



Legislation Text

File #: 2006-0280, **Version:** 3

AN ORDINANCE authorizing the issuance and sale of junior lien multi-modal sewer revenue bonds in the principal amount of \$50,000,000 to provide funds for constructing improvements to the sewer system of the county; providing the date, form, terms, maturity, and method of determining interest rates of such bonds; providing the covenants and conditions under which such bonds will be issued; appointing a remarketing agent; authorizing certain agreements to provide bond insurance and liquidity support for the bonds; and providing for the sale of the bonds to Goldman, Sachs & Co.

PREAMBLE:

The county owns and operates facilities for the conveyance and treatment of sewage and control of combined sewer overflows that include, but are not limited to, 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 (collectively the “Sewer System” or 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 (the “Participants”) obligate the county to treat and dispose of sewage collected by the Participants. The Participants must pay the costs of such services including debt service on sewer revenue bonds, including the bonds authorized herein, and other indebtedness payable from and secured by sewer revenues.

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

Designation	Ordinance	Date of Issue	Original Principal Outstanding	Principal 7/1/2006
1999 Bonds	13468	6/01/1999	\$ 80,000,000	\$ 55,795,000
1999 Bonds (2nd)	13650	11/01/1999	60,000,000	3,365,000
2001 Bonds	14225	11/28/2001	270,060,000	233,010,000
2002A Bonds	14406	8/14/2002	100,000,000	100,000,000
2002B Bonds	14406	10/03/2002	346,130,000	311,310,000
2003A Bonds	14406	4/24/2003	96,470,000	93,665,000
2004A Bonds	14753	3/18/2004	185,000,000	185,000,000
2004B Bonds	14753	3/18/2004	61,760,000	60,290,000
2006 Bonds	15385	5/16/2006	124,070,000	124,070,000

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

Designation	Ordinance	Date of Issue	Original Principal Outstanding	Principal 7/1/2006
Series 1996	12314	12/15/1996	\$ 130,965,000	\$ 90,655,000
Series 1998	13256	9/15/1998	261,625,000	251,220,000
Series 2005	15033	4/21/2005	200,000,000	200,000,000

The county has issued its Junior Lien Variable Rate Demand Revenue Bonds, Series 2001A and 2001B (the “2001 Junior Lien Obligations”), with a lien on revenue of the Sewer System junior and subordinate to the lien thereon of the Parity Bonds and the Parity Lien Obligations, pursuant to Ordinances 14171 and 14172, passed by the county council on July 16, 2001.

The county has authorized the issuance of its Sewer Revenue Anticipation Notes, Commercial Paper Series A, in the aggregate principal amount of not to exceed \$100,000,000 at any time outstanding (the “Commercial Paper Notes”), with a lien on revenues of the Sewer System junior and subordinate to the lien thereon of the Parity Bonds, the Parity Lien Obligations and the 2001 Junior Lien Obligations, pursuant to Ordinance 12057, passed by the county council on December 11, 1995, as amended.

The ordinances authorizing the issuance of the Parity Bonds, the Parity Lien Obligations, the 2001 Junior Lien Obligations and the Commercial Paper Notes permit the county to issue additional sewer revenue bonds with a lien on revenues of the Sewer System equal to the lien thereon of the 2001 Junior Lien Obligations and superior to the lien thereon of the Commercial Paper Notes. The county wishes to issue \$100,000,000 of multi-modal revenue bonds with a lien on revenue of the Sewer System equal to the lien thereon of the 2001 Junior Lien Obligations and superior to the lien thereon of the Commercial Paper Notes. Such bonds shall be issued in two series, each in the principal amount of \$50,000,000.

This ordinance authorizes the issuance of Series 2006A of such bonds in the aggregate principal amount of \$50,000,000 (the “Bonds”), to be sold by negotiated sale to Goldman, Sachs & Co., as provided herein. The date, form, terms, maturity and method of determining interest rates of the Bonds shall be fixed as provided herein. To provide credit enhancement for the Bonds and Series 2006B of such bonds (the “2006B Bonds”), the county shall provide for the delivery of a policy of financial guaranty insurance from MBIA Insurance Corporation, as authorized by this ordinance. To provide liquidity for the Bonds and the 2006B Bonds, the county shall enter into a standby bond purchase agreement with KBC Bank N.V., acting through its New York branch, as authorized by this ordinance.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

ARTICLE I.

DEFINITIONS; INTERPRETATION; FINDINGS

SECTION 1.01. Definitions. Defined terms relating to the ARS Mode (including but not limited to ARS Rate, ARS Rate Period, Auction, Auction Agent, Auction Date, Auction Period, Auction Procedures, Broker-Dealer, Maximum Interest Rate and Special Auction Period) shall have the meanings given to such terms in Exhibit B. Certain terms, identified with an asterisk (*) below, are defined in county ordinances authorizing other obligations of the System.

Unless the context otherwise requires, the following terms shall have the following meanings:

Additional Junior Lien Obligations means any Junior Lien Obligations issued after the issuance of the Bonds and the 2006B Bonds.

Additional 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 equal to the lien thereon of the Commercial Paper Notes and the Bank Note.

Alternate Liquidity Facility means a letter of credit, line of credit, standby bond purchase agreement or other liquidity instrument acceptable to the Bond Insurer (together with any associated reimbursement agreement) issued in accordance with the terms hereof as a replacement or substitute for the initial Liquidity Facility and that provides for the payment of the purchase price of Bonds upon the tender thereof in the event remarketing proceeds are insufficient therefor.

Alternate Rate means, on any Rate Determination Date, for any Mode, a rate per annum equal to 110% of (a) the BMA Municipal Swap Index of Municipal Market Data, formerly the PSA Municipal Swap Index (as such term is defined in the 1992 ISDA U.S. Municipal Counterparty Definitions) (the "BMA Rate") most recently available as of the date of determination, or (b) if such index is no longer available, or if the BMA Rate is no longer published, the Kenny Index (as such term is defined in the 1992 ISDA U.S. Municipal Counterparty Definitions), or if neither the BMA Rate nor the Kenny Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by the Bond Market Association to determine the BMA Rate just prior to when the Bond Market Association stopped publishing the BMA Rate. The Registrar shall make these determinations upon notification from the county, if there is no Remarketing Agent, if the Remarketing Agent fails to make any such determination or if the Remarketing Agent has suspended its remarketing efforts in accordance with the Remarketing Agreement.

Annual Debt Service for designated obligations of the System means, with respect to any calendar year, the sum of the following:

(1) The interest due on such designated obligations during such calendar year, plus any Payment Agreement Payments and minus any Payment Agreement Receipts due in such year in respect of Payment Agreements for such obligations.

(i) For purposes of calculating the amounts required to pay interest on such designated obligations, capitalized interest and accrued interest paid to the county upon the issuance of such obligations shall be excluded.

(ii) The amount of interest deemed to be payable on any such obligations bearing interest at a variable rate shall be calculated on the assumption that the interest rate on such obligations would be equal to the rate (the assumed RBI 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.

(2) The principal due during such calendar year for all such designated obligations other than Term Bonds and Balloon Maturity Bonds.

(3) The amounts required to be paid into the applicable bond fund during such calendar year for the amortization of principal of any such designated obligations that are Term Bonds.

(4) An amount for assumed payments of principal of any of such designated obligations that are Balloon Maturity Bonds calculated for the applicable calendar year by amortizing the then outstanding principal amount of such obligations in accordance with a maturity schedule not exceeding 30 years from the date of issuance of such Balloon Maturity Bonds and resulting in approximately level debt service based on their actual interest rates (if such obligations bear interest at fixed rates) or on the assumed interest rate calculated as provided in Paragraph (1)(ii) above (if such obligations bear interest at a variable rate).

Notwithstanding the foregoing, debt service on the designated obligations 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 such obligations and such Payment Agreement, in accordance with the requirements applicable to such Payment Agreement.

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

(1) The interest due for all outstanding Parity Bonds (i) on all Interest Payment Dates (other than January 1) in such calendar year, and (ii) on January 1 of the next succeeding year, plus any Payment Agreement Payments and minus any Payment Agreement Receipts due on such dates in respect of Parity Payment Agreements.

(i) 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.

(ii) 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 (the assumed RBI 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; provided, however, that for purposes of determining actual compliance in any past calendar year with the rate covenant made with respect to the Parity Bonds, the actual amount of interest paid on any issue of Variable Rate Parity Bonds shall be taken into account.

(2) The principal due for all outstanding Parity Bonds other than Term Bonds (i) on all Principal

Payment Dates (other than January 1) of such calendar year and (ii) on January 1 of the next succeeding year.

(3) The amounts required to be paid into the Parity Bond Fund on or before (i) each Principal Payment Date (other than January 1) of such calendar year and (ii) January 1 of the next succeeding calendar year for the amortization of principal of Parity Term Bonds. For purposes of this paragraph (3), amounts required to be paid means the amount to be deposited or accumulated in the Parity Bond Fund on or before such dates for outstanding Parity Term Bonds irrespective of the date or dates such amount, or any portion thereof, is actually deposited into such fund or account.

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 Payment Agreement, in accordance with the requirements set forth in the ordinances authorizing issuance of the Parity Bonds.

ARS Mode means the Mode during which the Bonds bear interest at the ARS Rate.

Authorized Denominations means (i) with respect to Bonds in a Daily Mode or Weekly Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof, (ii) with respect to Bonds in a Flexible Mode, \$100,000 and any integral multiple of \$1,000 in excess thereof, (iii) with respect to Bonds in a Long-Term Mode, \$5,000 and any integral multiple thereof, and (iv) with respect to Bonds in an ARS Mode, \$25,000 and integral multiples thereof.

Automatic Termination Event means an event of default set forth in the Liquidity Facility that would result in the immediate termination or suspension of the Liquidity Facility prior to its stated expiration date without prior notice from the Liquidity Provider to the Registrar.

Available Amount means the amount available under the Liquidity Facility to pay the Purchase Price of the Bonds.

Balloon Maturity Bonds means any obligations of the System, other than Term Bonds, the entire principal amount of which is due at maturity without serial bond payments or sinking fund redemption

payments, including the Bonds.

Bank Note* means the bank note authorized to be issued by Ordinance 12057, as amended, of the county to secure payment of the Commercial Paper Notes.

Beneficial Owner means, so long as the Bonds are negotiated in the Book-Entry System, any Person who acquires a beneficial ownership interest in a Bond held by the Securities Depository. If at any time the Bonds are not held in the Book-Entry System, “Beneficial Owner” means “Owner” for purposes of this ordinance.

Bond or Bonds means the King County, Washington, Junior Lien Multi-Modal Sewer Revenue Bonds, Series 2006A, issued pursuant to this ordinance, including any Liquidity Provider Bonds.

Bondowners’ Trustee means the bank or financial institution selected by the Owners of the Bonds pursuant to Section 5.09.

Bond Counsel means any firm of nationally recognized municipal bond attorneys selected by the county and acceptable to the Bond Insurer and experienced in the issuance of municipal bonds and matters relating to the exclusion of the interest thereon from gross income for federal income tax purposes.

Bond Insurance means the financial guaranty insurance policy issued by MBIA Insurance Corporation insuring the payment when due of principal of and interest on the Bonds.

Bond Insurer means MBIA Insurance Corporation, or any successor thereto or assigns thereof, as issuer of the Bond Insurance.

Bond Insurer Default means a default by the Bond Insurer under the Bond Insurance, or the filing or commencement of any bankruptcy or insolvency proceedings by or against the Bond Insurer, or the Bond Insurer shall declare a moratorium on the payment of its unsecured debt obligations or shall repudiate the Bond Insurance.

Bond Purchase Contract means the purchase contract relating to the Bonds between the county and the Underwriter.

Bond Register means the registration records for the Bonds maintained by the Registrar.

Book-Entry System means the system maintained by the Securities Depository for holding the Bonds in fully immobilized form described in Section 2.02(c).

Business Day means any business day other than (i) a Saturday or Sunday, or (ii) a day on which the Registrar, the Remarketing Agent, if any, or the Broker-Dealer, if any, are required or authorized to be closed, or (iii) a day on which the office of the Liquidity Provider at which it will pay draws or advances are required or authorized to be closed, or (iv) a day on which The New York Stock Exchange is closed.

Closing Date means the date of initial issuance and delivery of the Bonds.

Code means the Internal Revenue Code of 1986, as amended

Commercial Paper Notes means the King County, Washington, Sewer Revenue Bond Anticipation Notes, Commercial Paper Series A, authorized, issued, and outstanding from time to time pursuant to Ordinance 12057 of the county passed on December 11, 1995, as amended.

Comprehensive Plan means the county's comprehensive water pollution abatement plan authorized by RCW 35.58.200 and defined in Section 28.82.150 of the King County Code, including all amendments thereto, together with any amendments hereafter approved by ordinance of the county.

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

Conversion Date means with respect to Bonds in a particular Mode, the date on which another Mode for the Bonds begins.

County Purchase Account means the account by that name created in Section 4.09.

County Representative means the Finance Director or his or her designee or the successor in function to such person(s), or such other person as may be designated by the county council. The county shall provide the Registrar a written instrument containing the specimen signature of each "County Representative."

Current Mode shall have the meaning specified in Section 2.10(a)(i).

Daily Mode means the Mode during which the Bonds bear interest at the Daily Rate.

Daily Rate means the per annum interest rate on any Bond in the Daily Mode determined pursuant to Section 2.06(a).

Daily Rate Period means the period during which a Bond in the Daily Mode shall bear a Daily Rate, which shall be from the Business Day upon which a Daily Rate is set to but not including the next succeeding Business Day.

Default means any of the events of default set forth in Section 6.01.

Defeasance Securities means any of the following, so long as they are “government obligations” as such term is defined in chapter 39.53 RCW, as amended:

1. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series -- “SLGs”).
2. Direct obligations of the Treasury that have been stripped by the Treasury itself, CATS, TIGRS and similar securities.
3. Resolution Funding Corp (REFCORP) Only the interest component of REFCORP strips that have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable.
4. Pre-refunded municipal bonds rates “Aaa” by Moody’s and “AAA” by S&P. If, however, the issue is only rated by S&P (i.e., there is no Moody’s rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA-rated pre-refunded municipals to satisfy this condition.
5. Obligations issued by the following agencies that are backed by the full faith and credit of the United States: U.S. Export-Import Bank (Eximbank) direct obligations or fully guaranteed certificates of beneficial ownership; Farmers Home Administration (FmHA) certificates of beneficial ownership; Federal Financing Bank; General Services Administration participation certificates; U.S. Maritime Administration guaranteed Title XI financing; U.S. Department of Housing and Urban Development (HUD) project notes, local

authority bonds, U.S. guaranteed new communities debentures; and U.S. guaranteed public housing notes and bonds.

Delayed Remarketing Period shall have the meaning specified in Section 4.10(b).

DTC means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax 516/227-4039 or 4190, as initial Securities Depository for the Bonds.

Electronic Means means telecopy, facsimile transmission, email transmission, or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

Expiration Date means the stated expiration date of the Liquidity Facility, as it may be extended from time to time, or any earlier date on which the Liquidity Facility shall terminate at the direction of the county, expire or be cancelled.

Favorable Opinion of Bond Counsel means, with respect to any action hereunder requiring such an opinion, a written legal opinion of Bond Counsel to the effect that such action is permitted under the laws of the State and this ordinance and will not adversely effect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon original issuance of the Bonds).

Federal Tax Certificate means the certificate with respect to certain federal tax matters executed by the county as of the Closing.

Finance Director means the director of the finance and business operations division of the county or the successor to the duties of such office.

Fiscal Agency Agreement means the agreement of that name dated February 1, 2002, as amended, among the State of Washington and The Bank of New York and Wells Fargo Bank, National Association, and any amendments and supplements thereto and replacements thereof.

Fitch means Fitch, Inc., and its successors and assigns, except that if such corporation shall be dissolved

or liquidated or shall no longer perform 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 after consultation with the Remarketing Agent, if any, and the Broker-Dealer, if any.

Fixed Rate means the per annum interest rate on any Bond in the Fixed Rate Mode determined pursuant to Sections 2.07(b).

Fixed Rate Mode means the Mode during which the Bonds bear interest at the Fixed Rate.

Fixed Rate Period means for the Bonds in the Fixed Rate Mode, the period from (and including) the Conversion Date upon which the Bonds were converted to the Fixed Rate Mode to (but excluding) the Maturity Date for the Bonds.

Flexible Mode means the Mode during which the Bonds bear interest at the Flexible Rate.

Flexible Rate means the per annum interest rate on a Bond in the Flexible Mode determined for such Bond pursuant to Section 2.05. The Bonds in the Flexible Mode may bear interest at different Flexible Rates.

Flexible Rate Bond means a Bond in the Flexible Mode.

Flexible Rate Period means the period of from one to the lesser of (i) 397 calendar days or (ii) the number of days for which interest at the Maximum Rate is provided in the interest component of the Available Amount under the Liquidity Facility then in effect (which period in each case must end on a day preceding a Business Day or the Maturity Date) during which a Flexible Rate Bond shall bear interest at a Flexible Rate, as established by the Remarketing Agent pursuant to Section 2.05. The Bonds in the Flexible Mode may be in different Flexible Rate Periods.

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

Insurance Agreement means the Insurance and Reimbursement Agreement by and between the County and the Bond Insurer.

Interest Accrual Period means the period during which a Bond accrues interest payable on the next

Interest Payment Date applicable thereto. Each Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid, from the date of original authentication and delivery of the Bonds) and extend to (but exclude) the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any Bond, interest is in default or overdue on the Bonds, such Bond shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding Bonds.

Interest Payment Date means each date on which interest is to be paid and, other than during a Delayed Remarketing Period is: (i) with respect to the Bonds in the Flexible Mode, each Mandatory Purchase Date applicable thereto; (ii) with respect to the Bonds in the Daily Mode or Weekly Mode, the first Business Day of each month; (iii) with respect to the Bonds in a Long-Term Mode, the first day of the sixth calendar month following the month in which such Long-Term Mode takes effect, and the first day of each sixth calendar month thereafter or, upon the receipt by the Registrar of a Favorable Opinion of Bond Counsel, any other six-month interval chosen by the county (beginning with the first such day that is at least three months after the Conversion Date) and, with respect to a Term Rate Period, the final day of the current Interest Period if other than a regular six-month interval; (iv) (without duplication as to any Interest Payment Date listed above) any Conversion Date, other than a conversion between a Daily Mode and a Weekly Mode, and each Maturity Date; (v) with respect to any Liquidity Provider Bonds, the day set forth in the Liquidity Facility; and (vi) with respect to the Bonds in the ARS Mode, Interest Payment Date shall have the meaning set forth in Exhibit B; and during a Delayed Remarketing Period shall be as described in Section 4.10(f).

Interest Period means, for the Bonds in a particular Mode, the period of time that the Bonds bear interest at the rate (per annum) that becomes effective at the beginning of such period, and shall include an ARS Rate Period, a Flexible Rate Period, a Daily Rate Period, a Weekly Rate Period, a Term Rate Period and a Fixed Rate Period.

Junior Lien Bond Fund means the “King County, Washington, Junior Lien Obligation Redemption

Fund” created pursuant to Section 5.01 of Ordinance 14171.

Junior Lien Obligations means revenue bonds or other revenue obligations having a lien on Revenue of the System equal to the 2001 Junior Lien Obligations, the Bonds and the 2006B Bonds and prior to the lien of the Commercial Paper Notes and the Bank Note.

Letter of Representations means the Blanket Issuer Letter of Representations from the county to DTC, as initial Securities Depository, and any similar agreement with any successor Securities Depository.

Liquidity Facility means, initially, the standby bond purchase agreement among the county, the Registrar, and KBC Bank N.V., acting through its New York branch, and thereafter, any Alternate Liquidity Facility.

Liquidity Facility Purchase Account means the account by that name created in Section 4.09.

Liquidity Provider means, initially, KBC Bank N.V., acting through its New York branch, and thereafter, any bank, insurance company, pension fund or other financial institution that provides an Alternate Liquidity Facility.

Liquidity Provider Bonds means any Bonds purchased by the Liquidity Provider with funds drawn on or advanced under the Liquidity Facility, until such Bonds cease to be Liquidity Provider Bonds in accordance with the terms of this ordinance.

Liquidity Provider Failure means a failure of the Liquidity Provider to pay a properly presented and conforming draw or request for advance under the or Liquidity Facility or the filing or commencement of any bankruptcy or insolvency proceedings by or against the Liquidity Provider, or the Liquidity Provider shall declare a moratorium on the payment of its unsecured debt obligations or shall repudiate the Liquidity Facility.

Long-Term Mode means a Term Rate Mode or a Fixed Rate Mode.

Mandatory Purchase Date means: (i) with respect to a Flexible Rate Bond the first Business Day following the last day of each Flexible Rate Period with respect to such Bond, (ii) for Bonds in the Term Rate Mode, on the first Business Day following the last day of each Term Rate Period, (iii) any Conversion Date

(except a conversion between the Daily Mode and the Weekly Mode), (iv) any Substitution Date, (v) the fifth Business Day prior to the Expiration Date, (vi) the date specified by the Registrar following the occurrence of an event of default (other than an Automatic Termination Event) under the Liquidity Facility, which date shall be a Business Day not less than 20 days after the Registrar's receipt of notice of such event of default from the Liquidity Provider and in no event later than the day preceding the termination date specified by the Liquidity Provider, and (vii) for Bonds in the Daily Mode or Weekly Mode, any Business Day specified by the county not less than 20 days after the Registrar's receipt of such notice.

Maturity Date means a date, to be established pursuant to the Bond Purchase Contract, that is approximately 29 years later than the Closing Date, and, if provided in Section 2.01 or if established pursuant to Section 2.10(b)(v) upon a conversion to the Fixed Rate Mode, any Serial Maturity Date.

Maximum Rate means, (i) with respect to all Bonds other than Liquidity Provider Bonds, the lesser of (a) 15% or (b) the per annum interest rate used to calculate the Available Amount under the Liquidity Facility, which initially shall be 12%, and (ii) with respect to Liquidity Provider Bonds, the rate specified in the Liquidity Facility as the maximum rate to be borne by Liquidity Provider Bonds, but in no event shall any such rate exceed the highest rate allowed by law.

Mode means, as the context may require, the ARS Mode, the Flexible Mode, the Daily Mode, the Weekly Mode, the Term Rate Mode or the Fixed Rate Mode.

Moody's means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform 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 Representative after consultation with the Remarketing Agent, if any, and the Broker-Dealer, if any.

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

New Mode means the Mode to which the Bonds are to be converted in accordance with Section 2.10(a).

Notice Parties means the county, Remarketing Agent, Registrar, Broker-Dealer, Auction Agent, Bond Insurer, and Liquidity Provider.

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 shall include payments to any private or governmental agency for the operation or maintenance of facilities or for the disposal of sewage but shall exclude any allowance for depreciation.

Opinion of Counsel means a written legal opinion from a firm of attorneys experienced in the matters to be covered in the opinion.

Outstanding, when used as of a particular time with reference to Bonds, means all Bonds delivered hereunder except:

- (a) Bonds cancelled by the Registrar or surrendered to the Registrar for cancellation;
- (b) Bonds paid or deemed to have been paid within the meaning of this ordinance; and
- (c) Bonds in lieu of or in substitution for which replacement Bonds have been executed by

the county and delivered by the Registrar hereunder.

Notwithstanding the foregoing, Liquidity Provider Bonds shall remain Outstanding until the Liquidity Provider is paid all amounts due on such Bonds.

Owner means the registered owner of a Bond, including the Securities Depository, if any, or its nominee.

Parity Bond Fund* means the “Water Quality Revenue Bond Account” pursuant to Section 30 of Ordinance 12076 of the county.

Parity Bond Reserve* or **Bond Reserve Account*** means the bond reserve account in the Parity Bond Fund.

Parity Bonds* means the bonds identified as such in the Preamble to this ordinance, together with any Future Parity Bonds. “Parity Bonds” include any Parity Payment Agreements and parity reimbursement

agreements entered into with the provider of a letter of credit or other credit enhancement securing any Parity Bonds.

Parity Lien Obligations* means the bonds identified as such in the Preamble to this ordinance, and all future bonds, notes or other evidences of indebtedness secured by a lien on Revenue of the System equal to the lien of such bonds. “Parity Lien Obligations” include any Parity Lien Obligation Payment Agreements and parity reimbursement agreements entered into with the provider of a letter of credit or other credit enhancement securing any Parity Lien Obligations.

Parity Lien Obligation Bond Fund* means the “Water Quality Limited Tax General Obligation Bond Redemption Fund,” established pursuant to Section 8 of Ordinance 11241 of the county.

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 the Revenue of the System equal in rank with the charge and lien upon such revenue 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 Payment Agreement* means a Payment Agreement under which the county’s payment obligations are expressly stated to constitute a charge and lien on the Revenue of the System equal in rank with the charge and lien upon such revenue 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.

Payment Agreement means, to the extent permitted from time to time by applicable law, a written agreement entered into by the county (i) in connection with or incidental to the issuance, incurring or carrying of any Parity Bonds, Parity Lien Obligations, Junior Lien Obligations or other obligations of the county secured in whole or in part by a lien on Revenue of the System; (ii) 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; (iii) with a Qualified Counterparty; and (iv) 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 regularly scheduled payments 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 or any other payment that is not regularly scheduled 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.

Person means an individual, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

Principal Payment Date means any date upon which the principal amount of Bonds is due hereunder, including the Maturity Date, any Serial Maturity Date, and any Redemption Date.

Public Works Trust Fund Loans means loans to the county by the State of Washington Department of Community, Trade and Economic Development 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.

Purchase Date means (i) for a Bond in the Daily Mode or the Weekly Mode, any Business Day selected by the Beneficial Owner of said Bond pursuant to the provisions of Section 4.01, and (ii) any Mandatory Purchase Date.

Purchase Fund means the fund by that name created pursuant to Section 4.09.

Purchase Price means an amount equal to the principal amount of any Bonds purchased on any Purchase Date, plus accrued interest to the Purchase Date (unless the Purchase Date is an Interest Payment Date, in which case the Purchase Price shall not include accrued interest, which shall be payable regardless of the purchase).

Qualified Counterparty means with respect to a Payment Agreement an entity (i) 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, or the equivalent thereof by any successor thereto, and (ii) who is otherwise qualified to act as the other party to a Payment Agreement under any applicable laws of the State.

Rate Determination Date means any date on which the interest rate on Bonds shall be determined, which,

(i) in the case of the Flexible Mode, shall be the first day of an Interest Period;

(ii) in the case of the Daily Mode, shall be each Business Day commencing with the first day (which must be a Business Day) the Bonds become subject to the Daily Mode;

(iii) in the case of the Weekly Mode, shall be no later than the Business Day prior to the date of issuance of the Bonds or, with respect to a subsequent conversion to the Weekly Mode, no later than the Business Day prior to the Conversion Date, and thereafter, in each case, shall be each Wednesday or, if a Wednesday is not a Business Day, then the Business Day next succeeding such Wednesday;

(iv) in the case of the Term Rate Mode, shall be a Business Day no earlier than fifteen (15) Business Days and no later than the Business Day next preceding the first day of an Interest Period, as determined by the Remarketing Agent; and

(v) in the case of the Fixed Rate Mode, shall be a date determined by the Remarketing Agent that

shall be at least one Business Day prior to the Conversion Date.

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

Rating Agencies means any of Moody's, S&P, or Fitch, which is then providing a rating on the Bonds.

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 (i) with respect to Bonds in a Short-Term Mode or an ARS Mode, the last Business Day before an Interest Payment Date; and (ii) with respect to Bonds in a Long-Term Mode, the fifteenth (15th) day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

Redemption Date means the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms hereof.

Redemption Price means an amount equal to the principal of and premium, if any, and accrued interest, if any, on the Bonds payable on the Redemption Date.

Registrar means initially, the fiscal agency of the State of Washington in New York, New York, or any successor Registrar appointed pursuant to Section 7.01. The Registrar's duties include registering and authenticating the Bonds, maintaining the Bond Register, registering the transfer of the Bonds, paying interest on and principal of the Bonds, paying the Purchase Price of tendered Bonds, and holding the Bond Insurance and Liquidity Facility.

Remarketing Agent means Goldman, Sachs & Co., or any successor thereto pursuant to the Remarketing Agreement, or any other investment banking firm that may be substituted in its place as provided in Section 7.02.

Remarketing Agreement means the agreement of that name between the county and the Remarketing Agent authorized to be entered into pursuant to Section 7.02, or any similar agreement between the county and the Remarketing Agent, as it may be amended or supplemented from time to time in accordance with its terms.

Remarketing Proceeds Account means the account by that name created in Section 4.09.

Revenue Fund means the “Water Quality Operating Account” as designated by Section 30 of Ordinance 12076 of the county.

Revenue of the System means all the earnings, revenues and money received by the county from or on account of the operations of the Sewer 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.

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

S&P means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the County Representative after consultation with the Remarketing Agent, if any, and the Broker-Dealer, if any.

Securities Depository means initially DTC, and any successor securities depository that the county may appoint in accordance with the provisions of Section 2.02(c)(iii).

Securities Depository Participant means (i) any Person for which, from time to time, the Securities Depository effectuates book-entry transfers and pledges of securities in the Book-Entry System and (ii) any securities broker or dealer, bank, trust company or other Person that clears through or maintains a custodial relationship with a Person referred to in clause (i).

Senior Lien Payments means, for any calendar year, the sum of the following:

- (1) Annual Parity Debt Service for such year;
- (2) Annual Debt Service for such year for then outstanding Parity Lien Obligations; and

(3) any other payments described in Paragraphs Second through Sixth of Section 5.01(b) required to be made during such year.

Serial Bonds means the Bonds maturing on the Serial Maturity Dates, as determined pursuant to Section 2.10(b)(iii).

Serial Maturity Dates means the dates on which the Serial Bonds mature, as determined pursuant to Section 2.10(b)(iii).

Serial Payments means the payments to be made in payment of the principal of the Serial Bonds on the Serial Maturity Dates.

Service Agreements means the sewage disposal agreements hereinbefore 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.

Short-Term Mode means the Daily Mode, the Weekly Mode or the Flexible Mode.

SRF Loans means loans to the county by the State of Washington 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 of Washington 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.

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

Substitution Date means the date on which an Alternate Liquidity Facility is scheduled to be substituted for the Liquidity Facility then in effect.

System or **Sewer 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.

Tender Notice means a notice delivered by Electronic Means or in writing that states (i) the principal

amount of such Bond to be purchased pursuant to Section 4.01, (ii) the Purchase Date on which such Bond is to be purchased, (iii) applicable payment instructions with respect to the Bonds being tendered for purchase and (iv) an irrevocable demand for such purchase.

Tender Notice Deadline means (i) during the Daily Mode, 11:00 A.M. on any Business Day and (ii) during the Weekly Mode, 5:00 P.M. on the Business Day seven days prior to the applicable Purchase Date.

Term Bonds means those outstanding bonds or obligations of any single issue or series of bonds maturing in any one year for the retirement of which regularly recurring annual deposits are required to be made into a bond fund prior to the scheduled maturity of such bonds sufficient to pay the same at or prior to their maturity.

Term Rate means the per annum interest rate for the Bonds in the Term Rate Mode determined pursuant to Section 2.07(a).

Term Rate Mode means the Mode during which the Bonds bear interest at the Term Rate.

Term Rate Period means the period from (and including) the Conversion Date on which the Bonds are converted to the Term Rate Mode to (but excluding) the Purchase Date for that period, as established by the county pursuant to Section 2.10(a)(i) and, thereafter, so long as the Bonds remain in the Term Rate Mode, the period from (and including) the beginning date of each successive period to (but excluding) the Purchase Date for that period, as established by the county pursuant to Section 2.07(a). Except as otherwise provided in this ordinance, a Term Rate Period must be at least 180 days in length.

Underwriter means Goldman, Sachs & Co.

Variable Rate Parity Bonds* and **Variable Rate Parity Lien Obligations*** mean Parity Bonds and Parity Lien Obligations bearing interest at a variable rate of interest provided that at least one of the following conditions is met: (i) at the time of issuance the county has entered into a Payment Agreement with respect to such Parity Bonds or Parity Lien Obligations, as applicable, which Agreement converts the effective interest rate to the county on such bonds from a variable interest rate to a fixed interest rate, or (ii) the Parity Bonds or

Parity Lien Obligations bear interest at a variable rate but are issued concurrently in equal par amounts with other Parity Bonds or Parity Lien Obligations bearing interest at a variable rate and that 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.

Weekly Mode means the Mode during which the Bonds bear interest at the Weekly Rate.

Weekly Rate means the per annum interest rate on the Bonds in the Weekly Mode determined pursuant to Section 2.06(b).

Weekly Rate Period means the period during which a Bond in the Weekly Mode shall bear a Weekly Rate, which shall be the period commencing on Thursday of each week to and including Wednesday of the following week (except the Weekly Rate Period commencing on the date of initial issuance of the Bonds or on a Conversion Date, in which case commencing on such date or Conversion Date), to and including the Wednesday of the following week and the last Weekly Rate Period, which shall be from and including the Thursday of the week prior to the Conversion Date to and including the day next preceding the Conversion Date.

2001 Junior Lien Obligations means the King County, Washington, Junior Lien Variable Rate Demand Revenue Bonds, Series 2001A and 2001B, issued pursuant to Ordinances 14171 and 14172, passed by the county council on July 16, 2001.b

2006B Bonds means the King County, Washington, Junior Lien Multi-Modal Sewer Revenue Bonds, Series 2006B, authorized to be issued simultaneously with the Bonds.

SECTION 1.02. Interpretation. In this ordinance, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this ordinance;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect;

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

(f) Whenever any consent or direction is required to be given by the county, such consent or direction shall be deemed given when given by the County Representative or his or her designee, respectively, and all references herein to the County Representative shall be deemed to include references to his or her designee, as the case may be.

(g) Unless otherwise provided in this ordinance, all references to a particular time of day are to New York City time.

SECTION 1.03. **Findings.** The county hereby finds that issuance of the Bonds is in the best interests of the county and customers of the System and is consistent with the provisions of the county’s Water Quality Program Financial Goals and Policies relating to the issuance of variable rate debt.

ARTICLE II.

AUTHORIZATION, ISSUANCE AND MODES

SECTION 2.01. **Authorization and Delivery.**

(a) *Authorization.* The county shall issue the Bonds in the principal amount of \$50,000,000

to provide funds necessary to pay costs of acquiring, constructing and equipping improvements, additions or betterments to the System set forth in the Comprehensive Plan and costs incidental thereto, including costs of issuance of the Bonds. The Bonds shall be designated “King County, Washington, Junior Lien Multi-Modal Sewer Revenue Bonds, Series 2006A.” The Bonds shall be initially issued in Authorized Denominations in the Weekly Mode and may be converted to another Mode as provided herein. The Bonds shall be dated the date of their issuance and delivery to the Underwriter, and each Bond shall bear interest at the applicable rate during each Interest Accrual Period until the principal amount of such Bond has been paid.

(b) *Form of Bonds; Execution.* The Bonds shall each be in substantially the form set forth on Exhibit A, with appropriate or necessary insertions, depending upon the omissions and variations as permitted or required hereby. If the Bonds are no longer held in a Book-Entry System, the form of the Bonds will be changed to reflect the changes required in connection with the preparation of certificated Bonds.

The Bonds shall be executed on behalf of the county by the manual or facsimile signatures of the county executive and the clerk of the county council, and the official seal of the county shall be reproduced thereon. The validity of any Bond so executed shall not be affected by the fact that one or more of the officers whose signatures appear on such Bond have ceased to hold office at the time of issuance or authentication or at any time thereafter.

(c) *Authentication.* No Bond shall be valid for any purpose hereunder until the certificate of authentication printed thereon is duly executed by the manual signature of an authorized signatory of the Registrar. Such authentication shall be proof that the Owner is entitled to the benefit of the trusts hereby created.

(d) *Registration Covenant; Registrar.* The county covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

In accordance with KCC 4.84, the county hereby adopts for the Bonds the system of registration

specified and approved by the Washington State Finance Committee, which utilizes the fiscal agency of the State of Washington in New York City as registrar, authenticating agent, paying agent and transfer agent for the Bonds (the “Registrar”). The Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the county (the “Bond Register”). So long as any Bonds remain Outstanding, the Registrar shall make all necessary provisions to permit the exchange or registration of transfer of Bonds at its principal corporate trust office. The Registrar is authorized, on behalf of the county, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Registrar’s powers and duties under this ordinance. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

SECTION 2.02. Method of Payment; Book-Entry System; Transfer and Exchange.

(a) *Method of Payment.* The principal and Purchase Price of and premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. Unless otherwise provided in any writing with or from the Securities Depository, the interest on the Bonds shall be paid by the Registrar on the Interest Payment Dates by wire transfer of immediately available funds to an account specified by the Owner in a writing delivered to the Registrar, and the principal of and premium, if any, on each Bond shall be payable on the Principal Payment Date, upon surrender thereof at the office of the Registrar. Any such specified account shall remain in effect until revised by such Owner by an instrument in writing delivered to the Registrar.

(b) *Registered Ownership.* Except as may be specifically set forth herein, the Registrar, the Remarketing Agent, if any, the Broker-Dealer, if any, and the county may treat the Owner (including the Securities Depository or its nominee, so long as the Bonds are held in the Book-Entry System) of a Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and the county, Registrar, Remarketing Agent, if any, and Broker-Dealer, if any, shall not be affected by any knowledge or notice to the

contrary; and payment of the principal of and premium, if any, and interest on such Bond shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge the liability of such Bond to the extent of the sum or sums so paid. All Bonds at maturity or on earlier redemption paid pursuant to the provisions of this Section shall be cancelled by the Registrar.

(c) Book-Entry System.

(i) Letter of Representations. To induce DTC to act as initial Securities Depository for the Bonds, the county has heretofore executed and delivered the Letter of Representations. The Bonds initially issued shall be held in fully-immobilized form by pursuant to the terms and conditions set forth in the Letter of Representations. Neither the county nor the Registrar will have any responsibility or obligation to Securities Depository Participants or the persons for whom they act as nominees with respect to the Bonds in respect of the accuracy of any records maintained by the Securities Depository or any Securities Depository Participant, the payment by the Securities Depository or any Securities Depository Participant of any amount in respect of the principal, Purchase Price or Redemption Price of or interest on the Bonds, any notice that is permitted or required to be given to Owners under this ordinance (except such notices as shall be required to be given by the county to the Registrar or to the Securities Depository or its nominee), the selection by Securities Depository or any Securities Depository Participant of any person to receive payment in the event of a partial redemption of the Bonds or any consent given or other action taken by Securities Depository as the Owner.

(ii) Initial Registration; Transfers. The Bonds shall be registered initially in the name of "Cede & Co.," as nominee of DTC, with one Bond maturing on the Maturity Date in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (1) to any successor of DTC or its nominee, *provided that* any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (2) to any substitute Securities Depository appointed by the County Representative pursuant to subsection (iii) below (or its nominee) or a successor to such substitute Securities

Depository (or its nominee); or (3) to any person as provided in subsection (v) below.

(iii) Substitute Depository. Upon the resignation of the Securities Depository or its successor (or any substitute Securities Depository or its successor) or a determination by the County Representative to discontinue using a particular Securities Depository, the County Representative may appoint on behalf of the county a substitute Securities Depository. Any such substitute Securities Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iv) Issuance of New Bonds to Successor/Substitute Depository. In the case of any transfer pursuant to clause (1) or (2) of subsection (c)(ii) above, the Registrar shall, upon receipt of all Bonds then Outstanding, together with a written request on behalf of the County Representative, issue a single new Bond for each maturity of such Bonds then Outstanding, registered in the name of such successor or such substitute Securities Depository, or its nominee, as the case may be, all as specified in such written request of the County Representative.

(v) Termination of Book-Entry System. If (i) the Securities Depository resigns and no substitute Securities Depository can be obtained, or (ii) the County Representative determines that it is in the best interest of the Beneficial Owners of the Bonds that they be able to obtain Bond certificates, the ownership of the Bonds may then be transferred to any person or entity as herein provided, and the Bonds shall no longer be held in fully immobilized form. The County Representative shall deliver a written request to the Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in Authorized Denominations. Upon receipt by the Registrar of all Bonds then Outstanding, together with a written request of the County Representative to the Registrar, new Bonds shall be issued in such Authorized Denominations and registered in the names of such persons as are requested in such written request.

(d) *Transfer or Exchange of Registered Ownership*. If the Bonds are no longer held in a Book-Entry System, the transfer of ownership of any Bond may be registered and such Bonds may be 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 Owner or such 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 Owner or transferee therefor, a new Bond (or Bonds at the option of the new Owner) of the same date and Maturity Date and for the same aggregate principal amount in any Authorized Denomination, naming as 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 date and Maturity Date in any Authorized Denomination. Other than in connection with an optional or mandatory tender for purchase, the Registrar shall not be obligated to transfer or exchange any Bond during the five-day period prior to the selection of Bonds for redemption or the Maturity Date or following any publication of notice of redemption. No charge shall be imposed upon Owners in connection with any transfer or exchange, except for taxes or governmental charges related thereto.

SECTION 2.03. Payment of Principal and Interest of Bonds; Acceptance of Terms and Conditions.

(a) The interest on the Bonds shall become due and payable on the Interest Payment Dates in each year to and including the Maturity Date, and on each Redemption Date. The principal of the Bonds shall become due and payable on the Principal Payment Dates.

(b) By the acceptance of its Bond, the Owner and each Beneficial Owner thereof shall be deemed to have agreed to all the terms and provisions of such Bond as specified in such Bond and this ordinance including, without limitation, the applicable Interest Periods, interest rates (including any applicable Alternate Rate), Purchase Dates, Mandatory Purchase Dates, Purchase Prices, mandatory and optional purchase and redemption provisions applicable to such Bond, and method and timing of purchase, redemption and payment. Such Owner and each Beneficial Owner further agree that if, on any date upon which one of its Bonds is to be purchased, redeemed or paid at maturity or earlier due date, funds are on deposit with the

Registrar to pay the full amount due on such Bond, then such Owner or Beneficial Owner shall have no rights under this ordinance other than to receive such full amount due with respect to such Bond and that interest on such Bond shall cease to accrue as of such date.

(c) While any Bonds are Liquidity Provider Bonds, such Bonds shall bear interest and be payable at the times and in the amounts required under the Liquidity Facility.

SECTION 2.04. Calculation and Payment of Interest; Conversions; Maximum Rate.

(a) When a Short-Term Mode is in effect, interest shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. When a Long-Term Mode is in effect, interest shall be calculated on the basis of a 360 day year comprised of twelve 30-day months. When the ARS Mode is in effect, interest shall be calculated on the basis a 360-day year for the actual number of days elapsed if the Bonds are in an Auction Period of 180 days or less. If the Bonds are in an Auction Period that is greater than 180 days, interest shall be calculated on the basis of a 360-day year of twelve 30-day months. Payment of interest on each Bond shall be made on each Interest Payment Date for such Bond for unpaid interest accrued through the Interest Accrual Period to the Owner of record of such Bond on the applicable Record Date.

(b) The Bonds in any Mode, other than a Fixed Rate Mode, may be converted to any other Mode at the times and in the manner hereinafter provided. Subsequent to such conversion in Mode (other than a conversion to a Fixed Rate Mode), the Bonds may again be converted to a different Mode at the times and in the manner hereinafter provided. A Fixed Rate Mode shall be in effect until the Maturity Date, and may not be converted to any other Mode.

(c) No Bond shall bear interest at an interest rate higher than the Maximum Rate.

(d) In the absence of manifest error, the determination of interest rates (including any determination of rates in connection with a New Mode) and Interest Periods by the Remarketing Agent or the Auction Agent and the record of interest rates maintained by the Registrar shall be conclusive and binding upon the Remarketing Agent, the Broker-Dealer, the Auction Agent, the Registrar, the county, the Bond Insurer, the

Liquidity Provider, the Owners and the Beneficial Owners.

SECTION 2.05. Determination of Flexible Rates and Interest Periods During Flexible Mode.

An Interest Period for the Bonds in the Flexible Mode shall be a Flexible Rate Period ending on a day preceding (i) a Business Day or (ii) the Maturity Date, as the Remarketing Agent shall determine in accordance with the provisions of this Section. A Flexible Rate Bond can have an Interest Period, and bear interest at a Flexible Rate, different from another Flexible Rate Bond. In making the determinations with respect to Interest Periods, subject to limitations imposed by the second preceding sentence and in Section 2.04, on each Rate Determination Date for a Flexible Rate Bond, the Remarketing Agent shall select for such Bond the Interest Period that would result in the Remarketing Agent being able to remarket such Bond at par in the secondary market at the lowest average interest cost for all Flexible Rate Bonds; provided, however, that the Remarketing Agent shall not knowingly select an Interest Period for any Bond that extends beyond any applicable Mandatory Purchase Date, Redemption Date or Maturity Date for such Bond.

Except while the Bonds are registered in a Book-Entry System, in order to receive payment of the Purchase Price the Owner of any Bond in the Flexible Mode must present such Bond to the Registrar by 12:00 noon on the Rate Determination Date for the next Interest Period, in which case, the Registrar shall pay the Purchase Price to such Owner by 3:00 P.M. on the same day.

By 1:00 P.M. on each Rate Determination Date, the Remarketing Agent, with respect to each Bond in the Flexible Mode that is subject to adjustment on such date, shall determine the Interest Period and Flexible Rate for such Interest Period and shall give notice by Electronic Means to the Registrar and the county, of such Interest Period and Flexible Rate and the applicable Purchase Date. The Remarketing Agent shall make such Interest Period and Flexible Rate available after 2:00 P.M. on such Rate Determination Date by telephone or Electronic Means to any Beneficial Owner or Notice Party requesting such information.

SECTION 2.06. Determination of Interest Rates during the Daily Mode and Weekly Mode.

The interest rate for the Bonds in the Daily Mode or Weekly Mode shall be the rate of interest per annum

determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest that, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of such Bonds at a price equal to the principal amount thereof, plus interest, if any, accrued through the Rate Determination Date during the then current Interest Accrual Period.

(a) During the Daily Mode, the Remarketing Agent shall establish the Daily Rate by 10:00 A.M. on each Rate Determination Date. The Daily Rate for any day during the Daily Mode that is not a Business Day shall be the Daily Rate established on the immediately preceding Rate Determination Date. The Remarketing Agent shall make the Daily Rate available no less frequently than once each week by telephone or Electronic Means to any Beneficial Owner or Notice Party requesting such rate.

(b) During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate by 4:00 P.M. on each Rate Determination Date. The Weekly Rate shall be in effect during the applicable Weekly Rate Period. The Remarketing Agent shall make the Weekly Rate available no later than 5:00 P.M. on the Business Day following the Rate Determination Date by telephone or Electronic Means to any Beneficial Owner or Notice Party requesting such rate.

SECTION 2.07. Determination of Term Rates and Fixed Rates.

(a) *Term Rates.* Except as provided in Section 2.08, once the Bonds are converted to the Term Rate Mode, the Bonds shall continue in the Term Rate Mode until converted to another Mode in accordance with Section 2.10. The Term Rate shall be determined by the Remarketing Agent by 4:00 P.M. on the Rate Determination Date, and the Remarketing Agent shall make the Term Rate available by telephone or by Electronic Means to any Notice Party requesting such rate. The Term Rate shall be the minimum rate that, in the sole judgment of the Remarketing Agent, would result in a sale of the Bonds at a price equal to the principal amount thereof on the Rate Determination Date for the Interest Period selected by the county in writing delivered to the Remarketing Agent before such Rate Determination Date. If a new Interest Period is not selected by the county prior to a Rate Determination Date, the new Interest Period shall be the same length

as the current Interest Period (or such lesser period as shall be necessary to comply with the last sentence of this paragraph).

By 5:00 P.M. on the Rate Determination Date, the Remarketing Agent shall give notice by Electronic Means to the Registrar and the county of the Term Rate. The Remarketing Agent shall make such Term Rate available after 5:00 P.M. on such Rate Determination Date by telephone or Electronic Means to any Beneficial Owner or Notice Party requesting such information. No Term Rate Period may extend beyond the Maturity Date.

(b) *Fixed Rates.* The Remarketing Agent shall determine the Fixed Rate (or Fixed Rates, in the case of Serial Bonds) for the Bonds being converted to the Fixed Rate Mode in the manner and at the times as follows: by 4:00 P.M. on the applicable Rate Determination Date, the Remarketing Agent shall determine the Fixed Rate(s). Except as set forth in Section 2.10(b)(iii), the Fixed Rate on each Bond shall be the minimum interest rate that, in the sole judgment of the Remarketing Agent, will result in a sale of such Bond at a price equal to the principal amount thereof on the Rate Determination Date.

By 5:00 P.M. on the Rate Determination Date, the Remarketing Agent shall give notice by Electronic Means to the Registrar and the county of the Fixed Rate(s). The Remarketing Agent shall make such Fixed Rate(s) available after 5:00 P.M. on such Rate Determination Date by telephone or Electronic Means to any Beneficial Owner or Notice Party requesting such information. Subject to Section 2.10(b)(iii), the Fixed Rate(s) so established shall remain in effect until the Maturity Date.

SECTION 2.08. **Alternate Rates.** The following provisions shall apply in the event (i) the Remarketing Agent (or the county, with respect to the determination of the Interest Period for Bonds in the Term Rate Mode) fails or is unable to determine the interest rate or Interest Period for the Bonds other than when the Bonds are in the ARS Mode, (ii) the method by which the Remarketing Agent (or the county, if applicable) determines the interest rate or Interest Period with respect to the Bonds shall be held to be unenforceable by a court of law of competent jurisdiction, or (iii) if the Remarketing Agent suspends its

remarketing effort in accordance with the Remarketing Agreement. These provisions shall continue to apply until such time as the Remarketing Agent (or the county, if applicable) again makes such determinations. In the case of clause (ii) above, the Remarketing Agent (or the county, if applicable) may again make such determination at such time as there is delivered to the Remarketing Agent and the county an opinion of Bond Counsel to the effect that there are no longer any legal prohibitions against such determinations. The following shall be the methods by which the interest rates and, in the case of the Flexible and Term Rate Modes, the Interest Periods, shall be determined for the Bonds as to which any of the events described in clauses (i), (ii) or (iii) shall be applicable. Such methods shall be applicable from and after the date any of the events described in clauses (i), (ii) or (iii) first become applicable to the Bonds until such time as the events described in clauses (i), (ii) or (iii) are no longer applicable to the Bonds. These provisions shall not apply if the county fails to select an Interest Period for the Bonds in the Term Rate Mode for a reason other than as described in clause (ii) above.

(a) If the Bonds are then in the Flexible Rate Mode, then the next Interest Period shall be from, and including, the first day following the last day of the current Interest Period for the Bonds to, but excluding, the next succeeding Business Day and thereafter shall commence on each Business Day and extend to, but exclude, the next succeeding Business Day. For each such Interest Period, the interest rate for the Bonds shall be the applicable Alternate Rate in effect on the Business Day that begins an Interest Period.

(b) If the Bonds are then in the Daily Mode or the Weekly Mode, then the Bonds shall bear interest during each subsequent Interest Period at the Alternate Rate in effect on the first day of such Interest Period.

(c) If the Bonds are then in the Term Rate Mode, then the Bonds shall automatically convert to Flexible Rate Bonds, with an Interest Period commencing on the first day following the last day of the current Interest Period for the Bonds to, but excluding, the next succeeding Business Day and thereafter commencing on each Business Day and extending to, but excluding, the next succeeding Business Day. For each such Interest Period, the interest rate for the Bonds shall be the applicable Alternate Rate in effect at the

beginning of each such Interest Period.

SECTION 2.09. **Determination of the ARS Rate.** The ARS Rate shall be determined as provided in Exhibit B.

SECTION 2.10. **Conversions.** Subject to the provisions of this Section, the county may convert the Mode of all, but not a portion, of the Bonds then Outstanding by following the procedures set forth in this Section. It shall be a condition to any conversion to the Fixed Rate Mode, Flexible Mode or Term Rate Mode that the County Representative shall have executed a continuing disclosure undertaking satisfying the requirements of the Rule and shall cooperate with the Remarketing Agent, if any, the Broker-Dealer, if any, and any Participating Underwriter (as defined in the Rule) in satisfying the requirements of the Rule.

(a) *Conversions to Modes Other than to Fixed Rate Mode.* At the option of the county, all but not a portion, of the Bonds then Outstanding (other than Bonds in the Fixed Rate Mode) may be converted to another Mode (other than the Fixed Rate Mode) as follows:

(i) Conversion Notice; Notice to Owners. No later than a Business Day that is at least 30 days (or such shorter time as may be agreed to by the county, the Registrar, the Remarketing Agent, the Auction Agent and the Broker-Dealer, but in any event not less than 15 days) preceding the proposed Conversion Date, the county shall give written notice to the Notice Parties of its intention to convert the Bonds from the Mode then prevailing (for purposes of this Section, the “Current Mode”) to another Mode (for purposes of this Section, the “New Mode”) specified in such written notice, and, if the conversion is to a Term Rate Mode, the length of the initial Interest Period. In the case of conversion to a Term Rate Mode, such notice shall also include a statement as to whether there will be a Liquidity Facility in effect with respect to the Bonds following such conversion and the identity of the provider of such Liquidity Facility. Notice of the proposed conversion shall be given by the Registrar to the Owners of the Bonds not less than the 15th day next preceding the Conversion Date, provided that no notice need be given for a Conversion Date occurring on the first Business Day following the last day of a Flexible Rate Period or Term Rate Period or on a Substitution Date. Such

notice shall state: (1) the proposed Conversion Date; (2) the New Mode and, in the case of a conversion to an ARS Mode, the length of the initial Auction Period; (3) except in the case of a conversion from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode or a conversion from the ARS Mode, that the Bonds will be subject to mandatory purchase on the Conversion Date (regardless of whether all of the conditions to the conversion in the Mode are satisfied) and the Purchase Price of the Bonds; and (4) if the Book-Entry System is no longer in effect, information with respect to required delivery of Bond certificates and payment of Purchase Price. If the conversion is from an ARS Mode, such notice shall also state that such Owner is required to tender such Owner's Bonds for purchase on the Conversion Date only if all of the conditions to the conversion are satisfied and that, if such conditions are not satisfied, then the Bonds shall not be subject to mandatory tender, the Auction Agent will continue to implement the Auction Procedures on the Auction Dates with respect to the Bonds that otherwise would have been converted (excluding, however, the Auction Date falling on the Business Day next preceding the failed Conversion Date), and the interest rate will continue to be the ARS Rate; provided, however, that the interest rate borne by the Bonds during the Auction Period commencing on such failed Conversion Date will be the Maximum Interest Rate, and the Auction Period will be the seven-day Auction Period. In the case of Bonds being converted to the ARS Mode, the Registrar shall not mail such written notice if converting from a Flexible Rate Period until it has received a written confirmation from the Remarketing Agent that no Interest Period for the Bonds extends beyond the Conversion Date.

(ii) Determination of Interest Rates and Interest Periods. The New Mode shall commence on the Conversion Date. The interest rate(s) shall be determined by the Remarketing Agent, and the Interest Period(s) shall be determined by the Remarketing Agent (in the case of Bonds being converted to the Flexible Mode) or the county in the case of the Interest Period for the Bonds converted to the Term Rate Mode) in the manner provided in Sections 2.05, 2.06 and 2.07, as applicable. In the case of Bonds being converted to the ARS Mode, the length of the initial Auction Period shall be selected by the county, and the ARS Rate for the

Auction Period commencing on the Conversion Date shall be the lowest rate that, in the judgment of the Broker-Dealer, is necessary to enable the Bonds to be remarketed at a price equal to the principal amount thereof, plus accrued interest, if any, on the Conversion Date.

(iii) Conditions Precedent:

(A) The Conversion Date shall be:

(1) in the case of a conversion from the Flexible Mode, the next Mandatory Purchase Date for all of the Flexible Rate Bonds;

(2) in the case of a conversion from the Daily or Weekly Mode, any Business Day; provided that in the case of a conversion from the Daily or Weekly Mode to an ARS Mode, the Conversion Date shall be a regularly scheduled Interest Payment Date for the Daily or Weekly Mode;

(3) in the case of a conversion from the Term Rate Mode to another Mode, or from a Term Rate Period to a Term Rate Period of a different duration, the Conversion Date shall be limited to any Interest Payment Date on which the Bonds are subject to optional redemption or a Mandatory Purchase Date; and

(4) in the case of a conversion from the ARS Mode, the Interest Payment Date following the final Auction Period.

(B) The following items shall have been delivered to the county, Registrar, Remarketing Agent, if any, Broker-Dealer, if any, Bond Insurer, and Liquidity Provider, on or prior to the Conversion Date:

(1) in the case of a conversion from a Short-Term Mode to a Long-Term Mode or from a Long-Term Mode to a Short-Term Mode or to or from the ARS Mode, a Favorable Opinion of Bond Counsel dated the Conversion Date and addressed to the Notice Parties;

(2) if an Alternate Liquidity Facility is to be delivered in connection with such conversion, the items required by Section 4.08(c);

(3) a notice from the Rating Agencies of the rating(s) to be assigned the Bonds on such Conversion Date; and

(4) the prior written consent of the Bond Insurer.

(C) Bonds may be converted to the ARS Bond only if, upon conversion, they will be held by a Securities Depository in a Book-Entry System.

(D) All Bonds being converted from an ARS Mode shall have been remarketed on the Conversion Date.

(b) *Conversion to Fixed Rate Mode.* At the option of the county, all, but not a portion of the Bonds then Outstanding (other than Bonds in the Fixed Rate Mode), may be converted to the Fixed Rate Mode as follows:

(i) Conversion Notice; Notice to Owners. No later than a Business Day that is 30 days (or such shorter time as may be agreed to by the county, the Registrar, the Remarketing Agent, the Auction Agent and the Broker-Dealer, but in any event not less than 15 days) preceding the proposed Conversion Date, the county shall give written notice to the Notice Parties of its intention to effect a conversion from the Current Mode to the Fixed Rate Mode. Notice of the proposed conversion shall be given by the Registrar to the Owners of the Bonds not less than 15 days preceding the Conversion Date, provided that no notice need be given for a Conversion Date occurring on the first Business Day following the last day of a Flexible Rate Period or Term Rate Period. Such notice shall state: (1) the proposed Conversion Date; (2) except in the case of conversion from the ARS Mode, that the Bonds will be subject to mandatory purchase on the Conversion Date (regardless of whether all of the conditions to the conversion to the Fixed Rate Mode are satisfied) and the Purchase Price of the Bonds; and (3) if the Book-Entry System is no longer in effect, information with respect to required delivery of Bond certificates and payment of Purchase Price. If the conversion is from an ARS Mode, such notice shall also state that such Owner is required to tender such Owner's Bonds for purchase on the Mode Change Date only if all of the conditions to the conversion are satisfied and that, if such conditions

are not satisfied, then the Bonds shall not be subject to mandatory tender, the Auction Agent will continue to implement the Auction Procedures on the Auction Dates with respect to the Bonds that otherwise would have been converted, excluding however, the Auction Date falling on the Business Day next preceding the failed Mode Change Date, and the interest rate will continue to be the ARS Rate; provided, however, that the interest rate borne by the Bonds during the Auction Period commencing on such failed Mode Change Date will be the Maximum Interest Rate, and the Auction Period will be the seven-day Auction Period.

(ii) Determination of Interest Rates. The Fixed Rate (or Fixed Rates in the case of Serial Bonds) shall be determined by the Remarketing Agent as provided in Section 2.07(b).

(iii) Serialization and Sinking Fund; Price. The Bonds shall be remarketed at a price equal to 100% of the principal amount thereof, shall mature on the same Maturity Date and shall be subject to the same mandatory sinking fund redemption, if any, and optional redemption provisions as set forth in this ordinance for any prior Mode; provided, however, that if the county shall deliver to the Registrar a Favorable Opinion of Bond Counsel, the county may elect to (1) have some of the Bonds be Serial Bonds maturing on Serial Maturity Dates and some subject to sinking fund redemption even if such Bonds were not Serial Bonds or subject to mandatory sinking fund redemption prior to such conversion, (2) change the optional redemption dates and/or premiums set forth in Section 3.03(b), and/or (3) sell some or all of the Bonds at a premium or a discount.

(iv) Conditions Precedent:

(A) The Conversion Date shall be:

(1) in the case of conversion from the Flexible Mode, a Mandatory Purchase Date for all of the Flexible Rate Bonds;

(2) in the case of conversion from the Daily or Weekly Mode, any Business Day;

(3) in the case of conversion from the Term Rate Mode, an Interest

Payment Date on which the Bonds are subject to optional redemption or a Mandatory Purchase Date; and

(4) in the case of conversion from the ARS Mode, the Interest

Payment Date following the final Auction Period.

(B) The following items shall have been delivered to the county, the Registrar, the Remarketing Agent, if any, the Broker-Dealer, if any, the Bond Insurer and the Liquidity Provider, on or prior to the Conversion Date:

(1) in the case of conversion from a Short-Term Mode, a Favorable Opinion of Bond Counsel dated the Conversion Date and addressed to the Notice Parties;

(2) notice from the Rating Agencies of the rating(s) to be assigned the Bonds on such Conversion Date; and

(3) a firm underwriting commitment or the prior written consent of the Bond Insurer.

(c) *Failure to Satisfy Conditions Precedent to a Conversion Change.* In the event the conditions described above in subsections (a) or (b), as applicable, of this Section have not been satisfied by the applicable Conversion Date, then the New Mode shall not take effect (although, except in the case of a failed conversion from an ARS Mode, any mandatory purchase shall be made on such date if notice has been sent to the Owners stating that such Bonds would be subject to mandatory purchase on such date).

If the failed conversion was from the Flexible Mode, the Bonds shall remain in the Flexible Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the failed Conversion Date in accordance with Section 2.05. If the failed conversion was from the Daily Mode, the Bonds shall remain in the Daily Mode, and if the failed conversion was from the Weekly Mode, the Bonds shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Section 2.06 on and as of the failed Conversion Date. If the failed conversion was from the Term Rate Mode, then the Bonds shall stay in the Term Rate Mode for an Interest Period ending on the following Interest Payment Date

for the Bonds in the Term Rate Mode, and the interest rate shall be established by the Remarketing Agent on the failed Conversion Date in accordance with Section 2.07(a). If the Remarketing Agent is unable to determine the interest rate on the failed Conversion Date, the provisions of Section 2.08 shall apply and be in effect at the beginning of each such Interest Period.

If the failed conversion was from the ARS Mode, then the Bonds shall not be subject to mandatory tender, the Auction Agent will continue to implement the Auction Procedures on the Auction Dates with respect to the Bonds that otherwise would have been converted excluding however, the Auction Date falling on the Business Day next preceding the failed Conversion Date, and the interest rate will continue to be the ARS Rate; provided, however, that the interest rate borne by the Bonds during the Auction Period commencing on such failed Conversion Date will be the Maximum Interest Rate, and the Auction Period will be the seven-day Auction Period. The Registrar will give written notice by first class mail postage prepaid as soon as practicable and in any event not later than the next succeeding Business Day to the Owners, the county and the Bond Insurer that such conversion has not occurred, that the Bonds will not be purchased on the failed Conversion Date, that the Auction Agent will continue to implement the Auction Procedures on the Auction Dates with respect to the Bonds that otherwise would have been converted excluding however, the Auction Date falling on the Business Day next preceding the failed Conversion Date, and that the interest rate will continue to be the ARS Rate; provided, however, that the interest rate borne by the Bonds during the Auction Period commencing on such failed Conversion Date will be the Maximum Interest Rate, and the Auction Period will be the seven-day Auction Period.

(d) *Rescission of Election.* Notwithstanding anything herein to the contrary, the county may rescind any election by it to convert a Mode as described above prior to the Conversion Date by giving written notice thereof to the Notice Parties prior to such Conversion Date; provided, however, that in the case of a conversion to an ARS Mode, such rescission must occur prior to the setting of the ARS Rate by the Broker-Dealer. If the Registrar Agent receives notice of such rescission prior to the time the Registrar Agent has given

notice to the Owners of the Bonds, then such notice of conversion shall be of no force and effect. If the Registrar Agent receives notice from the county of rescission of a conversion after the Registrar Agent has given notice thereof to the Owners of the Bonds, then if the proposed Conversion Date would have been a Mandatory Purchase Date, such date shall continue to be a Mandatory Purchase Date except if the conversion is from the ARS Mode. If the proposed conversion was from the Flexible Mode, the Bonds shall remain in the Flexible Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the proposed Conversion Date in accordance with Section 2.05. If the proposed conversion was from the Daily Mode, the Bonds shall remain in the Daily Mode, and if the proposed conversion was from the Weekly Mode, the Bonds shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Section 2.06 on and as of the proposed Conversion Date. If the proposed conversion was from the Term Rate Mode, then the Bonds shall stay in the Term Rate Mode for an Interest Period ending on the following Interest Payment Date for the Bonds in the Term Rate Mode and the interest rate shall be established by the Remarketing Agent on the proposed Conversion Date in accordance with Section 2.07(a). If the Remarketing Agent is unable to determine the interest rate on the proposed Conversion Date, the provisions of Section 2.08 shall apply in effect at the beginning of each such Interest Period. If the proposed conversion was from the ARS Mode, then an Auction for the Bonds will be held on the Business Day immediately preceding the proposed Conversion Date as though no notice of conversion had ever been given.

ARTICLE III.

REDEMPTION OF BONDS

SECTION 3.01. **Optional Redemption of Flexible Rate Bonds.** Bonds in the Flexible Mode are not subject to optional redemption prior to their respective Purchase Dates. Bonds in the Flexible Mode shall be subject to redemption at the option of the county in whole or in part on their respective Purchase Dates the Redemption Price.

SECTION 3.02. **Optional Redemption of Bonds in the Daily Mode or the Weekly Mode.**

Bonds in the Daily Mode or the Weekly Mode are subject to optional redemption by the county, in whole or in part, in Authorized Denominations on any Business Day, at the Redemption Price.

SECTION 3.03. Optional Redemption of Bonds in the Term Rate or the Fixed Rate Mode.

(a) Bonds in the Term Rate Mode shall be subject to optional redemption by the county, in whole or in part, in Authorized Denominations on each Mandatory Purchase Date, at the Redemption Price.

(b) Bonds in the Term Rate Mode or the Fixed Rate Mode are subject to optional redemption by the county, in whole on any date or in part on any Interest Payment Date (and if in part, in such order of maturity as the county shall specify and within a maturity by lot or by such other method as the Registrar determines to be fair and reasonable and in Authorized Denominations) commencing on the Interest Payment Date next following the tenth anniversary of the conversion to the Term Rate Mode or Fixed Rate Mode at the Redemption Price. If the length of the Term Rate Period or Fixed Rate Period is less than ten years, then the Bonds shall not be subject to optional redemption during such Term Rate Period or Fixed Rate Period.

(c) The county, in connection with a conversion to a Long-Term Mode, may waive or otherwise alter its rights to direct the redemption of any Bonds so converted at any time without premium; provided that notice describing the waiver or alteration shall be submitted to the Registrar and the Remarketing Agent, together with a Favorable Opinion of Bond Counsel, addressed to them.

SECTION 3.04. Optional Redemption of Bonds in the ARS Mode. Bonds in the ARS Mode shall be subject to optional redemption by the county, in whole or in part, in Authorized Denominations, on the Interest Payment Date immediately following the end of an Auction Period at the Redemption Price; provided that unless otherwise consented to by the Broker-Dealers, after any optional redemption there shall remain Outstanding not less than \$10,000,000 in aggregate principal amount of Bonds.

SECTION 3.05. Notice of Redemption on Mandatory Purchase Date. Notwithstanding anything herein to the contrary, no additional notice of redemption is required to be given for a redemption occurring on a Mandatory Purchase Date.

SECTION 3.06. **Mandatory Sinking Fund Redemption of Bonds in the ARS Mode.** During an ARS Mode, if a scheduled sinking fund redemption date is not an Interest Payment Date, the Bonds shall be redeemed on the Interest Payment Date immediately preceding the scheduled sinking fund redemption date. The Bonds in a Special Auction Period may be redeemed prior to the end of the Special Auction Period pursuant to the sinking fund redemption schedule.

SECTION 3.07. **Notice of Redemption During an ARS Mode.** During an ARS Mode, if any Bonds are to be redeemed and such Bonds are held by a Securities Depository, the county shall include in the notice of the call for redemption delivered to the Securities Depository (i) a date placed under an item entitled “Publication Date for Securities Depository Purposes” and such date shall be three Business Days after the Auction Date immediately preceding such Redemption Date, and (ii) an instruction to the Securities Depository to (x) determine on such Publication Date after the Auction held on the immediately preceding Auction Date has settled, the Securities Depository Participants whose Securities Depository positions shall be redeemed and the principal amount of such Auction Rate Bonds to be redeemed from each such position (the “Securities Depository Redemption Information”), and (y) notify the Auction Agent immediately after such determination of (1) the positions of the Securities Depository Participants in such Bonds immediately prior to such Auction settlement, (2) the position of the Securities Depository Participants in such Bonds immediately following such Auction settlement, and (3) the Securities Depository Redemption Information.

SECTION 3.08. **Notice of Redemption.** For so long as the Book Entry-System is in effect, notice of any redemption shall be provided in accordance with the operational arrangements of the Securities Depository referred to in the Letter of Representations, and, except as provided in Section 3.07 or pursuant to an undertaking to provide continuing disclosure under the Rule, no additional published or other notice shall be provided by the county. In any event, notice of redemption shall be given by the county in sufficient time that the Registrar may, and the Registrar shall, give notice to the Securities Depository at least 30 days prior to the proposed Redemption Date during any Long-Term Mode and at least 15 days during any Short-Term Mode or

the ARS Mode.

If the Bonds are not held in a Book-Entry System, the Registrar shall give written notice of any redemption of Bonds by first class mail, postage prepaid, not less than 30 days (for Bonds in the Long-Term Mode) or not less than 15 days (for Bonds in any Short Term Mode) nor more than 60 days before the proposed Redemption Date to the registered owners of Bonds that are to be redeemed at their last addresses shown on the Bond Register. Each notice of redemption shall contain the following information: (1) the redemption date, (2) the redemption price, (3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the Bonds to be redeemed, (4) that on the redemption date the redemption price will become due and payable upon each Bond or portion called for redemption, and that interest shall cease to accrue from the redemption date, (5) that the Bonds are to be surrendered for payment at the principal office of the Registrar, (6) the CUSIP numbers of all Bonds being redeemed, (7) the dated date of the Bonds, (8) the rate of interest for each Bond being redeemed, (9) the date of the notice, and (10) any other information needed to identify the Bonds being redeemed. The requirements of this section shall be deemed complied with when notice is mailed, whether or not it is actually received by the owner.

SECTION 3.09. Effect of Redemption. If notice of redemption has been duly given and money for the payment of the Redemption Price of the Bonds or portions thereof to be redeemed is held by the Registrar, then on the Redemption Date the Bonds or portions thereof so called for redemption shall become payable at the Redemption Price specified in such notice, and from and after the Redemption Date, interest thereon or on portions thereof so called for redemption shall cease to accrue, such Bonds or portions thereof shall cease to be Outstanding and to be entitled to any benefit, protection or security hereunder, and the Owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the Redemption Price upon delivery of such Bonds to the Registrar.

Notwithstanding the foregoing, any Liquidity Provider Bonds shall remain Outstanding until the Liquidity Provider is paid all amounts due in connection with such Bonds or portions thereof to be redeemed on

the Redemption Date. After payment to the Liquidity Provider of all amounts due on Liquidity Provider Bonds, the Liquidity Provider shall surrender such Bonds to the Registrar for cancellation.

SECTION 3.10. **Selection of Bonds for Redemption.** Whenever fewer than all the Bonds then Outstanding are to be redeemed, the Bonds to be redeemed shall be selected in accordance with the operational arrangements of the Securities Depository referred to in the Letter of Representations; provided, however, that Liquidity Provider Bonds shall in all cases be redeemed first. In no event shall any Bond be Outstanding in a principal amount that is not an Authorized Denomination.

SECTION 3.11. **Mandatory Redemption of Liquidity Provider Bonds.** Liquidity Provider Bonds shall be subject to mandatory redemption at the times and in the amounts set forth in the Liquidity Facility.

ARTICLE IV.

PURCHASE OF BONDS

SECTION 4.01. **Optional Tenders of Bonds in the Daily Mode or the Weekly Mode.** Subject to Section 4.06, the Beneficial Owners of Bonds in a Daily Mode or a Weekly Mode may elect to have their Bonds (or portions of those Bonds in amounts equal to Authorized Denominations) purchased on any Business Day at a price equal to the Purchase Price, upon delivery of a Tender Notice to the Registrar by the Tender Notice Deadline. Immediately upon receipt of a Tender Notice, the Registrar shall notify the Remarketing Agent and provide the Remarketing Agent with a copy of such Tender Notice.

SECTION 4.02. **Mandatory Purchase on Mandatory Purchase Date.** The Bonds shall be subject to mandatory purchase at the Purchase Price on each Mandatory Purchase Date. The Registrar shall give notice of such mandatory purchase by mail to the Owners of the Bonds subject to mandatory purchase no fewer than 15 days prior to the Mandatory Purchase Date. No notice shall be given of the Mandatory Purchase Date at the end of each Interest Period for Flexible Rate Bonds. Each notice shall state the Mandatory Purchase Date, the Purchase Price, the numbers of the Bonds to be purchased if less than all of the Bonds owned by such

Owner are to be purchased, and that interest on Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Owner or Beneficial Owner.

SECTION 4.03. **Remarketing of Bonds; Notices.**

(a) *Remarketing of Bonds.* The Remarketing Agent shall use its best efforts, pursuant to the terms and conditions of the Remarketing Agreement, to offer for sale:

(i) all Bonds or portions thereof as to which a Tender Notice pursuant to Section 4.01 has been given; and

(ii) all Bonds required to be purchased on a Mandatory Purchase Date described in clauses (i), (ii), (iii), (iv) or (vii) of the definition thereof; and

(iii) any Liquidity Provider Bonds (A) purchased on a Purchase Date described in clause (i) or (ii) above, or (B) with respect to which the Liquidity Provider has provided notice to the Registrar and the Remarketing Agent that it is ready to reinstate the Available Amount, or (C) with respect to which an Alternate Liquidity Facility is in effect, or (D) that are being remarketed in the Fixed Rate Mode. The Remarketing Agent shall not remarket Bonds to the county or any affiliate thereof. In connection with the remarketing of any Bonds with respect to which notice of redemption or notice of mandatory purchase has been given, the Remarketing Agent will notify each person to which such Bonds are remarketed of such notice of redemption or notice of mandatory purchase.

Anything in this ordinance to the contrary notwithstanding, if there shall have occurred and be continuing either a Bond Insurer Default or a Liquidity Provider Failure, the Remarketing Agent shall not remarket any Bonds. All other provisions of this ordinance, including without limitation those relating to the setting of interest rates and Interest Periods and mandatory and optional purchases, shall remain in full force

and effect during the continuance of such Bond Insurer Default or Liquidity Provider failure.

(b) *Notice of Remarketing; Registration Instructions; New Bonds.* On each Purchase Date:

(i) the Remarketing Agent shall notify by Electronic Means the Registrar by 12:00 noon of the principal amount of tendered Bonds it has remarketed and by 1:00 P.M. of the information necessary to register and deliver Bonds remarketed with respect thereto;

(ii) the Remarketing Agent shall cause the proceeds of such remarketing to be paid to the Registrar in immediately available funds by 12:15 P.M.; and

(iii) if the Bonds are no longer in the Book-Entry System, the Registrar shall authenticate new Bonds for the respective purchasers thereof which shall be available for pick-up by the Remarketing Agent by 2:30 P.M.

(c) *Draw on Liquidity Facility.* On each Purchase Date, the Registrar shall draw on the Liquidity Facility by 12:30 P.M. in an amount equal to the Purchase Price of all Bonds tendered less the amount received pursuant to subsection (b)(ii) of this Section. The Registrar shall give the county notice by 2:30 P.M. on the Purchase Date if it does not have funds in the Remarketing Proceeds Account and the Liquidity Facility Purchase Account sufficient to pay the Purchase Price of Bonds tendered on such Purchase Date.

SECTION 4.04. **Source of Funds for Purchase of Bonds.** By 3:00 P.M. on each Purchase Date, the Registrar shall purchase tendered Bonds at the Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and neither the Registrar nor the Remarketing Agent shall be obligated to provide funds from any other source:

- (a) immediately available funds on deposit in the Remarketing Proceeds Account;
- (b) immediately available funds on deposit in the Liquidity Facility Purchase Account; and
- (c) money of the county on deposit in the County Purchase Account.

The county may, but shall not be obligated to, deposit amounts into the County Purchase

Account sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account and the Liquidity Facility Purchase Account are insufficient therefor.

SECTION 4.05. **Delivery of Bonds.** On each Purchase Date, each Bond to be purchased shall be delivered as follows:

(a) Bonds purchased by the Registrar with funds described in Section 4.04(a) shall be delivered by the Remarketing Agent to the purchasers of such Bonds by 3:00 P.M.; and

(b) Bonds purchased by the Registrar with money described in Section 4.04(b) shall be registered immediately in the name of the Liquidity Provider or its nominee (which may be the Securities Depository) by 3:00 P.M.

(c) Bonds purchased by the county with money described in Section 4.04(c) shall be registered immediately in the name of the county or its nominee (which may be the Securities Depository) by 3:00 P.M. Bonds so owned by the county shall continue to be Outstanding under the terms of this ordinance and be subject to all of the terms and conditions of this ordinance and shall be subject to remarketing by the Remarketing Agent.

SECTION 4.06. **Book-Entry Tenders.** Notwithstanding any other provision of this Article IV to the contrary, all tenders for purchase of Bonds held in the Book-Entry System shall be subject to the terms and conditions set forth in the Letter of Representations and to any regulations promulgated by the Securities Depository. For so long as the Bonds are held in the Book-Entry System, the tender option rights of Owners of Bonds may be exercised only by the Securities Depository by giving notice of its election to tender Bonds or portions thereof at the times and in the manner described above. Unless permitted under the Letter of Representations, Beneficial Owners will not have any rights to tender Bonds directly to the Registrar. Procedures under which a Beneficial Owner may direct a Securities Depository Participant to exercise a tender option right in respect of Bonds or portions thereof in an amount equal to all or a portion of such Beneficial Owner's beneficial ownership interest therein shall be governed by standing instructions and customary

practices determined by such Securities Depository Participant. For so long as the Bonds are registered in the name of the Securities Depository or its nominee, delivery of Bonds required to be tendered for purchase shall be effected by the transfer on the Purchase Date of book-entry credits of beneficial interests in such Bonds with no requirement of physical delivery of any Bonds.

SECTION 4.07. **No Book-Entry System.** If at any time the Bonds shall no longer be in the Book-Entry System, the following procedures shall be followed:

(a) Bonds shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date at the office of the Registrar in New York, New York; provided, however, that payment of the Purchase Price shall be made pursuant to this Section only if the Bond so delivered to the Registrar conforms in all respects to the description thereof in the notice described in this Section. Payment of the Purchase Price with respect to purchases under this Section shall be made to the Owners of tendered Bonds by wire transfer in immediately available funds by the Registrar by 3:00 P.M. on the Purchase Date.

(b) If a Bond to be purchased is not delivered by the Owner to the Registrar by 12:00 noon on the Purchase Date, the Registrar shall hold any funds received for the purchase of those Bonds in the Purchase Fund in trust and shall pay such funds to the former Owners of the Bonds upon presentation of the Bonds. Such undelivered Bonds shall cease to accrue interest as to the former Owners on such Purchase Date, and money representing the Purchase Price shall be available against delivery of those Bonds at the office of the Registrar in New York, New York; provided, however, that any funds so held by the Registrar that remain unclaimed by the former Owner of a Bond not presented for purchase for a period of three years after delivery of such funds to the Registrar, shall, to the extent permitted by law, upon request in writing by the county and the furnishing of security or indemnity to the Registrar's satisfaction, be paid to the county free of any trust or lien, and thereafter the former Owner of such Bond shall look only to the county and then only to the extent of the amounts so received by the county without any interest thereon, and the Registrar shall have no further responsibility with respect to such money or payment of the Purchase Price of such Bonds. The Registrar shall

authenticate a replacement Bond for any undelivered Bond, which shall then be remarketed by the Remarketing Agent in accordance with the provisions of this ordinance.

(c) The Registrar shall hold all Bonds properly tendered to it for purchase hereunder as agent and bailee of, and in escrow for the benefit of, the respective Owners of the Bonds which shall have so tendered such Bonds until money representing the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Owners.

SECTION 4.08. Liquidity Facility.

(a) If a Liquidity Facility is in effect, on each Purchase Date, the Registrar, by demand given by Electronic Means by 12:30 P.M., shall draw on the Liquidity Facility in accordance with the terms thereof so as to receive thereunder by 2:30 P.M. on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of Bonds received on such date by 12:15 P.M., to enable the Registrar to pay the Purchase Price in connection therewith. The proceeds of such draw shall be deposited in the Liquidity Facility Purchase Account pursuant to Section 4.09(b).

(b) In no event shall the Registrar draw on the Liquidity Facility with respect to Bonds owned by the county.

(c) The county may provide an Alternate Liquidity Facility on any Business Day not later than the fifth (5th) Business Day prior to the Expiration Date of the Liquidity Facility then in effect. The county shall give the Notice Parties written notice of the proposed substitution of an Alternate Liquidity Facility no less than 30 days prior to the date on which the Registrar is required to provide notice of the proposed substitution to the Owners of the Bonds. The Registrar shall give notice of such Substitution Date in accordance with Section 4.02. On or before the Substitution Date there shall be delivered to the Registrar, (i) the Alternate Liquidity Facility in substitution for the Liquidity Facility then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) a written Opinion of Counsel for the provider of the Alternate Liquidity Facility to the effect that such Alternate Liquidity Facility is a valid, legal and binding obligation of the provider thereof, (iv)

written consent of the Bond Insurer, and (v) unless waived by such entity, written evidence satisfactory to the Bond Insurer and the Liquidity Provider of the provision for purchase by the provider of the Alternate Liquidity Provider from the Liquidity Provider of all Liquidity Provider Bonds (which upon such purchase shall remain Liquidity Provider Bonds until ceasing to be Liquidity Provider Bonds in accordance with the provisions of this ordinance), at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due to the Liquidity Provider under the Liquidity Facility on or before the Substitution Date. Upon the satisfaction of the conditions described in the preceding sentence, the Registrar shall accept such Alternate Liquidity Facility on the close of business on the Substitution Date and shall surrender the Liquidity Facility then in effect to the provider thereof on the Substitution Date. If any condition to the substitution is not satisfied, the substitution shall not occur, but the Bonds shall remain subject to mandatory purchase on the proposed Substitution Date.

(d) In the event of an extension of the Expiration Date, the county shall give to the Notice Parties a written notice of the new Expiration Date at least 30 days prior to the Expiration Date in effect prior to such extension.

(e) The references to Liquidity Facility and Liquidity Provider shall be disregarded during any period during which a Liquidity Facility is not required to be in effect.

SECTION 4.09. **Purchase Fund.** There is hereby established and there shall be maintained by the Registrar a separate fund to be known as the “Purchase Fund.” The Registrar shall further establish three separate accounts within the Purchase Fund to be known as the “Liquidity Facility Purchase Account,” the “Remarketing Proceeds Account” and the “County Purchase Account.”

(a) *Remarketing Proceeds Account.* Upon receipt of remarketing proceeds of Bonds on a Purchase Date, the Registrar shall deposit such proceeds in the Remarketing Proceeds Account for application to the Purchase Price of the Bonds. Notwithstanding the foregoing, upon the receipt remarketing proceeds of Liquidity Provider Bonds, the Registrar shall immediately pay such proceeds to the Liquidity Provider to the

extent of any amount owing to the Liquidity Provider.

(b) *Liquidity Facility Purchase Account.* Upon receipt of proceeds from a draw on the Liquidity Facility, the Registrar shall deposit such proceeds in the Liquidity Facility Purchase Account for application to the Purchase Price of the Bonds to the extent that the money on deposit in the Remarketing Proceeds Account shall not be sufficient. Any amounts deposited in the Liquidity Facility Purchase Account and not needed with respect to the Purchase Price for any Bonds shall be immediately returned to the Liquidity Provider.

(c) *County Purchase Account.* Upon receipt of money from the county pursuant to Section 4.04(c), the Registrar shall deposit such money in the County Purchase Account for application to the Purchase Price of the Bonds to the extent that the money on deposit in the Remarketing Proceeds Account and Liquidity Facility Purchase Account shall not be sufficient. Any amounts deposited in the County Purchase Account and not needed with respect to the Purchase Price for any Bonds shall be immediately returned to the county.

(d) *Investment.* Amounts held in the Liquidity Facility Purchase Account and the Remarketing Proceeds Account shall be held uninvested and separate and apart from all other funds and accounts.

SECTION 4.10. Insufficient Funds for Tenders.

(a) If money sufficient to pay the Purchase Price of all Bonds to be purchased on any Purchase Date is not available, (1) no purchase shall be consummated on such Purchase Date; (2) all such Bonds shall be returned to the Owners thereof; (3) all remarketing proceeds shall be returned to the Remarketing Agent for return to the Persons providing such money; and (4) all proceeds of draws on the Liquidity Facility, if any, shall be returned to the Liquidity Provider.

(b) All Bonds shall then automatically convert to the Weekly Mode (if not already in such Mode) and bear interest at the Alternate Rate plus 3% during the period of time from and including the applicable Purchase Date to (but not including) the date on which the Registrar holds in the Purchase Fund

money sufficient to pay the Purchase Price of all Bonds (the “Delayed Remarketing Period”). The first Rate Determination Date for purposes of determining the Alternate Rate shall be the Purchase Date.

(c) The county may direct the conversion of the Bonds to a different Mode during the Delayed Remarketing Period in accordance with Section 2.10; provided that the county shall not be required to comply with the notice requirements described in Section 2.10 and provided further, in the event the Delayed Remarketing Period extends for 90 consecutive days, then the county shall promptly commence the process of converting the interest rate on the Bonds to another interest rate acceptable to the Bond Insurer.

(d) Subject to the terms of the Remarketing Agreement, the Remarketing Agent shall continue to use its best efforts to remarket the Bonds during the Delayed Remarketing Period.

(e) During the Delayed Remarketing Period, the Registrar may, upon direction of the county, apply amounts on deposit in the Junior Lien Bond Fund to the redemption of Bonds, as a whole or in part on any Business Day during the Delayed Remarketing Period, at the Redemption Price. Notwithstanding Section 3.08 to the contrary, the Registrar shall give five Business Days’ notice of such redemption to the Owners of the Bonds to be redeemed.

(f) During the Delayed Remarketing Period, interest on the Bonds shall be paid (i) on the first Business Day of each calendar month occurring during the Delayed Remarketing Period and (ii) on the last day of the Delayed Remarketing Period.

SECTION 4.11. **County Purchase of Bonds.** The county reserves the right to purchase any of the Bonds offered to it by a Beneficial Owner or Owner at any time at any price acceptable to the county. Bonds so purchased by the county will be retired and will not be remarketed.

ARTICLE V.

BOND FUND AND REVENUE FUND; COVENANTS

SECTION 5.01. **Security and Sources of Payment.**

(a) *Junior Lien Bond Fund.* A special fund of the county designated the “King County,

Washington, Junior Lien Obligation Redemption Fund” (the “Junior Lien Bond Fund”) has been created for the purpose of paying and securing the payment of the 2001 Junior Lien Obligations, the Bonds, the 2006B Bonds, and any Additional Junior Lien Obligations. The Junior Lien Bond Fund shall be held separate and apart from all other funds and accounts of the county and shall be a trust fund for the owners of Junior Lien Obligations.

The county hereby irrevocably obligates and binds itself for as long as any Bonds remain Outstanding to set aside and pay into the Junior Lien Bond Fund from Revenue of the System, on or prior to the respective dates the same become due (and if such payment is made on the due date, such payment shall be made in immediately available funds):

(1) Such amounts as are required to pay the interest scheduled to become due on Outstanding Bonds (including all Liquidity Provider Bonds); and

(2) Such amounts with respect to Outstanding Bonds as are required (A) to pay maturing principal, (B) to make any required sinking fund payments, and (C) to redeem Outstanding Bonds in accordance with any mandatory redemption provisions (including all Liquidity Provider Bonds).

(b) *Priority of Use of Revenue of the System.* All Revenue of the System shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the county, and the Revenue of the System deposited therein shall be used only for the following purposes and in the following order of priority:

First, to pay all Operating and Maintenance Expenses;

Second, to make all required payments of principal of and interest on Parity Bonds as the same shall become due and payable and, when permitted under the provisions of the ordinances authorizing the Parity Bonds, to make any Payment Agreement Payments with respect to any Parity Payment Agreements;

Third, to make required deposits for the amortization of Parity Term Bonds;

Fourth, to make all payments required to be made pursuant to a reimbursement agreement or agreements (or other equivalent documents) with the providers of any debt service reserve insurance, sureties or

letters of credit securing Parity Bonds, 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;

Fifth, to establish and maintain the Parity Bond Reserve (including the cost of obtaining debt service reserve insurance, sureties or letters of credit);

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

Seventh, to make all required payments of principal of and interest on the Bonds, the 2006B Bonds and any other Junior Lien Obligations, as the same shall become due and payable, to make all Payment Agreement Payments for any Payment Agreements entered into with respect to Junior Lien Obligations and to make any payments required to be made to the Bond Insurer pursuant to the Insurance Agreement and to other providers of credit enhancement or liquidity facilities for any Junior Lien Obligations;

Eighth, to make all required payments of principal of and interest on the Commercial Paper Notes, the Bank Note, or Additional Subordinate Lien Obligations as the same shall become due and payable;

Ninth, to make all required payments of principal and interest on bonds, notes, warrants and other evidences of indebtedness, the lien and charge against Revenue of the System of which is junior and inferior to the Commercial Paper Notes, the Bank Note and Additional Subordinate Lien Obligations, as the same shall become due and payable;

Tenth, to make all required payments of principal and interest due on the SRF Loans and the Public Works Trust Fund Loans as the same shall become due and payable; and

Eleventh, to accumulate in the special reserve fund for the SRF Loans the amount to be accumulated therein pursuant to the terms of the SRF 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 (i) to make necessary improvements, additions and repairs to and extensions and replacements of the System, (ii) to purchase or redeem and retire outstanding sewer

revenue bonds of the county, (iii) to make deposits into the Rate Stabilization Fund, or (iv) for any other lawful purposes of the county related to the System.

(c) *Lien on Revenue of the System.* The Bonds and the lien thereof created and established hereunder shall be obligations only of the Junior Lien Bond Fund. The Bonds shall be payable solely from and secured solely by Revenue of the System and by drawings under the Bond Insurance of the Liquidity Facility; *provided, however,* that any series of Additional Junior Lien Obligations also may be payable from and secured by a separate credit or liquidity facility pledged specifically to or provided for that series of Additional Junior Lien Obligations, and such separate credit or liquidity facility shall not secure payment of the Bonds. No Additional Junior Lien Obligations shall be secured by the Bond Insurance or the Liquidity Facility unless the Bond Insurer or the Liquidity Provider, as the case may be, shall amend the Bond Insurance or increase the Available Amount under the Liquidity Facility, as the case may be, to account for such Additional Junior Lien Obligations. Unless the Bond Insurance is so amended or the Available Amount is so increased, funds drawn under the Bond Insurance or the Liquidity Facility shall be held separately and shall not be available for payments with respect to any Additional Junior Lien Obligations.

From and after the time of issuance and delivery of the Bonds and so long thereafter as any of the same remain Outstanding, the county hereby irrevocably obligates and binds itself to set aside and pay into the Junior Lien Bond Fund out of Revenue of the System, on or prior to the date on which the interest on, premium, if any, or principal of and interest on the Bonds shall become due, the amount necessary to pay such interest, premium, or principal and interest coming due on the Bonds.

The amounts herein covenanted to be paid out of the Revenue of the System and deposited into the Junior Lien Bond Fund shall constitute and the county hereby grants and pledges to the owners of the Bonds, a lien and charge on such Revenue junior, subordinate and inferior to Operating and Maintenance Expenses; junior, subordinate and inferior to the lien and charge on such Revenue for the payments required to be made into the Parity Bond Fund and the accounts therein; junior, subordinate and inferior to the lien and charge on

such Revenue of the payments required to be made into the Parity Lien Obligation Bond Fund and the accounts therein; equal to the lien and charge on such Revenue to pay and secure the payment of the 2001 Junior Lien Obligations, the 2006B Bonds and any Additional Junior Lien Obligations; and superior to all other liens and charges of any kind or nature, including, *inter alia*, the lien and charge on such Revenue to pay and secure the payment of the Commercial Paper Notes, the Bank Note and any Additional Subordinate Lien Obligations, and the SRF Loans and Public Works Trust Fund Loans.

The Bonds shall not be deemed to constitute a general obligation or a pledge of the faith and credit of the county, or a debt or a pledge of the faith and credit of the State of Washington or any other municipal corporation or political subdivision thereof. Neither the State of Washington nor any other municipal corporation or political subdivision thereof shall be obligated to pay the principal of or interest on the Bonds, and neither the faith and credit nor the taxing power of the county, the State of Washington or any other municipal corporation or political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

(d) *Due Regard for Expenses of Maintenance and Operation.* The county council hereby declares that, in fixing the amounts to be paid into the Junior Lien Bond Fund and the accounts therein out of the Revenue of the System, it has exercised due regard for the necessary Operating and Maintenance Expenses and has not obligated the county to set aside, pay into and maintain in said fund and accounts a greater amount of the Revenue of the System than in its judgment will be available over and above such necessary Operating and Maintenance Expenses.

SECTION 5.02. Defeasance. If money and/or Defeasance Securities maturing at such time(s) and bearing such interest to be earned thereon (without any reinvestment thereof) as will provide a series of payments that shall be sufficient together with any money initially deposited, to provide for the payment of the principal of, premium, if any, and interest (if the rate of interest is not fixed, at the Maximum Rate) on all or a designated portion of the Bonds when due (whether at maturity or upon earlier redemption in accordance with

their respective terms) or on the first date on which such Bonds must be tendered for purchase are set aside in a special fund (hereinafter called the “trust account”) to effect such payment and are pledged irrevocably in accordance with a refunding or defeasance plan adopted by the county for the purpose of effecting such payment, then no further payments need be made in the Junior Lien Bond Fund for the payment of the principal of, interest or redemption premium on such Bonds, the Owners thereof shall cease to be entitled to any lien, benefit or security of this ordinance, except the right to receive payment of the principal of, premium, if any, and interest on such Bonds when due in accordance with their respective terms from the money and the principal and interest proceeds on the Defeasance Securities set aside in the trust account, and such Bonds shall no longer be deemed to be Outstanding hereunder; provided, however, that the Bonds may not be defeased in whole until the Registrar receives written notice from (i) the Bond Insurer that all fees and expenses owed to the Bond Insurer under the Bond Policy and the Insurance Agreement have been paid and (ii) the Liquidity Provider that all amounts due the Liquidity Provider under the Liquidity Facility have been paid and that the Liquidity Facility has been terminated in accordance with its terms. In addition to the foregoing requirements, so long as the Bond Insurance is in full force and effect, the Bond Insurer shall be provided with (i) an Opinion of Counsel acceptable to the Bond Insurer that the Bonds so provided for have been legally defeased and that the agreement establishing such trust account operates to legally defease the Bonds within the meaning of this ordinance and (ii) a verification from an independent certified public accountant that the cash and Defeasance Securities deposited in the trust account are sufficient to defease the Bonds so provided for. In addition, the county shall provide the Bond Insurer with 15 Business Days’ notice of any defeasance of Bonds.

Notwithstanding the foregoing, no defeasance of Bonds then in a Short-Term Mode may be made unless the county shall have received written notice from each Rating Agency then maintaining a rating on the Bonds to the effect that the rating then in effect with respect to such Bonds will not be withdrawn, reduced or suspended as a result of the proposed defeasance.

SECTION 5.03. **Covenants.** The county hereby makes the following covenants and agrees with

the Owners of the Bonds for as long as any of the same remain Outstanding.

(a) *General Rate Covenant.* The county shall establish, maintain and collect rates and charges for sewage disposal service for each calendar year that shall be fair and nondiscriminatory and adequate to provide the county with Revenue of the System sufficient (1) to pay all Operating and Maintenance Expenses during such calendar year; (2) to pay punctually all amounts described in Paragraphs Second through Eleventh in Section 5.01(b) due during such calendar year; and (3) to pay any and all amounts that the county is now or may hereafter become obligated by law or contract to pay during such calendar year from the Revenue of the System.

(b) *Coverage Requirement.*

(i) Subject to the provisions of subparagraph (ii) of this Section 5.03(b), the county hereby covenants with the owners of the Bonds 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, together with the interest to be earned on investments made of money in the Revenue Fund, Parity Bond Fund, Parity Lien Obligation Bond Fund, Junior Lien Bond Fund, and Construction Account will provide in each calendar year Net Revenue, after deducting therefrom amounts required in such year to pay Annual Parity Debt Service and Annual Debt Service on the Parity Lien Obligations, in an amount equal to at least 1.10 times the amounts required to pay:

(A) All amounts required to be paid in such year in respect of interest on the 2001 Junior Lien Obligations, the Bonds, the 2006B Bonds and any Additional Junior Lien Obligations and Payment Agreement Payments (less Payment Agreement Receipts) for Payment Agreements entered into with respect to any Junior Lien Obligations.

(B) All principal coming due in such year on the 2001 Junior Lien Obligations, the Bonds, the 2006B Bonds, and any Additional Junior Lien Obligations.

(C) The amounts required to be paid into the Junior Lien Bond Fund in such

year for amortization of principal of Junior Lien Obligations that are Term Bonds. For purposes of clause (C) of this paragraph, “amounts required to be paid” means the amount to be deposited or accumulated in any fund or account for amortization of Term Bonds in such year for outstanding Term Bonds irrespective of the date or dates such amount, or any portion thereof, is actually deposited into such fund or account.

(ii) For purposes of calculating the amounts required to pay interest on Parity Lien Obligations and Junior Lien Obligations, capitalized interest and accrued interest paid to the county upon the issuance of Parity Lien Obligations and Junior Lien Obligations shall be excluded.

(iii) There shall be added to Revenue of the System for any calendar year any amount withdrawn from the Rate Stabilization Fund and deposited in the Revenue Fund. There shall be subtracted from Revenue of the System for any year any amounts in such year withdrawn from the Revenue Fund and deposited into the Rate Stabilization Fund in such year.

(c) *Maintain in Good Order.* The county shall 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 shall cause 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 shall from time to time cause to be made, without undue deferral, all necessary or proper repairs, replacements and renewals, so that all times the operation of the System shall be properly and advantageously conducted.

(d) *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 appropriate bond funds of a sum sufficient to pay the principal of and interest on all outstanding Parity Bonds, Parity Lien Obligations and Junior 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 the county has first complied with any applicable

covenants of the Parity Bonds and Parity Lien Obligations.

(e) *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.

(f) *Annual Audit.* The county shall 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 shall not be made for twelve months after the close of any calendar year of the county, by a Certified Public Accountant. The county will furnish such audit to the owner or holder of any Bond upon written request therefor.

(g) *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 Sewer 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 with respect to any or all of the aforementioned risks.

(h) *Construction.* The county shall 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.

(i) *Collection of Revenue.* The county shall so operate and maintain the System and conduct its affairs as to entitle it at all times to receive and enforce payment to it of sewage disposal charges payable 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 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 Owners of the Bonds under or with respect to such agreements.

SECTION 5.04. **Tax Covenants.**

(a) *Tax Covenant.* The county covenants to undertake all actions required to maintain the tax-exempt status of interest on the Bonds under Section 103 of the Code as set forth in the Federal Tax Certificate.

(b) *No Bank Qualification.* The Bonds have not been designated as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Code for investment by financial institutions.

SECTION 5.05. **Additional Obligations of the Sewer System.**

(a) *Senior Lien Bonds.* The county may issue from time to time additional Parity Bonds and Parity Lien Obligations on the terms and conditions set forth in the ordinances authorizing issuance of the Parity Bonds and the Parity Lien Obligations.

(b) *Additional Junior Lien Obligations.* The county also hereby reserves the right to issue Additional Junior Lien Obligations, but only if such Junior Lien Obligations are issued (i) for the purpose of refunding any then outstanding Junior Lien Obligations or (ii) for any lawful purpose of the county related to the System, and the following conditions are met:

(i) At the time of issuing such Additional Junior Lien Obligations, there shall be no default in the payment of the principal of or interest on any Parity Bonds, Parity Lien Obligations, any Outstanding Junior Lien Obligations, any Subordinate Lien Obligations, the Public Works Trust Fund Loans or the SRF Loans.

(ii) The county shall have on file one of the following certificates:

(A) A certificate of the Finance Director showing that Net Revenue in any 12 consecutive months out of the most recent 18 months preceding the issuance of such Additional Junior Lien Obligations, based on financial statements of the System prepared by the county and after deducting therefrom the Senior Lien Payments required in each calendar year during the life of such Additional Junior Lien Obligations, shall be at least equal to 1.10 times the Annual Debt Service for the proposed Additional Junior

Lien Obligations and all then outstanding Junior Lien Obligations in each year during the life of such Additional Junior Lien Obligations; or

(B) A certificate from a licensed professional engineer experienced in the design, construction and operation of municipal utilities of scope similar to the System (the certificate may not be dated more than 90 days prior to the date of delivery of such Additional Junior Lien Obligations) showing that in his or her professional opinion the Net Revenue, estimated on the basis of all factors as he or she may consider reasonable, for each of the five calendar years next following the year in which such Additional Junior Lien Obligations are to be issued, after deducting therefrom Senior Lien Payments for each such year, shall be at least equal to 1.10 times the Annual Debt Service for the proposed Additional Junior Lien Obligations and all then outstanding Junior Lien Obligations in each of those five years.

(c) Nothing herein contained shall prevent the county from issuing revenue bonds, notes or other obligations that are a charge upon the Revenue of the System junior or inferior to the payments required to be made therefrom into the Junior Lien Bond Fund to pay and secure the payment of any Junior Lien Obligations.

SECTION 5.06. Payment Agreements.

(a) *General.* To the extent and for the purposes permitted from time to time by Chapter 39.96 RCW and other applicable provisions of State law, the county may enter into Payment Agreements with respect to any Junior Lien Obligations, 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 shall set forth the manner in which the Payment Agreement Payments and the Payment Agreement Receipts shall be calculated and a schedule of payment dates.

(c) *Authorizing Ordinance.* Prior to entering into a Payment Agreement, the county council shall pass 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 Junior Lien*

Obligations with Respect to which a Payment Agreement is in Force. It is the intent of the county, for purposes of Sections 5.04(b) and 5.05(b) of this ordinance, that debt service on Junior Lien Obligations with respect to which a Payment Agreement is in force shall be calculated to reflect the net economic effect on the county intended to be produced by the terms of the Junior Lien Obligations and the terms of the Payment Agreement. In calculating such amounts, the county shall be guided by the following requirements.

(i) The amount of interest deemed to be payable on any Junior Lien Obligations with respect to which a Payment Agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in those Junior Lien Obligations plus Payment Agreement Payments minus Payment Agreement Receipts.

(ii) For any period during which Payment Agreement Payments are not taken into account in calculating interest on any outstanding Junior Lien Obligations because the Payment Agreement is not then related to any outstanding Junior Lien Obligations, Payment Agreement Payments on that Parity Payment Agreement shall 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 shall give notice to each Rating Agency 30 days prior to the date it intends to enter into a Payment Agreement with respect to any Junior Lien Obligations.

ARTICLE VI.

EVENTS OF DEFAULT; REMEDIES

SECTION 6.01. **Defaults.** The county hereby finds and determines that the failure or refusal of the county or any of its officers to perform the covenants and obligations of this ordinance will endanger the operation of the System and the application of Revenue of the System and such other money, funds and securities to the purposes herein set forth. Any one or more of the following shall constitute a Default under this ordinance:

(a) The county shall fail to make payment of the principal of any Bonds when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity;

(b) The county shall fail to make payments of any installment of interest on any Bonds when the same shall become due and payable;

(c) The county shall default in the observance or performance of any other covenants, conditions, or agreements on the part of the county contained in this ordinance, and such default shall have continued for a period of 30 days.

(d) The county shall (i) admit in writing its inability to pay its debts generally as they become due; (ii) file a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law; (iii) make an assignment for the benefit of its creditors; (iv) consent to the appointment of a receiver of the whole or any substantial part of the System; or (v) consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of

debtors of custody or control of the county or of the whole or any substantial part of the System.

SECTION 6.02. **Remedies.**

(a) *Bond Insurer's Control.* Upon the occurrence and continuation of a Default, the Bond Insurer shall be entitled to exercise, on behalf of the Bondowners, any of the remedies provided under this section and, for as long as the Bond Insurer is not in default of its obligations under the Bond Insurance, the Bond Insurer shall be the only party entitled to exercise the remedies provided under this section.

(b) *Bondowners' Trustee.* Upon the occurrence of a Default and so long as such Default shall not have been remedied and subject to the rights of the Bond Insurer, as provided in subsection (a) above, a Bondowners' Trustee may be appointed for the Bonds by the owners of 51% in principal amount of the Outstanding Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to such Bondowners' Trustee, notification thereof being given to the county. Any Bondowners' Trustee appointed under the provisions of this Section shall be a bank or trust company organized under the laws of a state or a national banking association. The fees and expenses of a Bondowners' Trustee shall be borne by the Bondowners and not by the county. The bank or trust company acting as a Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed by the owners of 51% in principal amount of the Bonds Outstanding, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized. The Bondowners' Trustee may resign upon 60 days' notice and a new Bondowners' Trustee appointed by the owners of at least 51% in principal amount of Bonds; provided, however, that no such resignation or removal shall be effective until a successor Bondowners' Trustee shall have been appointed and shall have delivered a written instrument of acceptance of the duties and responsibilities of the Bondowners' Trustee under this ordinance to the county and the Owners of the Bonds then Outstanding.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is

hereby declared to be a trustee for the owners of all Bonds then Outstanding and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

(c) *Legal Action by Bondowners' Trustee.* Subject to the rights of the Bond Insurer, upon the happening of a Default and during the continuation thereof, the Bondowners' Trustee may, and upon the written request of the Owners of not less than 25% in principal amount of Bonds then Outstanding shall, take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of Bondowners to collect any amounts due and owing to or from the county, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this ordinance or the Bonds. Any action, suit or other proceedings instituted by a Bondowners' Trustee hereunder shall be brought in its name as trustee for the Bondowners, and all such rights of action upon or under any of the Bonds or the provisions of this ordinance may be enforced by a Bondowners' Trustee without the possession of any of said Bonds, and without the production of the same at any trial or proceedings relating thereto except where otherwise required by law. Any such suit or proceeding instituted by the Bondowners' Trustee shall be brought for the ratable benefit of all Owners of the Bonds, subject to the provisions of this ordinance. The respective owners of said Bonds by taking and holding the same, shall be conclusively deemed irrevocably to appoint a Bondowners' Trustee the true and lawful trustee of the respective Owners of said Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums that become distributable on account of said Bonds; to execute any paper or documents for the receipt of such money, and to do all acts with respect thereto that the Bondowner himself might have done. Nothing herein shall be deemed to authorize or empower any Bondowners' Trustee to consent to accept or adopt, on behalf of any Owner of said Bonds, any plan of reorganization or adjustment affecting the said Bonds or any right of any Owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the Owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the county shall be a party.

(d) *Restrictions on Legal Action by Individual Bondowners.* No Owner or Beneficial Owner of any Bonds shall have any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same unless:

(i) A Default shall have happened and be continuing; and

(ii) a Bondowners' Trustee has been appointed as herein provided, and

(iii) such owner previously has given to the Bondowners' Trustee written notice of the Default as to which such suit, action or proceeding is to be instituted; and

(iv) the Owners of 25% in principal amount of the Bonds then Outstanding, after the occurrence of such Default, have made written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceedings; and

(v) the Bondowners' Trustee has been offered security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and

(vi) the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.

No Owner or Beneficial Owner of any Bond shall have any right in any manner whatever by his or her action to affect or impair the obligation of the county, which is absolute and unconditional, to pay from Revenue of the System the principal of and interest on said Bonds to the respective Owners thereof when due.

(e) *Waivers of Default; Remedies not Exclusive.* The remedies herein conferred upon or reserved to the owners of the Bonds and to a Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The privileges herein granted shall be exercised from time to time and continued so long as and as often as the occasion therefor may arise.

The Bond Insurer may on behalf of the Owners of all Bonds then Outstanding waive any past Default

and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any of the Bonds. No such waiver shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon. No delay or omission of the Bond Insurer to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein.

ARTICLE VII.

APPOINTMENTS; SALE OF BONDS

SECTION 7.01. **Registrar.** The initial Registrar shall perform its duties hereunder in accordance with the Fiscal Agency Agreement. The county may remove the Registrar at any time at the option of the County Representative upon prior notice to the Notice Parties and appointment by the County Representative on behalf of the county of a successor Registrar on terms and conditions to be set forth in a written agreement between the county and such successor Registrar. Any successor Registrar must be a trust company or commercial bank with trust powers. No resignation or removal of the Registrar shall be effective until a successor is appointed and the successor Registrar accepts the duties of the Registrar hereunder and receives the Bond Insurance and Liquidity Facility, together with all other funds then held by the Registrar.

SECTION 7.02. **Remarketing Agent**

(a) *Initial Remarketing Agent.* The county hereby appoints Goldman, Sachs & Co. as initial Remarketing Agent to remarket Bonds pursuant to this ordinance and perform the other duties of the Remarketing Agent described hereunder and in a Remarketing Agreement that the County Representative is hereby authorized to execute and deliver on behalf of the county. The Remarketing Agent shall keep such books and records as are consistent with prudent industry practice and make such books and records available for inspection by the Notice Parties at all reasonable times.

(b) *Resignation or Removal.* The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this ordinance as set forth in the Remarketing Agreement.

The Remarketing Agent may suspend its remarketing efforts as set forth in the Remarketing Agreement. The Remarketing Agent may be removed at any time, at the direction of the county as set forth in the Remarketing Agreement. Any successor Remarketing Agent shall be appointed by the County Representative on behalf of the county, with the consent of the Bond Insurer and Liquidity Provider, and shall be a member of the National Association of Securities Dealers, Inc., have a capitalization of at least \$50,000,000, be authorized by law to perform all the duties of the Remarketing Agent set forth in this ordinance and be acceptable to the Bond Insurer and Liquidity Provider. The delivery to the Registrar of a certificate of the County Representative setting forth the effective date of the appointment of a successor Remarketing Agent and the name of such successor, together with written evidence of the consent of the Bond Insurer and Liquidity Provider, shall be conclusive evidence that (i) if applicable, the predecessor Remarketing Agent has been removed in accordance with the provisions of this ordinance and (ii) such successor has been appointed and is qualified to act as Remarketing Agent under the terms of this ordinance.

(c) *Merger or Consolidation.* If the Remarketing Agent consolidates with, merges or converts into, or transfers all or substantially all of its assets (or, in the case of a bank, national banking association or trust company, its corporate assets) to, another entity, the resulting, surviving or transferee entity without any further act shall be the successor Remarketing Agent.

SECTION 7.03. Bond Insurance.

(a) *Acceptance of Commitment.* The council hereby accepts the commitment from MBIA Insurance Corporation (the “Bond Insurer”) to provide a financial guaranty insurance policy guaranteeing the scheduled payment of principal of and interest on the Bonds (the “Bond Insurance”). The council further authorizes and directs the Finance Director and all other proper officers, agents, attorneys and employees of the county to cooperate with the Bond Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the county as shall be necessary or advisable in providing for the Bond Insurance.

(b) *Payments Under the Bond Insurance.* As long as the Bond Insurance shall be in full

force and effect, the county and the Registrar agree to comply with the following provisions:

(i) In the event that, on the second Business Day, and again on the Business Day, prior to a payment date on the Bonds, the Registrar has not received sufficient money to pay all principal of and interest on the Bonds due on the second following or following, as the case may be, Business Day, the Registrar shall immediately notify the Bond Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(ii) If the deficiency is made up in whole or in part prior to or on the payment date, the Registrar shall so notify the Bond Insurer or its designee.

(iii) In addition, if the Registrar has notice that any Bond holder has been required to disgorge payments of principal or interest on the Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bond holder within the meaning of any applicable bankruptcy laws, then the Registrar shall notify the Bond Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(iv) The Registrar is hereby irrevocably designated, appointed, directed and authorized to act as attorney in fact for owners of the Bonds as follows:

(A) If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Registrar shall (i) execute and deliver to U.S. Bank Trust National Association, or its successor under the Bond Insurance (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Bond Insurer as agent for such owners in any legal proceeding related to the payment of such interest and an assignment to the Bond Insurer of the claims for interest to which such deficiency relates and which are paid by the Bond Insurer, (ii) receive as designee of the respective owners (and not as Registrar) in accordance with the tenor of the Bond Insurance payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (iii) disburse the same to such respective owners;

and

(B) If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Registrar shall (i) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Bond Insurer as agent for such owner in any legal proceeding relating to the payment of such principal and an assignment to the Bond Insurer of any of the Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which money is not held by the Registrar and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (ii) receive as designee of the respective owners (and not as Registrar) in accordance with the tenor of the Bond Insurance payment therefor from the Insurance Paying Agent, and (iii) disburse the same to such owner.

(v) Payments with respect to claims for interest on and principal of Bonds disbursed by the Registrar from proceeds of the Bond Insurance shall not be considered to discharge the obligation of the county with respect to such Bonds, and the Bond Insurer shall become the owner of such unpaid Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(vi) Irrespective of whether any such assignment is executed and delivered, the county and the Registrar hereby agree for the benefit of the Bond Insurer that:

(A) They recognize that to the extent the Bond Insurer makes payments, directly or indirectly (as by paying through the Registrar), on account of principal of or interest on the Bonds, the Bond Insurer will be subrogated to the rights of such owners to receive the amount of such principal and interest from the county, with interest thereon as provided and solely from the sources stated in this ordinance and the Bonds; and

(B) They will accordingly pay to the Bond Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph

of the Bond Insurance, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this ordinance and the Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Bonds to owners, and will otherwise treat the Bond Insurer as the owner of such rights to the amount of such principal and interest.

(c) *Rights of the Bond Insurer.* The following provisions shall govern, notwithstanding anything to the contrary set forth in this ordinance:

(i) In connection with the issuance of Additional Junior Lien Obligations, the county shall deliver to the Bond Insurer a copy of the disclosure document, if any, circulated with respect to such Additional Junior Lien Obligations.

(ii) The Bond Insurer shall receive on an annual basis copies of the county's audited financial statements and annual budget.

(iii) The county shall give notice to the Bond Insurer of the adoption of any ordinance supplementing or amending this ordinance without the consent of Bondowners. Bond Insurer consent is required for the adoption of any ordinance supplementing or amending this ordinance where such supplement or amendment requires the consent of Bondowners. The county shall send or cause to be sent to S&P copies of any supplements or amendments to this ordinance or to any documents executed in connection with the issuance of the Bonds that are consented to by the Bond Insurer.

(iv) The Bond Insurer shall receive notice of the resignation or removal of the Registrar and the appointment of a successor, other than the designated state fiscal agent.

(v) Any notices required to be given by any party under this ordinance shall also be given to the Bond Insurer and sent by registered or certified mail addressed to: MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504, Attention: Surveillance.

(vi) Upon the occurrence of an Event of Default the Bond Insurer shall be considered the Bondowner of all outstanding Bonds for purposes of exercising rights and remedies in connection with such

default pursuant to Article IX. (vii) The county agrees to reimburse the Bond Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including reasonable attorneys' fees and expenses, incurred by the Bond Insurer in connection with (i) enforcement by the Bond Insurer of the county's obligations, or the preservation or defense of any rights of the Bond Insurer, under this ordinance and any other document executed in connection with the issuance of the Bonds, and (ii) any consent, amendment, waiver or other action with respect to this ordinance or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Bond Insurer reserves the right to charge a reasonable fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

(viii) The county agrees not to use the Bond Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Bond Insurer's prior consent; provided however, such prohibition on the use of the Bond Insurer's name shall not relate to the use of the Bond Insurer's standard approved form of disclosure in public documents issued in connection with the Bonds to be issued in accordance with the terms of the Bond Insurer's commitment to provide the Bond Insurance; and provided further such prohibition shall not apply to the use of the Bond Insurer's name to comply with public notice, public meeting or public reporting requirements.

(ix) The county shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which Bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such Bonds without the prior written consent of the Bond Insurer.

SECTION 7.04. Liquidity Facility.

(a) *Initial Liquidity Facility.* The council hereby accepts the commitment from KBC Bank N.V., acting through its New York branch, to enter into a standby bond purchase agreement as the initial

Liquidity Facility for the Bonds. The council authorizes and directs the County Representative and all other proper officers, agents, attorneys and employees of the county to cooperate with the Liquidity Provider in preparing the Liquidity Facility and such additional agreements, certificates, and other documentation on behalf of the county as shall be necessary or advisable in providing for the Liquidity Facility.

(b) *Extensions of Expiration Date or Alternate Liquidity Facilities.* The council authorizes the County Representative to obtain one or more extensions of the Expiration Date of the Liquidity Facility or to obtain an Alternate Liquidity Facility at any time and from time to time when the County Representative, in consultation with the county's financial advisors, determines that such extension or replacement is necessary or beneficial to the county. The council authorizes and directs the County Representative and all other proper officers, agents, attorneys and employees of the county to cooperate with the Liquidity Provider or the provider of any Alternate Liquidity Facility in preparing such additional agreements, certificates, and other documentation on behalf of the county as shall be necessary or advisable in providing for the such extension or replacement.

SECTION 7.05. **Official Statement.** The county hereby authorizes and directs the County Representative: (i) to review and approve the information contained in the official statement (the "Official Statement") prepared in connection with the sale of the Bonds; and (ii) for the sole purpose of the Underwriter's compliance with paragraph (b)(1) of the Rule, to "deem final" a preliminary Official Statement, if any, as of its date, except for the omission of information permitted to be omitted under the Rule. After an Official Statement has been reviewed and approved in accordance with the provisions of this section, the county hereby authorizes distribution of the Official Statement to prospective purchasers of the Bonds.

The county agrees to cooperate with the Underwriter to deliver or cause to be delivered, within seven business days after the date of sale of the Bonds and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, copies of the Official Statement in sufficient quantity to comply with paragraph (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

SECTION 7.06. **Sale of Bonds.** The Bonds shall be sold by negotiated sale the Underwriter. The County Representative is hereby authorized to negotiate and execute on behalf of the county a Bond Purchase Contract on terms consistent with this ordinance and substantially in the form presented to this council with only such changes he or she deems reasonable. The Bond Purchase Contract shall set forth the initial interest rate for the Bonds. The County Representative is hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bonds to the Underwriter and for the proper application and use of the proceeds of sale thereof. The Bonds will be printed at county expense and will be delivered to the Underwriter in accordance with the Bond Purchase Contract.

The proper county officials are authorized and directed to do everything necessary for the prompt delivery of the Bonds to the Underwriter and for the proper application and use of the proceeds of the sale thereof.

SECTION 7.07. **Construction Account; Disposition of Bond Proceeds.** There has heretofore been established 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 Bonds to facilitate compliance with the requirements of the Federal Tax Certificate, there is hereby established a special subaccount within the Construction Account to be designated as the 2006A Construction Subaccount (the “2006A Construction Subaccount”).

Money in the 2006A Construction Subaccount shall be held and applied to pay costs of acquiring, constructing and equipping improvements, additions or betterments to the System set forth in the Comprehensive Plan and all costs incident thereto, including but not limited to engineering, architectural, planning, financial, legal, design and costs of issuance of the Bonds, and to repay any advances heretofore or hereafter made on account of such costs, provided that if deficiencies exist in the Junior Lien Bond Fund, money in the 2006A Construction Account may be transferred to the Junior Lien Bond Fund in such amounts as shall be necessary to pay principal and interest on the Bonds.

The proceeds of the Bonds shall be applied as follows:

(1) All interest, if any, on the Bonds accrued from their date to the date of delivery shall be paid into the Junior Lien Bond Fund;

(2) The balance of the proceeds of the Bonds shall be deposited in the 2006A Construction Account and applied as provided above.

All or part of the proceeds of the Bonds may be temporarily invested in or with such institutions or in such obligations as may now or hereafter be permitted to counties of the State of Washington by law that will mature prior to the date on which such money shall be needed.

SECTION 7.08. **Specific Authorizations.** In addition to the authority granted to the County Representative elsewhere in this ordinance, the County Representative may, in his or her discretion, without further action by the council, (a) authorize conversions from one Mode to another and execute agreements and certificates as necessary or desirable to effect such conversions, (b) establish such dates, terms and series of Bonds as may be necessary or desirable in connection with conversion of the Bonds to the ARS Mode; and (c) execute a continuing disclosure undertaking on behalf of the county when necessary to comply with the Rule.

SECTION 7.09. **Broker-Dealer.**

(a) *Initial Appointments.* At such time as the Bonds are converted to the ARS Mode, the County Representative on behalf of the county shall appoint one or more Broker-Dealers, each meeting the qualifications of a successor Broker-Dealer set forth in subsection (b) of this Section. The County Representative is authorized to enter into an agreement on behalf of the county with each Broker-Dealer setting forth the duties of a Broker-Dealer consistent with the provisions of this ordinance.

(b) *Resignation or Removal.* A Broker-Dealer may at any time resign and be discharged of the duties and obligations created by this ordinance as set forth in its Broker-Dealer Agreement. A Broker-Dealer may suspend its efforts as set forth in its Broker-Dealer Agreement. A Broker-Dealer may be removed at any time, at the direction of the county as set forth in the Broker-Dealer Agreement. Any successor or

additional Broker-Dealer shall be selected and appointed by the County Representative on behalf of the county and shall be a member of the National Association of Securities Dealers, Inc., have a capitalization of at least \$50,000,000, be authorized by law to perform all the duties of the Broker-Dealer set forth in this ordinance and be acceptable to the Bond Insurer (and, if a Liquidity Facility is in effect immediately prior to the effectiveness of the appointment of such successor Broker-Dealer, the Liquidity Provider). The appointment of any additional Broker-Dealer shall comply with the provisions of each Broker-Dealer Agreement then in effect. The delivery to the Registrar of a certificate of the County Representative setting forth the effective date of the appointment of a successor or additional Broker-Dealer and the name of such successor or additional Broker-Dealer shall be conclusive evidence that (i) if applicable, the predecessor Broker-Dealer has been removed in accordance with the provisions of this ordinance and (ii) such successor or additional Broker-Dealer has been appointed and is qualified to act as a Broker-Dealer under the terms of this ordinance.

(c) *Merger or Consolidation.* If a Broker-Dealer consolidates with, merges or converts into, or transfers all or substantially all of its assets (or, in the case of a bank, national banking association or trust company, its corporate assets) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Broker-Dealer.

ARTICLE VIII.

AMENDMENTS

SECTION 8.01. **Amendments Without Owners' Consent.** This ordinance may be amended or supplemented from time to time, without the consent of the Owners by a Supplemental Ordinance passed by the council for one or more of the following purposes:

- (a) to add additional covenants of the council or to surrender any right or power herein conferred upon the county; or
- (b) to cure any ambiguity or to cure, correct or supplement any defective (whether because of any inconsistency with any other provision hereof or otherwise) provision of this ordinance or to make any

other provisions with respect to matters or questions arising under this ordinance, provided such action shall not impair the security hereof or adversely affect the interests of the Owners; or

(c) to provide or modify procedures permitting Owners to utilize a certificated system of registration for Bonds; or

(d) to modify, alter, amend, supplement or restate this ordinance in any and all respects necessary, desirable or appropriate in connection with the delivery of an Alternate Liquidity Facility (other than modifying notice provision to Owners of the Bonds); or

(e) to modify, alter, amend, supplement or restate this ordinance in any and all respects necessary, desirable or appropriate to satisfy the requirements of any Rating Agency to obtain or retain a rating on the Bonds as county deems necessary, provided such action shall not impair the security hereof or materially adversely affect the interests of the Owners; or

(f) for any purpose, (i) on any Mandatory Purchase Date and (ii) at any time during the Daily Mode or the Weekly Mode provided that notice of such amendment is given by first class mail to each Owner of Bonds at least 30 days prior to the effective date of such amendment.

SECTION 8.02. Amendments With Owners' Consent. This ordinance may be amended from time to time by a Supplemental Ordinance approved by the Bond Insurer; provided, that (a) no amendment shall be made that affects the rights of some but fewer than all of the Owners of the Outstanding Bonds without the consent of the Owners of 51% in aggregate principal amount of the Bonds so affected, and (b) without the consent of the Owners of all Outstanding Bonds affected thereby, no amendment shall be made that alters the interest rates or premium on or principal amount of any Bonds, the Maturity Date, Interest Payment Dates, purchase upon tender or redemption provisions of any Bonds or this Section 8.02.

SECTION 8.03. Amendments Require Consent of Bond Insurer and Liquidity Provider. Any amendment or supplement to this ordinance shall require the prior written consent of the Bond Insurer and Liquidity Provider if the rights of the Bond Insurer or the Liquidity Provider, as the case may be, will be

materially adversely affected thereby.

ARTICLE IX.

MISCELLANEOUS

SECTION 9.01. **Contract; Severability.** The covenants in this ordinance and in the Bonds shall constitute a contract between the county and the Owner of each and every Bond. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the county shall be declared by any court of competent jurisdiction and final appeal (if any appeal be taken) to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

SECTION 9.02. **Mutilated, Destroyed, Lost or Stolen Bonds.** If any Bond is lost, stolen or destroyed, the county may execute and the Registrar may authenticate and deliver a new Bond or Bonds of like date and tenor to the Owner thereof, all in accordance with law. However, no substitution or payment shall be made unless and until the applicant shall furnish (a) evidence satisfactory to the Registrar and County Representative of the destruction or loss of the original Bond and of the ownership thereof, and (b) such additional security, indemnity or evidence as may be required by the County Representative. No substitute Bond shall be furnished unless the applicant shall reimburse the county and the Registrar for their expenses in the furnishing thereof. Any such substitute Bond so furnished shall be equally and proportionately entitled to the security of this ordinance with all other Bonds issued hereunder.

SECTION 9.03. **Acts of Owners; Evidence of Ownership.** Any action to be taken by Owners may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Owners in person or by an agent appointed in writing. The fact and date of the execution by any Person of any such instrument may be proved by acknowledgment before a notary public or other officer empowered to take acknowledgments or by an affidavit of a witness to such execution or by any other method satisfactory to the

Registrar. Any action by the Owner of any Bond shall bind all future Owners of the same Bond or of any Bond issued upon the exchange or registration of transfer thereof in respect of anything done or suffered by the county or the Registrar in pursuance thereof.

SECTION 9.04. **Notices.** Any notice required to be given hereunder by mail to Owners shall be given by mailing a copy of such notice, first class postage prepaid, to the Owners at their addresses appearing in the Bond Register.

Any notice required to be given hereunder to any Notice Party shall be given by mail, first class postage prepaid, to the party entitled thereto at the address set forth below, or at such other address as may be provided to the other parties hereinafter listed in writing from time to time, namely:

The County:

KING COUNTY, WASHINGTON
Treasury Operations Section
500 4th Avenue 6th Floor
Seattle, Washington 98104
Attention: Nigel Lewis, Senior Debt Analyst
Telephone: (206) 296-1168
Telecopy: (206) 296-7345

The Liquidity Provider:

KBC BANK N.V., NEW YORK BRANCH
515 South Figuereroa Street, Suite 1920
Los Angeles, California 90071
Attention: John Castanon
Telephone: (213) 996-7528
Telecopy: (213) 629-5801

with a copy to:

KBC Bank N.V., New York Branch
125 West 55th Street, 10th Floor
New York, New York 10019
Attention: Kurt Barkley
Telephone: (212) 541-0726
Telecopy:

The Bond Insurer:

MBIA INSURANCE CORPORATION

113 King Street
Armonk, NY 10504
Attention: Insured Portfolio Management
Telephone: (914) 273-4545
Telecopy: (914) 765-3163

The Remarketing Agent:

GOLDMAN, SACHS & CO.
85 Broad Street, 29th Floor
New York, New York 10004
Attention: Municipal Money Market Desk
Telephone: 212-902-6633
Telecopy: (212) 428-3132
E-mail: gs-vrdb@gs.com <mailto:gs-vrdb@gs.com>

Registrar:

THE BANK OF NEW YORK
101 Barclay Street, 21st Floor
New York, New York 10286
Attention: Corporate Trust Registrar Administration
Telephone: (212) 815-5091
Telecopy: (212) 815-5393

Moody's:

MOODY'S INVESTORS SERVICE, INC.
99 Church Street
New York, New York 10007
Attention: Public Finance Department Rating Desk/VRDO

S&P:

STANDARD & POOR'S RATINGS SERVICES,
a Division of the McGraw Hill Companies
55 Water Street
New York, New York 10041
Attention: Municipal Structured Surveillance

SECTION 9.05. Payments Due on Holidays. If an Interest Payment Date is not a Business Day then payment shall be made on the next Business Day and, except as provided in Article II, no interest shall accrue for the intervening period.

SECTION 9.06. Notices to Rating Agencies. The county shall give immediate notice to each

Rating Agency if:

- (a) The Remarketing Agent, Broker-Dealer, Auction Agent, or Registrar resigns or is replaced;
- (b) This ordinance is amended or supplemented;
- (c) An Alternate Liquidity Facility is provided;
- (d) The Bonds are converted to another Mode (specifying the length of the new Interest Period(s));
- (e) There has been a redemption or defeasance of the Bonds;
- (f) A Mandatory Purchase Date has occurred as a result of the nonreinstatement of the Liquidity Facility; or
- (g) The Remarketing Agreement or the Liquidity Facility is amended, supplemented, extended, terminated or expired or replaced.

SECTION 9.07. **Effective Date.** This ordinance shall be effective 10 days after its enactment, in accordance with Article II of the county charter.