

Legislation Text

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Clerk 3/12/2007

AN ORDINANCE relating to contracting indebtedness; providing for the issuance and sale of one or more series of taxable limited tax general obligation refunding bonds of the county (secured also by hotel/motel taxes) in the aggregate principal amount of not to exceed \$7,000,000 to refund all or a portion of the county's outstanding Limited Tax General Obligation Bonds (Taxable), 1997, Series E, and providing for one or more series of tax-exempt limited tax general obligation refunding bonds of the county (secured also by hotel/motel taxes) in the aggregate principal amount of not to exceed \$54,000,000 to refund all or a portion of the county's outstanding Limited Tax General Obligation Refunding Bonds, 1997, Series F; providing for the form, terms, covenants and other provisions of such refunding bonds; providing for the sale of the bonds and the disposition of the proceeds of sale; establishing funds for the receipt and expenditure of bond proceeds and for the payment of the bonds; and providing for the annual levy of taxes to pay the principal thereof and interest thereon.

PREAMBLE:

The county has previously issued its Limited Tax General Obligation Bonds (Taxable), 1997 Series E (the "1997E Bonds"), and Limited Tax General Obligation Refunding Bonds, 1997, Series F (the "1997F Bonds"). The County has an opportunity to refund all or a portion of those bonds, thereby realizing savings to its taxpayers.

It is deemed necessary and advisable that the county now authorize the issuance and sale of one or more series of its taxable limited tax general obligation refunding bonds (the "Taxable Bonds") in an outstanding aggregate principal amount not to exceed \$7,000,000 to undertake the refunding of the 1997E Bonds and one or more series of its tax-exempt limited tax general obligation refunding bonds (the "Tax-Exempt Bonds") in an outstanding aggregate principal amount not to exceed \$54,000,000 to undertake the refunding of the 1997F Bonds, which bonds will be additionally secured by a pledge of motel/motel taxes levied pursuant to RCW 67.28.180.

To maximize the savings from such refundings, it is in the best interest of the county to delegate to the county's Finance Director (as hereinafter defined) authority to provide for the sale of one or more series of the bonds authorized herein by competitive bid or negotiated sale; provided, however, that the aggregate principal amount of the Taxable Bonds shall not exceed \$7,000,000 and the aggregate principal amount of the Tax-Exempt Bonds shall not exceed \$54,000,000. The successful bid or negotiated purchase contract for each series of bonds shall be subject to approval by the county council as provided herein.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

"Bond Fund" means the bond redemption account authorized to be established for each series of the Bonds pursuant to Section 10 hereof.

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

"Bond Registrar" means the fiscal agent of the State of Washington (as the same may be

designated by the State of Washington from time to time) for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting the transfer of ownership of the Bonds and paying interest on and principal and premium, if any, of the Bonds.

"Bonds" means, collectively, the Taxable Bonds and the Tax-Exempt Bonds.

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

"Commission" means the Securities and Exchange Commission.

"County" means King County, Washington.

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

"Escrow Trustee" means the corporate trustee chosen to serve as such pursuant to Section 14 hereof.

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

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

"Hotel/Motel Taxes" means taxes levied by the county pursuant to RCW 67.28.180.

"Letter of Representations" means the Blanket Issuer Letter of Representations dated May 1, 1995, by and between the county and DTC.

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

"1997E Bonds" means King County, Washington, Limited Tax General Obligation Bonds (Taxable), 1997 Series E, issued in an aggregate principal amount of \$6,595,000 pursuant to Ordinance

No. 12909.

"1997F Bonds" means King County, Washington, Limited Tax General Obligation Refunding Bonds, 1997 Series F, issued in an aggregate principal amount of \$51,525,000 pursuant to Ordinance No. 12909.

"NRMSIR" means a nationally recognized municipal securities information repository.

"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.

"RCW" means the Revised Code of Washington.

"Refunded Bonds" means, collectively, the Refunded 1997E Bonds and the Refunded 1997F Bonds.

"Refunded 1997E Bond Redemption Date" means, with respect to each series of Taxable Bonds, each redemption date for the outstanding 1997E Bonds to be refunded thereby, as identified or ratified in the Sale Motion therefor.

"Refunded 1997E Bonds" means, with respect to each series of Taxable Bonds, all outstanding 1997E Bonds to be refunded thereby, as identified or ratified in the Sale Motion therefor.

"Refunded 1997F Bond Redemption Date" means, with respect to the Tax-Exempt Bonds, each redemption date for the outstanding 1997F Bonds to be refunded thereby, as identified or ratified in the Sale Motion therefor.

"Refunded 1997F Bonds" means, with respect to each series of Tax-Exempt Bonds, all outstanding 1997E Bonds to be refunded thereby, as identified or ratified in the Sale Motion therefor.

"Registered Owner" means any person or entity who shall be the registered owner of any Bond.

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

"Sale Motion" means, with respect to each series of the Bonds, the motion of the council

identifying (if such series of Bonds is sold by competitive bid) or ratifying (if such series of Bonds is sold by negotiated sale) the Refunded Bonds to be refunded by such series of Bonds, their respective redemption dates and the Government Obligations to be purchased to undertake such refunding, ratifying and confirming the year and series designation, date, principal amounts and maturity dates, interest rates and interest payment dates, redemption provisions of the Bonds, and approving the bond purchase contract (if the Bonds are sold by negotiated sale) or accepting a bid (if the bonds are sold by competitive bid) for the purchase of the Bonds, all in accordance with Section 16 hereof.

"SID" means a state information depository for the State of Washington (if one is created).

"State" means the State of Washington.

"Taxable Bonds" means the limited tax general obligation refunding bonds (taxable) of the county in an outstanding aggregate principal amount not to exceed \$7,000,000 authorized to be issued by this ordinance to refund all or a portion of the outstanding 1997E Bonds.

"Tax-Exempt Bonds" means the limited tax general obligation refunding bonds of the county in an outstanding aggregate principal amount not to exceed \$54,000,000 authorized to be issued by this ordinance to refund all or a portion of the outstanding 1997F Bonds.

SECTION 2. Findings.

A. The county may be able to realize significant debt service savings by refunding all or a portion of the 1997E Bonds and the 1997F Bonds.

B. The issuance of the Bonds payable from regular property taxes and Hotel/Motel Taxes to refund the Refunded Bonds and to pay the costs of issuing such Bonds is in the best interests of the county and its citizens.

SECTION 3. Purpose, Authorization and Description of Bonds.

A. Purpose and Authorization of Bonds. The county authorizes the issuance of the Taxable Bonds to refund all or a portion of the 1997E Bonds and to pay the costs of issuing the Taxable Bonds.

The county authorizes the issuance of the Tax-Exempt Bonds to refund all or a portion of the 1997F Bonds and to pay the costs of issuing the Tax-Exempt Bonds.

B. Description. The Taxable Bonds may be issued in one or more series in an outstanding aggregate principal amount of not to exceed \$7,000,000, each series to be designated "King County, Washington, Limited Tax General Obligation Refunding Bonds (Taxable), [appropriate year and series designation]." The Tax-Exempt Bonds may be issued in one or more series in an outstanding aggregate principal amount of not to exceed \$54,000,000, each series to be designated "King County, Washington, Limited Tax General Obligation Refunding Bonds, [appropriate year and series designation]."

Each series of the Bonds shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 or any integral multiple thereof within a single maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; and shall be dated as of such date and shall mature on the dates, in the years and the amounts established as provided in Section 16 hereof.

The Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date for which interest has been paid or duly provided for, whichever is later, payable on semiannual interest payment dates and at the rate or rates to be established as provided in Section 16 hereof and ratified and confirmed by the Sale Motion.

SECTION 4. Registration, Exchange and Payments.

A. Bond Registrar/Bond Register. 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 agent of the State of Washington as registrar, authenticating agent, paying agent and transfer agent (the "Bond Registrar"). The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds (the "Bond Register"), which shall be open to inspection by the county at all times. The Bond Register shall contain the name and mailing address of the

owner of each Bond and the principal amount and number of each of the Bonds held by each owner. The Bond Registrar is authorized, on behalf of the county, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the county's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance.

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

B. Registered Ownership. The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register. The county and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes, and neither the county nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4.E hereof, but such registration may be transferred as herein provided. All such payments made as described in Section 4.E shall be valid and shall satisfy and discharge the liability of the county upon such Bond to the extent of the amount or amounts so paid.

C. Use of Depository. The Bonds of each series initially shall be registered in the name of Cede & Co., as the nominee of DTC. The Bonds so registered shall be held in fully immobilized form by DTC as depository in accordance with the provisions of the Letter of Representations. Neither the county nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by DTC or DTC participants, the payment by DTC or any DTC participants of any amount in respect of principal or redemption price of or interest on the Bonds, any notice which is permitted or required to be given to registered owners hereunder (except such notice as is required to be given by the Bond Registrar to DTC), the selection by DTC or any DTC

participant of any person to receive payment in the event of a partial redemption of such Bonds or any consent given or other action taken by DTC as owner of such Bonds .

For as long as any series of Bonds are held in fully immobilized form, DTC, its nominee or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder and all references to registered owners, bondowners, bondholders or the like shall mean DTC or its nominee and shall not mean the owners of any beneficial interests in such Bonds. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if that successor shall be qualified under any applicable laws to provide the services proposed to be provided by it; (ii) to any substitute depository appointed by the Finance Director or such substitute depository's successor; or (iii) to any person if the Bonds are no longer held in immobilized form.

Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or a determination by the Finance Director that the county no longer wishes to continue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Finance Director may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

If (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the county determines that the Bonds of any series are to be in certificated form, the ownership of those Bonds may be transferred to any person as provided herein and those Bonds no longer shall be held in fully immobilized form.

D. Registration Covenant. 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.

E. Place and Medium of Payment. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. For so long as the Bonds of any series are in fully immobilized

form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. If the Bonds of any series are no longer in fully immobilized form, interest on those Bonds shall be paid by checks or drafts of the Bond Registrar mailed on the interest payment date to the Registered Owners at the addresses appearing on the Bond Register on the 15th day of the month preceding the interest payment date or, if requested in writing by a Registered Owner of \$1,000,000 or more in principal amount of such Bonds prior to the applicable record date, by wire transfer on the interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the Registered Owners to the Bond Registrar.

F. Transfer or Exchange of Registered Ownership; Change in Denominations. The registered ownership of any Bond may be transferred or exchanged, but no transfer of any Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same series, date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same series, date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the 15 days preceding any principal payment or redemption date, or, in the case of any proposed redemption of the Bonds, after the mailing of notice of the call of such Bonds for redemption.

SECTION 5. Redemption Provisions; Open Market Purchase of Bonds. The county may reserve the right to redeem outstanding Bonds of any series prior to their maturity on the dates and at the prices

established by the bond purchase contract or the official notice of sale therefor, as applicable, and ratified and confirmed by a Sale Motion in accordance with Section 16 hereof. Portions of the principal amount of any Bond, in increments of \$5,000 or any integral multiple thereof within a single maturity, may be redeemed.

If less than all of the Bonds of a series subject to optional redemption are called for redemption, the county shall choose the maturities to be redeemed. If less than a whole of a maturity is called for redemption, the Bonds to be redeemed shall be chosen randomly by the Bond Registrar or, so long as the Bonds are registered in the name of DTC or its nominee, selection of Bonds for redemption shall be in accordance with the Letter of Representations.

If less than all of the principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge therefor, a new Bond (or Bonds, at the option of the Registered Owner) of the same series, maturity and interest rate in any of the denominations authorized by this ordinance in the aggregate principal amount remaining unredeemed.

The county further reserves the right and option to purchase any or all of the Bonds in the open market at any time at any price.

All Bonds purchased or redeemed under this section shall be canceled.

SECTION 6. Notice and Effect of Redemption. Written notice of any redemption of Bonds shall be given by the Bond Registrar on behalf of the county by first-class mail, postage prepaid, not less than 30 nor more than 60 days prior to the date fixed for redemption to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice. The Bond Registrar shall provide additional notice of redemption (at least 30 days) to each NRMSIR and SID, if any, in accordance with the ongoing disclosure provisions to be adopted by the Sale Motion. In addition, the redemption notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service, Inc., Standard & Poor's and Fitch Ratings at their offices in New York, New York, or their successors, and to such other persons and with such additional information as the Finance Director shall determine, but these additional

mailings shall not be a condition precedent to the redemption of Bonds. Notwithstanding the foregoing, for as long as the Bonds are registered in the name of DTC or its nominee, notice of redemption shall be given in accordance with the Letter of Representations.

The requirements of this section shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the owner of any Bond.

Each notice of redemption shall contain the following information: (1) the redemption date, (2) the redemption price, (3) if less than all outstanding Bonds of the same series 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 Bond 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.

Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption unless the Bond or Bonds called are not redeemed when presented pursuant to the call.

SECTION 7. Failure To Redeem Bonds. If any Bond is not redeemed when properly presented at its maturity or call date, the county shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the applicable Bond Fund and the Bond has been called for payment by giving notice of that call to the Registered Owner of each of those unpaid Bonds.

SECTION 8. Form and Execution of Bonds. The Bonds shall be printed or lithographed on good bond paper in a form consistent with the provisions of this ordinance and state law and shall be signed by the county executive and the clerk of the council, either or both of whose signatures may be manual or in facsimile, and the seal of the county or a facsimile reproduction thereof shall be impressed or printed thereon.

Only Bonds bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

CERTIFICATE OF AUTHENTICATION

This Bond is one of the fully registered King County, Washington, Limited Tax General Obligation Refunding Bonds [(Taxable)], [appropriate year and series designation], described in the Bond Ordinance.

WASHINGTON STATE FISCAL AGENT

Bond Registrar

By

Authorized Signer

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

If any officer whose facsimile signature appears on the Bonds ceases to be an officer of the county authorized to sign bonds before the Bonds bearing his or her facsimile signature are authenticated or delivered by the Bond Registrar or issued by the county, those Bonds nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the county as though that person had continued to be an officer of the county authorized to sign bonds. Any Bond also may be signed on behalf of the county by any person who, on the actual date of signing of the Bond, is an officer of the county authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bonds.

SECTION 9. Mutilated, Lost or Destroyed Bonds. If any Bond shall become mutilated, the Bond Registrar shall authenticate and deliver a new Bond of like amount, date, series, interest rate and tenor in exchange and substitution for the Bond so mutilated, upon the owner's paying the expenses and charges of the

county and the Bond Registrar in connection therewith and upon surrender to the Bond Registrar of the Bond so mutilated. Every mutilated Bond so surrendered shall be canceled and destroyed by the Bond Registrar.

In case the Bonds or any of them shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like amount, date, series, interest rate and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the county and the Bond Registrar in connection therewith and upon his/her filing with the Bond Registrar evidence satisfactory to the Bond Registrar that such Bond or Bonds were actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the county and the Bond Registrar with indemnity satisfactory to the Finance Director and the Bond Registrar.

SECTION 10.af0 **Bond Fund.** There has heretofore been created a special fund of the county to be drawn upon for the purpose of paying the principal of and interest on the limited tax general obligation bonds of the county. There is hereby authorized to be created within that fund for each series of the Taxable Bonds a special account of the county to be known as the "Limited Tax General Obligation Refunding Bond Redemption Account (Taxable), [Year, Series]," and for each series of the Tax-Exempt Bonds a special account of the county to be known as the "Limited Tax General Obligation Refunding Bond Redemption Account, [Year, Series]" (each, a "Bond Fund").

The accrued interest on each series of the Bonds shall be deposited in the related Bond Fund at the time of delivery of such series of the Bonds and shall be applied to the payment of interest on the Bonds.

The taxes hereafter levied for the purpose of paying principal of and interest on each series of the Bonds and other funds to be used to pay such series of the Bonds shall be deposited in the related Bond Fund no later than the date such funds are required for the payment of principal of and interest on such series of the Bonds; provided, however, that if the payment of principal of and interest on any series of the Bonds is required prior to the receipt of such levied taxes, the county may make an interfund loan to the related Bond Fund pending actual receipt of such taxes. The related Bond Fund shall be drawn upon for the purpose of paying the principal of and interest on each series of the Bonds. Money in each Bond Fund not needed to pay the interest or

principal next coming due may temporarily be deposited in such institutions or invested in such obligations as may be lawful for the investment of county funds. Each Bond Fund shall be a second tier fund in accordance with Ordinance No. 7112 and K.C.C. 4.10.

SECTION 11. Pledge of Taxation and Credit; Pledge of Hotel/Motel Taxes. The county hereby irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid, that each year it will include in its budget and levy an ad valorem tax upon all the property within the county subject to taxation in an amount that will be sufficient, together with all other revenues and money of the county legally available for such purposes (including the Hotel/Motel Taxes pledged below), to pay the principal of and interest on the Bonds as the same shall become due. All of such taxes so collected and any other money to be used for such purposes shall be paid into the applicable Bond Fund no later than the date such funds are required for the payment of principal of, premium, if any, and interest on the related Bonds.

The county hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the tax levy permitted to counties without a vote of the people, and that a sufficient portion of each annual levy to be levied and collected by the county prior to the full payment of the principal of, premium, if any, and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of, premium, if any, and interest on the Bonds.

The full faith, credit and resources of the county are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of the principal of, premium, if any, and interest on the Bonds as the same shall become due.

The county hereby further irrevocably covenants and agrees for as long as the Bonds are outstanding and unpaid, to levy the Hotel/Motel Taxes at not less than the maximum allowable rate at the time the Bonds are issued and hereby pledges in accordance with RCW 67.28.150 to apply amounts collected thereunder, subject to their use for other authorized purposes, to the extent necessary for the payment of the principal of and

interest on the Bonds. Such amounts as are available and necessary for the payment of principal of and interest on the Bonds will be and are irrevocably set aside, pledged and appropriated for such purpose.

SECTION 12. Covenants and Warranties. The county makes the following covenants and warranties:

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

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

C. This ordinance constitutes a legal, valid and binding obligation of the county.

D. The Bonds, when issued, sold, authenticated and delivered will constitute the legal, valid and binding general obligations of the county.

E. The adoption of this ordinance, and compliance on the county's part with the provisions contained herein, will not conflict with or constitute a breach of or default under any constitutional provisions, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement or other instrument to which the county is a party or to which the county or any of its property or assets are otherwise subject, nor will any such adoption, execution, delivery, sale, issuance or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the county or under the terms of any such law, regulation or instrument, except as may be provided by the Bonds and this ordinance.

F. The county finds and covenants that the Bonds are issued within all statutory and constitutional debt

limitations applicable to the county.

G. None of the proceeds of the Bonds will be used for any purpose other than as provided in this ordinance, and the county shall not suffer any amendment or supplement to this ordinance, or any departure from the due performance of the obligations of the county hereunder, which might materially adversely affect the rights of the owners from time to time of the Bonds.

SECTION 13. Preservation of Tax Exemption for Interest on Tax-Exempt Bonds. The county covenants that it will take all actions necessary to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Tax-Exempt Bonds or other funds of the county treated as proceeds of the Tax-Exempt Bonds at any time during the term of the Tax-Exempt Bonds which will cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes. The county also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to the Tax-Exempt Bonds, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Tax-Exempt Bonds, including the calculation and payment of any penalties that the county has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal income tax purposes.

SECTION 14. Application of Proceeds of Bonds. There is hereby authorized to be created a special account of the county for each series of the Bonds to be maintained with a corporate trustee chosen by the Finance Director (hereinafter called the "Escrow Trustee"), each of which will be known as the "King County Limited Tax General Obligation Refunding Bond Refunding Account," with the same year and series designation as that corresponding to the related series of the Bonds (each hereinafter called a "Refunding Account").

The net principal proceeds from the sale of each series of the Bonds shall be credited to the related

Refunding Account.

Money in each Refunding Account shall be used immediately upon receipt thereof to provide for the payment of the principal of and interest on the Refunded Bonds to be refunded by the related series of the Bonds as hereinafter set forth in this section, to pay costs related to the refunding of such Refunded Bonds, and to pay costs of issuing the related series of the Bonds. The county shall discharge such obligations by the use of money in the each Refunding Account for each series of the Bonds to purchase certain noncallable Government Obligations, as identified or ratified in the Sale Motion therefor, bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary initial cash balance, will provide for the payment of the principal, if any, of and the interest on the specified Refunded 1997E Bonds that will become due and payable on or before their respective Refunded 1997E Bond Redemption Date(s) and the redemption price of such Refunded 1997E Bonds payable on their respective Refunded 1997E Bond Redemption Date(s) and the payment of the principal, if any, of and the interest on the specified Refunded 1997F Bonds that will become due and payable on or before their respective Refunded 1997F Bond Redemption Date(s) and the redemption price of such Refunded 1997F Bonds payable on their respective Refunded 1997F Bond Redemption Date(s) (collectively, the "Refunded Bond Payments"). Such Government Obligations shall be purchased at a yield not greater than the yield permitted by the Code and applicable regulations thereunder relating to acquired obligations in connection with refunding bond issues.

Such Government Obligations and any necessary initial cash balance shall be irrevocably deposited with the Escrow Trustee. Any Refunded Bond Payments that are not provided for in full by such initial cash balance and the purchase and deposit of Government Obligations described in this section shall be provided for by the irrevocable deposit of the necessary amount out of the proceeds of sale of the related series of the Bonds or any other monies of the county legally available therefor with the Escrow Trustee. Any proceeds of a series of the Bonds remaining in the related Refunding Account after acquisition of the Government Obligations and provision for the necessary initial cash balance may be utilized to pay expenses of the acquisition and

safekeeping of the Government Obligations and expenses of the issuance of such series of the Bonds.

The county reserves the right to substitute other noncallable securities for the Government Obligations in the event it may do so pursuant to Section 148 of the Code, and applicable regulations thereunder, upon compliance with the following conditions: (i) such substitution is accomplished pursuant to a motion of the county council, which may be adopted either prior to or subsequent to the delivery of any series of Bonds; (ii) the securities to be substituted are noncallable Government Obligations; and (iii) such securities bear such interest and mature at such times and in such amounts as to fully replace the Government Obligations for which they are substituted, and to provide, together with Government Obligations and cash remaining, for the payment of the Refunded Bond Payments.

The county shall irrevocably set aside sufficient funds out of the proceeds of the Government Obligations purchased from proceeds of each series of the Bonds, together with any necessary initial cash balance, to pay the related Refunded Bond Payments.

The county hereby conditionally calls the Refunded 1997E Bonds for redemption on the Refunded 1997E Bond Redemption Date(s) and the Refunded 1997F Bonds for redemption on the Refunded 1997F Bond Redemption Date(s) in accordance with the provisions of Ordinance No. 12909 and Motion No. 10352, authorizing redemption and retirement of the 1997E Bonds and the 1997F Bonds prior to their fixed maturities. Such conditional call for redemption of any such Refunded Bonds to be refunded by each series of the Bonds shall become irrevocable only after the final establishment of the escrow account therefor and delivery of the Government Obligations to the Escrow Trustee, except as provided herein for the substitution of securities.

The Escrow Trustee is hereby authorized and directed to provide for the giving of notice of the redemption of the Refunded Bonds in accordance with Ordinance No. 12909. The Finance Director is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor. The costs of publication of such notice shall be an expense of the county.

The Escrow Trustee is hereby authorized and directed to pay to the county, or, at the direction of the

Finance Director, to the fiscal agent of the State of Washington, sums sufficient to pay, when due, the Refunded Bond Payments. All such sums shall be paid from the Government Obligations deposited with the Escrow Trustee pursuant to this section of this ordinance, and the income therefrom and proceeds thereof. All such sums so paid shall be credited to the applicable Refunding Account. All monies and Government Obligations deposited with the Escrow Trustee and any income therefrom shall be held, invested and applied in accordance with the provisions of this ordinance and with the laws of the State of Washington for the benefit of the county and holders of the related Refunded Bonds.

The county will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Trustee for refunding the Refunded Bonds shall be paid when due.

The proper officers and agents of the county are directed to obtain from the Escrow Trustee an agreement setting forth the duties, obligations and responsibilities of the Escrow Trustee in connection with the redemption and retirement of the Refunded Bonds as provided herein and stating that such provisions for the payment of the fees, compensation and expenses of such Escrow Trustee are satisfactory to it. In order to carry out the purposes of this section, the Finance Director is authorized and directed to execute and deliver to the Escrow Trustee, a copy of such agreement when the provisions thereof have been fixed and determined.

SECTION 15. Application of Bond Proceeds--General. The exact amounts of net proceeds derived from the sale of each series of the Bonds to be deposited in accordance with Section 14 hereof shall be determined by the Finance Director upon the sale thereof.

Funds deposited in the funds and accounts established in Section 14 hereof shall be invested as permitted by law for the sole benefit of the respective funds. Irrespective of the general provisions of Ordinance No. 7112 and K.C. 4.10, the county current expense fund shall not receive any earnings attributable to such funds. Money other than proceeds of the Bonds may be deposited in the funds and accounts established under Section 14, provided, however, that proceeds of the Tax-Exempt Bonds and earnings thereon shall be accounted for separately for purposes of the rebate computations required to be made under Section 13 hereof.

For purposes of such computations, Tax-Exempt Bond proceeds shall be deemed to have been expended first.

SECTION 16. Sale of Bonds.

A. Determination by Finance Director. The Finance Director shall determine, in consultation with the county's financial advisors, whether the Bonds shall be sold by negotiated sale or by competitive bid.

B. Procedure for Negotiated Sale. If the Finance Director determines that the any series of the Bonds shall be sold by negotiated sale, the Finance Director shall, in accordance with applicable county procurement procedures, solicit one or more underwriting firms with which to negotiate the sale of those Bonds. The purchase contract for each series of the Bonds shall establish the year and series designation, date, principal amount, interest payment dates, interest rates, maturity schedule and redemption provisions of such series of Bonds, so long as the aggregate principal amount of the Taxable Bonds to be outstanding following the issuance of such series of Bonds does not exceed \$7,000,000 and the aggregate principal amount of the Tax-Exempt Bonds to be outstanding following the issuance of such series of Bonds does not exceed \$54,000,000. The county council, by Sale Motion, shall ratify and approve the bond purchase contract, ratify the identification of the Refunded Bonds to be refunded by such series of Bonds, their respective redemption dates and the Government obligations to be purchased to undertake such refunding, and ratify the terms of the series of Bonds established thereby.

C. Procedure for Sale by Competitive Bid. If the Finance Director determines that any series of the Bonds shall be sold by competitive bid, bids for the purchase of each series of the Bonds shall be received at such time or place and by such means as the Finance Director shall direct. The Finance Director is authorized to prepare an official notice of bond sale for each series of the Bonds to be sold pursuant to competitive bid, establishing in such notice the year and series designation, date, principal amount, interest payment dates, maturity schedule and redemption provisions of such Bonds, so long as the aggregate principal amount of the Taxable Bonds to be outstanding following the issuance of such series of Bonds does not exceed \$7,000,000 and the aggregate principal amount of the Tax-Exempt Bonds to be outstanding following the issuance of such

series of Bonds does not exceed \$54,000,000. The official notice of bond sale or an abridged form thereof shall be published in such newspapers or financial journals as may be deemed desirable or appropriate by the financial advisors to the county.

Upon the date and time established for the receipt of bids for series of the Bonds, the Finance Director or his designee shall open the bids, shall cause the bids to be mathematically verified and shall report to the county council regarding the bids received. Such bids shall then be considered and acted upon by the county council in an open public meeting. The county council reserves the right to reject any and all bids for any series of the Bonds. The county council, by the Sale Motion, shall identify the Refunded Bonds to be refunded by such series of Bonds, their respective redemption dates and the Government obligations to be purchased to undertake such refunding, and ratify the year and series designation, date principal amounts and maturity dates, interest rates and interest payment dates, redemption provisions and delivery date for such series of the Bonds, and accept the bid for the purchase of such series of Bonds.

SECTION 17. Delivery of Bonds. Following the sale of each series of the Bonds, the county shall cause definitive Bonds of such series to be prepared, executed and delivered to the purchaser thereof in accordance with the provisions of this ordinance, with the approving legal opinion of municipal bond counsel regarding the Bonds.

If definitive Bonds of any series are not ready for delivery by the date established for their delivery to the initial purchaser, then the Finance Director, upon the approval of the purchaser, may cause to be issued and delivered to the purchaser one or more temporary Bonds of the same series with appropriate omissions, changes and additions. Any temporary Bond or Bonds shall be entitled and subject to the same benefits and provisions of this ordinance with respect to the payment, security and obligation thereof a definitive Bonds authorized thereby. Such temporary Bond or Bonds shall be exchangeable without cost to the owners thereof for definitive Bonds of the same series when the latter are ready for delivery.

SECTION 18. Preliminary Official Statement Declaration. The county authorizes and directs the

Finance Director: (i) to review and approve the information contained in the preliminary official statement (the "Preliminary Official Statement") prepared in connection with the sale of each series of the Bonds; and (ii) for the sole purpose of the Bond purchasers' compliance with Section (b)(1) of the Rule, to "deem final" that Preliminary Official Statement as of its date, except for the omission of information on offering prices, interest rates, selling compensation, delivery dates, any other terms or provisions subject to final pricing, ratings, and other terms of the Bonds dependent on such matters and the identity of the Bond purchasers. After each Preliminary Official Statement has been reviewed and approved in accordance with the provisions of this section, the county hereby authorizes distribution of such Preliminary Official Statement to prospective purchasers of such series of Bonds.

SECTION 19. Approval of Official Statement. Following the sale of each series of the Bonds in accordance with Section 16 of this ordinance, the Finance Director is hereby authorized to review and approve on behalf of the county a final official statement with respect to such series of Bonds. The county agrees to cooperate with the purchaser of each series of Bonds to deliver or cause to be delivered, within seven business days from the date of the Sale Motion (or within such other period as may be required by applicable law) and in sufficient time to accompany any confirmation that requests payment from any customer of the purchaser, copies of the final official statement pertaining to such Bonds in sufficient quantity to comply with paragraph (b)(4) of the Rule and the rules of the MSRB.

SECTION 20. Undertaking to Provide Ongoing Disclosure. In the Sale Motion, the county council will set forth an undertaking for ongoing disclosure with respect to the Bonds, as required by Section (b)(5) of the Rule.

SECTION 21. General Authorization. The appropriate county officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt sale, issuance, execution and delivery of the Bonds, and for the proper use and application of the proceeds of the sale thereof.

SECTION 22. Refunding or Defeasance of the Bonds. The county may issue refunding bonds

pursuant to the laws of the State of Washington or use money available from any other lawful source to pay when due the principal of and interest on the Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease all such then-outstanding Bonds (hereinafter collectively called the "defeased Bonds") and to pay the costs of the refunding or defeasance. If money and/or Government Obligations maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms are set aside in a special trust fund or escrow account irrevocably pledged to that redemption, retirement or defeasance of defeased Bonds (hereinafter called the "trust account"), then all right and interest of the owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. The owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account. The county shall include in the refunding or defeasance plan such provisions as the county deems necessary for the random selection of any defeased Bonds that constitute less than all of a particular maturity of the Bonds, for notice of the defeasance to be given to the owners of the defeased Bonds and to such other persons as the county shall determine, and for any required replacement of Bond certificates for defeased Bonds. The defeased Bonds shall be deemed no longer outstanding, and the county may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine.

If the Bonds are registered in the name of DTC or its nominee, notice of any defeasance of Bonds shall be given to DTC in the manner prescribed in the Letter of Representations for notices of redemption of Bonds.

SECTION 23. Contract; Severability. The covenants contained in this ordinance shall constitute a contract between the county and the owners of each and every Bond. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the county are deemed by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall

be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

SECTION 24. Complete Alternative. This ordinance shall be deemed to provide a complete, additional and alternative method for the performance of those subjects authorized hereby and shall be regarded as supplemental and additional to powers conferred by other county ordinances. Whenever Bonds are issued and sold in conformance with this ordinance, such issuance and sale need not comply with contrary requirements of any other county ordinance applicable to the issuance and sale of bonds or other obligations.