



**Signature Report**

**Ordinance 18898**

**Proposed No. 2019-0049.2**

**Sponsors Balducci**

1           AN ORDINANCE providing long-term financing for  
2           capital needs of the county's sewer system by authorizing  
3           the issuance of junior lien sewer revenue refunding bonds  
4           and multi-modal limited tax general obligation refunding  
5           bonds (payable from sewer revenues) of the county for  
6           refunding outstanding obligations of the county payable  
7           from sewer revenues; providing for the form, terms and  
8           covenants of such bonds; providing for the sale of the  
9           bonds in one or more series and for a plan of refunding;  
10          establishing funds for the receipt and expenditure of bond  
11          proceeds and for the payment of the bonds; pledging sewer  
12          revenues to pay the principal of and interest on junior lien  
13          sewer revenue bonds issued under this ordinance; and  
14          pledging the annual levy of taxes and an additional pledge  
15          of sewer revenues to pay the principal of and interest on  
16          multi-modal limited tax general obligation bonds issued  
17          under this ordinance.

18          PREAMBLE:

19          The county owns and operates facilities for the conveyance and treatment

20 of sewage and the control of combined sewer overflows that include  
21 wastewater treatment plants, interceptor and trunk sewers, pumping  
22 stations, regulator stations, outfall sewers, storm sewers to divert  
23 stormwater from sanitary sewers, lands for application of biosolids,  
24 property rights, and buildings and other structures and equipment  
25 (collectively "the System"), all in accordance with a comprehensive plan  
26 for metropolitan water pollution abatement under the authority of chapters  
27 36.56 and 35.58 of the Revised Code of Washington ("RCW").

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

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

41 The county has issued the series of sewer revenue bonds with a senior lien  
42 on Revenue of the System set forth in Attachment A, Section I, to this

43 ordinance ("Parity Bonds" as further defined herein).

44 The county has issued the series of limited tax general obligation bonds  
45 additionally secured by a lien on Revenue of the System junior and  
46 subordinate to the lien thereon of the Parity Bonds set forth in Attachment  
47 A, Section II, to this ordinance ("Parity Lien Obligations" as further  
48 defined herein).

49 The county has issued its sewer revenue bonds with a lien on Revenue of  
50 the System junior and subordinate to the lien thereon of the Parity Lien  
51 Obligations set forth in Attachment A, Section III, to this ordinance  
52 ("Junior Lien Obligations" as further defined herein).

53 The county has issued its limited tax general obligation bonds additionally  
54 secured by a lien on Revenue of the System junior and subordinate to the  
55 lien thereon of the Junior Lien Obligations set forth in Attachment A,  
56 Section IV, to this ordinance ("Multi-Modal LTGO/Sewer Revenue  
57 Bonds" as further defined herein).

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

62 The county may have opportunities to refund all or portions of its  
63 currently outstanding Junior Lien Obligations and Multi-Modal  
64 LTGO/Sewer Revenue Bonds, and any Future Junior Lien Obligations,  
65 Future Multi-Modal LTGO/Sewer Revenue Bonds and Future Subordinate

66 Lien Obligations (each as further defined herein), in connection with a  
67 conversion between interest rate modes, to extend, amend or replace credit  
68 facilities, liquidity facilities and/or bondowner agreements, or when  
69 necessary or in the best interest of the county and ratepayers of the System  
70 to modify debt service or reserve requirements, sources of payment,  
71 covenants or other terms of the obligations to be refunded. It is deemed  
72 necessary and desirable that the county authorize the issuance and sale of  
73 its junior lien sewer revenue refunding bonds and/or limited tax general  
74 obligation refunding bonds additionally secured by sewer revenues (the  
75 "Bonds") for such refunding opportunities as provided in this ordinance.  
76 Since market conditions can change quickly, it is in the best interest of the  
77 county to delegate to the county's Finance Director authority to sell the  
78 Bonds in one or more series, by competitive bid or negotiated sale, as  
79 provided in this ordinance, and to remarket and authorize the conversion  
80 of the interest rate mode of the Bonds in one or more series. The sale of  
81 any series of the Bonds shall be reported to the Executive Finance  
82 Committee, as part of the annual report to such committee provided in this  
83 ordinance.

84 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

85 **SECTION 1. Definitions; Interpretation.**

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

89 "Accreted Value" means, for any Capital Appreciation Bonds, as of any date of  
90 calculation, the sum of the amounts set forth in the ordinance, resolution or motion  
91 authorizing such bonds representing the initial principal amount of such bonds plus the  
92 interest accumulated, compounded and unpaid thereon as of the most recent  
93 compounding date, as provided in the ordinance, resolution or motion authorizing the  
94 issuance of such bonds; provided, that if such calculation is not made as of a  
95 compounding date, such amount shall be determined by straight-line interpolation as of  
96 the immediately preceding and the immediately succeeding compounding dates.

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

101 "Annual Debt Service" means, for the applicable obligations of the System, with  
102 respect to any calendar year, the sum of the following:

103 1. The interest on such designated obligations due (i) on all interest  
104 payment dates (other than January 1) in such calendar year, and (ii) on January 1 of the  
105 next succeeding calendar year, plus any Payment Agreement Payments due on such dates  
106 in respect of Payment Agreements for such designated obligations and minus any  
107 Payment Agreement Receipts due in such period in respect of Payment Agreements for  
108 such designated obligations.

109 a. For purposes of calculating the amounts required to pay  
110 interest on such designated obligations, capitalized interest, accrued interest paid to the  
111 county upon the issuance of such designated obligations, and Debt Service Offsets

112 pledged to the payment of such designated obligations will be excluded.

113                           b.       The amount of interest deemed payable on any such  
114 designated obligations bearing interest at a variable rate will be calculated on the  
115 assumption that the interest rate on such designated obligations would be equal to the rate  
116 that is 90% of the average Bond Buyer Revenue Bond Index or comparable index during  
117 the fiscal quarter preceding the quarter in which the calculation is made; provided, that  
118 for purposes of determining actual compliance in any past calendar year with the rate  
119 covenants made in Section 19 of this ordinance, the actual amount of interest paid on any  
120 issue of variable rate obligations will be taken into account.

121                           2.       The principal due (at maturity or upon mandatory redemption prior  
122 to maturity) for such designated obligations (i) on all principal payment dates (other than  
123 January 1) of such calendar year and (ii) on January 1 of the next succeeding calendar  
124 year.

125                           3.       An amount for assumed payments of principal of any of such  
126 designated obligations that are Balloon Maturity Bonds calculated for the applicable  
127 calendar year by amortizing the then outstanding principal amount of such designated  
128 obligations in accordance with a maturity schedule not exceeding 30 years from the date  
129 of issuance of such Balloon Maturity Bonds and resulting in approximately level debt  
130 service based on their actual interest rates (if such designated obligations bear interest at  
131 fixed rates) or on the assumed interest rate calculated as provided in paragraph 1.b. of this  
132 definition (if such designated obligations bear interest at a variable rate).

133                           In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or  
134 upon mandatory redemption must be included in the calculation of Annual Debt Service,

135 and references in this ordinance to principal include the Accreted Value due at maturity  
136 or upon the mandatory redemption of any Capital Appreciation Bonds.

137 Notwithstanding the foregoing, debt service on any such designated obligations  
138 with respect to which a Payment Agreement is in force shall be calculated by the county  
139 to reflect the net economic effect of the terms of such designated obligations and the  
140 applicable Payment Agreement, in accordance with the requirements set forth in the  
141 proceedings authorizing the issuance of such designated obligations.

142 "Balloon Maturity Bonds" means any obligations of the System, the entire  
143 principal amount of which is due at maturity without serial bond payments or sinking  
144 fund redemption payments.

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

147 "Bond Purchase Agreement" means any bond purchase agreement for the sale of  
148 a series of Bonds approved by the Finance Director pursuant to Section 26.C. of this  
149 ordinance.

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

152 "Bondowners' Trustee" means the bank or financial institution selected by the  
153 Registered Owners of the Bonds pursuant to Section 23 of this ordinance.

154 "Bonds" means the bonds of the county authorized to be issued under this  
155 ordinance to refund any Refunded Bonds. The Bonds may be issued in one or more  
156 series of Junior Lien Obligations and/or may be issued in one or more series of Multi-  
157 Modal LTGO/Sewer Revenue Bonds, as provided in this ordinance.

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

165 "Certificate of Authentication" means the Certificate of Authentication, set forth  
166 in Attachment B or Attachment C to this ordinance, as applicable, to be manually signed  
167 by the Registrar.

168 "Certificate of Award" means any certificate of award for the sale of a series of  
169 Bonds approved by the Finance Director pursuant to Section 26.D. of this ordinance.

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

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

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

179 "Comprehensive Plan" means the county's comprehensive water pollution  
180 abatement plan authorized by RCW 35.58.200 and defined in K.C.C. 28.82.150 of the

181 King County Code as the Comprehensive Sewage Disposal Plan adopted by Resolution  
182 No. 23 of the Metro Council on April 22, 1959, and all amendments thereto, together  
183 with any amendments hereafter approved by ordinance of the county.

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

186 "Council" means the Metropolitan King County Council.

187 "Credit Enhancement" means any letter of credit, insurance policy, surety bond,  
188 line of credit or other instrument then in effect that secures or guarantees the payment of  
189 principal of and interest on, and/or purchase price of, any series of Bonds.

190 "Credit Facility" means any letter of credit, standby bond purchase agreement,  
191 line of credit, surety bond, insurance policy or other insurance commitment or similar  
192 agreement (but not including a Payment Agreement), satisfactory to the county, that is  
193 provided by a commercial bank, insurance company or other financial institution with a  
194 current long-term rating (or whose obligations thereunder are guaranteed by a financial  
195 institution with a long-term rating): (i) from Moody's and S&P not lower, when issued,  
196 than the credit rating of any series of Parity Bonds, to provide support for a series of  
197 Parity Bonds, and shall include any substitute therefor in accordance with the provisions  
198 of the ordinance providing for the issuance of Parity Bonds supported by a Credit  
199 Facility, or (ii) from Moody's and S&P not lower, when issued, than the credit rating of  
200 any series of Parity Lien Obligations, to provide support for a series of Parity Lien  
201 Obligations, and shall include any substitute therefor in accordance with the provisions of  
202 the ordinance providing for the issuance of Parity Lien Obligations supported by a Credit  
203 Facility.

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

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

208 "Debt Service Offset" means receipts of the county that are (i) legally available to  
209 pay debt service on obligations payable from Revenue of the System, including federal  
210 interest subsidy payments, and (ii) pledged to the payment of obligations payable from  
211 Revenue of the System.

212 "Default" means any of the events or conditions set forth in Section 22 of this  
213 ordinance.

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

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

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

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

225 "Future Subordinate Lien Obligations" means those revenue bonds or other  
226 revenue obligations that may be issued by the county in the future with a lien on Revenue

227 of the System junior and inferior to the lien thereon of the Multi-Modal LTGO/Sewer  
228 Revenue Bonds, and payable from Revenue of the System that is available after first  
229 making the payments required to be made under paragraph "First" through "Seventh" but  
230 before making the payments required to be made under paragraph "Ninth" of Section 15  
231 of this ordinance.

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

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

239 "Government Obligations" means direct obligations of, or obligations the  
240 principal of and interest on which are unconditionally guaranteed by, the United States of  
241 America.

242 "Junior Lien Bond Fund" means the "King County, Washington, Junior Lien  
243 Obligation Redemption Fund" created pursuant to Ordinance 14171, Section 5.01, of the  
244 county for the purpose of paying and securing the payment of the Junior Lien  
245 Obligations.

246 "Junior Lien Obligation Payment Agreement" means a Payment Agreement under  
247 which the county's payment obligations are expressly stated to constitute a charge and  
248 lien on Revenue of the System equal in rank with the charge and lien on Revenue of the  
249 System securing amounts required to be paid into the Junior Lien Bond Fund to pay and

250 secure the payment of principal of and interest on the Junior Lien Obligations.

251 "Junior Lien Obligations" means the outstanding Junior Lien Obligations (which  
252 are identified in Attachment A, Section III, to this ordinance), any series of Bonds issued  
253 as Junior Lien Obligations, and any other Future Junior Lien Obligations.

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

258 "Liquidity Facility" means any letter of credit, line of credit, standby purchase  
259 agreement or other instrument then in effect that provides for the payment of the purchase  
260 price of any series of Bonds upon the tender thereof if remarketing proceeds are  
261 insufficient therefor.

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

264 "Mode Agreement" means an agreement entered into in connection with the sale  
265 or remarketing of any series of the Bonds setting forth the daily mode, weekly mode,  
266 commercial paper mode, term mode, index floating mode, fixed mode or other mode or  
267 modes in which such series of Bonds will be sold or remarketed, establishing minimum  
268 and maximum rate(s), alternate rate(s) and default rate(s), providing for conversion  
269 between modes, providing for optional and mandatory tender for purchase on dates and at  
270 prices and additional provisions relating to redemption, defaults and remedies, all as set  
271 forth in the Mode Agreement. The Mode Agreement may be in the form of a continuing  
272 covenant or purchase agreement, remarketing agent agreement, tender agent agreement,

273 paying agent agreement, calculation agent agreement, Credit Enhancement or other  
274 agreement, or an annex or amendments thereto, consistent with this ordinance and  
275 approved by the Finance Director pursuant to the authority in Section 26 of this  
276 ordinance.

277 "Moody's" means Moody's Investors Service, Inc., a corporation duly organized  
278 and existing under and by virtue of the laws of the State of Delaware, and its successors  
279 and assigns, except that if that corporation is dissolved or liquidated or no longer  
280 performs the functions of a securities rating agency, then the term "Moody's" will be  
281 deemed to refer to any other nationally recognized securities rating agency selected by  
282 the county.

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

285 "Multi-Modal LTGO/Sewer Revenue Bond Fund" means the special fund of the  
286 county designated the "King County, Washington, Multi-Modal Limited Tax General  
287 Obligation (Payable from Sewer Revenue) Bond Fund" that has been created for the  
288 purpose of paying Multi-Modal LTGO/Sewer Revenue Bonds.

289 "Multi-Modal LTGO/Sewer Revenue Bonds" means the outstanding Multi-Modal  
290 LTGO/Sewer Revenue Bonds (which are identified in Attachment A, Section IV, to this  
291 ordinance), any series of Bonds issued as Multi-Modal LTGO/Sewer Revenue Bonds,  
292 and any other Future Multi-Modal LTGO/Sewer Revenue Bonds.

293 "Multi-Modal LTGO/Sewer Revenue Bond Payment Agreement" means a  
294 Payment Agreement under which the county's payment obligations are expressly stated to  
295 constitute a charge and lien on Revenue of the System equal in rank with the charge and

296 lien on Revenue of the System securing amounts required to be paid into the Multi-Modal  
297 LTGO/Sewer Revenue Bond Fund to pay and secure the payment of principal of and  
298 interest on Multi-Modal LTGO/Sewer Revenue Bonds.

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

301 "Operating and Maintenance Expenses" means all normal expenses incurred by  
302 the county in causing the System to be maintained in good repair, working order and  
303 condition and includes payments to any private or governmental agency for the operation  
304 or maintenance of facilities or for the disposal of sewage but excludes any allowance for  
305 depreciation.

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

308 "Parity Bond Fund" means the "Water Quality Revenue Bond Account"  
309 designated pursuant to Ordinance 12076, Section 30, of the county for the purpose of  
310 paying and securing the payment of the Parity Bonds.

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

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

318 "Parity Bonds" means the bonds identified as such in Attachment A, Section I, to

319 this ordinance, together with any Future Parity Bonds. The term "Parity Bonds" include  
320 any Parity Bond Payment Agreements and parity reimbursement agreements entered into  
321 with the provider of a Credit Facility securing any Parity Bonds.

322 "Parity Lien Obligation Bond Fund" means the "Water Quality Limited Tax  
323 General Obligation Bond Redemption Fund" established pursuant to Ordinance 11241,  
324 Section 8, of the county to provide for payment of Parity Lien Obligations.

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

330 "Parity Lien Obligations" means bonds identified as such in Attachment A,  
331 Section II, to this ordinance, together with any sewer revenue bonds, warrants or other  
332 obligations that may be issued in the future with a lien on Revenue of the System equal to  
333 the lien thereon of those bonds. The term "Parity Lien Obligations" includes any Parity  
334 Lien Obligation Payment Agreements and parity reimbursement agreements entered into  
335 with the provider of a Credit Facility securing any Parity Lien Obligations.

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

340 "Payment Agreement" means, to the extent permitted from time to time by  
341 applicable law, a written agreement entered into by the county (i) in connection with or

342 incidental to the issuance, incurring or carrying of bonds or other obligations of the  
343 county secured in whole or in part by a lien on Revenue of the System; (ii) for the  
344 purpose of managing or reducing the county's exposure to fluctuations or levels of  
345 interest rates, currencies or commodities or for other interest rate, investment, or asset or  
346 liability management purposes; (iii) with a Qualified Counterparty; and (iv) which  
347 provides, on either a current or forward basis, for an exchange of payments determined in  
348 accordance with a formula specified therein.

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

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

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

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

365 the lien thereon established by such loan agreements.

366 "Qualified Counterparty" means with respect to a Payment Agreement, an entity  
367 (i) whose senior long-term debt obligations, other senior unsecured long-term obligations  
368 or claims-paying ability or whose payment obligations under a Payment Agreement are  
369 guaranteed by an entity whose senior long-term debt obligations, other senior unsecured  
370 long-term obligations or claims-paying ability are rated (at the time the Payment  
371 Agreement is entered into) at least as high as A3 by Moody's and A- by S&P, or the  
372 equivalent thereof by any successor thereto, and (ii) who is otherwise qualified to act as  
373 the other party to a Payment Agreement under any applicable laws of the State.

374 "Qualified Insurance" means any unconditional municipal bond insurance policy  
375 or surety bond issued for the benefit of the registered owners of Parity Bonds by any  
376 insurance company licensed to conduct an insurance business in any state of the United  
377 States or by a service corporation acting on behalf of one or more such insurance  
378 companies, which insurance company or service corporation, as of the time of issuance of  
379 such policy or surety bond, is then rated in one of the two highest rating categories by  
380 Moody's, S&P, and any other rating agency then maintaining a rating on the Parity Bonds  
381 and maintains a policy owner's surplus in excess of \$500,000,000.

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

388 "Rate Stabilization Fund" means the fund of that name created pursuant to  
389 Ordinance 12314, Section 13.D. of the county.

390 "RCW" means the Revised Code of Washington.

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

394 "Record Date" has the meaning set forth in the Sale Document.

395 "Refunded Bonds" means for each series of Bonds the Refunding Candidates that  
396 will be refunded from proceeds of that series of Bonds, as determined by the Finance  
397 Director pursuant to Sections 17 and 26 of this ordinance.

398 "Refunding Account" means any account authorized to be created pursuant to  
399 Section 17 of this ordinance to provide for the refunding of any Refunded Bonds.

400 "Refunding Candidates" means the currently outstanding Junior Lien Obligations  
401 and Multi-Modal LTGO/Sewer Revenue Bonds and any obligations issued after the  
402 effective date of this ordinance that are Future Junior Lien Obligations, Future Multi-  
403 Modal LTGO/Sewer Revenue Bonds or Future Subordinate Lien Obligations.

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

406 "Refunding Trustee" means each corporate trustee chosen pursuant to the  
407 provisions of Section 17 of this ordinance to serve as refunding trustee or escrow agent in  
408 connection with the refunding of Refunded Bonds.

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

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

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

418 "Revenue of the System" means all the earnings, revenues and money received by  
419 the county from or on account of the operations of the System and the income from the  
420 investment of money in the Revenue Fund or any account within such fund, but shall not  
421 include (i) any money collected pursuant to the Service Agreements applicable to  
422 administrative costs of the county other than costs of administration of the System or (ii)  
423 any Debt Service Offsets. For certain purposes described in Section 14.B. of this  
424 ordinance, deposits from the Rate Stabilization Fund into the Revenue Fund may be  
425 included in calculations of "Revenue of the System."

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

428 "Sale Document" means the Bond Purchase Agreement, Certificate of Award,  
429 Mode Agreement, or Remarketing Agreement, as applicable, for a series of Bonds.

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

434 "SEC" means the United States Securities and Exchange Commission.

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

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

- 440 1. Annual Debt Service for such year for the Parity Bonds and Parity  
441 Lien Obligations then outstanding; and
- 442 2. any other payments described in paragraphs "Second" through  
443 "Fifth" of Section 15 of this ordinance required to be made during such year.

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

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

454 "State" means the State of Washington.

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

457 Comprehensive Plan.

458 "Tax Certificate" means the Federal Tax Certificate regarding certain federal tax  
459 matters executed on behalf of the county upon the issuance of each series of Tax-Exempt  
460 Bonds or Tax-Benefited Bonds.

461 "Tax-Benefited Bonds" means Bonds other than Tax-Exempt Bonds that are  
462 structured so as to confer certain benefits under the Code to the county or to the Owners  
463 of such Bonds, as provided in Section 21 of this ordinance and so designated pursuant to  
464 Section 26 of this ordinance.

465 "Tax-Exempt Bonds" means Bonds the interest on which the county intends to be  
466 excludable from gross income for federal income tax purposes, as provided in Section 21  
467 of this ordinance and so designated pursuant to Section 26 of this ordinance.

468 "Term Bonds" means those Bonds identified as such in the Sale Document, the  
469 principal of which is amortized by a schedule of mandatory redemptions.

470 "Undertaking" means an undertaking for ongoing disclosure to be entered into by  
471 the county for each series of Bonds, if and to the extent required by Rule 15c2-12.

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

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

477 2. Unless the context otherwise indicates, words expressed in the  
478 singular may include the plural and vice versa, and the use of a gendered term is for  
479 convenience only and is deemed to mean and include all genders, as appropriate.

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

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

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

488       SECTION 2. Findings. Because conditions in the capital markets are volatile,  
489 the council finds that it is in the best interests of the county and ratepayers of the System  
490 that the county retain the flexibility to refund all or a portion of the Refunding Candidates  
491 by issuing the Bonds in one or more series, as Junior Lien Obligations and/or Multi-  
492 Modal LTGO/Sewer Revenue Bonds, in connection with a remarketing of the Bonds in  
493 the same Mode or a different Mode, to amend, extend or replace Credit Enhancement, a  
494 Liquidity Facility and/or agreement with Bondowners, or when necessary or in the best  
495 interest of the county and ratepayers of the System to modify debt service or reserve  
496 requirements, sources of payment, covenants or other terms of the Refunded Bonds. To  
497 achieve this flexibility, the council further finds that it is in the best interests of the  
498 county and ratepayers of the System that a plan of refunding and the sale of Bonds in one  
499 or more series, as Junior Lien Obligations and/or Multi-Modal LTGO/Sewer Revenue  
500 Bonds, as Tax-Exempt Bonds, Tax-Benefited Bonds or otherwise, by competitive bid or  
501 negotiated sale, for current or future delivery, be determined by the Finance Director, in  
502 consultation with the county's financial advisors.

503            **SECTION 3. Authorization of Bonds.** To provide funds to refund the  
504 Refunded Bonds, the county is authorized to issue and sell one or more series of Bonds in  
505 principal amounts to be established within the parameters provided in Section 26.E. of  
506 this ordinance.

507            The Bonds may be issued in one or more series of Junior Lien Obligations and/or  
508 Multi-Modal LTGO/Sewer Revenue Bonds, as provided in Section 26.A. of this  
509 ordinance, each such series of Junior Lien Obligations to be designated as "King County,  
510 Washington, Junior Lien Sewer Refunding Revenue Bonds" with an applicable year and  
511 series designation, and each such series of Multi-Modal LTGO/Sewer Revenue Bonds to  
512 be designated as "King County, Washington, Multi-Modal Limited Tax General  
513 Obligation Refunding Bonds (Payable from Sewer Revenues)" with an applicable year  
514 and series designation. The Bonds shall be fully registered as to both principal and  
515 interest; shall be numbered separately in such manner and with any additional designation  
516 as the Registrar deems necessary for purposes of identification; and shall be in the  
517 denominations, dated the date and mature on the dates, in the years and in the amounts  
518 approved by the Finance Director subject to the parameters set forth in Section 26.E. of  
519 this ordinance.

520            The Bonds shall bear interest (computed, unless otherwise provided in the Sale  
521 Document, on the basis of a 360-day year of twelve 30-day months) from their dated date  
522 or from the most recent interest payment date to which interest has been paid or duly  
523 provided for, whichever is later, payable on interest payment dates and at the rate or rates  
524 approved by the Finance Director subject to the parameters set forth in Section 26.E. of  
525 this ordinance and set forth in the Sale Document. The Accreted Values of any Bonds

526 that are Capital Appreciation Bonds shall be set forth in the Sale Document.

527 **SECTION 4. Registration, Exchange and Payments.**

528 A. **Registrar/Bond Register.** In accordance with KCC 4.84, the county  
529 adopts for the Bonds the system of registration specified and approved by the  
530 Washington State Finance Committee, which utilizes the fiscal agent of the State as  
531 registrar, authenticating agent, paying agent and transfer agent. The Registrar shall keep,  
532 or cause to be kept, at its designated corporate trust office, sufficient books for the  
533 registration and transfer of the Bonds, which shall be open to inspection by the county at  
534 all times. The Bond Register shall contain the name and mailing address of the  
535 Registered Owner of each Bond and the principal amount and number of each of the  
536 Bonds held by each Registered Owner. The Registrar is authorized, on behalf of the  
537 county, to authenticate and deliver Bonds transferred or exchanged in accordance with  
538 the provisions of the Bonds and this ordinance, to serve as the county's paying agent for  
539 the Bonds and to carry out all of the Registrar's powers and duties under this ordinance.

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

546 B. **Registered Ownership.** The Bonds shall be issued only in registered  
547 form as to both principal and interest and shall be recorded on the Bond Register. The  
548 county and the Registrar, each in its discretion, may deem and treat the Registered Owner

549 of each Bond as the absolute owner thereof for all purposes, and neither the county nor  
550 the Registrar shall be affected by any notice to the contrary. Payment of each Bond shall  
551 be made as described in Section 4.E. of this ordinance, but registration of ownership of  
552 each Bond may be transferred as provided herein. All payments made as described in  
553 Section 4.E. of this ordinance shall be valid and shall satisfy and discharge the liability of  
554 the county upon such Bond to the extent of the amount or amounts so paid.

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

565       If and for so long as the Bonds are registered in the name of the Securities  
566 Depository, the Securities Depository shall be deemed to be the Registered Owner for all  
567 purposes hereunder, and all references to Registered Owners shall mean the Securities  
568 Depository and shall not mean the Beneficial Owners. Registered ownership of any  
569 Bond registered in the name of the Securities Depository may not be transferred except:  
570 (i) to any successor Securities Depository; (ii) to any substitute Securities Depository  
571 appointed by the county; or (iii) to any person if the Bond is no longer to be held by a

572 Securities Depository.

573           Upon the resignation of the Securities Depository, or upon a termination of the  
574 services of the Securities Depository by the county, the county may appoint a substitute  
575 Securities Depository. If (i) the Securities Depository resigns and the county does not  
576 appoint a substitute Securities Depository, or (ii) the county terminates the services of the  
577 Securities Depository, the Bonds no longer shall be held in book-entry only form and the  
578 registered ownership of each Bond may be transferred to any person as provided in this  
579 ordinance or as set forth in the Sale Document.

580           D.     **Registration Covenant.** The county covenants that, until all Bonds have  
581 been surrendered and canceled, it will maintain a system for recording the ownership of  
582 each Bond that complies with the provisions of Section 149 of the Code.

583           E.     **Place and Medium of Payment.** Principal of and premium, if any, and  
584 interest on the Bonds are payable in lawful money of the United States of America.  
585 Principal of and premium, if any, and interest on each Bond registered in the name of the  
586 Securities Depository are payable in the manner set forth in the Letter of Representations.  
587 Unless otherwise specified in the Sale Document, interest on each Bond not registered in  
588 the name of the Securities Depository is payable by electronic transfer on the interest  
589 payment date, or by check or draft of the Registrar mailed on the interest payment date to  
590 the Registered Owner at the address appearing on the Bond Register on the Record Date.  
591 The county is not required to make electronic transfers except pursuant to a request by a  
592 Registered Owner in writing received on or prior to the Record Date and at the sole  
593 expense of the Registered Owner. Unless otherwise specified in the Sale Document, the  
594 principal of and premium, if any, on each Bond not registered in the name of the

595 Securities Depository are payable upon presentation and surrender of the Bond by the  
596 Registered Owner to the Registrar at maturity or upon prior redemption in full.

597           **F.       Transfer or Exchange of Registered Ownership; Change in**  
598 **Denominations.** The registered ownership of any Bond may be transferred or  
599 exchanged, but no transfer or exchange of any Bond shall be valid unless it is surrendered  
600 to the Registrar with the assignment form appearing on such Bond duly executed by the  
601 Registered Owner or such Registered Owner's duly authorized agent in a manner  
602 satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the  
603 surrendered Bond and shall authenticate and deliver, without charge to the Registered  
604 Owner or transferee therefor, a new Bond (or Bonds, at the option of the new Registered  
605 Owner) of the same series, date, maturity and interest rate and for the same aggregate  
606 principal amount in any authorized denomination, naming as Registered Owner the  
607 person or persons listed as the assignee on the assignment form appearing on the  
608 surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may  
609 be surrendered to the Registrar and exchanged, without charge, for an equal aggregate  
610 principal amount of Bonds of the same series, date, maturity and interest rate, in any  
611 authorized denomination. The Registrar shall not be obligated to exchange or transfer  
612 any Bond during the period between the Record Date and any principal payment or  
613 redemption date, or, in the case of any proposed redemption of a Bond, after mailing of  
614 the notice of the call of the Bond for redemption.

615           **SECTION 5. Redemption Provisions; Purchase of Bonds.**

616           **A.       Optional Redemption.** All or some of a series of Bonds may be subject  
617 to redemption prior to their stated maturity dates at the option of the county at the times

618 and on the terms set forth in the Sale Document.

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

625           If the county redeems Term Bonds under the optional redemption provisions set  
626 forth in the Sale Document or purchases for cancellation or defeases Term Bonds, the  
627 Term Bonds so redeemed, purchased or defeased (irrespective of their redemption or  
628 purchase prices) shall, unless otherwise provided in the Sale Document, be credited  
629 against one or more scheduled mandatory redemption amounts for those Term Bonds.  
630 The county shall determine the manner in which the credit is to be allocated and shall  
631 notify the Registrar in writing of its allocation at least 60 days prior to the earliest  
632 mandatory redemption date for the maturity of Term Bonds for which notice of  
633 redemption has not already been given.

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

640           Portions of the principal amount of any Bond, in authorized denominations, may

641 be redeemed, unless otherwise provided in the Sale Document. If less than all of the  
642 principal amount of any Bond is redeemed, upon surrender of that Bond to the Registrar,  
643 there shall be issued to the Registered Owner, without charge therefor, a new Bond (or  
644 Bonds, at the option of the Registered Owner) of the same series, maturity and interest  
645 rate in any authorized denomination in the aggregate total principal amount remaining  
646 outstanding.

647         **D. Purchase.** The county reserves the right and option to purchase any or all  
648 of the Bonds offered to the county or in the open market at any time at any price  
649 acceptable to the county plus accrued interest to the date of purchase.

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

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

670           Interest on each Bond called for redemption shall cease to accrue on the date fixed  
671 for redemption, unless either the notice of optional redemption is rescinded as set forth  
672 above or money sufficient to effect such redemption is not on deposit with the Registrar  
673 or in a trust account established to refund or defease the Bond.

674           SECTION 7. Form and Execution of Bonds. Bonds issued as Junior Lien  
675 Obligations shall be in substantially the form set forth in Attachment B to this ordinance.  
676 Bonds issued as Multi-Modal LTGO/Sewer Revenue Bonds shall be in substantially the  
677 form set forth in Attachment C to this ordinance. The Bonds shall be signed by the  
678 county executive and the clerk of the council, either or both of whose signatures may be  
679 manual or in facsimile, and the seal of the county or a facsimile reproduction thereof shall  
680 be impressed or printed thereon.

681           Only a Bond bearing a Certificate of Authentication, set forth in Attachment B or  
682 Attachment C to this ordinance, as applicable, manually signed by the Registrar, shall be  
683 valid or obligatory for any purpose or entitled to the benefits of this ordinance. The  
684 authorized signing of a Certificate of Authentication shall be conclusive evidence that the  
685 Bond so authenticated has been duly executed, authenticated and delivered and is entitled  
686 to the benefits of this ordinance.

687           If any officer whose manual or facsimile signature appears on a Bond ceases to be  
688 an officer of the county authorized to sign bonds before the Bond bearing his or her  
689 manual or facsimile signature is authenticated by the Registrar or issued or delivered by  
690 the county, that Bond nevertheless may be authenticated, issued and delivered and, when  
691 authenticated, issued and delivered, shall be as binding on the county as though that  
692 person had continued to be an officer of the county authorized to sign bonds. Any Bond  
693 also may be signed on behalf of the county by any person who, on the actual date of  
694 signing of the Bond, is an officer of the county authorized to sign bonds, although he or  
695 she did not hold the required office on the dated date of the Bond.

696           SECTION 8. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond  
697 becomes mutilated, the Registrar may authenticate and deliver a new Bond or Bonds of  
698 like amount, date, series, interest rate and tenor to the Registered Owner thereof upon the  
699 Registered Owner's paying the expenses and charges of the county and the Registrar in  
700 connection therewith and upon surrender to the Registrar of the Bond so mutilated.  
701 Every mutilated Bond so surrendered shall be canceled and destroyed by the Registrar.

702           If any Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver  
703 a new Bond or Bonds of like amount, date, series, interest rate and tenor to the Registered  
704 Owner thereof upon the Registered Owner's paying the expenses and charges of the  
705 county and the Registrar in connection therewith and upon filing with the Registrar  
706 evidence satisfactory to the Registrar that such Bond was actually lost, stolen or  
707 destroyed and of registered ownership thereof, and upon furnishing the county and the  
708 Registrar with indemnity satisfactory to the Finance Director and the Registrar.

709           SECTION 9. Junior Lien Bond Fund. A special fund of the county designated

710 the "King County, Washington, Junior Lien Obligation Redemption Fund" has heretofore  
711 been created for, and is hereby continued, along with the purpose of paying Junior Lien  
712 Obligations. The Junior Lien Bond Fund shall be held separate and apart from all other  
713 funds and accounts of the county and shall be a trust fund for the owners of Junior Lien  
714 Obligations.

715 The county hereby irrevocably obligates and binds itself to set aside and pay into  
716 the Junior Lien Bond Fund out of Revenue of the System amounts sufficient, together  
717 with income from the investment of money in the Junior Lien Bond Fund, and any other  
718 money on deposit in the Junior Lien Bond Fund and legally available, to pay all Bonds  
719 that are issued as Junior Lien Obligations as the same become due and payable.

720 Any series of the Bonds also may be payable from and secured by Credit  
721 Enhancement or a Liquidity Facility that secures payment of that series of Bonds, and  
722 such Credit Enhancement or Liquidity Facility need not secure payment of any other  
723 series of the Bonds. The county's payment obligation with respect to Bonds secured by  
724 Credit Enhancement shall be deemed satisfied if provided by draws on the Credit  
725 Enhancement.

726 There is hereby authorized to be created a special account in the Junior Lien Bond  
727 Fund for the Bonds. All money required by this section to be deposited into the Junior  
728 Lien Bond Fund for the payment of principal of and interest on the Bonds that are issued  
729 as Junior Lien Obligations may be deposited into the account created for such Bonds.  
730 Money in the account will be treated in all respects as all other money in the Junior Lien  
731 Bond Fund, but will be accounted for separately for the purpose of calculating any  
732 Rebate Amount payable with respect to such Bonds.

733            Payments on account of the Bonds that are issued as Junior Lien Obligations will  
734 be made out of Revenue of the System into the applicable account in the Junior Lien  
735 Bond Fund on or before the day each payment of principal of or interest on the Bonds is  
736 due.

737            If any Bonds are designated as Term Bonds pursuant to Section 26 of this  
738 ordinance, there shall be set forth in the Sale Document a mandatory redemption schedule  
739 to amortize the principal of those Term Bonds. Payments of principal of Term Bonds  
740 under any such mandatory redemption schedule shall be made from the Junior Lien Bond  
741 Fund, as provided in this section, to the extent not credited pursuant to Section 5.B. of  
742 this ordinance.

743            **SECTION 10. Pledge of Sewer Revenues to Junior Lien Obligations.** The  
744 Bonds that are issued as Junior Lien Obligations are special fund obligations payable  
745 only from amounts in deposit in the Junior Lien Bond Fund.

746            The amounts covenanted in this ordinance to be paid out of Revenue of the  
747 System into the Junior Lien Bond Fund and the accounts therein constitute, and the  
748 county hereby grants to the Registered Owners of the Bonds and to any Credit Provider  
749 and Liquidity Provider with respect to obligations owed to them under a related  
750 reimbursement agreement or Liquidity Facility, a lien and charge on Revenue of the  
751 System junior, subordinate and inferior to Operating and Maintenance Expenses; junior,  
752 subordinate and inferior to the lien and charge on Revenue of the System for the  
753 payments required to be made into the Parity Bond Fund and the accounts therein (and  
754 Payment Agreement Payments with respect to Parity Bond Payment Agreements, and  
755 payments required to be made in connection with Qualified Insurance, a Qualified Letter

756 of Credit or the Parity Bond Reserve Account as set forth in Section 15 of this  
757 ordinance); junior, subordinate and inferior to the lien and charge on Revenue of the  
758 System for the payments required to be made into the Parity Lien Obligation Bond Fund  
759 and the accounts therein (and Payment Agreement Payments with respect to Parity Lien  
760 Obligation Payment Agreements as set forth in Section 15 of this ordinance); equal to the  
761 lien and charge on Revenue of the System to pay and secure the payment of the  
762 outstanding Junior Lien Obligations and any Future Junior Lien Obligations (including  
763 Payment Agreement Payments with respect to Junior Lien Obligation Payment  
764 Agreements and to make any payments required to be made to providers of any credit  
765 enhancements or liquidity facilities for Junior Lien Obligations); and superior to all other  
766 liens and charges of any kind or nature, including, inter alia, the lien and charge on  
767 Revenue of the System to pay and secure the payment of Multi-Modal LTGO/Sewer  
768 Revenue Bonds, Future Subordinate Lien Obligations, SRF Loans and Public Works  
769 Trust Fund Loans.

770         The Bonds issued as Junior Lien Obligations are not a general obligation of the  
771 county. Neither the full faith and credit nor the taxing power of the county or the state of  
772 Washington or any political subdivision thereof is pledged to the payment of the Bonds  
773 issued as Junior Lien Obligations.

774         **SECTION 11. Multi-Modal LTGO/Sewer Revenue Bond Fund.** A special  
775 fund of the county designated the "King County, Washington, Multi-Modal Limited Tax  
776 General Obligation (Payable from Sewer Revenue) Bond Fund" has heretofore been  
777 created for the purpose of paying Multi-Modal LTGO/Sewer Revenue Bonds. The  
778 Multi-Modal LTGO/Sewer Revenue Bond Fund shall be held separate and apart from all

779 other funds and accounts of the county and shall be a trust fund for the owners of Multi-  
780 Modal LTGO/Sewer Revenue Bonds.

781         The county hereby irrevocably obligates and binds itself to set aside and pay into  
782 the Multi-Modal LTGO/Sewer Revenue Bond Fund, from the sources described in  
783 Sections 12 and 13 of this ordinance, on or prior to the respective dates the same become  
784 due (and if such payment is made on the due date, such payment must be made in  
785 immediately available funds): (i) such amounts as are required to pay the interest  
786 scheduled to become due on the Bonds that are issued as Multi-Modal LTGO/Sewer  
787 Revenue Bonds; and (ii) such amounts with respect to the Bonds that are issued as Multi-  
788 Modal LTGO/Sewer Revenue Bonds as are required to pay maturing principal, to make  
789 any required sinking fund payments and to redeem such Bonds in accordance with any  
790 mandatory redemption provisions.

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

797         If any Bonds that are issued as Multi-Modal LTGO/Sewer Revenue Bonds are  
798 designated as Term Bonds pursuant to Section 26 of this ordinance, there shall be set  
799 forth in the Sale Document for that series of Bonds a mandatory redemption schedule to  
800 amortize the principal of those Term Bonds. Payments of principal of Term Bonds under  
801 any such mandatory redemption schedule shall be made from the Multi-Modal

802 LTGO/Sewer Revenue Bond Fund, as provided in this section, to the extent not credited  
803 pursuant to Section 5.B. of this ordinance.

804 **SECTION 12. Pledge of Sewer Revenues to Multi-Modal LTGO/Sewer**  
805 **Revenue Bonds.** The Bonds that are issued as Multi-Modal LTGO/Sewer Revenue  
806 Bonds also are payable from and secured by a pledge of Revenue of the System. The  
807 county hereby irrevocably obligates and binds itself to set aside and pay into the Multi-  
808 Modal LTGO/Sewer Revenue Bond Fund out of Revenue of the System, on or prior to  
809 the respective dates the same become due, the amounts required by Section 11 of this  
810 ordinance.

811 The amounts covenanted in this ordinance to be paid out of Revenue of the  
812 System into the Multi-Modal LTGO/Sewer Revenue Bond Fund constitute, and the  
813 county hereby grants to the Registered Owners of the Bonds and to any Credit Provider  
814 and Liquidity Provider with respect to obligations owed to them under a related  
815 reimbursement agreement or Liquidity Facility, a lien and charge on Revenue of the  
816 System junior, subordinate and inferior to Operating and Maintenance Expenses; junior,  
817 subordinate and inferior to the lien and charge on Revenue of the System for the  
818 payments required to be made into the Parity Bond Fund and the accounts therein (and  
819 Payment Agreement Payments with respect to Parity Bond Payment Agreements, and  
820 payments required to be made in connection with Qualified Insurance, a Qualified Letter  
821 of Credit or the Parity Bond Reserve Account as set forth in Section 15 of this  
822 ordinance); junior, subordinate and inferior to the lien and charge on Revenue of the  
823 System for the payments required to be made into the Parity Lien Obligation Bond Fund  
824 and the accounts therein (and Payment Agreement Payments with respect to Parity Lien

825 Obligation Payment Agreements as set forth in Section 15 of this ordinance); junior,  
826 subordinate and inferior to the lien and charge on Revenue of the System to pay and  
827 secure the payment of any Junior Lien Obligations (and Payment Agreement Payments  
828 with respect to Junior Lien Obligation Payment Agreements and required payments to  
829 providers of credit enhancement or liquidity facilities for Junior Lien Obligations as set  
830 forth in Section 15 of this ordinance); equal to the lien and charge on Revenue of the  
831 System to pay and secure the payment of any Outstanding Multi-Modal LTGO/Sewer  
832 Revenue Bonds and any Future Multi-Modal LTGO/Sewer Revenue Bonds (and Payment  
833 Agreement Payments with respect to Multi-Modal LTGO/Sewer Revenue Bond Payment  
834 Agreements and required payments to providers of credit enhancement or liquidity  
835 facilities for Multi-Modal LTGO/Sewer Revenue Bonds); and superior to all other liens  
836 and charges of any kind or nature, including, inter alia, the lien and charge on Revenue of  
837 the System to pay and secure the payment of any Future Subordinate Lien Obligations,  
838 SRF Loans and Public Works Trust Fund Loans.

839 **SECTION 13. Pledge of Taxation and Credit to Multi-Modal LTGO/Sewer**

840 **Revenue Bonds.** The county hereby irrevocably covenants and agrees for as long as any  
841 Bonds that are issued as Multi-Modal LTGO/Sewer Revenue Bonds are outstanding and  
842 unpaid, that each year it will include in its budget and levy an *ad valorem* tax upon all the  
843 property within the county subject to taxation in an amount that will be sufficient,  
844 together with all other revenues and money of the county legally available for such  
845 purposes, to make the payments into the Multi-Modal LTGO/Sewer Revenue Bond Fund  
846 required by Section 11 of this ordinance as the same become due. All of the taxes so  
847 collected will be paid into the Multi-Modal LTGO/Sewer Revenue Bond Fund no later

848 than the date those funds are required for the payments required by Section 11 of this  
849 ordinance.

850         The county hereby irrevocably pledges that the annual tax herein authorized to be  
851 levied for the payment of such amounts shall be within and a part of the tax levy  
852 permitted to counties without a vote of the people, and that a sufficient portion of the  
853 taxes to be levied and collected annually by the county prior to the full payment of the  
854 amounts required by Section 11 of this ordinance will be and is hereby irrevocably set  
855 aside, pledged and appropriated for the payment of the amounts required by Section 11 of  
856 this ordinance.

857         The full faith, credit and resources of the county are hereby irrevocably pledged  
858 for the annual levy and collection of those taxes and for the prompt payment of the  
859 amounts required by Section 11 of this ordinance as the same become due.

860         **SECTION 14. Revenue Fund; Rate Stabilization Fund.**

861         A.         **Revenue Fund.** A special fund of the county known as the "Water  
862 Quality Operating Account" has heretofore been created and is hereby continued. All  
863 Revenue of the System shall be deposited in the Revenue Fund. All Operating and  
864 Maintenance Expenses shall be paid out of the Revenue Fund or appropriate reserves  
865 therein.

866         B.         **Rate Stabilization Fund.** In anticipation of increases in revenue  
867 requirements of the System, a special fund of the county designated as the "Sewer Rate  
868 Stabilization Fund" has heretofore been established and is hereby continued. The county  
869 may from time to time appropriate or budget amounts in the Revenue Fund for deposit in  
870 the Rate Stabilization Fund, as provided in Section 15 of this ordinance, and may from

871 time to time withdraw amounts therefrom for deposit in the Revenue Fund to prevent or  
872 mitigate sewer rate increases or for other lawful purposes of the county related to the  
873 System, including calculations of "Net Revenue" and "Revenue of the System" for the  
874 purposes of satisfying requirements of Sections 19 and 24 of this ordinance.

875 For any fiscal year, (i) amounts withdrawn from the Revenue Fund and deposited  
876 into the Rate Stabilization Fund for that fiscal year must be subtracted from Net Revenue  
877 for that fiscal year, and (ii) amounts withdrawn from the Rate Stabilization Fund and  
878 deposited in the Revenue Fund for that fiscal year may be added to Revenue of the  
879 System for that fiscal year.

880 **SECTION 15. Sewer Revenue Priorities of Payment.** So long as any Bonds are  
881 outstanding, all Revenue of the System shall be deposited into the Revenue Fund and  
882 used and applied in the following order of priority:

883 **First**, to pay all Operating and Maintenance Expenses;

884 **Second**, to make all required deposits into the Parity Bond Fund to provide for the  
885 payment of principal of and interest on Parity Bonds as the same become due and payable  
886 and to make any Payment Agreement Payments with respect to any Parity Bond Payment  
887 Agreements;

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

893 **Fourth**, to establish and maintain the Parity Bond Reserve Account (including

894 making deposits into such account and paying the costs of obtaining Qualified Insurance  
895 or a Qualified Letter of Credit therefor);

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

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

904 **Seventh**, to make all required payments of principal of and interest on the Multi-  
905 Modal LTGO/Sewer Revenue Bonds as the same become due and payable, to make all  
906 Payment Agreement Payments for any Multi-Modal LTGO/Sewer Revenue Bond  
907 Payment Agreements, and to make any payments required to be made to providers of  
908 credit enhancements or liquidity facilities for any Multi-Modal LTGO/Sewer Revenue  
909 Bonds;

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

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

916 **Tenth**, to make all required payments of principal of and interest due on the SRF

917 Loans and the Public Works Trust Fund Loans.

918 Any surplus money that the county may have on hand in the Revenue Fund after  
919 making all required payments set forth above may be used by the county (i) to make  
920 necessary improvements, additions and repairs to and extensions and replacements of the  
921 System, (ii) to purchase or redeem and retire outstanding sewer revenue bonds of the  
922 county, (iii) to make deposits into the Rate Stabilization Fund, or (iv) for any other lawful  
923 purposes of the county related to the System in the order and priority as determined by  
924 the county.

925 **SECTION 16. Disposition of Bond Proceeds.** The proceeds of each series of the  
926 Bonds will be deposited as follows:

927 A. The amount equal to the interest, if any, accruing on each series of the  
928 Bonds from their dated date to the date of their Closing will be deposited in the  
929 appropriate subaccount for the series created in the Junior Lien Obligation Bond Fund or  
930 Multi-Modal LTGO/Sewer Revenue Bond Fund, as applicable.

931 B. The balance of the proceeds of any Bonds will be deposited into the  
932 appropriate Refunding Account and applied as provided in Section 17 of this ordinance;  
933 provided that proceeds, if any, to be applied to pay costs related to the issuance of that  
934 series of Bonds and to refunding the applicable Refunded Bonds shall be applied as  
935 provided in the Refunding Agreement or closing memorandum approved by the Finance  
936 Director.

937 **SECTION 17. Refunding Account; Plan of Refunding.**

938 A. **Refunding Account; Refunding Authorization.** There is hereby  
939 authorized to be established one or more special accounts of the county to be maintained

940 with the Refunding Trustee, each to be known as a "King County [year and series  
941 designation] Sewer Revenue Bonds Refunding Account." Each Refunding Account will  
942 be drawn upon for the sole purpose of paying the principal of and premium, if any, and  
943 interest on the applicable Refunded Bonds. Proceeds of the sale of any Bonds, together  
944 with other county funds that may be designated for that purpose, will be deposited into  
945 the applicable Refunding Account to provide for refunding the applicable Refunded  
946 Bonds in accordance with the ordinances authorizing the Refunded Bonds.

947 The Finance Director is authorized to determine, in consultation with the county's  
948 financial advisors, which of the Refunding Candidates, if any, are to be refunded taking  
949 into account market and other considerations.

950 B. **Plan of Refunding.** Each plan of refunding and call for redemption of  
951 Refunded Bonds shall be set forth in the Refunding Agreement. Money in each  
952 Refunding Account shall be used immediately upon receipt thereof to defease the  
953 applicable Refunded Bonds and discharge the other obligations of the county relating  
954 thereto under the ordinances that authorized the Refunded Bonds, by providing for the  
955 payment of the principal of and premium, if any, and interest on the Refunded Bonds as  
956 set forth in such agreement. The county will defease such bonds and discharge such  
957 obligations by the use of the money in each Refunding Account to purchase Government  
958 Obligations (such obligations so purchased, "Acquired Obligations") bearing interest and  
959 maturing as to principal and interest in such amounts and at such times that, together with  
960 any necessary beginning cash balance, will provide for the payment of such Refunded  
961 Bonds, as set forth in the Refunding Agreement. Such Acquired Obligations shall be  
962 purchased at a yield not greater than the yield permitted by the Code and regulations

963 relating to obligations acquired in connection with refunding bond issues.

964           In connection with the issuance of each series of Bonds, to carry out the refunding  
965 and defeasance of Refunded Bonds, the Finance Director is hereby authorized to appoint  
966 a Refunding Trustee qualified by law to perform the duties described herein. Any  
967 beginning cash balance and the Acquired Obligations will be irrevocably deposited with  
968 the Refunding Trustee in an amount sufficient to defease the Refunded Bonds in  
969 accordance with this section and the Refunding Agreement.

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

980           **C. Required Findings.** The Refunding Agreement shall set forth the finding  
981 of the Finance Director made on behalf of the county describing the conversion between  
982 Modes; replacement, extension or amendment of Credit Enhancement, Liquidity Facility  
983 and/or agreement with Bondowners; modification of debt service or reserve  
984 requirements, sources of payment, covenants or other terms of the Refunded Bonds; or  
985 other objective for the Refunded Bonds authorized to be refunded.

986            **SECTION 18. Due Regard for Expenses and Sewer Revenues Pledged.** The  
987 council hereby declares that, in fixing the amounts to be paid into the Junior Lien Bond  
988 Fund and Multi-Modal LTGO/Sewer Revenue Bond Fund out of Revenue of the System,  
989 it has exercised due regard for the Operating and Maintenance Expenses and has not  
990 obligated the county to set aside in the Junior Lien Bond Fund and Multi-Modal  
991 LTGO/Sewer Revenue Bond Fund a greater amount of Revenue of the System that in its  
992 judgment will be available over and above the Operating and Maintenance Expenses and  
993 Revenue of the System previously pledged.

994            **SECTION 19. Rate Covenants.**

995            A.        **General Rate Covenant.** The county will establish, maintain and collect  
996 rates and charges for sewage disposal service for each calendar year that are fair and  
997 nondiscriminatory and adequate to provide the county with Revenue of the System  
998 sufficient (i) to pay all Operating and Maintenance Expenses during that calendar year;  
999 (ii) to pay punctually all amounts described in paragraphs "Second" through "Tenth" in  
1000 Section 15 of this ordinance due during that calendar year; and (iii) to pay any and all  
1001 amounts that the county is now or may hereafter become obligated by law or contract to  
1002 pay during that calendar year from the Revenue of the System.

1003            B.        **Coverage Covenant.** Subject to the provisions of subsection C. of this  
1004 section, the county will establish, maintain and collect rates and charges for sewage  
1005 disposal service that, together with the interest to be earned on investments made of  
1006 money in the Revenue Fund, Parity Bond Fund, Parity Lien Obligation Bond Fund,  
1007 Junior Lien Bond Fund, Multi-Modal LTGO/Sewer Revenue Bond Fund, and  
1008 Construction Account will provide in each calendar year Net Revenue, after deducting

1009 therefrom amounts required in such year to pay Annual Debt Service on Parity Bonds and  
1010 Parity Lien Obligations, in an amount equal to at least 1.10 times the amounts required to  
1011 pay Annual Debt Service for all Junior Lien Obligations and Multi-Modal LTGO/Sewer  
1012 Revenue Bonds for that year.

1013 C. **Rate Stabilization Fund.** In determining compliance with the  
1014 requirements of this section, Revenue of the System and Net Revenue shall be calculated  
1015 by taking into account deposits and withdrawals from the Rate Stabilization Fund as  
1016 provided in Section 14.B. of this ordinance.

1017 SECTION 20. **Certain Other Covenants of the County Regarding the Bonds.**

1018 The county hereby covenants with the Registered Owner of each of the Bonds, as  
1019 follows:

1020 A. **Maintain in Good Order.** The county will cause the System and the  
1021 business in connection therewith to be operated in a safe, sound, efficient, and economic  
1022 manner in compliance with all health, safety, and environmental laws, regulatory body  
1023 rules, regulatory body orders and court orders applicable to the county's operation of the  
1024 System, and will cause the System to be maintained, preserved, reconstructed, expanded  
1025 and kept, with all appurtenances and every part and parcel thereof, in good repair,  
1026 working order and condition, and will from time to time cause to be made, without undue  
1027 deferral, all necessary or proper repairs, replacements and renewals, so that all times the  
1028 operation of the System will be properly and advantageously conducted.

1029 B. **Books and Records.** The county will cause proper books of record and  
1030 accounts of operation of the System to be kept, including an annual financial report.

1031 C. **Annual Audit.** The county will cause its books of accounts, including its

1032 annual financial report, to be audited annually by the State auditor's office or other State  
1033 department or agency as may be authorized and directed by law to make such audits, or if  
1034 such an audit is not made for twelve months after the close of any fiscal year of the  
1035 county, by a Certified Public Accountant. The county will furnish the audit to the Owner  
1036 of any Bond upon written request therefor.

1037         **D. Insurance.** The county will at all times carry fire and extended coverage  
1038 and such other forms of insurance on such of the buildings, equipment, facilities and  
1039 properties of the System as under good practice are ordinarily carried on such buildings,  
1040 equipment, facilities and properties by municipal or privately owned utilities engaged in  
1041 the operation of sewer systems and will also carry adequate public liability insurance at  
1042 all times, provided that the county may institute or continue a self-insurance program for  
1043 any or all of the aforementioned risks.

1044         **E. Construction.** The county will cause the construction of any duly  
1045 authorized and ordered portions of the Comprehensive Plan to be performed and  
1046 completed within a reasonable time and at the lowest reasonable cost.

1047         **F. Collection of Revenue.** The county will operate and maintain the System  
1048 and conduct its affairs so as to entitle it at all times to receive and enforce payment to it  
1049 of sewage disposal charges payable (i) pursuant to the ordinance or ordinances  
1050 establishing a tariff of rates and charges for sewage disposal services and (ii) under any  
1051 Service Agreement that the county has now or may hereafter enter into and to entitle the  
1052 county to collect all revenues derived from the operation of the System. The county shall  
1053 not release the obligations of any person, corporation or political subdivision under such  
1054 tariff of rates and charges or the Service Agreements and shall at all times, to the extent

1055 permitted by law, defend, enforce, preserve and protect the rights and privileges of the  
1056 county and of the Registered Owners of the Bonds under or with respect thereto.

1057 In accordance with RCW 35.58.200(3), the county shall require any county, city,  
1058 special district or other political subdivision to discharge to the System all sewage  
1059 collected by that entity from any portion of the Seattle metropolitan area that can drain by  
1060 gravity flow into facilities of the System that serve such areas if the council declares that  
1061 the health, safety or welfare of the people within the metropolitan area require such  
1062 action.

1063 G. **Legal Authority.** The county has full legal right, power and authority to  
1064 adopt this ordinance, to sell, issue and deliver the Bonds as provided herein, and to carry  
1065 out and consummate all other transactions contemplated by this ordinance.

1066 H. **Due Authorization.** By all necessary official action prior to or  
1067 concurrently herewith, the county has duly authorized and approved the execution and  
1068 delivery of, and the performance by the county of its obligations contained in, the Bonds  
1069 and in this ordinance and the consummation by it of all other transactions necessary to  
1070 effectuate this ordinance in connection with the issuance of Bonds, and such  
1071 authorizations and approvals are in full force and effect and have not been amended,  
1072 modified or supplemented in any material respect.

1073 I. **Binding Obligation.** This ordinance constitutes a legal, valid and binding  
1074 obligation of the county.

1075 J. **No Conflict.** The county's adoption of this ordinance and its compliance  
1076 with the provisions contained herein will not conflict with or constitute a breach of or  
1077 default under any constitutional provision, law, administrative regulation, judgment,

1078 decree, loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement  
1079 or other instrument to which the county is a party or to which the county or any of its  
1080 property or assets are otherwise subject, nor will any such adoption or compliance result  
1081 in the creation or imposition of any lien, charge or other security interest or encumbrance  
1082 of any nature whatsoever upon any of the property or assets of the county or under the  
1083 terms of any such law, regulation or instrument, except as may be provided by this  
1084 ordinance.

1085           K.     **Performance Under Ordinance.** None of the proceeds of the Bonds will  
1086 be used for any purpose other than as provided in this ordinance, and except as otherwise  
1087 expressly provided herein, the county shall not suffer any amendment or supplement to  
1088 this ordinance, or any departure from the due performance of the obligations of the  
1089 county hereunder, that might materially adversely affect the rights of the Registered  
1090 Owners from time to time of the Bonds.

1091           L.     **Sale or Disposition.** The county will not sell or voluntarily dispose of all  
1092 of the operating properties of the System unless provision is made for payment into the  
1093 applicable debt service funds of a sum sufficient to pay the principal of and interest on all  
1094 outstanding Parity Bonds, Parity Lien Obligations, Junior Lien Obligations, and Multi-  
1095 Modal LTGO/Sewer Revenue Bonds in accordance with the terms thereof, nor will the  
1096 county sell or voluntarily dispose of any part of the operating properties of the System  
1097 unless the county has first complied with any applicable covenants of the Parity Bonds  
1098 and Parity Lien Obligations.

1099                    SECTION 21. Tax Covenants.

1100           A.     **General.** The county may elect to structure any series of Bonds so that

1101 interest on that series of Bonds is taxable or excludable from gross income for federal  
1102 income tax purposes pursuant to Sections 103 and 141 through 150 of the Code and the  
1103 applicable regulations or to confer other benefits under the Code to the county or Owners  
1104 of that series of Bonds. The county covenants not to take any action, or knowingly omit  
1105 to take any action within its control, that if taken or omitted would cause the interest on  
1106 Tax-Exempt Bonds to be includable in gross income, as defined in Section 61 of the  
1107 Code, for federal income tax purposes. Additional tax covenants as necessary or  
1108 desirable for any series of Bonds may be set forth in the Tax Certificate for that series of  
1109 Bonds.

1110       B.     **Tax Certificate.** Upon the issuance of any series of Tax-Exempt Bonds  
1111 or Tax-Benefited Bonds, the Finance Director is authorized to execute the Tax  
1112 Certificate, which will certify to various facts and representations concerning that series  
1113 of Bonds, based on the facts and estimates known or reasonably expected on the date of  
1114 their issuance, and make certain covenants with respect to that series of Bonds as may be  
1115 necessary or desirable to obtain or maintain the benefits conferred under the Code  
1116 relating to that series of Tax-Exempt Bonds or Tax-Benefited Bonds.

1117       The county covenants that it will comply with the Tax Certificate unless it  
1118 receives advice from nationally recognized bond counsel or the Internal Revenue Service  
1119 that certain provisions have been amended or no longer apply to the Tax-Exempt Bonds  
1120 or Tax-Benefited Bonds, as applicable.

1121       C.     **Arbitrage Rebate.** If the county does not qualify for an exception to the  
1122 requirements of Section 148(f) of the Code relating to the payment of arbitrage rebate to  
1123 the United States with respect to a series of Tax-Exempt Bonds or Tax-Benefited Bonds,

1124 the county will take all necessary steps to comply with the requirement that certain  
1125 amounts earned by the county on the investment of the gross proceeds of that series of  
1126 Bonds (within the meaning of the Code) be rebated.

1127 SECTION 22. Defaults. The county hereby finds and determines that the failure  
1128 or refusal of the county or any of its officers to perform the covenants and obligations of  
1129 this ordinance will endanger the operation of the System and the application of Revenue  
1130 of the System and such other money, funds and securities to the purposes herein set forth.

1131 Any one or more of the following will constitute a Default under this ordinance:

1132 A. The county fails to make payment of the principal of any Bond when the  
1133 same becomes due and payable, whether by maturity or scheduled redemption prior to  
1134 maturity;

1135 B. The county fails to make payment of the interest on any Bond when the  
1136 same becomes due and payable;

1137 C. The county defaults in the observance or performance of any other  
1138 covenant, condition or agreement on the part of the county contained in this ordinance,  
1139 and such default has continued for a period of 30 days; or

1140 D. The county: (i) admits in writing its inability to pay its debts generally as  
1141 they become due; (ii) files a petition in bankruptcy or seeking a composition of  
1142 indebtedness under any state or federal bankruptcy or insolvency law; (iii) makes an  
1143 assignment for the benefit of its creditors; (iv) consents to the appointment of a receiver  
1144 for the whole or any substantial part of the System; or (v) consents to the assumption by  
1145 any court of competent jurisdiction under the provisions of any other law for the relief or  
1146 aid of debtors of custody or control of the county or of the whole or any substantial part

1147 of the System.

1148 SECTION 23. Remedies.

1149 A. **Control by Credit Provider.** Upon the occurrence and continuation of a  
1150 Default described in Section 22.A. through D. of this ordinance, each Credit Provider will  
1151 be entitled to exercise, on behalf of the Registered Owners of any Bonds secured by  
1152 Credit Enhancement provided by the Credit Provider, any of the remedies provided to the  
1153 Registered Owners of such Bonds under this section and, for so long as the Credit  
1154 Provider is not in default of its obligations under the Credit Enhancement, the Credit  
1155 Provider will be the only person entitled to exercise the remedies provided under this  
1156 section with respect to such Bonds.

1157 B. **Appointment of Bondowners' Trustee.** Upon the occurrence of a  
1158 Default and so long as such Default is not remedied, and subject to the rights of any  
1159 Credit Provider as provided in subsection A. of this section, a Bondowners' Trustee may  
1160 be appointed for the Registered Owners of the Bonds by the Registered Owners of a  
1161 majority in principal amount of the Bonds then outstanding by an instrument or  
1162 concurrent instruments in writing signed and acknowledged by such Registered Owners  
1163 or by their attorneys-in-fact duly authorized and delivered to the Bondowners' Trustee,  
1164 notification thereof having been given to the county. Any Bondowners' Trustee  
1165 appointed under the provisions of this section must be a bank or trust company organized  
1166 under the laws of a state or a national banking association. The fees and expenses of the  
1167 Bondowners' Trustee must be borne by the Registered Owners of the Bonds and not by  
1168 the county. The bank or trust company acting as the Bondowners' Trustee may be  
1169 removed at any time, and a successor Bondowners' Trustee may be appointed, by the

1170 Registered Owners of a majority in principal amount of the Bonds then outstanding, by  
1171 an instrument or concurrent instruments in writing signed and acknowledged by such  
1172 Registered Owners or by their attorneys-in-fact duly authorized. The Bondowners'  
1173 Trustee may resign upon 60 days' notice and a new Bondowners' Trustee appointed by  
1174 the Registered Owners of a majority in principal amount of the Bonds then outstanding;  
1175 provided, that no such resignation or removal will be effective until a successor  
1176 Bondowners' Trustee has been appointed and has delivered to the county and the  
1177 Registered Owners of the Bonds then outstanding a written instrument of acceptance of  
1178 the duties and responsibilities of the Bondowners' Trustee under this ordinance.

1179         The Bondowners' Trustee appointed in the manner herein provided, and each  
1180 successor thereto, is hereby declared to be a trustee for the Registered Owners of all the  
1181 Bonds then outstanding and is empowered to exercise all the rights and powers herein  
1182 conferred on the Bondowners' Trustee.

1183         **C. Legal Action by Bondowners' Trustee.** Subject to the rights of the  
1184 Credit Provider, if any, as provided in subsection A. of this section, upon the happening  
1185 of a Default and during the continuation thereof, the Bondowners' Trustee may, and upon  
1186 the written request of the Registered Owners of not less than 25% in principal amount of  
1187 the Bonds then outstanding must, take such steps and institute such suits, actions or other  
1188 proceedings as it may deem appropriate for the protection and enforcement of the rights  
1189 of such Registered Owners to collect any amounts due and owing to or from the county,  
1190 or to obtain other appropriate relief, and may enforce the specific performance of any  
1191 covenant, agreement or condition contained in this ordinance or in the Bonds. Any  
1192 action, suit or other proceedings instituted by the Bondowners' Trustee hereunder will be

1193 brought in its name as trustee for the Registered Owners of all Bonds, and all such rights  
1194 of action upon or under any of the Bonds or the provisions of this ordinance may be  
1195 enforced by the Bondowners' Trustee without the possession of any of the Bonds, and  
1196 without the production of the same at any trial or proceedings relating thereto except  
1197 where otherwise required by law. Any such suit or proceeding instituted by the  
1198 Bondowners' Trustee will be brought for the ratable benefit of all of the Registered  
1199 Owners of the Bonds, subject to the provisions of this ordinance. The respective  
1200 Registered Owners of the Bonds, by taking and holding the same, will be conclusively  
1201 deemed irrevocably to have appointed the Bondowners' Trustee the true and lawful  
1202 trustee of the respective Registered Owners of the Bonds, with authority to institute any  
1203 such action, suit or proceeding; to receive as trustee and deposit in trust any sums that  
1204 become distributable on account of the Bonds; to execute any paper or documents for the  
1205 receipt of such money; and to do all acts with respect thereto that such registered owners  
1206 themselves might have done. Nothing herein will be deemed to authorize or empower  
1207 the Bondowners' Trustee to consent to accept or adopt, on behalf of any Registered  
1208 Owner of the Bonds, any plan of reorganization or adjustment affecting such Bonds or  
1209 any right of any Registered Owner thereof, or to authorize or empower the Bondowners'  
1210 Trustee to vote the claims of the Registered Owners thereof in any receivership,  
1211 insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the  
1212 county is a party.

1213           D.     **Restrictions on Legal Action by Individual Owners.** Subject to the  
1214 rights of the Credit Provider, if any, as provided in subsection A. of this section, no  
1215 Registered Owner of any Bonds has any right to institute any action, suit or proceedings

1216 at law or in equity for the enforcement of the same unless:

- 1217 1. a Default has happened and is continuing; and
- 1218 2. a Bondowners' Trustee has been appointed as herein provided; and
- 1219 3. such Registered Owner previously has given to the Bondowners'  
1220 Trustee written notice of the Default as to which such suit, action or proceeding is to be  
1221 instituted; and
- 1222 4. Registered Owners of not less than 25% in principal amount of the  
1223 Bonds then outstanding, after the occurrence of such Default, have made written request  
1224 of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable  
1225 opportunity to institute such suit, action or proceedings; and
- 1226 5. the Bondowners' Trustee has been offered security and indemnity  
1227 satisfactory to it against the costs, expenses and liabilities to be incurred therein or  
1228 thereby; and
- 1229 6. the Bondowners' Trustee has refused or neglected to comply with  
1230 such request within a reasonable time.

1231 Notwithstanding any other provision of this ordinance, each Registered Owner of  
1232 the Bonds will have the absolute and unconditional right to receive payment of principal  
1233 of and premium, if any, and interest on such Bonds on and after the due date thereof, and  
1234 to institute suit for the enforcement of any such payment.

1235 E. **Waivers of Default; Remedies not Exclusive.** The remedies herein  
1236 conferred upon or reserved to the Registered Owners of the Bonds and to the  
1237 Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies,  
1238 and each and every such remedy will be cumulative and will be in addition to every other

1239 remedy given hereunder or now or hereafter existing at law or in equity or by statute.

1240 The privileges herein granted may be exercised from time to time and continued so long

1241 as and as often as the occasion therefor may arise.

1242 Subject to the rights of the Credit Provider, if any, as provided in subsection A. of

1243 this section, the Bondowners' Trustee may waive any past Default and its consequences,

1244 except a default in the payment of the principal of or premium, if any, or interest on any

1245 of the Bonds. No such waiver will extend to or affect any subsequent Default or impair

1246 any rights or remedies consequent thereon. No delay or omission of the Credit Provider

1247 or the Bondowners' Trustee to exercise any right or power accruing upon any Default will

1248 impair any such right or power or be construed to be a waiver of any such Default or

1249 acquiescence therein.

1250 **SECTION 24. Additional Obligations of the System.**

1251 A. **Senior Lien Obligations.** The county reserves the right to issue

1252 additional Parity Bonds and Parity Lien Obligations on the applicable terms and

1253 conditions set forth in the ordinances authorizing issuance of the Parity Bonds and Parity

1254 Lien Obligations then outstanding.

1255 B. **Future Junior Lien Obligations; Future Multi-Modal LTGO/Sewer**

1256 **Revenue Bonds.** The county reserves the right to issue Future Junior Lien Obligations

1257 and Future Multi-Modal LTGO/Sewer Revenue Bonds, but only if such Future Junior

1258 Lien Obligations and Future Multi-Modal LTGO/Sewer Revenue Bonds are issued (i) for

1259 the purpose of refunding any Junior Lien Obligations or Multi-Modal LTGO/Sewer

1260 Revenue Bonds then outstanding or (ii) for any lawful purpose of the county related to

1261 the System and the following conditions are met:

1262                   1.       At the time of issuing such Future Junior Lien Obligations or  
1263 Future Multi-Modal LTGO/Sewer Revenue Bonds, there is no default in the payment of  
1264 the principal of or interest on any Parity Bonds, Parity Lien Obligations, Junior Lien  
1265 Obligations, Multi-Modal LTGO/Sewer Revenue Bonds, Future Subordinate Lien  
1266 Obligations, SRF Loans or Public Works Trust Fund Loans.

1267                   2.       The county has on file one of the following certificates:

1268                   a.       A certificate of the Finance Director showing that Net  
1269 Revenue in any 12 consecutive months out of the most recent 18 months preceding the  
1270 issuance of such Future Junior Lien Obligations or Future Multi-Modal LTGO/Sewer  
1271 Revenue Bonds, based on financial statements of the System prepared by the county and  
1272 after deducting therefrom the Senior Lien Payments required in each calendar year during  
1273 the life of such Future Junior Lien Obligations or Future Multi-Modal LTGO/Sewer  
1274 Revenue Bonds, will be at least equal to 1.10 times the Annual Debt Service for the  
1275 proposed Future Junior Lien Obligations or Future Multi-Modal LTGO/Sewer Revenue  
1276 Bonds and all Junior Lien Obligations and Multi-Modal LTGO/Sewer Revenue Bonds  
1277 then outstanding in each year during the life of such Future Junior Lien Obligations or  
1278 Future Multi-Modal LTGO/Sewer Revenue Bonds; or

1279                   b.       A certificate from a Professional Utility Consultant (which  
1280 certificate may not be dated more than 90 days prior to the date of delivery of such Future  
1281 Junior Lien Obligations or Future Multi-Modal LTGO/Sewer Revenue Bonds) showing  
1282 that in his or her professional opinion the Net Revenue, estimated on the basis of all  
1283 factors as he or she may consider reasonable, for each of the five calendar years  
1284 following the year in which such Future Junior Lien Obligations or Future Multi-Modal

1285 LTGO/Sewer Revenue Bonds are to be issued, after deducting therefrom Senior Lien  
1286 Payments for each such year, will be at least equal to 1.10 times the Annual Debt Service  
1287 for the proposed Future Junior Lien Obligations or Future Multi-Modal LTGO/Sewer  
1288 Revenue Bonds and all Junior Lien Obligations and Multi-Modal LTGO/Sewer Revenue  
1289 Bonds then outstanding in each of those five years.

1290           C.     **Inferior Lien Obligations.** Nothing contained in this ordinance prevents  
1291 the county from issuing revenue bonds, notes or other obligations that are a charge on  
1292 Revenue of the System junior or inferior to the payments required to be made therefrom  
1293 into the Junior Lien Bond Fund to pay and secure the payment of any Junior Lien  
1294 Obligations, and nothing contained in this ordinance prevents the county from issuing  
1295 revenue bonds, notes or other obligations that are a charge on Revenue of the System  
1296 junior or inferior to the payments required to be made therefrom into the Multi-Modal  
1297 LTGO/Sewer Revenue Bond Fund to pay and secure the payment of any Multi-Modal  
1298 LTGO/Sewer Revenue Bonds.

1299           SECTION 25. Payment Agreements.

1300           A.     **General.** To the extent and for the purposes permitted from time to time  
1301 by chapter 39.96 RCW, as it may be amended, and other applicable provisions of State  
1302 law, the county may enter into Payment Agreements with respect to any series of the  
1303 Bonds, subject to the conditions set forth in this section and in other provisions of this  
1304 ordinance.

1305           B.     **Manner and Schedule of Payments.** Each Payment Agreement must set  
1306 forth the manner in which the respective Payment Agreement Payments and the  
1307 respective Payment Agreement Receipts will be calculated and a schedule of applicable

1308 payment dates.

1309 C. **Authorizing Ordinance.** Prior to entering into a Payment Agreement, the  
1310 council must adopt an ordinance authorizing such agreement and setting forth such  
1311 provisions as the county deems necessary or desirable and are not inconsistent with the  
1312 provisions of this ordinance.

1313 D. **Calculation of Payment Agreement Payments and Debt Service on**  
1314 **Bonds with Respect to which a Payment Agreement is in Force.** It is the intent of the  
1315 county, for purposes of Sections 19 or 24 of this ordinance, that debt service on Bonds  
1316 with respect to which a Payment Agreement is in force will be calculated to reflect the  
1317 net economic effect on the county intended to be produced by the terms of such Bonds  
1318 and the Payment Agreement. In calculating such amounts, the county will be guided by  
1319 the following requirements:

1320 1. The amount of interest deemed to be payable on any Bonds with  
1321 respect to which a Payment Agreement is in force will be an amount equal to the amount  
1322 of interest that would be payable at the rate or rates stated in those Bonds plus Payment  
1323 Agreement Payments minus Payment Agreement Receipts.

1324 2. For any period during which Payment Agreement Payments are  
1325 not taken into account in calculating interest on any outstanding Bonds because the  
1326 Payment Agreement is not then related to any outstanding Bonds, Payment Agreement  
1327 Payments on that Payment Agreement will be calculated based upon the following  
1328 assumptions:

1329 a. **County Obligated to Make Payments Based on Fixed**  
1330 **Rate.** If the county is obligated to make Payment Agreement Payments based on a fixed

1331 rate and the Qualified Counterparty is obligated to make payments based on a variable  
1332 rate index, payments by the county will be based on the assumed fixed payor rate, and  
1333 payments by the Qualified Counterparty will be based on a rate equal to the average rate  
1334 determined by the variable rate index specified by the Payment Agreement during the  
1335 fiscal quarter preceding the quarter in which the calculation is made; and

1336                   b.       **County Obligated to Make Payments Based on Variable**  
1337 **Rate Index.** If the county is obligated to make Payment Agreement Payments based on a  
1338 variable rate index and the Qualified Counterparty is obligated to make payments based  
1339 on a fixed rate, payments by the county will be based on a rate equal to the average rate  
1340 determined by the variable rate index specified by the Payment Agreement during the  
1341 fiscal quarter preceding the quarter in which the calculation is made, and the Qualified  
1342 Counterparty will make payments based on the fixed rate specified by the Payment  
1343 Agreement.

1344                   E.       **Prior Notice to Rating Agencies.** The county will give notice to Moody's  
1345 and S&P 30 days prior to the date it intends to enter into a Junior Lien Obligation  
1346 Payment Agreement or Multi-Modal LTGO/Sewer Revenue Bond Payment Agreement.

1347                   SECTION 26. Sale and Remarketing of Bonds.

1348                   A.       **Determination by Finance Director.** The Finance Director shall  
1349 determine, in consultation with the county's financial advisors, whether each series of  
1350 Bonds will be issued as Junior Lien Obligations or Multi-Modal LTGO/Sewer Revenue  
1351 Bonds, the principal amount of each series of Bonds, the Refunding Candidates to be  
1352 refunded, whether each series of Bonds will be structured as Tax-Exempt Bonds, Tax-  
1353 Benefited Bonds or otherwise, whether a series of Bonds will be sold separately or

1354 combined with one or more other series of the county's bonds and whether each series of  
1355 Bonds will be sold by negotiated sale or competitive bid and for current or future  
1356 delivery. The Finance Director is authorized to designate any or all of the Bonds as  
1357 "green bonds" or any similar designation indicating the purpose for which the proceeds of  
1358 the Bonds are to be used.

1359       **B. Satisfaction of Conditions.** The Finance Director will provide or cause to  
1360 be provided by a Professional Utility Consultant any certifications required to satisfy the  
1361 conditions established in the ordinances of the county for the issuance of the Bonds as  
1362 Junior Lien Obligations or Multi-Modal LTGO/Sewer Revenue Bonds, as applicable. In  
1363 the Sale Document or a closing certificate, the Finance Director shall certify to any  
1364 required findings regarding the satisfaction of such conditions applicable to that series of  
1365 Bonds.

1366       **C. Procedure for Negotiated Sale.** If the Finance Director determines that  
1367 any series of the Bonds will be sold by negotiated sale, the Finance Director shall, in  
1368 accordance with applicable county procurement procedures, solicit one or more  
1369 underwriting firms or other financial institutions with which to negotiate the sale of the  
1370 Bonds. The purchase contract for each series of the Bonds shall designate any Term  
1371 Bonds and shall specify the year and series designation, date, principal amount, interest  
1372 payment dates, interest rates, price, maturity schedule, refunding plan and redemption  
1373 and bond insurance provisions of such series of Bonds subject to the parameters set forth  
1374 in subsection E of this section.

1375       **D. Procedure for Sale by Competitive Bid.** If the Finance Director  
1376 determines that any series of the Bonds will be sold by competitive bid, bids for the

1377 purchase of such series of Bonds will be received at such time or place and by such  
1378 means as the Finance Director directs. The Finance Director is authorized to prepare an  
1379 official notice of sale for such Bonds, establishing in such notice the year and series  
1380 designation, date, principal amount, interest payment dates, maturity schedule and  
1381 optional redemption and bond insurance provisions of such series of Bonds. The official  
1382 notice of sale or an abridged form thereof may be published in such newspapers or  
1383 financial journals as the county's financial advisors deem desirable or appropriate.

1384       Upon the date and time established for the receipt of bids for a series of the  
1385 Bonds, the Finance Director or his designee will review the bids, cause the bids to be  
1386 mathematically verified and accept the winning bid by executing the Certificate of  
1387 Award, which shall designate any Term Bonds subject to the parameters set forth in  
1388 subsection E. of this section. The county reserves the right to reject any and all bids for  
1389 such Bonds, acting through the Finance Director.

1390       E.     **Sale Parameters.** Subject to the terms and conditions set forth in this Section  
1391 26.E, the Finance Director is hereby authorized to approve the issuance and sale of any series  
1392 of the Bonds upon his or her approval of the final interest rates, maturity dates, aggregate  
1393 principal amounts, principal maturities, and redemption rights for the series of the Bonds in  
1394 accordance with the authority granted by this section so long as:

1395             1. the aggregate principal amount of the series of the Bonds to be issued does  
1396 not exceed the aggregate principal amount of the series of the Refunded Bonds to be  
1397 refunded with such series of Bonds, plus the amount deemed by the Finance Director as  
1398 reasonably required to effect such refunding as described in RCW 39.53.050;

1399             2. the final maturity date for the series of the Bonds to be issued is not later

1400 than the end of the fiscal year that includes the final maturity date for the series of the  
1401 Refunded Bonds to be refunded with such series of Bonds;

1402           3. the series of the Bonds to be issued are sold (in the aggregate) at a price not  
1403 less than 95 percent;

1404           4. methodology for determining variable rates for series of Bonds to be issued  
1405 in the daily mode, weekly mode, commercial paper mode, term mode, index floating mode,  
1406 fixed mode or other mode shall be set forth in the Sale Document; and

1407           5. the Bonds conform to all other terms of this ordinance.

1408           Subject to the terms and conditions set forth in this section, the Finance Director is  
1409 hereby authorized to execute each Sale Document to be dated the date of sale of the  
1410 applicable series of Bonds. The signature of the Finance Director shall be sufficient to bind  
1411 the county.

1412           The Finance Director shall provide an annual report to the Executive Finance  
1413 Committee and County Council, describing all changes in the variable rate bond portfolio  
1414 under the authority of the Finance Director, and including the rationale supporting the  
1415 change; any anticipated savings associated with the change; and any transaction costs,  
1416 including financial advisor fees, legal fees and any other charges, associated with the change.  
1417 The report required by this section must be transmitted by March 31 of each year. The  
1418 requirement for an annual report provided by this section expires three years after the  
1419 effective date of this ordinance. The annual report shall be filed in the form of a paper  
1420 original and an electronic copy with the clerk of the council, who shall retain the original and  
1421 provide an electronic copy to all councilmembers. The authority granted to the Finance  
1422 Director by this subsection E. shall expire six years after the effective date of this ordinance.

1423 If a Sale Document for a series of the Bonds has not been executed within six years after the  
1424 effective date of this ordinance, the authorization for the issuance of the Bonds shall be  
1425 rescinded and the Bonds shall not be issued nor their sale approved unless such Bonds shall  
1426 have been reauthorized by ordinance of the council. The ordinance reauthorizing the  
1427 issuance and sale of such Bonds may be in the form of a new ordinance repealing this  
1428 ordinance in whole or in part or may be in the form of an amendatory ordinance approving a  
1429 bond purchase contract or certificate of award or establishing terms and conditions for the  
1430 authority delegated under this section.

1431 F. **Multi-Modal Bonds; Remarketing.** The Finance Director is authorized  
1432 to determine that any series of the Bonds will be issued with interest to be borne in a  
1433 daily mode, weekly mode, commercial paper mode, term mode, index floating mode,  
1434 fixed mode or other mode, subject to minimum rate(s), maximum rate(s), alternate rate(s)  
1435 and default rate(s), conversion between modes, optional and mandatory tender for  
1436 purchase on dates and at prices and additional provisions relating to defaults and  
1437 remedies, all as set forth in the Mode Agreement. In connection with the remarketing of  
1438 or any mode conversion of the Bonds, the Finance Director is authorized, in his or her  
1439 discretion, without further action by the council, as necessary and desirable to effect such  
1440 remarketing or conversion (i) to issue requests for proposals for purchasers, remarketing  
1441 agents, tender agents, paying agents, calculation agents, Credit Providers and Liquidity  
1442 Providers and to execute and deliver agreements based on responses received to such  
1443 requests, including the Mode Agreement, any amendments to the Mode Agreement, any  
1444 continuing covenant or purchase agreements, remarketing agent agreements, tender agent  
1445 agreements, paying agent agreements, calculation agent agreements, Credit Enhancement

1446 and amendments to, extensions, replacements and terminations thereof, Liquidity  
1447 Facilities and amendments to, extensions, replacements and terminations thereof,  
1448 reimbursement agreements and other agreements evidencing the county's obligations  
1449 under any such agreements and any certifications or documentation in connection  
1450 therewith, (ii) to replace the Registrar or Securities Depository, (iii) to cause the interest  
1451 rate mode of any series of the Bonds to be converted in accordance with the Mode  
1452 Agreement, or amendments to the Mode Agreement, and (iv) to establish such funds and  
1453 accounts as are necessary and desirable in connection with such remarketing in or  
1454 conversion to such interest rate mode.

1455 **SECTION 27. Delivery of Bonds.** Following the sale of each series of the  
1456 Bonds, the county will cause definitive Bonds to be prepared, executed and delivered in  
1457 accordance with the provisions of this ordinance, with the approving legal opinion of  
1458 municipal bond counsel regarding the Bonds.

1459 **SECTION 28. Preliminary Official Statement; Official Statement.** The county  
1460 authorizes and directs the Finance Director: (i) to review and approve the information  
1461 contained in one or more preliminary official statements or reoffering memoranda (each,  
1462 a "Preliminary Official Statement") prepared in connection with any sale or subsequent  
1463 remarketing of any series of the Bonds; and (ii) for the sole purpose of the Bond  
1464 purchasers' compliance with paragraph (b)(1) of Rule 15c2-12, to deem final that  
1465 Preliminary Official Statement as of its date, except for the omission of information  
1466 permitted to be omitted by Rule 15c2-12. After each Preliminary Official Statement has  
1467 been reviewed and approved in accordance with the provisions of this section, the county  
1468 hereby authorizes distribution of such Preliminary Official Statement to prospective

1469 purchasers of such series of Bonds.

1470           Following the sale or remarketing of each series of the Bonds in accordance with  
1471 Section 26 of this ordinance, the Finance Director is hereby authorized to review and  
1472 approve on behalf of the county each final official statement or reoffering memoranda  
1473 with respect to such series of Bonds. The county shall cooperate with the purchaser of  
1474 each series of Bonds to deliver or cause to be delivered, within seven business days (or  
1475 within such other period as may be required by applicable law) and in sufficient time to  
1476 accompany any confirmation that requests payment from any customer of the purchaser,  
1477 copies of the final official statement pertaining to such Bonds in sufficient quantity to  
1478 comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the MSRB.

1479           SECTION 29. Undertaking to Provide Ongoing Disclosure. The Finance  
1480 Director is authorized to enter into an Undertaking for each series of the Bonds.

1481           SECTION 30. General Authorization. The appropriate county officials, agents  
1482 and representatives are hereby authorized and directed to do everything necessary for the  
1483 prompt sale, issuance, execution and delivery, and remarketing of the Bonds, and for the  
1484 proper use and application of the proceeds of the sale and remarketing thereof.

1485           SECTION 31. Investment of Funds and Accounts. Money in the Revenue  
1486 Fund, Junior Lien Bond Fund and Multi-Modal LTGO/Sewer Revenue Bond Fund may  
1487 be invested in any investments permitted for funds of the county. Obligations purchased  
1488 as an investment of money in the Revenue Fund, Junior Lien Bond Fund and Multi-  
1489 Modal LTGO/Sewer Revenue Bond Fund and accounts therein will be deemed at all  
1490 times to be a part of such respective fund or account, and the income or interest earned,  
1491 profits realized or losses suffered by a fund or account due to the investment thereof will

1492 be retained in, credited or charged, as the case may be, to such fund or account.

1493 In computing the amount in any fund or account under the provisions of this  
1494 ordinance, obligations purchased as an investment of money therein will be valued at the  
1495 cost or market price thereof, whichever is lower, inclusive of accrued interest.

1496 **SECTION 32. Refunding or Defeasance of Bonds.** The county may issue  
1497 refunding obligations pursuant to State law or use money available from any other lawful  
1498 source to carry out a refunding or defeasance plan, which may include: (i) paying when  
1499 due the principal of and interest on any or all of the Bonds (the "defeased Bonds"); (ii)  
1500 redeeming the defeased Bonds prior to their maturity; and (iii) paying the costs of the  
1501 refunding or defeasance. If the county sets aside in a special trust fund or escrow account  
1502 irrevocably pledged to that redemption or defeasance (the "trust account") money and/or  
1503 Government Obligations maturing at a time or times and bearing interest in amounts  
1504 sufficient to redeem, refund or defease the defeased Bonds in accordance with their  
1505 terms, then all right and interest of the Owners of the defeased Bonds in the covenants of  
1506 this ordinance and in the funds and accounts obligated to the payment of the defeased  
1507 Bonds shall cease and become void. Thereafter, the Registered Owners of defeased  
1508 Bonds shall have the right to receive payment of the principal of and premium, if any,  
1509 and interest on the defeased Bonds solely from the trust account and the defeased Bonds  
1510 shall be deemed no longer outstanding. In that event, the county may apply money  
1511 remaining in any fund or account (other than the trust account) established for the  
1512 payment or redemption of the defeased Bonds to any lawful purpose.

1513 Unless otherwise specified by the county in a refunding or defeasance plan, notice  
1514 of refunding or defeasance shall be given, and selection of Bonds for any partial

1515 refunding or defeasance shall be conducted, in the manner prescribed in this ordinance  
1516 for the redemption of Bonds.

1517 SECTION 33. Supplemental Ordinances.

1518 A. **Without Owner Consent.** The council from time to time and at any time  
1519 may adopt an ordinance or ordinances supplemental to this ordinance, without the  
1520 consent of Registered Owners of any of the Bonds, for any one or more of the following  
1521 purposes:

1522 1. To add to the covenants and agreements of the county in this  
1523 ordinance such other covenants and agreements thereafter to be observed that will not  
1524 adversely affect the interests of the Registered Owners of any Bonds, or to surrender any  
1525 right or power herein reserved to or conferred upon the county;

1526 2. To make such provisions for the purpose of curing any ambiguities  
1527 or of curing, correcting or supplementing any defective provision contained in this  
1528 ordinance in regard to matters or questions arising under this ordinance as the council  
1529 may deem necessary or desirable and not inconsistent with this ordinance and that will  
1530 not adversely affect the interest of the Registered Owners of any Bonds;

1531 3. To modify, alter, amend, supplement or restate this ordinance in  
1532 any and all respects necessary, desirable or appropriate in connection with the delivery of  
1533 Credit Enhancement or a Liquidity Facility (other than modifying notice provisions to  
1534 Registered Owners of the Bonds);

1535 4. To modify, alter, amend, supplement or restate this ordinance in  
1536 any and all respects necessary, desirable or appropriate to satisfy the requirements of any  
1537 rating agency to obtain or maintain a rating on the Bonds as the county deems necessary,

1538 provided that such action does not impair the security hereof or materially adversely  
1539 affect the interests of the Registered Owners of the Bonds; or

1540           5.       For any purpose, on any date all Bonds are subject to mandatory or  
1541 optional tender for purchase, in each case after written notice of such amendment has  
1542 been given by first class mail to each Registered Owner of the Bonds not less than 30  
1543 days prior to such purchase date.

1544           **B.     With Owner Consent.**

1545           1.       With the consent of the Registered Owners of not less than a  
1546 majority in aggregate principal amount of the Bonds then outstanding, the council may  
1547 adopt an ordinance or ordinances supplemental hereto for the purpose of adding any  
1548 provisions to or changing in any manner or eliminating any of the provisions of this  
1549 ordinance, except as described in subsection B.2. or B.4. of this section.

1550           2.       No supplemental ordinance entered into pursuant to this subsection  
1551 B. may:

1552           a.       Extend the fixed maturity of any Bonds, or reduce the rate  
1553 of interest thereon, or extend the time of payments of interest from their due date, or  
1554 reduce the amount of the principal thereof, or reduce any premium payable on the  
1555 redemption thereof, or amend provisions governing the mandatory or optional tender for  
1556 purchase or redemption of Bonds, without the consent of the Registered Owner of each  
1557 Bond so affected; or

1558           b.       Reduce the aforesaid percentage of Registered Owners of  
1559 Bonds required to approve any such supplemental ordinance, without the consent of the  
1560 Registered Owners of all Bonds then outstanding.

1561                   3.       It is not necessary for the consent of the Registered Owners of  
1562 Bonds under this subsection B. to approve the particular form of any proposed  
1563 supplemental ordinance, but it is sufficient if such consent approves the substance  
1564 thereof.

1565                   4.       Notwithstanding any provision of this subsection B. to the  
1566 contrary, the Credit Provider, if any, will be entitled to consent, on behalf of the  
1567 Registered Owners of any Bonds secured by Credit Enhancement provided by such  
1568 Credit Provider, for so long as the Credit Provider is not in default of its obligations  
1569 under the Credit Enhancement, to the adoption by the council of any ordinance or  
1570 ordinances supplemental hereto for the purpose of adding any provisions to or changing  
1571 in any manner or eliminating any of the provisions of this ordinance.

1572                   C.       **Consent of Credit Provider and Liquidity Provider.** Any amendment  
1573 or supplement to this ordinance requires the prior written consent of any Credit Provider  
1574 and Liquidity Provider if the rights of such Credit Provider or Liquidity Provider, as the  
1575 case may be, will be adversely affected thereby, for so long as the Credit Provider or  
1576 Liquidity Provider, as applicable, is not in default of its obligations.

1577                   SECTION 34. Ordinance a Contract; Severability. The covenants contained in  
1578 this ordinance constitute a contract between the county and (i) the Registered Owner of  
1579 each Bond, (ii) the Qualified Counterparty to any Payment Agreement entered into with  
1580 respect to any Bonds and (iii) any Credit Provider or Liquidity Provider with respect to  
1581 any Bonds. If any court of competent jurisdiction determines that any covenant or  
1582 agreement provided in this ordinance to be performed on the part of the county is  
1583 contrary to law, then such covenant or agreement shall be null and void and shall be

1584 deemed separable from the remaining covenants and agreements of this ordinance and  
1585 shall in no way affect the validity of the other provisions of this ordinance or of the  
1586 Bonds.

1587            **SECTION 35. Effective Date.** This ordinance shall be effective 10 days after its  
1588 enactment, in accordance with Article II of the county charter.

1589

Ordinance 18898 was introduced on 2/6/2019 and passed as amended by the Metropolitan King County Council on 5/22/2019, by the following vote:

Yes: 8 - Mr. Gossett, Ms. Lambert, Mr. Dunn, Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles and Ms. Balducci  
Excused: 1 - Mr. von Reichbauer



KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

Rod Dembowski, Chair

ATTEST:

Melani Pedroza, Clerk of the Council

RECEIVED  
2019 MAY 31 PM 3:45  
CLERK  
KING COUNTY COUNCIL

APPROVED this 30 day of MAY, 2019

Dow Constantine, County Executive

**Attachments:** A. Outstanding Obligations, B. Form of Junior Lien Obligations, C. Form of Multi-Modal LTGO-Sewer Revenue Bonds

**Attachment A: Outstanding Obligations**

## I. Outstanding Parity Bonds

<b>Designation</b>	<b>Ordinance</b>	<b>Date of Issue</b>	<b>Original Principal</b>
2010 Bonds	16868	7/29/2010	\$334,365,000
2011 Bonds	16868	1/25/2011	175,000,000
2011B Bonds	17111	10/5/2011	494,270,000
2011C Bonds	17111	11/1/2011	32,445,000
2012 Bonds	17111	4/18/2012	104,445,000
2012B Bonds	17111	8/2/2012	64,260,000
2012C Bonds	17111	9/19/2012	65,415,000
2013A Bonds	17111	4/9/2013	122,895,000
2013B Bonds	17599	10/29/2013	74,930,000
2014A Bonds	17599	7/8/2014	75,000,000
2014B Bonds	17599	8/12/2014	192,460,000
2015A Bonds	17599	2/18/2015	474,025,000
2015B Bonds	18111	11/17/2015	93,345,000
2016A Bonds	18116	2/17/2016	281,535,000
2016B Bonds	18111 and 18116	10/12/2016	499,655,000
2017 Bonds	18587	12/19/2017	149,485,000
2018 WIFIA Bond	18588	4/19/2018	134,500,000
2018B Bonds	18588	11/15/2018	124,455,000

## II. Outstanding Parity Lien Obligations

<b>Designation</b>	<b>Ordinance</b>	<b>Date of Issue</b>	<b>Original Principal</b>
2008 Bonds	15779	2/12/2008	\$236,950,000
2012 Bonds	17111	4/18/2012	68,395,000
2012B Bonds	17111	8/2/2012	41,725,000
2012C Bonds	17111	9/19/2012	53,405,000
2015A Bonds	17599	2/18/2015	247,825,000
2017 Bonds	18116	10/25/2017	154,560,000

## III. Outstanding Junior Lien Obligations

<b>Designation</b>	<b>Ordinance</b>	<b>Date of Issue</b>	<b>Original Principal</b>
2001A and B Bonds	14171 and 14172	8/15/2001	\$100,000,000
2011 Bonds	17202	10/26/2011	100,000,000
2012 Bonds	17495	12/27/2012	100,000,000
2015A and B Bonds	18141, amended by Ordinance No. 18380	11/24/2015	100,000,000
2017 Bonds	18589	12/19/2017	50,000,000

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IV. Outstanding Multi-Modal LTGO/Sewer Revenue Bonds

<u>Designation</u>	<u>Ordinance</u>	<u>Date of Issue</u>	<u>Original Principal</u>
2017A and B Bonds	18581	10/26/2017	\$100,000,000

**Attachment B: Form of Junior Lien Obligations**

[Book-entry only caption; insurance caption]

No. R-\_\_\_

\$(Principal Amount)

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

JUNIOR LIEN SEWER REVENUE REFUNDING BOND, SERIES \_\_\_

Registered Owner:

Principal Amount:

KING COUNTY, WASHINGTON (the "County"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on \_\_\_\_\_ (the "Maturity Date"), the Principal Amount specified above and to pay interest thereon from the date of this bond, or the most recent date to which interest has been paid or duly provided for, until payment of this bond, at the Interest Rate specified in the Bond Legislation, payable on each Interest Payment Date.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest on this bond is payable by electronic transfer on the Interest Payment Date, or by check or draft of the Registrar mailed on the Interest Payment Date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The County is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Principal of and premium, if any, on this bond are payable upon presentation and surrender of the Bond by the Registered Owner to the Registrar at maturity or upon prior redemption in full.

This bond is one of an authorized issue of bonds of like series, date and tenor, in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds"), and is issued to provide funds necessary to pay costs of refunding certain outstanding obligations of the County payable from Revenue of the System.

The Bonds are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington (the "State"), the County Charter and applicable ordinances duly adopted by the County, including Ordinance \_\_\_ of the County Council (together, the "Bond Legislation"). Capitalized terms used in this bond and not defined herein have the meanings given such terms in the Bond Legislation.

The Bonds are subject to redemption as provided in the Bond Legislation.

The Bonds are special limited obligations of the County, payable solely from the special fund of the County known as the King County, Washington, Junior Lien Obligation Redemption Fund (the "Junior Lien Bond Fund"), and are not obligations of the State or any political subdivision thereof other than the County, and

Ordinance 18898

neither the full faith and credit nor the taxing power of the County or the State or any political subdivision thereof is pledged to the payment of this bond or the Bonds.

The County hereby covenants and agrees with the Registered Owner of this bond that it will keep and perform all the covenants of this bond and of the Bond Legislation to be kept and performed by it. The County has obligated and bound itself to set aside and pay into the Junior Lien Bond Fund out of Revenue of the System amounts sufficient to pay when due the principal of and interest on the Bonds.

The pledge of Revenue of the System constitutes a lien and charge on Revenue of the System subject to Operating and Maintenance Expenses and junior, subordinate and inferior to the lien and charge on Revenue of the System securing the Parity Bonds and the Parity Lien Obligations, equal to the lien and charge securing any other Junior Lien Obligations, and superior to any other charges whatsoever. The County has reserved the right to issue additional Junior Lien Obligations on the terms and conditions set forth in the Bond Legislation.

The County has pledged that it will cause the System to be maintained in good condition and repair and to be operated in an efficient manner and at a reasonable cost. The County has further pledged that it will at all times establish, maintain and collect adequate rates and charges for sewage disposal service as provided in the Bond Legislation. Reference to the Bond Legislation is made for a description of the nature and extent of the security for the Bonds, the funds or revenues pledged, and the terms and conditions upon which the Bonds are issued.

The pledge of revenues and other obligations of the County under the Bond Legislation may be discharged prior to the maturity of the Bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Legislation.

This bond will not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Legislation until the Certificate of Authentication hereon has been manually signed by the Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State and the Charter and ordinances of the County to exist and to have happened, been done and performed precedent to and in the issuance of this bond do exist and have happened, been done and performed and that the issuance of this bond and the Bonds does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the County may incur.

IN WITNESS WHEREOF, the County has caused this bond to be executed by the manual or facsimile signature of the County Executive, to be attested by the manual or facsimile signature of the Clerk of the County Council, and the seal of the County to be impressed or imprinted hereon, all as of \_\_\_\_\_.

KING COUNTY, WASHINGTON

By: King County Executive

ATTEST:

Clerk of the County Council

Date of Authentication: \_\_\_\_\_.

CERTIFICATE OF AUTHENTICATION

This is one of the fully registered Junior Lien Sewer Revenue Refunding Bonds, Series \_\_\_\_\_, of King County, Washington, dated \_\_\_\_\_, described in the within-mentioned Bond Legislation.

WASHINGTON STATE FISCAL AGENT  
as Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

(PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE)

(Please print or typewrite name and address, including zip code of Transferee)

the within-mentioned bond and hereby irrevocably constitutes and appoints \_\_\_\_\_ or its successor, as Registrar, to transfer this bond on the Bond Register with full power of substitution in the premises.

DATED: \_\_\_\_.

NOTE: The signature on this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within-mentioned bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

NOTICE: Signatures must be guaranteed pursuant to law.

**Attachment C: Form of Multi-Modal LTGO/Sewer Revenue Bonds**

[Book-entry system caption; Insurance caption]

No. R-\_\_\_\_

[\$[Principal Amount]

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

MULTI-MODAL LIMITED TAX GENERAL OBLIGATION  
REFUNDING BOND (PAYABLE FROM SEWER REVENUES), SERIES \_\_\_\_\_

Maturity Date:

Registered Owner:

Principal Amount:

KING COUNTY, WASHINGTON (the "County"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on \_\_\_\_\_ (the "Maturity Date"), the Principal Amount specified above and to pay interest thereon from the date of this bond, or the most recent date to which interest has been paid or duly provided for, until payment of this bond, at the Interest Rate specified in the Bond Legislation, payable on each Interest Payment Date.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest on this bond is payable by electronic transfer on the Interest Payment Date, or by check or draft of the Registrar mailed on the Interest Payment Date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The County is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Principal of and premium, if any, on this bond are payable upon presentation and surrender of this bond by the Registered Owner to the Registrar at maturity or upon prior redemption in full.

This bond is one of an authorized issue of bonds of like series, date and tenor, in the aggregate principal amount of \$ \_\_\_\_\_ (the "Bonds"), and is issued to provide funds necessary to pay costs of refunding certain outstanding obligations of the County payable from Revenue of the System.

The Bonds are issued under and in accordance with the provisions of the Constitution and applicable statutes the State of Washington (the "State"), the County Charter and applicable ordinances duly adopted by the County, including Ordinance \_\_\_\_\_ of the County Council (the "Bond Legislation"). Capitalized terms used in this bond and not defined herein have the meanings given such terms in the Bond Legislation.

The Bonds are subject to redemption as provided in the Bond Legislation.

Ordinance 18898

The Bonds are general obligations of the County. The County has irrevocably covenanted and agreed 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 property within the County subject to taxation in an amount that will be sufficient, together with all other revenues and money of the County legally available for such purposes, to pay the principal of and interest on the Bonds as the same become due. The County has pledged that the annual tax authorized to be levied for the payment of such principal and interest shall be within and a part of the tax levy permitted to counties without a vote of the people. The full faith, credit and resources of the County have been irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of the principal of and interest on the Bonds as the same become due.

The County has further obligated and bound itself to set aside and pay into the Multi-Modal LTGO/Sewer Revenue Bond Fund out of Revenue of the System amounts sufficient to pay when due the principal of and interest on the Bonds. The pledge of Revenue of the System constitutes a lien and charge on Revenue of the System subject to Operating and Maintenance Expenses and junior, subordinate and inferior to the lien and charge on Revenue of the System securing the Parity Bonds, the Parity Lien Obligations and the Junior Lien Obligations, equal to the lien and charge securing any outstanding Multi-Modal LTGO/Sewer Revenue Bonds and any additional Multi-Modal LTGO/Sewer Revenue Bonds hereafter issued, and superior to any other charges whatsoever. The County has reserved the right to issue additional Multi-Modal LTGO/Sewer Revenue Bonds on the terms and conditions set forth in the Bond Legislation.

The County has pledged that it will cause the System to be maintained in good condition and repair and to be operated in an efficient manner and at a reasonable cost. The County has further pledged that it will at all times establish, maintain and collect adequate rates and charges for sewage disposal service as provided in the Bond Legislation. Reference to the Bond Legislation is made for a description of the nature and extent of the security for the Bonds, the funds or revenues pledged, and the terms and conditions upon which the Bonds are issued.

The pledge of tax levies and revenues and other obligations of the County under the Bond Legislation may be discharged prior to maturity of the Bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Legislation.

This bond will not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Legislation until the Certificate of Authentication hereon has been manually signed by the Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State and the Charter and ordinances of the County to exist and to have happened, been done and performed precedent to and in the issuance of this bond do exist and have happened, been done and performed and that the issuance of this bond and the Bonds does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the County may incur.

IN WITNESS WHEREOF, the County has caused this bond to be executed by the manual or facsimile signature of the County Executive, to be attested by the manual or facsimile signature of the Clerk of the County Council, and the seal of the County to be impressed or imprinted hereon, all as of \_\_\_\_\_.

KING COUNTY, WASHINGTON

King County Executive

ATTEST:

Clerk of the County Council

Date of Authentication: \_\_\_\_\_.

CERTIFICATE OF AUTHENTICATION

This is one of the fully registered Multi-Modal Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), Series \_\_\_\_\_, of King County, Washington, dated \_\_\_\_\_, described in the within-mentioned Bond Legislation.

WASHINGTON STATE FISCAL AGENT  
as Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

(PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION  
NUMBER OF TRANSFEREE)

(Please print or typewrite name and address, including zip code of Transferee)

the within-mentioned bond and hereby irrevocably constitutes and appoints \_\_\_\_\_ or  
its successor, as Registrar, to transfer this bond on the Bond Register with full power of substitution in  
the premises.

DATED: \_\_\_\_\_.

NOTE: The signature on this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within-mentioned bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

NOTICE: Signatures must be guaranteed pursuant to law.