

09/13/1999

Introduced By: Larry Phillips  
Jane Hague

Bondord2  
Clerk 09/16/99

Proposed No.: 1999-0509

ORDINANCE **13650**

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AN ORDINANCE authorizing the issuance of sewer revenue bonds of the county in the aggregate principal amount of not to exceed \$60,000,000 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

1 debt service on sewer revenue bonds and other such indebtedness payable  
2 from and secured by sewer revenues, including the bonds authorized herein.

3 The following series of sewer revenue bonds (the "Series A through Series  
4 Z Bonds") dated as of the following dates were issued in the following  
5 original principal amounts and are now outstanding in the following  
6 principal amounts:

	<u>Series</u>	<u>Date of Issue</u>	<u>Original Principal Outstanding</u>	<u>Principal Amount Outstanding</u>
10	Series A	July 1, 1961	\$ 20,000,000	\$ 9,765,000
11	Series B	April 1, 1962	16,000,000	7,930,000
12	Series C	January 1, 1963	15,000,000	6,720,000
13	Series D	October 1, 1963	15,000,000	7,020,000
14	Series E	April 1, 1964	15,000,000	7,890,000
15	Series F	October 1, 1964	15,000,000	8,214,000
16	Series G	April 1, 1965	15,000,000	7,735,000
17	Series H	October 1, 1965	10,000,000	5,345,000
18	Series I	October 1, 1966	15,000,000	12,130,000
19	Series J	January 1, 1969	9,000,000	2,340,000
20	Series K	January 1, 1971	20,000,000	-0-
21	Series L	May 1, 1982	35,000,000	-0-
22	Series M	February 1, 1983	44,000,000	-0-
23	Series N	October 1, 1984	45,000,000	-0-
24	Series O	September 1, 1985	35,000,000	-0-
25	Series P	April 1, 1986	150,000,000	-0-
26	Series Q	March 1, 1987	135,000,000	-0-
27	Series R	September 1, 1988	48,000,000	-0-
28	Series S	August 1, 1990	100,000,000	-0-
29	Series T	May 1, 1991	100,000,000	820,000
30	Series U	February 1, 1992	90,000,000	1,255,000
31	Series V	August 1, 1992	119,580,000	119,580,000
32	Series W	January 1, 1993	90,000,000	90,000,000
33	Series X	March 1, 1993	136,305,000	132,145,000
34	Series Y	April 1, 1993	122,455,000	118,425,000
35	Series Z	July 1, 1993	127,100,000	123,720,000

36 Pursuant to the authority of Chapter 36.56 of the Revised Code of  
37 Washington ("RCW") and a special county election held November 3,  
38 1992, the county on January 1, 1994 assumed the rights, powers, functions  
39 and obligations of Metro, including operation of Metro's metropolitan  
40 sewer system (the "Sewer System") to carry out the functions of  
41 metropolitan water pollution abatement in accordance with a comprehensive  
42 plan as authorized by Chapter 35.58 RCW. The county has assumed and

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agreed to provide for the payment and retirement of outstanding bonds of Metro, including the Series A through Series Z Bonds.

The county has issued its Sewer Revenue Bonds, 1999, dated June 1, 1999, in the aggregate principal amount of \$80,000,000 (the "1999 Bonds"), on a parity of lien with the Series A through Series Z Bonds, pursuant to Ordinance 13468 of the county passed on April 19, 1999 and Motion No. 10694 of the county council passed on June 7, 1999. (The Series A through Series Z Bonds together with the 1999 Bonds are hereinafter sometimes referred to collectively as 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 and ordinance 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. The county council has found and determined that such parity conditions 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.

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

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

7           “Annual Parity Debt Service” means, with respect to any calendar year, the sum of  
8 the following:

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

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

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

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

4           (3)    The amounts required to be paid into the Bond Fund on or before (i) each  
5           Principal Payment Date (other than January 1) of such calendar year and (ii) January 1 of  
6           the next succeeding calendar year for interest on and amortization of principal of Parity  
7           Term Bonds. For purposes of this paragraph (3), "amounts required to be paid" means the  
8           amount to be deposited or accumulated in the Term Bond Accounts on or before such dates  
9           for outstanding Parity Term Bonds irrespective of the date or dates such amount, or any  
10          portion thereof, is actually deposited into such fund or account.

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

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

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

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

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

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

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

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

1           “Arbitrage and Tax Certification” means the certificate executed by the finance  
2 director pertaining to the calculation and payment of any Rebate Amount with respect to  
3 the Bonds.

4           “Bank Note” means the bank note authorized to be issued by Ordinance 12057 of  
5 the county to secure payment of the Notes.

6           “Betterment Reserve” or “Betterment Reserve Account” means the Renewal,  
7 Extension and Betterment Reserve Account created in the Revenue Fund by Section 8 of  
8 Resolution No. 90 of the Metro Council.

9           “Bond Fund” means the “Municipality of Metropolitan Seattle Sewer Revenue  
10 Bond Fund” created by Section 10 of Resolution No. 90 of the Metro Council and  
11 redesignated and continued by the county as the “Water Quality Revenue Bond Account”  
12 pursuant to Section 30 of Ordinance 12076 of the county.

13           “Bond Register” means the registration books maintained by the Bond Registrar for  
14 purposes of identifying ownership of the Bonds.

15           “Bond Registrar” means the fiscal agency of the State of Washington in either  
16 Seattle, Washington, or New York, New York, for the purposes of registering and  
17 authenticating the Bonds, maintaining the Bond Register, effecting the transfer of  
18 ownership of the Bonds and paying interest on and principal (and any premium pursuant to  
19 call on) of the Bonds.

20           “Bond Reserve” or “Bond Reserve Account” means the bond reserve account in the  
21 Bond Fund.

1           “Bondowners’ Trustee” means a trustee for the Parity Bonds authorized by this  
2 ordinance to be appointed from and after such time as no Series A through Series Z Bonds  
3 remain outstanding.

4           “Bonds” means all or a portion of the King County, Washington, Sewer Revenue  
5 Bonds, 1999 (Second Series), issued in an aggregate principal amount of not to exceed  
6 \$60,000,000 pursuant to this ordinance.

7           “Certified Public Accountant” means an independent certified public accountant (or  
8 firm of certified public accountants) selected by the county and having a favorable national  
9 reputation.

10           “Closing” means the delivery of the Bonds to, and payment of the purchase price  
11 therefor by, the initial purchasers of the Bonds.

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

16           “Commission” means the Securities and Exchange Commission.

17           “Comprehensive Plan” means the county’s comprehensive water pollution  
18 abatement plan authorized by RCW 35.58.200 and defined in Section 28.82.150 of the  
19 King County Code as the Comprehensive Sewage Disposal Plan adopted by Resolution  
20 No. 23 of the Metro Council on April 22, 1959, and all amendments thereto, including  
21 those amendments approved by the following resolutions of the Metro Council:  
22 Resolution No. 74 adopted February 16, 1961, Resolution No. 152 adopted April 19, 1962,  
23 Resolution No. 261 adopted March 7, 1963, Resolution No. 441 adopted August 20, 1964,



1 Resolution No. 477 adopted November 19, 1964, Resolution No. 795 adopted  
2 November 3, 1966, Resolution No. 928 adopted June 1, 1967, Resolution No. 1011  
3 adopted November 16, 1967, Resolution No. 1024 adopted December 7, 1967, Resolution  
4 No. 1052 adopted March 21, 1968, Resolution No. 1257 adopted July 3, 1969, Resolution  
5 No. 1330 adopted December 18, 1969, Resolution No. 1829 adopted March 1, 1973,  
6 Resolution No. 2025 adopted February 21, 1974, Resolution No. 3135 adopted March 15,  
7 1979, Resolution No. 3781 adopted November 5, 1981, Resolution No. 4217 adopted  
8 December 15, 1983, Resolution No. 4234 adopted October 20, 1983, Resolution No. 4339  
9 adopted April 5, 1984, Resolution No. 4780 adopted July 17, 1986, Resolution No. 5332  
10 adopted May 19, 1988, Resolution No. 5371 adopted April 21, 1988, Resolution No. 5449  
11 adopted July 21, 1988, Resolution No. 5902 adopted June 21, 1990, Resolution No. 6107  
12 adopted March 21, 1991, and Resolution No. 6378 adopted June 4, 1992, together with any  
13 amendments hereafter approved by ordinance of the county.

14 "Construction Account" means the "Second Water Quality Construction Account,"  
15 as designated by Section 30 of Ordinance 12076 of the county, passed on December 18,  
16 1995, which account was previously known as the "Second Water Quality Construction  
17 Fund" created by Section 13 of Ordinance 11241 of the county.

18 "Contingency Reserve" or "Contingency Reserve Account" means the Contingency  
19 Reserve Account created in the Revenue Fund by Section 7 of Resolution No. 90 of the  
20 Metro Council.

21 "Credit Facility" means any letter of credit, standby bond purchase agreement, line  
22 of credit, surety bond, insurance policy or other insurance commitment or similar  
23 agreement (but not including a Payment Agreement), satisfactory to the county, that is

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

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

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

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

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

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

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

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

1           “Metro Council” means the Metropolitan Council of the Municipality of  
2 Metropolitan Seattle established pursuant to Chapter 35.58 RCW and abolished effective  
3 January 1, 1994 pursuant to Chapter 36.56 RCW.

4           “MSRB” means the Municipal Securities Rulemaking Board or any successor to its  
5 functions.

6           “1990 SRF Loan Agreement” means the Washington State Water Pollution Control  
7 State Revolving Fund (SRF) Loan Agreement between the State of Washington  
8 Department of Ecology and Metro dated December 26, 1990, as amended from time to  
9 time.

10           “1990 SRF Loan” means the State Revolving Fund loan to Metro by the State of  
11 Washington Department of Ecology pursuant to the 1990 SRF Loan Agreement.

12           “1994A Bonds” means the county’s Limited Tax General Obligation Bonds  
13 (Payable from Sewer Revenues), 1994 Series A, issued under date of April 1, 1994, in the  
14 initial principal amount of \$170,000,000 as authorized by Ordinance Nos. 11241 and  
15 11252 of the county.

16           “1995 Bonds” means the county’s Limited Tax General Obligation Bonds (Payable  
17 from Sewer Revenues), 1995, issued under date of May 1, 1995, in the initial principal  
18 amount of \$90,000,000 as authorized by Ordinance 11763 of the county.

19           “1996 Bonds” means the county’s Limited Tax General Obligation Refunding  
20 Bonds (Payable from Sewer Revenues), 1996 Series C, issued under date of December 15,  
21 1996, in the initial principal amount of \$130,965,000 as authorized by Ordinance 12314 of  
22 the county.

1           “1998 Bonds” means the county’s Limited Tax General Obligation Refunding  
2 Bonds (Payable from Sewer Revenues), 1998 Series B, issued under date of September 15,  
3 1998, in the initial principal amount of \$261,625,000 as authorized by Ordinance 13256 of  
4 the county passed on August 31, 1998 and Motion No. 15060 of the county council passed  
5 on September 28, 1998.

6           “1999 Bonds” means the county’s Sewer Revenue Bonds, 1999, issued under date  
7 of June 1, 1999, in the initial principal amount of \$80,000,000 as authorized by Ordinance  
8 13468 of the county passed on April 19, 1999 and Motion No. 10694 of the county council  
9 passed on June 7, 1999.

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

13           “NRMSIR” means a nationally recognized municipal securities information  
14 repository.

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

20           “Operating Reserve” or “Operating Reserve Account” means the Operating  
21 Reserve Account created in the Revenue Fund by Section 6 of Resolution No. 90 of the  
22 Metro Council.

1           “Parity Bonds” means the Series A through Series Z Bonds, the 1999 Bonds, the  
2 Bonds, and any and all sewer revenue bonds of the county, the payment of which  
3 constitutes a lien and charge upon the Revenue of the System equal in rank with the lien  
4 and charge upon such revenue for the payments required to pay or to secure the payment of  
5 the Series A through Series Z Bonds, the 1999 Bonds and the Bonds. At such time as the  
6 provisions of Section 24 hereof become effective, “Parity Bonds” shall include any Parity  
7 Payment Agreements and parity reimbursement agreements entered into with the provider  
8 of a Credit Facility.

9           “Parity Lien Obligation Bond Fund” means the Water Quality Limited Tax General  
10 Obligation Bond Redemption Fund, established pursuant to Section 8 of Ordinance 11241  
11 of the county, to provide for payment of Parity Lien Obligations.

12           “Parity Lien Obligations” means the 1994A Bonds, the 1995 Bonds, the 1996  
13 Bonds and the 1998 Bonds and all bonds, notes or other evidences of indebtedness payable  
14 in whole or in part from Revenue of the System and secured by a lien on such Revenue on  
15 a parity of lien with the lien of the 1994A Bonds, the 1995 Bonds, the 1996 Bonds and the  
16 1998 Bonds. “Parity Lien Obligations” include any Parity Lien Payment Agreements and  
17 parity reimbursement agreements entered into with the provider of a Credit Facility.

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

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

6           “Parity Term Bonds” means Parity Bonds that are Term Bonds.

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

16           “Payment Agreement Payments” means the amounts periodically required to be  
17 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The  
18 term “Payment Agreement Payments” does not include any termination payment required  
19 to be paid with respect to a Payment Agreement.

20           “Payment Agreement Receipts” means the amounts periodically required to be paid  
21 by the Qualified Counterparty to the county pursuant to a Payment Agreement.

1           “Principal Payment Date” means January 1 of each year, so long as any of the  
2 Series A through Series Z Bonds remain outstanding, and thereafter such date as may be  
3 established by the county council for each series of Parity Bonds.

4           “Qualified Counterparty” means with respect to a Payment Agreement an entity  
5 (i) whose senior long term debt obligations, other senior unsecured long term obligations  
6 or claims paying ability or whose payment obligations under a Payment Agreement are  
7 guaranteed by an entity whose senior long term debt obligations, other senior unsecured  
8 long term obligations or claims paying ability are rated (at the time the Payment  
9 Agreement is entered into) at least as high as A3 by Moody’s Investors Service and A- by  
10 Standard & Poor’s Rating Group, or the equivalent thereof by any successor thereto, and  
11 (ii) who is otherwise qualified to act as the other party to a Payment Agreement under any  
12 applicable laws of the State.

13           “Qualified Insurance” means any unconditional municipal bond insurance policy or  
14 surety bond issued by any insurance company licensed to conduct an insurance business in  
15 any state of the United States or by a service corporation acting on behalf of one or more  
16 such insurance companies, which insurance company or service corporation is rated in one  
17 of the two highest rating categories by Moody’s Investors Service, Standard & Poor’s  
18 Ratings Services, and any other rating agency then maintaining a rating on the Bonds,  
19 provided, that, as of the time of issuance of such policy or surety bond, such insurance  
20 company or companies maintain a policy owner’s surplus in excess of \$500,000,000.

21           “Qualified Letter of Credit” means any irrevocable letter of credit issued by a bank  
22 for the account of the county and for the benefit of the owners of Parity Bonds, provided  
23 that such bank maintains an office, agency or branch in the United States, and provided

1 further, that, as of the time of issuance of such letter of credit, such bank is currently rated  
2 in one of the two highest rating categories by Moody's Investors Service, Standard &  
3 Poor's Ratings Service, and any other rating agency then maintaining a rating on the  
4 Bonds.

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

7 "RCW" means the Revised Code of Washington.

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

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

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

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



1           “Revenue of the System” means all the earnings, revenues and money received by  
2 the county from or on account of the operations of the Sewer System and the income from  
3 the investment of money in the Revenue Fund or any account within such fund, but shall  
4 not include any money collected pursuant to the Service Agreements applicable to  
5 administrative costs of the county other than costs of administration of the System.

6           “Rule” means the Commission’s Rule 15c2-12 under the Securities and Exchange  
7 Act of 1934, as the same may be amended from time to time.

8           “Sale Motion” means a motion of the county council approving a bid for the Bonds  
9 in accordance with Section 25 hereof.

10           “Series A through Series Z Bonds” means all of the outstanding sewer revenue  
11 bonds of the county issued by Metro.

12           “Service Agreements” means the sewage disposal agreements hereinbefore entered  
13 into between Metro (now and hereinafter the “county”) and municipal corporations,  
14 persons, firms, private corporations, or governmental agencies providing for the disposal  
15 by the county of sewage collected from such contracting parties.

16           “SID” means a state information depository for the State of Washington (if one is  
17 created).

18           “SRF Loan” means the 1990 SRF Loan and other loans, if any, made by the  
19 Department of Ecology to Metro (now and hereafter the “county”) having a lien and charge  
20 against Revenue of the System on a parity with the lien and charge of the 1990 SRF Loan.

21           “Standby Trustee” means U.S. Bank Trust National Association, or the successor  
22 thereto, as trustee for the Parity Bonds so long as any of the Series A through Series Z  
23 Bonds remain outstanding.

1           “State” means the State of Washington.

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

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

9           “Trustee” means either the Standby Trustee or a Bondowners’ Trustee.

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

19           Section 2. Findings.

20           A. In accordance with the provisions of the resolutions and ordinances  
21 authorizing the issuance of the currently outstanding Parity Bonds, which permit the  
22 issuance of additional Parity Bonds upon compliance with the conditions set forth therein  
23 (the “Parity Conditions”), the county council hereby finds and determines, as follows:

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

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

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

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

21 B. The applicable Parity Conditions having been complied with in  
22 connection with the issuance of the Bonds, the pledge contained herein of Revenue of the  
23 System to pay and secure the payment of the Bonds shall constitute a lien and charge upon

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

3 Section 3. Authorization of Bonds. To provide funds necessary to pay costs of  
4 acquiring, constructing and equipping improvements, additions or betterments to the  
5 System set forth in the Comprehensive Plan, the county shall issue the Bonds in an  
6 aggregate principal amount to be established as provided in Section 25 hereof and in any  
7 event not to exceed \$60,000,000. The Bonds shall be designated as "King County,  
8 Washington, Sewer Revenue Bonds, 1999 (Second Series)." The Bonds shall be fully  
9 registered as to both principal and interest, shall be in the denomination of \$5,000 each or  
10 any integral multiple thereof (but no Bond shall represent more than one maturity), shall be  
11 numbered separately in such manner and with any additional designation as the Bond  
12 Registrar deems necessary for purposes of identification, and shall be dated as of such date  
13 and shall mature on the dates, in the years and the amounts established as provided in  
14 Section 25 hereof.

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

1 York, New York, as registrar, authenticating agent, paying agent and transfer agent  
2 (collectively, the "Bond Registrar"). The Bond Registrar shall keep, or cause to be kept, at  
3 its principal corporate trust office, sufficient books for the registration and transfer of the  
4 Bonds, which shall at all times be open to inspection by the county. The Bond Registrar is  
5 authorized, on behalf of the county, to authenticate and deliver the Bonds transferred or  
6 exchanged in accordance with the provisions of such Bonds and this ordinance and to carry  
7 out all of the Bond Registrar's powers and duties 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  
10 Registered Owner of Bonds with the same rights it would have if it were not the Bond  
11 Registrar, and to the extent permitted by law may act as depositary for and permit any of  
12 its officers or directors to act as a member of, or in any other capacity with respect to, any  
13 committee formed to protect the rights of Registered Owners.

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

1 ordinance and any applicable laws, notwithstanding any notice to the contrary received by  
2 the Bond Registrar or the county.

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

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

19 D. Use of Depository.

20 (1) The Bonds shall be registered initially in the name of  
21 "Cede & Co.," as nominee of DTC, with one Bond maturing on each of the maturity dates  
22 for the Bonds of each series in a denomination corresponding to the total principal therein  
23 designated to mature on such date. Registered ownership of such immobilized Bonds, or

1 any portions thereof, may not thereafter be transferred except (i) to any successor of DTC  
2 or its nominee, provided that any such successor shall be qualified under any applicable  
3 laws to provide the service proposed to be provided by it; (ii) to any substitute depository  
4 appointed by the county council pursuant to subsection (2) below or such substitute  
5 depository's successor; or (iii) to any person as provided in subsection (4) below.

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

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

18 (4) In the event that (i) DTC or its successor (or substitute  
19 depository or its successor) resigns from its functions as depository, and no substitute  
20 depository can be obtained, or (ii) the county council determines that it is in the best  
21 interest of the beneficial owners of any of the Bonds that they be able to obtain such Bonds  
22 in the form of bond certificates, the ownership of Bonds may then be transferred to any  
23 person or entity as herein provided, and the Bonds shall no longer be held in fully

1 immobilized form. The county council shall deliver a written request to the Bond  
2 Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in  
3 any authorized denomination. Upon receipt of all then outstanding Bonds by the Bond  
4 Registrar together with a written request on behalf of the county council to the Bond  
5 Registrar, new Bonds shall be issued in such denominations and registered in the names of  
6 such persons as are requested in such written request.

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



1 proposed redemption of the Bonds, after the mailing of notice of the call of such Bonds for  
2 redemption..

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

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

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

21 If less than all of the Bonds subject to optional redemption are called for  
22 redemption, the county shall choose the maturities to be redeemed. If less than a whole of a  
23 maturity is called for redemption, the Bonds to be redeemed shall be chosen by lot by the

1 Bond Registrar or, so long as the Bonds are registered in the name of CEDE & CO. or its  
2 registered assign, the Bonds to be redeemed shall be chosen by lot by DTC.

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

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

10 Section 6. Notice and Effect of Redemption.

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

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

21 Each notice of redemption shall contain the following information: (1) the  
22 redemption date, (2) the redemption price, (3) if less than all outstanding Bonds are to be  
23 redeemed, the identification (and, in the case of partial redemption, the principal amounts)

1 of the Bonds to be redeemed, (4) that on the redemption date the redemption price will  
2 become due and payable upon each Bond or portion called for redemption, and that interest  
3 shall cease to accrue from the redemption date, (5) that the Bonds are to be surrendered for  
4 payment at the principal office of the Registrar, (6) the CUSIP numbers of all Bonds being  
5 redeemed, (7) the dated date of the Bonds, (8) the rate of interest for each Bond being  
6 redeemed, (9) the date of the notice, and (10) any other information needed to identify the  
7 Bonds being redeemed.

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

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

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

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



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

5 The Bonds are issued to provide funds for capital improvements to the sewer  
6 system of the County (the "System"). The Bonds are issued under and in accordance with  
7 the provisions of the Constitution and applicable statutes of the State of Washington, the  
8 County Charter and applicable ordinances duly adopted by the County. Capitalized terms  
9 used in this bond and not defined herein shall have the meanings given such terms in the  
10 Bond Ordinance.  
11

12 The Bonds are subject to optional and mandatory redemption as provided in the  
13 Bond Ordinance.  
14

15 Portions of the principal sum of this bond in installments of \$5,000 or any integral  
16 multiple thereof also may be redeemed in accordance with the provisions set forth above,  
17 and if less than all of the principal sum hereof is to be redeemed, upon the surrender of this  
18 bond at the principal offices of the Bond Registrar there shall be issued to the Registered  
19 Owner, without charge therefor, for the then unredeemed balance of the principal sum  
20 hereof, at the option of the owner, a bond or bonds of like series, maturity and interest rate  
21 in any of the denominations authorized by the Bond Ordinance.  
22

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

31 If such notice has been given and if the County has set aside, on the date fixed for  
32 redemption, sufficient money for the payment of all bonds called for redemption, the bonds  
33 so called shall cease to accrue interest after such redemption date, and all such bonds shall  
34 no longer be deemed to be outstanding for any purpose, except that the Registered Owners  
35 thereof shall be entitled to receive payment of the redemption price and accrued interest to  
36 the redemption date from the money set aside for such purpose.  
37

38 This bond and the Bonds are special limited obligations of the County and are not  
39 obligations of the State of Washington or any political subdivision thereof other than the  
40 County, and neither the full faith and credit nor the taxing power of the County or the State  
41 of Washington or any political subdivision thereof is pledged to the payment of this bond  
42 or the Bonds.  
43

44 The County hereby covenants and agrees with the holder of this bond that it will keep  
45 and perform all the covenants of this bond and of the Bond Ordinance to be by it kept and  
46 performed. The County pledges and binds itself to set aside out of the earnings and revenue of

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the Sewer System and to pay into the Bond Fund and certain accounts therein the various amounts required by the Bond Ordinance to be paid into and maintained in said accounts, all within the times provided by said ordinance.

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

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

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

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

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

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



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CERTIFICATE OF AUTHENTICATION

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

WASHINGTON STATE FISCAL AGENCY, as Bond Registrar

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

ASSIGNMENT

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

\_\_\_\_\_

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

[Empty rectangular box for Social Security or Taxpayer 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 \_\_\_\_\_, c

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.



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

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

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

19           Section 9. Mutilated, Lost, or Destroyed Bonds. If any Bond shall become  
20 mutilated, the Bond Registrar shall authenticate and deliver a new Bond of like series,  
21 amount, date, interest rate and tenor in exchange and substitution for the Bond so  
22 mutilated, upon the owner's paying the expenses and charges of the county and the Bond  
23 Registrar in connection therewith and upon surrender to the Bond Registrar of the Bond so

1 mutilated. Every mutilated Bond so surrendered shall be canceled and destroyed by the  
2 Bond Registrar.

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

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

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

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

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

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

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

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

22 (3) Beginning with the month of January of the year immediately  
23 preceding the first principal payment date of the Bonds, and continuing for as long as any of

1 the Bonds are outstanding and unpaid, one-twelfth of the principal amount of the serially  
2 maturing Bonds to become due and payable on the next principal payment date.

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

7 B. Term Bond Accounts. After making the payments required in paragraph A  
8 above, the county shall deposit to the Term Bond Sinking Fund Account and the Term Bond  
9 Payment Account (collectively, the "Term Bond Accounts"), on or before each annual  
10 Principal Payment Date, out of the Revenue of the System, additional money that together  
11 with available income from the investment of money in the Debt Service Account and Bond  
12 Reserve Account will be sufficient to meet the requirements set forth in this Subsection 10.B.  
13 Any deposit into the Term Bond Accounts shall be applied to the Term Bond Sinking Fund  
14 Account and the Term Bond Payment Account in proportion to the respective amounts due to  
15 be deposited therein on the particular January 1 for which such deposit is being made.

16 (1) Term Bond Sinking Fund Account. A Term Bond Sinking Fund  
17 Account has been established in the Bond Fund by Metro Council Resolution No. 3864 for  
18 the purpose of separately accounting for the payments made into the Bond Fund to retire the  
19 Term Bonds of Series A through I inclusive. The additional money required by this  
20 subparagraph B.1 to be deposited in the Term Bond Sinking Fund Account shall, together  
21 with income from the investment of money in such account, be sufficient to retire by purchase  
22 or by redemption pursuant to call Term Bonds of Series A through I inclusive on or before the  
23 dates and in at least the principal amounts set forth in the respective resolutions authorizing

1 the bonds of each of such series; provided that, if more than the required amount shall be  
2 deposited in any given year, the amount to be deposited in the next succeeding year or years  
3 may be reduced accordingly. The amount so paid into the Term Bond Sinking Fund Account  
4 shall be used for the sole purpose of retiring at maturity or by purchase or redemption prior to  
5 maturity Term Bonds of Series A through I inclusive.

6 (2) Term Bond Payment Account. A Term Bond Payment Account has  
7 been heretofore established in the Bond Fund by Metro Council Resolution No. 4075 for the  
8 amortization of any Term Bonds of Series M or any Parity Term Bonds issued thereafter.  
9 The money required by this subparagraph B.2 to be deposited in the Term Bond Payment  
10 Account shall, together with income from the investment of money in such account, be  
11 sufficient to retire by purchase or by redemption pursuant to call the Series V Term Bonds,  
12 the Series Z Term Bonds, any of the Bonds that may be Term Bonds, and any future Parity  
13 Term Bonds on or before such payment dates and in at least such principal amounts as shall  
14 be set forth in the resolution or motion authorizing, or the notice of bond sale for, such bonds.  
15 The amounts so paid into the Term Bond Payment Account shall be used for the sole purpose  
16 of purchasing or redeeming the Series V Term Bonds, the Series Z Term Bonds, any Bonds  
17 that are Term Bonds and any future Parity Term Bonds on or before their respective  
18 scheduled payment dates, provided that, if more than the required principal amount of such  
19 Parity Term Bonds shall be retired by such purchase or redemption in any given year, the  
20 amount required to be purchased or redeemed in the next succeeding year or years may be  
21 reduced accordingly.

22 If the original purchaser of the Bonds designates any Bonds as Term Bonds  
23 pursuant to Section 25 hereof and the Official Notice of Bond Sale, there is hereby

1 authorized to be created a special subaccount for the Bonds within the Term Bond  
2 Payment Account. All money required by this Section 10.B.2 to be deposited into the  
3 Term Bond Payment Account for the purchase or redemption of Bonds that are Term  
4 Bonds shall be deposited into such subaccount within the Term Bond Payment Account.  
5 Money in such subaccount shall be treated in all respects as all other money in the Term  
6 Bond Payment Account, but shall be accounted for separately for the purpose of  
7 calculating amounts required to be paid to the federal government pursuant to Section 19  
8 of this ordinance.

9 C. Bond Reserve Account. A Bond Reserve Account has heretofore been  
10 established in the Bond Fund and the county hereby pledges that it will pay into and maintain  
11 in the Bond Reserve Account an amount that together with other funds in the Bond Reserve  
12 Account will be at least equal to the Reserve Requirement. From and after such time as no  
13 Series A through Series Z Bonds remain outstanding, the county may substitute Qualified  
14 Insurance or a Qualified Letter of Credit for amounts required to be paid into or maintained  
15 in the Bond Reserve Account. Such Qualified Letter of Credit or Qualified Insurance shall  
16 not be cancelable on less than five years notice. In the event of any cancellation, the Bond  
17 Reserve Account shall be funded in accordance with the provisions of this section  
18 providing for payment in the event of a deficiency therein, as if the Parity Bonds that  
19 remain outstanding had been issued on the date of such notice of cancellation.

20 An amount sufficient to establish the Reserve Requirement in the Bond Reserve  
21 Account required by the issuance of the Bonds, if any, shall be deposited therein from the  
22 proceeds of Bonds or other funds available therefor on the date of Closing. Within one year  
23 following the issuance of any Future Parity Bonds, the amounts required to be paid into the

1 Bond Reserve to establish the Reserve Requirement therein shall be paid or provided for by  
2 Qualified Insurance or a Qualified Letter of Credit.

3 In the event there shall be a deficiency in the Debt Service Account to meet maturing  
4 installments of either principal of or interest on any Parity Bonds, such deficiency shall be  
5 made up from the Bond Reserve Account by the withdrawal of money therefrom and by the  
6 sale or redemption of obligations held in the Bond Reserve Account, if necessary, in such  
7 amounts as will provide cash in the Bond Reserve Account sufficient to make up any such  
8 deficiency, and if a deficiency still exists immediately prior to an interest payment date and  
9 after the withdrawal of cash, the county shall then draw from any Qualified Letter of  
10 Credit, Qualified Insurance, or other equivalent credit facility in sufficient amount to make  
11 up the deficiency. Such draw shall be made at such times and under such conditions as the  
12 agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. If  
13 more than one Qualified Letter of Credit or Qualified Insurance is available, draws shall be  
14 made ratably thereon to make up the deficiency. Any deficiency created in the Bond  
15 Reserve Account by reason of any such withdrawal shall then be made up from the Revenue  
16 of the System that shall be first available after making the payments required to be made  
17 under paragraph "FIRST" through "FOURTH" of Section 13 hereof.

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

20 Section 11. Pledge of Sewer Revenues. The amounts covenanted to be paid out  
21 of the Revenue of the System into the Bond Fund and the accounts therein shall constitute  
22 a lien and charge on such revenue superior to all other charges of any kind or nature except  
23 normal Operating and Maintenance Expenses and any other necessary Operating and

1 Maintenance Expenses for which reserves or other money are not available, and of equal  
2 lien to any charges heretofore or hereafter made upon the Revenue of the System for the  
3 payment of the principal of and interest on any Parity Bonds.

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

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

16 A. Operating Reserve Account. There has heretofore been created in the  
17 Revenue Fund an "Operating Reserve Account," and \$3,342,433 was on deposit therein as  
18 of December 31, 1998. The money in the Operating Reserve Account may be used to pay  
19 necessary expenses of maintenance and operation of the System in the event that Revenue  
20 of the System should at any time be inadequate to pay such expenses. So long as any of  
21 the Series A through Series Z Bonds remain outstanding, if the balance in this account  
22 shall at any time hereafter be reduced below an amount that is the greater of either  
23 \$300,000 or five percent of the total cost of operating and maintaining the System borne by



1 the county in the immediately preceding calendar year, the county shall deposit to the  
2 credit thereof such sums as may be necessary to restore such amount therein within six  
3 months. Such deposits shall be made from Revenue of the System first available therefor  
4 after payments of Operating and Maintenance Expenses and required payments into the  
5 Bond Fund and the Bond Reserve have been made.

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

10 B. Contingency Reserve Account. A Contingency Reserve Account has  
11 heretofore been created in the Revenue Fund, and \$2,000,000 was on deposit in the  
12 account as of December 31, 1998. The money in the Contingency Reserve may from time  
13 to time be used for the payment of major repairs, renewals, replacements and maintenance  
14 expenses of a type not regularly recurring, and unforeseen capital improvements required  
15 by regulatory authority. So long as any of the Series A through Series Z Bonds remain  
16 outstanding, if the balance in the Contingency Reserve shall at any time be reduced below  
17 the amount required by this ordinance to be maintained therein, the county shall deposit  
18 therein from the Revenue of the System such sums, not exceeding \$500,000 per year, as  
19 may be required to establish and maintain such minimum required balance. The minimum  
20 balance required to be maintained in said account shall be \$2,000,000.

21 From and after such time as no Series A through Series Z Bonds remain  
22 outstanding, the Contingency 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  
2 Section 13 hereof.

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

19 From and after such time as no Series A through Series Z Bonds remain  
20 outstanding, the Renewal, Extension and Betterment Reserve Account shall be closed and  
21 any money remaining in such account shall be transferred to the Revenue Fund and applied  
22 as provided in Section 13 hereof.

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

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

14           First, to pay all Operating and Maintenance Expenses;

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

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

20           Fourth, to make all payments required to be made pursuant to a reimbursement  
21 agreement or agreements (or other equivalent documents) in connection with Qualified  
22 Insurance or a Qualified Letter of Credit, provided that if there is not sufficient money to

1 make all payments under such reimbursement agreements the payments will be made on a  
2 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  
6 through Series Z Bonds remain outstanding);

7 Seventh, to establish and maintain the Contingency Reserve (so long as any Series  
8 A 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  
12 Loan;

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

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

21 Twelfth, to make all payments required to be made into any other revenue bond  
22 redemption fund and debt service account or reserve account created therein to pay and  
23 secure the payment of the principal of and interest on any revenue bonds or other revenue

1 obligations of the county having liens upon Revenue of the System and the money in the  
2 Revenue Fund junior and inferior to the lien thereon for the payment of the principal of  
3 and interest on any Parity Lien Obligations, but prior to the lien thereon of the Notes,  
4 Advances and any Additional Subordinate Lien Obligations, as the same shall become due  
5 and payable;

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

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

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

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

21 A. Construction Account. There has heretofore been established a special fund  
22 of the county known as the "Second Water Quality Construction Account" (the  
23 "Construction Account"). For purposes of separately accounting for investment earnings

1 on the proceeds of the Bonds to facilitate compliance with the requirements of Section 19  
2 of this ordinance, there is hereby established a special subaccount within the Construction  
3 Account to be designated as the Series 1999 (Second Series) Construction Subaccount (the  
4 "1999 Second Series Construction Subaccount").

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

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

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

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

21 (3) The balance of the proceeds of the Bonds shall be deposited in the  
22 1999 Second Series Construction Account in the Construction Fund and applied as  
23 provided in subsection A of this Section 14.

1           Section 15. Due Regard for Expenses of Maintenance and Operation. The  
2 county council hereby declares that, in fixing the amounts to be paid into the Bond Fund  
3 and the accounts therein out of the Revenue of the System, it has exercised due regard for  
4 the necessary Operating and Maintenance Expenses and has not obligated the county to set  
5 aside, pay into and maintain in said fund and accounts a greater amount of the Revenue of  
6 the System than in its judgment will be available over and above such necessary Operating  
7 and Maintenance Expenses.

8           Section 16. Rate Covenant.

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

18           At all times and in any event, rates and charges for sewage disposal service shall be  
19 sufficient to provide funds adequate to operate and maintain the System, to make all payments  
20 and to establish and maintain all reserves required by this or any other ordinance authorizing  
21 obligations of the county payable from Revenue of the System, to make up any deficit in such  
22 payments remaining from prior years and to pay all costs incurred in the construction or  
23 acquisition of any portion of the Comprehensive Plan that may be ordered by the county and

1 for the payment of which sewer revenue bonds (or other obligations payable from Revenue of  
2 the System) are not issued.

3 For the purpose of meeting the requirement of this Section 16, but only from and  
4 after such time as no Series A through Series Z Bonds, 1994A Bonds and 1995 Bonds  
5 remain outstanding, there may be added to Revenue of the System for any fiscal year any  
6 amount withdrawn from the Rate Stabilization Fund and deposited in the Revenue Fund.  
7 There shall be subtracted from Net Revenue for any fiscal year any amounts in such year  
8 withdrawn from the Revenue Fund and deposited into the Rate Stabilization Fund in such  
9 fiscal year.

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

13 A. Maintain in Good Order. The county shall cause the System and the  
14 business in connection therewith to be operated in a safe, sound, efficient, and economic  
15 manner in compliance with all health, safety, and environmental laws, regulatory body  
16 rules, regulatory body orders and court orders applicable to the county's operation of the  
17 System, and shall cause to be maintained, preserved, reconstructed, expanded and kept,  
18 with all appurtenances and every part and parcel thereof, in good repair, working order and  
19 condition, and shall from time to time cause to be made, without undue deferral, all  
20 necessary or proper repairs, replacements and renewals, so that all times the operation of  
21 the System shall be properly and advantageously conducted.

22 B. Sale or Disposition. The county will not sell or voluntarily dispose of all of  
23 the operating properties of the System unless provision is made for payment into the Bond



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

13 From and after such time as no Series A through Series Z Bonds remain  
14 outstanding, notwithstanding any other provision of this subsection B to the contrary, the  
15 county may sell or otherwise dispose of any of the works, plant, properties and facilities of  
16 the System or any real or personal property comprising a part of the System with a value of  
17 less than 5% of the net utility plant of the System or which shall have become  
18 unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or no  
19 longer necessary, material to or useful in such operation, without making any deposit into  
20 the Bond Fund.

21 C. Books and Records. The county will cause proper books of record and  
22 accounts of operation of the System to be kept, including an annual financial report, and,  
23 so long as any of the Series A through Series Z Bonds remain outstanding, the county shall

1 cause a quarterly financial and operating statement to be prepared as soon as may be  
2 practicable following each quarterly period for the preceding quarter's business and  
3 operation of the System. Said statement shall be filed promptly upon its completion with  
4 the county council and the Trustee and shall be sent to the Registered Owner of any Parity  
5 Bonds upon written request being made therefor. From and after such time as no Series A  
6 through Series Z Bonds remain outstanding, this requirement for a quarterly report shall  
7 terminate.

8 D. Annual Audit. Not later than 120 days after the end of each fiscal year of  
9 the county, so long as any of the Series A through Series Z Bonds remain outstanding, the  
10 county will cause an annual audit of the accounts and records of the System to be made by  
11 Certified Public Accountants with experience in municipal utility accounting. Such audit  
12 shall certify as to the compliance or noncompliance by the county with the financial  
13 covenants of this ordinance and shall accurately and completely reflect the financial  
14 condition of the System. The audit shall be delivered to the clerk of the county council and  
15 to the Trustee, shall be paid for by the county and shall be made available to the owner or  
16 holder of any Parity Bond upon written request being made therefor. From and after such  
17 time as no Series A through Series Z Bonds remain outstanding, this requirement for an  
18 annual audit shall terminate.

19 The county shall cause its books of accounts, including its annual financial report,  
20 to be audited annually by the State auditor's office or other State department or agency as  
21 may be authorized and directed by law to make such audits, or if such an audit shall not be  
22 made for twelve months after the close of any fiscal year of the county, by a Certified

1 Public Accountant. The county will furnish such audit to the owner or holder of any Parity  
2 Bond upon written request therefor.

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

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

14 G. Collection of Revenue. The county shall so operate and maintain the  
15 System and conduct its affairs as to entitle it at all times to receive and enforce payment to  
16 it of sewage disposal charges payable under any Service Agreement that the county has  
17 now or may hereafter enter into and to entitle the county to collect all revenues derived  
18 from the operation of the System. The county shall not release the obligations of any  
19 person, corporation or political subdivision under such Service Agreements and shall at all  
20 times, to the extent permitted by law, defend, enforce, preserve and protect the rights and  
21 privileges of the county and of the holders of the Parity Bonds under or with respect to  
22 such agreements.

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

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

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

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

1 of the Code (or any successor provision thereof applicable to the Bonds) and the applicable  
2 regulations thereunder throughout the term of the Bonds.

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

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

10 Section 20. Trustee for Bondowners.

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

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

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

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

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

1           The Trustee shall be protected in acting upon any notice, request, consent, certificate,  
2 order, affidavit, letter, telegram or other paper or document believed by it to be genuine and  
3 correct and to have been signed, sent or delivered by the person or persons by whom such  
4 paper or document shall purport to have been signed, sent or delivered.

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

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

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

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

16           Section 21.    Events of Default; Powers and Duties of Trustee.

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

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

1                   (ii)     default in the observance or performance of any of the other covenants  
2 herein contained, and such default continues for a period of six months after written notice to  
3 the county from a bondholder or from the Standby Trustee, if any, specifying such default and  
4 requiring the same to be remedied.

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



1           In the event that default shall be made in the payment of principal of any Parity Bond  
2 and such default shall continue for a period of thirty days, the Trustee shall be entitled to  
3 declare all outstanding Parity Bonds immediately due and payable and may proceed to  
4 enforce payment thereof as hereinabove provided. In the event any default shall, in the sole  
5 judgment of the Trustee, be cured and the Trustee shall furnish the county a certificate so  
6 stating, such default shall be conclusively deemed to be cured and the county, Trustee and  
7 owners and holders of Parity Bonds shall be restored to the same rights and position they  
8 would have held if no event of default had occurred.

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

15           D.     Procedure by Bond Owners.

16           (1)    So long as any of the Series A and Series Z Bonds remain outstanding  
17 and the Standby Trustee remains duly appointed and acting, no holder or owner of any Parity  
18 Bond or coupon shall have any right to institute any proceeding in equity or at law for the  
19 enforcement of the provisions of this or any other ordinance or resolution providing for the  
20 issuance of Parity Bonds or for the execution of any trust hereunder or for any other remedy  
21 hereunder, unless such holder or owner previously shall have given to the Standby Trustee  
22 written notice of the event of default on account of which such suit, action or proceeding is to  
23 be instituted, nor unless also the holders and owners of 25% in principal amount of the Parity

1 Bonds then outstanding, after the occurrence of such event of default, shall have made written  
2 request of the Standby Trustee and shall have afforded the Standby Trustee a reasonable  
3 opportunity to institute such suit, action or proceeding, nor unless, also, there shall have been  
4 offered to the Standby Trustee security and indemnity satisfactory to it against the costs,  
5 expenses and liabilities to be incurred therein or thereby, and the Standby Trustee shall have  
6 refused or neglected to comply with such request within a reasonable time, and no holder or  
7 owner of any Parity Bond or coupon shall have any right in any manner whatever by his  
8 action to affect, disturb or prejudice the pledge of Revenue of the System or to enforce any  
9 right hereunder, except in the manner herein provided.

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

20 E. Application of Money Collected by Trustee. Any money collected by the  
21 Trustee at any time pursuant to this section shall be applied, first, to the payment of its  
22 charges, expenses, advances and compensation and the charges, expenses, counsel fees,  
23 disbursements and compensation of its agents and attorneys, and, second, toward payment of

1 the amount then due and unpaid upon the Parity Bonds and coupons, ratably and without  
2 preference or priority of any kind not expressly provided in this ordinance, according to the  
3 amounts due and payable upon such bonds and coupons respectively at the date fixed by the  
4 Trustee for the distribution of such money, upon presentation of the several bonds and  
5 coupons and upon causing such payment to be stamped thereon, if partly paid, and upon  
6 surrender thereof, if fully paid.

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

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

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

17 (3) the purpose of refunding or purchasing and retiring at or prior  
18 to their maturity any outstanding obligations of the county payable from Revenue of the  
19 System, to issue additional or refunding bonds and to make payments into the Bond Fund out  
20 of the Revenue Fund that will be sufficient to pay the principal of and interest on said  
21 additional or refunding bonds and to maintain required reserves, which such payments out of  
22 the Revenue Fund may rank equally with the payments out of the Revenue Fund required to

1 be made into the Bond Fund and the accounts therein for the payment of the principal of and  
2 interest on outstanding Parity Bonds only upon compliance with the following conditions:

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

5 B. Each ordinance providing for the issuance of any Future Parity Bonds  
6 that are refunding bonds shall require that all money held in any fund or account of the county  
7 created for the purpose of paying the principal of and interest on the bonds being refunded  
8 either be used to pay the principal of and interest on such bonds or be transferred or paid into  
9 the Bond Fund.

10 C. Each ordinance providing for the issuance of Future Parity Bonds shall  
11 provide for the payment of the principal thereof and interest thereon out of the Bond Fund.

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

21 D. (1) So long as any of the Series A through Series Z Bonds remain  
22 outstanding, at the time of the issuance of any Future Parity Bonds, the county shall have on  
23 file a certificate from a licensed professional engineer experienced in the design, construction

1 and operation of municipal utilities of scope similar to the System (the certificate may not be  
2 dated more than 90 days prior to the date of delivery of such Future Parity Bonds) showing  
3 that in his or her professional opinion the “annual income available for revenue bond debt  
4 service” for each year during the life of such Future Parity Bonds shall be at least equal to  
5 1.25 times the amount required in each such year to pay the Annual Parity Debt Service (Cash  
6 Basis) for such year.

7 (2) From and after such time as no Series A through Series Z Bonds  
8 remain outstanding, at the time of the issuance of any Future Parity Bonds, the county shall  
9 have on file a certificate from a licensed professional engineer, a Certified Public Accountant,  
10 or other independent person(s) or firm(s) selected by the county having a favorable reputation  
11 for skill and experience with sewer systems of comparable size and character to the System in  
12 such areas as are relevant to the purposes for which they are retained (the certificate may not  
13 be dated more than 90 days prior to the date of delivery of such Future Parity Bonds),  
14 showing that in his or her professional opinion the “annual income available for revenue bond  
15 debt service” for each year during the life of such Future Parity Bonds shall be at least equal  
16 to 1.25 times the amount required in each such year to pay the Annual Parity Debt Service for  
17 such year.

18 (3) Such “annual income available for revenue bond debt service” shall  
19 be determined as follows for each year following the proposed date of issue of such Future  
20 Parity Bonds:

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

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

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

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

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

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

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

12 E. From and after such time as no Series A through Series Z Bonds  
13 remain outstanding, instead of the certificate described in subsection D(2) above, the  
14 county may elect instead to have on file a certificate of the finance director demonstrating  
15 that during any 12 consecutive calendar months out of the immediately preceding  
16 18 calendar months Revenue of the System, less Operating and Maintenance Expenses for  
17 such period, was at least equal to 1.25 times the amount required to pay, in each year that  
18 such Future Parity Bonds would be outstanding; the Annual Parity Debt Service for such  
19 year.

20 F. From and after such time as no Series A through Series Z Bonds  
21 remain outstanding, the county may at any time for the purpose of refunding at or prior to  
22 their maturity any outstanding Parity Bonds or any bonds or other obligations of the county  
23 payable from Revenue of the System issue Future Parity Bonds without complying with

1 the provisions of subsection D or E hereof; provided, however, that the county shall not  
2 issue Future Parity Bonds for such purpose under this subsection F unless the finance  
3 director certifies that upon the issuance of such Future Parity Bonds (i) total debt service  
4 required for all Parity Bonds (including the refunding bonds but not including the bonds to  
5 be refunded thereby) shall decrease and (ii) the annual debt service for each year that any  
6 Parity Bonds (including the refunding bonds proposed to be issued) are then outstanding  
7 shall not be increased by more than \$5,000 by reason of the issuance of such Future Parity  
8 Bonds.

9       The principal amount of Future Parity Bonds issued pursuant to this subsection G  
10 may include amounts necessary to pay the principal of the Parity Bonds or other  
11 obligations to be refunded, interest thereon to the date of payment or redemption thereof,  
12 any premium payable thereon upon such payment or redemption and the costs of issuance  
13 of such Future Parity Bonds, and if there shall have been provided a Payment Agreement  
14 with respect to the obligations to be refunded, may include amounts necessary to make the  
15 payment of all amounts, if any, due and payable by the county under such Payment  
16 Agreement. The proceeds of such Future Parity Bonds shall be held and applied in such  
17 manner as is provided for in the resolution or ordinance authorizing the issuance of the  
18 Parity Bonds or other obligations to be refunded, so that upon the delivery of such Future  
19 Parity Bonds, the Parity Bonds or other obligations to be refunded thereby shall be deemed  
20 to be no longer outstanding in accordance with the resolution or ordinance authorizing  
21 their issuance.

22       G.     Nothing contained in this ordinance shall prevent the county from  
23 issuing revenue bonds that are a charge upon the Revenue of the System and money in the



1 Revenue Fund junior or inferior to the payments required to be made therefrom into the Bond  
2 Fund and any account therein, nor shall anything herein contained prevent the county from  
3 issuing Future Parity Bonds to refund maturing Parity Bonds for the payment of which money  
4 is not otherwise available.

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

8 Section 24. Parity Payment Agreements.

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

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

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

21 D. Calculation of Payment Agreement Payments and Debt Service on Parity  
22 Bonds with Respect to which a Payment Agreement is in Force. It is the intent of the  
23 county, for purposes of Sections 16 or 22 of this ordinance, that debt service on Parity

1 Bonds with respect to which a Parity Payment Agreement is in force shall be calculated to  
2 reflect the net economic effect on the county intended to be produced by the terms of the  
3 Parity Bonds and the terms of the Parity Payment Agreement. In calculating such  
4 amounts, the county shall be guided by the following requirements.

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

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

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

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

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

22 Index. If the county is obligated to make Payment Agreement Payments based on a  
23 variable rate index and the Qualified Counterparty is obligated to make payments based on

1 a fixed rate, payments by the county will be based on a rate equal to the average rate  
2 determined by the variable rate index specified by the Parity Payment Agreement during  
3 the fiscal quarter preceding the quarter in which the calculation is made, and the Qualified  
4 Counterparty will make payments based on the fixed rate specified by the Parity Payment  
5 Agreement.

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

10 Section 25. Public Sale of Bonds. The Bonds shall be sold by competitive bid at  
11 a public sale. Bids for the purchase of the Bonds shall be received at the county's  
12 purchasing office, Room 610, King County Administration Building, 500 Fourth Avenue,  
13 Seattle, Washington, at 9:00 a.m., or at such other time and place as the finance director  
14 shall direct, on such date and by such means as the finance director shall direct; provided,  
15 however, that no Bonds authorized herein shall be sold after July 1, 2000.

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

1           The finance director is hereby authorized and directed to prepare an Official Notice  
2 of Bond Sale for the Bonds, which notice shall be filed with the clerk of the council and  
3 shall be ratified and confirmed by the Sale Motion. The finance director is hereby  
4 authorized to establish the date, principal amount, interest payment dates, maturity  
5 schedule and redemption provisions for the Bonds in such Official Notice of Bond Sale so  
6 long as the aggregate principal amount of the Bonds does not exceed \$60,000,000. The  
7 official notice of sale or an abridged form thereof shall be published in such newspapers or  
8 financial journals as may be deemed desirable or appropriate by the financial advisors to  
9 the county.

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

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

22           Section 27. Official Statement. The county hereby authorizes and directs the  
23 finance director: (i) to review and approve the information contained in the preliminary

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

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

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

22           Section 29. General Authorization. The appropriate county officials, agents and  
23 representatives are hereby authorized and directed to do everything necessary for the

1 prompt sale, issuance, execution and delivery of the Bonds, and for the proper use and  
2 application of the proceeds of the sale thereof.

3 Section 30. Investment of Funds and Accounts.

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

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

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

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

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

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

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

21 B. From and after such time as no Series A through Series Z Bonds remain  
22 outstanding, money in the Bond Fund, Bond Reserve Account, and other accounts

1 described in subsection A above may be invested in any investments permitted for funds of  
2 the county.

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

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

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

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

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

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

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

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



1 deemed separable from the remaining covenants and agreements of this ordinance and  
2 shall in no way affect the validity of 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.

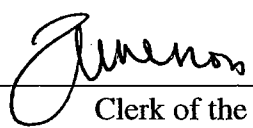
5 INTRODUCED AND READ for the first time this 4 day of October, 1999.

6 PASSED by a vote of 8 to 1 this 11<sup>th</sup> day of October,  
7 1999.

8 KING COUNTY COUNCIL  
9 KING COUNTY, WASHINGTON

10   
11 Chair

12 ATTEST:

13   
14 Clerk of the Council

15 APPROVED this 11 day of October, 1999

16   
17 King County Executive

18 Attachments: None