Junior Lien Obligations" means any sewer revenue bonds, warrants or other obligations that may be issued in the future with a lien on Revenue of the System equal to the lien thereon of the currently outstanding Junior Lien Obligations.

"Future Multi-Modal LTGO/Sewer Revenue Bonds" means any limited tax general obligation bonds that may be issued in the future that are additionally secured by a lien on Revenue of the System on a parity with the lien thereon of the currently outstanding Multi-Modal LTGO/Sewer Revenue Bonds.

"Future Parity Bonds" means any sewer revenue bonds, warrants or other obligations that may be issued in the future with a lien on Revenue of the System equal to the lien thereon of the currently outstanding Parity Bonds.

"Future Parity Lien Obligations" means any limited tax general obligation bonds that may be issued in the future that are additionally secured by a lien on Revenue of the System on a parity with the lien thereon of the currently outstanding Parity Lien Obligations.

"Government Obligations" means "government obligations," as defined in chapter 39.53 RCW, as such chapter may be hereafter amended or restated, except as such definition is further limited in the Sale Document.

"Junior Lien Obligations" means the county's: (a) Junior Lien Sewer Revenue Refunding Bonds (Mandatory Put Bonds), Series 2020B, dated July 14, 2020, authorized by Ordinance 18898; (b) Junior Lien

Sewer Revenue Refunding Bonds, 2021, Series A (SIFMA Index), dated December 16, 2021, authorized by Ordinance 18898; and (c) any Future Junior Lien Obligations.

"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.

"Loan Agreement" means any loan agreement, including any WIFIA master agreement, or direct purchase agreement for the sale of a Series of Bonds approved by the Finance Director pursuant to section 28.D. of this ordinance. A WIFIA loan agreement subject to a WIFIA master agreement is a supplement or amendment to such WIFIA master agreement.

"Moody's" means Moody's Investors Service, Inc., and its successors and assigns, except that if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the county.

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

"Multi-Modal LTGO/Sewer Revenue Bonds" means the county's: (a) Multi-Modal Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), Series 2019A and Series 2019B, dated June 27, 2019, authorized by Ordinance 18898; (b) Multi-Modal Limited Tax General Obligation Notes (Payable from Sewer Revenues) (Commercial Paper), Series A, and Multi-Modal Limited Tax General Obligation Notes (Payable from Sewer Revenues) (Commercial Paper), Series B (Taxable), authorized by Ordinances 19114 and 18898; and (c) any Future Multi-Modal LTGO/Sewer Revenue Bonds.

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

"Official Notice of Bond Sale" means, with respect to each Series of Bonds sold by competitive bid, the official notice of sale therefor prepared pursuant to section 28 of this ordinance.

"Operating and Maintenance Expenses" means all normal expenses incurred by the county in causing

the System to be maintained in good repair, working order and condition and includes payments to any private or governmental agency for the operation or maintenance of facilities or for the disposal of sewage but excludes any allowance for depreciation.

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

"Parity Bond Fund" means the "Water Quality Revenue Bond Account" designated pursuant to Ordinance 12076, Section 30, and continued pursuant to section 9 of this ordinance for the purpose of paying and securing the payment of the Parity Bonds.

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

"Parity Bonds" means the bonds identified in Attachment A to this ordinance, together with: (a) any Bonds issued under this ordinance with a lien on Revenue of the System equal to the lien thereon of those bonds; and (b) any Future Parity Bonds. "Parity Bonds" include any Parity Payment Agreements and parity reimbursement agreements entered into with the provider of a Credit Facility securing any Parity Bonds.

"Parity Lien Obligation Bond Fund" means the "Water Quality Limited Tax General Obligation Bond Redemption Fund" established pursuant to Ordinance 11241, Section 8, and continued pursuant to section 10 of this ordinance, to provide for payment of Parity Lien Obligations.

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

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

"Parity Lien Obligations" means bonds identified in Attachment B to this ordinance, together with: (a)

any Bonds issued under this ordinance with a lien on Revenue of the System equal to the lien thereon of those bonds; and (b) any Future Parity Lien Obligations. "Parity Lien Obligations" include any Parity Lien Obligation Payment Agreements and parity reimbursement agreements entered into with the provider of a Credit Facility securing any Parity Lien Obligations.

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

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

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

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

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

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

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

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

"Project Bonds" means the bonds of the county authorized by this ordinance to be issued in an aggregate principal amount not to exceed $1,200,000,000 to pay costs of acquiring and constructing improvements to the System, and any bond anticipation notes, commercial paper or other interim financing issued in advance thereof to be repaid from the proceeds of such bonds. The Project Bonds may be issued in one or more Series of Parity Bonds or Parity Lien Obligations, as provided in this ordinance.

"Public Works Trust Fund Loans" means loans to the county by the State Department of Commerce under the Public Works Trust Fund loan program pursuant to loan agreements in effect as of the date of this ordinance and any loan agreements hereafter entered into by the county under the Public Works Trust Fund loan program, the repayment obligations of which are secured by a lien on Revenue of the System equal to the lien thereon established by such loan agreements in effect as of the date of this ordinance.

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

"Qualified Insurance" means any unconditional municipal bond insurance policy or surety bond issued

by any insurance company licensed to conduct an insurance business in any state of the United States or by a service corporation acting on behalf of one or more such insurance companies, which insurance company or service corporation, as of the time of issuance of such policy or surety bond, is then rated in one of the two highest rating categories by Moody's, S&P, and any other rating agency then maintaining a rating on the Parity Bonds and maintains a policy owner's surplus in excess of $500,000,000.

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

"Rate Stabilization Fund" means the fund of that name created pursuant to Ordinance 12314, Section 13.D., and continued pursuant to section 13.B. of this ordinance.

"RCW" means the Revised Code of Washington.

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

"Record Date" means, except as otherwise set forth in the applicable Sale Document, for an interest or principal payment date or for a maturity date, the 15th day of the calendar month next preceding that date. With respect to redemption of a Bond prior to its maturity, "Record Date" means the Registrar's close of business on the date on which the Registrar sends notice of the redemption.

"Refunded Bonds" means, for each Series of Refunding Bonds, all or a portion of the Refunding Candidates that will be refunded, including by purchase or exchange, with proceeds of or in exchange for that Series of Bonds, as determined by the Finance Director pursuant to sections 16 and 28 of this ordinance and set forth in a closing certificate or a Refunding Agreement in accordance with sections 16 and 28 of this ordinance.

"Refunding Account" means any account authorized to be created pursuant to section 16 of this

ordinance to provide for the refunding of any Refunded Bonds.

"Refunding Agreement" means a refunding trust agreement entered into between the county and a Refunding Trustee in connection with the refunding of Refunded Bonds.

"Refunding Bonds" mean the bonds authorized to be issued by this ordinance to be issued in one or more series to refund the Refunded Bonds, including by purchase or exchange. The Refunding Bonds may be issued in one or more Series of Parity Bonds or Parity Lien Obligations, as provided in this ordinance.

"Refunding Candidates" mean any Parity Bonds, Parity Lien Obligations, Junior Lien Obligations, Multi-Modal LTGO/Sewer Revenue Bonds, Subordinate Lien Obligations, SRF Loans, or Public Works Trust Fund Loans, and any bond anticipation notes, commercial paper or other interim financing issued in advance thereof to be repaid from the proceeds of such bonds identified by the Finance Director as Refunding Candidates, whether currently outstanding or issued after the effective date of this ordinance, including any Series of Bonds issued under this ordinance.

"Refunding Trustee" means each corporate trustee chosen pursuant to the provisions of section 16 of this ordinance to serve as refunding trustee or escrow agent in connection with the refunding of Refunded Bonds.

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

"Registrar" means, except as may be set forth in the Sale Document, the fiscal agent of the State appointed from time to time by the Washington State Finance Committee pursuant to chapter 43.80 RCW, serving as the registrar, authenticating agent, paying agent and transfer agent for the Bonds.

"Reserve Requirement" means maximum Annual Parity Debt Service with respect to any calendar year; provided that on and after the First Springing Amendment Date (Parity Bonds), the Reserve Requirement shall mean the amount or amounts, which may be $0 or such other amount or amounts not to exceed maximum Annual Parity Debt Service, set forth in the First Springing Amendment Certificate, any Sale Document, or

other ordinance or sale document authorized thereunder. As a result, on and after the First Springing Amendment Date (Parity Bonds), outstanding Parity Bonds and other Bonds to be issued as Parity Bonds may be secured by an amount less than maximum Annual Parity Debt Service in the Parity Bond Reserve Account, which amount may be $0.

"Revenue Fund" means the "Water Quality Operating Account" as designated by Ordinance 12076, Section 30.

"Revenue of the System" means all the earnings, revenues and money received by the county from or on account of the operations of the System and the income from the investment of money in the Revenue Fund or any account within such fund, but shall not include any money collected pursuant to the Service Agreements applicable to administrative costs of the county other than costs of administration of the System. For certain purposes described in section 13.B. of this ordinance, deposits from the Rate Stabilization Fund into the Revenue Fund may be included in calculations of "Revenue of the System."

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

"S&P" means S&P Global Ratings and its successors and assigns, except that if such entity is dissolved or liquidated or no longer performs the functions of a securities rating agency, then the term "S&P" will be deemed to refer to any other nationally recognized securities rating agency selected by the county.

"Sale Document" means the Bond Purchase Agreement, Certificate of Award or Loan Agreement, as applicable, for a Series of Bonds.

"Second Springing Amendment Date (Parity Bonds) " means the date when the Registered Owners of at least 51% in aggregate principal amount of all outstanding Parity Bonds have consented to the definitions of Assumed Amortization Period, Assumed Debt Service, Balloon Maturity, and Annual Parity Debt Service set forth in this ordinance, including all springing amendments set forth herein. All Registered Owners of Parity Bonds issued after the effective date of this ordinance are deemed to have consented to the definitions of

Assumed Amortization Period, Assumed Debt Service, Balloon Maturity, and Annual Parity Debt Service set forth in this ordinance, including all springing amendments set forth herein, by their purchase of such Parity Bonds.

"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" means any series of Parity Bonds or Parity Lien Obligations.

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

"Springing Amendment Date (Parity Lien Obligations)" means the date when: the Registered Owners of at least 51% in aggregate principal amount of all outstanding Parity Lien Obligations have consented to the definitions of Assumed Amortization Period, Assumed Debt Service, Balloon Maturity, and Annual Debt Service set forth in this ordinance, including all springing amendments set forth herein. All Registered Owners of Parity Lien Obligations issued after the effective date of this ordinance are deemed to have consented to the definitions of Assumed Amortization Period, Assumed Debt Service, Balloon Maturity and Annual Debt Service set forth in this ordinance, including all springing amendments set forth herein, by their purchase of such Parity Lien Obligations.

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

"State" means the State of Washington.

"Subordinate Lien Obligations" means those revenue bonds or other revenue obligations that may be issued by the county in the future with a lien on Revenue of the System junior and inferior to the lien thereon of the Multi-Modal LTGO/Sewer Revenue Bonds, and payable from Revenue of the System that is available after first making the payments required to be made under paragraph "First" through "Seventh" but before making the payments required to be made under paragraph "Ninth" of section 14 of this ordinance.

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

"Taxable Obligations" means the Bonds of any Series determined to be issued on a taxable basis pursuant to section 28 of this ordinance.

"Tax-Advantaged Obligations" means the Bonds of any Series determined to be issued upon a tax-advantaged basis pursuant to section 28 of this ordinance.

"Tax-Exempt Obligations" means the Bonds of any Series determined to be issued on a tax-exempt basis pursuant to section 28 of this ordinance.

"Term Bonds" means those bonds identified as such in the applicable Sale Document, the principal of which is amortized by a schedule of mandatory redemptions, payable from a bond redemption fund, prior to their maturity.

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

"Variable Rate Parity Bonds" means Parity Bonds bearing interest at a variable rate of interest, provided that at least one of the following conditions is met: (a) at the time of issuance the county has entered into a Payment Agreement with respect to such Parity Bonds, which Payment Agreement converts the effective interest rate to the county on the Variable Rate Parity Bonds from a variable interest rate to a fixed interest rate; or (b) the Parity Bonds bear interest at a variable rate but are issued concurrently in equal par amounts with other Parity Bonds bearing interest at a variable rate and are required to remain outstanding in equal amounts at

all times, if the net effect of such equal par amounts and variable rates at all times is a fixed rate of interest to the county.

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

"WIFIA" means the Water Infrastructure Finance and Innovation Act, § 5021 *et seq.* of Public Law 113-121, codified as 33 U.S.C. §§ 3901-3914, as amended from time to time.

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

A. Because conditions in the capital markets are volatile, it is in the best interests of the county and ratepayers of the System that the county retain the flexibility to issue the Bonds in one or more Series, as Parity Bonds or Parity Lien Obligations, to maximize interest rate savings and, where possible, to achieve further savings by refunding all or some of the Refunding Candidates, including by purchase or exchange.

B. To achieve this flexibility, it is in the best interests of the county and ratepayers of the System to delegate to the Finance Director the authority to sell the Bonds in one or more Series, as Parity Bonds or Parity Lien Obligations, as Tax-Exempt Obligations, Tax-Advantaged Obligations or Taxable Obligations, by competitive bid or negotiated sale, or to the federal government or another purchaser, for current or future delivery, and to identify any Refunding Candidates to be refunded, including by purchase or exchange, in consultation with the county's financial advisors.

SECTION 3. Authorization of Bonds. To provide funds necessary to pay costs of acquiring,

constructing and equipping improvements, additions or betterments to the System as set forth in the Comprehensive Plan and the Capital Improvement Budget, the county is authorized to issue one or more Series of Project Bonds in an aggregate principal amount not to exceed $1,200,000,000. To provide funds to refund any of the Refunding Candidates, including by purchase or exchange, the county is authorized to issue one or more Series of Refunding Bonds in principal amounts to be established within the parameters provided in sections 16 and 28 of this ordinance.

The Refunding Bonds and Project Bonds may be issued in one or more Series of Parity Bonds or Parity Lien Obligations, as provided in section 28 of this ordinance, each such Series of Parity Bonds to be designated as "King County, Washington, Sewer Revenue [and Refunding] Bonds [Bond Anticipation Notes]" with an applicable year and Series designation, and each such Series of Parity Lien Obligations to be designated as "King County Limited Tax General Obligation [and Refunding] Bonds [Bond Anticipation Notes] (Payable from Sewer Revenues)" with an applicable year and Series designation, all as established by the related Sale Document.

The Bonds shall be fully registered as to both principal and interest; shall be in the denomination of $5,000 or any integral multiple thereof within a single Series, maturity and interest rate, except as provided in the Sale Document, provided that no Bond shall represent more than one maturity within a Series; shall be numbered separately in such manner and with any additional designation as the Registrar deems necessary for purposes of identification; and shall be dated the date and mature on the dates, in the years and in the amounts approved by the Finance Director, subject to the parameters set forth in section 28.E. of this ordinance.

Each Series of Bonds shall bear interest, computed, unless otherwise provided in the Sale Document, on the basis of a 360-day year of twelve 30-day months, from their dated date, payable on interest payment dates and at the rate or rates approved by the Finance Director, subject to the parameters set forth in section 28.E. of this ordinance. The Accreted Values of any Bonds that are Capital Appreciation Bonds shall be set forth in a Sale Document.

SECTION 4. Registration, Exchange and Payments.

A. Registrar/Bond Register. Unless otherwise specified in the Sale Document, the county, in accordance with K.C.C. chapter 4.84, adopts for the Bonds the system of registration specified and approved by the Washington State Finance Committee, which utilizes the fiscal agent of the State as the Registrar. The Registrar shall keep, or cause to be kept, at its designated corporate trust office, a Bond Register, which shall be open to inspection by the county at all times. The Bond Register shall contain the name and mailing address of the Registered Owner of each Bond and the principal amount and number of each of the Bonds held by each Registered Owner. The Registrar is authorized, on behalf of the county, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the county's paying agent for the Bonds 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 Bonds. The Registrar may become the Owner of the Bonds 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 Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register. The county and the Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond 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 Bond shall be made as described in subsection D. of this section, but registration of ownership of each Bond may be transferred as provided herein. All payments made as described in subsection D. of this section shall be valid and shall satisfy and discharge the liability of the county upon such Bond to the extent of the amount or amounts so paid.

C. Use of Depository. Unless otherwise specified in the Sale Document, the Bonds initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each Bond 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 Bond registered in the name of the Securities Depository except such notice as is required to be given by the Registrar to the Securities Depository.

For so long as the Bonds 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 Bond registered in the name of the Securities Depository may not be transferred except: (a) to any successor Securities Depository; (b) to any substitute Securities Depository appointed by the county; or (c) to any person if the Bond 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: (a) the Securities Depository resigns and the county does not appoint a substitute Securities Depository, or (b) the county terminates the services of the Securities Depository, the Bonds no longer shall be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as provided in this ordinance.

D. Place and Medium of Payment. Principal of and premium, if any, and interest on the Bonds are payable in lawful money of the United States of America. Principal of and premium, if any, and interest on each Bond 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 Sale Document, interest on each Bond 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 Bond 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 Sale Document, principal of and premium, if any, on each Bond not registered in the name of the Securities Depository are payable upon presentation and surrender of the Bond by the Registered Owner to the Registrar at maturity or upon prior redemption in full.

E. Transfer or Exchange of Registered Ownership; Change in Denominations. The registered ownership of any Bond may be transferred or exchanged, but no transfer of any Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such Bond 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 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond, or Bonds, 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 Bond, in exchange for such surrendered and canceled Bond. Any Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same Series, date, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to exchange or transfer any Bond after the Record Date for any principal payment or redemption date, or, in the case of any proposed redemption of a Bond, after mailing of the notice of the call of the Bond for redemption.

SECTION 5. Redemption Provisions; Purchase of Bonds.

A. Optional Redemption. All or some of the Bonds may be subject to redemption, including extraordinary redemption, prior to their stated maturity dates at the option of the county at the times and on the

terms set forth in the Sale Document.

B. Mandatory Redemption. The county shall redeem any Term Bonds, if not redeemed under the optional redemption provisions set forth in the Sale Document or purchased under the provisions set forth herein, randomly, or in such other manner as set forth in the Sale Document or as the Registrar shall determine, at par plus accrued interest on the dates and in the years and principal amounts as set forth in the Sale Document.

If the county redeems Term Bonds under the optional redemption provisions set forth in the Sale Document or purchases for cancellation or defeases Term Bonds, the Term Bonds so redeemed, purchased or defeased, irrespective of their redemption or purchase prices, shall, unless otherwise provided in the Sale Document, be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The county shall determine the manner in which the credit is to be allocated and shall notify the Registrar in writing of its allocation.

C. Partial Redemption. Whenever less than all of the Bonds of a single maturity of a Series are to be redeemed, the Securities Depository shall select the Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Registrar shall select all other Bonds to be redeemed randomly, or in such other manner set forth in the Sale Document or as the Registrar shall determine.

Portions of the principal amount of any Bond, in integral amounts of $5,000 within a Series and maturity, may be redeemed, unless otherwise provided in the Sale Document. If less than all of the principal amount of any Bond is redeemed, upon surrender of that Bond to the Registrar, there shall be issued to the Registered Owner, without charge therefor, a new Bond, or Bonds, at the option of the Registered Owner, of the same Series, maturity and interest rate in any authorized denomination in the aggregate total principal amount remaining outstanding.

D. Purchase. The county reserves the right and option to purchase, for cash or exchange

consideration, any or all of the Bonds offered to the county at any time at any price acceptable to the county plus accrued interest to the date of purchase.

SECTION 6. Notice and Effect of Redemption. Notice of redemption of each Bond registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption of each other Bond, unless waived by the Registered Owner, shall be given by the Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date, except as otherwise set forth in the Sale Document. The requirements of the preceding sentences shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by any Owner. Notice of redemption shall also be mailed or sent electronically within the same period to the MSRB, to any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the county, and to such other persons and with such additional information as the Finance Director shall determine, but such further notice shall not be a condition precedent to the redemption of any Bond.

In the case of an optional redemption, the notice of redemption may state that the county retains the right to rescind the redemption notice and the redemption by giving a notice of rescission to the affected Registered Owners at any time on or prior to the date fixed for redemption. Any notice of optional redemption that is so rescinded shall be of no effect, and each Bond for which a notice of optional redemption has been rescinded shall remain outstanding.

Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Parity Bond Fund or the Parity Lien Obligation Bond Fund, as applicable, or in a trust account established to refund or defease the Bond.

SECTION 7. Form and Execution of Bonds. Bonds issued as Parity Bonds shall be in substantially the form set forth in Attachment C to this ordinance. Bonds issued as Parity Lien Obligations shall be in

substantially the form set forth in Attachment D to this ordinance. The Bonds shall be signed by the county executive and the clerk of the county 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 Bond bearing a Certificate of Authentication in the form set forth in Attachment C or Attachment D to this ordinance, as applicable, 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 Bond 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 Bond ceases to be an officer of the county authorized to sign bonds before the Bond bearing the officer's manual or facsimile signature is authenticated by the Registrar or issued or delivered by the county, that Bond 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 bonds. Any Bond also may be signed on behalf of the county by any person who, on the actual date of signing of the Bond, is an officer of the county authorized to sign bonds, although such officer did not hold the required office on the dated date of the Bond.

SECTION 8. Lost, Stolen or Destroyed Bonds. If any Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver a new Bond or Bonds 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 Bond 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 9. Parity Bond Fund. A special fund of the county known as the "Water Quality Revenue Bond Account" (the "Parity Bond Fund") has heretofore been created and is hereby continued, along with the

accounts therein described in this section. The Parity Bond Fund is at all times completely segregated and set apart from all other funds and accounts of the county and is a trust fund for the security and payment of principal of and premium, if any, and interest on Parity Bonds. All money credited to the Parity Bond Fund is pledged and ordered to be used for the sole purpose of paying the principal of and premium, if any, and interest on Parity Bonds.

A. Debt Service Account. A "Debt Service Account" has heretofore been established in the Parity Bond Fund. The county hereby obligates and binds itself to set aside and pay into that account out of Revenue of the System amounts sufficient, together with accrued interest, if any, received at the time of delivery of any Series of Bonds that are Parity Bonds and deposited therein, income from the investment of money in the Debt Service Account and Parity Bond Reserve Account, and any other money on deposit in the Debt Service Account and legally available, to pay the principal of and interest on outstanding Parity Bonds as the same become due and payable.

For each Series of the Bonds that are Parity Bonds there is hereby authorized to be created a special subaccount in the Debt Service Account. All money required by this subsection A. to be deposited into the Debt Service Account for the payment of principal of and interest on that Series of the Bonds shall be deposited into the subaccount created for the Series, and the county hereby covenants to budget for each such payment of principal and interest when due. Money in the subaccount will be treated in all respects as all other money in the Debt Service Account, but will be accounted for separately for the purpose of calculating any Rebate Amount payable with respect to that Series of the Bonds.

Payments on account of each Series of the Bonds that are Parity Bonds will be made out of Revenue of the System into the applicable debt service subaccount in the Parity Bond Fund on or before the day each payment of interest on or principal of those Bonds is due.

B. Term Bond Provisions. If any Bonds issued as Parity Bonds are designated as Term Bonds pursuant to section 28 of this ordinance, the Sale Document for that Series of Bonds shall set forth a mandatory

redemption schedule to amortize the principal of those Parity Term Bonds. Payments of principal of Parity Term Bonds under any such mandatory redemption schedule shall be made from the Debt Service Account, as provided in subsection A. of this section, to the extent not credited pursuant to section 5.B. of this ordinance.

The county covenants that if it issues any Future Parity Bonds as Term Bonds, it will identify those Future Parity Bonds as Parity Term Bonds in the proceedings authorizing their issuance and establish a schedule of mandatory redemptions, payable from the Debt Service Account, to amortize the principal of the Parity Term Bonds prior to their maturity.

C. Parity Bond Reserve Account. A Parity Bond Reserve Account has heretofore been established in the Parity Bond Fund. The county hereby pledges that it will pay into and maintain in the Parity Bond Reserve Account, an amount that, together with other funds in the Parity Bond Reserve Account, will be at least equal to the Reserve Requirement. The county may substitute Qualified Insurance or a Qualified Letter of Credit for amounts required to be paid into or maintained in the Parity Bond Reserve Account. The Qualified Letter of Credit or Qualified Insurance must not be cancelable on less than five years' notice. In the event of any cancellation, the Parity Bond Reserve Account will be funded in accordance with the provisions of this section providing for payment in the event of a deficiency therein, as if the Parity Bonds that remain outstanding had been issued on the date of such notice of cancellation.

On the date of Closing of a Series of Bonds that are Parity Bonds, an amount sufficient to satisfy the Reserve Requirement in the Parity Bond Reserve Account required by the issuance of that Series of Bonds must be deposited therein from the proceeds of Parity Bonds or other funds available therefor or provided for by Qualified Insurance or a Qualified Letter of Credit, as herein permitted.

If there is a deficiency in the Debt Service Account to make any payment when due of either principal of or interest on any Parity Bonds, the deficiency will be made up from the Parity Bond Reserve Account by the withdrawal of money therefrom and by the sale or redemption of obligations held in the Parity Bond Reserve Account, if necessary, in such amounts as will provide cash in the Parity Bond Reserve Account sufficient to

make up any such deficiency. If a deficiency still exists immediately prior to an interest payment date and after the withdrawal of cash, the county will then draw from any Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility in sufficient amount to make up the deficiency. The draw will be made at such times and under such conditions as the agreement for the Qualified Letter of Credit or Qualified Insurance provides. If more than one Qualified Letter of Credit or Qualified Insurance is available, draws will be made ratably thereon to make up the deficiency. Any deficiency created in the Parity Bond Reserve Account by reason of any such withdrawal must then be made up from Revenue of the System that is available after first making the payments required to be made under paragraph "First" through "Third" of section 14 of this ordinance.

Income from the investment of money in the Parity Bond Reserve Account will be deposited in and become a part of the Parity Bond Fund.

SECTION 10. Parity Lien Obligation Bond Fund. A special fund of the county known as the "Water Quality Limited Tax General Obligation Bond Redemption Fund" (the "Parity Lien Obligation Bond Fund") has heretofore been created and is hereby continued, along with the accounts therein described in this section. The Parity Lien Obligation Bond Fund is at all times completely segregated and set apart from all other funds and accounts of the county and is a trust fund for the security and payment of principal of and premium, if any, and interest on Parity Lien Obligations. All money credited to the Parity Lien Obligation Bond Fund is pledged and ordered to be used for the sole purpose of paying principal of and premium, if any, and interest on Parity Lien Obligations.

A. Debt Service Account. A "Debt Service Account" has heretofore been established in the Parity Lien Obligation Bond Fund. The county hereby obligates and binds itself to set aside and pay into that account out of Revenue of the System amounts sufficient, together with accrued interest, if any, received at the time of delivery of any Series of Bonds issued as Parity Lien Obligations and deposited therein, income from the investment of money in the Debt Service Account and any other money on deposit in the Debt Service Account

and legally available, to pay the principal of and interest on outstanding Parity Lien Obligations as the same become due and payable.

For each Series of the Bonds issued as Parity Lien Obligations, there is hereby authorized to be created a special subaccount in the Debt Service Account. All money required by this subsection A. to be deposited into the Debt Service Account for the payment of principal of and interest on that Series of the Bonds will be deposited into the subaccount created for the Series, and the county hereby covenants to budget for each such payment of principal and interest when due. Money in that subaccount will be treated in all respects as all other money in the Debt Service Account, but will be accounted for separately for the purpose of calculating any Rebate Amount payable with respect to that Series of the Bonds.

Payments on account of each Series of the Bonds issued as Parity Lien Obligations will be made out of Revenue of the System into the applicable debt service subaccount in the Parity Lien Obligation Bond Fund on or before the day each payment of interest on or principal of those Bonds is due.

B. Term Bond Provisions. If any Bonds issued as Parity Lien Obligations are designated as Term Bonds pursuant to section 28 of this ordinance, the Sale Document for that Series of Bonds shall set forth a mandatory redemption schedule to amortize the principal of those Parity Lien Obligation Term Bonds. Payments of principal of Parity Lien Obligation Term Bonds under any such mandatory redemption schedule will be made from the Debt Service Account, as provided in subsection A. of this section, to the extent not credited pursuant to section 5.B. of this ordinance.

The county covenants that if it issues any Future Parity Lien Obligations as Term Bonds, it will identify those Parity Lien Obligations as Term Bonds in the proceedings authorizing their issuance and establish a schedule of mandatory redemptions, payable from the Debt Service Account, to amortize the principal of those Parity Lien Obligation Term Bonds prior to their maturity.

SECTION 11. Pledge of Taxation and Credit. The county hereby irrevocably covenants and agrees that, for as long as any Bonds issued as Parity Lien Obligations are outstanding and unpaid, 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 pay the principal of and interest on those Bonds issued as Parity Lien Obligations as the same shall become due. All of the taxes so collected will be paid into the Parity Lien Obligation Bond Fund no later than the date those funds are required for the payment of principal of and interest on the Bonds issued as Parity Lien Obligations.

The county hereby irrevocably pledges that the annual tax herein authorized to be levied for the payment of such principal and interest 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 principal of and interest on the Bonds issued as Parity Lien Obligations will be and is hereby irrevocably set aside and pledged for the payment of the principal of and interest on those Bonds, and the county hereby covenants to budget for each such payment of principal and interest when due.

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 principal of and interest on those Bonds issued as Parity Lien Obligations as the same become due.

Any Bonds issued hereunder as Parity Bonds are not general obligations of the county, and neither the full faith and credit nor the taxing power of the county are pledged to pay or secure the payment of Bonds issued as Parity Bonds hereunder.

SECTION 12. Pledge of Sewer Revenues.

A. Parity Bonds. The amounts covenanted to be paid out of Revenue of the System into the Parity Bond Fund and the accounts therein shall constitute a lien and charge on Revenue of the System superior to all other charges of any kind or nature except Operating and Maintenance Expenses, and of equal lien to any charges heretofore or hereafter made on Revenue of the System for the payment of the principal of and interest on any Parity Bonds.

If money and investments in the Debt Service Account of the Parity Bond Fund and the Parity Bond Reserve Account are reduced below the amounts required to pay the principal and/or interest then due and payable on any Parity Bonds, funds on deposit in any reserve created in the Revenue Fund not then required for the payment of necessary Operating and Maintenance Expenses will be transferred to the Debt Service Account of the Parity Bond Fund to the extent required to pay that principal and interest.

B. Parity Lien Obligations. The amounts covenanted to be paid out of Revenue of the System into the Parity Lien Obligation Bond Fund and the accounts therein shall constitute a lien and charge on Revenue of the System subject to Operating and Maintenance Expenses, and junior, subordinate and inferior to the lien and charge on Revenue of the System for the payments required by the ordinances authorizing the Parity Bonds to be made into the Parity Bond Fund and the accounts therein, and equal to the lien and charge on Revenue of the System for the payments required to be made by the ordinances authorizing the issuance of the outstanding Parity Lien Obligations and any additional Parity Lien Obligations, and superior to all other liens and charges on Revenue of the System whatsoever.

SECTION 13. Revenue Fund; Rate Stabilization Fund.

A. Revenue Fund. A special fund of the county known as the "Water Quality Operating Account" (the "Revenue Fund") has heretofore been created and is hereby continued. All Revenue of the System will be deposited in the Revenue Fund. All Operating and Maintenance Expenses will be paid out of the Revenue Fund or appropriate reserves therein.

B. Rate Stabilization Fund. In anticipation of increases in revenue requirements of the System, a special fund of the county designated as the "Sewer Rate Stabilization Fund" (the "Rate Stabilization Fund") has heretofore been established and is hereby continued. The county may from time to time appropriate or budget amounts in the Revenue Fund for deposit in the Rate Stabilization Fund, as provided in section 14 of this ordinance, and may from time to time withdraw amounts therefrom for deposit in the Revenue Fund to prevent or mitigate sewer rate increases or for other lawful purposes of the county related to the System,

including calculations of "Net Revenue" and "Revenue of the System" for the purposes of satisfying requirements of sections 18, 24 and 25 of this ordinance.

For any fiscal year: (a) amounts withdrawn from the Revenue Fund and deposited into the Rate Stabilization Fund for that fiscal year must be subtracted from Net Revenue for that fiscal year; and (b) amounts withdrawn from the Rate Stabilization Fund and deposited in the Revenue Fund for that fiscal year may be added to Revenue of the System for that fiscal year.

SECTION 14. Sewer Revenue Priorities of Payment. So long as any Bond is outstanding, all Revenue of the System will be deposited into the Revenue Fund and used and applied in the following order of priority:

First, to pay all Operating and Maintenance Expenses;

Second, to make all required deposits into the Debt Service Account in the Parity Bond Fund to provide for the payment of principal of and interest on Parity Bonds as the same become due and payable and to make any Payment Agreement Payments with respect to any Parity Payment Agreements;

Third, to make all payments required to be made pursuant to a reimbursement agreement or agreements or other equivalent documents in connection with Qualified Insurance or a Qualified Letter of Credit; provided, that if there is not sufficient money to make all payments under such reimbursement agreements, the payments will be made on a pro rata basis;

Fourth, to establish and maintain the Parity Bond Reserve Account, including making deposits into such account and paying the costs of obtaining Qualified Insurance or a Qualified Letter of Credit therefor;

Fifth, to make all required payments of principal and interest on the Parity Lien Obligations and to make any Payment Agreement Payments with respect to any Parity Lien Obligation Payment Agreements;

Sixth, to make all required payments of principal of and interest on the Junior Lien Obligations as the same become due and payable, to make all Payment Agreement Payments with respect to any Payment Agreements entered into with respect to Junior Lien Obligations, and to make any payments required to be made to providers of any credit enhancements or liquidity facilities for Junior Lien Obligations;

Seventh, to make all required payments of principal of and interest on the Multi-Modal LTGO/Sewer Revenue Bonds as the same become due and payable, to make all Payment Agreement Payments for any Payment Agreements entered into with respect to Multi-Modal LTGO/Sewer Revenue Bonds, and to make any payments required to be made to providers of credit enhancements or liquidity facilities for any Multi-Modal LTGO/Sewer Revenue Bonds;

Eighth, to make all required payments of principal of and interest on the Subordinate Lien Obligations as the same become due and payable;

Ninth, to make all required payments of principal of and interest on bonds, notes, warrants and other evidences of indebtedness, the lien and charge on Revenue of the System of which are junior and inferior to the Subordinate Lien Obligations, as the same become due and payable; and

Tenth, to make all required payments of principal of and interest due on the SRF Loans and the Public Works Trust Fund Loans.

Any surplus money that the county may have on hand in the Revenue Fund after making all required payments set forth above may be used by the county: (a) to make necessary improvements, additions and repairs to and extensions and replacements of the System; (b) to purchase or redeem and retire outstanding sewer revenue bonds of the county; (c) to make deposits into the Rate Stabilization Fund; or (d) for any other lawful purposes of the county related to the System.

SECTION 15. Construction Account; Disposition of Bond Proceeds.

A. Construction Account. There has heretofore been created a special fund of the county known as the "Second Water Quality Construction Account" (the "Construction Account"). For purposes of separately accounting for investment earnings on the proceeds of the Project Bonds to facilitate compliance with the requirements of section 21 of this ordinance, there is hereby established for each Series of Project Bonds issued hereunder a special subaccount within the Construction Account to be designated as the "Series [applicable year designation] Construction Subaccount" (each a "Construction Subaccount").

Money in each Construction Subaccount will be held and applied to pay costs of acquiring, constructing and equipping improvements, additions or betterments to the System as set forth in the Comprehensive Plan and the Capital Improvement Budget and all costs incidental thereto, including engineering, architectural, planning, financial, legal, urban design or any other incidental costs, and to repay any advances heretofore or hereafter made on account of such costs, provided that if deficiencies exist in the Parity Bond Fund or Parity Lien Obligation Bond Fund, money in any Construction Subaccount may be transferred to such fund in any amounts necessary to pay principal of and interest on Parity Bonds or Parity Lien Obligations, as applicable. Proceeds from the sale of a Series of Project Bonds may be designated to pay capitalized interest on those Project Bonds and may be held in the applicable Construction Subaccount or in a trust account to be established with an escrow agent or refunding trustee appointed by the Finance Director, as determined by the Finance Director upon the sale of such Series of Project Bonds.

B. Disposition of Bond Proceeds. The proceeds of the Bonds will be deposited as follows:

1. The amount equal to the interest, if any, accruing on each Series of the Bonds from their dated date to the date of their Closing will be deposited in the appropriate subaccount for the Series created in the Debt Service Account in the Parity Bond Fund or Parity Lien Obligation Bond Fund, as applicable;

2. Proceeds of each Series of the Bonds issued as Parity Bonds may be deposited into the Parity Bond Reserve Account, as determined by the Finance Director upon the sale of any Bonds issued as Parity Bonds;

3. The balance of the proceeds of any Series of Project Bonds will be deposited in the appropriate Construction Subaccount, including an escrow account that may be established for capitalized interest, as provided in subsection A. of this section and applied as provided in subsection A. of this section; and

4. The balance of the proceeds of any Series of Refunding Bonds will be deposited into the appropriate Refunding Account and applied as provided in section 16 of this ordinance.

SECTION 16. Refunding Account; Plan of Refunding.

A. Refunding Account; Refunding Authorization. The Finance Director is hereby authorized to determine whether to (i) transfer the proceeds of the sale of a Series of the Bonds to the Registrar on or prior to the redemption or purchase date for payment of the purchase price, principal of and interest coming due on the Refunding Candidates selected for redemption, including by purchase or exchange, or (ii) 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] Sewer Revenue Bonds Refunding Account" (each a "Refunding Account"). Each Refunding Account will be drawn upon for the sole purpose of paying the purchase price, principal of and premium, if any, and interest on, 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 Refunding Bonds, 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 the applicable Refunded Bonds, including by purchase or exchange, in accordance with the ordinances authorizing the Refunded Bonds and to pay the costs of issuing the Refunding Bonds.

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 Bonds issued 90 or fewer days 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 Bonds issued more than 90 days prior to the redemption date of the Refunded Bonds). The Finance Director is authorized to negotiate and approve terms for the acquisition of Refunding Candidates by purchase or exchange, and to negotiate, approve and execute any offer, dealer manager agreements, or other documents in connection therewith, including amendments thereto from time to time.

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 saving to the county and ratepayers of the System, the county 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 of any Refunding Candidates, including by purchase or exchange, when necessary or in the best interest of the county and ratepayers of the System to modify debt service or reserve requirements, sources of payment, covenants or other terms of the Refunding Candidates.

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. Bond 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, purchase or exchange and shall be invested by the county pending such transfer in any investments permitted for funds of the county consistent with the Federal 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 the Refunded Bonds as set forth in such agreement. The county will defease such bonds 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 a 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 will 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 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 regarding 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 and ratepayers of the System from modifying debt service or reserve requirements, sources of payment, covenants or other terms of the Refunded Bonds authorized to be refunded from the proceeds of each Series of Refunding Bonds.

SECTION 17. Due Regard for Expenses and Sewer Revenues Pledged. The county council hereby declares that, in fixing the amounts to be paid into the Parity Bond Fund and Parity Lien Obligation Bond Fund, as applicable, and the accounts therein, out of Revenue of the System, it has exercised due regard for the Operating and Maintenance Expenses and has not obligated the county to set aside in such funds and accounts a

greater amount of Revenue of the System than in its judgment will be available over and above the Operating and Maintenance Expenses and Revenue of the System previously pledged.

SECTION 18. Rate Covenants.

A. Parity Bonds. The county hereby covenants with the Registered Owner of each of the Bonds issued as Parity Bonds that, for so long as any of the same are outstanding, the county will at all times establish, maintain and collect rates and charges for sewage disposal service that will provide in each calendar year Net Revenue in an amount that, together with the interest earned during that calendar year on investments of money in the Parity Bond Fund, Parity Bond Reserve Account and Construction Account, will equal or exceed 1.15 times the amount required to pay the Annual Parity Debt Service for such calendar year.

At all times and in any event, rates and charges for sewage disposal service will be sufficient to provide funds adequate to operate and maintain the System, to make all payments and to establish and maintain all reserves required by this or any other ordinance authorizing obligations of the county payable from Revenue of the System, to make up any deficit in such payments remaining from prior years and to pay all costs incurred in the construction or acquisition of any portion of the Comprehensive Plan that may be ordered by the county and for the payment of which sewer revenue bonds or other obligations payable from Revenue of the System are not issued.

B. Parity Lien Obligations. The county hereby covenants with the Registered Owner of each of the Bonds issued as Parity Lien Obligations that, for so long as any of the same are outstanding, the county will at all times establish, maintain and collect rates and charges for sewage disposal service that will be fair and nondiscriminatory and adequate to provide Revenue of the System sufficient for the proper operation and maintenance of the System; for the punctual payment of the principal of and interest on all outstanding Parity Bonds for which payment has not otherwise been provided and all amounts that the county is obligated to set aside in the Parity Bond Fund securing the Parity Bonds; for the punctual payment of the principal of and interest on all outstanding Parity Lien Obligations and for all amounts that the county is obligated to set aside in

the Parity Lien Obligation Bond Fund; and for the payment of any and all other amounts that the county is now or may hereafter become obligated to pay from Revenue of the System.

The county hereby further covenants with the Registered Owner of each of the Bonds issued as Parity Lien Obligations for so long as any of the same are outstanding that the county will at all times establish, maintain and collect rates and charges for sewage disposal service that will provide in each calendar year Net Revenue in an amount that, together with the interest earned during that calendar year on investments made of money in the Parity Bond Fund, Parity Bond Reserve Account, Parity Lien Obligation Bond Fund and Construction Account, is equal to at least 1.15 times the amounts required to pay the Annual Debt Service for such calendar year.

C. Rate Stabilization Fund. In determining compliance with the requirements of this section, Revenue of the System and Net Revenue shall be calculated by taking into account deposits and withdrawals from the Rate Stabilization Fund as provided in section 13.B. of this ordinance.

SECTION 19. Certain Other Covenants of the County Regarding the Bonds. The county hereby covenants with the Registered Owner of each of the Bonds for as long as any of the Bonds are outstanding, as follows:

A. Maintain in Good Order. The county will cause the System and the business in connection therewith to be operated in a safe, sound, efficient, and economic manner in compliance with all health, safety, and environmental laws, regulatory body rules, regulatory body orders and court orders applicable to the county's operation of the System, and will cause the System to be maintained, preserved, reconstructed, expanded and kept, with all appurtenances and every part and parcel thereof, in good repair, working order and condition, and will from time to time cause to be made, without undue deferral, all necessary or proper repairs, replacements and renewals, so that at all times the operation of the System will be properly and advantageously conducted;

B. Books and Records. The county will cause proper books of record and accounts of operation of

the System to be kept, including an annual financial report;

C. Annual Audit. The county will cause its books of accounts, including its annual financial report, to be audited annually by the State auditor's office or other State department or agency as may be authorized and directed by law to make such audits, or if such an audit is not made for twelve months after the close of any fiscal year of the county, by a Certified Public Accountant. The county will furnish the audit to the Owner of any Bond upon written request therefor;

D. Insurance. The county will at all times carry fire and extended coverage and such other forms of insurance on such of the buildings, equipment, facilities and properties of the System as under good practice are ordinarily carried on such buildings, equipment, facilities and properties by municipal or privately owned utilities engaged in the operation of sewer systems and will also carry adequate public liability insurance at all times, provided that the county may, if deemed advisable by the county council, institute or continue a self-insurance program for any or all of the aforementioned risks;

E. Construction. The county will cause the construction of any duly authorized and ordered portions of the Comprehensive Plan to be performed and completed within a reasonable time and at the lowest reasonable cost;

F. Collection of Revenue. The county will operate and maintain the System and conduct its affairs so as to entitle it at all times to receive and enforce payment to it of sewage disposal charges payable: (a) pursuant to the ordinance or ordinances establishing a tariff of rates and charges for sewage disposal services; and (b) under any Service Agreement that the county has now or may hereafter enter into and to entitle the county to collect all revenues derived from the operation of the System. The county shall not release the obligations of any person, corporation or political subdivision under such tariff of rates and charges or the Service Agreements and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the county and of the registered owners of the Parity Bonds and Parity Lien Obligations under or with respect thereto.

In accordance with RCW 35.58.200(3), the county shall require any county, city, special district or other political subdivision to discharge to the System all sewage collected by that entity from any portion of the Seattle metropolitan area that can drain by gravity flow into facilities of the System that serve such areas if the county council declares that the health, safety or welfare of the people within the metropolitan area require such action;

G. Legal Authority. The county has full legal right, power and authority to adopt this ordinance, to sell, issue and deliver the Bonds as provided herein, and to carry out and consummate all other transactions contemplated by this ordinance;

H. Due Authorization. By all necessary official action prior to or concurrently herewith, the county has duly authorized and approved the execution and delivery of, and the performance by the county of its obligations contained in, the Bonds and this ordinance and the consummation by it of all other transactions necessary to effectuate this ordinance in connection with the issuance of Bonds, and such authorizations and approvals are in full force and effect and have not been amended, modified or supplemented in any material respect;

I. Binding Obligation. This ordinance constitutes a legal, valid and binding obligation of the county;

J. No Conflict. The county's adoption of this ordinance and its compliance with the provisions contained herein will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, ordinance, Sale Document, agreement or other instrument to which the county is a party or to which the county or any of its property or assets are otherwise subject, nor will any such adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the county or under the terms of any such law, regulation or instrument, except as permitted by this ordinance and the ordinances authorizing the issuance of other Parity Bonds and Parity Lien

Obligations;

K. Performance under Ordinance. None of the proceeds of the Bonds will be used for any purpose other than as provided in this ordinance, and except as otherwise expressly provided herein, the county shall not suffer any amendment or supplement to this ordinance, or any departure from the due performance of the obligations of the county hereunder, that might materially adversely affect the rights of the Registered Owners from time to time of the Bonds.

L. Sale or Disposition. The county will not sell or voluntarily dispose of all of the operating properties of the System unless provision is made for payment into the Parity Bond Fund and the Parity Lien Obligation Bond Fund of a sum sufficient to pay the principal of and interest on all outstanding Parity Bonds and Parity Lien Obligations in accordance with the terms thereof, nor will the county sell or voluntarily dispose of any part of the operating properties of the System unless provision is made: (a) for payment into the Parity Bond Fund of an amount that will bear at least the same proportion to the amount of the outstanding Parity Bonds that the estimated amount of any resulting reduction in Revenue of the System for the twelve months following such sale or disposition bears to the Revenue of the System that would have been realized if such sale or disposition had not been made; and (b) for payment into the Parity Lien Obligation Bond Fund of an amount that will bear at least the same proportion to the amount of the outstanding Parity Lien Obligations that the estimated amount of any resulting reduction in Revenue of the System for the twelve months following such sale or disposition bears to the Revenue of the System that would have been realized if such sale or disposition had not been made. Those estimates must be made by a Professional Utility Consultant. Any money so paid into the Parity Bond Fund and the Parity Lien Obligation Bond Fund must be used to retire outstanding Parity Bonds and Parity Lien Obligations as provided herein at the earliest possible date; provided, however, that the county may sell or otherwise dispose of any of the works, plant, properties and facilities of the System or any real or personal property comprising a part of the System with a value of less than 5% of the net utility plant of the System or that have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the

System, or no longer necessary, material to or useful in such operation, without making any deposit into the Parity Bond Fund or Parity Lien Obligation Bond Fund.

SECTION 20. Certain Other Covenants of the County Regarding the Bonds Issued as Parity Lien Obligations. The county makes the following covenants and warranties to the Registered Owner of each of the Bonds issued as Parity Lien Obligations:

A. The Bonds issued as Parity Lien Obligations, when issued, sold, authenticated and delivered, will constitute legal, valid and binding general obligations of the county.

B. The county covenants that the Bonds issued as Parity Lien Obligations will be issued within all statutory and constitutional debt limitations applicable to the county.

SECTION 21. Federal Tax Law Covenants. The county will take all actions necessary to assure the tax-advantaged status of the Tax-Advantaged Obligations, or the exclusion of interest on the Tax-Exempt Obligations from the gross income of the owners of the 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 the Tax-Advantaged or Tax-Exempt Obligations, as applicable and as set forth in the Federal Tax Certificate, including but not limited to the following to the extent applicable:

A. The county will assure that the proceeds of the Tax-Exempt Obligations are not so used as to cause the Tax-Exempt Obligations issued as governmental bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code or to cause any other Tax-Exempt Obligations to fail to qualify as exempt private activity bonds;

B. The county will not sell or otherwise transfer or dispose of: (i) any personal property components of the projects financed or refinanced with proceeds of the Tax-Exempt Obligations (the "Tax-Exempt Projects") other than in the ordinary course of an established government program under Treasury Regulation § 1.141-2(d)(4); or (ii) any real property components of the Tax-Exempt Projects, unless it has received an opinion of nationally recognized bond counsel to the effect that such disposition will not affect the

treatment of interest on the Tax-Exempt Obligations as excludable from gross income for federal income tax purposes, as applicable;

C. 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;

D. 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;

E. 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;

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

G. 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. In the event the county issues one or more Series of Tax-Advantaged Obligations eligible for federal tax credits, a federal interest subsidy, or other subsidy, the county will comply with the provisions of the Federal Tax Certificate setting forth or incorporating applicable requirements; and

I. The county will comply with the provisions of the Federal Tax Certificate with respect to the applicable Tax-Exempt Obligations or Tax-Advantaged Obligations, which are incorporated herein as if fully

set forth herein. In the event of any conflict between this section and the Federal Tax Certificate, the provisions of the Federal Tax Certificate will prevail. Additional tax covenants as necessary or desirable for any Series of Bonds may be set forth in the Sale Document or Federal Tax Certificate for that Series of Bonds.

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

SECTION 22. Trustee for Registered Owners of Parity Bonds.

A. Appointment of Trustee. Upon the occurrence of any "event of default" described in section 23.A. of this ordinance, the Registered Owners of a majority in principal amount of the outstanding Parity Bonds may appoint a Trustee by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners or by their attorneys-in-fact duly authorized and delivered to the Trustee, notification thereof being given to the county. Any appointment of a Trustee under the provisions of this subsection A. must be a bank or trust company organized under the laws of the State or the State of New York or a national banking association. The fees and expenses of a Trustee must be borne by the owners of the Parity Bonds and not by the county. The bank or trust company acting as a Trustee may be removed at any time and a successor Trustee may be appointed by the Registered Owners of a majority in principal amount of the outstanding Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners or by their attorneys-in-fact duly authorized.

The Trustee appointed in the manner herein provided, and each successor thereto, is hereby declared to be a trustee for the Registered Owners of all the Parity Bonds and is empowered to exercise all rights and powers herein conferred on the Trustee.

B. Certain Rights and Obligations of Trustee. The Trustee will not be responsible for recitals in any ordinance or in the Parity Bonds, or for the validity of any Parity Bonds, nor will the Trustee be responsible for insuring the System or for collecting any insurance money or for the title to any property of the System.

The Trustee will be protected in acting upon any notice, request, consent, certificate, order, affidavit,

letter or other paper or document believed by it to be genuine and correct and to have been signed, sent or delivered by the person or persons by whom such paper or document is purported to have been signed, sent or delivered.

The Trustee will not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.

The Trustee will permit the owner of any Parity Bonds to inspect any instrument, opinion or certificate filed with the Trustee by the county or by any person, firm or corporation acting for the county.

The Trustee will not be bound to recognize any person as an owner of any Parity Bond until such person's title thereto, if disputed, has been established to the Trustee's reasonable satisfaction.

The Trustee may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

SECTION 23. Events of Default for Parity Bonds; Powers and Duties of Trustee.

A. Events of Default. The occurrence of one or more of the following is an "event of default" with respect to any Bonds issued as Parity Bonds under this ordinance:

1. default in the payment of principal of or interest on any Parity Bonds when the same becomes due; or

2. default in the observance or performance of any of the other covenants applicable to Parity Bonds herein contained, and the default continues for a period of six months after written notice to the county from the registered owner of a Parity Bond specifying the default and requiring that it be remedied.

B. Powers of Trustee. The Trustee in its own name and on behalf of and for the benefit and protection of the registered owners of all Parity Bonds may proceed, and upon the written request of the Registered Owners of not less than 25% in principal amount of the Parity Bonds then outstanding must proceed, to protect and enforce any rights of the Trustee and, to the full extent that Registered Owners of Parity

Bonds themselves might do, the rights of such Registered Owners of Parity Bonds under the laws of the State or under the ordinances providing for the issuance of the Parity Bonds, by such suits, actions or proceedings in equity or at law, either for the specific performance of any covenant contained herein or in aid or execution of any power herein granted or for any proper legal or equitable remedy as the Trustee may deem most effectual to protect and enforce the rights of the Trustee and the Registered Owners of Parity Bonds. In the enforcement of any such rights under this or any other ordinance of the county, the Trustee is entitled to sue for, to enforce payment of and to receive any and all amounts due from the county for principal, interest or otherwise under any of the provisions of such ordinance, with interest on overdue payments at the rate or rates set forth in such Parity Bond or Parity Bonds, together with any and all costs and expenses of collection and of all proceedings taken by the Trustee without prejudice to any other right or remedy of the Trustee or of the owners of the Parity Bonds.

If default is made in the payment of principal of any Parity Bond and the default continues for a period of 30 days, the Trustee may not accelerate payment of any Parity Bonds but may proceed to enforce payment thereof as hereinabove provided. If, in the sole judgment of the Trustee, any default is cured and the Trustee furnishes the county a certificate so stating, that default is conclusively deemed to be cured, and the county, Trustee and owners of Parity Bonds will be restored to the same rights and position they would have held if no event of default had occurred.

C. Actions in Name of Trustee. All rights of action under this ordinance or upon any of the Parity Bonds enforceable by the Trustee may be enforced by the Trustee without the possession of any Parity Bonds or the production thereof in the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee will be brought in its name for the ratable benefit of the Registered Owners of all Parity Bonds, subject to the provisions of this ordinance.

D. Procedure by Bond Owners. No owner of any one or more of the Parity Bonds has any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same, unless an event of

default occurs and no Trustee has been appointed as herein provided, but any remedy herein authorized to be exercised by a Trustee may be exercised individually by any registered owner of a Parity Bond, in such Registered Owner's own name and on such Registered Owner's own behalf or for the benefit of all registered owners of Parity Bonds, if no Trustee is appointed, or with the consent of the Trustee if such Trustee has been appointed.

E. Application of Money Collected by Trustee. Any money collected by the Trustee at any time pursuant to this section will be applied, first, to the payment of its charges, expenses, advances and compensation and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys, and, second, toward payment of the amount then due and unpaid upon the Parity Bonds, ratably and without preference or priority of any kind not expressly provided in this ordinance, according to the amounts due and payable on the Parity Bonds at the date fixed by the Trustee for the distribution of such money, upon presentation of the several Parity Bonds and upon causing such payment to be stamped thereon, if partly paid, and upon surrender thereof, if fully paid.

SECTION 24. Future Parity Bonds. The county further covenants and agrees with the Registered Owner of each of the Bonds issued as Parity Bonds for as long as the same are outstanding that it will not create any special fund for the payment of the principal of and interest on any revenue bonds that will rank on a parity with or have any priority over the payments out of Revenue of the System required to be made into the Parity Bond Fund and the accounts therein to pay or secure the payment of the outstanding Parity Bonds. The county reserves the right for: (a) the purpose of acquiring, constructing and installing any portion of the Comprehensive Plan; (b) the purpose of acquiring, constructing and installing any necessary renewals or replacements of the System; or (c) the purpose of refunding or purchasing for cash or exchange consideration and retiring at or prior to their maturity any outstanding obligations of the county payable from Revenue of the System, to issue additional or refunding Parity Bonds, including Variable Rate Parity Bonds, and to make payments into the Parity Bond Fund out of the Revenue Fund that will be sufficient to pay the principal of and

interest on those additional or refunding Parity Bonds and to maintain required reserves, such payments out of the Revenue Fund to rank equally with the payments out of the Revenue Fund required to be made into the Parity Bond Fund and the accounts therein for the payment of the principal of and interest on outstanding Parity Bonds, but only upon compliance with the following conditions:

A. At the time of the issuance of any Future Parity Bonds there is no deficiency in the Parity Bond Fund or any account therein;

B. Each ordinance providing for the issuance of any Future Parity Bonds that are refunding bonds must require that all money held in any fund or account of the county created for the purpose of paying the principal of and interest on the bonds being refunded either be used to pay the principal of and interest on such bonds or be transferred or paid into the Parity Bond Fund;

C. Each ordinance providing for the issuance of Future Parity Bonds must provide for the payment of the principal thereof and interest thereon out of the Parity Bond Fund. The Future Parity Bonds may bear such date of issue, interest payment dates, and principal payment dates, and may mature in such year or years, as the county council provides. Each such ordinance will further provide that upon the issuance of any Future Parity Bonds, the county will pay into the Parity Bond Reserve Account an amount that will be sufficient to satisfy the Reserve Requirement then applicable or provide Qualified Insurance or a Qualified Letter of Credit to satisfy the Reserve Requirement;

D. At the time of the issuance of any Future Parity Bonds, the county must have on file a certificate from a Professional Utility Consultant, dated no more than 90 days prior to the date of delivery of such Future Parity Bonds, showing that, in the Professional Utility Consultant's professional opinion, the "annual income available for debt service on Parity Bonds" for each year during the life of such Future Parity Bonds shall be at least equal to 1.25 times the amount required in each such year to pay the Annual Parity Debt Service for such year. Such "annual income available for debt service on Parity Bonds" must be determined as follows for each year following the proposed date of issue of such Future Parity Bonds:

1. The Revenue of the System must be determined for a period of any 12 consecutive months out of the 18 months immediately preceding the delivery of the Future Parity Bonds being issued;

2. Such revenue may be adjusted to give effect on a 12-month basis to the rates in effect on the date of such certificate;

3. If there were any Customers added to the System during such 12-month period or thereafter and prior to the date of the Professional Utility Consultant's certificate, such revenue may be further adjusted on the basis that added Customers were Customers of the System during the entire 12-month period;

4. There will be deducted from such revenue the amount expended for Operating and Maintenance Expenses during such period;

5. For each year following the proposed date of issuance of such Future Parity Bonds the Professional Utility Consultant may add to the annual revenue determined in subsection D.1. through 4. of this section an estimate of the income to be received in each such year from the investment of money in the Parity Bond Fund and any account therein, and the Construction Account, which is to be determined by and in the sole discretion of a firm of nationally recognized financial consultants selected by the county;

6. Beginning with the second year following the proposed date of issue of such Future Parity Bonds and for each year thereafter, the Professional Utility Consultant may add to the annual revenue determined in subsection D.1. through 5. of this section the Professional Utility Consultant's estimate of any additional annual revenue to be received from anticipated growth in the number of Customers within the area served by the System on the date of such certificate, after deducting therefrom any increased Operating and Maintenance Expenses estimated to be incurred as a result of such growth; provided, that the Professional Utility Consultant's estimate of the number of Customers served may not assume growth of more than 1/4 of 1% over and above the number of Customers served or estimated to be served during the preceding year; and

7. If extensions of or additions to the System are in the process of construction at the time of such certificate, or if the proceeds of the Future Parity Bonds being issued are to be used to acquire or

construct extensions of or additions to the System, there may be added to the annual net revenue as above determined any revenue not included in subsection D.1. through 6. of this section that will be derived from such additions and extensions after deducting therefrom the estimated additional Operating and Maintenance Expenses to be incurred as a result of such additions and extensions; provided, that such estimated annual revenue will be based upon 75% of any estimated Customer growth in the four years following the first full year in which such additional revenue is to be collected and thereafter the estimated Customer growth may not exceed 1/4 of 1% per year over and above such reduced estimate;

E. Instead of the certificate described in subsection D. of this section, the county may elect to have on file a certificate of the Finance Director demonstrating that during any 12 consecutive calendar months out of the immediately preceding 18 calendar months Net Revenue was at least equal to 1.25 times the amount required to pay, in each year that such Future Parity Bonds would be outstanding, the Annual Parity Debt Service for such year;

F. For the purpose of refunding at or prior to their maturity any outstanding Parity Bonds or any bonds or other obligations of the county payable from Revenue of the System, including refundings by purchase or exchange, the county may at any time issue Future Parity Bonds without complying with the provisions of subsection D. or E. of this section; provided, that the county may not issue Future Parity Bonds for such purpose under this subsection F. unless the Finance Director certifies that upon the issuance of such Future Parity Bonds: (a) total debt service required for all Parity Bonds, including the refunding bonds and not including the bonds to be refunded thereby, will decrease; and (b) the Annual Parity Debt Service for each year that any Parity Bonds, including the refunding bonds and not including the bonds to be refunded thereby, are then outstanding will not be increased by more than $5,000 by reason of the issuance of such Future Parity Bonds.

The principal amount of Future Parity Bonds issued pursuant to this subsection F. may include amounts necessary to pay the principal of the Parity Bonds or other obligations to be refunded, interest thereon to the

date of payment or redemption thereof, any premium payable thereon upon such payment or redemption and the costs of issuance of such Future Parity Bonds, and if a Payment Agreement has been provided with respect to the obligations to be refunded, may include amounts necessary to make the payment of all amounts, if any, due and payable by the county under such Payment Agreement. The proceeds of such Future Parity Bonds will be held and applied in such manner as is provided for in the ordinance authorizing the issuance of the Parity Bonds or other obligations to be refunded, so that upon the delivery of such Future Parity Bonds, the Parity Bonds or other obligations to be refunded thereby will be deemed no longer outstanding in accordance with the ordinance authorizing their issuance; and

G. Nothing contained in this ordinance prevents the county from issuing revenue bonds that are a charge on Revenue of the System and money in the Revenue Fund junior or inferior to the payments required to be made therefrom into the Parity Bond Fund and any account therein, nor shall anything herein contained prevent the county from issuing Future Parity Bonds to refund maturing Parity Bonds for the payment of which money is not otherwise available.

SECTION 25. Additional Parity Lien Obligations. The county expressly reserves the right to issue additional Parity Bonds in accordance with the ordinances, including this ordinance, authorizing the Parity Bonds. Subject to this reservation of rights with respect to Parity Bonds, the county hereby covenants and agrees with the Registered Owner of each of the Bonds issued as Parity Lien Obligations, so long as such Bonds are outstanding, that it will not issue or incur any other additional indebtedness secured in whole or in part by a lien on Revenue of the System superior to the lien of such Bonds issued as Parity Lien Obligations.

A. Parity Lien Obligations Other Than Refunding Bonds. The county expressly reserves the right to issue or enter into additional Parity Lien Obligations, including Variable Rate Parity Lien Obligations, for any lawful purpose of the county related to the System if at the time of issuing or entering into such Parity Lien Obligations:

1. There is no deficiency in the Parity Bond Fund, the Parity Lien Obligation Bond Fund or

any other bond fund or account securing Parity Lien Obligations;

2. The county has on file a certificate from a Professional Utility Consultant, dated no more than 90 days prior to the date of delivery of such Parity Lien Obligations, showing that, in the Professional Utility Consultant's professional opinion, the "annual income available for debt service on Parity Bonds and Parity Lien Obligations" for each year during the life of such Parity Lien Obligations is at least equal to 1.25 times the amount required to pay Annual Debt Service in each such year. Such "annual income available for debt service on Parity Bonds and Parity Lien Obligations" shall be determined as follows for each year following the proposed date of issue of such additional Parity Lien Obligations:

a. The Revenue of the System must be determined for a period of any 12 consecutive months out of the 18 months immediately preceding the delivery of the Parity Lien Obligations being issued;

b. Such revenue may be adjusted to give effect on a 12-month basis to the rates in effect on the date of such certificate;

c. If there were any Customers added to the System during such 12-month period or thereafter and prior to the date of the Professional Utility Consultant's certificate, such revenue may be further adjusted on the basis that added Customers were Customers of the System during the entire 12-month period;

d. There will be deducted from such revenue the amount expended for Operating and Maintenance Expenses during such period;

e. For each year following the proposed date of issuance of such Parity Lien Obligations the Professional Utility Consultant may add to the annual revenue determined in clauses a through d of this paragraph 2 an estimate of the income to be received in each such year from the investment of money in the Parity Bond Fund, the Parity Lien Obligation Bond Fund and the Construction Account, which is to be determined by and in the sole discretion of a firm of nationally recognized financial consultants selected by the county;

f. Beginning with the second year following the proposed date of issue of such Parity Lien Obligations and for each year thereafter the Professional Utility Consultant may add to the annual revenue determined in clauses a through e of this paragraph 2 the Professional Utility Consultant's estimate of any additional annual revenue to be received from anticipated growth in the number of Customers within the area served by the System on the date of such certificate, after deducting therefrom any increased Operating and Maintenance Expenses estimated to be incurred as a result of such growth; provided, that the Professional Utility Consultant's estimate of the number of customers served may not assume a growth of more than 1/4 of 1% over and above the number of customers served or estimated to be served during the preceding year; and

g. If extensions of or additions to the System are in the process of construction at the time of such certificate, or if the proceeds of the Parity Lien Obligations being issued are to be used to acquire or construct extensions of or additions to the System, there may be added to the annual net revenue as above determined any revenue not included in subsection A.2.a. through f. of this section that will be derived from such additions and extensions after deducting therefrom the estimated additional Operating and Maintenance Expenses to be incurred as a result of such additions and extensions; provided, that such estimated annual revenue must be based upon 75% of any estimated Customer growth in the four years following the first full year in which such additional revenue is to be collected and thereafter the estimated Customer growth may not exceed 1/4 of 1% per year over and above such reduced estimate; and

3. Instead of the certificate described in subsection A.2. of this section, the county may elect to have on file a certificate of the Finance Director demonstrating that during any 12 consecutive calendar months out of the immediately preceding 18 calendar months Net Revenue was at least equal to 1.25 times the amount required to pay, in each year that such Parity Lien Obligations would be outstanding, the Annual Debt Service for such year.

B. Parity Lien Obligations That Are Refunding Bonds.

1. The county may at any time, for the purpose of refunding at or prior to their maturity any

outstanding Parity Lien Obligations, Parity Bonds, or any bonds or other obligations of the county payable from Revenue of the System, including refundings by purchase or exchange, issue additional Parity Lien Obligations without complying with the provisions of subsection A.2. and 3. of this section if there is filed with the clerk of the county council a certificate of the Finance Director stating that upon the issuance of such additional Parity Lien Obligations: (a) total debt service on all Parity Bonds and Parity Lien Obligations, including the refunding bonds but not including the bonds to be refunded thereby, will decrease; and (b) the Annual Debt Service for each year that any Parity Bonds and any Parity Lien Obligations, including the refunding bonds but not including the bonds to be refunded thereby, are then outstanding will not be increased by more than $5,000 by reason of the issuance of such additional Parity Lien Obligations.

2. The principal amount of such Parity Lien Obligations may include amounts necessary to pay the principal of the bonds or other obligations to be refunded, interest thereon to the date of payment or redemption thereof and any premium payable thereon upon such payment or redemption and the costs of issuance of such Parity Lien Obligations and, if a Payment Agreement has been provided with respect to the obligations to be refunded, may include amounts necessary to make the payment of all amounts, if any, due and payable by the county under such Payment Agreement. The proceeds of such Parity Lien Obligations will be held and applied as provided in the ordinance authorizing the issuance of such Parity Lien Obligations, so that upon the delivery of such Parity Lien Obligations, the bonds or other obligations to be refunded thereby will be deemed no longer outstanding in accordance with the ordinance authorizing their issuance.

3. At the election of the county, the provisions of this subsection B. need not apply to the refunding at one time of all the Parity Lien Obligations then outstanding.

4. Nothing contained in this ordinance prohibits or prevents, or will be deemed or construed to prohibit or prevent, the county from issuing Parity Lien Obligations to refund maturing Parity Lien Obligations of the county for the payment of which money is not otherwise available.

C. Subordinate Obligations. Nothing in this ordinance prohibits, or will be deemed or construed to

prohibit, the county from authorizing and issuing bonds, notes or other evidences of indebtedness for any purpose of the county related to the System payable in whole or in part from Revenue of the System and secured by a lien on Revenue of the System that is junior, subordinate and inferior to the lien of any Bonds issued as Parity Lien Obligations.

SECTION 26. Reimbursement Obligations. If the county elects to secure any Bonds with a Credit Facility, the county may contract with the entity providing the Credit Facility that the reimbursement obligation, if any, to that entity will be a Parity Bond or Parity Lien Obligation, as applicable.

SECTION 27. Payment Agreements.

A. General. To the extent and for the purposes permitted from time to time by chapter 39.96 RCW, as it may be amended, and other applicable provisions of State law, the county may enter into Payment Agreements, subject to the conditions set forth in this section and in other provisions of this ordinance.

B. Manner and Schedule of Payments. Each Payment Agreement must set forth the manner in which the Payment Agreement Payments and the Payment Agreement Receipts will be calculated and a schedule of payment dates.

C. Authorizing Ordinance. Prior to entering into a Payment Agreement, the county council must adopt an ordinance authorizing such agreement and setting forth such provisions as the county deems necessary or desirable and are not inconsistent with the provisions of this ordinance.

D. Calculation of Payment Agreement Payments and Debt Service on Bonds with Respect to which a Payment Agreement is in Force. It is the intent of the county, for purposes of section 18, 24 or 25 of this ordinance, that debt service on Parity Bonds with respect to which a Parity Payment Agreement is in force will be calculated to reflect the net economic effect on the county intended to be produced by the terms of such Parity Bonds and Parity Payment Agreement and that debt service on Parity Lien Obligation Bonds with respect to which a Parity Lien Obligation Payment Agreement is in force will be calculated to reflect the net economic effect on the county intended to be produced by the terms of such Parity Lien Obligation Bonds and Parity Lien

Obligation Payment Agreement. In calculating such amounts, the county will be guided by the following requirements.

1. The amount of interest deemed to be payable on any Bonds with respect to which a Payment Agreement is in force will be an amount equal to the amount of interest that would be payable at the rate or rates stated in those Bonds plus Payment Agreement Payments minus Payment Agreement Receipts.

2. For any period during which Payment Agreement Payments are not taken into account in calculating interest on any outstanding Bonds because the Payment Agreement is not then related to any outstanding Bonds, Payment Agreement Payments on that Parity Payment Agreement will be calculated based upon the following assumptions:

a. County Obligated to Make Payments Based on Fixed Rate. If the county is obligated to make Payment Agreement Payments based on a fixed rate and the Qualified Counterparty is obligated to make payments based on a variable rate index, payments by the county will be based on the assumed fixed payor rate, and payments by the Qualified Counterparty will be based on a rate equal to the average rate determined by the variable rate index specified by the Payment Agreement during the fiscal quarter preceding the quarter in which the calculation is made; and

b. County Obligated to Make Payments Based on Variable Rate Index. If the county is obligated to make Payment Agreement Payments based on a variable rate index and the Qualified Counterparty is obligated to make payments based on a fixed rate, payments by the county will be based on a rate equal to the average rate determined by the variable rate index specified by the Payment Agreement during the fiscal quarter preceding the quarter in which the calculation is made, and the Qualified Counterparty will make payments based on the fixed rate specified by the Payment Agreement.

E. Prior Notice to Rating Agencies. The county will give notice to Moody's and S&P 30 days prior to the date it intends to enter into a Parity Payment Agreement and will give notice to Fitch, Moody's and S&P 30 days prior to the date it intends to enter into a Parity Lien Obligation Payment Agreement.

SECTION 28. Sale of Bonds. The county hereby authorizes the sale of the Bonds in one or more Series. The Finance Director is authorized to proceed with the sale of any Series of the Bonds pursuant to subsections B., C. or D. of this section to refund the Refunded Bonds and finance the costs of any project that has been approved by the county council or will have been approved by the county council prior to the sale date for such Bonds. The Finance Director is further authorized to proceed under this ordinance with the sale of the Project Bonds for any such project and with the sale of the Refunding Bonds to refund any Refunding Candidate(s), including by purchase or exchange, pursuant to the sale provisions set forth in this section and without regard to the requirements of any prior bond ordinance that authorized the financing of the project or the refunding of such Refunding Candidate(s).

The Bonds will be sold in one or more Series, any of which may be sold in a combined offering with other bonds and/or notes of the county, at the option of the Finance Director. The Finance Director will determine, in consultation with the county's financial advisors, the principal amount of each Series of the Project Bonds, which of the Refunding Candidates will be refunded, whether such Refunding Candidates will be refunded by purchase or exchange, whether any Series of Project Bonds or Refunding Bonds will be sold separately or in one or more combined Series, whether each Series of Bonds will be sold by competitive bid or negotiated sale, or otherwise, and for current or future delivery, and whether such Series of Bonds will be issued and sold as Tax-Advantaged Obligations, Tax-Exempt Obligations or Taxable Obligations, and whether any Series will be designated as "green bonds," social impact bonds, sustainability bonds or otherwise.

A. Satisfaction of Additional Bonds Tests. The Finance Director will provide or cause to be provided by a Professional Utility Consultant any certifications required to comply with the tests established in prior ordinances of the county for the issuance of additional Parity Bonds and additional Parity Lien Obligations, as applicable.

B. Negotiated Sale. If the Finance Director determines that any Series of the Bonds will be sold by negotiated sale, the Finance Director shall, in accordance with applicable county procurement procedures,

solicit one or more underwriting firms or other financial institutions with which to negotiate the sale of such Bonds. Subject to the parameters set forth in subsection E. of this section, the Bond Purchase Agreement for such Series of the Bonds will specify whether the Bonds of such Series are being issued and sold as Tax-Advantaged Obligations, Tax-Exempt Obligations or Taxable Obligations, and whether any Series of Bonds are designated as "green bonds," social impact bonds, sustainability bonds or otherwise, and will also identify any Term Bonds and the year and any applicable Series designation, date, principal amounts and maturity dates, interest rates and interest payment dates, redemption and/or purchase provisions and delivery date for such Series of Bonds.

C. Sale by Competitive Bid. If the Finance Director determines that any Series of Bonds will be sold by competitive bid, bids for the purchase of such Series of Bonds will be received at such time and place and by such means as the Finance Director will direct. The Finance Director is authorized to prepare an Official Notice of Bond Sale for each Series of Bonds to be sold pursuant to competitive bid, which notice will be filed with the clerk of the county council. The Official Notice of Bond Sale will specify whether the Bonds of such Series are being issued and sold as Tax-Advantaged Obligations, Tax-Exempt Obligations or Taxable Obligations, and whether any Series will be designated as "green bonds," social impact bonds, sustainability bonds or otherwise, and will identify the year and any applicable Series designation, date, principal amounts and maturity dates, interest payment dates, redemption and/or purchase provisions and delivery date for such Series of Bonds.

Upon the date and time established for the receipt of bids for a Series of the Bonds, the Finance Director or the Finance Director's designee will review the bids received, cause the bids to be mathematically verified, and accept the winning bid by executing the Certificate of Award, which shall designate any Term Bonds, subject to the parameters set forth in subsection E. of this section. The county, acting through the Finance Director, reserves the right to reject any and all bids for such Bonds.

D. Other Sales. If the Finance Director determines that any Series of Bonds will be sold to the

federal government or other purchaser to evidence a loan from that purchaser, the Finance Director, in consultation with the county financial advisors, will negotiate the sale of such Bonds and the terms of any Loan Agreement or other agreement with the purchaser, including any Master WIFIA Agreement to be supplemented or amended by WIFIA loan agreements for each WIFIA loan made thereunder. The terms of any Master WIFIA Agreement or any WIFIA loan agreements may include additional disbursement or other conditions, covenants, events of default, remedies and other provisions generally consistent with such provisions of the existing WIFIA loans, the forms of which were approved by Motion 15115 and 15789, respectively, or current WIFIA program terms. Subject to the parameters set forth in subsection E. of this section, the Loan Agreement or other agreement or closing certificates for such Series of Bonds will specify whether the Bonds of such Series are being issued and sold as Tax-Advantaged Obligations, Tax-Exempt Obligations or Taxable Obligations, and whether any Series of Bonds are designated as "green bonds," social impact bonds, sustainability bonds or otherwise, and will also identify any Term Bonds and the year and any applicable Series designation, date, principal amounts and maturity dates, interest rates and interest payment dates, redemption and/or purchase provisions and delivery date for such Series of Bonds.

E. 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 Bonds upon the Finance Director's approval of the final interest rates, maturity dates, aggregate principal amounts, principal maturities and redemption rights for the Series of the Bonds in accordance with the authority granted by this section so long as:

1. The aggregate principal amount for the Series of Project Bonds does not cause the aggregate principal amount for all Project Bonds issued under this ordinance to exceed $1,200,000,000;

2. The aggregate principal amount of the Series of Refunding Bonds to be issued does not exceed the aggregate principal amount of the Refunded Bonds to be refunded, including by purchase or exchange, with such Series of Refunding Bonds, plus the amount deemed by the Finance Director as reasonably

required to effect such refunding as described in RCW 39.53.050, including amounts reasonably required to pay the redemption or purchase price of the Refunded Bonds and costs of issuance and the refunding;

3. Except for Project Bonds delivered to evidence one or more WIFIA loans from the EPA, the final maturity date for the Series of the Project Bonds to be issued is not later than 31 years after its date of issuance. The final maturity date for any Series of Project Bonds to be delivered to evidence one or more WIFIA loans from the EPA is not later than the earlier of: (a) the date that is 35 years following substantial completion of the financed project as such terms are defined in the WIFIA loan agreement for that Series of Project Bonds; and (b) the date that is 40 years after the date the county initially draws on the WIFIA loan evidenced by that Series of Parity Bonds;

4. The final maturity date for the Series of the Refunding Bonds to be issued is not later than the end of the fiscal year that includes the final maturity date for the Refunded Bonds to be refunded, including by purchase or exchange, with such Series of Bonds; provided, that the final maturity date for any Series of the Refunding Bonds to be issued to refund Project Bonds issued as bond anticipation notes, commercial paper or other interim financing is not later than 31 years after the date of issuance of the interim financing;

5. The Series of the Bonds to be issued are sold in the aggregate at a price not less than 95 percent;

6. The true interest cost for the Series of Bonds does not exceed 5.0% if the Series of Bonds are issued as Tax-Exempt Obligations;

7. The true interest cost for the Series of Bonds does not exceed 7.0% if the Series of Bonds are issued as Taxable or Tax-Advantaged Obligations; and

8. The Series of Bonds 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 execute each Sale Document to be dated the date of sale of the applicable Series of Bonds. The signature of the

Finance Director shall be sufficient to bind the county.

The Finance Director shall provide an annual report to the Executive Finance Committee and county council describing the sale of any series of Bonds approved pursuant to the authority delegated in this section. 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. The requirement for an annual report provided by this subsection expires three years after the effective date of this ordinance.

The authority granted to the Finance Director by this subsection E. to execute Sale Documents shall expire December 31, 2026; provided, that an amendment to a Sale Document may be executed, and performance pursuant to any Sale Document may be completed, at any time. In the case of a Sale Document in the form of a WIFIA Master Agreement, the authority granted to the Finance Director by this subsection E. to execute such WIFIA Master Agreement shall expire December 31, 2026; provided, that an amendment or supplement to such Sale Document, including any supplement in the form of a WIFIA loan agreement subject to the WIFIA Master Agreement, may be executed at any time, issuance and delivery of one or more Series of Parity Bonds to evidence the county's obligations under such Sale Document as supplemented may be completed at any time, and performance pursuant to the Sale Document may be completed at any time. All other provisions of this ordinance will remain in full force and effect. If a Sale Document for a Series of the Bonds has not been executed by December 31, 2026, the authorization for the issuance of the Bonds shall be rescinded and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been reauthorized by ordinance of the county council. The ordinance reauthorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving a bond purchase agreement, certificate of award or loan agreement or establishing terms and conditions for the authority delegated under this section.

The authority of the county to sell bonds, e.g., enter into a bond purchase agreement, accept a bid to sell any bonds or enter into a loan or other agreement for the sale of the bonds, as defined in and pursuant to

Ordinance 19377, as amended by Ordinance 19635, will terminate on the effective date of this ordinance, but all other provisions of Ordinance 19377, as amended by Ordinance 19635, will remain in full force and effect.

SECTION 29. Delivery of Bonds. Following the sale of each Series of the Bonds, the county will cause definitive Bonds 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 Bonds, with the approving legal opinion of municipal bond counsel regarding such Series of Bonds.

SECTION 30. Preliminary Official Statement and Final Official Statement. The county hereby authorizes and directs the Finance Director: (a) to review and approve the information contained in any preliminary official statement (each, a "Preliminary Official Statement") prepared in connection with the sale of each Series of Bonds; and (b) for the sole purpose of compliance by the purchasers of such Series of Bonds with subsection (b)(1) of the Rule, to "deem final" the related Preliminary Official Statement as of its date, except for such omissions as are permitted under the Rule. After each Preliminary Official Statement has been reviewed and approved in accordance with the provisions of this section, the county hereby authorizes the distribution of such Preliminary Official Statement to prospective purchasers of such related Series of Bonds.

Following the sale of each Series of Bonds, the Finance Director is hereby authorized to review and approve on behalf of the county a final official statement with respect to such Series of Bonds. The county agrees to cooperate with the purchaser of each Series of Bonds to deliver or cause to be delivered, within seven business days from the date of the Sale Document, and in sufficient time to accompany any confirmation that requests payment from any customer of the purchaser, copies of a final official statement pertaining to such Series of Bonds in sufficient quantity to allow compliance with subsection (b)(4) of the Rule and the rules of the MSRB.

The county further authorizes and directs the Finance Director to review and approve the information contained in any invitation to tender prepared in connection with the county's acquisition of Refunding Candidates by purchase or exchange.

SECTION 31. Undertaking to Provide Ongoing Disclosure. The Finance Director is authorized to enter into an undertaking to provide ongoing disclosure with respect to each Series of Bonds, as required by subsection (b)(5) of the Rule. The form of the undertaking may be set forth in the Sale Document or the Official Statement for the Bonds.

SECTION 32. 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 of each Series of Bonds, and for the proper use and application of the proceeds of the sale thereof.

SECTION 33. Investment of Funds and Accounts. Money in the Parity Bond Fund, Parity Bond Reserve Account, Parity Lien Obligation Bond Fund, Revenue Fund and Construction Account may be invested in any Permitted Investments. Obligations purchased as an investment of money in the Parity Bond Fund, Parity Bond Reserve Account, Parity Lien Obligation Bond Fund, Revenue Fund and Construction Account and accounts or subaccounts therein will be deemed at all times to be a part of such respective fund, account or subaccount, and the income or interest earned and profits realized or losses suffered by a fund, account or subaccount due to the investment thereof will be retained in, credited or charged, as the case may be, to such fund or account.

SECTION 34. Refunding or Defeasance of Bonds. The Bonds are designated as Refunding Candidates for purposes of ordinances of the county authorizing the issuance of bonds to refund outstanding obligations of the county. The county may issue refunding obligations pursuant to the laws of the State or use money available from any other lawful source to pay when due the purchase price, principal of, premium, if any, and interest on the Bonds of any Series, or any portion thereof included in a refunding or defeasance plan and to redeem and retire, refund, including by purchase or exchange, or defease all or a portion of such then-outstanding Bonds of such Series (hereinafter collectively called the "Defeased Bonds"), and to pay the costs of the refunding or defeasance.

If money and/or noncallable Government Obligations maturing at such time or times and bearing

interest to be earned thereon in amounts, together with such money, if necessary, sufficient to redeem and retire, refund or defease the Defeased Bonds in accordance with their terms are set aside in a special trust or escrow fund or account irrevocably pledged to that redemption, retirement or defeasance of Defeased Bonds (hereinafter called the "trust account"), then the Defeased Bonds will be deemed not to be outstanding hereunder, no further payments need be made into the related bond fund for the payment of the principal of and interest on the Defeased Bonds and the Registered Owners of the Defeased Bonds will cease to be entitled to any covenant, pledge, benefit or security of this ordinance. The Registered Owners of Defeased Bonds will have the right to receive payment of the principal of, premium, if any, and interest on the Defeased Bonds from the trust account.

The county will provide or cause to be provided notice of defeasance of such Bonds to the MSRB in accordance with the undertaking for ongoing disclosure to be adopted pursuant to section 31 of this ordinance.

SECTION 35. Supplemental Ordinances.

A. Without Bondowner Consent. The county council from time to time and at any time may adopt an ordinance or ordinances supplemental to this ordinance, without the consent of owners of any of the Bonds, for any one or more of the following purposes:

1. To add to the covenants and agreements of the county in this ordinance such other covenants and agreements thereafter to be observed that will not adversely affect the interests of the registered owners of any Parity Bonds or Parity Lien Obligations, as applicable, or to surrender any right or power herein reserved to or conferred upon the county.

2. To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this ordinance or any ordinance authorizing Parity Bonds or Parity Lien Obligations in regard to matters or questions arising under such ordinances as the county council may deem necessary or desirable and not inconsistent with such ordinances and that will not adversely affect the interest of the registered owners of Parity Bonds or Parity Lien Obligations, as applicable.

B. With Bondowner Consent.

1. With the consent of the registered owners of not less than 51% in aggregate principal amount of all Parity Bonds at the time outstanding, the county council may adopt an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance or of any supplemental ordinance applicable to Parity Bonds, except as described in subsection B.3. of this section.

2. With the consent of the registered owners of not less than 51% in aggregate principal amount of all Parity Lien Obligations at the time outstanding, the county council may adopt an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance or of any supplemental ordinance applicable to Parity Lien Obligations, except as described in subsection B.3. of this section.

3. No supplemental ordinance entered into pursuant to this subsection B. may:

a. Extend the fixed maturity of any Parity Bonds or Parity Lien Obligations, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the registered owner of each bond so affected; or

b. Reduce the aforesaid percentage of registered owners of Parity Bonds or Parity Lien Obligations required to approve any such supplemental ordinance, without the consent of the registered owners of all of such bonds.

4. It is not necessary for the consent of registered owners of bonds under this subsection B. to approve the particular form of any proposed supplemental ordinance, but it is sufficient if such consent approves the substance thereof.

C. Amendments Deemed Approved by Parity Bondowners. The Registered Owners from time to time of the Bonds issued as Parity Bonds, by taking and holding the same, shall be deemed to have consented to

the adoption of this ordinance or ordinances supplemental to this ordinance amending the definition of Reserve Requirement. From and after the First Springing Amendment Date (Parity Bonds), the Finance Director is authorized and directed, in the First Springing Amendment Certificate, any Sale Document or other ordinance or sale document authorized thereunder to:

1. Establish one or more separate Reserve Requirements for one or more Series of Parity Bonds, including each Series of the Bonds issued as Parity Bonds;

2. Further amend the Reserve Requirement, including the Reserve Requirement for each Series of the Bonds issued as Parity Bonds, to mean the amount or amounts, which may be $0 or such other amount or amounts not to exceed maximum Annual Parity Debt Service; and

3. Establish one or more separate subaccounts within the Parity Bond Reserve Account to secure one or more Series of Parity Bonds, including each Series of the Bonds issued as Parity Bonds, with other Series of Parity Bonds not being secured by such separate subaccounts.

As a result, on and after the First Springing Amendment Date (Parity Bonds), outstanding Parity Bonds and other Bonds to be issued as Parity Bonds may be secured by an amount less than maximum Annual Parity Debt Service in the Parity Bond Reserve Account, which amount may be $0.

SECTION 36. Contract; Severability. The covenants contained in this ordinance constitute a contract between the county and: (a) the Registered Owner of each Bond; (b) the Qualified Counterparty to any Payment Agreement entered into with respect to any Bonds; and (c) the provider of any Credit Facility, Qualified Insurance or Qualified Letter of Credit with respect to any Bonds. 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 Bonds.