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_____, 1995

INTRODUCED BY: PETE VON REICHBAUER

PROPOSED NO. 95-253

ORDINANCE NO. _____

AN ORDINANCE providing for the public sale and issuance of limited tax levy general obligation bonds (payable from sewer revenues) of the county in the aggregate principal amount of \$90,000,000 for the purpose of financing the construction of portions of the sewer system of the county in conformance with the fourth stage of the comprehensive plan; providing for the date, form, terms, maturities, covenants and redemption provisions of said bonds; providing for the public sale of the bonds and the disposition of the proceeds of sale; establishing funds for the receipt and expenditure of bond proceeds and for the payment of the bonds; providing for the annual levy of taxes to pay the principal thereof and interest thereon; and pledging sewer revenues as additional security for the bonds.

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Attachments: Exhibit A - DTC Blanket Issuer Letter of Representations

1 _____, 1995

INTRODUCED BY: PETE VON REICHBAUER

2 PROPOSED NO. 95-253

3
4 ORDINANCE NO. **11763**

5 AN ORDINANCE providing for the public sale and issuance of
6 limited tax levy general obligation bonds (payable from sewer
7 revenues) of the county in the aggregate principal amount of
8 \$90,000,000 for the purpose of financing the construction of
9 portions of the sewer system of the county in conformance
10 with the fourth stage of the comprehensive plan; providing for
11 the date, form, terms, maturities, covenants and redemption
12 provisions of said bonds; providing for the public sale of the
13 bonds and the disposition of the proceeds of sale; establishing
14 funds for the receipt and expenditure of bond proceeds and
15 for the payment of the bonds; providing for the annual levy of
16 taxes to pay the principal thereof and interest thereon; and
17 pledging sewer revenues as additional security for the bonds.

18 PREAMBLE:

19 In order to acquire, construct, install, develop and operate the facilities required
20 to carry out a comprehensive water pollution abatement plan for the Seattle
21 metropolitan area, the Municipality of Metropolitan Seattle, King County,
22 Washington ("Metro") issued sewer revenue bonds from time to time as funds
23 were required. The issuance of Series A through Series Z of such bonds was
24 provided for by resolutions adopted by the metropolitan council pursuant to the
25 authority of four resolutions authorizing the first through fourth stage
26 developments of the comprehensive plan. Certain series of bonds were issued in
27 whole or in part for the purpose of refunding and defeasing certain outstanding
28 sewer revenue bonds.

29 The following series of sewer revenue bonds ("Parity Bonds") dated on the
30 following dates were issued in the following amounts and are now outstanding in
31 the following amounts:

Series	Date of Issue	Principal Amount	Amount Outstanding
Series A	July 1, 1961	\$20,000,000	\$9,765,000
Series B	April 1, 1962	16,000,000	7,930,000
Series C	January 1, 1963	15,000,000	6,720,000
Series D	October 1, 1963	15,000,000	7,020,000
Series E	April 1, 1964	15,000,000	8,745,000
Series F	October 1, 1964	15,000,000	9,234,000
Series G	April 1, 1965	15,000,000	9,075,000
Series H	October 1, 1965	10,000,000	6,025,000
Series I	October 1, 1966	15,000,000	12,350,000
Series J	January 1, 1969	9,000,000	6,785,000
Series K	January 1, 1971	20,000,000	-0-
Series L	May 1, 1982	35,000,000	-0-

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Series	Date of Issue	Principal Amount	Amount Outstanding
Series M	February 1, 1983	\$44,000,000	\$ -0-
Series N	October 1, 1984	45,000,000	-0-
Series O	September 1, 1985	35,000,000	-0-
Series P	April 1, 1986	150,000,000	12,115,000
Series Q	March 1, 1987	135,000,000	13,635,000
Series R	September 1, 1988	48,000,000	5,515,000
Series S	August 1, 1990	100,000,000	9,845,000
Series T	May 1, 1991	100,000,000	21,500,000
Series U	February 1, 1992	90,000,000	89,565,000
Series V	August 1, 1992	119,580,000	119,580,000
Series W	January 1, 1993	90,000,000	90,000,000
Series X	March 1, 1993	136,305,000	135,030,000
Series Y	April 1, 1993	122,455,000	121,190,000
Series Z	July 1, 1993	127,100,000	124,380,000

Metro issued \$50,000,000 of its sewer revenue bond anticipation notes dated October 1, 1993 and has incurred \$48,800,000 of loans through the Washington State Department of Ecology state revolving fund loan program, all payable from sewer revenues after payment of debt service on the Parity Bonds.

Pursuant to the authority of Chapter 36.56 of the Revised Code of Washington and a special county election held November 3, 1992, the county on January 1, 1994 assumed the rights, powers, functions and obligations of Metro. The county has assumed and agreed to provide for the payment and retirement of outstanding bonds of Metro, including the Parity Bonds, the notes and the loans described above.

By Resolution No. 5471 of the metropolitan council amended in its entirety by Resolution No. 5920, the issuance of sewer revenue bonds of Metro in the aggregate principal amount of \$777,000,000 was authorized to acquire, construct and install the fourth stage development of the comprehensive plan. The bonds authorized to be issued by this ordinance are permitted within this authorization.

By Ordinance No. 11241, the county authorized the issuance of limited tax general obligation bonds of the county (payable from sewer revenues) in the aggregate principal amount of \$170,000,000 (the "1994A Bonds"). Such ordinance provides that the county may issue additional limited tax general obligation bonds (payable from sewer revenues) on a parity with the 1994A Bonds if certain conditions are met.

It is deemed necessary and desirable that the county now sell and issue its limited tax levy general obligation bonds in the aggregate principal amount of \$90,000,000 to carry out portions of the fourth stage development of the comprehensive plan and that such bonds be additionally secured by a pledge of revenues of the sewer system of the county. The county council has found and determined that the parity conditions of Ordinance No. 11241 have been met, and therefore the pledge of revenues of the sewer system of the county additionally to secure such bonds shall be on a parity with the pledge of such revenues additionally to secure the 1994A Bonds.

1 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

5 "Arbitrage and Tax Certification" means the certificate executed by the county finance
6 manager pertaining to the calculation and payment of any Rebate Amount with respect to the
7 Bonds.

8 "Authorized Officer" means the following officers of the department of metropolitan
9 services: the executive director, the director of the finance division, the controller and the
10 director of the technical services division.

11 "Betterment Reserve" or "Betterment Reserve Account" means the Renewal, Extension
12 and Betterment Reserve Account created in the Revenue Fund by Section 8 of Resolution
13 No. 90 of Metro.

14 "Bond Counsel" means an attorney at law or a firm of attorneys, selected by the county,
15 of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on
16 bonds issued by states and their political subdivisions, duly admitted to the practice of law
17 before the highest court of any state of the United States of America.

18 "Bond Fund" means the "Water Quality Limited Tax General Obligation Bond
19 Redemption Fund" established pursuant to Section 8 of Ordinance No. 11241 of the county.

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

22 "Bond Registrar" means the fiscal agency of the State of Washington in either Seattle,
23 Washington, or New York, New York, for the purposes of registering and authenticating the
24 Bonds, maintaining the Bond Register, effecting the transfer of ownership of the Bonds and
25 paying interest on and principal (and any premium pursuant to call on) of the Bonds.

26 "Bonds" means all or a portion of the King County, Washington, Limited Tax General
27 Obligation Bonds (Payable from Sewer Revenues), 1995, issued pursuant to this ordinance.

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

31 "Closing" means the delivery of the Bonds to, and payment of the purchase price
32 therefor by, the initial purchasers of said Bonds.

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

5 "Comprehensive Plan" means the original comprehensive sewage disposal plan set forth
6 in Resolution No. 23 adopted by the Metro Council on April 22, 1959, subsequently
7 redesignated the "Comprehensive Water Pollution Abatement Plan" pursuant to Chapter 36,
8 Laws of 1975, as such original plan has been modified and supplemented by the following
9 resolutions of the Metro Council: Resolution No. 74 adopted February 16, 1961, Resolution
10 No. 152 adopted April 19, 1962, Resolution No. 261 adopted March 7, 1963, Resolution
11 No. 441 adopted August 20, 1964, Resolution No. 477 adopted November 19, 1964,
12 Resolution No. 795 adopted November 3, 1966, Resolution No. 928 adopted June 1, 1967,
13 Resolution No. 1011 adopted November 16, 1967, Resolution No. 1024 adopted December 7,
14 1967, Resolution No. 1052 adopted March 21, 1968, Resolution No. 1257 adopted July 3,
15 1969, Resolution No. 1330 adopted December 18, 1969, Resolution No. 1829 adopted
16 March 1, 1973, Resolution No. 2025 adopted February 21, 1974, Resolution No. 3135 adopted
17 March 15, 1979, Resolution No. 3781 adopted November 5, 1981, Resolution No. 4217
18 adopted December 15, 1983, Resolution No. 4339 adopted April 5, 1984, Resolution No. 4780
19 adopted July 17, 1986, Resolution No. 5332 adopted May 19, 1988, Resolution No. 5449
20 adopted July 21, 1988, Resolution No. 5902 adopted June 21, 1990, Resolution No. 6107
21 adopted March 21, 1991, and Resolution No. 6378 adopted June 4, 1992 as the same may be
22 amended or supplemented hereafter by ordinance of the county.

23 "Construction Fund" means the Second Water Quality Construction Fund established
24 pursuant to Section 13 of Ordinance No. 11241 of the county.

25 "Contingency Reserve" or "Contingency Reserve Account" means the Contingency
26 Reserve Account created in the Revenue Fund by Section 7 of Resolution No. 90 of the Metro
27 Council.

28 "County finance manager" means the manager of the finance division of the county office
29 of financial management or any other county officer who succeeds to the duties now delegated
30 to that office.

31 "Credit Facility" means any letter of credit, standby bond purchase agreement, line of
32 credit, surety bond, insurance policy or other insurance commitment or similar agreement (but

1 not including a Payment Agreement), satisfactory to the county, that is provided by a
2 commercial bank, insurance company or other financial institution with a current long term
3 rating (or whose obligations thereunder are guaranteed by a financial institution with a long term
4 rating) from Moody's Investors Service and Standard & Poor's Ratings Group not lower than
5 the credit rating of any series of Parity Lien Obligations, to provide support for a series of Parity
6 Lien Obligations, (including Variable Rate Parity Lien Obligations), and shall include any
7 substitute therefor in accordance with the provisions of the ordinance providing for the issuance
8 of Parity Lien Obligations supported by a Credit Facility.

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

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

12 "Fourth Stage Project" means the ten-year fourth stage development of the
13 Comprehensive Plan authorized to be acquired, constructed and installed by Resolution
14 No. 5471 of the Metro Council adopted August 18, 1988, as amended in its entirety by
15 Resolution No. 5920 adopted June 21, 1990 as the same may be modified and supplemented
16 hereafter by the county.

17 "Government Obligations" means direct obligations of the United States of America or
18 obligations the principal and interest of which are guaranteed by the United States of America.

19 "Letter of Representations" shall mean that letter substantially in the form of Exhibit A
20 attached hereto and incorporated herein by this reference.

21 "1990 SRF Loan Agreement" means the Washington State Water Pollution Control
22 State Revolving Fund (SRF) Loan Agreement between the State of Washington Department of
23 Ecology and Metro dated December 26, 1990, as amended from time to time.

24 "1990 SRF Loan" means the State Revolving Fund loan to Metro by the State of
25 Washington Department of Ecology pursuant to the 1990 SRF Loan Agreement.

26 "1994A Bonds" means the county's Limited Tax General Obligation Bonds (Payable
27 from Sewer Revenues), 1994 Series A, issued under date of April 1, 1994, in the initial principal
28 amount of \$170,000,000 as authorized by Ordinance Nos. 112411 and 11252 of the county.

29 "Metro Council" means the Metropolitan Council of the Municipality of Metropolitan
30 Seattle established pursuant to Chapter 35.58 RCW and abolished effective January 1, 1994
31 pursuant to Chapter 36.56 RCW.
32

1 "Metro" or "Municipality" means the Municipality of Metropolitan Seattle, formerly a
2 municipal corporation of the State of Washington, organized pursuant to Chapter 35.58 RCW
3 and consolidated with the county effective January 1, 1994 pursuant to Chapter 36.56 RCW.

4 "Notes" means the Municipality of Metropolitan Seattle Sewer Revenue Bond
5 Anticipation Notes, Series 1993.

6 "Operating and Maintenance Expenses" means all normal expenses incurred by the
7 county in causing the System to be maintained in good repair, working order and condition and
8 shall include payments to any private or governmental agency for the operation or maintenance
9 of facilities or for the disposal of sewage but shall exclude any allowance for depreciation.

10 "Operating Reserve" or "Operating Reserve Account" means the Operating Reserve
11 Account created in the Revenue Fund by Section 6 of Resolution No. 90 of the Metro Council.

12 "Parity Bond Fund" means the "Municipality of Metropolitan Seattle Sewer Revenue
13 Bond Fund" created by Section 10 of Resolution No. 90 of the Metro Council and redesignated
14 and continued by the county as the Water Quality Revenue Bond Fund."

15 "Parity Bond Ordinances" means the resolutions of the Metro Council providing for the
16 issuance of the Series A through Series Z Bonds and any ordinances of the county hereafter
17 authorizing the issuance of additional Parity Bonds.

18 "Parity Bond Reserve" or "Parity Bond Reserve Account" means the bond reserve
19 account in the Parity Bond Fund.

20 "Parity Bonds" means any and all sewer revenue bonds of the county, the payment of
21 which constitutes a lien and charge upon the Revenue of the System equal in rank with the lien
22 and charge upon such revenue for the payments required to pay or to secure the payment of the
23 Series A Bonds. The term "Parity Bonds" thus includes the Series A Bonds, the Series B
24 Bonds, the Series C Bonds, the Series D Bonds, the Series E Bonds, the Series F Bonds, the
25 Series G Bonds, the Series H Bonds, the Series I Bonds, the Series J Bonds, the Series N
26 Bonds, the Series O Bonds, the Series P Bonds, the Series Q Bonds, the Series R Bonds, the
27 Series S Bonds, the Series T Bonds, the Series U Bonds, the Series V Bonds, the Series W
28 Bonds, the Series X Bonds, the Series Y Bonds, the Series Z Bonds, and any other sewer
29 revenue bonds hereafter issued on a parity therewith; provided, however, that the term "Parity
30 Bonds" shall not include any Refunded Bonds.

31 "Parity Lien Obligations" means the 1994A Bonds, the Bonds and all bonds, notes or
32 other evidences of indebtedness payable in whole or in part from Revenue of the System and

1 secured by a lien on such Revenue on a parity of lien with the lien of the Bonds. "Parity Lien
2 Obligations" includes any Parity Payment Agreements and parity reimbursement agreements
3 entered into with the provider of a Credit Facility.

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

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

10 "Payment Agreement" means, to the extent permitted from time to time by applicable
11 law, a written agreement entered into by the county (i) in connection with or incidental to the
12 issuance, incurring or carrying of the Bonds or other obligations of the county secured in whole
13 or in part by a lien on Revenue of the System; (ii) for the purpose of managing or reducing the
14 county's exposure to fluctuations or levels of interest rates, currencies or commodities or for
15 other interest rate, investment, asset or liability management purposes; (iii) with an entity that at
16 the time the agreement is entered into is a Qualified Counterparty; and (iv) which provides, on
17 either a current or forward basis, for an exchange of payments determined in accordance with a
18 formula specified therein.

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

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

25 "Qualified Counterparty" means with respect to a Payment Agreement an entity
26 (i) whose senior long term debt obligations, other senior unsecured long term obligations or
27 claims paying ability or whose payment obligations under a Payment Agreement are guaranteed
28 by an entity whose senior long term debt obligations, other senior unsecured long term
29 obligations or claims paying ability are rated (at the time the Payment Agreement is entered into)
30 at least as high as A3 by Moody's Investors Service and A- by Standard & Poor's Rating Group,
31 or the equivalent thereof by any successor thereto and (ii) who is otherwise qualified to act as
32 the other party to a Payment Agreement under any applicable laws of the State.

1 "RCW" means the Revised Code of Washington.

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

5 "Refunded Bonds" means the \$33,465,000 principal amount of Series L Bonds maturing
6 on and after January 1, 1993, the \$42,160,000 principal amount of Series M Bonds maturing on
7 and after January 1, 1994, the \$41,745,000 principal amount of Series N Bonds maturing on and
8 after January 1, 1996, the \$34,750,000 principal amount of Series O Bonds maturing on and
9 after January 1, 1996, the \$130,740,000 of Series P Bonds maturing on and after January 1,
10 2001, the \$117,845,000 of Series Q Bonds maturing on and after January 1, 2003, the
11 \$33,980,000 principal amount of Series R Bonds maturing on and after January 1, 2001, the
12 \$88,215,000 principal amount of Series S Bonds maturing on and after January 1, 2006 and the
13 \$77,400,000 of Series T Bonds maturing on and after January 1, 2014.

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

16 "Revenue Fund" means the special fund of Metro created by Resolution No. 7 of the
17 Metro Council adopted November 26, 1958, redesignated as the "Municipality of Metropolitan
18 Seattle Sewer Revenue Fund" by Section 5 of Resolution No. 90 of the Metro Council and
19 redesignated and continued by the county as the Water Quality Operating Fund.

20 "Revenue of the System" means all the earnings, revenues and moneys received by the
21 county from or on account of the operations of the Sewer System and the income from the
22 investment of moneys in the Revenue Fund or any account within such fund, but shall not
23 include any moneys collected pursuant to the Service Agreements applicable to administrative
24 costs of the county other than costs of administration of the System.

25 "Service Agreements" means the sewage disposal agreements hereinbefore entered into
26 between Metro (now and hereinafter the "county") and municipal corporations, persons, firms,
27 private corporations, or governmental agencies providing for the disposal by the county of
28 sewage collected from such contracting parties.

29 "SRF Loan" means the 1990 SRF Loan and other loans, if any, made by the Department
30 of Ecology to Metro (now and hereinafter the "county") having a lien and charge against Revenue
31 of the System on a parity with the lien and charge of the 1990 SRF Loan.

32 "State" means the state of Washington.

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

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

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

17 SECTION 2. Compliance With Parity Conditions. In accordance with the provisions of
18 Section 20 of Ordinance No. 11241 of the county, which permit the issuance of additional Parity
19 Lien Obligations upon compliance with the conditions set forth therein (the "Parity Conditions"),
20 the county council hereby finds and determines, as follows:

21 A. The Bonds are issued for lawful purposes of the county related to the System.

22 B. There is not now, and when the Bonds are issued there shall not then be, any
23 deficiency in the Parity Bond Fund, the Bond Fund or any other bond fund or account securing
24 Parity Lien Obligations.

25 C. Not more than 90 days prior to the date of delivery of the Bonds, the county will
26 have on file a certificate from Brown & Caldwell, licensed professional engineers experienced in
27 the design, construction and operation of municipal utilities of scope similar to the System,
28 showing that in their professional opinion the "annual income available for debt service on Parity
29 Bonds and Parity Lien Obligations" for each year during the life of the Bonds, after deducting
30 therefrom amounts required to pay principal and interest due in such year on SRF Loans, shall
31 be at least equal to 1.25 times the amount required in each such year to pay:
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1 (i) The principal of the Bonds and all outstanding Parity Bonds, 1994A
2 Bonds and any other Parity Lien Obligations (other than amortization of principal of Term
3 Bonds).

4 (ii) The interest on the Bonds and all outstanding Parity Bonds, 1994A
5 Bonds and any other Parity Lien Obligations, exclusive of any interest that shall be payable from
6 the proceeds of the Parity Lien Obligations to be issued.

7 (iii) The amounts required to be paid into any fund or account to amortize the
8 principal of any Bonds that are Term Bonds, all outstanding Parity Term Bonds, all outstanding
9 1994A Bonds that are Term Bonds, and any other Parity Lien Obligations that are Term Bonds.

10 In such certificate, amounts required to be paid in respect of Parity Bonds and Parity
11 Lien Obligations are or will be calculated in accordance with the Parity Conditions.

12 The applicable Parity Conditions having been complied with in connection with the
13 issuance of the Bonds, the pledge contained herein of Revenue of the System to pay and secure
14 the payment of the Bonds shall constitute a lien and charge upon such Revenue equal in rank
15 with the lien and charge upon the Revenue of the System to pay and secure the payment of the
16 1994A Bonds.

17 SECTION 3. Authorization of Bonds. In order to provide part of the funds necessary
18 to carry out the Fourth Stage Project, the county shall issue and sell its limited tax general
19 obligation bonds in the aggregate principal amount of \$90,000,000.

20 A. Description of Bonds. The bonds shall be designated as "King County,
21 Washington Limited Tax General Obligation Bonds (Payable from Sewer Revenues), 1995" (the
22 "Bonds"). The Bonds shall be dated May 1, 1995, shall be in the denomination of \$5,000 each
23 or any integral multiple of \$5,000 and shall be registered as to both principal and interest. The
24 Bonds shall be numbered separately in the manner and with any additional designation as the
25 Bond Registrar deems necessary for purposes of identification, and shall mature on January 1 of
26 the following years in the following amounts, provided that the initial purchaser of the Bonds
27 may designate whether the principal amounts of the Bonds set forth below shall be retired on
28 January 1 of each respective year as serial bonds maturing in such year or as amortization
29 installments of Term Bonds maturing in designated years:
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Serial Maturity or Amortization Installment Date	Amount
1996	\$ 200,000
1997	210,000
1998	220,000
1999	235,000
2000	245,000
2001	255,000
2002	270,000
2003	285,000
2004	305,000
2005	315,000
2006	340,000
2007	355,000
2008	375,000
2009	395,000
2010	420,000
2011	450,000
2012	470,000
2013	500,000
2014	1,985,000
2015	2,110,000
2016	785,000
2017	2,285,000
2018	2,430,000
2019	2,580,000
2020	2,740,000
2021	2,915,000
2022	3,095,000
2023	3,290,000
2024	3,495,000
2025	3,710,000
2026	3,945,000
2027	4,195,000
2028	4,455,000
2029	4,740,000
2030	5,035,000
2031	5,355,000
2032	5,690,000
2033	6,050,000
2034	6,435,000
2035	6,835,000

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The designation of serial and Term Bond maturity dates shall be subject to the limitations set forth in the form of the Official Notice of Bond Sale, a copy of which has been presented to the county council and is on file with the clerk of the county council.

The Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date for which interest has been paid or duly provided for, whichever is later, payable on January 1, 1996, and semiannually thereafter on the first days of each succeeding July and January to the maturity or earlier

1 redemption of the Bonds, at the rate or rates bid by the successful bidder at public sale and
2 accepted by motion of the county council.

3 The Bonds shall be negotiable instruments to the extent provided by RCW 62A.8-105.

4 B. Initial Immobilization of Bonds; Depository Provisions. The Bonds initially shall
5 be held in fully immobilized form by DTC acting as depository pursuant to the terms and
6 conditions set forth in the form of a Blanket Issuer Letter of Representations attached as
7 Exhibit A hereto and by this reference incorporated herein. To induce DTC to accept the Bonds
8 as eligible for deposit at DTC, the county finance manager is authorized to execute the Blanket
9 Issuer Letter of Representations, with such changes as hereafter may be approved by him or her,
10 and such approval shall be conclusively presumed by the county finance manager's execution
11 thereof. neither the county nor the Bond Registrar shall have any responsibility or obligation to
12 DTC participants or the persons for whom they act as nominees with respect to the Bonds with
13 respect to the accuracy of any records maintained by DTC or any DTC participant, the payment
14 by DTC or any DTC participant of any amount in respect of principal or redemption price or
15 interest on the Bonds, any notice which is permitted or required to be given to Registered
16 Owners under this ordinance (except such notice as is required to be given by the county to the
17 Bond Registrar or to DTC), the selection by DTC or any DTC participant of any person to
18 receive payment in the event of a partial redemption of the Bonds or any consent given or other
19 action taken by DTC as owner of the Bonds.

20 The Bonds initially shall be issued in denominations equal to the aggregate principal
21 amount of each maturity and initially shall be registered in the name of CEDE & Co., as the
22 nominee of DTC. The Bonds so registered shall be held in fully immobilized form by DTC as
23 depository. For so long as any Bonds are held in fully immobilized form, DTC, its successor or
24 any substitute depository appointed by the county, as applicable, shall be deemed to be the
25 Registered Owner for all purposes hereunder and all references to Registered Owners,
26 bondowners, bondholders, owners or the like shall mean DTC or its nominees and shall not
27 mean the owners of any beneficial interests in the Bonds. Registered ownership of such Bonds,
28 or any portions thereof, may not thereafter be transferred except:

- 29 1. To any successor of DTC or its nominee, if that successor shall be
30 qualified under any applicable laws to provide the services proposed to be provided by it;
31 2. To any substitute depository appointed by the county pursuant to this
32 subsection or such substitute depository's successor; or

1 3. To any person as herein provided if the Bonds are no longer held in
2 immobilized form.

3 Upon the resignation of DTC or its successor (or any substitute depository or its
4 successor) from its functions as depository, or a determination by the county that it is no longer
5 in the best interests of beneficial owners of the Bonds to continue the system of book entry
6 transfers through DTC or its successor (or any substitute depository or its successor), the
7 county may appoint a substitute depository. Any such substitute depository shall be qualified
8 under any applicable laws to provide the services proposed to be provided by it.

9 In the case of any transfer pursuant to clause (1) or (2) of the second paragraph of this
10 subsection, the Bond Registrar, upon receipt of all outstanding Bonds together with a written
11 request on behalf of the county, shall issue a single new Bond for each maturity of Bonds then
12 outstanding, registered in the name of such successor or such substitute depository, or their
13 nominees, as the case may be, all as specified in such written request of the county.

14 In the event that DTC or its successor (or substitute depository or its successor) resigns
15 from its functions as depository, and no substitute depository can be obtained; or the county
16 determines that it is in the best interests of the beneficial owners of the Bonds that they be able
17 to obtain Bond certificates, the ownership of Bonds may be transferred to any person as herein
18 provided, and the Bonds shall no longer be held in fully immobilized form. The county shall
19 deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to
20 issue Bonds as herein provided in any authorized denomination. Upon receipt of all then
21 outstanding Bonds by the Bond Registrar, together with a written request on behalf of the
22 county to the Bond Registrar, new Bonds shall be issued in such denominations and registered in
23 the names of such persons as are requested in such a written request.

24 C. Place, Manner and Medium of Payment. Both principal of and interest on the
25 Bonds shall be payable in lawful money of the United States of America. For so long as
26 outstanding Bonds are registered in the name of CEDE & Co., or its registered assigns, as
27 nominee of DTC, payments of principal of and interest on the Bonds shall be made in same day
28 funds on the date such payment is due and payable at the place and in the manner provided in the
29 Letter of Representations.

30 In the event that Bonds are no longer held in fully immobilized form by DTC or its
31 successor (or substitute depository or its successor), interest on the Bonds shall be paid by
32 checks or drafts mailed, or by wire transfer, to owners of Bonds at the addresses for such

1 owners appearing on the Bond Register on the 15th day of the calendar month preceding the
 2 interest payment date. Wire transfer will be made only if so requested in writing and if the
 3 owner owns at least one million dollars (\$1,000,000) par value of the Bonds. Principal, and
 4 premium, if any, of the Bonds shall be payable at maturity or on such dates as may be fixed for
 5 prior redemption upon presentation and surrender of the Bonds by the owners at either principal
 6 office of the Bond Registrar in Seattle, Washington, or New York, New York, at the option of
 7 such owners.

8 SECTION 4. Right of Prior Redemption. The Bonds maturing on January 1, 1996
 9 through January 1, 2005, shall not be subject to redemption at the option of the county ahead of
 10 their scheduled maturities. The Bonds maturing on and after January 1, 2006 shall be subject to
 11 redemption prior to their scheduled maturity dates at the option of the county on any date on or
 12 after January 1, 2005, in whole or in part at the respective redemption prices (expressed in
 13 percentages of principal amount) set forth below, in each case together with accrued interest, if
 14 any, to the redemption date.

Redemption Periods	Redemption Prices
January 1, 2005 through July 1, 2005	102%
July 2, 2005 through July 1, 2006	101
July 2, 2006 and any date thereafter	100

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 19 If less than all of the Bonds subject to optional redemption are called for redemption, the
 20 county shall choose the maturities to be redeemed. If less than a whole of a maturity is called for
 21 redemption, the Bonds to be redeemed shall be chosen by lot by the Bond Registrar or, so long
 22 as the Bonds are registered in the name of CEDE & CO. or its registered assign, the Bonds to
 23 be redeemed shall be chosen by lot by DTC.

24 Official notice of any such intended redemption shall be given by the Bond Registrar not
 25 less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption by
 26 first class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the
 27 address appearing on the Bond Register.

28 All official notices of redemption shall be dated and shall state: (1) the redemption date,
 29 (2) the redemption price, (3) if less than all outstanding Bonds are to be redeemed, the
 30 identification (and, in the case of partial redemption, the respective principal amounts) of the
 31 Bonds to be redeemed, (4) that on the redemption date the redemption price will become due
 32 and payable upon each such Bond or portion thereof called for redemption, and that interest

1 thereon shall cease to accrue from and after said date, and (5) the place where such Bonds are to
2 be surrendered for payment of the redemption price, which place of payment shall be the
3 principal office of the Bond Registrar.

4 The requirements of this section shall be deemed to be complied with when official
5 notice is mailed as herein provided, regardless of whether or not it is actually received by the
6 owner of any Bond. Interest on any Bonds so called for redemption shall cease on such
7 redemption date unless the same is not paid in full upon presentation made pursuant to such call.

8 In addition to the foregoing notice, further notice shall be given by the Bond Registrar as
9 set out below, but no defect in said further notice nor any failure to give all or any portion of
10 such further notice shall in any manner defeat the effectiveness of a call for redemption if notice
11 thereof is given as above prescribed.

12 1. Each further notice of redemption given hereunder shall contain the
13 information required above for an official notice of redemption plus (i) the CUSIP
14 numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally
15 issued; (iii) the rate of interest borne by each bond being redeemed; (iv) the maturity date
16 of each bond being redeemed; and (v) any other descriptive information needed to
17 identify accurately the Bonds being redeemed.

18 2. Each further notice of redemption shall be sent at least 35 days before the
19 redemption date by registered or certified mail or overnight delivery service to
20 Standard & Poor's Ratings Group and Moody's Investors Service, Inc. in New York,
21 New York, or their business successors, to all registered securities depositories then in
22 the business of holding substantial amounts of obligations of types comprising the Bonds
23 and to one or more national information services that disseminate notices of redemption
24 of obligations such as the Bonds.

25 3. Each such further notice shall be published one time in the Bond Buyer of
26 New York, New York or, if such publication is impractical or unlikely to reach a
27 substantial number of the holders of the Bonds, in some other financial newspaper or
28 journal which regularly carries notices of redemption of other obligations similar to the
29 Bonds, such publication to be made at least 30 days prior to the date fixed for
30 redemption.

31 4. Upon the payment of the redemption price of Bonds being redeemed,
32 each check or other transfer of funds issued for such purpose shall bear the CUSIP
number identifying, by issue and maturity, the Bonds being redeemed with the proceeds
of such check or other transfer.

1 SECTION 5. Form of Bonds. The Bonds shall be in substantially the following form:

2 NO. _____ \$ _____

3 UNITED STATES OF AMERICA

4 STATE OF WASHINGTON

5 KING COUNTY

6 LIMITED TAX GENERAL OBLIGATION BOND
7 (PAYABLE FROM SEWER REVENUES), 1995

8 INTEREST RATE: MATURITY DATE: CUSIP NO.:

9 Registered Owner:

10 Principal Amount:

11 KING COUNTY, WASHINGTON (the "County"), hereby acknowledges itself to owe
12 and for value received promises to pay to the Registered Owner identified above, or registered
13 assigns, on the Maturity Date specified above, the Principal Amount specified above and to pay
14 interest thereon (computed on the basis of a 360-day year of twelve 30-day months) from
15 May 1, 1995, or the most recent date to which interest has been paid or duly provided for until
16 payment of this bond at the Interest Rate set forth above, payable on January 1, 1996, and
semiannually thereafter on the first days of each succeeding January and July.

17 Both principal of and interest on this bond are payable in lawful money of the United
18 States of America. While bonds are held on immobilized "book entry" system of registration,
19 the principal of this bond is payable to the order of the Registered Owner in next day funds
20 received by the Registered Owner on the maturity date of this bond, and the interest on this
21 bond is payable to the order of the Registered Owner in next day funds received by the
22 Registered Owner on each interest payment date. When Bonds are no longer held on an
23 immobilized "book entry" registration system, the principal shall be paid to the Registered
24 Owner or nominee of such owner upon presentation and surrender of this bond at either of the
25 principal offices of the fiscal agency of the State of Washington in either Seattle, Washington or
26 New York, New York (collectively the "Bond Registrar"), and the interest shall be paid by
27 mailing a check or draft (on the date such interest is due) to the Registered Owner or nominee of
28 such owner at the address shown on the registration books maintained by the Bond Registrar
29 (the "Bond Register") as of the 15th day of the month prior to the interest payment date.

30 If so requested in writing by the Registered Owner of at least \$1,000,000 par value of
31 the Bonds, interest will be paid by wire transfer.

32 Reference is hereby made to additional provisions of this bond set forth below hereof and
such additional provisions shall for all purposes have the same effect as if set forth in this space.

This bond shall not be valid or become obligatory for any purpose or be entitled to any
security or benefit under King County Ordinance No. 11763 (the "Bond
Ordinance") until the Certificate of Authentication hereon shall have been manually signed by the
Bond Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and
statutes of the State of Washington and the Charter and ordinances of the County to exist, to

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have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the bonds of this series 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 signatures of the County Executive and to be attested by the Clerk of the County Council, and has caused the seal of the County to be impressed or imprinted hereon, as of this 1st day of May, 1995.

KING COUNTY, WASHINGTON

By _____
King County Executive

ATTEST:

Clerk of the County Council

ADDITIONAL PROVISIONS

This bond is one of an authorized series of bonds of like date and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of \$90,000,000, and is issued to pay a portion of the costs to acquire, construct, and install the development of the Comprehensive Plan for the Sewer System of the County.

The bonds of this series are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington, the County Charter and applicable ordinances duly adopted by the County.

The County has reserved the right to redeem in whole or in part the Bonds maturing on and after January 1, 2006, at the following times and prices expressed as a percentage of the principal amount, in each case together with accrued interest, if any, to the redemption date.

Redemption Periods	Redemption Prices
January 1, 2005 through July 1, 2005	102%
July 2, 2005 through July 1, 2006	101
July 2, 2006 and any date thereafter	100

[The Bonds maturing on January 1, _____, are also subject to redemption prior to maturity through mandatory amortization payments on January 1 of the following years and in the following amounts in each case at a redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.]

Years	Amount

Portions of the principal sum of this bond in installments of \$5,000 or any integral multiple thereof also may be redeemed in accordance with the provisions set forth above, and if

1 less than all of the principal sum hereof is to be redeemed, upon the surrender of this bond at the
2 principal offices of the Bond Registrar there shall be issued to the Registered Owner, without
3 charge therefor, for the then unredeemed balance of the principal sum hereof, at the option of
4 the owner, a bond or bonds of like maturity and interest rate in any of the denominations
5 authorized by the Bond Ordinance.

6 Notice of redemption, unless waived, is given by the Bond Registrar by mailing an
7 official redemption notice by certified or registered mail, postage prepaid, not less than 30 days
8 and not more than 60 days prior to the date fixed for redemption, to the Registered Owner of
9 any bond to be redeemed at the address appearing on the Bond Register. The requirements for
10 such notice shall be deemed to be complied with when notice is mailed as herein provided,
11 regardless of whether or not it is actually received by the owner of any bond.

12 If such notice has been given and if the County has set aside, on the date fixed for
13 redemption, sufficient money for the payment of all bonds called for redemption, the bonds so
14 called shall cease to accrue interest after such redemption date, and all such bonds shall no
15 longer be deemed to be outstanding for any purpose, except that the Registered Owners thereof
16 shall be entitled to receive payment of the redemption price and accrued interest to the
17 redemption date from the money set aside for such purpose.

18 The County has further irrevocably covenanted and agreed with the owner of this bond
19 that it will annually include in its budget and levy taxes, within and as a part of the tax levy
20 permitted to counties without a vote of the electorate, upon all the property subject to taxation,
21 in an amount sufficient, together with all other moneys legally available therefor, to pay the
22 principal of and interest on this bond as the same shall become due. The full faith, credit and
23 resources of the County are hereby irrevocably pledged for the annual levy and collection of
24 such taxes and the prompt payment of such principal and interest.

25 The County has further covenanted and pledged to set aside out of earnings and
26 revenues of its Sewer System and to pay into the Bond Fund for the Bonds amounts sufficient to
27 pay when due the principal of and interest on this bond. The pledge of revenues of the Sewer
28 System constitutes a lien and charge on such revenues subject to prior application for expenses
29 of maintenance and operation of the Sewer System and subordinate to the lien and charge
30 securing payment of the Parity Bonds and to the lien and charge securing the Notes and the SRF
31 Loan, and equal to the lien and charge securing the County's Limited Tax General Obligation
32 Bonds (Payable from Sewer Revenues), 1994 Series A.

33 The County has further pledged that it will cause the Sewer System to be maintained in
34 good condition and repair and to be operated in an efficient manner and at a reasonable cost.
35 The County has further pledged that it will at all times establish, maintain and collect adequate
36 rates and charges for sewage disposal service as provided in the Bond Ordinance. Reference to
37 the Bond Ordinance is made for a description of the nature and extent of the security for the
38 bonds of this issue, the funds or revenues pledged, the terms and conditions upon which such
39 bonds are issued, and the definition of capitalized terms used herein.

40 The pledge of tax levies and of revenues for repayment of principal of and interest on the
41 bonds may be discharged prior to maturity of the bonds by making provisions for the payment
42 thereof on the terms and conditions set forth in the Bond Ordinance.

43 The following abbreviations, when used in the inscription on the face of the within bond,
44 shall be construed as though they were written out in full according to applicable laws or
45 regulations.

1 TEN COM - as tenants in common
2 TEN ENT - as tenants by the entireties
3 JT TEN - as joint tenants with right of survivorship and not as tenants in common

4 UNIF GIFT (TRANSFERS) MIN ACT - _____ Custodian _____
5 (Cust) (Minor)

6 under Uniform Gifts (Transfers) to Minors Act

7 _____
8 (State)

9 Additional abbreviations may also be used though not listed above.

10 The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially
11 the following form:

12 CERTIFICATE OF AUTHENTICATION

13 This bond is one of the bonds described in the within mentioned Bond Ordinance and is
14 one of the Limited Tax General Obligation Bonds (Payable from Sewer Revenues), 1995 of
15 King County, Washington dated May 1, 1995.

16 WASHINGTON STATE FISCAL
17 AGENCY, as Bond Registrar

18 By _____
19 Authorized Officer

20 ASSIGNMENT

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

22 PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF
23 TRANSFEREE

24

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

27 the within bond and does hereby irrevocably constitute and appoint _____
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1 of _____, or its successor, as Bond Registrar to transfer said bond on the
2 books kept for registration thereof with full power of substitution in the premises.

3 DATED: _____, 19__.

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5 NOTE: The signature on this Assignment must
6 correspond with the name of the registered owner
7 as it appears upon the face of the within bond in
8 every particular, without alteration or enlargement
or any change whatever.

9 SIGNATURE GUARANTEED:
10
11 _____

12 SECTION 6. Execution of Bonds. The Bonds shall be executed on behalf of the
13 county with the manual or facsimile signatures of the county executive and the clerk of the
14 county council, and shall have the seal of the county impressed or imprinted thereon.

15 In case either or both of the officers who shall have executed the Bonds shall cease to be
16 an officer or officers of the county before the Bonds so signed shall have been authenticated or
17 delivered by the Bond Registrar, or issued by the county, such Bonds may nevertheless be
18 authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be
19 as binding upon the county as though those who signed the same had continued to be such
20 officers of the county. Any Bond also may be signed and attested on behalf of the county by
21 such persons as at the actual date of execution of such Bond shall be the proper officers of the
22 county although at the original date of such Bond any such person shall not have been such
23 officer of the county.

24 Only such Bonds as shall bear thereon a Certificate of Authentication in the form
25 hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for
26 any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall
27 be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated
28 and delivered hereunder and are entitled to the benefits of this ordinance.

29 SECTION 7. Bond Registrar. The Bond Registrar shall keep, or cause to be kept, at
30 its principal corporate trust office, sufficient books for the registration and transfer of the Bonds
31 which shall at all times be open to inspection by the county. Such Bond Register shall contain
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1 the name and mailing address of the owner of each Bond or nominee of such owner and the
2 principal amount and number of Bonds held by each owner or nominee.

3 The Bond Registrar is authorized, on behalf of the county, to authenticate and deliver the
4 Bonds transferred or exchanged in accordance with the provisions of such Bonds and this
5 ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance.

6 The Bond Registrar shall be responsible for its representations contained in the
7 Certificate of Authentication on the Bonds. The Bond Registrar may become the owner of
8 Bonds with the same rights it would have if it were not the Bond Registrar, and to the extent
9 permitted by law may act as depository for and permit any of its officers or directors to act as a
10 member of, or in any other capacity with respect to, any committee formed to protect the rights
11 of Bond owners.

12 Upon surrender thereof to the Bond Registrar, the Bonds are interchangeable for Bonds
13 in any authorized denomination of an equal aggregate principal amount and of the same interest
14 rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon
15 and surrendered to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the
16 surrendered Bond and shall authenticate and deliver, without charge to the owner or transferee
17 therefor, (other than taxes, if any, payable on account of such transfer) a new Bond (or Bonds,
18 at the option of the new Registered Owner) of the same maturity and interest rate and for the
19 same aggregate principal amount, in any authorized denomination, naming as Registered Owner
20 the person or persons listed as the assignee on the assignment form appearing on the
21 surrendered Bond, in exchange for such surrendered and canceled Bond. The Bond Registrar
22 shall not be obligated to transfer or exchange any Bond during a period beginning at the opening
23 of business on the 15th day of the month next preceding any interest payment or principal
24 payment date and ending at the close of business on such payment date.

25 The county and the Bond Registrar, each in its discretion, may deem and treat the
26 registered owner of each Bond as the absolute owner thereof for all purposes, and neither the
27 county nor the Bond Registrar shall be affected by any notice to the contrary.

28 SECTION 8. Mutilated, Lost, or Destroyed Bonds. If any Bond shall become
29 mutilated, the Bond Registrar shall authenticate and deliver a new Bond of like series, amount,
30 date, interest rate and tenor in exchange and substitution for the Bond so mutilated, upon the
31 owner's paying the expenses and charges of the county and the Bond Registrar in connection
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1 therewith and upon surrender to the Bond Registrar of the Bond so mutilated. Every mutilated
2 Bond so surrendered shall be canceled and destroyed by the Bond Registrar.

3 In case the Bonds or any of them shall be lost, stolen or destroyed, the Bond Registrar
4 may authenticate and deliver a new Bond or Bonds of like amount, date, and tenor to the
5 registered owner thereof upon the owner's paying the expenses and charges of the county and
6 the Bond Registrar in connection therewith and upon his/her filing with the Bond Registrar
7 evidence satisfactory to the Bond Registrar that such Bond or Bonds were actually lost, stolen
8 or destroyed and of his/her ownership thereof, and upon furnishing the county and Bond
9 Registrar with indemnity satisfactory to the county finance manager and the Bond Registrar.

10 SECTION 9. Bond Fund. There has heretofore been created a special fund of the
11 county known as the "Water Quality Limited Tax General Obligation Bond Redemption Fund"
12 (the "Bond Fund"). The Bond Fund is at all times completely segregated and set apart from all
13 other funds and accounts of the county and is a trust fund for the security and payment of the
14 principal of and interest and any premium on the 1994A Bonds, the Bonds and other Parity Lien
15 Obligations that are also limited tax general obligations of the county (as used in this section,
16 "General and Parity Lien Obligations"). All moneys credited to the Bond Fund are pledged and
17 ordered to be used for the sole purpose of paying the principal of and interest and any premium
18 on the 1994A Bonds, the Bonds and other General and Parity Lien Obligations.

19 A. Debt Service Account. A "Debt Service Account" has heretofore been
20 established in the Bond Fund. The county hereby obligates and binds itself to cause to be set
21 aside and paid into said Account out of the Revenue of the System amounts sufficient, together
22 with accrued interest received at the time of delivery of the Bonds or additional General and
23 Parity Lien Obligations and deposited therein, income from the investment of moneys in the
24 Debt Service Account and any other moneys on deposit in the Debt Service Account and legally
25 available, to pay the principal of and interest on outstanding Bonds and additional General and
26 Parity Lien Obligations as the same respectively become due and payable.

27 There is hereby created a special subaccount in the Debt Service Account to be known
28 as the "1995 Debt Service Subaccount." All moneys required by this Section 8.A of this
29 ordinance to be deposited into the Debt Service Account for the payment of principal and
30 interest on the Bonds shall be deposited into the 1995 Debt Service Subaccount. Moneys in the
31 1995 Debt Service Subaccount shall be treated in all respects as all other moneys in the Debt
32

1 Service Account but shall be accounted for separately for the purpose of calculating amounts
2 required to be paid to the federal government pursuant to Section 20 of this ordinance.

3 Payments on account of the Bonds shall be made out of the Revenue of the System into
4 the 1995 Debt Service Subaccount in the Bond Fund on or before the 25th day of each month in
5 the following amounts:

6 1. Beginning with the month of June 1995 to and including the month of
7 December 1995, one-seventh of the interest to become due and payable on January 1, 1996.

8 2. Beginning with the month of January 1996 continuing for as long as any
9 of the Bonds are outstanding and unpaid, one-sixth of the interest to become due and payable on
10 the Bonds outstanding on the next interest payment date.

11 3. Beginning with the month of June 1995, to and including the month of
12 December 1995, one-seventh of the principal to become due and payable on January 1, 1996.

13 4. Beginning with the month of January 1996, and continuing for as long as
14 any of the Bonds are outstanding and unpaid, one-twelfth of the principal amount of the serially
15 maturing Bonds to become due and payable on the next principal payment date.

16 B. Term Bond Payment Subaccount. A "Term Bond Payment Account" has
17 heretofore been established in the Bond Fund. After making the payments required in
18 paragraph A above, the county shall deposit to the Term Bond Payment Account, on or before
19 the first day of January of each year, out of the Revenue of the System, additional moneys which
20 together with available income from the investment of moneys in the Term Bond Payment
21 Account will be sufficient to retire by purchase or by redemption pursuant to call any Bonds or
22 additional General and Parity Lien Obligations that are Term Bonds on or before such payment
23 dates and in at least such principal amounts as shall be set forth in the ordinance authorizing, or
24 the bid form or purchase contract for, such bonds. The schedule of payment dates and principal
25 amounts of any Bonds that are Term Bonds shall be fixed in the manner and subject to the
26 limitations set forth in Section 3 of this ordinance and in the Official Notice of Bond Sale. The
27 amounts so paid into the Term Bond Payment Account shall be used for the sole purpose of
28 purchasing or redeeming any Bonds or additional General and Parity Lien Obligations that are
29 Term Bonds on or before their respective scheduled payment dates, provided that, if more than
30 the required principal amount of such Term Bonds shall be retired by such purchase or
31 redemption in any given year, the amount required to be purchased or redeemed in the next
32 succeeding year or years may be reduced accordingly.

1 There is hereby created a special subaccount to be known as the "1995 Term Bond
2 Payment Subaccount," provided that the 1995 Term Bond Payment Subaccount shall be
3 provisionally established and shall be closed in the event the original purchaser of the Bonds
4 does not designate any Bonds as Term Bonds pursuant to Section 3 hereof and the Official
5 Notice of Bond Sale. All moneys required by this Section 9.B of this ordinance to be deposited
6 into the Term Bond Payment Account for the purchase or redemption of Bonds that are Term
7 Bonds shall be deposited into the 1995 Term Bond Payment Subaccount. Moneys in the 1995
8 Term Bond Payment Subaccount shall be treated in all respects as all other moneys in the Term
9 Bond Payment Account but shall be accounted for separately for the purpose of calculating
10 amounts required to be paid to the federal government pursuant to Section 20 of this ordinance.

11 SECTION 10. Pledge of Taxation and Credit. The county hereby irrevocably covenants
12 and agrees for as long as any of the Bonds are outstanding and unpaid, that each year it will
13 include in its budget and levy an *ad valorem* tax upon all the property within the county subject
14 to taxation in an amount that will be sufficient, together with all other revenues and moneys of
15 the county legally available for such purposes, to pay the principal of and interest on the Bonds
16 as the same shall become due. All of such taxes so collected shall be paid into the Bond Fund no
17 later than the date such funds are required for the payment of principal and interest on the
18 Bonds.

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

25 The full faith, credit and resources of the county are hereby irrevocably pledged for the
26 annual levy and collection of said taxes and for the prompt payment of the principal of and
27 interest on the Bonds as the same shall become due.

28 SECTION 11. Pledge of Sewer Revenues. The amounts covenanted to be paid out of
29 the Revenue of the System into the Bond Fund shall constitute a lien and charge on such
30 Revenue subject to normal expenses of maintenance and operation of the System and any other
31 necessary expenses of maintenance and operation of the System for which reserves or other
32 moneys are not available, and equal to the lien and charge on such Revenue for the payments

1 required by the Parity Bond Ordinances to be made into the Parity Bond Fund and the accounts
2 therein and into the Operating Reserve Account, Contingency Reserve Account, and Betterment
3 Reserve Account in the Revenue Fund, junior, subordinate and inferior to the lien and charge on
4 such Revenue for the payments required by the 1990 SRF Loan Agreement and by the
5 resolution of the Metro Council authorizing the issuance of the Notes, and equal to the lien and
6 charge on such Revenue of the payments required to be made by Ordinance Nos. 11241 and
7 11252 of the county authorizing the issuance of the 1994A Bonds.

8 SECTION 12. Revenue Fund. A special fund of Metro has heretofore been established
9 known as the "Municipality of Metropolitan Seattle Sewer Revenue Fund." Such fund has been
10 redesignated and continued by the county as the Water Quality Operating Fund and is herein
11 referred to as the "Revenue Fund." All of the Revenue of the System shall be deposited in the
12 Revenue Fund. All costs of maintaining and operating the System borne by the county shall be
13 paid out of the Revenue Fund or appropriate reserves therein.

14 A. Operating Reserve Account. There has heretofore been created in the Revenue
15 Fund an "Operating Reserve Account," and approximately \$2,494,450 was on deposit therein as
16 of December 31, 1994. The moneys in the Operating Reserve Account may be used to pay
17 necessary expenses of maintenance and operation of the System in the event that Revenue of the
18 System should at any time be inadequate to pay such expenses. If the balance in this account
19 shall at any time hereafter be reduced below an amount which is the greater of either \$300,000
20 or five percent of the total cost of operating and maintaining the System borne by the county in
21 the immediately preceding calendar year, the county shall deposit to the credit thereof such sums
22 as may be necessary to restore such amount therein within six months. Such deposits shall be
23 made from Revenue of the System first available therefor after payments of Operating and
24 Maintenance Expenses and required payments into the Parity Bond Fund and the Parity Bond
25 Reserve have been made.

26 B. Contingency Reserve Account. A Contingency Reserve Account has heretofore
27 been created in the Revenue Fund, and approximately \$2,000,000 was on deposit in the account
28 as of December 31, 1994. The moneys in the Contingency Reserve may from time to time be
29 used for the payment of major repairs, renewals, replacements and maintenance expenses of a
30 type not regularly recurring, and unforeseen capital improvements required by regulatory
31 authority. If the balance in the Contingency Reserve shall at any time be reduced below the
32 amount required by this resolution to be maintained therein, the county shall deposit therein

1 from the Revenue of the System such sums, not exceeding \$500,000 per year, as may be
2 required to establish and maintain such minimum required balance. The minimum balance
3 required to be maintained in said account shall be \$2,000,000.

4 C. Renewal, Extension and Betterment Reserve Account. There has heretofore
5 been created in the Revenue Fund a Renewal, Extension and Betterment Reserve Account, and
6 approximately \$6,245,246 was on deposit therein as of December 31, 1994. On or before
7 January 1 of each year there shall be deposited in said account at least \$750,000; provided that if
8 moneys are deposited in the Contingency Reserve in any such year, the deposits to the
9 Betterment Reserve in such year may be reduced by such amount. Deposits to the Betterment
10 Reserve shall continue to be made until the Bonds and all outstanding Parity Bonds shall have
11 been paid or until the Comprehensive Plan shall have been completed, whichever shall first
12 occur. The moneys in the Betterment Reserve may be used from time to time for any necessary
13 renewals and replacements of the System and for any capital expenditures which the county
14 council shall deem necessary and appropriate to carry out the Comprehensive Plan or may be
15 transferred to the Parity Bond Reserve, Contingency Reserve or Operating Reserve to meet any
16 deficiency therein, or may be pledged in whole or in part for the payment of junior lien bonds or
17 may be applied to the payment of outstanding Parity Bonds.

18 SECTION 13. Sewer Revenue Priorities of Payment. So long as any Bond shall be
19 outstanding, the Revenue of the System shall be used and applied in the following order of
20 priority: First, to pay all normal expenses of maintenance and operation of the System and any
21 other necessary expenses of maintenance and operation of the System for which reserves or
22 other moneys are not available, second, to make all required payments of principal and interest
23 on Parity Bonds as the same shall become due and payable, third, to make all required deposits
24 for the amortization of Parity Term Bonds, fourth, to establish and maintain the Parity Bond
25 Reserve, fifth, to establish and maintain the Operating Reserve, sixth, to establish and maintain
26 the Contingency Reserve, seventh, to establish and maintain the Betterment Reserve, eighth, to
27 make all required payments of principal and interest due on any SRF Loan and on the Notes,
28 ninth, to accumulate in the special reserve fund for the 1990 SRF Loan the amount required by
29 subsection E of Section VI of the 1990 SRF Loan Agreement to be accumulated therein and, if
30 required by the terms of any other SRF loan agreement, if any, the amounts required by the
31 terms of those SRF loan agreements to be accumulated therein, tenth, to make all required
32 payments of principal and interest on the 1994A Bonds, the Bonds and debt service or Payment

1 Agreement Payments on any other Parity Lien Obligations, and eleventh, to make all required
2 payments of principal and interest on bonds, notes, warrants and other evidences of
3 indebtedness, the lien and charge against Revenue of the System of which is junior and inferior
4 to the Notes and the SRF Loan and to Parity Lien Obligations, as the same shall become due and
5 payable.

6 Any surplus money that the county may have on hand in the Revenue Fund after making
7 all required payments into the Parity Bond Fund, maintaining all required reserves, making all
8 required payments of principal and interest on the SRF Loans and on the Notes when due and
9 payable, making all required deposits into the special reserve fund required by the 1990 SRF
10 Loan Agreement and making all required payments of principal and interest on Bonds and debt
11 service or Payment Agreement Payments on any other Parity Lien Obligations, may be used by
12 the county to make necessary improvements, additions and repairs to and extensions and
13 replacements of the System or for any other lawful purposes of the county related to the System.

14 SECTION 14. Construction Fund. There has heretofore been established a special fund
15 of the county known as the "Second Water Quality Construction Fund" (the "Construction
16 Fund"). For purposes of separately accounting for investment earnings on the proceeds of the
17 Bonds to facilitate compliance with the requirements of Section 20 of this ordinance, there is
18 hereby established a special account within the Construction Fund to be known as the "1995
19 Construction Account." There shall be deposited in the 1995 Construction Account from the
20 proceeds of sale of the Bonds the amount hereinafter provided in Section 15.

21 The moneys in the Construction Fund shall be held and applied as provided in this
22 section to pay the cost of acquisition and construction of the System and all costs incident
23 thereto, including but not limited to engineering, architectural, planning, financial, legal, urban
24 design or any other incidental costs, and to repay any advances heretofore or hereafter made on
25 account of such costs, provided that if deficiencies exist in the Bond Fund, moneys in the
26 Construction Fund may be transferred to the Bond Fund in such amounts as shall be necessary
27 to pay principal and interest on Bonds.

28 The county shall prepare and keep in its files in respect of each disbursement from the
29 Construction Fund a voucher approved by an Authorized Officer stating with respect to each
30 payment made or to be made:

31 (i) The name and address of the person, firm or corporation to whom the
32 payment is due;

1 (ii) The amount to be paid; and

2 (iii) That each obligation in the stated amount has been incurred by or on
3 behalf of the county and that each item thereof is a proper and reasonable charge against the
4 Construction Fund and that such obligation has not been theretofore paid or reimbursed.

5 SECTION 15. Disposition of Proceeds of Bonds. The proceeds of the Bonds shall be
6 deposited as follows:

7 A. The amount equal to the interest accruing on the Bonds from their dated date to
8 the date of Closing shall be deposited in the 1995 Debt Service Subaccount in the Debt Service
9 Account in the Bond Fund.

10 B. The balance of the proceeds shall be deposited in the 1995 Construction Account
11 in the Construction Fund.

12 SECTION 16. Due Regard for Expenses of Maintenance and Operation. The county
13 council hereby declares that, in fixing the amounts to be paid into the Bond Fund and the
14 accounts therein out of the Revenue of the System, it has exercised due regard for the necessary
15 expenses of maintenance and operation of the System and has not obligated the county to set
16 aside, pay into and maintain in said fund and accounts a greater amount of the Revenue of the
17 System than in its judgment will be available over and above such necessary expenses of
18 maintenance and operation.

19 SECTION 17. Rate Covenants.

20 A. Rate Covenant--General. The county hereby covenants with the owner of each
21 of the Bonds for so long as any of the same are outstanding that the county will at all times
22 establish, maintain and collect rates and charges for sewage disposal service that shall be fair and
23 nondiscriminatory and adequate to provide Revenue of the System sufficient for the proper
24 operation and maintenance of the System; for the punctual payment of the principal of and
25 interest on all outstanding Parity Bonds for which payment has not otherwise been provided and
26 all amounts that the county is obligated to set aside in the Parity Bond Fund securing the Parity
27 Bonds; for the punctual payment of the principal of and interest on all outstanding Bonds and for
28 all amounts that the county is obligated to set aside in the Bond Fund; and for the payment of
29 any and all amounts that the county is now or may hereafter become obligated to pay from
30 Revenue of the System.
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1 B. Rate Covenant--Coverage.

2 (1) Subject to the provisions of subparagraph (2) of this Section 17(B), the
3 county hereby covenants with the owner of each of the Bonds for as long as any of the same are
4 outstanding that the county will at all times establish, maintain and collect rates and charges for
5 sewage disposal service that, together with the interest to be earned on investments made of
6 money in the Revenue Fund or the Bond Fund, will provide in each fiscal year Revenue of the
7 System in an amount equal to at least 1.15 times the amounts required to pay:

8 (a) The interest coming due on July 1 of such fiscal year on the outstanding
9 Parity Bonds, and all amounts required to be paid in such fiscal year in respect of interest on the
10 Bonds and other Parity Lien Obligations and Payment Agreement Payments in respect of Parity
11 Payment Agreements.

12 (b) The principal and interest coming due on January 1 of the next
13 succeeding year on the outstanding Parity Bonds, and all principal coming due in such fiscal year
14 on the Bonds and other Parity Lien Obligations (other than principal and interest on Parity Term
15 Bonds and principal on Bonds and other Parity Lien Obligations that are Term Bonds).

16 (c) The amounts required to be paid into the Parity Bond Fund on or before
17 January 1 of the next succeeding calendar year for interest on and amortization of principal of
18 Parity Term Bonds, into the Bond Fund for amortization of principal of Bonds that are Term
19 Bonds and into any fund or account for amortization of principal of any other Parity Lien
20 Obligations that are Term Bonds after Operating and Maintenance Expenses have been paid.

21 For purposes of clause (c) of this paragraph, "amounts required to be paid" means the
22 amount to be deposited or accumulated in any fund or account for interest on and amortization
23 of Term Bonds on or before such January 1 for outstanding Term Bonds irrespective of the date
24 or dates such amount, or any portion thereof, is actually deposited into such fund or account.

25 (2) Amounts required to be paid in respect of Parity Bonds and Parity Lien
26 Obligations shall be calculated in accordance with the following requirements:

27 (a) Capitalized and Accrued Interest. For purposes of calculating the
28 amounts required to pay interest on Parity Bonds or on Parity Lien Obligations, capitalized
29 interest and accrued interest paid to the county upon the issuance of Parity Bonds and Parity
30 Lien Obligations shall be excluded.

31 (b) Interest on Variable Rate Parity Lien Obligations. The amount of interest
32 deemed to be payable on any issue of Variable Rate Parity Lien Obligations shall be calculated

1 on the assumption that the interest rate on those bonds would be equal to the rate (the "assumed
2 RBI rate") that is 90% of the average Bond Buyer Revenue Bond Index or comparable index
3 during the fiscal quarter preceding the quarter in which the calculation is made; provided, for
4 purposes of determining actual compliance with the covenant made in this Section 17(B) in any
5 past fiscal year, the actual amount of interest paid on any issue of Variable Rate Parity Lien
6 Obligations shall be taken into account.

7 (c) Debt Service on Parity Lien Obligations With Respect to Which Payment
8 Agreement Is in Force. Debt service on Parity Lien Obligations with respect to which a
9 Payment Agreement is in force shall be calculated by the county to reflect the net economic
10 effect on the county intended to be produced by the terms of the Parity Lien Obligations and the
11 terms of the Payment Agreement, in accordance with the requirements set forth in Section 23 of
12 this ordinance.

13 SECTION 18. Certain Other Covenants. The county makes the following covenants and
14 warranties:

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

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

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

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

27 E. Until all Bonds shall have been surrendered and canceled, the county will
28 maintain a system of recording the ownership of each Bond that complies with the applicable
29 provisions of the Code.

30 F. The adoption of this ordinance, and compliance on the county's part with the
31 provisions contained herein, will not conflict with or constitute a breach of or default under any
32 constitutional provisions, law, administrative regulation, judgment, decree, loan agreement,

1 indenture, bond, note, resolution, ordinance, motion, agreement or other instrument to which
2 the county is a party or to which the county or any of its property or assets are otherwise
3 subject, nor will any such adoption, execution, delivery, sale, issuance or compliance result in
4 the creation or imposition of any lien, charge or other security interest or encumbrance of any
5 nature whatsoever upon any of the property or assets of the county or under the terms of any
6 such law, regulation or instrument, except as may be provided by the Bonds and this ordinance.

7 G. The county finds and covenants that the Bonds are issued within all statutory and
8 constitutional debt limitations applicable to the county.

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

14 I. The System and all additions thereto and extensions thereof will at all times be
15 maintained in good repair, working order and condition and such System and the business in
16 connection therewith will at all times be operated in an efficient manner and at a reasonable cost.

17 J. The county will not sell or voluntarily dispose of all of the operating properties of
18 the System unless provision is made for payment into the Bond Fund of a sum sufficient to pay
19 the principal of and interest on all outstanding Bonds in accordance with the terms thereof nor
20 will it sell or voluntarily dispose of any part of the operating properties of such System unless
21 provision is made for payment into the Bond Fund of an amount which will bear at least the
22 same proportion to the amount of the outstanding Bonds that the estimated amount of any
23 resulting reduction in the Revenue of the System for the twelve months following such sale or
24 disposition bears to the Revenue of the System which would have been realized if such sale or
25 disposition had not been made. Such estimate shall be made by an independent licensed
26 professional engineer or firm of licensed professional engineers. Any money so paid into the
27 Bond Fund shall be used to retire outstanding Bonds as provided herein at the earliest possible
28 date.

29 K. The county will cause proper books of record and accounts of operation of the
30 System to be kept and shall cause a quarterly financial and operating statement to be prepared as
31 soon as may be practicable following each quarterly period for the preceding quarter's business
32 and operation of the System. Said statement shall be filed promptly upon its completion with the

1 county council and shall be sent to the Registered Owner of any Bonds upon written request
2 being made therefor.

3 L. Not later than 120 days after the end of each fiscal year of the county, the county
4 will cause an annual audit of the accounts and records of the System to be made by Certified
5 Public Accountants with experience in municipal utility accounting. Such audit shall certify as to
6 the compliance or noncompliance by the county with the financial covenants of this ordinance
7 and shall accurately and completely reflect the financial condition of the System. The audit shall
8 be delivered to the clerk of the county council, shall be paid for by the county and shall be made
9 available to the Registered Owner of any Bond upon written request being made therefor.

10 The county shall cause its books of accounts to be audited annually by the State auditor's
11 office or other State department or agency as may be authorized and directed by law to make
12 such audits, or if such an audit shall not be made for twelve months after the close of any fiscal
13 year of the county, by a Certified Public Accountant. The county will furnish such audit to the
14 Registered Owner of any Bond upon written request therefor.

15 M. The county will at all times carry fire and extended coverage and such other
16 forms of insurance on such of the buildings, equipment, facilities and properties of the Sewer
17 System as under good practice are ordinarily carried on such buildings, equipment, facilities and
18 properties by municipal or privately owned utilities engaged in the operation of sewer systems
19 and will also carry adequate public liability insurance at all times, provided that the county may,
20 if deemed advisable by the county council, institute or continue a self insurance program with
21 respect to any or all of the aforementioned risks.

22 N. The county shall cause the construction of any duly authorized and ordered
23 portions of the Fourth Stage Project to be performed and completed within a reasonable time
24 and at the lowest reasonable cost.

25 O. The county shall so operate and maintain the System and conduct its affairs as to
26 entitle it at all times to receive and enforce payment to it of sewage disposal charges payable
27 under any Service Agreement which the county has now or may hereafter enter into and to
28 entitle the county to collect all revenues derived from the operation of the System. The county
29 shall not release the obligations of any person, corporation or political subdivision under such
30 Service Agreements and shall at all times, to the extent permitted by law, defend, enforce,
31 preserve and protect the rights and privileges of the county and of the holders of the Bonds
32 under or with respect to such agreements.

1 P. Not later than 120 days after the end of each calendar year, the county will cause
2 an annual report regarding the System to be prepared by its consulting engineers or by an
3 independent consulting engineer or engineering firm experienced in the design, construction and
4 operation of municipal utilities who shall examine the System and state whether the county has
5 maintained same in good repair, working order and condition and has operated the business in
6 connection therewith in an efficient manner, whether all required insurance is being maintained,
7 and whether repairs, renewals or replacements should be made to the System to insure its
8 continued satisfactory working order. The engineer's report shall be delivered to the Clerk of
9 the county council, shall be paid for by the county and shall be made available to the Registered
10 Owner or holder of any Bonds upon written request being made therefor.

11 Q. After the Closing, the county shall disclose credit information pertinent to the
12 Bonds to the extent and in the manner as shall hereafter be required by law.

13 SECTION 19. Tax-Exemption. The county shall comply with the provisions of this
14 section unless, in the written opinion of nationally-recognized Bond Counsel to the county, such
15 compliance is not required in order to maintain the exemption of the interest on the Bonds from
16 federal income taxation.

17 The county hereby covenants that it will not make any use of the proceeds from the sale
18 of the Bonds or any other funds of the county which may be deemed to be proceeds of such
19 Bonds pursuant to Section 148 of the Code and the applicable regulations thereunder which will
20 cause the Bonds to be "arbitrage bonds" within the meaning of said section and said regulations.
21 The county will comply with the applicable requirements of Section 148 of the Code (or any
22 successor provision thereof applicable to the Bonds) and the applicable regulations thereunder
23 throughout the term of the Bonds.

24 The county further covenants that it will not take any action or permit any action to be
25 taken that would cause the Bonds to constitute "private activity bonds" under Section 141 of the
26 Code.

27 SECTION 20. Arbitrage Rebate. The county will pay the Rebate Amount, if any, to the
28 United States of America at the times and in the amounts necessary to meet the requirements of
29 the Code to maintain the federal income tax exemption for interest payments on the Bonds, in
30 accordance with the Arbitrage and Tax Certification.
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1 SECTION 21. Additional Obligations Payable from Revenue of the System.

2 A. Additional Parity Bonds and SRF Loans. The county expressly reserves the right
3 to issue additional Parity Bonds in accordance with the Parity Bond Ordinances and to incur
4 additional SRF Loans in accordance with the 1990 SRF Loan Agreement. Subject to this
5 reservation of rights with respect to Parity Bonds and SRF Loans, the county hereby covenants
6 and agrees that for so long as the Bonds are outstanding it will not issue or incur any other
7 additional indebtedness secured in whole or in part by a lien on Revenue of the System superior
8 to the lien of the Bonds.

9 B. Additional Parity Lien Obligations.

10 1. Parity Lien Obligations Other Than Refunding Bonds. The county
11 expressly reserves the right to issue or enter into additional Parity Lien Obligations (including
12 Variable Rate Parity Lien Obligations as defined herein) for any lawful purpose of the county
13 related to the System if at the time of issuing or entering into such Parity Lien Obligations:

14 (a) There shall not be any deficiency in the Parity Bond Fund, the
15 Bond Fund or any other bond fund or account securing Parity Lien Obligations.

16 (b) The county shall have on file a certificate from a licensed
17 professional engineer experienced in the design, construction and operation of municipal utilities
18 of scope similar to the System (the certificate may not be dated more than 90 days prior to the
19 date of delivery of such Parity Lien Obligations) showing that in his or her professional opinion
20 the "annual income available for debt service on Parity Bonds and Parity Lien Obligations" for
21 each year during the life of such Parity Lien Obligations, after deducting therefrom amounts
22 required to pay principal and interest due in such year on SRF Loans, shall be at least equal to
23 1.25 times the amount required in each such year to pay:

24 (i) The principal of the Parity Lien Obligations being issued
25 and all outstanding Parity Bonds, Bonds and any other Parity Lien Obligations (other than
26 amortization of principal of Term Bonds).

27 (ii) The interest on the Parity Lien Obligations being issued
28 and all outstanding Parity Bonds, Bonds and any other Parity Lien Obligations, exclusive of any
29 interest which shall be payable from the proceeds of the Parity Lien Obligations to be issued.

30 (iii) The amounts required to be paid into any fund or account
31 to amortize the principal of any Parity Lien Obligations that are Term Bonds being issued and all
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1 outstanding Parity Term Bonds and Bonds or any other Parity Lien Obligations that are Term
2 Bonds.

3 (c) Amounts required to be paid in respect of Parity Bonds and Parity
4 Lien Obligations shall be calculated in accordance with the following requirements.

5 (i) For purposes of calculating the amounts required to pay
6 interest on the Parity Lien Obligations being issued, capitalized interest and accrued interest to
7 be paid to the county upon the issuance of such proposed Parity Lien Obligations shall be
8 excluded.

9 (ii) The amount of interest deemed to be payable on any issue
10 of Variable Rate Parity Lien Obligations shall be calculated on the assumption that the interest
11 rate on those bonds would be equal to the rate (the "assumed RBI rate") that is 90% of the
12 average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter
13 preceding the quarter in which the calculation is made.

14 (iii) Debt service on Parity Lien Obligations with respect to
15 which a Payment Agreement is in force shall be calculated by the county to reflect the net
16 economic effect on the county intended to be produced by the terms of the Parity Lien
17 Obligations and the terms of the Payment Agreement, in accordance with the requirements set
18 forth in Section 23 of this ordinance.

19 (d) Such "annual income available for debt service on Parity Bonds
20 and Parity Lien Obligations" shall be determined as follows for each year following the proposed
21 date of issue of such Parity Lien Obligations:

22 (i) The Revenue of the System shall be determined for a
23 period of any 12 consecutive months out of the 18 months immediately preceding the delivery of
24 the Parity Lien Obligations being issued.

25 (ii) Such revenue shall be adjusted to give effect on a
26 12-month basis to the rates in effect on the date of such certificate.

27 (iii) If there were any Customers added to the System during
28 such 12-month period or thereafter and prior to the date of the engineer's certificate, such
29 revenue shall be further adjusted on the basis that added Customers were Customers of the
30 System during the entire 12-month period.

31 (iv) There shall be deducted from such revenue the amount
32 expended for Operating and Maintenance Expenses during such period.

1 (v) For each year following the proposed date of issuance of
2 such Parity Lien Obligations the engineer shall add to the annual revenue determined in the
3 preceding four paragraphs an estimate of the income to be received in each such year from the
4 investment of moneys in the Bond Fund or any bond fund for Parity Lien Obligations and the
5 Construction Fund which will be determined by and in the sole discretion of a firm of nationally
6 recognized financial consultants selected by the county.

7 (vi) Beginning with the second year following the proposed
8 date of issue of such Parity Lien Obligations and for each year thereafter the engineer shall add
9 to the annual revenue determined in the preceding five paragraphs his or her estimate of any
10 additional annual revenue to be received from anticipated growth in the number of Customers
11 within the area which is served by the System on the date of such certificate, after deducting
12 therefrom any increased Operating and Maintenance Expenses estimated to be incurred as a
13 result of such growth; provided that the engineer's estimate of the number of customers served
14 shall not assume a growth of more than 1/4 of 1% over and above the number of customers
15 served or estimated to be served during the preceding year.

16 (vii) If extensions of or additions to the System are in the
17 process of construction at the time of such certificate, or if the proceeds of the Parity Lien
18 Obligations being issued are to be used to acquire or construct extensions of or additions to the
19 System, there shall be added to the annual net revenue as above determined any revenue not
20 included in the preceding paragraphs which will be derived from such additions and extensions
21 after deducting therefrom the estimated additional Operating and Maintenance Expenses to be
22 incurred as a result of such additions and extensions; provided that such estimated annual
23 revenue shall be based upon 75% of any estimated Customer growth in the four years following
24 the first full year in which such additional revenue is to be collected and thereafter the estimated
25 Customer growth shall not exceed 1/4 of 1% per year over and above such reduced estimate.

26 2. Parity Lien Obligations That Are Refunding Bonds.

27 (a) The county may at any time for the purpose of refunding at or
28 prior to their maturity any outstanding Parity Lien Obligations or any bonds or other obligations
29 of the county payable from Revenue of the System issue additional Parity Lien Obligations
30 without complying with the provisions of Section 21(B)(1) hereof; provided, however, that the
31 county shall not issue additional Parity Lien Obligations for such purpose under this
32 Section 21(B)(2) unless there shall have been filed with the Clerk of the county council a

1 certificate of the county finance manager stating that immediately after the issuance of such
2 Parity Lien Obligations the annual debt service for each year that Bonds and any other Parity
3 Lien Obligations (other than the refunding bonds proposed to be issued) are then outstanding
4 shall not be increased by more than \$5,000 by reason of the issuance of such Parity Lien
5 Obligations.

6 (b) The principal amount of such Parity Lien Obligations may include
7 amounts necessary to pay the principal of the Bonds or other obligations to be refunded, interest
8 thereon to the date of payment or redemption thereof, any premium payable thereon upon such
9 payment or redemption and the costs of issuance of such Parity Lien Obligations, and if there
10 shall have been provided a Payment Agreement with respect to the obligations to be refunded,
11 may include amounts necessary to make the payment of all amounts, if any, due and payable by
12 the county under such Payment Agreement. The proceeds of such Parity Lien Obligations shall
13 be held and applied in such manner, consistent with the provisions of Section 29 hereof, as is
14 provided in the ordinance providing for the issuance of such Parity Lien Obligations, so that
15 upon the delivery of such Parity Lien Obligations, the Bonds or other obligations to be refunded
16 thereby shall be deemed to be no longer outstanding in accordance with the provisions of such
17 Section 29.

18 (c) At the election of the county, the provisions of this
19 Section 21(B)(2) shall not be applicable to the refunding at one time of all the Parity Lien
20 Obligations then outstanding.

21 (d) Additional Parity Lien Obligations for the purpose of refunding
22 outstanding Parity Lien Obligations or bonds or other obligations of the county payable from
23 Revenue of the System may also be issued upon compliance with the provisions of
24 Section 21(B)(1) hereof.

25 (e) Nothing contained in this ordinance shall prohibit or prevent, or
26 be deemed or construed to prohibit or prevent, the county from issuing Parity Lien Obligations
27 to refund maturing Parity Lien Obligations of the county for the payment of which moneys are
28 not otherwise available.

29 C. Subordinate Obligations. Nothing in this ordinance shall prohibit, or be deemed
30 or construed to prohibit, the county from authorizing and issuing bonds, notes or other
31 evidences of indebtedness for any purpose of the county related to the System payable in whole
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1 or in part from Revenue of the System and secured by a lien on such Revenue that is junior,
2 subordinate and inferior to the lien of the Bonds.

3 SECTION 22. Reimbursement Obligations. If the county elects to secure any Parity
4 Lien Obligations with a Credit Facility, the county may contract with the entity providing such
5 Credit Facility that the reimbursement obligation, if any, to such entity is a Parity Lien
6 Obligation.

7 SECTION 23. Payment Agreements and Parity Payment Agreements.

8 A. General. To the extent and for the purposes permitted from time to time by
9 Chapter 39.96 RCW and other applicable provisions of State law, the county may enter into
10 Payment Agreements and Parity Payment Agreements, subject to the conditions set forth in this
11 section and in other provisions of this ordinance.

12 B. Manner and Schedule of Payments. Each Payment Agreement and Parity
13 Payment Agreement shall set forth the manner in which the Payment Agreement Payments and
14 the Payment Agreement Receipts shall be calculated and a schedule of payment dates.

15 C. Authorizing Ordinance. Prior to entering into a Payment Agreement or a Parity
16 Payment Agreement, the county council shall pass an ordinance authorizing such agreement and
17 setting forth such provisions as the county deems necessary or desirable and are not inconsistent
18 with the provisions of this ordinance.

19 D. Calculation of Payment Agreement Payments and Debt Service on Parity Lien
20 Obligations With Respect to Which a Payment Agreement Is in Force. It is the intent of the
21 county for purposes of Sections 17 or 21 of this ordinance, debt service on Parity Lien
22 Obligations with respect to which a Payment Agreement is in force shall be calculated to reflect
23 the net economic effect on the county intended to be produced by the terms of the Parity Lien
24 Obligations and the terms of the Payment Agreement. In calculating such amounts, the county
25 shall be guided by the following requirements.

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

30 (2) For any period during which Payment Agreement Payments are not taken
31 into account in calculating interest on any outstanding Parity Lien Obligations because the Parity
32 Payment Agreement is not then related to any outstanding Parity Lien Obligations, Payment

1 Agreement Payments on that Parity Payment Agreement shall be calculated based upon the
2 following assumptions:

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

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

17 E. Prior Notice to Moody's and Standard & Poor's. The county shall give notice to
18 Moody's Investors Service and Standard & Poor's Rating Group thirty days prior to the date it
19 intends to enter into a Payment Agreement.

20 SECTION 24. Public Sale of Bonds. The Bonds shall be sold at public sale and bids for
21 the purchase of the Bonds shall be received at the county's purchasing office, Room 610, King
22 County Administration Building, 500 Fourth Avenue, Seattle, Washington, at 10:00 a.m. on
23 May 8, 1995, or at such other time and date as the county finance manager shall direct, but not
24 later than June 30, 1995. Upon the date and time established for the receipt of bids, the county
25 finance manager or his designee shall open the bids, shall cause the bids to be mathematically
26 verified and shall report to the county council regarding the bids received. Such bids shall then
27 be publicly read, considered and acted upon by the county council in an open public meeting to
28 be held on the same date that the bids are received. The county council reserves the right to
29 reject any and all bids for the Bonds. Bids must be on an all or none basis. The county council
30 shall approve the sale of the Bonds and establish the interest rates and other provisions of the
31 Bonds by motion.
32

1 The county finance manager is hereby authorized and directed to prepare an Official
2 Notice of Bond Sale for the Bonds substantially in the form and content presented to the county
3 council and on file with the Clerk of the county council, with such changes not inconsistent with
4 this ordinance as the county finance manager shall approve. The Official Notice of Bond Sale or
5 an abridged form thereof shall be published once prior to such sale date in The Bond Buyer and
6 may be published in such other papers or financial journals as may be deemed desirable or
7 appropriate by the financial advisors to the county's department of metropolitan services.

8 SECTION 25. Delivery of Bonds. Following the sale of the Bonds, the county shall
9 cause definitive Bonds to be prepared, executed and delivered, which Bonds shall be
10 typewritten, lithographed or printed with engraved or lithographed borders.

11 If definitive Bonds are not ready for delivery by the date established for closing, then the
12 county finance manager, upon the approval of the purchasers, may cause to be issued and
13 delivered to the purchasers one or more temporary Bonds with appropriate omissions, changes
14 and additions. Any temporary Bond or Bonds shall be entitled and subject to the same benefits
15 and provisions of this ordinance with respect to the payment, security and obligation thereof as
16 definitive Bonds authorized thereby. Such temporary Bond or Bonds shall be exchangeable
17 without cost to the owners thereof for definitive Bonds when the latter are ready for delivery.

18 SECTION 26. Preliminary Official Statement Declaration. The county hereby authorizes
19 and directs the county executive or the county finance manager (i) to review and approve the
20 information contained in the preliminary official statement (the "Preliminary Official Statement")
21 prepared in connection with the sale of the Bonds; (ii) for the sole purpose of the Bond
22 purchaser's compliance with Securities and Exchange Commission Rule 15c2-12(b)(1), to "deem
23 final" that Preliminary Official Statement as of its date, except for the omission of information on
24 offering prices, interest rates, selling compensation, delivery dates, any other terms or provisions
25 required by the county to be specified in a competitive bid, ratings, other terms of the Bonds
26 dependent on such matters and the identity of the Bond purchaser; and (iii) to authorize the
27 distribution of the Preliminary Official Statement to prospective purchasers of the Bonds.

28 SECTION 27. Approval of Official Statement. The county executive or the county
29 finance manager is hereby authorized and directed to review and approve on behalf of the
30 county a final official statement with respect to the Bonds to be prepared immediately
31 subsequent to the sale thereof.
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1 SECTION 28. Secondary Disclosure. The county appreciates the support of the
2 investment community for its financing efforts relating to its outstanding bonds and bonds that
3 the county may issue in the future. The county will provide its annual financial report, upon
4 request. Periodic credit information will also be provided to rating agencies as necessary for
5 maintaining outstanding ratings on the Bonds. The Securities and Exchange Commission
6 ("SEC") has adopted amendments to Rule 15C 2-12 under the Securities Exchange Act of 1934
7 imposing a new set of ongoing disclosure obligations on municipal underwriters and issuers.
8 This amended rule becomes effective on July 3, 1995 and will apply to new municipal bond
9 offerings made after such date. Although the amended rule does not apply to the Bonds, the
10 county expects that it will covenant to comply with the amended rule in connection with the
11 issuance of its bonds after July 3, 1995.

12 SECTION 29. General Authorization. The appropriate county officials, agents and
13 representatives are hereby authorized and directed to do everything necessary for the prompt
14 sale, issuance, execution and delivery of the Bonds, and for the proper use and application of the
15 proceeds of the sale thereof.

16 SECTION 30. Investment of Funds and Accounts.

17 A. Moneys in the Revenue Fund (to the extent consistent with the Parity Bond
18 Ordinances) and the Bond Fund and accounts or subaccounts therein shall, as nearly as may be
19 practicable, be invested (taking into consideration the dates and times when moneys in such
20 funds, accounts or subaccounts will be required for the purposes of this ordinance) in
21 (i) Government Obligations; (ii) any bond, debenture, note, participation or other similar
22 obligation issued by any of the following federal agencies: Government National Mortgage
23 Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit
24 Banks, Banks for Cooperatives, Tennessee Valley Authority, Farmers' Home Administration,
25 Resolution Funding Corporation and Export-Import Bank; (iii) if permitted by law, any bond,
26 debenture, note, participation or other similar obligation issued by the Federal National
27 Mortgage Association to the extent such obligations are guaranteed by the Government National
28 Mortgage Association; and (iv) to the extent permitted by law, any obligation the interest on
29 which is not included in gross income for federal income tax purposes and which is payable, as
30 to both principal and interest, from the principal of and interest paid on obligations of the United
31 States of America. Moneys in the 1995 Construction Account in the Construction Fund may be
32 invested in any investments permitted for funds of the county.

1 B. Obligations purchased as an investment of moneys in the Revenue Fund, Bond
2 Fund and Construction Fund and accounts or subaccounts therein shall be deemed at all times to
3 be a part of such respective fund, account or subaccount and the income or interest earned,
4 profits realized or losses suffered by a fund, account or subaccount due to the investment
5 thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

6 C. In computing the amount in any fund or account under the provisions of this
7 ordinance, obligations purchased as an investment of moneys therein shall be valued at the cost
8 or market price thereof, whichever is lower, inclusive of accrued interest.

9 D. In lieu of the investments of moneys in obligations authorized in paragraph A
10 above, the county shall, to the extent permitted by law, deposit moneys from the Revenue Fund,
11 Bond Fund or Construction Fund and accounts or subaccounts therein, in interest-bearing time
12 deposits, or shall make other similar investment arrangements, including, but not limited to,
13 repurchase agreements covering obligations of issuers enumerated as authorized for investments
14 pursuant to the provisions of paragraph A above, with a member bank or banks of the Federal
15 Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance
16 Corporation or securities dealers approved by an Authorized Officer; provided, that each such
17 interest-bearing time deposit or other similar investment arrangement shall permit the moneys so
18 placed to be available for use at the times provided with respect to the investment or
19 reinvestment of such moneys; and provided, further, that all moneys in each such interest-
20 bearing time deposit or other similar investment arrangement shall be continuously and fully
21 secured by obligations of issuers enumerated as authorized for investments pursuant to the
22 provisions of paragraph A above, of a market value equal at all times to the amount of the
23 deposit or of the other similar investment arrangement.

24 SECTION 31. Advance Refunding or Defeasance. The county may issue advance
25 refunding bonds pursuant to the laws of the State of Washington or use money available from
26 any other lawful source to pay when due the principal of and interest on the Bonds, or any
27 portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or
28 defease all such then-outstanding Bonds and to pay the costs of the refunding or defeasance.

29 In the event that money and/or noncallable Government Obligations maturing at such
30 time or times and bearing interest to be earned thereon in amounts (together with such money, if
31 necessary) sufficient to redeem and retire, refund or defease part or all of the Bonds in
32 accordance with their terms, are set aside in a special account of the county to effect such

1 redemption and retirement, and such moneys and the principal of and interest on such
2 Government Obligations are irrevocably set aside and pledged for such purpose, then no further
3 payments need be made into the Bond Fund for the payment of the principal of and interest on
4 the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or
5 security of this ordinance except the right to receive the moneys so set aside and pledged, and
6 such Bonds shall be deemed not to be outstanding hereunder.

7 SECTION 32. Open Market Purchase. The county reserves the right to purchase any or
8 all of the Bonds on the open market at any time at any price.

9 SECTION 33. Supplemental Ordinances. The county council from time to time and at
10 any time may adopt an ordinance or ordinances supplemental to this ordinance which
11 supplemental ordinance or ordinances thereafter shall become a part of this ordinance, for any
12 one or more of the following purposes:

13 A. To add to the covenants and agreements of the county in this ordinance such
14 other covenants and agreements thereafter to be observed, which shall not adversely affect the
15 interests of the holds and owners of any Parity Lien Obligations, or to surrender any right or
16 power herein reserved to or conferred upon the county.

17 B. To make such provisions for the purpose of curing any ambiguities or of curing,
18 correcting or supplementing any defective provision contained in this ordinance or any ordinance
19 authorizing future Parity Lien Obligations in regard to matters or questions arising under such
20 ordinances as the county council may deem necessary or desirable and not inconsistent with such
21 ordinances and which shall not adversely affect the interest of the holders and owners of Parity
22 Lien Obligations.

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SECTION 34. Contract; Severability. The covenants contained in this ordinance shall constitute a contract between the county and the Owners of each and every Bond and between the county and any Qualified Counterparty to any Payment Agreement entered into in connection with the Bonds. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the county shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

INTRODUCED AND READ for the first time this 17th day of April, 1995.

PASSED by a vote of 13 to 0 this 24th day of April, 1995.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Kent Pullen
Chair

ATTEST:

Gerald A. Peterson
Clerk of the Council

APPROVED this 27th day of April, 1995.

Doug Loder
King County Executive

Attachments: Exhibit A - DTC Blanket Issuer Letter of Representations

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

[Name of Issuer]

[Date]

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

[Issuer]

By: _____
Authorized Officer's Signature

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: _____

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$200 million, one certificate will be issued with respect to each \$200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

APPENDIX B - Variable Rate Demand Obligations (VRDOs)

This section is intended to advise issuers, agents and Participants (the parties to the Book-Entry-Only (BEO) issue) of additional operational requirements necessary to process VRDOs through the depository.

1. In the event that certain Securities are not subject to a partial redemption, DTC will exclude such Securities from its redemption procedures if such exclusion is requested as follows. Such request shall be in writing and shall contain: (a) certification by Trustee or Issuer that the principal amount of such Securities is not subject to the partial redemption and certification by a custodian/DTC Participant that the Participant's position on DTC's records includes such Securities; and (b) certification by Trustee or Issuer that the election to exclude such Securities from the partial redemption is authorized under the Document. Such request shall be sent to DTC's Call Notification Department in the manner indicated on page 11, paragraph 4b., to assure that such request is in DTC's possession no later than the close of business two business days before the Publication Date of the partial redemption notice.
2. It is understood that for so long as optional tenders of the Securities may be made daily following same-day or seven-day notice, such tenders will be effected by means of DTC's Deliver Order Procedures. DTC shall have no responsibility to distribute notices regarding such optional tenders, or to ascertain whether any such tender has been made. Except as otherwise provided herein, and in accordance with DTC's procedures for exercise of voting and consenting rights, the parties hereto acknowledge that so long as Cede & Co. is the sole record owner of the Securities it shall be entitled to all voting rights applicable to the Securities and to receive the full amount of all distributions payable with respect to the Securities. The parties acknowledge that DTC shall treat any DTC Participant ("Participant") having Securities credited to its DTC accounts as entitled to the full benefits of ownership of such Securities even if the credits of Securities to the DTC accounts of such Participant result from failures to deliver Securities or improper deliveries of Securities by an owner of Securities subject to tender for purchase. Without limiting the generality of the preceding sentence, the parties acknowledge that DTC shall treat any Participant having Securities credited to its DTC accounts as entitled to receive distributions and voting rights, if any, with respect to the Securities and to receive certificates evidencing Securities if such certificates are to be issued in accordance with paragraphs 4 & 5 of Appendix A. (The treatment by DTC of the effects of the crediting by it of Securities to the accounts of Participants described in the preceding two sentences shall not affect the rights of the parties hereto against any Participant.)
3. It is understood that for so long as optional tenders of the Securities may be made less frequently than daily following same-day or seven-day notice (e.g., during a monthly, quarterly, semi-annual, or annual tender period) and Cede & Co., as nominee of DTC, or its registered assigns, as the record owner of Securities, is entitled to tender the Securities, such tenders will be effected by means of DTC's Put Option Procedures. Under the Put Option Procedures, DTC will receive during the applicable tender period instructions from its Participants to tender Securities for purchase. The parties agree that such tenders for purchase may be made by DTC by means of a book-entry credit of such Securities to the account of Tender Agent, provided that such credit is made on or before the final day of the applicable tender period. DTC agrees that, promptly after the recording of any such book-entry credit, it will provide to Tender Agent an Agent Put Daily Activity Report in accordance with the Put Option Procedures, identifying the Securities and the aggregate principal amount thereof as to which such tenders for purchase have been made.

Trustee or Issuer shall send a notice to DTC regarding such optional tenders of Securities by hand or by a secure means (e.g., legible telecopy, registered or certified mail, overnight delivery) in a timely manner designed to ensure that such notice is in DTC's possession no later than the close of business two business days before the Publication Date. The Publication Date shall be not less than 15 days prior to the start of the applicable tender period. Such notice shall state whether any partial redemption of the Securities is scheduled to occur during the applicable optional tender period.

If delivered by hand or sent by mail or overnight delivery, such notice shall be sent to:

Supervisor, Put Bond Unit
Reorganization Department
The Depository Trust Company
7 Hanover Square; 23rd Floor
New York, NY 10004-2695

If sent by telecopy, such notice shall be sent to (212) 709-1093 or (212) 709-1094. Trustee or Issuer shall confirm DTC's receipt of such telecopy by telephoning (212) 709-1470.

For so long as the Securities are SDFS Securities, principal payments (plus accrued interest, if any) as the result of optional tenders for purchase effected by means of DTC's Put Option Procedures shall be received by DTC on each purchase date in same-day funds in the manner set forth in the SDFS Paying Agent Operating Procedures*. Such payments shall be sent in time to be credited to DTC's account at the FRBNY no later than 10:00 a.m. (Paying Agent's local time) on the purchase date or as soon as possible thereafter following Paying Agent's receipt of funds from Issuer. It is understood that: (a) until DTC receives such payments in its FRBNY account, the optionally tendered Securities will remain in Tender Agent's DTC account; and (b) unless DTC receives such payments in its FRBNY account by 2:00 p.m. (Eastern Time), it may be unable to distribute such payments to DTC Participants or release the Securities to the Remarketing Agent that same day.

For so long as the Securities are NDFS Securities, principal payments (plus accrued interest, if any) as the result of optional tenders for purchase effected by means of DTC's Put Option Procedures shall be received by Cede & Co., as nominee of DTC, or its registered assigns, on each purchase date in next-day funds or the equivalent in accordance with existing arrangements between Tender Agent and DTC. Such payments shall be made payable to the order of Cede & Co. and shall be addressed to Supervisor, Put Bond Unit, Reorganization Department, as indicated in paragraph 3 above.

4. In the event of a change or proposed change in the interest-rate mode of the Securities from one variable-rate mode to any other variable-rate mode, or to a fixed-rate mode, Trustee or Issuer shall send a notice to DTC of such event specifying, as applicable: (a) the name and number of the DTC Participant account to which mandatorily tendered Securities are to be delivered by DTC on the purchase date after DTC receives payment for such Securities; and (b) the first interest payment date under the new mode. Such notice shall be sent to DTC by a secure means (e.g., legible telecopy, registered or certified mail, overnight delivery) in a timely manner designed to ensure that such notice is in DTC's possession no later than the close of business two business days before the Publication Date. The Publication Date shall be not less than 15 days prior to the expiration date of the period provided for security owner elections to retain Securities as discussed in paragraph 6. If delivered by hand or sent by mail or overnight delivery, such notice shall be sent to both:

Manager, VRDO Eligibility Section
Underwriting Department
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

-and-

Supervisor, Put Bond Unit
Reorganization Department
The Depository Trust Company
7 Hanover Square; 23rd Floor
New York, NY 10004-2695

If sent by telecopy, such notice shall be sent to both:

DTC's Underwriting Department
at (212) 898-3726 or (212) 344-1531

-and-

DTC's Reorganization Department
at (212) 709-1093 or (212) 709-1094

* Beginning on the day DTC converts its settlement systems to only same-day funds these SDFS Paying Agent Operating Procedures will expire. At that time, these principal payments shall be paid to DTC according to the instructions listed in the last paragraph of this section 3 by 2:30 p.m. ET.

Trustee or Issuer shall confirm DTC's receipt of such telecopy by telephoning the Underwriting Department at (212) 898-3731 and the Reorganization Department at (212) 709-1470.

All other notices regarding the interest rate on the Securities (before and after any change in the interest-rate mode) shall be delivered to Manager, VRDO Announcement, Dividend Department.

5. In the event of expiration or substitution of a facility supporting the Securities (such as a letter of credit) or non reinstatement of the amount available to pay interest on the Securities pursuant to such a facility, Trustee or Issuer shall send a notice to DTC of such event specifying, as applicable, the name and number of the DTC Participant account to which mandatorily tendered Securities are to be delivered by DTC on the purchase date after DTC receives payment for such Securities. Such notice shall be sent to DTC by a secure means (e.g., legible telecopy, registered or certified mail, overnight delivery) in a timely manner designed to ensure that such notice is in DTC's possession no later than the close of business two business days before the Publication Date or, as applicable, immediately after Trustee receives notice that the Securities are subject to acceleration. The Publication Date shall be not less than 15 days prior to the expiration date of the period provided for security owner elections to retain Securities as discussed in paragraph 6. Such notice shall be sent to Supervisor, Put Bond Unit, Reorganization Department.
6. Where the offering Document provides that the Securities are subject to mandatory tender except with respect to security owner elections to retain Securities, it is understood that DTC will use its Put Option Procedures to process such elections. Under the Put Option Procedures, DTC will receive instructions during the applicable election period from Participants to retain Securities. DTC, on behalf of such Participant, will notify Tender Agent of the aggregate principal amount of Securities that will not be tendered and will be retained. If the mandatorily tendered Securities are to be replaced with two or more issues of Securities (the "Replacement Securities"), Tender Agent shall be responsible for allocating specific Replacement Securities by CUSIP number to the Participants that elected to retain Securities.

In cases in which prior to a mandatory tender, certain Securities are not subject to such mandatory tender, if requested as follows, DTC will exclude such Securities from its mandatory tender procedures. Such request shall be in writing and shall contain: (a) certification by Trustee or Issuer that the principal amount of such Securities is not subject to the mandatory tender and certification by a custodian/Participant that the Participant's position on DTC's records includes such Securities; and (b) certification by Trustee or Issuer that the election to exclude such Securities from the mandatory tender is authorized under the Document. Such request shall be sent to Supervisor, Put Bond Unit, Reorganization Department, in the manner indicated in paragraph 4, above, to ensure that such request is in DTC's possession no later than the close of business two business days before the Publication Date of the mandatory tender notice.

For so long as the Securities are SDFS Securities, principal payments (plus accrued interest, in any) as the result of mandatory tenders for purchase (including mandatory tenders upon change in the interest-rate mode of the Securities, or upon expiration, substitution, or non-reinstatement of a facility supporting the Securities) shall be received by DTC on the purchase date in same-day funds in the manner set forth in the SDFS Paying Agent Operating Procedures and described on page 10, paragraph 1 in main body of OA*.

For so long as the Securities are NDFS Securities, such principal payments shall be received by DTC on the purchase date in next-day funds in the manner set forth on page 10, paragraph 1 in main body of OA.

* Beginning on the day DTC converts its settlement systems to only same-day funds the SDFS Paying Agent Operating Procedures will expire. At that time, these principal payments shall be paid to DTC according to the instructions listed in the next paragraph of this section 6.