

\_\_\_\_\_, 1999

INTRODUCED BY: JANE HAGUE  
LARRY PHILLIPS

PROPOSED NO. 99- 99-135

ORDINANCE **13468**

AN ORDINANCE authorizing the issuance of sewer revenue bonds of the county in the aggregate principal amount of not to exceed \$80,000,000 to provide funds for constructing improvements to the sewer system of the county; providing for the form, terms, covenants and other provisions of such bonds; providing for the public sale of the bonds and the disposition of the proceeds of sale; establishing funds for the receipt and expenditure of bond proceeds and for the payment of the bonds; and pledging sewer revenues to pay the principal of and interest on the bonds.

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A ORDINANCE authorizing the issuance of sewer revenue bonds of the county in the aggregate principal amount of not to exceed \$80,000,000 to provide funds for constructing improvements to the sewer system of the county; providing for the form, terms, covenants and other provisions of such bonds; providing for the public sale of the bonds and the disposition of the proceeds of sale; establishing funds for the receipt and expenditure of bond proceeds and for the payment of the bonds; and pledging sewer revenues to pay the principal of and interest on 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 Revised Code of Washington ("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 provide funds to acquire, construct, install, develop and operate the facilities required to carry out this plan, Metro issued its sewer revenue bonds in Series A through Series Z. 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.

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# 13468

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 Outstanding</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	7,890,000
Series F	October 1, 1964	15,000,000	8,214,000
Series G	April 1, 1965	15,000,000	7,735,000
Series H	October 1, 1965	10,000,000	5,345,000
Series I	October 1, 1966	15,000,000	12,130,000
Series J	January 1, 1969	9,000,000	-0-
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	-0-
Series Q	March 1, 1987	135,000,000	-0-
Series R	September 1, 1988	48,000,000	-0-
Series S	August 1, 1990	100,000,000	-0-
Series T	May 1, 1991	100,000,000	820,000
Series U	February 1, 1992	90,000,000	1,255,000
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	132,145,000
Series Y	April 1, 1993	122,455,000	118,425,000
Series Z	July 1, 1993	127,100,000	123,720,000

Pursuant to the authority of Chapter 36.56 of the Revised Code of Washington ("RCW") and a special county election held November 3, 1992, the county on January 1, 1994 assumed the rights, powers, functions and obligations of Metro, including operation of Metro's metropolitan sewer system (the "Sewer System") to carry out the functions of metropolitan water pollution abatement in accordance with a comprehensive plan as authorized by Chapter 35.58 RCW. The county has assumed and agreed to provide for the payment and retirement of outstanding bonds of Metro, including the Parity Bonds.

The county has issued the following series of limited tax general obligation bonds additionally secured by a junior lien pledge of revenues of the Sewer System (the

“Parity Lien Obligations”) dated as of the following dates in the following original principal amounts and now outstanding in the following principal amounts:

<u>Series</u>	<u>Date of Issue</u>	<u>Original Principal Outstanding</u>	<u>Principal Amount Outstanding</u>
1994A	April 1, 1994	\$170,000,000	\$9,870,000
1995	May 1, 1995	\$90,000,000	\$89,135,000
1996	December 15, 1996	\$130,965,000	\$123,110,000
1998	September 15, 1998	\$261,625,000	\$261,625,000

The resolutions authorizing the issuance of the outstanding Parity Bonds and the ordinances authorizing the issuance of the outstanding Parity Lien Obligations all provide that the county may issue additional sewer revenue bonds on a parity with the outstanding Parity Bonds if certain conditions are met. By this ordinance, the council amends one of those conditions to correct an ambiguity therein. The county council has found and determined that such parity conditions (as amended) have been met, and therefore the pledge of revenues of the Sewer System to secure such bonds shall be on a parity with the pledge of such revenues to secure the outstanding Parity Bonds.

The Bonds shall be sold by competitive bid on the terms and conditions set forth in this ordinance.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

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

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

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

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

7 (i) For purposes of calculating the amounts required to pay interest on Parity  
8 Bonds, capitalized interest and accrued interest paid to the county upon the issuance of Parity  
9 Bonds shall be excluded.

10 (ii) The amount of interest deemed to be payable on any issue of Variable  
11 Rate Parity Bonds shall be calculated on the assumption that the interest rate on those bonds  
12 would be equal to the rate (the "assumed RBI rate") that is 90% of the average Bond Buyer  
13 Revenue Bond Index or comparable index during the fiscal quarter preceding the quarter in  
14 which the calculation is made; provided, however, that for purposes of determining actual  
15 compliance in any past calendar year with the rate covenant made in Section 16 of this  
16 ordinance, the actual amount of interest paid on any issue of Variable Rate Parity Bonds shall be  
17 taken into account.

18 (2) The principal due for all outstanding Parity Bonds other than Term Bonds (i) on  
19 all Principal Payment Dates (other than January 1) of such calendar year and (ii) on January 1 of  
20 the next succeeding year.

21 (3) The amounts required to be paid into the Bond Fund on or before (i) each  
22 Principal Payment Date (other than January 1) of such calendar year and (ii) January 1 of the  
23 next succeeding calendar year for interest on and amortization of principal of Parity Term Bonds.

1 For purposes of this paragraph (3), "amounts required to be paid" means the amount to be  
2 deposited or accumulated in the Term Bond Accounts on or before such dates for outstanding  
3 Parity Term Bonds irrespective of the date or dates such amount, or any portion thereof, is  
4 actually deposited into such fund or account.

5 Notwithstanding the foregoing, debt service on Parity Bonds with respect to which a  
6 Payment Agreement is in force shall be calculated by the county to reflect the net economic  
7 effect on the county intended to be produced by the terms of the Parity Bonds and the terms of  
8 the Payment Agreement, in accordance with the requirements set forth in Section 24 of this  
9 ordinance.

10 "Annual Parity Debt Service (Cash Basis)" means, with respect to any calendar year, the  
11 sum of the following:

12 (1) The interest due for all outstanding Parity Bonds on all Interest Payment Dates in  
13 such calendar year, and any Payment Agreement Payments due on such dates in respect of Parity  
14 Payment Agreements.

15 (i) For purposes of calculating the amounts required to pay interest on Parity  
16 Bonds, capitalized interest and accrued interest paid to the county upon the issuance of Parity  
17 Bonds shall be excluded.

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

1 ordinance, the actual amount of interest paid on any issue of Variable Rate Parity Bonds shall be  
2 taken into account.

3 (2) The principal due for all outstanding Parity Bonds other than Term Bonds on all  
4 Principal Payment Dates of such calendar year.

5 (3) The amounts required to be paid into the Bond Fund during such calendar year for  
6 interest on and amortization of principal of Parity Term Bonds. For purposes of this paragraph  
7 (3), "amounts required to be paid" means the amount to be deposited or accumulated in the Term  
8 Bond Accounts on or before such dates for outstanding Parity Term Bonds irrespective of the  
9 date or dates such amount, or any portion thereof, is actually deposited into such fund or account.

10 Notwithstanding the foregoing, debt service on Parity Bonds with respect to which a  
11 Payment Agreement is in force shall be calculated by the county to reflect the net economic  
12 effect on the county intended to be produced by the terms of the Parity Bonds and the terms of  
13 the Payment Agreement, in accordance with the requirements set forth in Section 24 of this  
14 ordinance.

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

17 "Bank Note" means the bank note authorized to be issued by Ordinance 12057 of the  
18 county to secure payment of the Notes.

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

22 "Bond Fund" means the "Municipality of Metropolitan Seattle Sewer Revenue Bond  
23 Fund" created by Section 10 of Resolution No. 90 of the Metro Council and redesignated and



1 continued by the county as the "Water Quality Revenue Bond Account" pursuant to Section 30  
2 of Ordinance 12076 of the county.

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

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

9 "Bond Reserve" or "Bond Reserve Account" means the bond reserve account in the Bond  
10 Fund.

11 "Bondowners' Trustee" means a trustee for the Parity Bonds authorized by this ordinance  
12 to be appointed from and after such time as no Series A through Series Z Bonds remain  
13 outstanding.

14 "Bonds" means all or a portion of the King County, Washington, Sewer Revenue Bonds,  
15 1999, issued in an aggregate principal amount of not to exceed \$80,000,000 pursuant to this  
16 ordinance.

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

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

22 "Code" means the Internal Revenue Code of 1986, as amended, together with  
23 corresponding and applicable final, temporary or proposed regulations and revenue rulings

1 issued or amended with respect thereto by the United States Treasury Department or the Internal  
2 Revenue Service, to the extent applicable to the Bonds.

3 "Commission" means the Securities and Exchange Commission.

4 "Comprehensive Plan" means the county's comprehensive water pollution abatement  
5 plan authorized by RCW 35.58.200 and defined in Section 28.82.150 of the King County Code  
6 as the Comprehensive Sewage Disposal Plan adopted by Resolution No. 23 of the Metro Council  
7 on April 22, 1959, and all amendments thereto, including those amendments approved by the  
8 following resolutions of the Metro Council: Resolution No. 74 adopted February 16, 1961,  
9 Resolution No. 152 adopted April 19, 1962, Resolution No. 261 adopted March 7, 1963,  
10 Resolution No. 441 adopted August 20, 1964, Resolution No. 477 adopted November 19, 1964,  
11 Resolution No. 795 adopted November 3, 1966, Resolution No. 928 adopted June 1, 1967,  
12 Resolution No. 1011 adopted November 16, 1967, Resolution No. 1024 adopted December 7,  
13 1967, Resolution No. 1052 adopted March 21, 1968, Resolution No. 1257 adopted July 3, 1969,  
14 Resolution No. 1330 adopted December 18, 1969, Resolution No. 1829 adopted March 1, 1973,  
15 Resolution No. 2025 adopted February 21, 1974, Resolution No. 3135 adopted March 15, 1979,  
16 Resolution No. 3781 adopted November 5, 1981, Resolution No. 4217 adopted December 15,  
17 1983, Resolution No. 4339 adopted April 5, 1984, Resolution No. 4780 adopted July 17, 1986,  
18 Resolution No. 5332 adopted May 19, 1988, Resolution No. 5449 adopted July 21, 1988,  
19 Resolution No. 5902 adopted June 21, 1990, Resolution No. 6107 adopted March 21, 1991, and  
20 Resolution No. 6378 adopted June 4, 1992, together with any amendments hereafter approved by  
21 ordinance of the county.

22 "Construction Account" means the "Second Water Quality Construction Account," as  
23 designated by Section 30 of Ordinance 12076 of the county, passed on December 18, 1995,

1 which account was previously known as the "Second Water Quality Construction Fund" created  
2 by Section 13 of Ordinance 11241 of the county.

3 "Contingency Reserve" or "Contingency Reserve Account" means the Contingency  
4 Reserve Account created in the Revenue Fund by Section 7 of Resolution No. 90 of the Metro  
5 Council.

6 "Credit Facility" means any letter of credit, standby bond purchase agreement, line of  
7 credit, surety bond, insurance policy or other insurance commitment or similar agreement (but  
8 not including a Payment Agreement), satisfactory to the county, that is provided by a commercial  
9 bank, insurance company or other financial institution with a current long term rating (or whose  
10 obligations thereunder are guaranteed by a financial institution with a long term rating) from  
11 Moody's Investors Service and Standard & Poor's Ratings Group not lower than the credit rating  
12 of any series of Parity Bonds, to provide support for a series of Parity Bonds, and shall include  
13 any substitute therefor in accordance with the provisions of the ordinance providing for the  
14 issuance of Parity Bonds supported by a Credit Facility.

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

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

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

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

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

1 "Interest Payment Dates" means January 1 and July 1 of each year, so long as any of the  
2 Series A through Series Z Bonds remain outstanding, and thereafter such dates as may be  
3 established by the council for each series of Parity Bonds.

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

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

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

12 "1990 SRF Loan Agreement" means the Washington State Water Pollution Control State  
13 Revolving Fund (SRF) Loan Agreement between the State of Washington Department of  
14 Ecology and Metro dated December 26, 1990, as amended from time to time.

15 "1990 SRF Loan" means the State Revolving Fund loan to Metro by the State of  
16 Washington Department of Ecology pursuant to the 1990 SRF Loan Agreement.

17 "1994A Bonds" means the county's Limited Tax General Obligation Bonds (Payable  
18 from Sewer Revenues), 1994 Series A, issued under date of April 1, 1994, in the initial principal  
19 amount of \$170,000,000 as authorized by Ordinance Nos. 11241 and 11252 of the county.

20 "1995 Bonds" means the county's Limited Tax General Obligation Bonds (Payable from  
21 Sewer Revenues), 1995, issued under date of May 1, 1995, in the initial principal amount of  
22 \$90,000,000 as authorized by Ordinance 11763 of the county.

1 "1996 Bonds" means the county's Limited Tax General Obligation Refunding Bonds  
2 (Payable from Sewer Revenues), 1996 Series C, issued under date of December 15, 1996, in the  
3 initial principal amount of \$130,965,000 as authorized by Ordinance 12314 of the county.

4 "1998 Bonds" means the county's Limited Tax General Obligation Refunding Bonds  
5 (Payable from Sewer Revenues), 1998 Series B, issued under date of September 15, 1998, in the  
6 initial principal amount of \$261,625,000 as authorized by Ordinance 13256 of the county passed  
7 on August 31, 1998 and Motion No. 15060 of the county council passed on September 28, 1998.

8 "Notes" means the King County, Washington, Sewer Revenue Bond Anticipation Notes,  
9 Commercial Paper Series A, authorized, issued, and outstanding from time to time pursuant to  
10 Ordinance 12057 of the county.

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

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

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

18 "Parity Bonds" means the Series A through Series Z Bonds, the Bonds, and any and all  
19 sewer revenue bonds of the county, the payment of which constitutes a lien and charge upon the  
20 Revenue of the System equal in rank with the lien and charge upon such revenue for the  
21 payments required to pay or to secure the payment of the Series A through Series Z Bonds and  
22 the Bonds. At such time as the provisions of Section 24 hereof become effective, "Parity Bonds"

1 shall include any Parity Payment Agreements and parity reimbursement agreements entered into  
2 with the provider of a Credit Facility.

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

6 "Parity Lien Obligations" means the 1994A Bonds, the 1995 Bonds, the 1996 Bonds and  
7 the 1998 Bonds and all bonds, notes or other evidences of indebtedness payable in whole or in  
8 part from Revenue of the System and secured by a lien on such Revenue on a parity of lien with  
9 the lien of the 1994A Bonds, the 1995 Bonds, the 1996 Bonds and the 1998 Bonds. "Parity Lien  
10 Obligations" include any Parity Lien Payment Agreements and parity reimbursement agreements  
11 entered into with the provider of a Credit Facility.

12 "Parity Lien Obligation Payment Agreement" means a Payment Agreement under which  
13 the county's payment obligations are expressly stated to constitute a charge and lien on the  
14 Revenue of the System equal in rank with the charge and lien upon such revenue securing  
15 amounts required to be paid into the Parity Lien Obligation Bond Fund to pay and secure the  
16 payment of principal of and interest on the Parity Lien Obligations.

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

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

1 "Payment Agreement" means, to the extent permitted from time to time by applicable  
2 law, a written agreement entered into by the county (i) in connection with or incidental to the  
3 issuance, incurring or carrying of the Bonds or other obligations of the county secured in whole  
4 or in part by a lien on Revenue of the System; (ii) for the purpose of managing or reducing the  
5 county's exposure to fluctuations or levels of interest rates, currencies or commodities or for  
6 other interest rate, investment, asset or liability management purposes; (iii) with a Qualified  
7 Counterparty; and (iv) which provides, on either a current or forward basis, for an exchange of  
8 payments determined in accordance with a formula specified therein.

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

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

15 "Principal Payment Date" means January 1 of each year, so long as any of the Series A  
16 through Series Z Bonds remain outstanding, and thereafter such date as may be established by  
17 the council for each series of Parity Bonds.

18 "Qualified Counterparty" means with respect to a Payment Agreement an entity (i) whose  
19 senior long term debt obligations, other senior unsecured long term obligations or claims paying  
20 ability or whose payment obligations under a Payment Agreement are guaranteed by an entity  
21 whose senior long term debt obligations, other senior unsecured long term obligations or claims  
22 paying ability are rated (at the time the Payment Agreement is entered into) at least as high as A3  
23 by Moody's Investors Service and A- by Standard & Poor's Rating Group, or the equivalent

1 thereof by any successor thereto, and (ii) who is otherwise qualified to act as the other party to a  
2 Payment Agreement under any applicable laws of the State.

3 "Qualified Insurance" means any unconditional municipal bond insurance policy or  
4 surety bond issued by any insurance company licensed to conduct an insurance business in any  
5 state of the United States or by a service corporation acting on behalf of one or more such  
6 insurance companies, which insurance company or service corporation is rated in one of the two  
7 highest rating categories by Moody's Investors Service, Standard & Poor's Ratings Services, and  
8 any other rating agency then maintaining a rating on the Bonds, provided, that, as of the time of  
9 issuance of such policy or surety bond, such insurance company or companies maintain a policy  
10 owner's surplus in excess of \$500,000,000.

11 "Qualified Letter of Credit" means any irrevocable letter of credit issued by a bank for  
12 the account of the county and for the benefit of the owners of Parity Bonds, provided that such  
13 bank maintains an office, agency or branch in the United States, and provided further, that, as of  
14 the time of issuance of such letter of credit, such bank is currently rated in one of the two highest  
15 rating categories by Moody's Investors Service, Standard & Poor's Ratings Service, and any  
16 other rating agency then maintaining a rating on the Bonds.

17 "Rate Stabilization Fund" means the fund of that name authorized to be created pursuant  
18 to Section 13.D of Ordinance 12314 of the county.

19 "RCW" means the Revised Code of Washington.

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



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

3 "Reserve Requirement" means, (i) so long as any of the Series A through Series Z Bonds  
4 remain outstanding, maximum Annual Parity Debt Service (Cash Basis) with respect to any  
5 calendar year hereafter, and (ii) from and after such time as no Series A through Series Z Bonds  
6 remain outstanding, maximum Annual Parity Debt Service with respect to any calendar year  
7 thereafter.

8 "Revenue Fund" means the special fund of Metro created by Resolution No. 7 of the  
9 Metro Council adopted November 26, 1958, redesignated as the "Municipality of Metropolitan  
10 Seattle Sewer Revenue Fund" by Section 5 of Resolution No. 90 of the Metro Council and  
11 redesignated and continued by the county as the "Water Quality Operating Account" pursuant to  
12 Section 30 of Ordinance 12076 of the county.

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

18 "Rule" means the Commission's Rule 15c2-12 under the Securities and Exchange Act of  
19 1934, as the same may be amended from time to time.

20 "Sale Motion" means a motion of the council approving a bid for the Bonds in  
21 accordance with Section 25 hereof.

22 "Series A through Series Z Bonds" means all of the outstanding sewer revenue bonds of  
23 the county issued by Metro.

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

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

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

10 "Standby Trustee" means U.S. Bank Trust National Association, or the successor thereto,  
11 as trustee for the Parity Bonds so long as any of the Series A through Series Z Bonds remain  
12 outstanding.

13 "State" means the State of Washington.

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

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

21 "Trustee" means either the Standby Trustee or a Bondowners' Trustee.

22 "Variable Rate Parity Bonds" means Parity Bonds bearing interest at a variable rate of  
23 interest provided that at least one of the following conditions is met: (i) at the time of issuance

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

8 Section 2. Findings; Amending a Parity Condition.

9 A. Amending Parity Condition. The council hereby finds that Section 19(d)  
 10 of Resolution No. 90 of the Metro Council, adopted on May 18, 1961, and the comparable  
 11 additional bonds provision of each Metro Council resolution issued thereafter to authorize  
 12 issuance of the Series A through Series Z Bonds, contains an ambiguity regarding the definition  
 13 of "Term Bonds" as used in such provision. The council further finds that curing such ambiguity  
 14 by amending such provision, as set forth below, will have no adverse affect on the interest of the  
 15 holders and owners of any of the Parity Bonds and therefore may be amended without the  
 16 consent of the holders and owners of the Parity Bonds. Such provision is hereby amended as  
 17 follows (additions are underscored):

18  
 19 [Section 19](d) Each resolution providing for the issuance of such  
 20 additional or refunding revenue bonds shall provide that any Term Bonds of such  
 21 issue payable from the Term Bond Sinking Fund Account shall mature no  
 22 earlier than the last maturing Parity Term Bonds payable from the Term Bond  
 23 Sinking Fund Account then outstanding.

24  
 25 B. In accordance with the provisions of the Metro Council resolutions  
 26 authorizing the issuance of the currently outstanding Parity Bonds, which permit the issuance of  
 27 additional Parity Bonds upon compliance with the conditions set forth therein, as amended by

1 this ordinance (the "Parity Conditions"), the county council hereby finds and determines, as  
2 follows:

3 (i) The Bonds are issued for the purpose of acquiring, constructing and  
4 installing portions of the Comprehensive Plan and for acquiring, constructing and installing  
5 necessary renewals or replacements of the System,

6 (ii) There is not now, and when the Bonds are issued there shall not  
7 then be, any deficiency in the Bond Fund or any account therein.

8 (iii) This ordinance provides for payment out of the Bond Fund of the  
9 principal of and interest on the Bonds on the days required by the Parity Conditions, and  
10 provides for a deposit into the Bond Reserve Account to satisfy the Reserve Requirement, as  
11 required by the Parity Conditions.

12 (iv) On or within 90 days prior to the date of issuance of the Bonds, the  
13 county shall have on file a certificate from a licensed professional engineer experienced in the  
14 design, construction and operation of municipal utilities of scope similar to the System showing that  
15 in his or her professional opinion the "annual income available for revenue bond debt service"  
16 (determined as provided in the Parity Conditions) for each year during the life of the Bonds is at  
17 least equal to 1.25 times the amount required in each such year to pay: (1) the principal of the  
18 Bonds and all outstanding Parity Bonds, other than Term Bonds, (2) the interest on the Bonds and  
19 all outstanding Parity Bonds, exclusive of any interest payable from the proceeds of the Bonds, and  
20 (3) the amounts required to be paid into the Bond Fund to amortize the principal of any of the Bonds  
21 that are Term Bonds and all outstanding Parity Term Bonds.

22 C. The applicable Parity Conditions having been complied with in connection  
23 with the issuance of the Bonds, the pledge contained herein of Revenue of the System to pay and

1 secure the payment of the Bonds shall constitute a lien and charge upon such revenue equal in  
2 rank with the lien and charge upon the Revenue of the System to pay and secure the payment of  
3 the outstanding Parity Bonds.

4 Section 3. Authorization of Bonds. To provide funds necessary to pay costs of  
5 acquiring, constructing and equipping improvements, additions or betterments to the System set  
6 forth in the Comprehensive Plan, the county shall issue the Bonds in an aggregate principal  
7 amount to be established as provided in Section 25 hereof and in any event not to exceed  
8 \$80,000,000. The Bonds shall be designated as "King County, Washington, Sewer Revenue  
9 Bonds, 1999." The Bonds shall be fully registered as to both principal and interest, shall be in  
10 the denomination of \$5,000 each or any integral multiple thereof (but no Bond shall represent  
11 more than one maturity), shall be numbered separately in such manner and with any additional  
12 designation as the Bond Registrar deems necessary for purposes of identification, and shall be  
13 dated as of such date and shall mature on the dates, in the years and the amounts established as  
14 provided in Section 25 hereof.

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

20 Section 4. Registration, Exchange and Payments.

21 A. Registrar/Bond Register. The county hereby adopts the system of  
22 registration specified and approved by the Washington State Finance Committee, which utilizes  
23 the fiscal agencies of the State of Washington in Seattle, Washington, and New York, New York,

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

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

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

1 C. DTC Acceptance/Letters of Representations. The Bonds initially issued  
2 shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept  
3 the Bonds as eligible for deposit at DTC, the county has heretofore executed and delivered to  
4 DTC a Blanket Issuer Letter of Representations.

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

16 D. Use of Depository.

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

1 appointed by the Council pursuant to subsection (2) below or such substitute depository's  
2 successor; or (iii) to any person as provided in subsection (4) below.

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

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

15 (4) In the event that (i) DTC or its successor (or substitute depository  
16 or its successor) resigns from its functions as depository, and no substitute depository can  
17 be obtained, or (ii) the Council determines that it is in the best interest of the beneficial  
18 owners of any of the Bonds that they be able to obtain such Bonds in the form of bond  
19 certificates, the ownership of Bonds may then be transferred to any person or entity as  
20 herein provided, and the Bonds shall no longer be held in fully immobilized form. The  
21 Council shall deliver a written request to the Bond Registrar, together with a supply of  
22 definitive Bonds, to issue Bonds as herein provided in any authorized denomination.  
23 Upon receipt of all then outstanding Bonds by the Bond Registrar together with a written



1 request on behalf of the Council to the Bond Registrar, new Bonds shall be issued in such  
2 denominations and registered in the names of such persons as are requested in such  
3 written request.

4 E. Transfer or Exchange of Registered Ownership: Change in  
5 Denominations. The registered ownership of any Bond may be transferred or exchanged, but no  
6 transfer of any Bond shall be valid unless it is surrendered to the Bond Registrar with the  
7 assignment form appearing on such Bond duly executed by the Registered Owner or such  
8 Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon  
9 such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and  
10 deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at  
11 the option of the new Registered Owner) of the same date, maturity and interest rate and for the  
12 same aggregate principal amount in any authorized denomination, naming as Registered Owner  
13 the person or persons listed as the assignee on the assignment form appearing on the surrendered  
14 Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to  
15 the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of  
16 Bonds of the same date, maturity and interest rate, in any authorized denomination. The Bond  
17 Registrar shall not be obligated to transfer or exchange any Bond during a period beginning at  
18 the opening of business on the 15th day of the month next preceding any interest payment date  
19 and ending at the close of business on such interest payment date, or, in the case of any proposed  
20 redemption of the Bonds, after the mailing of notice of the call of such Bonds for redemption..

21 F. Registration Covenant. The county covenants that, until all Bonds have  
22 been surrendered and canceled, it will maintain a system for recording the ownership of each  
23 Bond that complies with the provisions of Section 149 of the Code.

1 G. Place and Medium of Payment. Both principal of and interest on the  
2 Bonds shall be payable in lawful money of the United States of America. For so long as all  
3 Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as  
4 provided in accordance with the operational arrangements of DTC referred to in the Letter of  
5 Representations. In the event that the Bonds are no longer in fully immobilized form, interest on  
6 the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for  
7 such Registered Owners appearing on the Bond Register on the 15th day of the month preceding  
8 the interest payment date, and principal of the Bonds shall be payable upon presentation and  
9 surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar.

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

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

20 If less than all of the principal amount of any Bond is redeemed, upon surrender of such  
21 Bond at the principal office of the Bond Registrar there shall be issued to the registered owner,  
22 without charge therefor, for the then unredeemed balance of the principal amount thereof, a new

1 Bond or Bonds, at the option of the registered owner, of like maturity and interest rate in any  
2 denomination authorized by this ordinance.

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

5 Section 6. Notice and Effect of Redemption.

6 A. Notice of Redemption. Written notice of any redemption of Bonds shall  
7 be given by the Registrar on behalf of the county by first class mail, postage prepaid, not less  
8 than 30 days nor more than 60 days before the redemption date to the registered owners of Bonds  
9 that are to be redeemed at their last addresses shown on the Bond Register. So long as the Bonds  
10 are in book-entry form, notice of redemption shall be given as provided in the Letter of  
11 Representations. The Registrar shall provide additional notice of redemption (at least 30 days) to  
12 each NRMSIR and SID, if any, in accordance with the ongoing disclosure provisions to be  
13 adopted by the Sale Motion.

14 The requirements of this section shall be deemed complied with when notice is mailed,  
15 whether or not it is actually received by the owner.

16 Each notice of redemption shall contain the following information: (1) the redemption  
17 date, (2) the redemption price, (3) if less than all outstanding Bonds are to be redeemed, the  
18 identification (and, in the case of partial redemption, the principal amounts) of the Bonds to be  
19 redeemed, (4) that on the redemption date the redemption price will become due and payable  
20 upon each Bond or portion called for redemption, and that interest shall cease to accrue from the  
21 redemption date, (5) that the Bonds are to be surrendered for payment at the principal office of  
22 the Registrar, (6) the CUSIP numbers of all Bonds being redeemed, (7) the dated date of the

1 Bonds, (8) the rate of interest for each Bond being redeemed, (9) the date of the notice, and  
2 (10) any other information needed to identify the Bonds being redeemed.

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

6 B. Effect of Redemption. Unless the county has revoked a notice of  
7 redemption, the county shall transfer to the Registrar amounts that, in addition to other money, if  
8 any, held by the Registrar, will be sufficient to redeem, on the redemption date, all the Bonds to  
9 be redeemed. From the redemption date interest on each Bond to be redeemed shall cease to  
10 accrue.

11 C. Amendment of Notice Provisions. The foregoing notice provisions of this  
12 section, including but not limited to the information to be included in redemption notices and the  
13 persons designated to receive notices, may be amended by additions, deletions and changes in  
14 order to maintain compliance with duly promulgated regulations and recommendations regarding  
15 notices of redemption of municipal securities.

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

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

3 UNITED STATES OF AMERICA

4 STATE OF WASHINGTON

5 KING COUNTY

6 SEWER REVENUE BOND, 1999

7 INTEREST RATE: MATURITY DATE: CUSIP NO.:

8 Registered Owner:

9 Principal Amount:

10 KING COUNTY, WASHINGTON (the "County"), hereby acknowledges itself to owe  
11 and for value received promises to pay to the Registered Owner identified above, or registered  
12 assigns, on the Maturity Date specified above, the Principal Amount specified above and to pay  
13 interest thereon (computed on the basis of a 360-day year of twelve 30-day months) from  
14 \_\_\_\_\_ 1, 1999, or the most recent date to which interest has been paid or duly provided for  
15 until payment of this bond at the Interest Rate set forth above, payable on \_\_\_\_\_ 1, \_\_\_\_\_,  
16 and semiannually thereafter on the first days of each succeeding \_\_\_\_\_ and \_\_\_\_\_.

17 Both principal of and interest on this bond are payable in lawful money of the United  
18 States of America. While bonds are held in an immobilized "book entry" system of registration,  
19 the principal of this bond is payable to the order of the Registered Owner in same day funds  
20 received by the Registered Owner on the maturity date of this bond, and the interest on this bond  
21 is payable to the order of the Registered Owner in same day funds received by the Registered  
22 Owner on each interest payment date. When bonds are no longer held in an immobilized "book  
23 entry" registration system, the principal shall be paid to the Registered Owner or nominee of  
24 such owner upon presentation and surrender of this bond at either of the principal offices of the  
25 fiscal agency of the State of Washington in either Seattle, Washington or New York, New York  
26 (collectively the "Bond Registrar"), and the interest shall be paid by mailing a check or draft (on  
27 the date such interest is due) to the Registered Owner or nominee of such owner at the address  
28 shown on the registration books maintained by the Bond Registrar (the "Bond Register") as of  
29 the 15th day of the month prior to the interest payment date; provided, however, that if so  
30 requested in writing by the Registered Owner of at least \$1,000,000 par value of the bonds,  
31 interest will be paid by wire transfer.

32 This bond is one of an authorized issue of bonds of like series, date and tenor, except as  
33 to number, amount, rate of interest and date of maturity, in the aggregate principal amount of  
34 \$80,000,000 (the "Bonds"), issued pursuant to Ordinance \_\_\_\_\_ of the County and Motion  
35

1 No. \_\_\_\_\_ of the County Council (together, the "Bond Ordinance"), all payable solely from the  
2 special fund of the County known as the Water Quality Revenue Bond Account (the "Bond  
3 Fund").  
4

5 The Bonds are issued to provide funds for capital improvements to the sewer system of  
6 the County (the "System"). The Bonds are issued under and in accordance with the provisions of  
7 the Constitution and applicable statutes of the State of Washington, the County Charter and  
8 applicable ordinances duly adopted by the County. Capitalized terms used in this bond and not  
9 defined herein shall have the meanings given such terms in the Bond Ordinance.  
10

11 The Bonds are subject to optional and mandatory redemption as provided in the Bond  
12 Ordinance.  
13

14 Portions of the principal sum of this bond in installments of \$5,000 or any integral  
15 multiple thereof also may be redeemed in accordance with the provisions set forth above, and if  
16 less than all of the principal sum hereof is to be redeemed, upon the surrender of this bond at the  
17 principal offices of the Bond Registrar there shall be issued to the Registered Owner, without  
18 charge therefor, for the then unredeemed balance of the principal sum hereof, at the option of the  
19 owner, a bond or bonds of like series, maturity and interest rate in any of the denominations  
20 authorized by the Bond Ordinance.  
21

22 Notice of redemption, unless waived, is given by the Bond Registrar by mailing an  
23 official redemption notice by certified or registered mail, postage prepaid, not less than 30 days  
24 and not more than 60 days prior to the date fixed for redemption, to the Registered Owner of any  
25 bond to be redeemed at the address appearing on the Bond Register. The requirements for such  
26 notice shall be deemed to be complied with when notice is mailed as herein provided, regardless  
27 of whether or not it is actually received by the owner of any bond.  
28

29 If such notice has been given and if the County has set aside, on the date fixed for  
30 redemption, sufficient money for the payment of all bonds called for redemption, the bonds so  
31 called shall cease to accrue interest after such redemption date, and all such bonds shall no  
32 longer be deemed to be outstanding for any purpose, except that the Registered Owners thereof  
33 shall be entitled to receive payment of the redemption price and accrued interest to the  
34 redemption date from the money set aside for such purpose.  
35

36 This bond and the Bonds are special limited obligations of the County and are not  
37 obligations of the State of Washington or any political subdivision thereof other than the County,  
38 and neither the full faith and credit nor the taxing power of the County or the State of  
39 Washington or any political subdivision thereof is pledged to the payment of this bond or the  
40 Bonds.  
41

42 The County hereby covenants and agrees with the holder of this bond that it will keep and  
43 perform all the covenants of this bond and of the Bond Ordinance to be by it kept and performed.  
44 The County pledges and binds itself to set aside out of the earnings and revenue of the Sewer  
45 System and to pay into the Bond Fund and certain accounts therein the various amounts required by

1 the Bond Ordinance to be paid into and maintained in said accounts, all within the times provided  
2 by said ordinance.  
3

4 Said amounts so pledged to be paid out of said earnings and revenue are hereby declared to  
5 be a prior lien and charge thereon superior to all other liens and charges of any kind or nature except  
6 normal expenses of maintenance and operation of the Sewer System and any other necessary  
7 expenses of maintenance and operation of the Sewer System for which reserves or other money is  
8 not available.  
9

10 Said amounts so pledged out of said earnings and revenue are further declared to be of equal  
11 lien to charges that have been or may be made thereon to pay the principal of and interest on  
12 outstanding Parity Bonds and any sewer revenue bonds of the County hereafter issued on a parity  
13 with the Bonds.  
14

15 The County has further pledged that it will cause the Sewer System to be maintained in  
16 good condition and repair and to be operated in an efficient manner and at a reasonable cost.  
17 The County has further pledged that it will at all times establish, maintain and collect adequate  
18 rates and charges for sewage disposal service as provided in the Bond Ordinance. Reference to  
19 the Bond Ordinance is made for a description of the nature and extent of the security for the  
20 Bonds, the funds or revenues pledged, and the terms and conditions upon which the Bonds are  
21 issued.  
22

23 The pledge of revenues and other obligations of the County under the Bond Ordinance  
24 may be discharged prior to maturity of the Bonds by making provisions for the payment thereof  
25 on the terms and conditions set forth in the Bond Ordinance.  
26

27 This bond shall not be valid or become obligatory for any purpose or be entitled to any  
28 security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall  
29 have been manually signed by the Bond Registrar.  
30

31 It is hereby certified that all acts, conditions and things required by the Constitution and  
32 statutes of the State of Washington and the Charter and ordinances of the County to exist, to have  
33 happened, been done and performed precedent to and in the issuance of this bond have  
34 happened, been done and performed and that the issuance of this bond and the bonds of this  
35 series does not violate any constitutional, statutory or other limitation upon the amount of  
36 bonded indebtedness that the County may incur.  
37

1 IN WITNESS WHEREOF, the County has caused this bond to be executed by the  
2 manual or facsimile signatures of the County Executive and to be attested by the Clerk of the  
3 County Council, and has caused the seal of the County to be impressed or imprinted hereon, as  
4 of this 1st day of \_\_\_\_\_, 1999.

5 KING COUNTY, WASHINGTON

6  
7 By \_\_\_\_\_ /s/  
8 King County Executive

9  
10 ATTEST:

11  
12 \_\_\_\_\_ /s/  
13 Clerk of the County Council

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

- 17
- 18 TEN COM — as tenants in common
- 19 TEN ENT — as tenants by the entireties
- 20 JT TEN — as joint tenants with right of survivorship and not as tenants in common
- 21

22 UNIF GIFT (TRANSFERS) MIN ACT — \_\_\_\_\_ Custodian \_\_\_\_\_  
23 (Cust) (Minor)  
24 under Uniform Gifts (Transfers) to Minors Act  
25  
26 \_\_\_\_\_  
27 (State)

28  
29 Additional abbreviations may also be used though not listed above.

30  
31 The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially  
32 the following form:

33  
34 CERTIFICATE OF AUTHENTICATION

35  
36 This is one of the Sewer Revenue Bonds, 1999, of King County, Washington, dated  
37 \_\_\_\_\_ 1, 1999, described in the within mentioned Bond Ordinance.

38  
39 WASHINGTON STATE FISCAL  
40 AGENCY, as Bond Registrar

41  
42  
43 By \_\_\_\_\_  
44 Authorized Signatory



13468

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR  
TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

[Empty box for Social Security or Taxpayer Identification Number]

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

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

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.

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

1 officers of the county. Any Bond also may be signed and attested on behalf of the county by  
2 such persons as at the actual date of execution of such Bond shall be the proper officers of the  
3 county although at the original date of such Bond any such person shall not have been such  
4 officer of the county.

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

10 Section 9. Mutilated, Lost, or Destroyed Bonds. If any Bond shall become mutilated,  
11 the Bond Registrar shall authenticate and deliver a new Bond of like series, amount, date, interest  
12 rate and tenor in exchange and substitution for the Bond so mutilated, upon the owner's paying  
13 the expenses and charges of the county and the Bond Registrar in connection therewith and upon  
14 surrender to the Bond Registrar of the Bond so mutilated. Every mutilated Bond so surrendered  
15 shall be canceled and destroyed by the Bond Registrar.

16 In case the Bonds or any of them shall be lost, stolen or destroyed, the Bond Registrar  
17 may authenticate and deliver a new Bond or Bonds of like amount, date, and tenor to the  
18 registered owner thereof upon the owner's paying the expenses and charges of the county and the  
19 Bond Registrar in connection therewith and upon his/her filing with the Bond Registrar evidence  
20 satisfactory to the Bond Registrar that such Bond or Bonds were actually lost, stolen or destroyed  
21 and of his/her ownership thereof, and upon furnishing the county and Bond Registrar with  
22 indemnity satisfactory to the finance director and the Bond Registrar.

1        Section 10. Bond Fund. There has heretofore been created a special fund of the  
2 county known as the "Water Quality Revenue Bond Account" (the "Bond Fund"). The Bond  
3 Fund is at all times completely segregated and set apart from all other funds and accounts of the  
4 county and is a trust fund for the security and payment of the principal of and interest and any  
5 premium on any Parity Bonds. All money credited to the Bond Fund is pledged and ordered to  
6 be used for the sole purpose of paying the principal of and interest and any premium on the  
7 Parity Bonds.

8        A. Debt Service Account. A "Debt Service Account" has heretofore been  
9 established in the Bond Fund. The county hereby obligates and binds itself to cause to be set  
10 aside and paid into said account out of the Revenue of the System amounts sufficient, together  
11 with accrued interest received at the time of delivery of the Bonds and Bond Reserve Account  
12 and deposited therein, income from the investment of money in the Debt Service Account and  
13 Bond Reserve Account and any other money on deposit in the Debt Service Account and legally  
14 available, to pay the principal of and interest on outstanding Parity Bonds as the same become  
15 due and payable.

16        There is hereby authorized to be created a special subaccount in the Debt Service  
17 Account for payment of the Bonds. All money required by this Section 10.A to be deposited into  
18 the Debt Service Account for the payment of principal of and interest on the Bonds shall be  
19 deposited into such subaccount. Money in such subaccount shall be treated in all respects as all  
20 other money in the Debt Service Account, but shall be accounted for separately for the purpose  
21 of calculating amounts required to be paid to the federal government pursuant to Section 19 of  
22 this ordinance.

1 So long as any of the Series A through Series Z Bonds remain outstanding, payments on  
2 account of the Bonds shall be made out of the Revenue of the System into the appropriate  
3 subaccount in the Debt Service Account on or before the 25th day of each month in the following  
4 amounts:

5 (1) Beginning with the month of the Closing to and including the month  
6 immediately preceding the first interest payment date for the Bonds, a fraction of the interest to  
7 become due and payable on such first interest payment date, the numerator of which is one and the  
8 denominator of which is the number of months in which such deposits are required.

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

12 (3) Beginning with the month of January of the year immediately preceding the  
13 first principal payment date of the Bonds, and continuing for as long as any of the Bonds are  
14 outstanding and unpaid, one-twelfth of the principal amount of the serially maturing Bonds to  
15 become due and payable on the next principal payment date.

16 From and after such time as no Series A through Series Z Bonds remain outstanding,  
17 payments on account of the Bonds shall be made out of the Revenue of the System into the  
18 applicable debt service subaccount in the Bond Fund on or before the day each payment of  
19 interest on or principal of the Bonds is due.

20 B. Term Bond Accounts. After making the payments required in paragraph A above,  
21 the county shall deposit to the Term Bond Sinking Fund Account and the Term Bond Payment  
22 Account (collectively, the "Term Bond Accounts"), on or before each annual Principal Payment  
23 Date, out of the Revenue of the System, additional money that together with available income from

1 the investment of money in the Debt Service Account and Bond Reserve Account will be sufficient  
2 to meet the requirements set forth in this Subsection 10.B. Any deposit into the Term Bond  
3 Accounts shall be applied to the Term Bond Sinking Fund Account and the Term Bond Payment  
4 Account in proportion to the respective amounts due to be deposited therein on the particular  
5 January 1 for which such deposit is being made.

6 (1) Term Bond Sinking Fund Account. A Term Bond Sinking Fund Account  
7 has been established in the Bond Fund by Metro Council Resolution No. 3864 for the purpose of  
8 separately accounting for the payments made into the Bond Fund to retire the Term Bonds of  
9 Series A through I inclusive. The additional money required by this subparagraph B.1 to be  
10 deposited in the Term Bond Sinking Fund Account shall, together with income from the investment  
11 of money in such account, be sufficient to retire by purchase or by redemption pursuant to call Term  
12 Bonds of Series A through I inclusive on or before the dates and in at least the principal amounts set  
13 forth in the respective resolutions authorizing the bonds of each of such series; provided that, if  
14 more than the required amount shall be deposited in any given year, the amount to be deposited in  
15 the next succeeding year or years may be reduced accordingly. The amount so paid into the Term  
16 Bond Sinking Fund Account shall be used for the sole purpose of retiring at maturity or by purchase  
17 or redemption prior to maturity Term Bonds of Series A through I inclusive.

18 (2) Term Bond Payment Account. A Term Bond Payment Account has been  
19 heretofore established in the Bond Fund by Metro Council Resolution No. 4075 for the amortization  
20 of any Term Bonds of Series M or any Parity Term Bonds issued thereafter. The money required  
21 by this subparagraph B.2 to be deposited in the Term Bond Payment Account shall, together with  
22 income from the investment of money in such account, be sufficient to retire by purchase or by  
23 redemption pursuant to call the Series V Term Bonds, the Series Z Term Bonds, any of the Bonds

1 that may be Term Bonds, and any future Parity Term Bonds on or before such payment dates and in  
2 at least such principal amounts as shall be set forth in the resolution or motion authorizing, or the  
3 notice of bond sale for, such bonds. The amounts so paid into the Term Bond Payment Account  
4 shall be used for the sole purpose of purchasing or redeeming the Series V Term Bonds, the Series  
5 Z Term Bonds, any Bonds that are Term Bonds and any future Parity Term Bonds on or before  
6 their respective scheduled payment dates, provided that, if more than the required principal amount  
7 of such Parity Term Bonds shall be retired by such purchase or redemption in any given year, the  
8 amount required to be purchased or redeemed in the next succeeding year or years may be reduced  
9 accordingly.

10 If the original purchaser of the Bonds designates any Bonds as Term Bonds pursuant to  
11 Section 25 hereof and the Official Notice of Bond Sale, there is hereby authorized to be created a  
12 special subaccount for the Bonds within the Term Bond Payment Account. All money required  
13 by this Section 10.B.2 to be deposited into the Term Bond Payment Account for the purchase or  
14 redemption of Bonds that are Term Bonds shall be deposited into such subaccount within the  
15 Term Bond Payment Account. Money in such subaccount shall be treated in all respects as all  
16 other money in the Term Bond Payment Account, but shall be accounted for separately for the  
17 purpose of calculating amounts required to be paid to the federal government pursuant to  
18 Section 19 of this ordinance.

19 C. Bond Reserve Account. A Bond Reserve Account has heretofore been established  
20 in the Bond Fund and the county hereby pledges that it will pay into and maintain in the Bond  
21 Reserve Account an amount that together with other funds in the Bond Reserve Account will be at  
22 least equal to the Reserve Requirement. From and after such time as no Series A through Series Z  
23 Bonds remain outstanding, the county may substitute Qualified Insurance or a Qualified Letter of

1 Credit for amounts required to be paid into or maintained in the Bond Reserve Account. Such  
2 Qualified Letter of Credit or Qualified Insurance shall not be cancelable on less than five years  
3 notice. In the event of any cancellation, the Bond Reserve Account shall be funded in  
4 accordance with the provisions of this section providing for payment in the event of a deficiency  
5 therein, as if the Parity Bonds that remain outstanding had been issued on the date of such notice  
6 of cancellation.

7 An amount sufficient to establish the Reserve Requirement in the Bond Reserve Account  
8 required by the issuance of the Bonds, if any, shall be deposited therein from the proceeds of Bonds  
9 or other funds available therefor on the date of Closing. Within one year following the issuance of  
10 any Future Parity Bonds, the amounts required to be paid into the Bond Reserve to establish the  
11 Reserve Requirement therein shall be paid or provided for by Qualified Insurance or a Qualified  
12 Letter of Credit.

13 In the event there shall be a deficiency in the Debt Service Account to meet maturing  
14 installments of either principal of or interest on any Parity Bonds, such deficiency shall be made up  
15 from the Bond Reserve Account by the withdrawal of money therefrom and by the sale or  
16 redemption of obligations held in the Bond Reserve Account, if necessary, in such amounts as  
17 will provide cash in the Bond Reserve Account sufficient to make up any such deficiency, and if  
18 a deficiency still exists immediately prior to an interest payment date and after the withdrawal of  
19 cash, the county shall then draw from any Qualified Letter of Credit, Qualified Insurance, or  
20 other equivalent credit facility in sufficient amount to make up the deficiency. Such draw shall  
21 be made at such times and under such conditions as the agreement for such Qualified Letter of  
22 Credit or such Qualified Insurance shall provide. If more than one Qualified Letter of Credit or  
23 Qualified Insurance is available, draws shall be made ratably thereon to make up the deficiency.

1 Any deficiency created in the Bond Reserve Account by reason of any such withdrawal shall then  
2 be made up from the Revenue of the System that shall be first available after making the payments  
3 required to be made under paragraph "FIRST" through "FOURTH" of Section 13 hereof.

4 Income from the investment of money in the Bond Reserve Account shall be deposited in  
5 and become a part of the Bond Fund.

6 Section 11. Pledge of Sewer Revenues. The amounts covenanted to be paid out of the  
7 Revenue of the System into the Bond Fund and the accounts therein shall constitute a lien and  
8 charge on such revenue superior to all other charges of any kind or nature except normal  
9 Operating and Maintenance Expenses and any other necessary Operating and Maintenance  
10 Expenses for which reserves or other money are not available, and of equal lien to any charges  
11 heretofore or hereafter made upon the Revenue of the System for the payment of the principal of  
12 and interest on any Parity Bonds.

13 In the event that money and/or investments in the Debt Service Account and the Bond  
14 Reserve Account shall be reduced below the amounts required to pay the principal and/or interest  
15 then due and payable on any Parity Bonds, funds on deposit in any reserve created in the Revenue  
16 Fund not then required for the payment of necessary Operating and Maintenance Expenses shall be  
17 transferred to the Debt Service Account to the extent required to pay such principal and interest.

18 Section 12. Revenue Fund. A special fund known as the "Municipality of  
19 Metropolitan Seattle Sewer Revenue Fund" established by Metro has been redesignated and  
20 continued by the county as the Water Quality Operating Fund and is herein referred to as the  
21 "Revenue Fund." All of the Revenue of the System shall be deposited in the Revenue Fund. All  
22 costs of maintaining and operating the System borne by the county shall be paid out of the  
23 Revenue Fund or appropriate reserves therein.



1           A.     Operating Reserve Account. There has heretofore been created in the Revenue  
2 Fund an "Operating Reserve Account," and approximately \$3,340,000 was on deposit therein as  
3 of December 31, 1998. The money in the Operating Reserve Account may be used to pay  
4 necessary expenses of maintenance and operation of the System in the event that Revenue of the  
5 System should at any time be inadequate to pay such expenses. So long as any of the Series A  
6 through Series Z Bonds remain outstanding, if the balance in this account shall at any time  
7 hereafter be reduced below an amount that is the greater of either \$300,000 or five percent of the  
8 total cost of operating and maintaining the System borne by the county in the immediately  
9 preceding calendar year, the county shall deposit to the credit thereof such sums as may be  
10 necessary to restore such amount therein within six months. Such deposits shall be made from  
11 Revenue of the System first available therefor after payments of Operating and Maintenance  
12 Expenses and required payments into the Bond Fund and the Bond Reserve have been made.

13           From and after such time as no Series A through Series Z Bonds remain outstanding, the  
14 Operating Reserve Account shall be closed and any money remaining in such account shall be  
15 transferred to the Revenue Fund and applied as provided in Section 13 hereof.

16           B.     Contingency Reserve Account. A Contingency Reserve Account has heretofore  
17 been created in the Revenue Fund, and approximately \$2,000,000 was on deposit in the account  
18 as of December 31, 1998. The money in the Contingency Reserve may from time to time be  
19 used for the payment of major repairs, renewals, replacements and maintenance expenses of a  
20 type not regularly recurring, and unforeseen capital improvements required by regulatory  
21 authority. So long as any of the Series A through Series Z Bonds remain outstanding, if the  
22 balance in the Contingency Reserve shall at any time be reduced below the amount required by  
23 this ordinance to be maintained therein, the county shall deposit therein from the Revenue of the

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

4 From and after such time as no Series A through Series Z Bonds remain outstanding, the  
5 Contingency Reserve Account shall be closed and any money remaining in such account shall be  
6 transferred to the Revenue Fund and applied as provided in Section 13 hereof.

7 C. Renewal, Extension and Betterment Reserve Account. There has heretofore been  
8 created in the Revenue Fund a Renewal, Extension and Betterment Reserve Account, and  
9 approximately \$4,466,246 was on deposit therein as of December 31, 1998. So long as any of  
10 the Series A through Series Z Bonds remain outstanding, on or before January 1 of each year  
11 there shall be deposited in said account at least \$750,000; provided that if money is deposited in  
12 the Contingency Reserve in any such year, the deposits to the Betterment Reserve in such year  
13 may be reduced by such amount. Deposits to the Betterment Reserve shall continue to be made  
14 until all of the Series A through Series Z Bonds shall have been paid or until the Comprehensive  
15 Plan shall have been completed, whichever shall first occur. The money in the Betterment  
16 Reserve may be used from time to time for any necessary renewals and replacements of the  
17 System and for any capital expenditures which the county council shall deem necessary and  
18 appropriate to carry out the Comprehensive Plan or may be transferred to the Parity Bond  
19 Reserve, Contingency Reserve or Operating Reserve to meet any deficiency therein, or may be  
20 pledged in whole or in part for the payment of junior lien bonds or may be applied to the  
21 payment of outstanding Parity Bonds.

22 From and after such time as no Series A through Series Z Bonds remain outstanding, the  
23 Renewal, Extension and Betterment Reserve Account shall be closed and any money remaining

1 in such account shall be transferred to the Revenue Fund and applied as provided in Section 13  
2 hereof.

3 D. Rate Stabilization Fund. At such time as no Series A through Series Z Bonds, no  
4 1994A Bonds and no 1995 Bonds remain outstanding, a special fund of the county to be  
5 designated the "Sewer Rate Stabilization Fund" (the "Rate Stabilization Fund") has heretofore  
6 been authorized to be established in anticipation of increases in revenue requirements of the  
7 System. Thereafter, in accordance with the provisions of Section 13 of this ordinance, the  
8 county may from time to time appropriate or budget amounts in the Revenue Fund for deposit in  
9 the Rate Stabilization Fund and may from time to time withdraw amounts therefrom for deposit  
10 in the Revenue Fund to prevent or mitigate sewer rate increases or for other lawful purposes of  
11 the county related to the System.

12 Section 13. Sewer Revenue Priorities of Payment. So long as any Bond shall be  
13 outstanding, the Revenue of the System shall be deposited into the Revenue Fund and used and  
14 applied in the following order of priority:

15 First, to pay all Operating and Maintenance Expenses;

16 Second, to make all required payments of principal and interest on Parity Bonds as the  
17 same shall become due and payable and, when the provisions of Section 24 hereof become  
18 effective, to make any Payment Agreement Payments with respect to any Parity Payment  
19 Agreements;

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

21 Fourth, to make all payments required to be made pursuant to a reimbursement agreement  
22 or agreements (or other equivalent documents) in connection with Qualified Insurance or a

1 Qualified Letter of Credit, provided that if there is not sufficient money to make all payments  
2 under such reimbursement agreements the payments will be made on a pro rata basis;

3 Fifth, to establish and maintain the Bond Reserve (including the cost of obtaining  
4 Qualified Insurance or a Qualified Letter of Credit therefor);

5 Sixth, to establish and maintain the Operating Reserve (so long as any Series A through  
6 Series Z Bonds remain outstanding);

7 Seventh, to establish and maintain the Contingency Reserve (so long as any Series A  
8 through Series Z Bonds remain outstanding);

9 Eighth, to establish and maintain the Betterment Reserve (so long as any Series A  
10 through Series Z Bonds remain outstanding);

11 Ninth, to make all required payments of principal and interest due on the SRF Loan;

12 Tenth, to accumulate in the special reserve fund for the 1990 SRF Loan the amount  
13 required by subsection E of Section VI of the 1990 SRF Loan Agreement to be accumulated  
14 therein and, if required by the terms of any other SRF loan agreement, if any, the amounts  
15 required by the terms of those SRF loan agreements to be accumulated therein;

16 Eleventh, to make all required payments of principal and interest on the Parity Lien  
17 Obligations and Payment Agreement Payments with respect to any Parity Lien Payment  
18 Agreements; and

19 Twelfth, to make all payments required to be made into any other revenue bond  
20 redemption fund and debt service account or reserve account created therein to pay and secure  
21 the payment of the principal of and interest on any revenue bonds or other revenue obligations of  
22 the county having liens upon Revenue of the System and the money in the Revenue Fund junior  
23 and inferior to the lien thereon for the payment of the principal of and interest on any Parity Lien

1 Obligations, but prior to the lien thereon of the Notes, Advances and any Additional Subordinate  
2 Lien Obligations, as the same shall become due and payable;

3 Thirteenth, to make all required payments of principal of and interest on the Notes,  
4 Advances, or Additional Subordinate Lien Obligations as the same shall become due and  
5 payable; and

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

10 Any surplus money that the county may have on hand in the Revenue Fund after making  
11 all required payments set forth above may be used by the county (i) to make necessary  
12 improvements, additions and repairs to and extensions and replacements of the System, (ii) to  
13 purchase or redeem and retire outstanding sewer revenue bonds of the county, (iii) to make  
14 deposits into the Rate Stabilization Fund at such time as it is authorized to be created pursuant to  
15 Section 13.D of Ordinance 12314 of the county, or (iv) for any other lawful purposes of the  
16 county related to the System.

17 Section 14. Construction Account; Disposition of Bond Proceeds.

18 A. Construction Account. There has heretofore been established a special fund of  
19 the county known as the "Second Water Quality Construction Account" (the "Construction  
20 Account"). For purposes of separately accounting for investment earnings on the proceeds of the  
21 Bonds to facilitate compliance with the requirements of Section 19 of this ordinance, there is  
22 hereby established a special subaccount within the Construction Account to be designated as the  
23 Series 1999 Construction Subaccount (the "1999 Construction Subaccount").

1 Money in the 1999 Construction Subaccount shall be held and applied to pay costs of  
2 acquiring, constructing and equipping improvements, additions or betterments to the System set  
3 forth in the Comprehensive Plan and all costs incident thereto, including but not limited to  
4 engineering, architectural, planning, financial, legal, urban design or any other incidental costs,  
5 and to repay any advances heretofore or hereafter made on account of such costs, provided that if  
6 deficiencies exist in the Bond Fund, money in the 1999 Construction Account may be transferred  
7 to the Bond Fund in such amounts as shall be necessary to pay principal and interest on the  
8 Bonds.

9 B. Disposition of Bond Proceeds. The proceeds of the Bonds shall be deposited as  
10 follows:

11 (1) The amount equal to the interest accruing on the Bonds from their dated  
12 date to the date of their Closing shall be deposited in the subaccount for the Bonds created in the  
13 Debt Service Account in the Bond Fund.

14 (2) Proceeds of the Bonds may be deposited into the Bond Reserve Account,  
15 as shall be provided for in the Sale Motion.

16 (3) The balance of the proceeds of the Bonds shall be deposited in the 1999  
17 Construction Account in the Construction Fund and applied as provided in subsection A of this  
18 Section 14.

19 Section 15. Due Regard for Expenses of Maintenance and Operation. The county  
20 council hereby declares that, in fixing the amounts to be paid into the Bond Fund and the  
21 accounts therein out of the Revenue of the System, it has exercised due regard for the necessary  
22 Operating and Maintenance Expenses and has not obligated the county to set aside, pay into and

1 maintain in said fund and accounts a greater amount of the Revenue of the System than in its  
2 judgment will be available over and above such necessary Operating and Maintenance Expenses.

3 Section 16. Rate Covenant.

4 A. Coverage. Subject to the provisions of subsection B of this Section 16, the county  
5 hereby covenants with the owner of each of the Bonds for so long as any of the same are  
6 outstanding that the county will at all times establish, maintain and collect rates and charges for  
7 sewage disposal service that together with the interest to be earned on investments made of money  
8 in any fund created or designated by Resolution No. 90 of the Metro Council (the Revenue Fund,  
9 Bond Fund, Bond Reserve, Operating Reserve, Contingency Reserve, Betterment Reserve and  
10 Construction Account), will provide in each calendar year Revenue of the System in an amount  
11 equal to at least 1.15 times the amounts required to pay the Annual Parity Debt Service for such  
12 calendar year.:

13 At all times and in any event, rates and charges for sewage disposal service shall be  
14 sufficient to provide funds adequate to operate and maintain the System, to make all payments and  
15 to establish and maintain all reserves required by this or any other ordinance authorizing obligations  
16 of the county payable from Revenue of the System, to make up any deficit in such payments  
17 remaining from prior years and to pay all costs incurred in the construction or acquisition of any  
18 portion of the Comprehensive Plan that may be ordered by the county and for the payment of which  
19 sewer revenue bonds (or other obligations payable from Revenue of the System) are not issued.

20 For the purpose of meeting the requirement of this Section 16, but only from and after  
21 such time as no Series A through Series Z Bonds, 1994A Bonds and 1995 Bonds remain  
22 outstanding, there may be added to Revenue of the System for any fiscal year any amount  
23 withdrawn from the Rate Stabilization Fund and deposited in the Revenue Fund. There shall be

1 subtracted from Net Revenue for any fiscal year any amounts in such year withdrawn from the  
2 Revenue Fund and deposited into the Rate Stabilization Fund in such fiscal year.

3 Section 17. Certain Other Covenants. The county hereby covenants with the owner  
4 and holder of each of the Bonds for as long as any of the Bonds are outstanding, as follows:

5 A. Maintain in Good Order. The System and all additions thereto and extensions  
6 thereof will at all times be maintained in good repair, working order and condition and such  
7 System and the business in connection therewith will at all times be operated in an efficient  
8 manner and at a reasonable cost.

9 B. Sale or Disposition. The county will not sell or voluntarily dispose of all of the  
10 operating properties of the System unless provision is made for payment into the Bond Fund of a  
11 sum sufficient to pay the principal of and interest on all outstanding Parity Bonds in accordance  
12 with the terms thereof, nor, so long as any of the Series A through Series Z Bonds remain  
13 outstanding will the county sell or voluntarily dispose of any part of the operating properties of  
14 the System unless provision is made for payment into the Bond Fund of an amount that will bear  
15 at least the same proportion to the amount of the outstanding Parity Bonds that the estimated  
16 amount of any resulting reduction in the Revenue of the System for the twelve months following  
17 such sale or disposition bears to the Revenue of the System that would have been realized if such  
18 sale or disposition had not been made. Such estimate shall be made by an independent licensed  
19 professional engineer or firm of licensed professional engineers approved by the Trustee. Any  
20 money so paid into the Bond Fund shall be used to retire outstanding Parity Bonds as provided  
21 herein at the earliest possible date.

22 From and after such time as no Series A through Series Z Bonds remain outstanding,  
23 notwithstanding any other provision of this subsection B to the contrary, the county may sell or



1 otherwise dispose of any of the works, plant, properties and facilities of the System or any real or  
2 personal property comprising a part of the System with a value of less than 5% of the net utility  
3 plant of the System or which shall have become unserviceable, inadequate, obsolete or unfit to  
4 be used in the operation of the System, or no longer necessary, material to or useful in such  
5 operation, without making any deposit into the Bond Fund.

6 C. Books and Records. The county will cause proper books of record and accounts  
7 of operation of the System to be kept, including an annual financial report, and, so long as any of  
8 the Series A through Series Z Bonds remain outstanding, the county shall cause a quarterly  
9 financial and operating statement to be prepared as soon as may be practicable following each  
10 quarterly period for the preceding quarter's business and operation of the System. Said statement  
11 shall be filed promptly upon its completion with the county council and the Trustee and shall be  
12 sent to the Registered Owner of any Parity Bonds upon written request being made therefor.  
13 From and after such time as no Series A through Series Z Bonds remain outstanding, this  
14 requirement for a quarterly report shall terminate.

15 D. Annual Audit. Not later than 120 days after the end of each fiscal year of the  
16 county; so long as any of the Series A through Series Z Bonds remain outstanding, the county  
17 will cause an annual audit of the accounts and records of the System to be made by Certified  
18 Public Accountants with experience in municipal utility accounting. Such audit shall certify as  
19 to the compliance or noncompliance by the county with the financial covenants of this ordinance  
20 and shall accurately and completely reflect the financial condition of the System. The audit shall  
21 be delivered to the clerk of the county council and to the Trustee, shall be paid for by the county  
22 and shall be made available to the owner or holder of any Parity Bond upon written request being

1 made therefor. From and after such time as no Series A through Series Z Bonds remain  
2 outstanding, this requirement for an annual audit shall terminate.

3 The county shall cause its books of accounts, including its annual financial report, to be  
4 audited annually by the State auditor's office or other State department or agency as may be  
5 authorized and directed by law to make such audits, or if such an audit shall not be made for  
6 twelve months after the close of any fiscal year of the county, by a Certified Public Accountant.  
7 The county will furnish such audit to the owner or holder of any Parity Bond upon written  
8 request therefor.

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

16 F. Construction. The county shall cause the construction of any duly authorized and  
17 ordered portions of the Comprehensive Plan to be performed and completed within a reasonable  
18 time and at the lowest reasonable cost.

19 G. Collection of Revenue. The county shall so operate and maintain the System and  
20 conduct its affairs as to entitle it at all times to receive and enforce payment to it of sewage  
21 disposal charges payable under any Service Agreement that the county has now or may hereafter  
22 enter into and to entitle the county to collect all revenues derived from the operation of the  
23 System. The county shall not release the obligations of any person, corporation or political

1 subdivision under such Service Agreements and shall at all times, to the extent permitted by law,  
2 defend, enforce, preserve and protect the rights and privileges of the county and of the holders of  
3 the Parity Bonds under or with respect to such agreements.

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

15 From and after such time as no Series A through Series Z Bonds remain outstanding, this  
16 requirement for an annual report shall terminate.

17 Section 18. Tax-Exemption. The county shall comply with the provisions of this  
18 section unless, in the written opinion of nationally recognized bond counsel to the county, such  
19 compliance is not required in order to maintain the exemption of the interest on the Bonds from  
20 federal income taxation.

21 The county hereby covenants that it will not make any use of the proceeds from the sale  
22 of the Bonds or any other funds of the county that may be deemed to be proceeds of such Bonds  
23 pursuant to Section 148 of the Code and the applicable regulations thereunder that will cause the

1 Bonds to be "arbitrage bonds" within the meaning of said section and said regulations. The  
2 county will comply with the applicable requirements of Section 148 of the Code (or any  
3 successor provision thereof applicable to the Bonds) and the applicable regulations thereunder  
4 throughout the term of the Bonds.

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

8 Section 19. Arbitrage Rebate. The county will pay the Rebate Amount, if any, to the  
9 United States of America at the times and in the amounts necessary to meet the requirements of  
10 the Code to maintain the federal income tax exemption for interest payments on the Bonds, in  
11 accordance with the Arbitrage and Tax Certification.

12 Section 20. Trustee for Bondowners.

13 A. Standby Trustee. U.S. Bank Trust National Association of Seattle, Washington, has  
14 been appointed to act as Standby Trustee for the owners and holders of all Parity Bonds, so long as  
15 any of the Series A through Series Z Bonds remain outstanding, and such bank has accepted such  
16 appointment upon the terms and conditions set forth in Resolution No. 90 of the Metro Council and  
17 this ordinance. Unless otherwise provided by contract with the Standby Trustee, the county shall  
18 pay to the Standby Trustee from time to time reasonable compensation for all services rendered by  
19 it hereunder and all reasonable expenses, charges, counsel fees or out-of-pocket disbursements  
20 incurred in the performance of its powers and duties hereunder.

21 From and after such time as no Series A through Series Z Bonds remain outstanding, the  
22 appointment of the Standby Trustee shall terminate, and the Standby Trustee shall deliver to the  
23 finance director copies of all records maintained by the Standby Trustee.

1           B.     Bondowners' Trustee. From and after such time as no Series A through Series Z  
2 Bonds remain outstanding, upon the occurrence of any "event of default" described in Section  
3 21.A of this ordinance, the owners of a majority in principal amount of the outstanding Parity  
4 Bonds may appoint a Bondowners' Trustee by an instrument or concurrent instruments in  
5 writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly  
6 authorized and delivered to such Bondowners' Trustee, notification thereof being given to the  
7 county. Any appointment of a Bondowners' Trustee under the provisions of this subsection shall  
8 be a bank or trust company organized under the laws of the State of Washington or the State of  
9 New York or a national banking association. The fees and expenses of a Bondowners' Trustee  
10 shall be borne by the Bondowners and not by the county. The bank or trust company acting as a  
11 Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may  
12 be appointed by the owners of a majority in principal amount of the outstanding Parity Bonds, by  
13 an instrument or concurrent instruments in writing signed and acknowledged by such  
14 Bondowners or by their attorneys-in-fact duly authorized.

15           The Bondowners' Trustee appointed in the manner herein provided, and each successor  
16 thereto, is hereby declared to be a trustee for the owners of all the Parity Bonds and is  
17 empowered to exercise all the rights and powers herein conferred on a Trustee.

18           C.     Certain Rights and Obligations of Trustee. The Trustee shall not be responsible for  
19 recitals in any resolution, ordinance or in the Parity Bonds, or for the validity of said bonds, nor  
20 shall the Trustee be responsible for insuring the System or for collecting any insurance money or for  
21 the title to any of the property of the System.

22           The Trustee shall be protected in acting upon any notice, request, consent, certificate, order,  
23 affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to

1 have been signed, sent or delivered by the person or persons by whom such paper or document shall  
2 purport to have been signed, sent or delivered.

3 The Trustee shall not be answerable for any neglect or default of any person, firm or  
4 corporation employed and selected by it with reasonable care.

5 The Trustee will permit the owner or holder of any Parity Bonds to inspect any instrument,  
6 opinion or certificate filed with the Trustee by the county or by any person, firm or corporation  
7 acting for the county.

8 The Trustee shall not be bound to recognize any person as a owner or holder of any Parity  
9 Bond until his, her or its title thereto, if disputed, shall have been established to its reasonable  
10 satisfaction.

11 The Trustee may consult with counsel and the opinion of such counsel shall be full and  
12 complete authorization and protection in respect of any action taken or suffered by it hereunder in  
13 good faith and in accordance with the opinion of such counsel.

14 Section 21. Events of Default; Powers and Duties of Trustee Section 21. Events of  
15 Default; Powers and Duties of Trustee.

16 A. Events of Default. The occurrence of one or more of the following events shall be  
17 "events of default" under this ordinance:

18 (i) default in the payment of principal of or interest on any Parity Bonds when  
19 the same shall become due or in the deposit of amounts into the Term Bond Accounts by the  
20 required dates for such deposits, and in the case of payment of interest or deposits into the Term  
21 Bond Sinking Fund Account such default continues for a period of thirty days; or

22 (ii) default in the observance or performance of any of the other covenants  
23 herein contained, and such default continues for a period of six months after written notice to the

1 county from a bondholder or from the Standby Trustee, if any, specifying such default and requiring  
2 the same to be remedied.

3 B. Powers of Trustee. The Trustee in its own name and on behalf of and for the benefit  
4 and protection of the holders and owners of all Parity Bonds may proceed, and upon the written  
5 request of the holders and owners of not less than 25% in principal amount of the Parity Bonds then  
6 outstanding shall proceed, to protect and enforce any rights of the Trustee and, to the full extent that  
7 owners or holders of Parity Bonds themselves might do, the rights of such owners and holders of  
8 Parity Bonds under the laws of the State of Washington or under the resolutions or ordinances  
9 providing for the issuance of such bonds, by such suits, actions or proceedings in equity or at law,  
10 either for the specific performance of any covenant contained herein or in aid or execution of any  
11 power herein granted or for any proper legal or equitable remedy as the Trustee shall deem most  
12 effectual to protect and enforce the rights of the Trustee and the holders and owners of Parity Bonds.  
13 In the enforcement of any such rights under this or any other resolution or ordinance of the county,  
14 the Trustee shall be entitled to sue for, to enforce payment of and to receive any and all amounts due  
15 from the county for principal, interest or otherwise under any of the provisions of such resolution or  
16 ordinance, with interest on overdue payments at the rate or rates set forth in such bond or bonds,  
17 together with any and all costs and expenses of collection and of all proceedings taken by the  
18 Trustee without prejudice to any other right or remedy of the Trustee or of the bondholders.

19 In the event that default shall be made in the payment of principal of any Parity Bond and  
20 such default shall continue for a period of thirty days, the Trustee shall be entitled to declare all  
21 outstanding Parity Bonds immediately due and payable and may proceed to enforce payment  
22 thereof as hereinabove provided. In the event any default shall, in the sole judgment of the Trustee,  
23 be cured and the Trustee shall furnish the county a certificate so stating, such default shall be

1 conclusively deemed to be cured and the county, Trustee and owners and holders of Parity Bonds  
2 shall be restored to the same rights and position they would have held if no event of default had  
3 occurred.

4 C. Actions in Name of Trustee. All rights of action under this ordinance, or upon any  
5 of the Parity Bonds or coupons, enforceable by the Trustee may be enforced by the Trustee without  
6 the possession of any of such bonds or coupons or the production thereof on the trial or other  
7 proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall  
8 be brought in its name for the ratable benefit of the holders of said bonds and coupons, subject to the  
9 provisions of this ordinance.

10 D. Procedure by Bond Owners.

11 (1) So long as any of the Series A and Series Z Bonds remain outstanding and  
12 the Standby Trustee remains duly appointed and acting, no holder or owner of any Parity Bond or  
13 coupon shall have any right to institute any proceeding in equity or at law for the enforcement of the  
14 provisions of this or any other ordinance or resolution providing for the issuance of Parity Bonds or  
15 for the execution of any trust hereunder or for any other remedy hereunder, unless such holder or  
16 owner previously shall have given to the Standby Trustee written notice of the event of default on  
17 account of which such suit, action or proceeding is to be instituted, nor unless also the holders and  
18 owners of 25% in principal amount of the Parity Bonds then outstanding, after the occurrence of  
19 such event of default, shall have made written request of the Standby Trustee and shall have  
20 afforded the Standby Trustee a reasonable opportunity to institute such suit, action or proceeding,  
21 nor unless, also, there shall have been offered to the Standby Trustee security and indemnity  
22 satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the  
23 Standby Trustee shall have refused or neglected to comply with such request within a reasonable



1 time, and no holder or owner of any Parity Bond or coupon shall have any right in any manner  
2 whatever by his action to affect, disturb or prejudice the pledge of Revenue of the System or to  
3 enforce any right hereunder, except in the manner herein provided.

4 (2) From and after such time as no Series A through Series Z Bonds remain  
5 outstanding and the Standby Trustee's appointment has terminated, no owner of any one or more  
6 of the Bonds shall have any right to institute any action, suit or proceedings at law or in equity  
7 for the enforcement of the same or coupons appertaining thereto, unless an event of default has  
8 occurred, and unless no Bondowners' Trustee has been appointed as herein provided, but any  
9 remedy herein authorized to be exercised by a Bondowners' Trustee may be exercised  
10 individually by any Bondowner, in his own name and on his own behalf or for the benefit of all  
11 Bondowners, in the event no Bondowners' Trustee has been appointed, or with the consent of the  
12 Bondowners' Trustee if such Bondowners' Trustee has been appointed.

13 E. Application of Money Collected by Trustee. Any money collected by the Trustee at  
14 any time pursuant to this section shall be applied, first, to the payment of its charges, expenses,  
15 advances and compensation and the charges, expenses, counsel fees, disbursements and  
16 compensation of its agents and attorneys, and, second, toward payment of the amount then due and  
17 unpaid upon the Parity Bonds and coupons, ratably and without preference or priority of any kind  
18 not expressly provided in this ordinance, according to the amounts due and payable upon such  
19 bonds and coupons respectively at the date fixed by the Trustee for the distribution of such money,  
20 upon presentation of the several bonds and coupons and upon causing such payment to be stamped  
21 thereon, if partly paid, and upon surrender thereof, if fully paid.

1        Section 22. Future Parity Bonds. The county further covenants and agrees with the  
2 owners and holders of the Parity Bonds for as long as the same are outstanding that it will not create  
3 any special fund for the payment of the principal of and interest on any revenue bonds that will rank  
4 on a parity with or have any priority over the payments out of the Revenue of the System required to  
5 be made into the Bond Fund and the accounts therein to pay or secure the payment of the  
6 outstanding Parity Bonds, except that it reserves the right for

7                    (1) the purpose of acquiring, constructing and installing any portion of  
8 the Comprehensive Plan, or

9                    (2) the purpose of acquiring, constructing and installing any necessary  
10 renewals or replacements of the System, or

11                    (3) the purpose of refunding or purchasing and retiring at or prior to their  
12 maturity any outstanding obligations of the county payable from Revenue of the System, to issue  
13 additional or refunding bonds and to make payments into the Bond Fund out of the Revenue Fund  
14 that will be sufficient to pay the principal of and interest on said additional or refunding bonds and  
15 to maintain required reserves; which such payments out of the Revenue Fund may rank equally with  
16 the payments out of the Revenue Fund required to be made into the Bond Fund and the accounts  
17 therein for the payment of the principal of and interest on outstanding Parity Bonds only upon  
18 compliance with the following conditions:

19                    A. At the time of the issuance of any Future Parity Bonds there shall not be any  
20 deficiency in the Bond Fund or any account therein.

21                    B. Each ordinance providing for the issuance of any Future Parity Bonds that  
22 are refunding bonds shall require that all money held in any fund or account of the county created

1 for the purpose of paying the principal of and interest on the bonds being refunded either be used to  
2 pay the principal of and interest on such bonds or be transferred or paid into the Bond Fund.

3 C. Each ordinance providing for the issuance of Future Parity Bonds shall  
4 provide for the payment of the principal thereof and interest thereon out of the Bond Fund. The  
5 Future Parity Bonds may bear such date of issue and shall mature in such year or years as the county  
6 council may determine, but the principal thereof shall be payable on the Principal Payment Date and  
7 the interest thereon shall be payable on the Interest Payment Dates. Each such ordinance shall  
8 further provide that within one year following the issuance of such Future Parity Bonds the county  
9 will pay into the Bond Reserve an amount that will be sufficient to establish at least the amounts  
10 required to be established and maintained therein by any resolution or ordinance providing for the  
11 issuance of Parity Bonds that are then outstanding or, when permitted by the provisions of  
12 Section 10.C hereof, provide at Closing Qualified Insurance or a Qualified Letter of Credit to satisfy  
13 such Bond Reserve requirement.

14 D. (1) So long as any of the Series A through Series Z Bonds remain  
15 outstanding, at the time of the issuance of any Future Parity Bonds, the county shall have on file a  
16 certificate from a licensed professional engineer experienced in the design, construction and  
17 operation of municipal utilities of scope similar to the System (the certificate may not be dated more  
18 than 90 days prior to the date of delivery of such Future Parity Bonds) showing that in his or her  
19 professional opinion the "annual income available for revenue bond debt service" for each year  
20 during the life of such Future Parity Bonds shall be at least equal to 1.25 times the amount required  
21 in each such year to pay the Annual Parity Debt Service (Cash Basis) for such year.

22 (2) From and after such time as no Series A through Series Z Bonds remain  
23 outstanding, at the time of the issuance of any Future Parity Bonds, the county shall have on file a

1 certificate from a licensed professional engineer, a Certified Public Accountant, or other  
2 independent person(s) or firm(s) selected by the county having a favorable reputation for skill and  
3 experience with sewer systems of comparable size and character to the System in such areas as are  
4 relevant to the purposes for which they are retained (the certificate may not be dated more than 90  
5 days prior to the date of delivery of such Future Parity Bonds), showing that in his or her  
6 professional opinion the "annual income available for revenue bond debt service" for each year  
7 during the life of such Future Parity Bonds shall be at least equal to 1.25 times the amount required  
8 in each such year to pay the Annual Parity Debt Service for such year.

9 (3) Such "annual income available for revenue bond debt service" shall be  
10 determined as follows for each year following the proposed date of issue of such Future Parity  
11 Bonds:

12 (i) The Revenue of the System shall be determined for a period of any  
13 12 consecutive months out of the 18 months immediately preceding the delivery of the Future  
14 Parity Bonds being issued.

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

17 (iii) If there were any Customers added to the System during such  
18 12-month period or thereafter and prior to the date of the engineer's certificate, such revenue  
19 shall be further adjusted on the basis that added Customers were Customers of the System during  
20 the entire 12-month period.

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

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

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

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

1 in which such additional revenue is to be collected and thereafter the estimated Customer growth  
2 shall not exceed 1/4 of 1% per year over and above such reduced estimate.

3 E. From and after such time as no Series A through Series Z Bonds remain  
4 outstanding, instead of the certificate described in subsection D(2) above, the county may elect  
5 instead to have on file a certificate of the finance director demonstrating that during any  
6 12 consecutive calendar months out of the immediately preceding 18 calendar months Revenue  
7 of the System, less Operating and Maintenance Expenses for such period, was at least equal to  
8 1.25 times the amount required to pay, in each year that such Future Parity Bonds would be  
9 outstanding, the Annual Parity Debt Service for such year.

10 F. From and after such time as no Series A through Series Z Bonds remain  
11 outstanding, the county may at any time for the purpose of refunding at or prior to their maturity  
12 any outstanding Parity Bonds or any bonds or other obligations of the county payable from  
13 Revenue of the System issue Future Parity Bonds without complying with the provisions of  
14 subsection D or E hereof; provided, however, that the county shall not issue Future Parity Bonds  
15 for such purpose under this subsection F unless the finance director certifies that upon the  
16 issuance of such Future Parity Bonds (i) total debt service required for all Parity Bonds  
17 (including the refunding bonds but not including the bonds to be refunded thereby) shall decrease  
18 and (ii) the annual debt service for each year that any Parity Bonds (including the refunding  
19 bonds proposed to be issued) are then outstanding shall not be increased by more than \$5,000 by  
20 reason of the issuance of such Future Parity Bonds.

21 The principal amount of Future Parity Bonds issued pursuant to this subsection G may  
22 include amounts necessary to pay the principal of the Parity Bonds or other obligations to be  
23 refunded, interest thereon to the date of payment or redemption thereof, any premium payable

1 thereon upon such payment or redemption and the costs of issuance of such Future Parity Bonds,  
2 and if there shall have been provided a Payment Agreement with respect to the obligations to be  
3 refunded, may include amounts necessary to make the payment of all amounts, if any, due and  
4 payable by the county under such Payment Agreement. The proceeds of such Future Parity  
5 Bonds shall be held and applied in such manner as is provided for in the resolution or ordinance  
6 authorizing the issuance of the Parity Bonds or other obligations to be refunded, so that upon the  
7 delivery of such Future Parity Bonds, the Parity Bonds or other obligations to be refunded  
8 thereby shall be deemed to be no longer outstanding in accordance with the resolution or  
9 ordinance authorizing their issuance.

10 G. Nothing contained in this ordinance shall prevent the county from issuing  
11 revenue bonds that are a charge upon the Revenue of the System and money in the Revenue Fund  
12 junior or inferior to the payments required to be made therefrom into the Bond Fund and any  
13 account therein, nor shall anything herein contained prevent the county from issuing Future Parity  
14 Bonds to refund maturing Parity Bonds for the payment of which money is not otherwise available.

15 Section 23. Reimbursement Obligations. If the county elects to secure any Parity  
16 Bonds with a Credit Facility, the county may contract with the entity providing such Credit  
17 Facility that the reimbursement obligation, if any, to such entity is a Parity Bond.

18 Section 24. Parity Payment Agreements.

19 A. General. From and after such time as no Series A through Series Z Bonds  
20 remain outstanding, to the extent and for the purposes permitted from time to time by  
21 Chapter 39.96 RCW and other applicable provisions of State law, the county may enter into  
22 Parity Payment Agreements, subject to the conditions set forth in this section and in other  
23 provisions of this ordinance.

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

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

8           D.     Calculation of Payment Agreement Payments and Debt Service on Parity Bonds  
9 with Respect to which a Payment Agreement is in Force. It is the intent of the county, for  
10 purposes of Sections 16 or 22 of this ordinance, that debt service on Parity Bonds with respect to  
11 which a Parity Payment Agreement is in force shall be calculated to reflect the net economic  
12 effect on the county intended to be produced by the terms of the Parity Bonds and the terms of  
13 the Parity Payment Agreement. In calculating such amounts, the county shall be guided by the  
14 following requirements.

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

19                   (ii)   For any period during which Payment Agreement Payments are not taken  
20 into account in calculating interest on any outstanding Parity Bonds because the Parity Payment  
21 Agreement is not then related to any outstanding Parity Bonds, Payment Agreement Payments on  
22 that Parity Payment Agreement shall be calculated based upon the following assumptions:



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

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

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

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

1           Upon the date and time established for the receipt of bids for the Bonds, the finance  
2 director or his designee shall open the bids, shall cause the bids to be mathematically verified  
3 and shall report to the county council regarding the bids received. Such bids shall then be  
4 considered and acted upon by the county council in an open public meeting. The county council  
5 reserves the right to reject any and all bids for the Bonds. Bids for the Bonds must be on an all  
6 or none basis. The county council by the Sale Motion shall approve the sale of the Bonds,  
7 establish date, interest rates, and redemption provisions of such Bonds.

8           The finance director is hereby authorized and directed to prepare an Official Notice of  
9 Bond Sale for the Bonds, which notice shall be filed with the clerk of the council and shall be  
10 ratified and confirmed by the Sale Motion. The finance director is hereby authorized to establish  
11 the date, principal amount, interest payment dates, maturity schedule and redemption provisions  
12 for the Bonds in such Official Notice of Bond Sale so long as the aggregate principal amount of  
13 the Bonds does not exceed \$80,000,000. The official notice of sale or an abridged form thereof  
14 shall be published in such newspapers or financial journals as may be deemed desirable or  
15 appropriate by the financial advisors to the county.

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

20           If definitive Bonds are not ready for delivery by the date established for Closing, then the  
21 finance director, upon the approval of the purchasers, may cause to be issued and delivered to the  
22 purchasers one or more temporary Bonds with appropriate omissions, changes and additions.  
23 Any temporary Bond or Bonds shall be entitled and subject to the same benefits and provisions

1 of this ordinance with respect to the payment, security and obligation thereof as definitive Bonds  
2 authorized thereby. Such temporary Bond or Bonds shall be exchangeable without cost to the  
3 owners thereof for definitive Bonds when the latter are ready for delivery.

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

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

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

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

8        Section 30. Investment of Funds and Accounts.

9        A. So long as any Series A through Series Z Bonds remain outstanding, money in the  
10 Revenue Fund shall be invested in direct obligations of the United States Government maturing  
11 or having a guaranteed redemption price payable within the following periods:

12            1. For investments of money in the Bond Reserve Account not more than five  
13 years from date of purchase;

14            2. For investments of other money in the Bond Fund not more than one year  
15 from date of purchase and in any event not later than the time such money is required for payment  
16 of principal and interest;

17            3. For investments of money in the Contingency Reserve not more than three  
18 years from date of purchase;

19            4. For investments of money in the Operating Reserve not more than ninety-  
20 one days from date of purchase;

21            5. For investments of other money in the Revenue Fund not more than two  
22 years from date of purchase;

1           6.     For investments of money in the Construction Fund not more than two years  
2 from date of purchase.

3           B.     From and after such time as no Series A through Series Z Bonds remain  
4 outstanding, money in the Bond Fund, Bond Reserve Account, and other accounts described in  
5 subsection A above may be invested in any investments permitted for funds of the county.

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

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

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

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

5 Section 32. Supplemental Ordinances. The county council from time to time and at  
6 any time may adopt an ordinance or ordinances supplemental to this ordinance which  
7 supplemental ordinance or ordinances thereafter shall become a part of this ordinance, for any  
8 one or more of the following purposes:

9 A. To add to the covenants and agreements of the county in this ordinance such other  
10 covenants and agreements thereafter to be observed, which shall not adversely affect the interests  
11 of the holds and owners of any Parity Bonds, or to surrender any right or power herein reserved  
12 to or conferred upon the county.

13 B. To make such provisions for the purpose of curing any ambiguities or of curing,  
14 correcting or supplementing any defective provision contained in this ordinance or any ordinance  
15 authorizing Future Parity Bonds in regard to matters or questions arising under such ordinances  
16 as the county council may deem necessary or desirable and not inconsistent with such ordinances  
17 and which shall not adversely affect the interest of the holders and owners of Parity Bonds.

18 Section 33. Severability. The covenants contained in this ordinance shall constitute a  
19 contract between the county and the owners of each and every Bond. If any one or more of the  
20 covenants or agreements provided in this ordinance to be performed on the part of the county by  
21 any court of competent jurisdiction to be contrary to law, then such covenant or covenants,  
22 agreement or agreements, shall be null and void and shall be deemed separable from the

1 remaining covenants and agreements of this ordinance and shall in no way affect the validity of  
2 the other provisions of this ordinance or of the Bonds.

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

5 INTRODUCED AND READ for the first time this 15<sup>th</sup> day of March, 1999.

6 PASSED by a vote of 11 to 0 this 19<sup>th</sup> day of  
7 April, 1999.

8 KING COUNTY COUNCIL  
9 KING COUNTY, WASHINGTON

10 Ruise Miller  
11  
12  
13 Chair

14 ATTEST:

15 Annunzio  
16  
17 Clerk of the Council

18 APPROVED this 28 day of April,  
19 1999

20 John C. ...  
21  
22  
23  
24 King County Executive  
25  
26