

08/26/98

Introduced By: Rob McKenna  
Greg Nickels

pj

Proposed No.: 98-397

ORDINANCE NO. **13256**

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AN ORDINANCE providing for the public sale and issuance of limited tax general obligation bonds (payable from sewer revenues) of the county in the aggregate principal amount of not to exceed \$350,070,000 for the purposes of refunding certain outstanding sewer revenue bonds of the county; providing for the form, terms, covenants and other provisions of said refunding bonds: authorizing a plan of refunding and the appointment of an escrow agent to accomplish such plan of refunding; 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.

PREAMBLE:

The Municipality of Metropolitan Seattle ("Metro") was created by public vote in 1958 to exercise the powers conferred by chapter 35.58 RCW related to water pollution abatement. RCW 35.58.200 confers specific powers to prepare and implement a comprehensive water pollution abatement plan including provisions for waterborne pollutant removal, water quality improvement, sewage disposal and storm water drainage. In the exercise of those powers, the metropolitan council adopted a comprehensive water pollution abatement plan for the Seattle metropolitan area. This plan has been implemented in stages and has included facilities for the conveyance and treatment of sewage and control of combined sewer overflows that include, but are not necessarily limited to, wastewater treatment plants, interceptor and trunk sewers, pumping stations, regulator stations, outfall sewers, storm sewers to divert stormwater from sanitary sewers, lands for application of biosolids, property rights, buildings and other structures.

In order to acquire, construct, install, develop and operate the facilities required to carry out this plan, Metro issued sewer revenue bonds from time to time as funds were required. The issuance of Series A through Series Z of such bonds was provided for by resolutions adopted by the metropolitan council pursuant to the authority of four resolutions authorizing the first through fourth stage developments of the comprehensive plan. Long term service agreements with participating municipalities (the "Participants") obligate Metro, and now the county as its successor, to treat and dispose of sewage collected by the Participants. The Participants must pay the costs of such services including debt service on sewer revenue bonds and other such indebtedness payable from and secured by sewer revenues, including the bonds authorized herein.

The following series of sewer revenue bonds ("Parity Bonds") dated as of the following dates were issued in the following original principal amounts and are now outstanding in the following principal amounts:

<u>Series</u>	<u>Date of Issue</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding</u>
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	8,465,000
Series F	October 1, 1964	15,000,000	8,904,000
Series G	April 1, 1965	15,000,000	8,770,000
Series H	October 1, 1965	10,000,000	5,865,000
Series I	October 1, 1966	15,000,000	12,295,000
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-
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	10,000,000
Series Q	March 1, 1987	135,000,000	12,010,000
Series R	September 1, 1988	48,000,000	4,575,000
Series S	August 1, 1990	100,000,000	9,115,000
Series T	May 1, 1991	100,000,000	20,900,000
Series U	February 1, 1992	90,000,000	89,105,000
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	134,350,000
Series Y	April 1, 1993	122,455,000	120,545,000

1 Series Z July 1, 1993 127,100,000 123,720,000

2  
3 Pursuant to the authority of chapter 36.56 RCW and a special county  
4 election held November 3, 1992, the county on January 1, 1994 assumed the rights,  
5 powers, functions and obligations of Metro, including operation of Metro's sewage  
6 treatment system (the "Sewer System"). The county has assumed and agreed to  
7 provide for the payment and retirement of outstanding bonds of Metro, including  
8 the Parity Bonds.  
9

10 The county has issued the following series of limited tax general obligation  
11 bonds additionally secured by a pledge of revenues of the Sewer System (the  
12 "Parity Lien Obligations") dated as of the following dates in the following original  
13 principal amounts and now outstanding in the following principal amounts:  
14

<u>Series</u>	<u>Date of Issue</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding</u>
1994A	April 1, 1994	\$ 170,000,000	\$ 166,900,000
1995	May 1, 1995	\$ 90,000,000	\$ 89,800,000
1996	December 15, 1996	\$ 130,965,000	\$ 130,420,000

15  
16 The county may have opportunities to refund the callable portions of the  
17 1994A Bonds, 1995 Bonds and Series W of the Parity Bonds (collectively, the  
18 "Refunded Bonds") and realize savings to the county and ratepayers of the Sewer  
19 System. RCW 39.52.010 authorizes the county to issue general obligation bonds to  
20 refund revenue bonds. It is deemed necessary and advisable that the county now  
21 issue and sell not to exceed \$350,070,000 principal amount of its limited tax  
22 general obligation bonds additionally secured by a pledge of revenues of the Sewer  
23 System (the "Bonds") to refund all or a portion of the Refunded Bonds, as provided  
24 herein.  
25

26 Ordinances 11241, 11763 and 12314, which authorized the issuance of the  
27 1994A Bonds, the 1995 Bonds and the 1996 Bonds (the "Outstanding Parity Lien  
28 Obligations"), provide that the county may issue additional limited tax general  
29 obligation bonds (payable from sewer revenues) on a parity with the Outstanding  
30 Parity Lien Obligations if certain conditions are met. The county council has found  
31 and determined that such parity conditions have been met, and therefore the pledge  
32 of revenues of the Sewer System additionally to secure such bonds shall be on a  
33 parity with the pledge of such revenues additionally to secure the Outstanding  
34 Parity Lien Obligations.  
35

36 To maximize the savings from refunding the Refunded Bonds, it is in the  
37 best interest of the county to delegate to the county finance director authority to  
38 provide for the sale of the Bonds by competitive bid; provided, however, that the  
39 aggregate principal amount of the Bonds shall not exceed \$350,070,000. The

1 successful bid for the Bonds and the final plan of refunding shall be subject to  
2 approval by the council, as provided herein.

3 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

7 "Additional Subordinate Lien Obligations" means those revenue bonds or other  
8 revenue obligations that may be issued by the county in the future with a lien on Revenue  
9 of the System equal to the lien thereon of the Notes and the Bank Note.

10 "Advance" or "Advances" have the meanings given such terms in the Line of Credit  
11 Agreement entered into by the county and Bayerische Landesbank Girozentrale securing  
12 payments of principal of the Notes.

13 "Arbitrage and Tax Certification" means the certificate executed by the finance  
14 director pertaining to the calculation and payment of any Rebate Amount with respect to  
15 the Bonds.

16 "Bank Note" means the bank note authorized to be issued by Ordinance No. 12057  
17 of the county to secure payment of the Notes.

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

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

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

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

6 "Bonds" means all or a portion of the King County, Washington, Limited Tax  
7 General Obligation Refunding Bonds (Payable from Sewer Revenues), issued in an  
8 aggregate principal amount of not to exceed \$350,070,000 pursuant to this ordinance.

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

12 "Closing" means the delivery of the Bonds to, and payment of the purchase price  
13 therefor by, the initial purchasers of the Bonds.

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

18 "Commission" means the Securities and Exchange Commission.

19 "Comprehensive Plan" means the original comprehensive sewage disposal plan set  
20 forth in Resolution No. 23 adopted by the Metro Council on April 22, 1959, subsequently  
21 redesignated the "Comprehensive Water Pollution Abatement Plan" pursuant to  
22 Chapter 36, Laws of 1975, as such original plan has been modified and supplemented by  
23 the following resolutions of the Metro Council: Resolution No. 74 adopted February 16,  
24 1961, Resolution No. 152 adopted April 19, 1962, Resolution No. 261 adopted March 7,  
25 1963, Resolution No. 441 adopted August 20, 1964, Resolution No. 477 adopted  
26 November 19, 1964, Resolution No. 795 adopted November 3, 1966, Resolution No. 928  
27 adopted June 1, 1967, Resolution No. 1011 adopted November 16, 1967, Resolution

1. No. 1024 adopted December 7, 1967, Resolution No. 1052 adopted March 21, 1968,  
2 Resolution No. 1257 adopted July 3, 1969, Resolution No. 1330 adopted December 18,  
3 1969, Resolution No. 1829 adopted March 1, 1973, Resolution No. 2025 adopted  
4 February 21, 1974, Resolution No. 3135 adopted March 15, 1979, Resolution No. 3781  
5 adopted November 5, 1981, Resolution No. 4217 adopted December 15, 1983, Resolution  
6 No. 4339 adopted April 5, 1984, Resolution No. 4780 adopted July 17, 1986, Resolution  
7 No. 5332 adopted May 19, 1988, Resolution No. 5449 adopted July 21, 1988, Resolution  
8 No. 5902 adopted June 21, 1990, Resolution No. 6107 adopted March 21, 1991, and  
9 Resolution No. 6378 adopted June 4, 1992 as the same may be amended or supplemented  
10 hereafter by ordinance of the county.

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

13 "Contingency Reserve" or "Contingency Reserve Account" means the Contingency  
14 Reserve Account created in the Revenue Fund by Section 7 of Resolution No. 90 of the  
15 Metro Council.

16 "Credit Facility" means any letter of credit, standby bond purchase agreement, line  
17 of credit, surety bond, insurance policy or other insurance commitment or similar  
18 agreement (but not including a Payment Agreement), satisfactory to the county, that is  
19 provided by a commercial bank, insurance company or other financial institution with a  
20 current long term rating (or whose obligations thereunder are guaranteed by a financial  
21 institution with a long term rating) from Moody's Investors Service and Standard & Poor's  
22 Ratings Group not lower than the credit rating of any series of Parity Lien Obligations, to  
23 provide support for a series of Parity Lien Obligations, (including Variable Rate Parity  
24 Lien Obligations), and shall include any substitute therefor in accordance with the  
25 provisions of the ordinance providing for the issuance of Parity Lien Obligations supported  
26 by a Credit Facility.

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

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

4 "Finance director" means the finance director of the county or his designee.

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

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

13 "Metro Council" means the Metropolitan Council of the Municipality of  
14 Metropolitan Seattle established pursuant to Chapter 35.58 RCW and abolished effective  
15 January 1, 1994 pursuant to Chapter 36.56 RCW.

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

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

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

26 "1990 SRF Loan" means the State Revolving Fund loan to Metro by the State of  
27 Washington Department of Ecology pursuant to the 1990 SRF Loan Agreement.

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1 "1994A Bonds" means the county's Limited Tax General Obligation Bonds  
2 (Payable from Sewer Revenues), 1994 Series A, issued under date of April 1, 1994, in the  
3 initial principal amount of \$170,000,000 as authorized by Ordinance Nos. 11241 and  
4 11252 of the county.

5 "1995 Bonds" means the county's Limited Tax General Obligation Bonds (Payable  
6 from Sewer Revenues), 1995, issued under date of May 1, 1995, in the initial principal  
7 amount of \$90,000,000 as authorized by Ordinance No. 11763 of the county.

8 "1996 Bonds" means the county's Limited Tax General Obligation Refunding  
9 Bonds (payable from Sewer Revenues), 1996 Series C, issued under date of December 15,  
10 1996, in the initial principal amount of \$130,965,000 as authorized by Ordinance No.  
11 12314 of the county.

12 "Notes" means the King County, Washington, Sewer Revenue Bond Anticipation  
13 Notes, Commercial Paper Series A, authorized, issued, and outstanding from time to time  
14 pursuant to Ordinance No. 12057 of the county.

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

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

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

25 "Outstanding Parity Lien Obligations" means the 1994A Bonds, the 1995 Bonds  
26 and the 1996 Bonds.



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

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

7 "Parity Bond Reserve" or "Parity Bond Reserve Account" means the bond reserve  
8 account in the Parity Bond Fund.

9 "Parity Bonds" means any and all sewer revenue bonds of the county, the payment  
10 of which constitutes a lien and charge upon the Revenue of the System equal in rank with  
11 the lien and charge upon such revenue for the payments required to pay or to secure the  
12 payment of the Series A Bonds.

13 "Parity Lien Obligations" means the Outstanding Parity Lien Obligations, the  
14 Bonds and all bonds, notes or other evidences of indebtedness payable in whole or in part  
15 from Revenue of the System and secured by a lien on such Revenue on a parity of lien with  
16 the lien of the Outstanding Parity Lien Obligations, and the Bonds. "Parity Lien  
17 Obligations" include any Parity Payment Agreements and parity reimbursement  
18 agreements entered into with the provider of a Credit Facility.

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

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

25 "Payment Agreement" means, to the extent permitted from time to time by  
26 applicable law, a written agreement entered into by the county (i) in connection with or  
27 incidental to the issuance, incurring or carrying of the Bonds or other obligations of the

1 county secured in whole or in part by a lien on Revenue of the System; (ii) for the purpose  
2 of managing or reducing the county's exposure to fluctuations or levels of interest rates,  
3 currencies or commodities or for other interest rate, investment, asset or liability  
4 management purposes; (iii) with an entity that at the time the agreement is entered into is a  
5 Qualified Counterparty; and (iv) which provides, on either a current or forward basis, for  
6 an exchange of payments determined in accordance with a formula specified therein.

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

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

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

22 "Rate Stabilization Fund" means the fund of that name authorized to be created  
23 pursuant to Section 13.D of Ordinance No. 12314 of the county.

24 "RCW" means the Revised Code of Washington.

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

1 "Refunded Bond Ordinances" means any or all of the following: the Series W  
 2 Bond Resolution, Ordinance No. 11241 of the county and Ordinance No. 11763 of the  
 3 county .

4 "Refunded Bonds" means any or all of the following Parity Bonds and Outstanding  
 5 Parity Lien Obligations, as shall be set forth in the Sale Motion.

	<u>Potential Refunded Bond</u>	<u>Earliest Possible Date of Redemption</u>
9 10	Series W Bonds maturing on and after January 1, 2017 (the "Refunded Series W Bonds")	January 1, 2003
11 12	1994A Bonds maturing on and after January 1, 2005 (the "Refunded 1994A Bonds")	January 1, 2004
13 14	1995 Bonds maturing on and after January 1, 2006 (the "Refunded 1995 Bonds")	January 1, 2005

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

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

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

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

1 "Sale Motion" means a motion of the council approving a bid for the Bonds and  
2 ratifying and confirming the plan of refunding the Refunded Bonds, in accordance with  
3 Section 25 hereof.

4 "Series W Bond Resolution" means Resolution No. 6491 adopted by the Metro  
5 Council on December 17, 1992, and Resolution No. 6492 adopted by the Metro Council on  
6 January 21, 1993.

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

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

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

16 "State" means the State of Washington.

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

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

24 "Variable Rate Parity Lien Obligations" means Parity Lien Obligations bearing  
25 interest at a variable rate of interest provided that at least one of the following conditions is  
26 met: (i) at the time of issuance the county has entered into a Payment Agreement with  
27 respect to such Parity Lien Obligations which Agreement converts the effective interest

1 rate to the county on the Variable Rate Parity Lien Obligations from a variable interest rate  
2 to a fixed interest rate or (ii) the Parity Lien Obligations bear interest at a variable rate but  
3 are issued concurrently in equal par amounts with other Parity Lien Obligations bearing  
4 interest at a variable rate and which are required to remain outstanding in equal amounts at  
5 all times, if the net effect of such equal par amounts and variable rates at all times is a fixed  
6 rate of interest to the county.

7 Section 2. Findings.

8 A. The county may be able to realize significant debt service savings by  
9 refunding the Refunded Bonds. Because market conditions may change, however, the  
10 council finds that it is in the best interests of the county and ratepayers of the System that a  
11 final plan of refunding be established by the finance director, in consultation with the  
12 county's financial advisors, immediately preceding the public sale of the Bonds, which plan  
13 of refunding will be ratified and confirmed by the council in the Sale Motion.

14 B. In accordance with the provisions of Section 20 of Ordinance  
15 No. 11241 of the county, Section 21 of Ordinance No. 11763 of the County and Section 23  
16 of Ordinance No. 12314 of the county, which permit the issuance of additional Parity Lien  
17 Obligations upon compliance with the conditions set forth therein (the "Parity  
18 Conditions"), the county council hereby finds and determines, as follows:

19 (i) The Bonds are issued to refund prior to their maturity  
20 outstanding bonds of the county payable from Revenue of the System.

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

24 (iii) On or prior to the date of issuance of the Bonds, a certificate  
25 of the finance director shall be filed with the clerk of the council stating that immediately  
26 after the issuance of the Bonds the annual debt service for each year that Bonds and the

1 Outstanding Parity Lien Obligations are then outstanding shall not be increased by more  
2 than \$5,000 by reason of the issuance of the Bonds.

3 C. The applicable Parity Conditions having been complied with in  
4 connection with the issuance of the Bonds, the pledge contained herein of Revenue of the  
5 System to pay and secure the payment of the Bonds shall constitute a lien and charge upon  
6 such Revenue equal in rank with the lien and charge upon the Revenue of the System to  
7 pay and secure the payment of the Outstanding Parity Lien Obligations.

8 Section 3. Authorization of Bonds. To provide funds necessary to refund the  
9 Refunded Bonds, the county shall issue the Bonds in an aggregate principal amount to be  
10 established as provided in Section 25 hereof and in any event not to exceed \$350,070,000.  
11 The Bonds shall be designated as "King County, Washington, Limited Tax General  
12 Obligation Refunding Bonds (Payable from Sewer Revenues)" with an applicable year and  
13 series designation to be established as provided in Section 25 hereof. The Bonds shall be  
14 fully registered as to both principal and interest, shall be in the denomination of \$5,000  
15 each or any integral multiple thereof (but no Bond shall represent more than one maturity),  
16 shall be numbered separately in such manner and with any additional designation as the  
17 Bond Registrar deems necessary for purposes of identification, and shall be dated as of  
18 such date and shall mature on the dates, in the years and the amounts established as  
19 provided in Section 25 hereof.

20 The Bonds shall bear interest (computed on the basis of a 360-day year of twelve  
21 30-day months) from their date or from the most recent interest payment date for which  
22 interest has been paid or duly provided for, whichever is later, payable on semiannual  
23 interest payment dates to be established as provided in Section 25 hereof, at the rate or  
24 rates bid by the successful bidder at public sale and accepted by the Sale Motion.

25 Section 4. Registration, Exchange and Payments.

26 (a) Registrar/Bond Register. The county hereby adopts the system of  
27 registration specified and approved by the Washington State Finance Committee, which

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1 utilizes the fiscal agencies of the State of Washington in Seattle, Washington, and New  
2 York, New York, as registrar, authenticating agent, paying agent and transfer agent  
3 (collectively, the "Bond Registrar"). The Bond Registrar shall keep, or cause to be kept, at  
4 its principal corporate trust office, sufficient books for the registration and transfer of the  
5 Bonds, which shall at all times be open to inspection by the county. The Bond Registrar is  
6 authorized, on behalf of the county, to authenticate and deliver the Bonds transferred or  
7 exchanged in accordance with the provisions of such Bonds and this ordinance and to carry  
8 out all of the Bond Registrar's powers and duties under this ordinance.

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

15 (b) Registered Ownership. The county and the Bond Registrar, each in  
16 its discretion, may deem and treat the Registered Owner of each Bond as the absolute  
17 owner thereof for all purposes, and neither the county nor the Bond Registrar shall be  
18 affected by any notice to the contrary. Payment of any such Bond shall be made only as  
19 described in Section 4(g) hereof, but such registration may be transferred as herein  
20 provided. All such payments made as described in Section 4(g) shall be valid and shall  
21 satisfy and discharge the liability of the county upon such Bond to the extent of the amount  
22 or amounts so paid. The county and the Bond Registrar shall be entitled to treat the person  
23 in whose name any Bond is registered as the absolute owner thereof for all purposes of this  
24 ordinance and any applicable laws, notwithstanding any notice to the contrary received by  
25 the Bond Registrar or the county.

26 (c) DTC Acceptance/Letters of Representations. The Bonds initially  
27 issued shall be held in fully immobilized form by DTC acting as depository. To induce

1 DTC to accept the Bonds as eligible for deposit at DTC, the county has heretofore executed  
2 and delivered to DTC a Blanket Issuer Letter of Representations.

3 Neither the county nor the Bond Registrar will have any responsibility or obligation  
4 to DTC participants or the persons for whom they act as nominees with respect to the  
5 Bonds in respect of the accuracy of any records maintained by DTC or any DTC  
6 participant, the payment by DTC or any DTC participant of any amount in respect of the  
7 principal of or interest on the Bonds, any notice which is permitted or required to be given  
8 to Registered Owners under this ordinance (except such notices as shall be required to be  
9 given by the county to the Bond Registrar or to DTC), or any consent given or other action  
10 taken by DTC as the Registered Owner. For so long as any Bonds are held in fully  
11 immobilized form hereunder, DTC or its successor depository shall be deemed to be the  
12 Registered Owner for all purposes hereunder, and all references herein to the Registered  
13 Owners shall mean DTC or its nominee and shall not mean the owners of any beneficial  
14 interest in the Bonds.

15 (d) Use of Depository.

16 (1) The Bonds shall be registered initially in the name of  
17 "Cede & Co.," as nominee of DTC, with one Bond maturing on each of the  
18 maturity dates for the Bonds of each series in a denomination corresponding to the  
19 total principal therein designated to mature on such date. Registered ownership of  
20 such immobilized Bonds, or any portions thereof, may not thereafter be transferred  
21 except (i) to any successor of DTC or its nominee, provided that any such successor  
22 shall be qualified under any applicable laws to provide the service proposed to be  
23 provided by it; (ii) to any substitute depository appointed by the Council pursuant  
24 to subsection (2) below or such substitute depository's successor; or (iii) to any  
25 person as provided in subsection (4) below.

26 (2) Upon the resignation of DTC or its successor (or any  
27 substitute depository or its successor) from its functions as depository or a



1 determination by the Council to discontinue the system of book entry transfers  
2 through DTC or its successor (or any substitute depository or its successor), the  
3 Council may hereafter appoint a substitute depository. Any such substitute  
4 depository shall be qualified under any applicable laws to provided the services  
5 proposed to be provided by it.

6 (3) In the case of any transfer pursuant to clause (i) or (ii)  
7 of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding  
8 Bonds, together with a written request on behalf of the Council, issue a single new  
9 Bond for each maturity of such Bonds then outstanding, registered in the name of  
10 such successor or such substitute depository, or their nominees, as the case may be,  
11 all as specified in such written request of the Council.

12 (4) In the event that (i) DTC or its successor (or  
13 substitute depository or its successor) resigns from its functions as depository, and  
14 no substitute depository can be obtained, or (ii) the Council determines that it is in  
15 the best interest of the beneficial owners of any of the Bonds that they be able to  
16 obtain such Bonds in the form of bond certificates, the ownership of Bonds may  
17 then be transferred to any person or entity as herein provided, and the Bonds shall  
18 no longer be held in fully immobilized form. The Council shall deliver a written  
19 request to the Bond Registrar, together with a supply of definitive Bonds, to issue  
20 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  
22 of the Council to the Bond Registrar, new Bonds shall be issued in such  
23 denominations and registered in the names of such persons as are requested in such  
24 written request.

25 (e) Transfer or Exchange of Registered Ownership; Change in  
26 Denominations. The registered ownership of any Bond may be transferred or exchanged,  
27 but no transfer of any Bond shall be valid unless it is surrendered to the Bond Registrar

1 with the assignment form appearing on such Bond duly executed by the Registered Owner  
2 or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond  
3 Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and  
4 shall authenticate and deliver, without charge to the Registered Owner or transferee  
5 therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same  
6 date, maturity and interest rate and for the same aggregate principal amount in any  
7 authorized denomination, naming as Registered Owner the person or persons listed as the  
8 assignee on the assignment form appearing on the surrendered Bond, in exchange for such  
9 surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and  
10 exchanged, without charge, for an equal aggregate principal amount of Bonds of the same  
11 date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall  
12 not be obligated to transfer or exchange any Bond during a period beginning at the opening  
13 of business on the 15th day of the month next preceding any interest payment date and  
14 ending at the close of business on such interest payment date, or, in the case of any  
15 proposed redemption of the Bonds, after the mailing of notice of the call of such Bonds for  
16 redemption..

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

20 (g) Place and Medium of Payment. Both principal of and interest on the  
21 Bonds shall be payable in lawful money of the United States of America. For so long as all  
22 Bonds are in fully immobilized form, payments of principal and interest thereon shall be  
23 made as provided in accordance with the operational arrangements of DTC referred to in  
24 the Letter of Representations. In the event that the Bonds are no longer in fully  
25 immobilized form, interest on the Bonds shall be paid by check or draft mailed to the  
26 Registered Owners at the addresses for such Registered Owners appearing on the Bond  
27 Register on the 15th day of the month preceding the interest payment date, and principal of

1 the Bonds shall be payable upon presentation and surrender of such Bonds by the  
2 Registered Owners at the principal office of the Bond Registrar.

3 Section 5. Redemption of Bonds; Open Market Purchases. The county may  
4 reserve the right to redeem outstanding Bonds prior to their maturity on the dates and at the  
5 prices established in the Notice of Sale and ratified and confirmed by the Sale Motion.  
6 Portions of the principal amount of any Bond, in increments of \$5,000 or any integral  
7 multiple of \$5,000, may be redeemed.

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

13 If less than all of the principal amount of any Bond is redeemed, upon surrender of  
14 such Bond at the principal office of the Bond Registrar there shall be issued to the  
15 registered owner, without charge therefor, for the then unredeemed balance of the principal  
16 amount thereof, a new Bond or Bonds, at the option of the registered owner, of like  
17 maturity and interest rate in any denomination authorized by this ordinance.

18 The county reserves the right to purchase any or all of the Bonds on the open  
19 market at any time at any price.

20 Section 6. Notice and Effect of Redemption. Unless waived by the registered  
21 owner of Bonds to be redeemed or the nominee of such owner, official notice of any such  
22 redemption shall be given by the Bond Registrar on behalf of the county by mailing a copy  
23 of an official redemption notice by certified or registered mail, postage prepaid, not less  
24 than 30 nor more than 60 days prior to the date fixed for redemption, to the registered  
25 owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or  
26 at such other address as is furnished in writing by such registered owner to the Bond  
27 Registrar. The Bond Registrar shall provide additional notice of redemption of the Bonds

1 to each NRMSIR and SID, if any, in accordance with the ongoing disclosure provisions to  
2 be adopted by the Sale Motion.

3 All official notices of redemption shall be dated and shall state:

- 4 A. the redemption date;
- 5 B. the redemption price;
- 6 C. if less than all outstanding Bonds are to be redeemed, the identification  
7 (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be  
8 redeemed;
- 9 D. that on the redemption date the redemption price will become due and  
10 payable upon each such Bond or portion thereof called for redemption, and that interest  
11 thereon shall cease to accrue from and after said date; and
- 12 E. the place where such Bonds are to be surrendered for payment of the  
13 redemption price, which place of payment shall be either of the principal offices of the  
14 Bond Registrar.

15 Such notice of redemption shall be mailed within the same period, postage prepaid,  
16 to Moody's Investors Service, Inc. and Standard & Poor's Ratings Group at their offices in  
17 New York, New York, or their successors, and to such other persons and with such  
18 additional information as the finance director shall deem appropriate, but such mailings  
19 shall not be a condition precedent to the redemption of the Bonds.

20 Prior to any redemption date, the county shall deposit with the Bond Registrar an  
21 amount of money sufficient to pay the redemption price of all the Bonds or portions of  
22 Bonds which are to be redeemed on that date.

23 Official notice of redemption having been given as aforesaid, the Bonds or portions  
24 of Bonds so to be redeemed shall, on the redemption date, become due and payable at the  
25 redemption price therein specified, and from and after such date (unless the county shall  
26 default in the payment of the redemption price upon presentation) such Bonds or portions  
27 of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in

1 accordance with said notice, such Bonds shall be paid by the Bond Registrar at the  
2 redemption price. Installments of interest due on or prior to the redemption date shall be  
3 payable as herein provided for payment of interest. Upon the payment of the redemption  
4 price of Bonds being redeemed, each check or other transfer of funds issued for such  
5 purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being  
6 redeemed with the proceeds of such check or other transfer. Upon surrender for any partial  
7 redemption of any Bond, there shall be prepared for the registered owner a new Bond or  
8 Bonds of the same maturity in the amount of unpaid principal.

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

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

19 (ii) Each further notice of redemption shall be sent at least 35 days  
20 before the redemption date by registered or certified mail or overnight delivery service to  
21 all registered securities depositories then in the business of holding substantial amounts of  
22 obligations of types comprising the Bonds (such depositories now being The Depository  
23 Trust Company of New York, New York, Midwest Securities Trust Company of Chicago,  
24 Illinois and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania).

25 The requirements of this section shall be deemed to be complied with when notice  
26 is mailed as herein provided, whether or not it is actually received by the owner.

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Section 7.    Form of Bonds. The Bonds shall be in substantially the following

form:

NO. \_\_\_\_\_  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

LIMITED TAX GENERAL OBLIGATION REFUNDING BOND  
(PAYABLE FROM SEWER REVENUES), [applicable year] SERIES \_\_\_\_\_

INTEREST RATE:                      MATURITY DATE:                      CUSIP NO.:

Registered Owner:

Principal Amount:

KING COUNTY, WASHINGTON (the "County"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date specified above, the Principal Amount specified above and to pay interest thereon (computed on the basis of a 360-day year of twelve 30-day months) from \_\_\_\_\_ 1, 1998, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on \_\_\_\_\_ 1, \_\_\_\_\_, and semiannually thereafter on the first days of each succeeding \_\_\_\_\_ and \_\_\_\_\_.

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

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1 month prior to the interest payment date; provided, however, that if so requested in writing  
2 by the Registered Owner of at least \$1,000,000 par value of the bonds, interest will be paid  
3 by wire transfer.  
4

5 This bond is one of an authorized issue of bonds of like series, date and tenor,  
6 except as to number, amount, rate of interest and date of maturity, in the aggregate  
7 principal amount of \$350,070,000, and is issued to refund certain outstanding sewer  
8 revenue bonds of the County.  
9

10 The bonds of this issue are issued under and in accordance with the provisions of  
11 the Constitution and applicable statutes of the State of Washington, the County Charter and  
12 applicable ordinances duly adopted by the County. Capitalized terms not otherwise  
13 defined herein shall have the meanings given such terms in the Bond Ordinance.  
14

15 The County has reserved the right to redeem the bonds of this issue maturing on  
16 and after \_\_\_\_\_ 1, \_\_\_\_, in whole or in part (and if in part, with maturities to be  
17 selected by the County and by lot within a maturity) at the following times and prices  
18 expressed as a percentage of the principal amount, in each case together with accrued  
19 interest, if any, to the redemption date.  
20

## Redemption Periods

## Redemption Prices

21  
22  
23  
24  
25  
26 [The bonds of this issue maturing on \_\_\_\_\_ 1, \_\_\_\_, are also subject to  
27 redemption prior to maturity through mandatory amortization payments on \_\_\_\_\_ 1 of  
28 the following years and in the following amounts in each case at a redemption price of  
29 100% of the principal amount of bonds to be redeemed, plus accrued interest to the date of  
30 redemption.  
31

## Years

## Amount

32  
33  
34  
35  
36  
37 \* Final Maturity]  
38

39 Portions of the principal sum of this bond in installments of \$5,000 or any integral  
40 multiple thereof also may be redeemed in accordance with the provisions set forth above,  
41 and if less than all of the principal sum hereof is to be redeemed, upon the surrender of this  
42 bond at the principal offices of the Bond Registrar there shall be issued to the Registered  
43 Owner, without charge therefor, for the then unredeemed balance of the principal sum  
44 hereof, at the option of the owner, a bond or bonds of like series, maturity and interest rate  
45 in any of the denominations authorized by the Bond Ordinance.

1  
2 Notice of redemption, unless waived, is given by the Bond Registrar by mailing an  
3 official redemption notice by certified or registered mail, postage prepaid, not less than  
4 30 days and not more than 60 days prior to the date fixed for redemption, to the Registered  
5 Owner of any bond to be redeemed at the address appearing on the Bond Register. The  
6 requirements for such notice shall be deemed to be complied with when notice is mailed as  
7 herein provided, regardless of whether or not it is actually received by the owner of any  
8 bond.

9  
10 If such notice has been given and if the County has set aside, on the date fixed for  
11 redemption, sufficient money for the payment of all bonds called for redemption, the bonds  
12 so called shall cease to accrue interest after such redemption date, and all such bonds shall  
13 no longer be deemed to be outstanding for any purpose, except that the Registered Owners  
14 thereof shall be entitled to receive payment of the redemption price and accrued interest to  
15 the redemption date from the money set aside for such purpose.

16  
17 The County has further irrevocably covenanted and agreed with the owner of this  
18 bond that it will annually include in its budget and levy taxes, within and as a part of the  
19 tax levy permitted to counties without a vote of the electorate, upon all the property subject  
20 to taxation, in an amount sufficient, together with all other money legally available  
21 therefor, to pay the principal of and interest on this bond as the same shall become due.  
22 The full faith, credit and resources of the County are hereby irrevocably pledged for the  
23 annual levy and collection of such taxes and the prompt payment of such principal and  
24 interest.

25  
26 The County has further covenanted and pledged to set aside out of earnings and  
27 revenues of its Sewer System and to pay into the Bond Fund for the bonds of this issue  
28 amounts sufficient to pay when due the principal of and interest on this bond. The pledge  
29 of revenues of the Sewer System constitutes a lien and charge on such revenues subject to  
30 prior application for expenses of maintenance and operation of the Sewer System and  
31 subordinate to the lien and charge securing payment of the Parity Bonds and to the lien and  
32 charge securing the SRF Loan, equal to the lien and charge securing the Outstanding Parity  
33 Lien Obligations and any additional Parity Lien Obligations hereafter issued, and superior  
34 to any other changes whatsoever. The County has reserved the right to issue additional  
35 Parity Lien Obligations on the terms and conditions set forth in the Bond Ordinance.

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

44



1 The pledge of tax levies and of revenues for repayment of principal of and interest  
2 on the bonds of this issue may be discharged prior to maturity of the bonds by making  
3 provisions for the payment thereof on the terms and conditions set forth in the Bond  
4 Ordinance.  
5

6 This bond shall not be valid or become obligatory for any purpose or be entitled to  
7 any security or benefit under King County Ordinance No. \_\_\_\_\_ (the "Bond  
8 Ordinance") until the Certificate of Authentication hereon shall have been manually signed  
9 by the Bond Registrar.  
10

11 It is hereby certified that all acts, conditions and things required by the Constitution  
12 and statutes of the State of Washington and the Charter and ordinances of the County to  
13 exist, to have happened, been done and performed precedent to and in the issuance of this  
14 bond have happened, been done and performed and that the issuance of this bond and the  
15 bonds of this series does not violate any constitutional, statutory or other limitation upon  
16 the amount of bonded indebtedness that the County may incur.  
17

18 IN WITNESS WHEREOF, the County has caused this bond to be executed by the  
19 manual or facsimile signatures of the County Executive and to be attested by the Clerk of  
20 the County Council, and has caused the seal of the County to be impressed or imprinted  
21 hereon, as of this 1st day of \_\_\_\_\_, 1998.

22 KING COUNTY, WASHINGTON

23  
24 By \_\_\_\_\_ /s/  
25 King County Executive  
26

27 ATTEST:

28  
29 \_\_\_\_\_ /s/  
30 Clerk of the County Council

31 The following abbreviations, when used in the inscription on the face of the within  
32 bond, shall be construed as though they were written out in full according to applicable  
33 laws or regulations.  
34

- 35 TEN COM - as tenants in common
- 36 TEN ENT - as tenants by the entireties
- 37 JT TEN - as joint tenants with right of survivorship and not as tenants in  
38 common

39  
40 UNIF GIFT (TRANSFERS) MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
41 (Cust) (Minor)  
42 under Uniform Gifts (Transfers) to Minors  
43 Act  
44

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(State)

Additional abbreviations may also be used though not listed above.

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

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within mentioned Bond Ordinance and is one of the Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), [applicable year] Series \_\_\_\_, of King County, Washington dated \_\_\_\_ 1, 199\_.

WASHINGTON STATE FISCAL AGENCY, as Bond Registrar

By \_\_\_\_\_ Authorized Signatory

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

[Empty rectangular box for Social Security or Taxpayer ID number]

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

the within bond and does hereby irrevocably constitute and appoint of \_\_\_\_\_, 0

DATED: \_\_\_\_\_, 19\_\_.

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without

alteration or enlargement or any change  
whatever.

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SIGNATURE GUARANTEED:

NOTICE: Signatures must be guaranteed  
pursuant to law.

Section 8. Execution of Bonds. The Bonds shall be executed on behalf of the  
county with the manual or facsimile signatures of the county executive and the clerk of the  
county council, and shall have the seal of the county impressed or imprinted thereon.

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

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

Section 9. Mutilated, Lost, or Destroyed Bonds. If any Bond shall become  
mutilated, the Bond Registrar shall authenticate and deliver a new Bond of like series,  
amount, date, interest rate and tenor in exchange and substitution for the Bond so

1 mutilated, upon the owner's paying the expenses and charges of the county and the Bond  
2 Registrar in connection therewith and upon surrender to the Bond Registrar of the Bond so  
3 mutilated. Every mutilated Bond so surrendered shall be canceled and destroyed by the  
4 Bond Registrar.

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

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

23 A. Debt Service Account. A "Debt Service Account" has heretofore been  
24 established in the Bond Fund. The county hereby obligates and binds itself to cause to be  
25 set aside and paid into said Account out of the Revenue of the System amounts sufficient,  
26 together with accrued interest received at the time of delivery of the Bonds and deposited  
27 therein, income from the investment of money in the Debt Service Account and any other

1 money on deposit in the Debt Service Account and legally available, to pay the principal of  
2 and interest on outstanding Bonds as the same become due and payable.

3 There is hereby authorized to be created a special subaccount in the Debt Service  
4 Account for payment of the Bonds. All money required by this Section 10.A of this  
5 ordinance to be deposited into the Debt Service Account for the payment of principal of  
6 and interest on the Bonds shall be deposited into such subaccount. Money in such  
7 subaccount shall be treated in all respects as all other money in the Debt Service Account  
8 but shall be accounted for separately for the purpose of calculating amounts required to be  
9 paid to the federal government pursuant to Section 21 of this ordinance.

10 Payments on account of the Bonds shall be made out of the Revenue of the System  
11 into the applicable debt service subaccount in the Bond Fund on or before the day each  
12 payment of interest on or principal of the Bonds is due.

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

1 required to be purchased or redeemed in the next succeeding year or years may be reduced  
2 accordingly.

3 If the original purchaser of the Bonds designates any Bonds as Term Bonds  
4 pursuant to Section 3 hereof and the Official Notice of Bond Sale, there is hereby  
5 authorized to be created a special subaccount for the Bonds within the Term Bond Payment  
6 Account. All money required by this Section 10.B of this ordinance to be deposited into  
7 the Term Bond Payment Account for the purchase or redemption of Bonds that are Term  
8 Bonds shall be deposited into such subaccount within the Term Bond Payment Account.  
9 Money in such subaccount shall be treated in all respects as all other money in the Term  
10 Bond Payment Account but shall be accounted for separately for the purpose of calculating  
11 amounts required to be paid to the federal government pursuant to Section 21 of this  
12 ordinance.

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

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

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

4           Section 12. Pledge of Sewer Revenues. The amounts covenanted to be paid out  
5 of the Revenue of the System into the Bond Fund shall constitute a lien and charge on such  
6 Revenue subject to normal expenses of maintenance and operation of the System and any  
7 other necessary expenses of maintenance and operation of the System for which reserves or  
8 other money are not available, and junior, subordinate and inferior to the lien and charge  
9 on such Revenue for the payments required by the Parity Bond Ordinances to be made into  
10 the Parity Bond Fund and the accounts therein and into the Operating Reserve Account,  
11 Contingency Reserve Account, and Betterment Reserve Account in the Revenue Fund,  
12 junior, subordinate and inferior to the lien and charge on such Revenue for the payments  
13 required by the 1990 SRF Loan Agreement, and equal to the lien and charge on such  
14 Revenue of the payments required to be made by the ordinances authorizing the issuance of  
15 the Outstanding Parity Lien Obligations and any additional Parity Lien Obligations, and  
16 superior to all other liens and charges on such Revenue whatsoever.

17           Section 13. Revenue Fund. A special fund of Metro has heretofore been  
18 established known as the "Municipality of Metropolitan Seattle Sewer Revenue Fund."  
19 Such fund has been redesignated and continued by the county as the Water Quality  
20 Operating Fund and is herein referred to as the "Revenue Fund." All of the Revenue of the  
21 System shall be deposited in the Revenue Fund. All costs of maintaining and operating the  
22 System borne by the county shall be paid out of the Revenue Fund or appropriate reserves  
23 therein.

24           A. Operating Reserve Account. There has heretofore been created in the  
25 Revenue Fund an "Operating Reserve Account," and approximately \$3,477,215 was on  
26 deposit therein as of December 31, 1997. The money in the Operating Reserve Account  
27 may be used to pay necessary expenses of maintenance and operation of the System in the

1 event that Revenue of the System should at any time be inadequate to pay such expenses. If  
2 the balance in this account shall at any time hereafter be reduced below an amount that is  
3 the greater of either \$300,000 or five percent of the total cost of operating and maintaining  
4 the System borne by the county in the immediately preceding calendar year, the county  
5 shall deposit to the credit thereof such sums as may be necessary to restore such amount  
6 therein within six months. Such deposits shall be made from Revenue of the System first  
7 available therefor after payments of Operating and Maintenance Expenses and required  
8 payments into the Parity Bond Fund and the Parity Bond Reserve have been made.

9 B. Contingency Reserve Account. A Contingency Reserve Account has  
10 heretofore been created in the Revenue Fund, and approximately \$2,000,000 was on  
11 deposit in the account as of December 31, 1997. The money in the Contingency Reserve  
12 may from time to time be used for the payment of major repairs, renewals, replacements  
13 and maintenance expenses of a type not regularly recurring, and unforeseen capital  
14 improvements required by regulatory authority. If the balance in the Contingency Reserve  
15 shall at any time be reduced below the amount required by this resolution to be maintained  
16 therein, the county shall deposit therein from the Revenue of the System such sums, not  
17 exceeding \$500,000 per year, as may be required to establish and maintain such minimum  
18 required balance. The minimum balance required to be maintained in said account shall be  
19 \$2,000,000.

20 C. Renewal, Extension and Betterment Reserve Account. There has heretofore  
21 been created in the Revenue Fund a Renewal, Extension and Betterment Reserve Account,  
22 and approximately \$8,495,246 was on deposit therein as of December 31, 1997. On or  
23 before January 1 of each year there shall be deposited in said account at least \$750,000;  
24 provided that if money is deposited in the Contingency Reserve in any such year, the  
25 deposits to the Betterment Reserve in such year may be reduced by such amount. Deposits  
26 to the Betterment Reserve shall continue to be made until the Bonds and all outstanding  
27 Parity Bonds shall have been paid or until the Comprehensive Plan shall have been



1 completed, whichever shall first occur. The money in the Betterment Reserve may be used  
2 from time to time for any necessary renewals and replacements of the System and for any  
3 capital expenditures which the county council shall deem necessary and appropriate to  
4 carry out the Comprehensive Plan or may be transferred to the Parity Bond Reserve,  
5 Contingency Reserve or Operating Reserve to meet any deficiency therein, or may be  
6 pledged in whole or in part for the payment of junior lien bonds or may be applied to the  
7 payment of outstanding Parity Bonds.

8 D. Rate Stabilization Fund. At such time as no Parity Bonds and no 1994A  
9 Bonds and no 1995 Bonds remain outstanding, a special fund of the county to be  
10 designated the "Sewer Rate Stabilization Fund" (the "Rate Stabilization Fund") has  
11 heretofore been authorized to be established in anticipation of increases in revenue  
12 requirements of the System. Thereafter, in accordance with the provisions of Section 14 of  
13 this ordinance, the county may from time to time appropriate or budget amounts in the  
14 Revenue Fund for deposit in the Rate Stabilization Fund and may from time to time  
15 withdraw amounts therefrom for deposit in the Revenue Fund to prevent or mitigate sewer  
16 rate increases or for other lawful purposes of the county related to the System.

17 Section 14. Sewer Revenue Priorities of Payment. So long as any Bond shall be  
18 outstanding, the Revenue of the System shall be deposited into the Sewer Revenue Fund  
19 and used and applied in the following order of priority:

20 First, to pay all Operating and Maintenance Expenses;

21 Second to make all required payments of principal and interest on Parity Bonds as  
22 the same shall become due and payable;

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

24 Fourth, to establish and maintain the Parity Bond Reserve;

25 Fifth, to establish and maintain the Operating Reserve;

26 Sixth, to establish and maintain the Contingency Reserve;

27 Seventh, to establish and maintain the Betterment Reserve;

1           Eighth, to make all required payments of principal and interest due on the SRF  
2 Loan;

3           Ninth, to accumulate in the special reserve fund for the 1990 SRF Loan the amount  
4 required by subsection E of Section VI of the 1990 SRF Loan Agreement to be  
5 accumulated therein and, if required by the terms of any other SRF loan agreement, if any,  
6 the amounts required by the terms of those SRF loan agreements to be accumulated  
7 therein;

8           Tenth, to make all required payments of principal and interest on the Parity Lien  
9 Obligations and Payment Agreement Payments with respect to any Parity Payment  
10 Agreements; and

11           Eleventh, to make all payments required to be made into any other revenue bond  
12 redemption fund and debt service account or reserve account created therein to pay and  
13 secure the payment of the principal of and interest on any revenue bonds or other revenue  
14 obligations of the county having liens upon Revenue of the System and the money in the  
15 Sewer Revenue Fund junior and inferior to the lien thereon for the payment of the principal  
16 of and interest on any Parity Lien Obligations, but prior to the lien thereon of the Notes,  
17 Advances and any Additional Subordinate Lien Obligations, as the same shall become due  
18 and payable;

19           Twelfth, to make all required payments of principal of and interest on the Notes,  
20 Advances, or Additional Subordinate Lien Obligations as the same shall become due and  
21 payable; and

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

26           Any surplus money that the county may have on hand in the Revenue Fund after  
27 making all required payments set forth above may be used by the county (i) to make

1 necessary improvements, additions and repairs to and extensions and replacements of the  
2 System, (ii) to purchase or redeem and retire outstanding sewer revenue bonds of the  
3 county, (iii) to make deposits into the Rate Stabilization Fund at such time as it is  
4 authorized to be created pursuant to Section 13.D of Ordinance No. 12314 of the county, or  
5 (iv) for any other lawful purposes of the county related to the System.

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

8 A. The amount equal to the interest accruing on the Bonds from their dated  
9 date to the date of their Closing shall be deposited in the subaccount for such Bonds  
10 created in the Debt Service Account in the Bond Fund.

11 B. The balance of the proceeds of the Bonds shall be deposited in the  
12 Refunding Account (as hereinafter defined) and applied as provided in Section 16 of this  
13 ordinance.

14 Section 16. Application of Refunding Bond Proceeds

15 A. Plan of Refunding. There is hereby authorized and established a special  
16 account of the county to be maintained with the Escrow Agent (as hereinafter defined) to  
17 be known as the "King County 1998 Limited Tax General Obligation Bonds (Payable from  
18 Sewer Revenues) Refunding Account" (the "Refunding Account"). The Refunding  
19 Account shall be drawn upon for the sole purpose of paying the principal of and interest on  
20 the Refunded Bonds and of paying costs related to issuance of the Bonds and refunding the  
21 Refunded Bonds. The proceeds of sale of the Bonds shall be deposited into the Refunding  
22 Account to provide for refunding the Refunded Bonds, as authorized by the Refunded  
23 Bond Ordinances and to pay the costs of issuance of the Bonds.

24 The finance director is authorized to determine, in consultation with the county's  
25 financial advisors, which of the Refunded Bonds, if any, are to be refunded. The final plan  
26 of refunding and call for redemption of the Refunded Bonds shall be set forth in and  
27 ratified and confirmed by the Sale Motion. Money in the Refunding Account shall be used

1 immediately upon receipt thereof to defease the Refunded Bonds and discharge the other  
2 obligations of the county relating thereto under the Refunded Bond Ordinances, as  
3 applicable, by providing for the payment of the principal of and interest on the Refunded  
4 Bonds as set forth in the Sale Motion. The county shall defease such bonds and discharge  
5 such obligations by the use of the money in the Refunding Account to purchase certain  
6 "Government Obligations" as such obligations are defined in Chapter 39.53 RCW as now  
7 or hereafter amended (which obligations so purchased, are herein called "Acquired  
8 Obligations"), bearing such interest and maturing as to principal and interest in such  
9 amounts and at such times which, together with any necessary beginning cash balance, will  
10 provide for the payment of the Refunded Bonds, as set forth in the Sale Motion. Such  
11 Acquired Obligations shall be purchased at a yield not greater than the yield permitted by  
12 the Code and regulations relating to acquired obligations in connection with refunding  
13 bond issues.

14 In connection with the issuance of the Bonds, to carry out the refunding and  
15 defeasance of the Refunded Bonds, the finance director is hereby authorized to appoint as  
16 escrow agent a bank or trust company qualified by law to perform the duties described  
17 herein and in the form of escrow agreement attached hereto as Exhibit A (each, an "Escrow  
18 Agent"). Any beginning cash balance and the Acquired Obligations shall be irrevocably  
19 deposited with the Escrow Agent in an amount sufficient to defease the Refunded Bonds in  
20 accordance with this Section 16 and the Sale Motion.

21 The county will take such actions as are found necessary to see that all necessary  
22 and proper fees, compensation and expenses of the Escrow Agent shall be paid when due.  
23 The proper officers and agents of the county are directed to obtain from each Escrow Agent  
24 an agreement setting forth the duties, obligations and responsibilities of such Escrow Agent  
25 in connection with the redemption and retirement of the Refunded Bonds as provided  
26 herein and stating that such provisions for the payment of the fees, compensation and  
27 expenses of such Escrow Agent are satisfactory to it.

1 To carry out the purposes of this section of this ordinance, the finance director is  
2 authorized and directed to execute and deliver to the Escrow Agent the Escrow Agreement  
3 in substantially the form set forth in Exhibit A attached to this ordinance and incorporated  
4 herein by this reference.

5 B. Findings of Savings and Defeasance. By the Sale Motion, the council shall  
6 set forth its findings of savings and defeasance with respect to those Refunded Bonds  
7 authorized to be refunded from the proceeds of the Bonds.

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

15 Section 18. Rate Covenants.

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

1 B. Rate Covenant -- Coverage.

2 (i) Subject to the provisions of subparagraph (2) of this Section 18(B),  
3 the county hereby covenants with the owner of each of the Bonds for as long as any of the  
4 same are outstanding that the county will at all times establish, maintain and collect rates  
5 and charges for sewage disposal service that, together with the interest to be earned on  
6 investments made of money in the Revenue Fund or the Bond Fund, will provide in each  
7 fiscal year Revenue of the System in an amount equal to at least 1.15 times the amounts  
8 required to pay:

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

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

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

24 For purposes of clause (c) of this paragraph, "amounts required to be paid" means  
25 the amount to be deposited or accumulated in any fund or account for interest on and  
26 amortization of Term Bonds on or before such January 1 for outstanding Term Bonds

1 irrespective of the date or dates such amount, or any portion thereof, is actually deposited  
2 into such fund or account.

3 For the purpose of meeting the requirement of this Section 18.B, but only after such  
4 time as no Parity Bonds, no 1994A Bonds and no 1995 Bonds remain outstanding, there  
5 may be added to Revenue of the System for any fiscal year any amount withdrawn from  
6 the Rate Stabilization Fund and deposited in the Revenue Fund. There shall be subtracted  
7 from Net Revenue for any fiscal year any amounts in such year withdrawn from the  
8 Revenue Fund and deposited into the Rate Stabilization Fund in such fiscal year.

9 (ii) Amounts required to be paid in respect of Parity Bonds and Parity  
10 Lien Obligations shall be calculated in accordance with the following requirements:

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

15 (b) Interest on Variable Rate Parity Lien Obligations. The  
16 amount of interest deemed to be payable on any issue of Variable Rate Parity Lien  
17 Obligations shall be calculated on the assumption that the interest rate on those bonds  
18 would be equal to the rate (the "assumed RBI rate") that is 90% of the average Bond Buyer  
19 Revenue Bond Index or comparable index during the fiscal quarter preceding the quarter in  
20 which the calculation is made; provided, for purposes of determining actual compliance  
21 with the covenant made in this Section 18(B) in any past fiscal year, the actual amount of  
22 interest paid on any issue of Variable Rate Parity Lien Obligations shall be taken into  
23 account.

24 (c) Debt Service on Parity Lien Obligations With Respect to  
25 Which Payment Agreement Is in Force. Debt service on Parity Lien Obligations with  
26 respect to which a Payment Agreement is in force shall be calculated by the county to  
27 reflect the net economic effect on the county intended to be produced by the terms of the

1 Parity Lien Obligations and the terms of the Payment Agreement, in accordance with the  
2 requirements set forth in Section 24 of this ordinance.

3 Section 19. Certain Other Covenants. The county makes the following  
4 covenants and warranties:

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

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

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

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

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

22 F. The adoption of this ordinance, and compliance on the county's part  
23 with the provisions contained herein, will not conflict with or constitute a breach of or  
24 default under any constitutional provisions, law, administrative regulation, judgment,  
25 decree, loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement or  
26 other instrument to which the county is a party or to which the county or any of its property  
27 or assets are otherwise subject, nor will any such adoption, execution, delivery, sale,



1 issuance or compliance result in the creation or imposition of any lien, charge or other  
2 security interest or encumbrance of any nature whatsoever upon any of the property or  
3 assets of the county or under the terms of any such law, regulation or instrument, except as  
4 may be provided by the Bonds and this ordinance.

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

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

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

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

1           K.     The county will cause proper books of record and accounts of  
2 operation of the System to be kept and shall cause a quarterly financial and operating  
3 statement to be prepared as soon as may be practicable following each quarterly period for  
4 the preceding quarter's business and operation of the System. Said statement shall be filed  
5 promptly upon its completion with the county council and shall be sent to the Registered  
6 Owner of any Bonds upon written request being made therefor.

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

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

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

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

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

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

23 Section 20. Tax-Exemption. The county shall comply with the provisions of  
24 this section unless, in the written opinion of nationally recognized bond counsel to the  
25 county, such compliance is not required in order to maintain the exemption of the interest  
26 on the Bonds from federal income taxation.

1           The county hereby covenants that it will not make any use of the proceeds from the  
2 sale of the Bonds or any other funds of the county that may be deemed to be proceeds of  
3 such Bonds pursuant to Section 148 of the Code and the applicable regulations thereunder  
4 that will cause the Bonds to be "arbitrage bonds" within the meaning of said section and  
5 said regulations. The county will comply with the applicable requirements of Section 148  
6 of the Code (or any successor provision thereof applicable to the Bonds) and the applicable  
7 regulations thereunder throughout the term of the Bonds.

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

11           Section 21. Arbitrage Rebate. The county will pay the Rebate Amount, if any,  
12 to the United States of America at the times and in the amounts necessary to meet the  
13 requirements of the Code to maintain the federal income tax exemption for interest  
14 payments on the Bonds, in accordance with the Arbitrage and Tax Certification.

1           Section 22. Additional Obligations Payable from Revenue of the System.

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

9           B.    Additional Parity Lien Obligations.

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

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

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

1                   1.     The principal of the Parity Lien Obligations being  
2 issued and all outstanding Parity Bonds, Bonds and any other Parity Lien Obligations  
3 (other than amortization of principal of Term Bonds).

4                   2.     The interest on the Parity Lien Obligations being  
5 issued and all outstanding Parity Bonds, Bonds and any other Parity Lien Obligations,  
6 exclusive of any interest which shall be payable from the proceeds of the Parity Lien  
7 Obligations to be issued.

8                   3.     The amounts required to be paid into any fund or  
9 account to amortize the principal of any Parity Lien Obligations that are Term Bonds being  
10 issued and all outstanding Parity Term Bonds and Bonds or any other Parity Lien  
11 Obligations that are Term Bonds.

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

14                   1.     For purposes of calculating the amounts required to  
15 pay interest on the Parity Lien Obligations being issued, capitalized interest and accrued  
16 interest to be paid to the county upon the issuance of such proposed Parity Lien  
17 Obligations shall be excluded.

18                   2.     The amount of interest deemed to be payable on any  
19 issue of Variable Rate Parity Lien Obligations shall be calculated on the assumption that  
20 the interest rate on those bonds would be equal to the rate (the "assumed RBI rate") that is  
21 90% of the average Bond Buyer Revenue Bond Index or comparable index during the  
22 fiscal quarter preceding the quarter in which the calculation is made.

23                   3.     Debt service on Parity Lien Obligations with respect  
24 to which a Payment Agreement is in force shall be calculated by the county to reflect the  
25 net economic effect on the county intended to be produced by the terms of the Parity Lien  
26 Obligations and the terms of the Payment Agreement, in accordance with the requirements  
27 set forth in Section 23 of this ordinance.

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

4 1. The Revenue of the System shall be determined for a  
5 period of any 12 consecutive months out of the 18 months immediately preceding the  
6 delivery of the Parity Lien Obligations being issued.

7 2. Such revenue shall be adjusted to give effect on a  
8 12-month basis to the rates in effect on the date of such certificate.

9 3. If there were any Customers added to the System  
10 during such 12-month period or thereafter and prior to the date of the engineer's certificate,  
11 such revenue shall be further adjusted on the basis that added Customers were Customers  
12 of the System during the entire 12-month period.

13 4. There shall be deducted from such revenue the  
14 amount expended for Operating and Maintenance Expenses during such period.

15 5. For each year following the proposed date of issuance  
16 of such Parity Lien Obligations the engineer shall add to the annual revenue determined in  
17 the preceding four paragraphs an estimate of the income to be received in each such year  
18 from the investment of money in the Bond Fund or any bond fund for Parity Lien  
19 Obligations and the Construction Fund which will be determined by and in the sole  
20 discretion of a firm of nationally recognized financial consultants selected by the county.

21 6. Beginning with the second year following the  
22 proposed date of issue of such Parity Lien Obligations and for each year thereafter the  
23 engineer shall add to the annual revenue determined in the preceding five paragraphs his or  
24 her estimate of any additional annual revenue to be received from anticipated growth in the  
25 number of Customers within the area served by the System on the date of such certificate,  
26 after deducting therefrom any increased Operating and Maintenance Expenses estimated to  
27 be incurred as a result of such growth; provided that the engineer's estimate of the number

1 of customers served shall not assume a growth of more than 1/4 of 1% over and above the  
2 number of customers served or estimated to be served during the preceding year.

3 7. If extensions of or additions to the System are in the  
4 process of construction at the time of such certificate, or if the proceeds of the Parity Lien  
5 Obligations being issued are to be used to acquire or construct extensions of or additions to  
6 the System, there shall be added to the annual net revenue as above determined any  
7 revenue not included in the preceding paragraphs which will be derived from such  
8 additions and extensions after deducting therefrom the estimated additional Operating and  
9 Maintenance Expenses to be incurred as a result of such additions and extensions; provided  
10 that such estimated annual revenue shall be based upon 75% of any estimated Customer  
11 growth in the four years following the first full year in which such additional revenue is to  
12 be collected and thereafter the estimated Customer growth shall not exceed 1/4 of 1% per  
13 year over and above such reduced estimate.

14 (ii) Parity Lien Obligations That Are Refunding Bonds.

15 (a) The county may at any time for the purpose of refunding at  
16 or prior to their maturity any outstanding Parity Lien Obligations or any bonds or other  
17 obligations of the county payable from Revenue of the System issue additional Parity Lien  
18 Obligations without complying with the provisions of Section 22(B)(i) hereof; provided,  
19 however, that the county shall not issue additional Parity Lien Obligations for such purpose  
20 under this Section 22(B)(ii) unless there shall have been filed with the Clerk of the county  
21 council a certificate of the finance director stating that immediately after the issuance of  
22 such Parity Lien Obligations the annual debt service for each year that Bonds and any other  
23 Parity Lien Obligations (other than the refunding bonds proposed to be issued) are then  
24 outstanding shall not be increased by more than \$5,000 by reason of the issuance of such  
25 Parity Lien Obligations.

26 (b) The principal amount of such Parity Lien Obligations may  
27 include amounts necessary to pay the principal of the Bonds or other obligations to be



1 refunded, interest thereon to the date of payment or redemption thereof, any premium  
2 payable thereon upon such payment or redemption and the costs of issuance of such Parity  
3 Lien Obligations, and if there shall have been provided a Payment Agreement with respect  
4 to the obligations to be refunded, may include amounts necessary to make the payment of  
5 all amounts, if any, due and payable by the county under such Payment Agreement. The  
6 proceeds of such Parity Lien Obligations shall be held and applied in such manner,  
7 consistent with the provisions of Section 31 hereof, as is provided in the ordinance  
8 providing for the issuance of such Parity Lien Obligations, so that upon the delivery of  
9 such Parity Lien Obligations, the Bonds or other obligations to be refunded thereby shall  
10 be deemed to be no longer outstanding in accordance with the provisions of such  
11 Section 31.

12 (c) At the election of the county, the provisions of this  
13 Section 22(B)(2) shall not be applicable to the refunding at one time of all the Parity Lien  
14 Obligations then outstanding.

15 (d) Additional Parity Lien Obligations for the purpose of  
16 refunding outstanding Parity Lien Obligations or bonds or other obligations of the county  
17 payable from Revenue of the System may also be issued upon compliance with the  
18 provisions of Section 22(B)(i) hereof.

19 (e) Nothing contained in this ordinance shall prohibit or prevent,  
20 or be deemed or construed to prohibit or prevent, the county from issuing Parity Lien  
21 Obligations to refund maturing Parity Lien Obligations of the county for the payment of  
22 which money is not otherwise available.

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

1.           Section 23. Reimbursement Obligations. If the county elects to secure any  
2 Parity Lien Obligations with a Credit Facility, the county may contract with the entity  
3 providing such Credit Facility that the reimbursement obligation, if any, to such entity is a  
4 Parity Lien Obligation.

5           Section 24. Payment Agreements and Parity Payment Agreements.

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

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

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

17           D.   Calculation of Payment Agreement Payments and Debt Service on Parity  
18 Lien Obligations With Respect to Which a Payment Agreement Is in Force. It is the intent  
19 of the county for purposes of Sections 18 or 22 of this ordinance, debt service on Parity  
20 Lien Obligations with respect to which a Payment Agreement is in force shall be calculated  
21 to reflect the net economic effect on the county intended to be produced by the terms of the  
22 Parity Lien Obligations and the terms of the Payment Agreement. In calculating such  
23 amounts, the county shall be guided by the following requirements.

24                   (i) The amount of interest deemed to be payable on any Parity Lien  
25 Obligations with respect to which a Payment Agreement is in force shall be an amount  
26 equal to the amount of interest that would be payable at the rate or rates stated in those

1 Parity Lien Obligations plus Payment Agreement Payments minus Payment Agreement  
2 Receipts.

3 (ii) For any period during which Payment Agreement Payments are not  
4 taken into account in calculating interest on any outstanding Parity Lien Obligations  
5 because the Parity Payment Agreement is not then related to any outstanding Parity Lien  
6 Obligations, Payment Agreement Payments on that Parity Payment Agreement shall be  
7 calculated based upon the following assumptions:

8 (a) County Obligated to Make Payments Based on Fixed Rate.

9 If the county is obligated to make Payment Agreement Payments based on a fixed rate and  
10 the Qualified Counterparty is obligated to make payments based on a variable rate index,  
11 payments by the county will be based on the assumed fixed payor rate, and payments by  
12 the Qualified Counterparty will be based on a rate equal to the average rate determined by  
13 the variable rate index specified by the Parity Payment Agreement during the fiscal quarter  
14 preceding the quarter in which the calculation is made; and

15 (b) County Obligated to Make Payments Based on Variable Rate

16 Index. If the county is obligated to make Payment Agreement Payments based on a  
17 variable rate index and the Qualified Counterparty is obligated to make payments based on  
18 a fixed rate, payments by the county will be based on a rate equal to the average rate  
19 determined by the variable rate index specified by the Parity Payment Agreement during  
20 the fiscal quarter preceding the quarter in which the calculation is made, and the Qualified  
21 Counterparty will make payments based on the fixed rate specified by the Parity Payment  
22 Agreement.

23 E. Prior Notice to Moody's and Standard & Poor's. The county shall give  
24 notice to Moody's Investors Service and Standard & Poor's Ratings Services, a Division of  
25 the McGraw-Hill Companies, thirty days prior to the date it intends to enter into a Payment  
26 Agreement.

1           Section 25. Public Sale of Bonds. The Bonds shall be sold by competitive bid at  
2 a public sale. Bids for the purchase of the Bonds shall be received at the county's  
3 purchasing office, Room 610, King County Administration Building, 500 Fourth Avenue,  
4 Seattle, Washington, at 9:00 a.m., or at such other time as the finance director shall direct,  
5 on such date as the finance director shall direct; provided, however, that no Bonds  
6 authorized herein shall be sold after June 1, 1999.

7           Upon the date and time established for the receipt of bids for the Bonds, the finance  
8 director or his designee shall open the bids, shall cause the bids to be mathematically  
9 verified and shall report to the county council regarding the bids received. Such bids shall  
10 then be considered and acted upon by the county council in an open public meeting. The  
11 county council reserves the right to reject any and all bids for the Bonds. Bids for the  
12 Bonds must be on an all or none basis. The county council by the Sale Motion shall  
13 approve the sale of the Bonds, establish the series designation, date, interest rates, and  
14 redemption provisions of such Bonds, and ratify and confirm any plan of refunding  
15 Refunded Bonds. In determining which of the Refunded Bonds, if any, should be advance  
16 refunded, it is the council's intent that the finance director adhere to a refunding guideline  
17 that the present value of the savings achieved by any advance refunding exceed a minimum  
18 level of approximately 5 percent of the principal amount of Refunded Bonds that are  
19 advance refunded. This requirement does not apply to the current refunding of any  
20 Refunded Bonds, i.e., the redemption of such Refunded Bonds paid for with proceeds of  
21 Refunding Bonds issued no earlier than six months prior to such date fixed for redemption.

22           The finance director is hereby authorized and directed to prepare an Official Notice  
23 of Bond Sale for the Bonds which notice shall be filed with the clerk of the council and  
24 shall be ratified and confirmed by the Sale Motion. The finance director is hereby  
25 authorized to establish the series designation, date, principal amount, interest payment  
26 dates, maturity schedule and redemption provisions for the Bonds in such Official Notice  
27 of Bond Sale so long as the aggregate principal amount of the Bonds does not exceed

1 \$350,070,000. The official notice of sale or an abridged form thereof shall be published in  
2 such newspapers or financial journals as may be deemed desirable or appropriate by the  
3 financial advisors to the county.

4 Section 26. Delivery of Bonds. Following the sale of the Bonds, the county  
5 shall cause definitive Bonds to be prepared, executed and delivered, which Bonds shall be  
6 typewritten, lithographed or printed with engraved or lithographed borders, or in such other  
7 form acceptable to DTC as initial depository for the Bonds.

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

16 Section 27. Preliminary Official Statement; Final Official Statement. The county  
17 hereby authorizes and directs the finance director: (i) to review and approve the  
18 information contained in the preliminary official statement (the "Preliminary Official  
19 Statement") prepared in connection with the sale of the Bonds; and (ii) for the sole purpose  
20 of the Bond purchasers' compliance with Section (b)(1) of the Rule, to "deem final" that  
21 Preliminary Official Statement as of its date, except for the omission of information on  
22 offering prices, interest rates, selling compensation, delivery dates, any other terms or  
23 provisions required by the county to be specified in a competitive bid, ratings, other terms  
24 of the Bonds dependent on such matters, and the identity of the Bond purchaser. After the  
25 Preliminary Official Statement has been reviewed and approved in accordance with the  
26 provisions of this section, the county hereby authorizes distribution of the Preliminary  
27 Official Statement to prospective purchasers of the Bonds.

1           Following the sale of the Bonds in accordance with Section 25 of this ordinance,  
2 the finance director is hereby authorized to review and approve on behalf of the county a  
3 final official statement with respect to the Bonds. The county agrees to cooperate with the  
4 successful bidder for the Bonds (the "Purchaser") to deliver or cause to be delivered, within  
5 seven business days from the date of the Sale Motion and in sufficient time to accompany  
6 any confirmation that requests payment from any customer of the Purchaser, copies of the  
7 final official statement in sufficient quantity to comply with paragraph (b)(4) of the Rule  
8 and the rules of the Municipal Securities Rulemaking Board ("MSRB").

9           Section 28. Undertaking to Provide Ongoing Disclosure. In the Sale Motion, the  
10 county council will set forth an undertaking for ongoing disclosure with respect to the  
11 Bonds, as required by Section (b)(5) of the Rule.

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

16           Section 30. Investment of Funds and Accounts.

17           A. So long as any Parity Bonds remain outstanding, money in the Revenue  
18 Fund shall be invested in direct obligations of the United States Government maturing or  
19 having a guaranteed redemption price payable not more than two years from the date of  
20 purchase. At such time as no Parity Bonds remain outstanding, money in the Revenue  
21 Fund may be invested in any investments permitted for funds of the county.

22           B. So long as the 1994A Bonds and the 1995 Bonds remain outstanding,  
23 money in the Bond Fund and accounts or subaccounts therein shall, as nearly as may be  
24 practicable, be invested (taking into consideration the dates and times when money in such  
25 funds, accounts or subaccounts will be required for the purposes of this ordinance) in  
26 (i) Government Obligations; (ii) any bond, debenture, note, participation or other similar  
27 obligation issued by any of the following federal agencies: Government National

1 Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal  
2 Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, Farmers'  
3 Home Administration, Resolution Funding Corporation and Export-Import Bank; (iii) if  
4 permitted by law, any bond, debenture, note, participation or other similar obligation  
5 issued by the Federal National Mortgage Association to the extent such obligations are  
6 guaranteed by the Government National Mortgage Association; and (iv) to the extent  
7 permitted by law, any obligation the interest on which is not included in gross income for  
8 federal income tax purposes and which is payable, as to both principal and interest, from  
9 the principal of and interest paid on obligations of the United States of America. At such  
10 time as no 1994A Bonds or 1995 Bonds remain outstanding, money in the Bond Fund may  
11 be invested in any investments permitted for funds of the county.

12 C. Obligations purchased as an investment of money in the Revenue Fund,  
13 Bond Fund and Construction Fund and accounts or subaccounts therein shall be deemed at  
14 all times to be a part of such respective fund, account or subaccount and the income or  
15 interest earned, profits realized or losses suffered by a fund, account or subaccount due to  
16 the investment thereof shall be retained in, credited or charged, as the case may be, to such  
17 fund or account.

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

21 E. In lieu of the investments of money in obligations authorized in  
22 paragraphs A (at such time as no Parity Bonds remain outstanding), B and C above, the  
23 county shall, to the extent permitted by law, deposit money from the Revenue Fund, Bond  
24 Fund or Construction Fund and accounts or subaccounts therein, in interest-bearing time  
25 deposits, or shall make other similar investment arrangements, including, but not limited  
26 to, repurchase agreements covering obligations of issuers enumerated as authorized for  
27 investments pursuant to the provisions of paragraph A above, with a member bank or

1 banks of the Federal Reserve System or banks the deposits of which are insured by the  
2 Federal Deposit Insurance Corporation or securities dealers approved by the county;  
3 provided, that each such interest-bearing time deposit or other similar investment  
4 arrangement shall permit the money so placed to be available for use at the times provided  
5 with respect to the investment or reinvestment of such money; and provided, further, that  
6 all money in each such interest-bearing time deposit or other similar investment  
7 arrangement shall be continuously and fully secured by obligations of issuers enumerated  
8 as authorized for investments pursuant to the provisions of paragraph A above, of a market  
9 value equal at all times to the amount of the deposit or of the other similar investment  
10 arrangement.

11 Section 31. Defeasance. In the event that money and/or noncallable  
12 Government Obligations maturing at such time or times and bearing interest to be earned  
13 thereon in amounts (together with such money, if necessary) sufficient to redeem and  
14 retire, refund or defease part or all of the Bonds in accordance with their terms, are set  
15 aside in a special account of the county to effect such redemption and retirement, and such  
16 money and the principal of and interest on such Government Obligations are irrevocably  
17 set aside and pledged for such purpose, then no further payments need be made into the  
18 Bond Fund for the payment of the principal of and interest on the Bonds so provided for,  
19 and such Bonds shall cease to be entitled to any lien, benefit or security of this ordinance  
20 except the right to receive the money so set aside and pledged, and such Bonds shall be  
21 deemed not to be outstanding hereunder.

22 Within 30 days of the defeasance of any of the Bonds, the Bond Registrar shall  
23 provide notice of defeasance of such Bonds to the registered owners of the Bonds and to  
24 each NRMSIR and SID, if any, in accordance with the ongoing disclosure provision to be  
25 adopted by the Sale Motion.

26 Section 32. Supplemental Ordinances. The county council from time to time  
27 and at any time may adopt an ordinance or ordinances supplemental to this ordinance



1 which supplemental ordinance or ordinances thereafter shall become a part of this  
2 ordinance, for any one or more of the following purposes:

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

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

13 Section 33. Severability. The covenants contained in this ordinance shall  
14 constitute a contract between the county and the Owners of each and every Bond and  
15 between the county and any Qualified Counterparty to any Payment Agreement entered  
16 into in connection with the Bonds. If any one or more of the covenants or agreements  
17 provided in this ordinance to be performed on the part of the county by any court of  
18 competent jurisdiction to be contrary to law, then such covenant or covenants, agreement  
19 or agreements, shall be null and void and shall be deemed separable from the remaining  
20 covenants and agreements of this ordinance and shall in no way affect the validity of the  
21 other provisions of this ordinance or of the Bonds.

13256

1 Section 34. Effective Date. This ordinance shall be effective 10 days after its  
2 enactment, in accordance with Article II of the county charter.

3 INTRODUCED AND READ for the first time this 29th day of  
4 June, 1998.

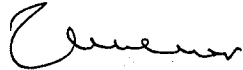
5 PASSED by a vote of 12 to 0 this 31st day  
6 of August, 1998.

7 KING COUNTY COUNCIL  
8 KING COUNTY, WASHINGTON



9  
10 VICE Chair

11 ATTEST:



12  
13 Clerk of the Council

14 APPROVED this 3 day of August 1998.

  
King County Executive

15  
16  
17 Attachment: Exhibit A - Form of Escrow Agreement

13256

EXHIBIT A

FORM OF ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of \_\_\_\_\_, 1998 (together with any amendments or supplements hereto, called the "Agreement"), entered into by and between King County, Washington (the "County") and \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, as Escrow Agent (together with any successor in such capacity, the "Escrow Agent");

WITNESSETH:

WHEREAS, the County by Ordinance No. \_\_\_\_\_ passed on \_\_\_\_\_, 1998, and Motion No. \_\_\_\_\_ passed on \_\_\_\_\_, 1998 (together, the "Bond Ordinance"), has determined to refund the following outstanding bonds (the "Refunded Bonds") by the issuance of its Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 1998, Series \_\_ (the "Bonds");

<u>Refunded Bonds</u>	<u>Maturing On or After</u>	<u>Refunded Principal Amount</u>	<u>Date of Redemption</u>
Series W Bonds	January 1, 2017		January 1, 2003
1994A Bonds	January 1, 2005		January 1, 2004
1995 Bonds	January 1, 2006		January 1, 2005

WHEREAS, the Escrow Agent has reviewed this Agreement and is willing to serve as Escrow Agent hereunder; and

WHEREAS, \_\_\_\_\_, Certified Public Accountants, of \_\_\_\_\_, \_\_\_\_\_, have prepared a verification report dated \_\_\_\_\_, 1998 (the "Verification Report") relating to the source and use of funds available to accomplish the refunding of the Refunded Bonds, the investment of such funds and the adequacy of such funds and investments to provide for the payment of the debt service due on the Refunded Bonds; and

WHEREAS, the County by the Bond Ordinance has duly authorized the execution and delivery of this Agreement and has designated the Refunded Bonds for redemption prior to their scheduled maturity dates; and

WHEREAS, the County desires that, concurrently with the delivery of the Refunding Bonds to the purchasers thereof, the proceeds of the Bonds, together with certain other available funds of the County, shall be applied to purchase certain direct obligations of the United States of America hereinafter defined as the "Escrowed Securities" for deposit to the credit of the Refunding Account created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Refunding Account; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide money that, together with cash balances from time to time on deposit in the Refunding Account, will be sufficient to pay:

(a) the interest on the Refunded Series W Bonds due and payable on and prior to January 1, 2003, and the redemption price (102% of the principal amount) of the Refunded Series W Bonds payable on January 1, 2003; and

(b) the interest on the Refunded 1994A Bonds due and payable on and prior to January 1, 2004, and the redemption price (102% of the principal amount) of the Refunded 1994A Bonds payable on January 1, 2004; and

(c) the interest on the Refunded 1995 Bonds due and payable on and prior to January 1, 2005, and the redemption price (102% of the principal amount) of the Refunded 1995 Bonds payable on January 1, 2005.

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of the principal of and interest on the Refunded Bonds, the County and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

**Article 1. Definitions**

Section 1.1. Definitions.

Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Escrowed Securities" means the noncallable Government Obligations described in Appendix A attached to this Agreement, or cash or other noncallable obligations substituted therefor pursuant to Sections 4.1 and 4.2 of this Agreement.

"Government Obligations" means direct, noncallable (a) United States Treasury Obligations, (b) United States Treasury Obligations - State and Local Government Series ("SLGS"), (c) non-prepayable obligations which are unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America or (d) REFCORP debt obligations unconditionally guaranteed by the United States.

Securities described in (c) above shall be limited to those securities that are defined as government obligations by Section 39.53.010(9), Revised Code of Washington.

"Paying Agent" means the fiscal agency of the State of Washington, as the paying agent for the Refunded Bonds.

"Refunding Account" means the King County 1998 Limited Tax General Obligation Bond Refunding Account authorized by the Bond Ordinance to be established, held and administered by the Escrow Agent pursuant to the provisions of this Agreement.

## Section 1.2. Other Definitions.

The terms "Agreement," "Bonds," "County," "Escrow Agent," "Bond Ordinance," "Verification Report," and "Refunded Bonds," when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement. All other capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them by the Bond Ordinance.

## Section 1.3. Interpretations.

The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Bonds in accordance with applicable law.

## Article 2. Deposit of Funds and Escrowed Securities

### Section 2.1. Deposits in the Refunding Account.

Concurrently with the sale and delivery of the Refunding Bonds the County shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Refunding Account, \$\_\_\_\_\_ of the proceeds of the Bonds, of which \$\_\_\_\_\_ shall be applied to purchase the initial Escrowed Securities, \$\_\_\_\_\_ to establish a beginning cash balance, and \$\_\_\_\_\_ to pay the costs of issuance described in Appendix C attached hereto, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the County in writing.

## Article 3. Creation and Operation of Refunding Account

### Section 3.1. Refunding Account.

The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the King County 1998 Limited Tax General Obligation Bond Refunding Account

(the "Refunding Account"). The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Refunding Account the funds and the Escrowed Securities described in Section 2.1 hereof. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Refunding Account, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.2 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Bonds, any balance then remaining in the Refunding Account shall be transferred to the County, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

### Section 3.2. Payment of Principal and Interest.

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the cash balances from time to time on deposit in the Refunding Account, the amounts required to pay the principal of the Refunded Bonds at their redemption date and interest thereon to such redemption date in the amounts and at the times shown in Appendix B attached hereto.

### Section 3.3. Sufficiency of Refunding Account.

The County represents that, based upon the information provided in the Verification Report, the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Refunding Account will be at all times sufficient to provide money for transfer to the Paying Agent at the times and in the amounts required to pay interest due and payable on the Refunded Bonds on and prior to their respective redemption dates, and the redemption price for the Refunded Bonds payable on such redemption dates, all as set forth in the recitals of this Agreement.

If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Refunding Account shall be insufficient to transfer the amounts required by the Paying Agent to make the payments described in Section 3.2. hereof, the County shall timely deposit in the Refunding Account, from any funds lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Refunding Account or the County's failure to make additional deposits thereto.

### Section 3.4. Trust Fund.

The Escrow Agent shall hold at all times the Refunding Account, the Escrowed Securities and all other assets of the Refunding Account, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Refunding Account to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Refunding Account only as set

forth herein. The Escrowed Securities and other assets of the Refunding Account shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Bonds; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Bonds shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Refunding Account to which they are entitled as owners of the Refunded Bonds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the County, and the Escrow Agent shall have no right to title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the County or, except to the extent expressly herein provided, by the Paying Agent.

#### **Article 4. Limitation on Investments**

##### Section 4.1. Investments; Substitution of Securities.

Except for the initial investment in the Escrowed Securities, and except as provided in this Section 4.1, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities.

At the written request of the County, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall utilize cash balances in the Refunding Account, or sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Refunded Bonds or Government Obligations that do not permit the redemption thereof at the option of the obligor. Any such transaction may be effected by the Escrow Agent only if (a) the Escrow Agent shall have received a written opinion from a firm of certified public accountants that such transaction will not cause the amount of money and securities in the Refunding Account to be reduced below an amount sufficient to provide for the full and timely payment of principal of and interest on all of the remaining Refunded Bonds as they become due, taking into account any optional redemption thereof exercised by the County in connection with such transaction; (b) the Escrow Agent shall have received the unqualified written legal opinion of the County's bond counsel or tax counsel to the effect that such transaction will not cause any of the Bonds or Refunded Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and (c) such transaction is approved by an ordinance duly passed by the County Council.

#### **Article 5. Application of Cash Balances**

##### Section 5.1. In General.

Except as provided in Sections 3.2 and 4.1 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Refunding Account. Cash balances shall be

held by the Escrow Agent in U.S. currency and as cash balances as shown on the books and records of the Escrow Agent and shall not be reinvested by the Escrow Agent; provided, however, a conversion to currency shall not be required (i) for so long as the Escrow Agent's internal rate of return does not exceed \_\_%, or (ii) if the Escrow Trustee's internal rate of return exceeds \_\_%, the Escrow Agent receives a letter of instructions, accompanied by the opinion of the County's bond counsel approving the assumed reinvestment of such proceeds at such higher yield.

**Article 6. Redemption of Refunded Bonds**

Section 6.1. Call for Redemption.

The County has, pursuant to the Bond Ordinance, irrevocably called the Refunded Bonds for redemption on their earliest redemption date, as shown in the Verification Report.

Section 6.2. Notice of Redemption.

The Escrow Agent agrees to give notice of the redemption of the Refunded Bonds, or to notify the Paying Agent to give such notice, pursuant to the terms of the Refunded Bond Ordinances. The Escrow Agent hereby certifies that it has made provision satisfactory and acceptable to it for the giving of notice of redemption of the Refunded Bonds.

**Article 7. Records and Reports**

Section 7.1. Records.

The Escrow Agent will keep books of record and account in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Refunding Account and all proceeds thereof, and such books shall be available for inspection during business hours and after reasonable notice.

Section 7.2. Reports.

While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the County a written report summarizing all transactions relating to the Refunding Account during the preceding year, including, without limitation, credits to the Refunding Account as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Refunding Account for payments on the Refunded Bonds or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Refunding Account as of the end of such period.



## Article 8. Concerning the Paying Agent and Escrow Agent

### Section 8.1. Representations.

The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein and that it will carry out all of its obligations hereunder.

### Section 8.2. Limitation on Liability.

The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Refunding Account. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Refunding Account or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the County promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Bonds shall be taken as the statements of the County and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent.

The Escrow Agent is not a party to the proceedings authorizing the Bonds or the Refunded Bonds and is not responsible for nor bound by any of the provisions thereof (except to the extent that the Escrow Agent may be a place of payment and paying agent and/or a paying agent/registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Refunding Account, or any part thereof, or as to the title of the County thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the County with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Refunding Account, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the County or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the County at any time.

#### Section 8.3. Compensation.

The County shall pay to the Escrow Agent \$\_\_\_\_\_ for services rendered by it pursuant to the provisions of this Agreement, and such payment is inclusive of all fees, compensation and expenses of the Escrow Agent; provided, however, that the Escrow Agent shall be separately compensated for services performed in connection with any substitution of securities pursuant to Section 4.2 of this Agreement.

In the event that the Escrow Agent renders any service at the request of the County that is not provided for in this Agreement, or the Escrow Agent is made a party to or intervenes in any litigation pertaining to this Agreement or institutes interpleader proceedings relative hereto, the Escrow Agent shall be reasonably compensated by the County for such extraordinary services and reimbursed for all fees, costs, liability and expenses (including reasonable attorneys' fees) occasioned thereby. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Refunding Account for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses as Escrow Agent or in any other capacity.

#### Section 8.4. Successor Escrow Agent.

The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor; provided that the Escrow Agent has presented evidence satisfactory to the County and its bond counsel that the successor meets the requirements of RCW Chapter 39.53, as now in effect or hereafter amended, and has assumed all the obligations of the Escrow Agent under this Agreement, and that all the Acquired Obligations and money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor.

Any corporation or association into which the Escrow Agent may be merged or converted, or resulting from any merger or conversion, or to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Escrow Agent without the execution of filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Article 9. Miscellaneous**

Section 9.1. Notice.

Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the County or the Escrow Agent at the address shown below. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten days prior notice thereof.

County: King County, Washington  
Department of Finance  
County Administration Building  
500 Fourth Avenue  
Seattle, WA 98104  
Attention: Finance Director

Escrow Agent: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Section 9.2. Termination of Responsibilities.

Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the County, the owners of the Refunded Bonds or to any other person or persons in connection with this Agreement.

Section 9.3. Binding Agreement.

This Agreement shall be binding upon the County and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Bonds, the County, the Escrow Agent and their respective successors and legal representatives.

Section 9.4. Severability.

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 9.5. Washington Law Governs.

This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Washington.

Section 9.6. Time of the Essence.

Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 9.7. Notice to Rating Agencies.

In the event that this agreement or any provision thereof is severed, amended or revoked, the County shall provide written notice of such severance, amendment or revocation to:

Standard & Poor's Ratings Services  
Attn: Public Finance Rating Desk/Refunded Bonds  
25 Broadway  
New York, New York 10004

Moody's Investors Service  
Attn: Public Finance Rating Desk/Refunded Bonds  
99 Church Street  
New York, New York 10007

Section 9.8. Amendments.

This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Refunded Bonds. No such amendment shall be made without first receiving written confirmation from the rating agencies (if any) that have rated the Refunded Bonds that such administrative changes will not result in a withdrawal or reduction of its rating then assigned to the Refunded Bonds. If this Agreement is amended, prior written notice and copies of the proposed changes shall be given to the rating agencies that have rated the Refunded Bonds.

IN WITNESS WHEREOF, the parties have executed and delivered this Escrow Agreement, all as of the date and year first above written.

KING COUNTY, WASHINGTON

\_\_\_\_\_  
Finance Director

[ESCROW AGENT]

\_\_\_\_\_  
Its: \_\_\_\_\_

- Appendix A - Description of the Escrowed Securities
- Appendix B - Schedule of Payments on the Refunded Bonds
- Appendix C - Costs to be Paid at Closing
- Appendix D - Notices of Redemption

APPENDIX A

[INSERT HERE A COPY OF THE DESCRIPTION OF THE ESCROW  
SECURITIES FROM THE VERIFICATION REPORT.]

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APPENDIX B

[INSERT HERE A COPY FROM THE VERIFICATION REPORT OF THE  
SCHEDULE OF PAYMENTS TO BE MADE ON THE REFUNDED BONDS.]

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APPENDIX C

Costs to be paid at closing:

<u>Description</u>	<u>Payee</u>	<u>Amount</u>
Escrow Verification Fee		\$
Escrow Agent Fee		
Bond Counsel Fees		
Rating Agency		<u>          </u>
Total		\$ <u>          </u>



APPENDIX D

13256

Notices of Redemption

[to come]

\_\_\_\_\_, 1998

INTRODUCED BY **13256**

PROPOSED NO. 98-\_\_\_\_\_