



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 17, 2001

Ordinance 14171

Proposed No. 2001-0238.2

Sponsors McKenna

1 AN ORDINANCE authorizing the issuance and sale of
2 junior lien variable rate demand sewer revenue bonds in
3 the principal amount of \$50,000,000 to provide funds for
4 constructing improvements to the sewer system of the
5 county; providing the date, form, terms, maturity, and
6 method of determining interest rates of such bonds;
7 providing the covenants and conditions under which such
8 bonds will be issued; appointing a remarketing agent;
9 authorizing certain agreements to provide credit
10 enhancement for the bonds; and providing for the sale of
11 the bonds to Morgan Stanley & Co. Incorporated.

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PREAMBLE:

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The Municipality of Metropolitan Seattle ("Metro") was created by public
16 vote in 1958 to exercise the powers conferred by Chapter 35.58 Revised
17 Code of Washington ("RCW") related to water pollution abatement.

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18 RCW 35.58.200 confers specific powers to prepare and implement a
19 comprehensive water pollution abatement plan including provisions for
20 waterborne pollutant removal, water quality improvement, sewage
21 disposal and storm water drainage. In the exercise of those powers, the
22 metropolitan council adopted a comprehensive water pollution abatement
23 plan for the Seattle metropolitan area. This plan has been implemented in
24 stages and has included facilities for the conveyance and treatment of
25 sewage and control of combined sewer overflows that include, but are not
26 necessarily limited to, wastewater treatment plants, interceptor and trunk
27 sewers, pumping stations, regulator stations, outfall sewers, storm sewers
28 to divert stormwater from sanitary sewers, lands for application of
29 biosolids, property rights, buildings and other structures.

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31 To provide funds to acquire, construct, install, develop and operate the
32 facilities required to carry out this plan, Metro issued its sewer revenue
33 bonds in Series A through Series Z. Long term service agreements with
34 participating municipalities (the "Participants") obligate Metro, and now
35 the county as its successor, to treat and dispose of sewage collected by the
36 Participants. The Participants must pay the costs of such services
37 including debt service on sewer revenue bonds and other such
38 indebtedness payable from and secured by sewer revenues, including the
39 bonds authorized herein.

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41 The following sewer revenue bonds (the "Series A through Series Z
42 Bonds") dated as of the following dates were issued in the following
43 original principal amounts and are now outstanding in the following
44 principal amounts:

45			Original	Principal
46			Principal	Amount
47				
48	<u>Series</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Outstanding</u>
49				
50	Series A	July 1, 1961	\$20,000,000	\$ 0
51	Series B	April 1, 1962	16,000,000	0
52	Series C	January 1, 1963	15,000,000	6,720,000
53	Series D	October 1, 1963	15,000,000	7,020,000
54	Series E	April 1, 1964	15,000,000	7,890,000
55	Series F	October 1, 1964	15,000,000	8,214,000
56	Series G	April 1, 1965	15,000,000	7,735,000
57	Series H	October 1, 1965	10,000,000	4,825,000
58	Series I	October 1, 1966	15,000,000	12,040,000
59	Series J	January 1, 1969	9,000,000	2,340,000
60	Series K	January 1, 1971	20,000,000	0
61	Series L	May 1, 1982	35,000,000	0
62	Series M	February 1, 1983	44,000,000	0
63	Series N	October 1, 1984	45,000,000	0

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64	Series O	September 1, 1985	35,000,000	0
65	Series P	April 1, 1986	150,000,000	0
66	Series Q	March 1, 1987	135,000,000	0
67	Series R	September 1, 1988	48,000,000	0
68	Series S	August 1, 1990	100,000,000	0
69	Series T	May 1, 1991	100,000,000	0
70	Series U	February 1, 1992	90,000,000	0
71	Series V	August 1, 1992	119,580,000	119,580,000
72	Series W	January 1, 1993	90,000,000	0
73	Series X	March 1, 1993	136,305,000	130,500,000
74	Series Y	April 1, 1993	122,455,000	112,535,000
75	Series Z	July 1, 1993	127,100,000	123,720,000

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

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The county has issued the following sewer revenue bonds on a parity of lien with the Series A through Series Z Bonds:

<u>Series</u>	<u>Date of Issue</u>	<u>Original Principal Amount</u>	<u>Principal Outstanding</u>
1999	June 1, 1999	\$ 80,000,000	\$80,000,000
1999, Second Series	November 1, 1999	60,000,000	60,000,000

The Series A through Series Z Bonds, together with the 1999 Bonds and the 1999 Second Series Bonds, are hereinafter sometimes referred to collectively as the "Parity Bonds."

The county has issued the following 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:

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			Original	Principal
			Principal	Amount
	<u>Series</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Outstanding</u>
114	1994A	April 1, 1994	\$170,000,000	\$6,165,00
115	1995	May 1, 1995	\$90,000,000	\$88,635,000
116	1996	December 15, 1996	\$130,965,000	\$110,765,000
117	1998	September 15, 1998	\$261,625,000	\$260,145,000

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119 Pursuant to Ordinance 12057, passed on December 11, 1995, as amended,
120 the county has also issued its Sewer Revenue Anticipation Notes,
121 Commercial Paper Series A, in the aggregate principal amount of
122 \$100,000,000 (the "Commercial Paper Notes"), with a lien on revenues of
123 the Sewer System junior and subordinate to the lien thereon of the Parity
124 Bonds and the Parity Lien Obligations.

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126 By Ordinance 13680, passed by the county council on November 30,
127 1999, the county's Water Quality Program Financial Goals and Policies
128 authorizes the issuance of variable rate debt for a portion of the financing
129 of capital needs of the Sewer System. The ordinances and resolutions
130 authorizing the issuance of the Parity Bonds, the Parity Lien Obligations
131 and the Commercial Paper Notes permit the county to issue additional
132 sewer revenue bonds with a lien on revenues of the Sewer System junior

133 and subordinate to the lien thereon of the Parity Bonds and the Parity Lien
134 Obligations and superior to the lien thereon of the Commercial Paper
135 Notes. The county wishes to issue \$100,000,000 of variable rate demand
136 sewer revenue bonds with a lien on revenue junior and subordinate to the
137 lien thereon of the Parity Bonds and the Parity Lien Obligations and
138 superior to the lien thereon of the Commercial Paper Notes. Such bonds
139 shall be issued in two series, each in the principal amount of \$50,000,000.

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141 This ordinance authorizes the issuance of Series 2001A of such bonds in
142 the aggregate principal amount of \$50,000,000 (the "Bonds"), to be sold
143 by negotiated sale to Morgan Stanley & Co. Incorporated, as provided
144 herein. The date, form, terms and maturity of the Bonds shall be fixed as
145 provided herein. To provide credit enhancement for the Bonds and the
146 Series 2001B Bonds, the county shall provide for delivery of an
147 irrevocable direct pay letter of credit to secure the Bonds and the
148 Series 2001B Bonds, as authorized herein.

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150 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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ARTICLE I.

152

DEFINITIONS; INTERPRETATION

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Section 1.01. Definitions. Certain terms, identified with an asterisk (*) below,
are defined in county ordinances or Metro resolutions authorizing other obligations of the

155 System. Unless the context otherwise requires, the following terms shall have the
156 following meanings:

157 *Additional Junior Lien Obligations* means any Junior Lien Obligations issued
158 after the issuance of the Bonds and the Series 2001B Bonds.

159 *Additional Subordinate Lien Obligations** means those revenue bonds or other
160 revenue obligations that may be issued by the county in the future with a lien on Revenue
161 of the System equal to the lien thereon of the Commercial Paper Notes and the Bank
162 Note.

163 *Aggregate Interest Coverage* means, as of any date, the aggregate amount of
164 Interest Coverage determined with respect to all Bonds in the Commercial Paper Mode,
165 including all Interest Periods then in effect.

166 *Advance** or *Advances** have the meanings given such terms in the Line of Credit
167 Agreement entered into by the county and Bayerische Landesbank Girozentrale securing
168 payments of principal of the Commercial Paper Notes.

169 *Alternate Credit Facility* means a policy of municipal bond insurance, a letter of
170 credit, surety bond, line of credit, guarantee or other financial instrument or any
171 combination of the foregoing, which obligates a third party to make payment or provide
172 funds for the scheduled payments of principal of and interest on Bonds and for the
173 Purchase Price of any Bonds. There may be one or more Alternate Credit Facilities
174 outstanding at any time.

175 *Annual Debt Service* for designated obligations of the System means, with
176 respect to any calendar year, the sum of the following:

177 (1) The interest due on such designated obligations during such calendar year
178 and any Payment Agreement Payments due in such year in respect of Payment
179 Agreements for such obligations.

180 (i) For purposes of calculating the amounts required to pay interest on
181 such designated obligations, capitalized interest and accrued interest paid to the county
182 upon the issuance of such obligations shall be excluded.

183 (ii) The amount of interest deemed to be payable on any such
184 obligations bearing interest at a variable rate shall be calculated on the assumption that
185 the interest rate on such obligations would be equal to the rate (the “assumed RBI rate”)
186 that is 90% of the average Bond Buyer Revenue Bond Index or comparable index during
187 the fiscal quarter preceding the quarter in which the calculation is made.

188 (2) The principal due during such calendar year for all such designated
189 obligations other than Term Bonds and Balloon Maturity Bonds.

190 (3) The amounts required to be paid into the applicable bond fund during such
191 calendar year for interest on and amortization of principal of any such designated
192 obligations that are Term Bonds.

193 (4) An amount for assumed payments of principal of any of such designated
194 obligations that are Balloon Maturity Bonds calculated for the applicable calendar year
195 by amortizing the then outstanding principal amount of such obligations in accordance
196 with a maturity schedule not exceeding 30 years from the date of issuance of such
197 Balloon Maturity Bonds and resulting in approximately level debt service based on their
198 actual interest rates (if such obligations bear interest at fixed rates) or on the assumed

199 interest rate calculated as provided in Paragraph (1)(ii) above (if such obligations bear
200 interest at a variable rate).

201 Notwithstanding the foregoing, debt service on the designated obligations with
202 respect to which a Payment Agreement is in force shall be calculated by the county to
203 reflect the net economic effect on the county intended to be produced by the terms of
204 such obligations and the terms of such Payment Agreement, in accordance with the
205 requirements applicable to such Payment Agreement.

206 *Annual Parity Debt Service** means, with respect to any calendar year, the sum
207 of the following:

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

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

215 (ii) The amount of interest deemed to be payable on any issue of
216 Variable Rate Parity Bonds shall be calculated on the assumption that the interest rate on
217 those bonds would be equal to the rate (the "assumed RBI rate") that is 90% of the
218 average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter
219 preceding the quarter in which the calculation is made; provided, however, that for
220 purposes of determining actual compliance in any past calendar year with the rate

221 covenant made with respect to the Parity Bonds, the actual amount of interest paid on any
222 issue of Variable Rate Parity Bonds shall be taken into account.

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

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

233 Notwithstanding the foregoing, debt service on Parity Bonds with respect to
234 which a Payment Agreement is in force shall be calculated by the county to reflect the net
235 economic effect on the county intended to be produced by the terms of the Parity Bonds
236 and the terms of the Payment Agreement, in accordance with the requirements set forth
237 the ordinances authorizing issuance of the Parity Bonds.

238 ***Annual Parity Debt Service (Cash Basis)**** means, with respect to any calendar
239 year, the sum of the following:

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

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

246 (ii) The amount of interest deemed to be payable on any issue of
247 Variable Rate Parity Bonds shall be calculated on the assumption that the interest rate on
248 those bonds would be equal to the rate (the "assumed RBI rate") that is 90% of the
249 average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter
250 preceding the quarter in which the calculation is made; provided, however, that for
251 purposes of determining actual compliance in any past calendar year with the rate
252 covenant made with respect to the Parity Bonds, the actual amount of interest paid on any
253 issue of Variable Rate Parity Bonds shall be taken into account.

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

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

262 Notwithstanding the foregoing, debt service on Parity Bonds with respect to
263 which a Payment Agreement is in force shall be calculated by the county to reflect the net
264 economic effect on the county intended to be produced by the terms of the Parity Bonds

265 and the terms of the Payment Agreement, in accordance with the requirements applicable
266 to such Payment Agreement.

267 *Anticipated Sewer Revenue Bonds** means the sewer revenue bonds authorized
268 to be issued by Ordinance 12057, as amended, and in anticipation of which the
269 Commercial Paper Notes have been issued.

270 *Arbitrage and Tax Certification* means the certificate executed by the Designated
271 County Representative pertaining to the calculation of any Rebate Amount with respect
272 to the Bonds.

273 *Authorized Denominations* means:

274 (a) with respect to Bonds in a Commercial Paper Mode, \$100,000 and
275 any integral multiple of \$1,000 in excess thereof,

276 (b) with respect to Bonds in a Daily Mode or Weekly Mode, \$100,000
277 and any integral multiple of \$5,000 in excess thereof,

278 (c) with respect to Bonds in a Long Term Mode or a Fixed Mode,
279 \$5,000 and any integral multiple thereof within a maturity, and

280 (d) with respect to Bank Bonds, any amount (but only during the
281 period that such Bonds are Bank Bonds).

282 *Balloon Maturity Bonds* means any obligations of the System, other than Term
283 Bonds, the entire principal amount of which is due at maturity without serial bond
284 payments or mandatory sinking fund redemption payments, including the Bonds.

285 *Bank* means, initially, Landesbank Hessen-Thüringen Girozentrale, acting
286 through its New York Branch, and thereafter, the issuer of any Alternate Credit Facility.

287 *Bank Bonds* shall have the meaning assigned to such term in Section 4.04 hereof.

288 **Bank Interest Rate** means the rate of interest payable with respect to Bank Bonds,
289 which rate of interest shall be determined in accordance with the provisions of the
290 Reimbursement Agreement. The Bank Interest Rate shall not be subject to the Maximum
291 Rate.

292 **Bank Note*** means the bank note authorized to be issued by Ordinance 12057, as
293 amended, of the county to secure payment of the Commercial Paper Notes.

294 **Bank Purchase Subaccount** means the subaccount by that name created within
295 the Purchase Account in accordance with Section 4.04 hereof.

296 **Beneficial Owner** means any person that has or shares the power, directly or
297 indirectly, to make investment decisions concerning ownership of any Bonds (including
298 persons holding Bonds through nominees, depositories or other intermediary).

299 **Betterment Reserve*** or **Betterment Reserve Account*** means the Renewal,
300 Extension and Betterment Reserve Account created in the Revenue Fund by Section 8 of
301 Resolution No. 90 of the Metro Council.

302 **BMA Municipal Swap Index** means the Bond Market Association Municipal
303 Swap Index as of the most recent date for which such index was published or such other
304 weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes
305 produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by
306 the Bond Market Association; provided, however, that, if such index is no longer
307 produced by Municipal Market Data, Inc. or its successor, then BMA Municipal Swap
308 Index shall mean such other reasonably comparable index selected by the Designated
309 County Representative.

310 **Bond** or **Bonds** means the King County, Washington, Junior Lien Variable Rate
311 Demand Sewer Revenue Bonds, Series 2001A, issued pursuant to this ordinance.

312 **Bond Counsel** means a firm of lawyers nationally recognized and accepted as
313 bond counsel and so employed by the county for any purpose under this ordinance
314 applicable to the use of that term.

315 **Bondowners' Trustee** means the bank or financial institution selected by the
316 owners of the Bonds pursuant to Section 5.09 hereof.

317 **Bond Purchase Contract** means the purchase contract relating to the Bonds
318 between the county and the Underwriter.

319 **Bond Register** means the registration records for the Bonds maintained by the
320 Registrar.

321 **Bond Year** means the period as defined under the Code or the applicable
322 definition contained in any successor provisions thereto.

323 **Business Day** means a day (a) other than a day on which banks in Seattle,
324 Washington or New York, New York are authorized or required to remain closed and
325 (b) on which the New York Stock Exchange is not closed.

326 **Closing Date** means the date of initial issuance and delivery of the Bonds.

327 **Code** means the Internal Revenue Code of 1986, as amended, together with
328 corresponding and applicable final, temporary or proposed regulations or revenue rulings
329 issued or amended with respect thereto by the U.S. Treasury Department or the Internal
330 Revenue Service, to the extent applicable to the Bonds.

331 **Commercial Paper Bond** means any Bond while in a Commercial Paper Mode.

332 *Commercial Paper Mode* means the Mode in which the Bonds bear interest at
333 rates determined for terms of 270 days or less payable on the Business Day following the
334 last day of such terms.

335 *Commercial Paper Notes* means the King County, Washington, Sewer Revenue
336 Bond Anticipation Notes, Commercial Paper Series A, authorized, issued, and
337 outstanding from time to time pursuant to Ordinance 12057 of the county passed on
338 December 11, 1995, as amended.

339 *Commercial Paper Rate* means the per annum interest rate for any Bond in the
340 Commercial Paper Mode determined pursuant to Section 2.09.

341 *Comprehensive Plan* means the county's comprehensive water pollution
342 abatement plan authorized by RCW 35.58.200 and defined in Section 28.82.150 of the
343 King County Code as the Comprehensive Sewage Disposal Plan adopted by Resolution
344 No. 23 of the Metro Council on April 22, 1959, and all amendments thereto, including
345 those amendments approved by the following resolutions of the Metro Council:
346 Resolution No. 74 adopted February 16, 1961, Resolution No. 152 adopted April 19,
347 1962, Resolution No. 261 adopted March 7, 1963, Resolution No. 441 adopted
348 August 20, 1964, Resolution No. 477 adopted November 19, 1964, Resolution No. 795
349 adopted November 3, 1966, Resolution No. 928 adopted June 1, 1967, Resolution
350 No. 1011 adopted November 16, 1967, Resolution No. 1024 adopted December 7, 1967,
351 Resolution No. 1052 adopted March 21, 1968, Resolution No. 1257 adopted July 3, 1969,
352 Resolution No. 1330 adopted December 18, 1969, Resolution No. 1829 adopted March 1,
353 1973, Resolution No. 2025 adopted February 21, 1974, Resolution No. 3135 adopted
354 March 15, 1979, Resolution No. 3781 adopted November 5, 1981, Resolution No. 4217

355 adopted December 15, 1983, Resolution No. 4234 adopted October 20, 1983, Resolution
356 No. 4339 adopted April 5, 1984, Resolution No. 4780 adopted July 17, 1986, Resolution
357 No. 5332 adopted May 19, 1988, Resolution No. 5371 adopted April 21, 1988,
358 Resolution No. 5449 adopted July 21, 1988, Resolution No. 5902 adopted June 21, 1990,
359 Resolution No. 6107 adopted March 21, 1991, and Resolution No. 6378 adopted June 4,
360 1992, together with any amendments hereafter approved by ordinance of the county.

361 **Construction Account** means the "Second Water Quality Construction Account,"
362 as designated by Section 30 of Ordinance 12076 of the county, passed on December 18,
363 1995, which account was previously known as the "Second Water Quality Construction
364 Fund" created by Section 13 of Ordinance 11241 of the county.

365 **Contingency Reserve*** or **Contingency Reserve Account*** means the
366 Contingency Reserve Account created in the Revenue Fund by Section 7 of Resolution
367 No. 90 of the Metro Council.

368 **Credit Facility** means the Letter of Credit and any Alternate Credit Facility then
369 in effect.

370 **Current Mode** means, on any date, the Mode in effect on that date for the Bonds.

371 **Customers** means Residential Customers and Residential Customer Equivalents
372 as defined and determined in the existing Service Agreements.

373 **Daily Mode** means the Mode in which the interest rate on the Bonds is determined
374 on a daily basis.

375 **Daily Rate** means the per annum interest rate on the Bonds in the Daily Mode
376 determined pursuant to Section 2.09.

377 **Default Tender Date** means the Business Day that is five days after receipt by the
378 Registrar from the Bank or other issuer of an Alternate Credit Facility of notice that an
379 event of default under the Reimbursement Agreement has occurred and requesting a
380 mandatory tender of the Bonds or stating that the Credit Facility will not be reinstated.

381 **Designated County Representative** means the Finance Director or his or her
382 designee, or the successor in function to such person(s) or such other person as may be
383 directed by ordinance of the council.

384 **Discharge** occurs on the date that all amounts due under the terms of a Bond are
385 actually and unconditionally due if cash is available at the place of payment and no
386 interest accrues with respect to the Bond after such date.

387 **DTC** means The Depository Trust Company, New York, New York as depository
388 for the Bonds, or any successor or substitute depository for the Bonds.

389 **DTC Participant** means (i) any person for which, from time to time, DTC
390 effectuates book-entry transfers and pledges of securities pursuant to the book-entry
391 system referred to in Section 2.05 hereof or (ii) any securities broker or dealer, bank, trust
392 company or other person that clears through or maintains a custodial relationship with a
393 person referred to in (i).

394 **Electronic Means** means telecopy, telegraph, telex, facsimile transmission, email,
395 time sharing terminal or any electronic means of communication that produces a written
396 record.

397 **Expiration Date** means the stated expiration date of the Letter of Credit, as such
398 stated expiration date may be extended in accordance with the terms of the Letter of
399 Credit.

400 *Expiration Tender Date* means the day that is five Business Days prior to the
401 Expiration Date.

402 *Favorable Opinion of Bond Counsel* means, with respect to any action, a written
403 legal opinion of Bond Counsel, to the effect that such action is permitted under the laws
404 of the State and this ordinance and will not impair the exclusion of interest on a Bond
405 from gross income for federal income tax purposes (subject to any exceptions contained
406 in the opinion delivered upon original issuance of such Bond).

407 *Finance Director* means the finance director of the county or his or her designee.

408 *Fiscal Agency Agreement* means the agreement of that name dated
409 February 1, 1997, among the State of Washington and The Bank of New York and Wells
410 Fargo Bank, National Association, and any amendments and supplements thereto and
411 replacements thereof.

412 *Fixed Mode* means the Mode in which the Bonds bear interest at a Fixed Rate or
413 Fixed Rates to the Maturity Date or Maturity Dates.

414 *Fixed Rate* means a per annum interest rate on any Bond to the maturity thereof
415 determined pursuant to Section 2.09.

416 *Future Parity Bonds* means any sewer revenue bonds, warrants or other
417 obligations that may be issued in the future as Parity Bonds.

418 *Government Obligations* has the meaning given to such term in RCW
419 Chapter 39.53, as amended; provided that such obligations must be noncallable
420 obligations issued or unconditionally guaranteed by the United States of America.

421 *Interest Accrual Period* means the period during which a Bond accrues interest
422 payable on any Interest Payment Date, commencing on the last Interest Payment Date to

423 which interest has been paid (or, if no interest has been paid in such Mode, commencing
424 on the date of original authentication and delivery of such Bond, or the Mode Change
425 Date, as the case may be) to, but not including, the Interest Payment Date on which
426 interest is to be paid. Notwithstanding anything to the contrary in the foregoing, the
427 Interest Accrual Period for any Bank Bond shall begin on the date that Bond becomes a
428 Bank Bond and shall end on the day immediately preceding the day that Bond ceases to
429 be a Bank Bond.

430 ***Interest Coverage*** means with respect to each Bond in the Commercial Paper
431 Mode, a dollar amount determined in accordance with the following formula:

432 $((R \times P) \div 365) \times (D + 15)$

- 433 R = Commercial Paper Rate, applicable to such Bond
- 434 P = Principal amount of Bonds bearing interest at such Commercial Paper Rate
- 435 D = Duration (in days) of the Commercial Paper Interest Period applicable to such
- 436 Bond

437 ***Interest Payment Date*** means:

- 438 (a) with respect to a Commercial Paper Mode, the Purchase Date;
- 439 (b) with respect to Bonds in the Daily Mode, the first Business Day of
- 440 each month;
- 441 (c) with respect to Bonds in the Weekly Mode, the first Business Day
- 442 of each month;
- 443 (d) with respect to Bonds in the Long Term Mode (i) the first Business
- 444 Day of each March and September prior to the Purchase Date and (ii) the Purchase Date;
- 445 (e) with respect to Bonds in the Fixed Mode, each March 1 and
- 446 September 1;
- 447 (f) with respect to Bank Bonds, as to that portion of the Purchase
- 448 Price of the Bond paid by the Bank and constituting accrued interest, the date of purchase
- 449 and thereafter, unless the Reimbursement Agreement is amended or replaced and
- 450 thereafter specifies different payment dates, the first Business Day of each March, June,
- 451 September and December, the applicable Maturity Date, the date of any optional
- 452 redemption of a Bank Bonds and the date of any remarketing of those Bank Bonds;

- 453 (g) any Mode Change Date;
454 (h) any Mandatory Purchase Date; and
455 (i) the Maturity Date (but only with respect to the particular Bonds
456 maturing on that date).

457 ***Interest Period*** means the period of time that any interest rate remains in effect
458 for the Bonds, which period:

459 (a) with respect to a Commercial Paper Mode, shall be a period of at
460 least one day, but not more than 270 days, established pursuant to Section 2.09;

461 (b) with respect to the Weekly Mode, initially, shall be from and
462 including the first day that the Bonds become subject to the Weekly Mode to and
463 including the following Tuesday and thereafter commencing on each Wednesday to and
464 including Tuesday of the following week, *provided that* in the case of a conversion from
465 a Weekly Mode to a different Mode, the last Interest Period prior to conversion shall end
466 on the last day immediately preceding the Mode Change Date;

467 (c) with respect to the Long Term Mode, initially, shall be a period of
468 one year or more from and including the Mode Change Date to, but not including, the
469 Purchase Date established pursuant to Section 2.09, and thereafter shall be the period of
470 one year or more from and including such Purchase Date to but not including the next
471 Purchase Date or Maturity Date established by the Remarketing Agent pursuant to
472 Section 2.09;

473 (d) with respect to Bonds in the Fixed Mode, shall be from and
474 including the Mode Change Date for those Bonds to but not including the Maturity Date
475 for those Bonds;

476 (e) with respect to the Daily Mode, the period from and including each
477 Business Day during which the Bonds are in the Daily Mode to but excluding the next
478 Business Day; and

479 (f) with respect to any Bank Bond, the period from the date that Bond
480 becomes a Bank Bond to but not including the date that Bond ceases to be a Bank Bond.

481 In no event shall an Interest Period for any Bond extend beyond the Maturity Date
482 for that Bond or, except in the case of Bank Bonds, the day preceding any Mandatory
483 Purchase Date for that Bond.

484 **Interest Portion** means the dollar amount available to be drawn under the Credit
485 Facility then in effect to pay interest, and/or the portion of the Purchase Price constituting
486 interest, on the Bonds.

487 **Interest Rate** means a Daily Rate, a Weekly Rate, a Long Term Rate, a Fixed
488 Rate or a Commercial Paper Rate, as the context requires.

489 **Investment Company** means any investment company registered under the
490 Investment Company Act of 1940, as amended.

491 **Junior Lien Bond Fund** means the “King County, Washington, Junior Lien
492 Obligation Redemption Fund” authorized to be created pursuant to Section 5.01 of this
493 ordinance.

494 **Junior Lien Obligations** means revenue bonds or other revenue obligations
495 having a lien on Revenue of the System equal to the Bonds and the Series 2001B Bonds
496 and prior to the lien of the Commercial Paper Notes and the Bank Note.

497 **Letter of Credit** means the irrevocable letter of credit issued by the Bank on the
498 Closing Date to secure the payment of principal of and interest on the Bonds.

499 *Letter of Representations* means the Blanket Issuer Letter of Representations
500 from the county to DTC.

501 *Long Term Bond* means any Bond while in the Long Term Mode.

502 *Long Term Mode* means the Mode in which the interest rate on the Bonds is
503 determined for a period of one year or longer.

504 *Long Term Rate* means the per annum interest rate for a term of one year or more
505 to be borne by a Bond on and after a Mode Change Date for the such Bond to a Long
506 Term Mode, which rates shall be determined in accordance with Section 2.09.

507 *Mandatory Purchase Date* means:

508 (a) any Purchase Date for a Bond in the Commercial Paper Mode or
509 the Long Term Mode,

510 (b) any Mode Change Date (other than a change between the Weekly
511 Mode and the Daily Mode),

512 (c) any Substitution Tender Date,

513 (d) any Expiration Tender Date, and

514 (e) any Default Tender Date.

515 *Maturity Date* means a date, to be established pursuant to the Bond Purchase
516 Contract, that is approximately thirty years later than the Closing Date, and upon a
517 change to the Long Term Mode or Fixed Mode, any Serial Maturity Date or Term
518 Maturity Date established pursuant to Section 2.09(e).

519 *Maximum Rate* means, on any day, the lesser of (a) 12% or (b) the per annum
520 interest rate used under the Credit Facility, which initially shall be 10%.

521 *Metro* means the Municipality of Metropolitan Seattle, formerly a municipal
522 corporation of the State of Washington, organized pursuant to Chapter 35.58 RCW and
523 consolidated with the county effective January 1, 1994 pursuant to Chapter 36.56 RCW.

524 *Metro Council* means the Metropolitan Council of the Municipality of
525 Metropolitan Seattle established pursuant to Chapter 35.58 RCW and abolished effective
526 January 1, 1994 pursuant to Chapter 36.56 RCW.

527 *Mode* means the Commercial Paper Mode, the Daily Mode, the Weekly Mode,
528 the Long Term Mode or the Fixed Mode, as the context may require.

529 *Mode Change Date* means the date one Mode terminates and another Mode
530 begins.

531 *Mode Change Notice* means the notice sent by the Registrar to the Registered
532 Owners pursuant to Section 2.10 notifying the Registered Owners that a change in Mode
533 is to occur.

534 *Moody's* means Moody's Investors Service, Inc., a corporation duly organized
535 and existing under and by virtue of the laws of the State of Delaware, and its successors
536 and assigns, except that if such corporation shall be dissolved or liquidated or shall no
537 longer perform the functions of a securities rating agency, then the term Moody's shall be
538 deemed to refer to any other nationally recognized securities rating agency (other than
539 S&P) selected by the Designated County Representative.

540 *Net Revenue* means Revenue of the System less Operating and Maintenance
541 Expenses.

542 *New Mode* means the Mode to which the Bonds are to be changed in accordance
543 with Section 2.10.

544 **1990 SRF Loan** means the State Revolving Fund loans to Metro by the State of
545 Washington Department of Ecology pursuant to the 1990 SRF Loan Agreement.

546 **1990 SRF Loan Agreement** means the Washington State Water Pollution Control
547 State Revolving Fund (SRF) Loan Agreement between the State of Washington
548 Department of Ecology and Metro dated December 26, 1990, as amended from time to
549 time.

550 **1994A Bonds** means the county's Limited Tax General Obligation Bonds
551 (Payable from Sewer Revenues), 1994 Series A, issued under date of April 1, 1994, in the
552 initial principal amount of \$170,000,000 as authorized by Ordinance Nos. 11241 and
553 11252 of the county.

554 **1995 Bonds** means the county's Limited Tax General Obligation Bonds (Payable
555 from Sewer Revenues), 1995, issued under date of May 1, 1995, in the initial principal
556 amount of \$90,000,000 as authorized by Ordinance 11763 of the county.

557 **1996 Bonds** means the county's Limited Tax General Obligation Refunding
558 Bonds (Payable from Sewer Revenues), 1996 Series C, issued under date of December
559 15, 1996, in the initial principal amount of \$130,965,000 as authorized by Ordinance
560 12314 of the county.

561 **1998 Bonds** means the county's Limited Tax General Obligation Refunding
562 Bonds (Payable from Sewer Revenues), 1998 Series B, issued under date of September
563 15, 1998, in the initial principal amount of \$261,625,000 as authorized by
564 Ordinance 13256 of the county passed on August 31, 1998 and Motion No. 15060 of the
565 county council passed on September 28, 1998.

566 *1999 Bonds* means the county's Sewer Revenue Bonds, 1999, issued under date
567 of June 1, 1999, in the initial principal amount of \$80,000,000 as authorized by
568 Ordinance 13468 of the county passed on April 19, 1999 and Motion No. 10694 of the
569 county council passed on June 7, 1999.

570 *1999 Bonds, Second Series* means the county's Sewer Revenue Bonds, 1999,
571 Second Series, issued under date of November 1, 1999, in the initial principal amount of
572 \$60,000,000 as authorized by Ordinance 13650 of the county passed on October 11, 1999
573 and Motion No. 10799 of the county council passed on October 25, 1999.

574 *2000 SRF Loan* means the State Revolving Fund loan to the county by the State
575 of Washington Department of Ecology pursuant to the 2000 SRF Loan Agreement and
576 any other State Revolving Fund loans to the county having a lien and charge against
577 Revenue of the System on a parity with the lien and charge of the 2000 SRF Loan.

578 *2000 SRF Loan Agreement* means the Washington State Water Pollution Control
579 State Revolving Fund (SRF) Loan Agreement between the State of Washington
580 Department of Ecology and King County Department of Natural Resources Wastewater
581 Treatment Division effective June 1, 2000, as amended from time to time.

582 *Notice Parties* means the county, the Remarketing Agent, the Registrar and the
583 Bank.

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

589 *Operating Reserve** or *Operating Reserve Account** means the Operating
590 Reserve Account created in the Revenue Fund by Section 6 of Resolution No. 90 of the
591 Metro Council.

592 *Optional Redemption* means any redemption of Bonds made pursuant to
593 Sections 3.01 through 3.04 hereof.

594 *Outstanding*, when used as of a particular time with reference to Bonds, means all
595 Bonds delivered hereunder except:

596 (a) Bonds cancelled by the Registrar or surrendered to the Registrar
597 for cancellation;

598 (b) Bonds paid or deemed to have been paid within the meaning of this
599 ordinance; and

600 (c) Bonds in lieu of or in substitution for which replacement Bonds
601 have been executed by the county and delivered by the Registrar hereunder.

602 Notwithstanding the foregoing, Bank Bonds shall remain outstanding until the
603 Bank is paid all amounts due on such Bonds.

604 *Parity Bond Fund** means the “Municipality of Metropolitan Seattle Sewer
605 Revenue Bond Fund” created by Section 10 of Resolution No. 90 of the Metro Council
606 and redesignated and continued by the county as the “Water Quality Revenue Bond
607 Account” pursuant to Section 30 of Ordinance 12076 of the county.

608 *Parity Bond Reserve** or *Bond Reserve Account** means the bond reserve
609 account in the Parity Bond Fund.

610 *Parity Bonds** means the Series A through Series Z Bonds, the 1999 Bonds, the
611 1999 Bonds, Second Series, and any and all sewer revenue bonds of the county, the

612 payment of which constitutes a lien and charge upon the Revenue of the System equal in
613 rank with the lien and charge upon such revenue for the payments required to pay or to
614 secure the payment of the Series A through Series Z Bonds, the 1999 Bonds and the 1999
615 Bonds, Second Series. "Parity Bonds" shall include any Parity Payment Agreements and
616 parity reimbursement agreements entered into with the provider of a letter of credit or
617 other credit enhancement securing any Parity Bonds.

618 ***Parity Lien Obligation Bond Fund**** means the Water Quality Limited Tax
619 General Obligation Bond Redemption Fund, established pursuant to Section 8 of
620 Ordinance 11241 of the county, to provide for payment of Parity Lien Obligations.

621 ***Parity Lien Obligations**** means the 1994A Bonds, the 1995 Bonds, the 1996
622 Bonds, the 1998 Bonds, and all bonds, notes or other evidences of indebtedness payable
623 in whole or in part from Revenue of the System and secured by a lien on such Revenue
624 on a parity of lien with the lien of the 1994A Bonds, the 1995 Bonds, the 1996 Bonds and
625 the 1998 Bonds. "Parity Lien Obligations" include any Parity Lien Payment Agreements
626 and parity reimbursement agreements entered into with the provider of a letter of credit or
627 other credit enhancement securing any Parity Lien Obligations.

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

633 ***Parity Payment Agreement**** means a Payment Agreement under which the
634 county's payment obligations are expressly stated to constitute a charge and lien on the

635 Revenue of the System equal in rank with the charge and lien upon such revenue securing
636 amounts required to be paid into the Parity Bond Fund to pay and secure the payment of
637 principal of and interest on the Parity Bonds.

638 ***Parity Term Bonds*** means Parity Bonds that are Term Bonds.

639 ***Payment Agreement*** means, to the extent permitted from time to time by
640 applicable law, a written agreement entered into by the county (i) in connection with or
641 incidental to the issuance, incurring or carrying of any Parity Bonds, Parity Lien
642 Obligations, Junior Lien Obligations or other obligations of the county secured in whole
643 or in part by a lien on Revenue of the System; (ii) for the purpose of managing or
644 reducing the county's exposure to fluctuations or levels of interest rates, currencies or
645 commodities or for other interest rate, investment, asset or liability management
646 purposes; (iii) with a Qualified Counterparty; and (iv) which provides, on either a current
647 or forward basis, for an exchange of payments determined in accordance with a formula
648 specified therein.

649 ***Payment Agreement Payments*** means the amounts periodically required to be
650 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The
651 term "Payment Agreement Payments" does not include any termination payment required
652 to be paid with respect to a Payment Agreement.

653 ***Payment Agreement Receipts*** means the amounts periodically required to be paid
654 by the Qualified Counterparty to the county pursuant to a Payment Agreement.

655 ***Person*** means an individual, a corporation, a partnership, limited liability
656 company, an association, a joint stock company, a trust, an unincorporated organization,

657 a governmental body or a political subdivision, a municipal corporation, a public
658 corporation or any other group or organization of individuals.

659 ***Principal Payment Date*** means the Maturity Date or Dates and any Redemption
660 Date for the Bonds.

661 ***Purchase Account*** means the account by that name maintained by the Registrar in
662 accordance with Section 4.04 hereof.

663 ***Purchase Date*** means (a) during the Commercial Paper Mode, the Business Day
664 after the last day of each Interest Period applicable to such Bond, (b) during the Long
665 Term Mode, the date determined by the Remarketing Agent on the most recent Rate
666 Determination Date as the next date on which a Bond shall be subject to purchase, and
667 (c) during the Daily Mode or the Weekly Mode, any Business Day.

668 ***Purchase Price*** means (a) an amount equal to the principal amount of any Bond
669 purchased on any Purchase Date, plus, in the case of any purchase of a Bond in the Daily
670 Mode or the Weekly Mode on a day that is not an Interest Payment Date, accrued
671 interest, to the Purchase Date, or (b) an amount equal to the principal amount of any
672 Bond purchased on a Mandatory Purchase Date, plus, in the case of any Bond purchased
673 on a Substitution Tender Date, Default Tender Date or Expiration Tender Date, accrued
674 interest, if any, to the Mandatory Purchase Date.

675 ***Qualified Counterparty*** means with respect to a Payment Agreement an entity
676 (i) whose senior long term debt obligations, other senior unsecured long term obligations
677 or claims paying ability or whose payment obligations under a Payment Agreement are
678 guaranteed by an entity whose senior long term debt obligations, other senior unsecured
679 long term obligations or claims paying ability are rated (at the time the Payment

680 Agreement is entered into) at least as high as A3 by Moody's and A- by S&P, or the
681 equivalent thereof by any successor thereto, and (ii) who is otherwise qualified to act as
682 the other party to a Payment Agreement under any applicable laws of the State.

683 **Qualified Insurance*** means any unconditional municipal bond insurance policy
684 or surety bond issued with respect to any Parity Bonds by any insurance company
685 licensed to conduct an insurance business in any state of the United States or by a service
686 corporation acting on behalf of one or more such insurance companies, which insurance
687 company or service corporation is rated in one of the two highest rating categories by
688 each Rating Agency and any other rating agency then maintaining a rating on the Parity
689 Bonds being insured, provided, that, as of the time of issuance of such policy or surety
690 bond, such insurance company or companies maintain a policy owner's surplus in excess
691 of \$500,000,000.

692 **Qualified Letter of Credit*** means any irrevocable letter of credit issued by a
693 bank for the account of the county and for the benefit of the owners of Parity Bonds,
694 provided that such bank maintains an office, agency or branch in the United States, and
695 provided further, that, as of the time of issuance of such letter of credit, such bank is
696 currently rated in one of the two highest rating categories by Moody's or S&P, and any
697 other rating agency then maintaining a rating on the Parity Bonds, as applicable.

698 **Rate Determination Date** means the date on which the interest rate(s) on a Bond
699 (other than a Bank Bond) shall be determined, which,

700 (a) in the case of the Commercial Paper Mode, shall be the first day of
701 an Interest Period;

702 (b) in the case of the Daily Mode, shall be each Business Day
703 commencing with the first day the Bond becomes subject to the Daily Mode;

704 (c) in the case of the initial conversion to the Weekly Mode, shall be
705 no later than the Business Day prior to the Mode Change Date, and thereafter, shall be
706 each Tuesday or, if Tuesday is not a Business Day, the next succeeding day or, if such
707 day is not a Business Day, then the Business Day next preceding such Tuesday;

708 (d) in the case of the Long Term Mode, shall be a Business Day
709 determined by the Remarketing Agent at least one Business Day prior to the first day of
710 an Interest Period; and

711 (e) in the case of the Fixed Mode, shall be a Business Day determined
712 by the Remarketing Agent at least one Business Day prior to the Mode Change Date.

713 **Rate Stabilization Fund*** means the fund of that name authorized to be created
714 pursuant to Section 13.D of Ordinance 12314 of the county.

715 **Rating Agency** means Moody's or S&P.

716 **Rating Category** means the generic rating categories of a Rating Agency, without
717 regard to any refinement or gradation of such rating category by a numerical modifier or
718 otherwise.

719 **Rebate Amount** means the amount, if any, determined to be payable with respect
720 to the Bonds by the county to the United States of America in accordance with
721 Section 148(f) of the Code.

722 **Record Date** means:

723 (a) with respect to Bank Bonds and Bonds in a Commercial Paper
724 Mode, a Daily Mode or a Weekly Mode, the close of business as of the day (whether or
725 not a Business Day) next preceding each Interest Payment Date; and

726 (b) with respect to Bonds in a Long Term Mode or a Fixed Mode, the
727 15th day (whether or not a Business Day) of the month next preceding each Interest
728 Payment Date.

729 **Redemption Date** means the date fixed for redemption of Bonds subject to
730 redemption in any notice of redemption given in accordance with the terms hereof.

731 **Redemption Price** means amounts to be paid to redeem the Bonds on the
732 Redemption Date as set forth in Article III hereof.

733 **Registered Owner** means the person named as the registered owner of a Bond on
734 the Bond Register. For so long as the Bonds are held by a Securities Depository or its
735 nominee, such Securities Depository shall be deemed to be the Registered Owner.

736 **Registrar** means the fiscal agency of the State of Washington in New York,
737 New York, whose duties include registering and authenticating the Bonds, maintaining
738 the Bond Register, registering the transfer of the Bonds, paying interest on and principal
739 of the Bonds and drawing on any Credit Facility for such purpose and drawing any
740 amounts under any Credit Facility for the purpose of paying the Purchase Price of any
741 Bonds.

742 **Reimbursement Agreement** means the Reimbursement Agreement between the
743 county and the Bank authorized to be entered into pursuant to Section 6.06 hereof, and
744 any other similar agreement entered into in connection with the issuance of any Alternate

745 Credit Facility for the Bonds and any and all modifications, alterations, and amendments
746 and supplements thereto.

747 **Remarketing Agent** means Morgan Stanley & Co. Incorporated or any successor
748 thereto pursuant to a Remarketing Agreement.

749 **Remarketing Agreement** means the agreement of that name between the county
750 and the Remarketing Agent.

751 **Revenue Fund** means the special fund of Metro created by Resolution No. 7 of
752 the Metro Council adopted November 26, 1958, redesignated as the "Municipality of
753 Metropolitan Seattle Sewer Revenue Fund" by Section 5 of Resolution No. 90 of the
754 Metro Council and redesignated and continued by the county as the "Water Quality
755 Operating Account" pursuant to Section 30 of Ordinance 12076 of the county.

756 **Revenue of the System** means all the earnings, revenues and money received by
757 the county from or on account of the operations of the Sewer System and the income
758 from the investment of money in the Revenue Fund or any account within such fund, but
759 shall not include any money collected pursuant to the Service Agreements applicable to
760 administrative costs of the county other than costs of administration of the System.

761 **Securities Depository** means any clearing agency registered under Section 17A of
762 the Securities Exchange Act of 1934, as amended.

763 **Senior Lien Payments** means, for any calendar year, the sum of the following:

- 764 (1) Annual Parity Debt Service (Cash Basis) for such year;
765 (2) Annual Debt Service for such year for then outstanding Parity Lien
766 Obligations and the 1990 SRF Loan; and

767 (3) any other payments described in Paragraphs Second through
768 Eleventh of Section 5.01(b) hereof required to be made during such year.

769 **Serial Bonds** means the Bonds maturing on the Serial Maturity Dates after
770 conversion of the Bonds to a Long Term Mode or Fixed Mode, as determined pursuant to
771 Section 2.09(e).

772 **Serial Maturity Dates** means the dates on which the Serial Bonds mature, as
773 determined pursuant to Section 2.09(e).

774 **Series A through Series Z Bonds*** means all of the outstanding sewer revenue
775 bonds of the county issued by Metro.

776 **Series 2001B Bonds** means the King County, Washington, Junior Lien Variable
777 Rate Demand Sewer Revenue Bonds, Series 2001B, authorized to be issued
778 simultaneously with the Bonds.

779 **Series 2001B Letter of Credit** means the irrevocable letter of credit issued by the
780 Bank on the Closing Date to secure the payment of principal of and interest on the
781 Series 2001B Bonds.

782 **Series 2001B Reimbursement Agreement** means the Reimbursement Agreement
783 authorizing issuance of the Series 2001B Letter of Credit and any similar agreement
784 entered into in connection with the issuance of any Alternate Credit Facility for the
785 2001B Bonds and any and all modifications, alterations, and amendments and
786 supplements thereto.

787 **Service Agreements** means the sewage disposal agreements hereinbefore entered
788 into between Metro (now and hereinafter the "county") and municipal corporations,

789 persons, firms, private corporations, or governmental agencies providing for the disposal
790 by the county of sewage collected from such contracting parties.

791 **S&P** means Standard & Poor's Ratings Services, a Division of The McGraw-Hill
792 Companies, and its successors and assigns, except that if such corporation shall be
793 dissolved or liquidated or shall no longer perform the functions of a securities rating
794 agency, then the term S&P shall be deemed to refer to any other nationally recognized
795 securities rating agency (other than Moody's) selected by the Designated County
796 Representative.

797 **Substitution Date** means the date on which an Alternate Credit Facility is to be
798 substituted for an existing Credit Facility.

799 **Substitution Tender Date** means the day that is five Business Days prior to the
800 Substitution Date.

801 **System** or **Sewer System** means the sewers and sewage disposal facilities now or
802 hereafter acquired, constructed, used or operated by the county for the purpose of
803 carrying out the Comprehensive Plan.

804 **Term Bonds** means, (i) with respect to the Bonds, those Bonds maturing on Term
805 Bond Maturity Dates after conversion of the Bonds to a Long Term Mode or Fixed Mode
806 as determined pursuant to Section 2.09(e), and (ii) with respect to any other obligations
807 secured by a pledge of Revenue of the System, those outstanding bonds or obligations of
808 any single issue or series of bonds maturing in any one year for the retirement of which
809 regularly recurring annual deposits are required to be made into a bond fund prior to the
810 scheduled maturity of such bonds sufficient to pay the same at or prior to their maturity.

811 *Term Maturity Date* means the dates on which Bonds that are Term Bonds
812 mature, as determined pursuant to Section 2.09(e).

813 *Underwriter* means Morgan Stanley & Co. Incorporated.

814 *Variable Rate Parity Bonds** and *Variable Rate Parity Lien Obligations** mean
815 Parity Bonds and Parity Lien Obligations bearing interest at a variable rate of interest
816 provided that at least one of the following conditions is met: (i) at the time of issuance
817 the county has entered into a Payment Agreement with respect to such Parity Bonds or
818 Parity Lien Obligations, as applicable, which Agreement converts the effective interest
819 rate to the county on such bonds from a variable interest rate to a fixed interest rate, or
820 (ii) the Parity Bonds or Parity Lien Obligations bear interest at a variable rate but are
821 issued concurrently in equal par amounts with other Parity Bonds or Parity Lien
822 Obligations bearing interest at a variable rate and that are required to remain outstanding
823 in equal amounts at all times, if the net effect of such equal par amounts and variable
824 rates at all times is a fixed rate of interest to the county.

825 *Weekly Mode* means the Mode in which the Interest Rate on the Bonds is
826 determined on a weekly basis.

827 *Weekly Rate* means the per annum interest rate on the Bonds in the Weekly Mode
828 determined pursuant to Section 2.09.

829 *Yield Reduction Payments* mean payments made to the United States in the
830 manner permitted by Internal Revenue Service regulations that reduce the yield on
831 investments.

832 **Section 1.02. Interpretation.** In this ordinance, unless the context otherwise
833 requires:

834 (a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and
835 any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to
836 any particular article, section, subdivision or clause hereof, and the term “hereafter” shall
837 mean after, and the term “heretofore” shall mean before, the date of this ordinance;

838 (b) Words of the masculine gender shall mean and include correlative
839 words of the feminine and neuter genders and words importing the singular number shall
840 mean and include the plural number and vice versa;

841 (c) Words importing persons shall include firms, associations,
842 partnerships (including limited partnerships), trusts, corporations, limited liability
843 companies and other legal entities, including public bodies, as well as natural persons;

844 (d) Any headings preceding the text of the several articles and sections
845 of this ordinance, and any table of contents or marginal notes appended to copies hereof,
846 shall be solely for convenience of reference and shall not constitute a part of this
847 ordinance, nor shall they affect its meaning, construction or effect;

848 (e) All references herein to “articles,” “sections” and other
849 subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses
850 hereof.

851 (f) Whenever any consent or direction is required to be given by the
852 county, such consent or direction shall be deemed given when given by the Designated
853 County Representative or his or her designee, respectively, and all references herein to
854 the Designated County Representative shall be deemed to include references to his or her
855 designee, as the case may be.

856 ARTICLE II.

857 ISSUANCE, CONDITIONS AND TERMS OF

858 BONDS

859 Section 2.01. Findings. The county hereby finds that issuance of the Bonds is in
860 the best interests of the county and customers of the System and is consistent with the
861 provisions of the county's Water Quality Program Financial Goals and Policies relating
862 to the issuance of variable rate debt.

863 Section 2.02. Authorization of Bonds.

864 (a) *Authorization*. The county shall issue the Bonds in the principal
865 amount of \$50,000,000 to provide funds necessary to pay costs of acquiring, constructing
866 and equipping improvements, additions or betterments to the System set forth in the
867 Comprehensive Plan and costs incidental thereto, including costs of issuance of the
868 Bonds.

869 (b) *Designation; Date*. The Bonds shall be designated "King County,
870 Washington, Junior Lien Variable Rate Demand Sewer Revenue Bonds, Series 2001A."
871 The Bonds shall be dated as of the Closing Date, shall mature on the Maturity Date(s),
872 and shall be issued in Authorized Denominations. Principal of and interest on, any
873 premium, and the Purchase Price of the Bonds shall be payable in lawful money of the
874 United States of America.

875 (c) *Initial Mode; Changes in Modes*. The Bonds initially shall bear
876 interest in the Weekly Mode. Bonds (other than any Bank Bonds) in any Mode, other
877 than a Fixed Mode, may be changed to any other Mode at the times and in the manner
878 provided herein. All Bonds (other than any Bank Bonds) shall be within the same Mode.

879 On the Mode Change Date, the Current Mode for the Bonds (other than any Bank Bonds)
880 shall be changed to the New Mode, as provided in Section 2.10. Subsequent to such
881 change in Mode (other than a change to a Fixed Mode), the Bonds (other than any Bank
882 Bonds) may again be changed to a different Mode at the times and in the manner
883 provided herein. A Fixed Mode shall be in effect until the Maturity Date(s) for the Bonds
884 and may not be changed to any other Mode. Prior to a change in Mode either from or to
885 a Long-Term Mode or to a Fixed Mode, the county shall obtain a Favorable Opinion of
886 Bond Counsel with respect to such change in Mode.

887 (d) *Determinations Conclusive.* The interest rates determined by the
888 Remarketing Agent in accordance herewith and with the Remarketing Agreement and
889 contained in the records of the Registrar, and the determination by the Remarketing
890 Agent of Interest Periods for Commercial Paper Bonds and Bonds in the Long Term
891 Mode in accordance herewith, absent manifest error, shall be conclusive and binding
892 upon the county, the Remarketing Agent, the Registrar, the Bank and the Registered
893 Owners and Beneficial Owners of the Bonds.

894 (e) *Maximum Rate.* Except as provided in Section 2.09(a)(1) with
895 respect to Bonds in the Commercial Paper Mode, no Bonds other than Bank Bonds shall
896 bear interest at an interest rate higher than the Maximum Rate.

897 **Section 2.03. Execution.** The Bonds shall be executed on behalf of the county
898 by the manual or facsimile signatures of the county executive and the clerk of the county
899 council, and the official seal of the county shall be reproduced thereon. The validity of
900 any Bond so executed shall not be affected by the fact that one or more of the officers

901 whose signatures appear on such Bond have ceased to hold office at the time of issuance
902 or authentication or at any time thereafter.

903 **Section 2.04. Authentication.** No Bonds shall be valid for any purpose
904 hereunder until the certificate of authentication printed thereon is duly executed by the
905 manual signature of an authorized signatory of the Registrar. Such authentication shall
906 be proof that the Registered Owner is entitled to the benefit of the trusts hereby created.

907 **Section 2.05. Registration, Transfer and Exchange.**

908 (a) *Registrar/Bond Register.* The Bonds shall be issued only in
909 registered form as to both principal and interest. In accordance with KCC 4.84, the
910 county hereby adopts for the Bonds the system of registration specified and approved by
911 the Washington State Finance Committee, which utilizes the fiscal agency of the State of
912 Washington as registrar, authenticating agent, paying agent and transfer agent for the
913 Bonds (the "Registrar"). The Registrar shall keep, or cause to be kept, at its principal
914 corporate trust office, sufficient books for the registration and transfer of the Bonds,
915 which shall at all times be open to inspection by the county (the "Bond Register"). So
916 long as any Bonds remain Outstanding, the Registrar shall make all necessary provisions
917 to permit the exchange or registration of transfer of Bonds at its principal corporate trust
918 office. The Registrar may be removed at any time at the option of the finance director
919 upon prior notice to the Registrar, the county, the Remarketing Agent and the Bank and a
920 successor Registrar appointed by the Finance Director. Any successor Registrar must be
921 a commercial bank with trust powers or trust company. No resignation or removal of the
922 Registrar shall be effective until a successor shall have been appointed and until the
923 successor Registrar shall have accepted the duties of the Registrar hereunder, and the

924 Credit Facility shall have been transferred, together with all other funds then held by the
925 Registrar, to the successor Registrar. The Registrar is authorized, on behalf of the
926 county, to authenticate and deliver Bonds transferred or exchanged in accordance with
927 the provisions of such Bonds and this ordinance and to carry out all of the Registrar's
928 powers and duties under this ordinance. The Registrar shall be responsible for its
929 representations contained in the Certificate of Authentication on the Bonds.

930 (b) *Letter of Representations/Book-Entry System.* To induce DTC to
931 accept the Bonds as eligible for deposit at DTC, the county has heretofore executed and
932 delivered the Letter of Representations. The Bonds initially issued shall be held in
933 fully-immobilized form by DTC acting as depository pursuant to the terms and conditions
934 set forth in the Letter of Representations.

935 (c) *County and Registrar Not Responsible for DTC.* Neither the
936 county nor the Registrar will have any responsibility or obligation to DTC Participants or
937 the persons for whom they act as nominees with respect to the Bonds in respect of the
938 accuracy of any records maintained by DTC or any DTC Participant, the payment by
939 DTC or any DTC Participant of any amount in respect of the principal or redemption
940 price of or interest on the Bonds, any notice which is permitted or required to be given to
941 Registered Owners under this ordinance (except such notices as shall be required to be
942 given by the county to the Registrar or to DTC), the selection by DTC or any DTC
943 Participant of any person to receive payment in the event of a partial redemption of the
944 Bonds or any consent given or other action taken by DTC as the Registered Owner.

945 (d) *DTC as Registered Owner.* Except as provided in Sections 5.09
946 and 7.08, the county and the Registrar, each in its discretion, may deem and treat the

947 Registered Owner as the absolute owner thereof for all purposes, and neither the county
948 nor the Registrar shall be affected by any notice to the contrary. Payment of any such
949 Bond shall be made only as described in this section, but the transfer of such ownership
950 may be registered as herein provided. All such payments made as described in this
951 section shall be valid and shall satisfy and discharge the liability of the county upon such
952 Bond to the extent of the amount or amounts so paid. Except as provided in
953 Sections 5.09 and 7.08, the county and the Registrar shall be entitled to treat DTC as the
954 absolute owner of all Bonds for all purposes of this ordinance and any applicable laws,
955 notwithstanding any notice to the contrary received by the Registrar or the county.
956 Neither the county nor the Registrar will have any responsibility or obligation, legal or
957 otherwise, to any other party including DTC or its successor (or substitute depository or
958 its successor), except to the Registered Owners.

959 (e) *Use of DTC/Book-Entry System.*

960 (1) *Bonds Registered in the Name Designated by DTC.* The
961 Bonds shall be registered initially in the name of "CEDE & Co.," as nominee of DTC,
962 with one Bond maturing on the Maturity Date in a denomination corresponding to the
963 total principal therein designated to mature on such date. Registered ownership of such
964 immobilized Bonds, or any portions thereof, may not thereafter be transferred except
965 (i) to any successor of DTC or its nominee, *provided that* any such successor shall be
966 qualified under any applicable laws to provide the service proposed to be provided by it;
967 (ii) to any substitute depository appointed by the Board pursuant to subsection (2) below
968 or such substitute depository's successor; or (iii) to any person as provided in
969 paragraph (4) below.

970 (2) *Substitute Depository.* Upon the resignation of DTC or its
971 successor (or any substitute Securities Depository or its successor) from its functions as
972 Securities Depository or a determination by the council that it is no longer in the best
973 interest of Beneficial Owners to continue the system of book entry transfers through DTC
974 or its successor (or any substitute depository or its successor), the council may hereafter
975 appoint a substitute Securities Depository. Any such substitute Securities Depository
976 shall be qualified under any applicable laws to provide the services proposed to be
977 provided by it.

978 (3) *Issuance of New Bonds to Successor/Substitute Depository.*
979 In the case of any transfer pursuant to clause (i) or (ii) of paragraph (e)(1) above, the
980 Registrar shall, upon receipt of all outstanding Bonds, together with a written request on
981 behalf of the council, issue a single new Bond for each maturity of such Bonds then
982 Outstanding, registered in the name of such successor or such substitute Securities
983 Depository, or their nominees, as the case may be, all as specified in such written request
984 of the council.

985 (4) *Termination of Book-Entry System.* In the event that
986 (i) DTC or its successor (or substitute Securities Depository or its successor) resigns from
987 its functions as Securities Depository, and no substitute Securities Depository can be
988 obtained, or (ii) the council determines that it is in the best interest of the Beneficial
989 Owners of the Bonds that they be able to obtain Bond certificates, the ownership of the
990 Bonds may then be transferred to any person or entity as herein provided, and the Bonds
991 shall no longer be held in fully immobilized form. The council shall deliver a written
992 request to the Registrar, together with a supply of definitive Bonds, to issue Bonds as

993 herein provided in any Authorized Denomination. Upon receipt of all then Outstanding
994 Bonds by the Registrar together with a written request on behalf of the council to the
995 Registrar, new Bonds shall be issued in such Authorized Denominations and registered in
996 the names of such persons as are requested in such written request.

997 (f) *Transfer or Exchange of Registered Ownership; Change in*
998 *Denominations.* If the Bonds are no longer held in immobilized, book-entry form, the
999 transfer of ownership of any Bond may be registered and such Bonds may be exchanged,
1000 but no transfer of any Bond shall be valid unless it is surrendered to the Registrar with the
1001 assignment form appearing on such Bond duly executed by the Registered Owner or such
1002 Registered Owner's duly authorized agent in a manner satisfactory to the Registrar.
1003 Upon such surrender, the Registrar shall cancel the surrendered Bond and shall
1004 authenticate and deliver, without charge to the Registered Owner or transferee therefor, a
1005 new Bond (or Bonds at the option of the new Registered Owner) of the same date,
1006 Maturity Date and Interest Rate and for the same aggregate principal amount in any
1007 Authorized Denomination, naming as Registered Owner the person or persons listed as
1008 the assignee on the assignment form appearing on the surrendered Bond, in exchange for
1009 such surrendered and canceled Bond. Any Bond may be surrendered to the Registrar and
1010 exchanged, without charge, for an equal aggregate principal amount of Bonds of the same
1011 date, Maturity Date and Interest Rate, in any Authorized Denomination. Other than in
1012 connection with an optional or mandatory tender for purchase, the Registrar shall not be
1013 obligated to transfer or exchange any Bond during the five-day period prior to the
1014 selection of Bonds for redemption or the Maturity Date or following any publication of

1015 notice of redemption. No charge shall be imposed upon Registered Owners in connection
1016 with any transfer or exchange, except for taxes or governmental charges related thereto.

1017 (g) *Registration Covenant.* The county covenants that, until all Bonds
1018 have been surrendered and canceled, it will maintain a system for recording the
1019 ownership of each Bond that complies with the provisions of Section 149 of the Code.

1020 **Section 2.06. Mutilated, Destroyed, Lost or Stolen Bonds.** If any Bond is
1021 lost, stolen or destroyed, the county may execute and the Registrar may authenticate and
1022 deliver a new Bond or Bonds of like date and tenor to the Registered Owner thereof, all
1023 in accordance with law. However, no substitution or payment shall be made unless and
1024 until the applicant shall furnish (a) evidence satisfactory to said Registrar and Designated
1025 County Representative of the destruction or loss of the original Bond and of the
1026 ownership thereof, and (b) such additional security, indemnity or evidence as may be
1027 required by the council. No substitute Bond shall be furnished unless the applicant shall
1028 reimburse the county and the Registrar for their respective expenses in the furnishing
1029 thereof. Any such substitute Bond so furnished shall be equally and proportionately
1030 entitled to the security of this ordinance with all other Bonds issued hereunder.

1031 **Section 2.07. Payments of Principal, Redemption Price, Purchase Price and**
1032 **Interest; Persons Entitled Thereto.**

1033 (a) *Payments of Principal, Interest, Purchase and Redemption Prices.*
1034 The principal, Purchase Price or Redemption Price of each Bond shall be payable upon
1035 surrender or delivery of such Bond to the Registrar in New York, New York. For so long
1036 as DTC is the Registered Owner, interest, Purchase Price and principal shall be paid and

1037 delivery shall be made as described in the operational arrangements referred to in the
1038 Letter of Representations and pursuant to DTC's standard procedures.

1039 (b) *Accrual of Interest.* Subject to the further provisions of Article III
1040 hereof, each Bond shall accrue interest and be payable as to interest as follows:

1041 (1) On each Interest Payment Date, the Registered Owner of
1042 each Bond as of the Record Date shall be paid the amount of unpaid interest that accrues
1043 during the Interest Accrual Period.

1044 (2) The interest due on any Bond on any Interest Payment Date
1045 shall be paid to the Registered Owner of such Bond as shown on the Bond Register as of
1046 the Record Date. The amount of interest so payable on any Interest Payment Date shall
1047 be computed (A) on the basis of a 365- or 366-day year for the number of days actually
1048 elapsed based on the calendar year in which the Daily Mode, Commercial Paper Mode or
1049 Weekly Mode commences, and (B) on the basis of a 360-day year of twelve 30-day
1050 months during a Long Term Mode or a Fixed Mode.

1051 (3) If the Bonds are no longer held by a Securities Depository,
1052 during a Long Term Mode or a Fixed Mode, the principal or Redemption Price of the
1053 Bonds shall be payable by check, provided that any Registered Owner of \$1,000,000 or
1054 more in aggregate principal amount of the Bonds, upon written request given to the
1055 Registrar at least five Business Days prior to the Maturity Date or Redemption Date
1056 designating an account in a domestic bank, may be paid by wire transfer of immediately
1057 available funds. If the Bonds are no longer held by a Securities Depository, all payments
1058 of interest on the Bonds accruing interest during the Commercial Paper Mode, Daily
1059 Mode or Weekly Mode shall be paid to the Registered Owners entitled thereto in

1060 immediately available funds by wire transfer to a bank within the continental United
1061 States or deposited to a designated account if such account is maintained with the
1062 Registrar as directed by the Registered Owner in writing or as otherwise directed in
1063 writing by the Registered Owner prior to the time of payment with respect to Bonds
1064 during a Commercial Paper Mode or five Business Days prior to the Interest Payment
1065 Date with respect to Bonds during a Daily Mode or Weekly Mode.

1066 (4) In the case of Bank Bonds, interest shall accrue and be
1067 payable in accordance with Section 2.11 hereof and the Reimbursement Agreement, and
1068 principal and interest shall be paid by wire transfer of immediately available funds to an
1069 account in the United States specified in the Reimbursement Agreement or as otherwise
1070 specified by the Bank in a written notice delivered to the Registrar.

1071 Any account specified pursuant to paragraphs (3) and (4) hereof shall remain in
1072 effect until revoked or revised by the Registered Owner or the Bank, as applicable, by an
1073 instrument in writing delivered to the Registrar.

1074 **Section 2.08. Acts of Registered Owners; Evidence of Ownership.** Any
1075 action to be taken by Registered Owners may be evidenced by one or more concurrent
1076 written instruments of similar tenor signed or executed by such Registered Owners in
1077 person or by an agent appointed in writing. The fact and date of the execution by any
1078 Person of any such instrument may be proved by acknowledgment before a notary public
1079 or other officer empowered to take acknowledgments or by an affidavit of a witness to
1080 such execution or by any other method satisfactory to the Registrar. Any action by the
1081 Registered Owner of any Bond shall bind all future Registered Owners of the same Bond

1082 or of any Bond issued upon the exchange or registration of transfer thereof in respect of
1083 anything done or suffered by the county or the Registrar in pursuance thereof.

1084 Except as provided in Sections 5.09 and 7.08, the Registrar and the county may
1085 treat the Registered Owner of a Bond as the absolute owner thereof for all purposes,
1086 whether or not such Bond shall be overdue, and the Registrar and the county shall not be
1087 affected by any knowledge or notice to the contrary; and payment of the principal of and
1088 premium, if any, and interest on such Bond shall be made only to such Registered Owner,
1089 which payments shall satisfy and discharge the liability of the county with respect to such
1090 Bond to the extent of the sum or sums so paid.

1091 With respect to Bank Bonds, the Bank shall be entitled to and, where necessary,
1092 deemed to have been assigned all rights and privileges as if the Bank were the Registered
1093 Owner of those Bank Bonds, except to the extent such rights and privileges conflict with
1094 the Reimbursement Agreement, in which case the terms of the Reimbursement
1095 Agreement shall prevail.

1096 **Section 2.09. Determination of Interest Rates.**

1097 (a) *Determination by Remarketing Agent.*

1098 (1) The Interest Rate for the Bonds (other than Commercial
1099 Paper Bonds and Bank Bonds) shall be determined by the Remarketing Agent as the rate
1100 of interest that, in the judgment of the Remarketing Agent, would cause the Bonds to
1101 have a market value as of the date of determination equal to the principal amount thereof
1102 (plus accrued interest), taking into account prevailing market conditions, and with respect
1103 to the Commercial Paper Mode, the Remarketing Agent shall determine the Commercial
1104 Paper Rate and the Interest Period for each Bond in the Commercial Paper Mode (which

1105 shall not exceed 270 days) at such rate and for such period as it deems advisable to
1106 minimize the net interest cost on the Bonds, taking into account prevailing market
1107 conditions; *provided, however*, that the foregoing shall not prohibit the Remarketing
1108 Agent from establishing longer Interest Periods (and at higher Commercial Paper Rates)
1109 than are otherwise available at the time of any remarketing if the Remarketing Agent
1110 determines that, taking into account prevailing market conditions, a lower net interest
1111 cost on the Bonds can be achieved over the longer Interest Period. Notwithstanding the
1112 foregoing, (i) if the Remarketing Agent has given or received notice that the Bonds are to
1113 be changed from the Commercial Paper Mode to any other Mode or are to be purchased
1114 pursuant to a mandatory tender in accordance with Section 4.02, the Remarketing Agent
1115 shall select Interest Periods that do not extend beyond the Mandatory Purchase Date and
1116 (ii) the Remarketing Agent shall not establish any Interest Period if, as a result of the
1117 selection of such Interest Period, the Aggregate Interest Coverage available for the Bonds
1118 would be greater than the Interest Portion with respect to the Bonds. While Bonds are in
1119 the Commercial Paper Mode, they may not bear interest at a rate that, when combined
1120 with the then currently Outstanding Bonds, would result in Aggregate Interest Coverage
1121 greater than the Interest Portion for the Bonds. For all other Modes, the Interest Rate on
1122 any Bond may not exceed the Maximum Rate. The Remarketing Agreement shall
1123 include a covenant by the Remarketing Agent to comply with the limitations established
1124 by this ordinance. All Bonds having the same Maturity Date (other than Bank Bonds and
1125 Commercial Paper Bonds) shall bear interest at the same Interest Rate, and all Bonds
1126 (other than Bank Bonds) shall be at all times in the same Mode.

1127 (2) In the event the Remarketing Agent fails for any reason to
1128 determine, or notify the Registrar of, the Interest Rate for any Interest Period (except as
1129 provided in Section 2.09(g)):

1130 (A) the Interest Rate then in effect for Bonds that accrue
1131 interest at Daily Rates shall be equal to BMA Municipal Swap Index, until the Registrar
1132 is notified of a new Daily Rate determined by the Remarketing Agent;

1133 (B) the Interest Rate then in effect for Bonds that accrue
1134 interest at Weekly Rates shall be equal to the BMA Municipal Swap Index, until the
1135 Registrar is notified of a new Weekly Rate determined by the Remarketing Agent; and

1136 (C) the Interest Rate for any Bond that accrues interest
1137 at Commercial Paper Rates and for which a Commercial Paper Rate and Interest Period is
1138 not determined shall be equal to the BMA Municipal Swap Index and the Interest Period
1139 for such Bond shall extend to but not include the next Business Day, until the Registrar is
1140 notified of a new Commercial Paper Rate and Interest Period determined for such Bond
1141 by the Remarketing Agent.

1142 (3) The Interest Rate in effect for Bonds during any Interest
1143 Period and, in connection with the Commercial Paper Mode and the Long Term Mode,
1144 the Interest Period, shall be available to Beneficial Owners and Registered Owners
1145 between 1:00 p.m. and 5:00 p.m., New York City time, from the Remarketing Agent.

1146 (b) *Commercial Paper Interest Periods and Interest Rates.*

1147 (1) Any Commercial Paper Bond may accrue interest at a
1148 Commercial Paper Rate for an Interest Period different from any other Bond. Each

1149 Interest Period shall commence on a Business Day and end on a day immediately
1150 preceding a Business Day.

1151 (2) Not later than 1:00 p.m., New York City time, on each Rate
1152 Determination Date, the Remarketing Agent shall determine each Commercial Paper
1153 Rate and Interest Period for a Commercial Paper Bond and the Remarketing Agent shall
1154 provide it to the Registrar by telephonic or Electronic Means. The Registrar shall obtain
1155 CUSIP numbers for each Bond in the Commercial Paper Mode for which a Commercial
1156 Paper Rate and Interest Period have been determined on such date.

1157 (c) *Daily Rates.* The Daily Rate for each Interest Period in the Daily
1158 Mode shall be effective from and including the commencement date thereof and shall
1159 remain in effect to, but not including, the next succeeding Business Day. Each such
1160 Daily Rate shall be determined by the Remarketing Agent not later than 10:00 a.m.,
1161 New York City time, on each Business Day and provided by the Remarketing Agent to
1162 the Registrar by telephonic or Electronic Means no later than the last Business Day of
1163 each month.

1164 (d) *Weekly Rates.* The Weekly Rate for each Interest Period in the
1165 Weekly Mode shall be effective from and including the commencement date of such
1166 Interest Period through and including the last day thereof. Each such Weekly Rate shall
1167 be determined by the Remarketing Agent no later than 4:00 p.m., New York City time,
1168 on the Rate Determination Date and provided to the Registrar by the Remarketing Agent
1169 by telephonic or Electronic Means by the second Business Day following such Rate
1170 Determination Date.

1171 (e) *Long Term Rates.* The Remarketing Agent, with the consent of the
1172 county shall determine the length of each Interest Period for the Long Term Mode.

1173 (1) The Long Term Rate for each Interest Period during the
1174 Long Term Mode shall be effective from and including the commencement date of such
1175 Interest Period and remain in effect through and including the last day thereof. Each such
1176 Long Term Rate shall be determined not later than 12:00 noon, New York City time, on
1177 the Rate Determination Date and provided to the Registrar by the Remarketing Agent by
1178 telephonic or Electronic Means by the close of business on such Rate Determination
1179 Date.

1180 (2) For any Interest Period in the Long Term Mode, the
1181 Maturity Date may be converted by the Remarketing Agent, with the approval of the
1182 Designated County Representative and upon delivery of a Favorable Opinion of Bond
1183 Counsel, to Term Maturities or Serial Maturity Dates.

1184 (3) If Term Maturity Dates or Serial Maturity Dates are
1185 approved by the county, a Long Term Rate shall be set for each such date.

1186 (f) *Fixed Rate.* A Fixed Rate shall be determined as follows:

1187 (1) The Fixed Rate during the Fixed Mode shall be effective
1188 from and including the Mode Change Date and remain in effect until the Maturity Date.
1189 The Fixed Rate shall be determined not later than 12:00 noon, New York City time, on
1190 the Rate Determination Date and provided to the Registrar by the Remarketing Agent by
1191 telephone or Electronic Means by the close of business on such Rate Determination Date.

1192 (2) If Term Maturity Dates or Serial Maturity Dates are
1193 approved by the county, a Fixed Rate shall be set for each such date.

1194 (g) *Rate in Absence of Remarketing Agent.* If there is a vacancy in the
1195 office of Remarketing Agent, the Bonds (other than Bank Bonds) shall bear interest on a
1196 weekly basis at a rate equal to the BMA Municipal Swap Index then in effect.

1197 **Section 2.10. Conversions Between Modes.** The Designated County
1198 Representative may elect to convert the Bonds (other than Bank Bonds) from one Mode
1199 to another as follows:

1200 (a) *Mode Change Dates.*

1201 (1) If the conversion is from a Daily Mode or Weekly Mode,
1202 the Mode Change Date must be an Interest Payment Date on which interest is payable for
1203 the Daily Mode or Weekly Mode from which the conversion is made.

1204 (2) In the case of a change from the Commercial Paper Mode,
1205 the Mode Change Date shall be a day that is the last Purchase Date for all Interest Periods
1206 set by the Remarketing Agent.

1207 (3) The Mode Change Date shall be a Business Day.

1208 (4) In the case of a change from the Long Term Rate Mode, the
1209 Mode Change Date shall be the Purchase Date of the current Interest Period.

1210 (b) *Notices by County.* The county shall give notice of any proposed
1211 conversion to the Registrar, the Bank and the Remarketing Agent not fewer than 30 days
1212 before the proposed conversion from a Commercial Paper Mode, Daily Mode or Weekly
1213 Mode and not fewer than 45 days before the proposed conversion from a Long Term
1214 Mode.

1215 (c) *Notices by Registrar.* The Registrar shall give notice by first class
1216 mail, of proposed conversion to the Registered Owners of Bonds then in the Commercial

1217 Paper, Daily Mode or Weekly Mode not less than 15 days before the proposed Mode
1218 Change Date and to Registered Owners of Bonds in the Long Term Mode not less than
1219 30 days before the proposed Mode Change Date or Purchase Date, as the case may be.

1220 Such notice shall state:

1221 (1) the proposed Mode Change Date;
1222 (2) that the Bonds will be subject to mandatory tender for
1223 purchase on the Mode Change Date (except in the case of conversions between the Daily
1224 Mode and the Weekly Mode);

1225 (3) the conditions, if any, to the conversion pursuant to
1226 subsection (d) below;

1227 (4) if the Bonds are in certificated form, information with
1228 respect to required delivery of Bond certificates and payment of the Purchase Price; and

1229 (5) that prior to the commencement of each Interest Period
1230 during a Long Term Mode and the Fixed Mode, Bonds may become Serial Bonds and/or
1231 Term Bonds maturing or subject to scheduled mandatory redemption on the first Interest
1232 Payment Date in September of each year, commencing in the next succeeding September
1233 after the Mode Change Date, in accordance with the limitations set forth in
1234 Section 2.09(e).

1235 (d) *Conditions to Conversion Between Modes.* A change in Mode will
1236 not become effective unless:

1237 (1) if the conversion is from the Commercial Paper Mode, the
1238 Registrar has received, prior to the date on which notice of conversion is required to be
1239 given to Registered Owners, written confirmation from the Remarketing Agent that it has

1240 not established and will not establish any Interest Rate Periods extending beyond the day
1241 before the Mode Change Date;

1242 (2) if the conversion is from the Commercial Paper Mode,
1243 Daily Mode or Weekly Mode to a Long Term Mode or Fixed Mode, or from a Long
1244 Term Mode to a Commercial Paper Mode, Daily Mode or Weekly Mode, the Registrar
1245 has been provided, no later than one day before the Mode Change Date, with a Favorable
1246 Opinion of Bond Counsel with respect to the conversion;

1247 (3) no change in Mode will become effective unless all
1248 conditions precedent thereto have been met and all such Bonds have been remarketed;
1249 and

1250 (4) no conversion to a New Mode, other than the Fixed Mode,
1251 shall be made if an Interest Period will extend beyond the Expiration Date.

1252 (e) *Failure to Satisfy Conditions Precedent to Mode Change.* If fewer
1253 than all of the Bonds have been remarketed or if any of the foregoing conditions have not
1254 been satisfied by the Mode Change Date, the New Mode shall not take effect and all
1255 Bonds shall remain in their then effective Mode.

1256 **Section 2.11. Interest Rate on Bank Bonds.** The rate of interest on each Bank
1257 Bond shall be the Bank Interest Rate for each day from and including the date such Bond
1258 becomes a Bank Bond to, but not including, the date such Bond is paid in full or is
1259 remarketed. Bank Bonds shall not bear interest at the Bank Interest Rate after such
1260 Bonds have been remarketed unless such Bonds shall again become Bank Bonds.

1261 **Section 2.12. Form of Bonds.** The Bonds shall each be in substantially the
1262 following form, with appropriate or necessary insertions, depending upon the omissions

1263 and variations as permitted or required hereby. If the Bonds are no longer held in
1264 fully-immobilized form, the form of the Bonds will be changed to reflect the changes
1265 required in connection with the preparation of certificated Bonds.

1266 No. R-_____ \$

1267

1268 UNITED STATES OF AMERICA

1269

1270 KING COUNTY

1271 JUNIOR LIEN VARIABLE RATE DEMAND

1272 SEWER REVENUE BOND, SERIES 2001A

1273

1274

1275 MATURITY DATE ISSUE DATE CUSIP

1276

1277

1278 REGISTERED OWNER: CEDE & CO.

1279

1280 PRINCIPAL AMOUNT:

1281

1282 King County, Washington (the "County") promises to pay to the Registered
1283 Owner named above, or registered assigns, but solely from the sources hereinafter
1284 mentioned, on the Maturity Date specified above, unless this bond shall have been
1285 previously called for redemption in whole or in part and payment of the redemption price

1286 shall have been duly made or provided for, the Principal Amount shown above and to pay
1287 interest thereon, at the rate determined as herein provided from the most recent Interest
1288 Payment Date to which interest has been paid or duly provided for, or from the date of
1289 authentication hereof if such date is on an Interest Payment Date to which interest has
1290 been paid or duly provided for, or from the Issue Date specified above if no interest has
1291 been paid or duly provided for, such payments of interest to be made on each Interest
1292 Payment Date until the principal or redemption price hereof has been paid or duly
1293 provided for as aforesaid.

1294

1295 The principal or redemption price of and interest on this bond are payable in
1296 lawful money of the United States of America. The principal or redemption price of this
1297 bond (or of a portion of this bond, in the case of a partial redemption) is payable to the
1298 Registered Owner hereof in immediately available funds or next day funds, depending on
1299 the applicable Interest Period and the instructions of the registered owner upon
1300 presentation and surrender hereof at the office of the fiscal agency of the State of
1301 Washington in New York, New York (the "Registrar"). Both principal of and interest on
1302 this bond shall be paid as provided in the Blanket Issuer Letter of Representations (the
1303 "Letter of Representations") from the County to The Depository Trust Company
1304 ("DTC"). Capitalized terms used in this Bond have the meanings given such terms in
1305 Ordinance ____ of the County, passed on _____, 2001 (the "Bond Ordinance").
1306 Interest on this bond shall accrue at Daily Rates, Weekly Rates, Commercial Paper Rates,
1307 Long Term Rates or Fixed Rates, payable on Interest Payment Dates, all as provided in

Ordinance 14171

1308 the Bond Ordinance; provided, however, that if held by the Bank, interest on this Bond
1309 shall bear interest at the Bank Interest Rate.

1310

1311 This bond is issued pursuant to the Bond Ordinance to finance capital
1312 improvements to the sewer system of the County (the "System"). Simultaneously with
1313 the issuance of the Bonds, the County is also issuing its Junior Lien Variable Rate
1314 Demand Sewer Revenue Bonds, Series 2001B, in the aggregate principal amount of
1315 \$50,000,000 (the "Series 2001B Bonds").

1316

1317 This bond, if in the Daily Mode or the Weekly Mode, shall be purchased on
1318 demand of the Registered Owner as provided in the Bond Ordinance.

1319

1320 This bond is subject to optional redemption and, other than Bonds in the Fixed
1321 Mode, mandatory tenders for purchase prior to scheduled maturity at prices and times as
1322 set forth in the Bond Ordinance.

1323

1324 The Bonds are not "qualified tax exempt obligations" eligible for investment by
1325 financial institutions within the meaning of Section 265(b) of the Internal Revenue Code
1326 of 1986, as amended.

1327

1328 This bond and the Bonds are special limited obligations of the County and are not
1329 obligations of the State of Washington or any political subdivision thereof other than the
1330 County, and neither the full faith and credit nor the taxing power of the County or the

Ordinance 14171

1331 State of Washington or any political subdivision thereof is pledged to the payment of this
1332 bond or the Bonds.

1333

1334 The County hereby covenants and agrees with the holder of this bond that it will
1335 keep and perform all the covenants of this bond and of the Bond Ordinance to be by it kept
1336 and performed. The County pledges and binds itself to set aside out of the earnings and
1337 revenue of the Sewer System and to pay into the Junior Lien Bond Fund and certain
1338 accounts therein the various amounts required by the Bond Ordinance to be paid into and
1339 maintained in said accounts, all within the times provided by said ordinance.

1340

1341 The amounts covenanted to be paid out of the Revenue of the System and
1342 deposited into the Junior Lien Bond Fund shall constitute and the County has by the
1343 Bond Ordinance granted and pledged to the owners of the Bonds, a lien and charge on
1344 such Revenue junior, subordinate and inferior to Operating and Maintenance Expenses;
1345 junior, subordinate and inferior to the lien and charge on such Revenue for the payments
1346 required to be made into the Parity Bond Fund and the accounts therein, and into the
1347 Operating Reserve Account, Contingency Reserve Account, and Betterment Reserve
1348 Account in the Sewer Revenue Fund; junior, subordinate and inferior to the lien and
1349 charge on such Revenue for the payments required under the 1990 SRF Loan Agreement;
1350 junior, subordinate and inferior to the lien and charge on such Revenue of the payments
1351 required to be made into the Parity Lien Obligation Bond Fund and the accounts therein;
1352 equal to the lien and charge on such Revenue to pay and secure the payment of the
1353 Series 2001B Bonds and any Additional Junior Lien Obligations; and superior to all other

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1354 liens and charges of any kind or nature, including, *inter alia*, the lien and charge on such
1355 Revenue to pay and secure the payment of the Commercial Paper Notes, the Bank Note
1356 and any Additional Subordinate Lien Obligations, and the 2000 SRF Loan.

1357

1358 The County has further pledged that it will cause the Sewer System to be
1359 maintained in good condition and repair and to be operated in an efficient manner and at
1360 a reasonable cost. The County has further pledged that it will at all times establish,
1361 maintain and collect adequate rates and charges for sewage disposal service as provided
1362 in the Bond Ordinance. Reference to the Bond Ordinance is made for a description of the
1363 nature and extent of the security for the Bonds, the funds or revenues pledged, and the
1364 terms and conditions upon which the Bonds are issued.

1365

1366 The pledge of revenues and other obligations of the County under the Bond
1367 Ordinance may be discharged prior to maturity of the Bonds by making provisions for the
1368 payment thereof on the terms and conditions set forth in the Bond Ordinance.

1369

1370 This bond shall not be valid or become obligatory for any purpose or be entitled
1371 to any security or benefit under the Bond Ordinance until the Certificate of
1372 Authentication hereon shall have been manually signed by the Bond Registrar.

1373

1374 It is hereby certified that all acts, conditions and things required by the
1375 Constitution and statutes of the State of Washington and the Charter and ordinances of
1376 the County to exist, to have happened, been done and performed precedent to and in the

1377 issuance of this bond have happened, been done and performed and that the issuance of
1378 this bond and the Bonds does not violate any constitutional, statutory or other limitation
1379 upon the amount of bonded indebtedness that the County may incur.

1380

1381 IN WITNESS WHEREOF, King County, Washington has caused this bond to be
1382 executed with the manual or facsimile signatures of the County Executive and Clerk of
1383 the County Council and caused a facsimile of the official seal of the County to be
1384 reproduced hereon.

1385

1386

KING COUNTY, WASHINGTON

1387

1388

1389 (SEAL)

By _____

1390

County Executive

1391

1392 ATTEST:

1393

1394

1395 By _____

1396

Clerk of the County Council

1397

1398 The Certificate of Authentication for the Bonds shall be in substantially the

1399 following form and shall appear on each Bond:

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AUTHENTICATION CERTIFICATE

This bond is one of the King County, Washington, Junior Lien Variable Rate Demand Sewer Revenue Bonds, Series 2001A, described in the within-mentioned Bond Ordinance.

WASHINGTON STATE FISCAL
AGENCY, as Registrar

By _____

Authorized Signatory

Date of Authentication: _____

Section 2.13. Defeasance. If money and/or Government Obligations maturing at such time(s) and bearing such interest to be earned thereon (without any reinvestment thereof) as will provide a series of payments that shall be sufficient together with any money initially deposited, to provide for the payment of the principal of, premium, if any, and interest (if the rate of interest is not fixed, at the Maximum Rate) on all or a designated portion of the Bonds when due (whether at maturity or upon earlier redemption in accordance with their respective terms) or on the first date on which such Bonds must or could be tendered for purchase are set aside in a special fund (hereinafter

1423 called the “trust account”) to effect such payment and are pledged irrevocably in
1424 accordance with a refunding or defeasance plan adopted by the county for the purpose of
1425 effecting such payment, then no further payments need be made in the Junior Lien Bond
1426 Fund for the payment of the principal of, interest or redemption premium on such Bonds,
1427 the Registered Owners thereof shall cease to be entitled to any lien, benefit or security of
1428 this ordinance, except the right to receive payment of the principal of, premium, if any,
1429 and interest on such Bonds when due in accordance with their respective terms from the
1430 money and the principal and interest proceeds on the Government Obligations set aside in
1431 the trust account, and such Bonds shall no longer be deemed to be Outstanding
1432 hereunder; provided, however, that the Bonds may not be defeased in whole until the
1433 Registrar receives written notice from the Bank that all amounts due the Bank under the
1434 Reimbursement Agreement have been paid and that the Letter of Credit has been
1435 terminated in accordance with its terms. Notwithstanding the foregoing, no defeasance of
1436 Bonds then in the Commercial Paper Mode, the Daily Mode or the Weekly Mode may be
1437 made unless the county shall have received written notice from each Rating Agency then
1438 maintaining a rating on the Bonds to the effect that the rating then in effect with respect
1439 to such Bonds will not be withdrawn, reduced or suspended as a result of the proposed
1440 defeasance.

1441 **ARTICLE III.**

1442 **REDEMPTION OF BONDS**

1443 **Section 3.01. Optional Redemption During Commercial Paper Mode.** Bonds
1444 in the Commercial Paper Mode are not subject to optional redemption prior to their
1445 respective Purchase Dates. Commercial Paper Bonds shall be subject to redemption at

1446 the option of the county, in whole or in part in principal amounts that permit all
1447 remaining Outstanding Bonds to continue in Authorized Denominations, on their
1448 respective Purchase Dates at a redemption price equal to the principal amount thereof.

1449 **Section 3.02. Optional Redemption of Bonds in the Daily Mode or the**
1450 **Weekly Mode.** Bonds in the Daily Mode or the Weekly Mode shall be subject to
1451 redemption at the option of the county, in whole or in part in principal amounts that
1452 permit all remaining Outstanding Bonds to continue in Authorized Denominations, on
1453 any Interest Payment Date for those Bonds at a redemption price equal to the principal
1454 amount thereof.

1455 **Section 3.03. Optional Redemption of Bonds in the Long Term Mode and**
1456 **Fixed Mode.** Bonds in a Long Term Mode or Fixed Mode shall be subject to redemption
1457 at the option of the county, in whole or in part in Authorized Denominations on such
1458 dates and at such prices as determined by the county for such Bonds on the Rate
1459 Determination Date.

1460 **Section 3.04. Optional Redemption of Bank Bonds.** Bank Bonds shall be
1461 subject to redemption at the option of the county, in whole or in part, in principal
1462 amounts that permit the remaining Outstanding Bonds to continue in Authorized
1463 Denominations, at any time, upon payment by the county to the Bank of an amount equal
1464 to the principal amount of the Bank Bonds to be redeemed, plus any accrued interest paid
1465 by the Bank as part of the Purchase Price thereof and not theretofore repaid to the Bank,
1466 plus accrued interest thereon at the Bank Interest Rate to the Redemption Date.

1467 **Section 3.05. Selection of Bonds for Redemption.** Whenever fewer than all the
1468 Outstanding Bonds are to be redeemed, the Bonds to be redeemed shall be selected in

1469 accordance with the operational arrangements of DTC referred to in the Letter of
1470 Representations. Notwithstanding the foregoing, Bank Bonds shall in all cases be
1471 redeemed first. In no event shall any Bond be Outstanding in a principal amount that is
1472 not an Authorized Denomination.

1473 **Section 3.06. Notice of Redemption.** For so long as the book entry-system is in
1474 effect, notice of redemption shall be provided in accordance with the operational
1475 arrangements of DTC referred to in the Letter of Representations, and no additional
1476 published or other notice shall be provided by the county; *provided, however,* that the
1477 Bank shall be given prior written notice of any proposed redemption of Bonds. In any
1478 event, notice of redemption shall be given by the county to the Registrar who shall give
1479 notice to DTC at least 30 days prior to the proposed date of redemption during the Long
1480 Term Mode and the Fixed Mode and at least 15 days for all other Modes.

1481 **Section 3.07. Effect of Redemption.** If notice of redemption has been duly
1482 given and money for the payment of the Redemption Price of the Bonds or portions
1483 thereof to be redeemed is held by the Registrar, then on the Redemption Date the Bonds
1484 or portions thereof so called for redemption shall become payable at the Redemption
1485 Price specified in such notice; and from and after the Redemption Date, interest thereon
1486 or on portions thereof so called for redemption shall cease to accrue, such Bonds or
1487 portions thereof shall cease to be Outstanding and to be entitled to any benefit, protection
1488 or security hereunder and the Owners of such Bonds or portions thereof shall have no
1489 rights in respect thereof except to receive payment of the Redemption Price upon delivery
1490 of such Bonds to the Registrar. Notwithstanding the foregoing, any Bank Bonds shall
1491 remain Outstanding until the Bank is paid all amounts due in connection with such Bonds

1492 or portions thereof to be redeemed on the Redemption Date. After payment to the Bank
1493 of all amounts due on Bank Bonds the Bank shall surrender such Bonds to the Registrar
1494 for cancellation.

1495 **Section 3.08. Purchase of Bonds In Lieu of Proceedings for Redemption.**

1496 The county reserves the right to purchase any of the Bonds offered to it by a Beneficial
1497 Owner or the Registered Owner at any time at any price acceptable to the county. Bonds
1498 so purchased by the county will be retired and will not be remarketed.

1499 **ARTICLE IV.**

1500 **PURCHASE OF BONDS**

1501 **Section 4.01. Tenders for Purchase.** As provided in Article II hereof, and

1502 notwithstanding anything to the contrary in this Article IV, tenders and purchases of
1503 Bonds shall be made pursuant to DTC's rules and procedures so long as any Bond is
1504 registered in the name of Cede & Co., as nominee of DTC. Whenever in the context of
1505 this ordinance, a Registered Owner or Beneficial Owner is offered the opportunity or
1506 required to tender a Bond for purchase, the tender shall be accomplished by the making
1507 of or the irrevocable authorization to make appropriate entries on the books of DTC or
1508 any DTC Participant. The payment of the Purchase Price for tendered Bonds under this
1509 Section 4.01 shall be made solely from remarketing proceeds and/or from the proceeds of
1510 drawing on the Letter of Credit and shall not constitute an obligation of the county in the
1511 event of an insufficiency of funds from the foregoing to pay the entire Purchase Price of
1512 tendered Bonds.

1513 (a) *Optional Tender Purchase Dates.* The Beneficial Owners of

1514 Bonds in the Daily Mode or Weekly Mode may elect to have their Bonds (or portions

1515 thereof in amounts equal to any Authorized Denomination, provided that the remaining
1516 Bonds held by such Beneficial Owner will continue to be in Authorized Denominations)
1517 purchased at the Purchase Price on the Purchase Date as follows:

1518 (1) Bonds in the Daily Mode may be tendered for purchase
1519 upon delivery of a notice of tender by Electronic Means or telephone to the Registrar,
1520 directly or through the Beneficial Owner's DTC Participant, not later than 11:00 a.m.,
1521 New York City time, on the intended Purchase Date.

1522 (2) Bonds in the Weekly Mode may be tendered for purchase
1523 upon delivery of a notice of tender by Electronic Means or telephone to the Registrar,
1524 directly or through the Beneficial Owner's DTC Participant, not later than 4:00 p.m.,
1525 New York City time, on a Business Day not less than seven days prior to the Purchase
1526 Date.

1527 (b) *Notice of Tender.* Each notice of tender:

1528 (1) shall be delivered to the Registrar at its principal corporate
1529 trust office and be in form satisfactory to the Registrar;

1530 (2) shall state (A) CUSIP number, bond number, and the
1531 principal amount of the Bond to which the notice relates, (B) that the Registered Owner
1532 irrevocably demands purchase of such Bond or a specified portion thereof in an amount
1533 equal to an Authorized Denomination, so long as the remaining portion thereof is in an
1534 Authorized Denomination, (C) the date on which such Bond or portion is to be
1535 purchased, and (D) payment instructions with respect to the Purchase Price; and

1536 (3) shall automatically constitute an irrevocable offer to sell the
1537 Bond (or portion thereof) to which the notice relates on the Purchase Date. The

1538 determination of the Registrar as to whether a notice of tender has been properly
1539 delivered pursuant to the foregoing shall be conclusive and binding upon the Registered
1540 Owner.

1541 (c) *Bonds to be Remarketed.* Not later than 11:00 a.m., New York
1542 City time, on the Business Day immediately following the date of receipt of any notice of
1543 tender (or immediately upon such receipt, in the case of Bonds in the Daily Mode), the
1544 Registrar shall notify, by telephone, promptly confirmed in writing, the county and the
1545 Remarketing Agent of the principal amount of Bonds (or portions thereof) to be
1546 purchased and the Purchase Date.

1547 **Section 4.02. Mandatory Tenders for Purchase.** The payment of the Purchase
1548 Price for tendered Bonds under this Section 4.02 shall be made solely from remarketing
1549 proceeds and/or from the proceeds of drawing on the Letter of Credit and shall not
1550 constitute an obligation of the county in the event of an insufficiency of funds from the
1551 foregoing to pay the entire Purchase Price of tendered Bonds.

1552 (a) *Commercial Paper Mode.* Each Bond in the Commercial Paper
1553 Mode shall be subject to mandatory tender for purchase on the Business Day after the last
1554 day of each Interest Period applicable to such Bond, at a Purchase Price equal to 100% of
1555 the principal amount thereof, plus interest accrued during such Interest Period. The
1556 Registered Owner of any Bond in the Commercial Paper Mode and tendered for purchase
1557 as provided in this Section 4.02(a) shall provide the Registrar with payment instructions
1558 for the Purchase Price of its Bond on or before the Mandatory Purchase Date.

1559 (b) *Conversions between Modes and on First Day of each Interest*
1560 *Period in Long Term Mode.* Bonds to be converted from one Mode to a different Mode

1561 (except for conversions between the Daily and Weekly Modes) and Bonds in the Long
1562 Term Mode are subject to mandatory tender for purchase on the Mode Change Date and
1563 on the first day of each succeeding Interest Period, respectively, at a Purchase Price equal
1564 to the principal amount thereof plus accrued interest. Owners shall be required to tender
1565 their Bonds to the Registrar at or prior to 11:00 a.m., New York City time, on the
1566 Mandatory Purchase Date for purchase.

1567 (c) *Mandatory Purchase Upon Substitution or Expiration of Letter of*
1568 *Credit.* On or prior to the 25th day next preceding (1) the Substitution Date, or (2) the
1569 Expiration Date, if the county has failed to deliver to the Registrar an Alternate Credit
1570 Facility (unless the county has elected to convert the Bonds to a Fixed Mode on or prior
1571 to the Expiration Date), then the Registrar shall give notice to the Registered Owners and
1572 the other Notice Parties stating:

1573 (i) in the case of a Substitution Tender Date, (A) that the Letter of
1574 Credit is being replaced by an Alternate Credit Facility (specifying the identity of the
1575 issuer of the Alternate Credit Facility and the Substitution Date); (B) the expected rating
1576 or ratings on the Bonds as of the Substitution Date and whether such rating(s) are
1577 expected to or may (as applicable) be reduced, increased, withdrawn or suspended; and
1578 (C) that the Bonds are required to be tendered for purchase (specifying the Substitution
1579 Tender Date and the procedures for tender, and stating that if not so tendered Bonds will
1580 be deemed tendered and interest thereon will cease to accrue on the Substitution Tender
1581 Date); or

1582 (ii) in the case of an Expiration Tender Date, that (A) the Letter of
1583 Credit is scheduled to expire (specifying the Expiration Date); (B) the county has not

1584 arranged for the extension of the Letter of Credit or Alternate Credit Facility, or an
1585 Alternate Credit Facility has not been delivered as of the date of such notice; and (C) the
1586 Bonds are required to be tendered for purchase (specifying the Expiration Tender Date
1587 and the procedures for tender, and stating that if not so tendered Bonds will be deemed
1588 tendered and interest thereon will cease to accrue on the Expiration Tender Date).

1589 The failure to mail such notice pursuant to clauses (i) and (ii) above with
1590 respect to any Bond shall not affect the validity of the mandatory purchase of any other
1591 Bond with respect to which notice was so mailed. Any notice mailed shall be
1592 conclusively presumed to have been given, whether or not actually received by any
1593 Registered Owner.

1594 Payment of the Purchase Price of such Bonds shall be made by wire transfer in
1595 immediately available funds by the Registrar by the close of business on such Mandatory
1596 Purchase Date.

1597 (d) *Mandatory Purchase Upon Event of Default Under*
1598 *Reimbursement Agreement.* Each Bond in a Daily Mode, Weekly Mode, Commercial
1599 Paper Mode or Long Term Mode is subject to mandatory purchase at the Purchase Price
1600 on the Default Tender Date. Such written notice shall be given by the Bank to the
1601 Registrar who shall, immediately upon receipt thereof, transmit a copy of such notice to
1602 all Notice Parties. No later than the third day next preceding the Mandatory Purchase
1603 Date, the Registrar shall give notice to the Registered Owners stating that the Bonds are
1604 required to be tendered for purchase (specifying the Mandatory Purchase Date and the
1605 procedures for tender and stating that if not so tendered Bonds shall be deemed tendered
1606 and interest thereon shall cease to accrue on the Mandatory Purchase Date). The failure

1607 to mail such notice with respect to any Bond shall not affect the validity of the mandatory
1608 purchase of any other Bond with respect to which notice was so mailed. Any notice
1609 mailed shall be conclusively presumed to have been given, whether or not actually
1610 received by any owner. Payment of the Purchase Price shall be made by wire transfer to
1611 accounts designated by the Registered Owners in immediately available funds by the
1612 Registrar by the close of business on the Mandatory Purchase Date.

1613 **Section 4.03. Remarketing and Purchase.**

1614 (a) *Remarketing of Tendered Bonds.* Unless otherwise instructed by
1615 the county, with the consent of the Bank, the Remarketing Agent shall use its best efforts
1616 to remarket Bonds or portions thereof for which notice of tender has been received
1617 pursuant to Section 4.01(b) or that are subject to mandatory tender on a Mandatory
1618 Purchase Date (other than a Default Tender Date). The terms of any remarketing by the
1619 Remarketing Agent shall provide for the payment of the full Purchase Price for tendered
1620 Bonds by the purchaser to the appropriate DTC Participant in immediately available
1621 funds at or before 12:00 noon, New York City time, on the Purchase Date. The
1622 Remarketing Agent shall not remarket any Bonds to the county. The Remarketing Agent
1623 shall not sell any Bond as to which a notice of Mode Change Date or notice of
1624 redemption has been given by the Registrar unless the Remarketing Agent has notified
1625 the Person to whom the sale is made of the conversion or redemption. Bank Bonds may
1626 not be remarketed (delivered to new purchasers) unless the Registrar has received written
1627 confirmation by Electronic Means from the Bank to the effect that the "Principal Portion"
1628 and the "Interest Portion" as defined in the Credit Facility has been fully reinstated with
1629 respect to such Bank Bonds or will be upon the remarketing of the Bonds.

1630 (b) *Purchase of Tendered Bonds.*

1631 (1) Notice. Not later than 12:00 p.m., New York City time, on
1632 any Purchase Date or Mandatory Purchase Date, as the case may be, the Remarketing
1633 Agent shall give notice by telephone or Electronic Means to the Registrar of the principal
1634 amount of tendered Bonds that were remarketed and those that were not remarketed, if
1635 any. Not later than 12:15 p.m., New York City time, on the Purchase Date or the
1636 Mandatory Purchase Date, the Registrar shall give notice to the county and the Bank or
1637 the issuer of the Credit Facility by telephone or Electronic Means, specifying the
1638 principal amount of tendered Bonds as to which the Remarketing Agent has not
1639 remarketed. Not later than 1:00 p.m., New York City time, on the Purchase Date or the
1640 Mandatory Purchase Date, the Remarketing Agent shall give notice to the Registrar by
1641 telephone (promptly confirmed in writing or by Electronic Means) of the names,
1642 addresses and taxpayer identification numbers of the purchasers, the denominations of
1643 Bonds to be delivered to each purchaser and, if available, payment instructions for
1644 regularly scheduled interest payments, or of any changes in any such information
1645 previously communicated.

1646 (2) Sources of Payments. The Remarketing Agent shall direct
1647 to be paid on the Purchase Date all amounts representing proceeds of the remarketing of
1648 such Bonds, such payments to be made in the manner and at the time specified in
1649 subsection 4.03(a) above. If such amounts are not sufficient to pay the Purchase Price,
1650 the Registrar shall immediately notify the county and the Bank or the issuer of the Credit
1651 Facility of any deficiency (but no later than 12:30 p.m., New York time). Pursuant to the
1652 Credit Facility, the Bank shall, following receipt of purchase notices and transfer

1653 instructions from the Registrar in the name of the Bank, on the Purchase Date, purchase
1654 such tendered Bonds by delivering to (or at the direction of) the Registrar for the tendered
1655 Bonds the Purchase Price therefor in immediately available funds in an amount equal to
1656 such deficiency prior to 2:30 p.m., New York City time, on the Purchase Date or the
1657 Mandatory Purchase Date. If money is received by the Registrar as remarketing proceeds
1658 or from the Bank, any such amounts shall be deposited by the Registrar in the Purchase
1659 Account to be used solely for the payment of the Purchase Price of tendered Bonds and
1660 shall not be commingled with other funds held by the Registrar. All Bonds so purchased
1661 by the Bank shall be registered in the name of the Bank on the Purchase Date, shall be
1662 held in trust by the Registrar on behalf of the Bank, and shall not be released from such
1663 trust unless the Registrar shall have received written instructions from the Bank and
1664 written confirmation by Electronic Means that the Credit Facility has been reinstated.

1665 (3) Payments of the Purchase Price. Not later than the close of
1666 business on the Purchase Date and upon receipt by the Registrar of 100% of the
1667 aggregate Purchase Price of the tendered Bonds, the Purchase Price of such Bonds shall
1668 be paid to the Registered Owners thereof. Such payments shall be made by wire transfer
1669 of immediately available funds. Such payments shall be made first from the proceeds of
1670 the remarketing of such Bonds by the Remarketing Agent, and second, from money
1671 received from the Bank under the Credit Facility.

1672 **Section 4.04. Purchase Account.** There is hereby created with the Registrar a
1673 segregated trust fund to be designated the "Purchase Account." The Purchase Account
1674 shall consist of two sub-accounts to be designated respectively the "Remarketing
1675 Subaccount" and the "Bank Purchase Subaccount."

1676 If by the terms of the remarketing, the Registrar receives any money from the
1677 remarketing of Bonds, the Registrar shall deposit or cause to be deposited into the
1678 Remarketing Subaccount, if and when received, all money delivered to the Registrar as
1679 and for the Purchase Price of remarketed Bonds, such money to pay the Purchase Price of
1680 remarketed Bonds.

1681 The Registrar shall deposit or cause to be deposited into the Bank Purchase
1682 Account, when and as received, all money delivered to the Registrar, if any, from the
1683 Bank pursuant to the Credit Facility, such money to be used to purchase unremarketed
1684 Bonds, which Bonds shall thereafter be registered in the name of the Bank and
1685 considered Bank Bonds.

1686 Amounts held in the Bank Purchase Subaccount and the Remarketing Subaccount
1687 by the Registrar shall be held uninvested and separate and apart from all other funds,
1688 accounts and subaccounts.

1689 On the date of purchase, the Registrar shall register and deliver (or hold) or cancel
1690 all Bonds purchased on any purchase date as follows: (A) Bonds purchased or
1691 remarketed by the Remarketing Agent shall be registered and made available to the
1692 Remarketing Agent by 2:15 p.m., New York City time, in accordance with the
1693 instructions of the Remarketing Agent; (B) Bonds purchased with proceeds of a drawing
1694 on the Credit Facility shall be held as Bank Bonds and shall be held in trust by the
1695 Registrar on behalf of the Bank and shall not be released from such trust unless the
1696 Registrar shall have received written instructions from the Bank and, unless the Bonds
1697 are to be cancelled, written confirmation by Electronic Means that the Letter of Credit
1698 has been reinstated. Notwithstanding anything herein to the contrary, so long as the

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1699 Bonds are held under the book-entry only system in accordance with Section 2.05 hereof,
1700 Bonds will not be delivered as set forth above; rather, transfers of beneficial ownership of
1701 the Bonds to the person indicated above will be effected on the registration books of DTC
1702 pursuant to its rules and procedures.

1703 Bonds purchased with proceeds of a drawing on the Credit Facility pursuant to
1704 this Section shall constitute "Bank Bonds" and shall be held by the Registrar as agent for
1705 the Bank pursuant to the Reimbursement Agreement (and shall be shown as such on the
1706 registration books maintained by the Registrar) unless and until (1)(A) the Registrar has
1707 written confirmation by Electronic Means from the Bank to the extent contemplated by
1708 the terms of the Credit Facility that the Credit Facility has been reinstated with respect to
1709 such drawing and (B) the Bank has notified the Registrar by facsimile (thereafter
1710 promptly confirmed in writing by U.S. Mail) that such Bonds have been released
1711 pursuant to the Reimbursement Agreement and are no longer Bank Bonds or (2) the Bank
1712 Bonds have been purchased by the county and surrendered for cancellation. Pending
1713 reinstatement of the Credit Facility and release of such Bank Bonds, as aforesaid, the
1714 Bank or its designee may assign them to an affiliate and shall be entitled to receive all
1715 payments of principal of and interest on Bank Bonds and such Bonds shall not be
1716 transferable or deliverable to any party (including the county) except the Bank pursuant
1717 to the Reimbursement Agreement. Unless an Event of Default has occurred or if the
1718 county otherwise instructs, the Remarketing Agent shall continue to use its best efforts to
1719 arrange for the sale of any Bank Bonds, subject to full reinstatement of the Letter of
1720 Credit with respect to the drawings with which such Bonds were purchased, at a price

1721 equal to the principal amount thereof plus accrued interest (not including interest owed to
1722 the Bank at the Bank Rate).

1723 Notwithstanding anything to the contrary in this subsection, if and for so long as
1724 the Bonds are to be registered in accordance with Section 2.02 hereof, the registration
1725 requirements under this subsection (v) shall be deemed satisfied if Bank Bonds are
1726 (1) registered in the name of the Securities Depository or its nominee in accordance with
1727 Section 2.05 hereof, and (2)(i) credited on the books of the Securities Depository to the
1728 account of the Registrar (or its nominee) and further credited on the books of the
1729 Registrar (or such nominee) to the account of the Bank (or its designee) or (ii) credited on
1730 the books of the Securities Depository to the account of the Bank or its nominee.

1731 In the event that any Bonds are registered to the Bank pursuant to the provisions
1732 of this section above to the extent requested by the Bank, the Remarketing Agent shall
1733 offer for sale and use its best efforts to sell such Bonds at a price equal to the principal
1734 amount thereof plus accrued interest (not including interest owed to the Bank at the Bank
1735 Rate).

1736 All Bonds to be purchased on any date shall be required to be delivered to the
1737 principal office of the Registrar at or before (A) 1:00 p.m., New York City time, on the
1738 purchase date in the case of Bonds accruing interest at Commercial Paper or Daily Rates;
1739 (B) 12:00 noon, New York City time, on the purchase date in the case of Bonds accruing
1740 interest at Weekly Rates; or (C) 5:00 p.m., New York City time, on the second Business
1741 Day prior to the purchase date in the case of Bonds accruing interest at Long Term Rates,
1742 except for Bonds delivered by or on behalf of an Investment Company in accordance
1743 with Section 4.06 hereof which may be delivered by 3:00 p.m., New York City time, on

1744 the purchase date. If the Owner of any Bond (or portion thereof) in certificated form that
1745 is subject to optional or mandatory purchase pursuant to this Article fails to deliver such
1746 Bond to the Registrar for purchase on the purchase date, and if the Registrar is in receipt
1747 of the Purchase Price therefor, such Bond (or portion thereof) shall nevertheless be
1748 deemed purchased on the day fixed for purchase thereof and ownership of such Bond (or
1749 portion thereof) shall be transferred to the purchaser thereof as provided above. Any
1750 Owner who fails to deliver such Bond for purchase shall have no further rights thereunder
1751 except the right to receive the Purchase Price thereof upon presentation and surrender of
1752 said Bond to the Registrar. The Registrar shall, as to any tendered Bonds that have not
1753 been delivered to it (i) promptly notify the Remarketing Agent of such nondelivery and
1754 (ii) place a stop transfer against an appropriate amount of Bonds registered in the name of
1755 such Registered Owner(s) on the bond registration books. The Registrar shall place such
1756 stop(s) commencing with the lowest serial number Bond registered in the name of such
1757 Registered Owner(s) until stop transfers have been placed against an appropriate amount
1758 of Bonds until the appropriate tendered Bonds are delivered to the Registrar. Upon such
1759 delivery, the Registrar shall make any necessary adjustments to the bond registration
1760 books.

1761 **Section 4.05. Letter of Credit; Alternate Credit Facility.**

1762 (a) During any Mode (other than the Fixed Mode or the Long Term
1763 Mode), while the Credit Facility is in effect with respect to the Bonds, on each Purchase
1764 Date or Mandatory Purchase Date, the Registrar, by telecopied demand given before
1765 12:30 p.m., New York time, shall notify the Bank of its need for funds to pay the interest
1766 (not including interest owed to the Bank at the Bank Rate) on and/or principal of and/or

1767 the Purchase Price of tendered Bonds in accordance with the terms of the Credit Facility
1768 so as to receive thereunder by 2:30 p.m., New York City time, on such date an amount, in
1769 immediately available funds, sufficient (together with the proceeds of the remarketing of
1770 Bonds (received and available to the Registrar prior to the time of drawing or demand
1771 under the Credit Facility) in connection with a purchase drawing if the Bonds are then
1772 being remarketed) on such date, to pay the Purchase Price in connection therewith. The
1773 Registrar shall deposit amounts received from the Bank to pay the Purchase Price of
1774 tendered Bonds in the Bank Purchase Subaccount pursuant to Section 4.04 hereof.
1775 During any Mode (other than the Fixed Mode), while the Letter of Credit is in effect, on
1776 the Business Day prior to any Interest Payment Date and/or any other date on which a
1777 payment of principal with respect to the Bonds is due, whether by maturity or redemption
1778 in advance of maturity, as the case may be, the Registrar, by telecopied demand given
1779 before 3:00 p.m., New York time, shall notify the Bank of its need for funds to pay
1780 interest on and/or principal of the Bonds in accordance with the terms of the Credit
1781 Facility so as to receive thereunder by 1:00 p.m. on such Interest Payment Date or date on
1782 which a payment of principal with respect to the Bonds is due an amount, in immediately
1783 available funds, sufficient to pay such interest (not including interest owed to the Bank at
1784 the Bank Rate) and/or principal. The Registrar shall hold such funds separate and apart
1785 in trust for the benefit of Registered Owners, and such funds shall not be commingled
1786 with any other funds for any other purpose. No drawing on the Credit Facility may be
1787 made for Bank Bonds or Bonds held by the county.

1788 (b) If at any time there shall have been delivered to the Registrar (i) an
1789 Alternate Credit Facility in substitution for the Letter of Credit then in effect, (ii) a

1790 Favorable Opinion of Bond Counsel, and (iii) written evidence satisfactory to the Bank of
1791 the provision for purchase from the Bank of all Bank Bonds, at a price equal to the
1792 principal amount thereof plus accrued and unpaid interest, and payment of all amounts
1793 due it under the Reimbursement Agreement on or before the effective date of such
1794 Alternate Credit Facility, then the Registrar shall accept such Alternate Credit Facility on
1795 the Substitution Date and shall surrender the Letter of Credit immediately to the Bank
1796 following the Substitution Date. The county shall give the Registrar, any Securities
1797 Depository, the Remarketing Agent and the Bank written notice of the proposed
1798 substitution of an Alternate Credit Facility for the Letter of Credit then in effect no less
1799 than 45 days prior to the proposed Substitution Date. Thirty days' prior notice of any
1800 proposed substitution of an Alternate Credit Facility shall be given by the Registrar to the
1801 Registered Owners.

1802 **Section 4.06. Tenders by Investment Companies.** The Owner of any Bond
1803 issued hereunder that is an Investment Company, or is holding Bonds on behalf of an
1804 Investment Company, may, at its option, notify the Remarketing Agent and the Registrar
1805 of such fact in writing and in such notice irrevocably elect to have its Bond(s) purchased
1806 on the next date on which such Bond(s) may be purchased pursuant to Section 4.01
1807 hereof. Any notice delivered by an Investment Company with respect to its Bond(s) shall
1808 contain the information required under Section 4.01 hereof and shall be irrevocable with
1809 the same effect described in Section 4.01.

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1833 of the System deposited therein shall be used only for the following purposes and in the
1834 following order of priority:

1835 First, to pay all Operating and Maintenance Expenses;

1836 Second, to make all required payments of principal and interest on Parity Bonds
1837 as the same shall become due and payable and, when permitted under the provisions of
1838 the ordinances authorizing the Parity Bonds, to make any Payment Agreement Payments
1839 with respect to any Parity Payment Agreements;

1840 Third, to make required deposits for the amortization of Parity Term Bonds;

1841 Fourth, to make all payments required to be made pursuant to a reimbursement
1842 agreement or agreements (or other equivalent documents) in connection with Qualified
1843 Insurance or a Qualified Letter of Credit, provided that if there is not sufficient money to
1844 make all payments under such reimbursement agreements the payments will be made on
1845 a pro rata basis;

1846 Fifth, to establish and maintain the Bond Reserve (including the cost of obtaining
1847 Qualified Insurance or a Qualified Letter of Credit therefor);

1848 Sixth, to establish and maintain the Operating Reserve (so long as any Series A
1849 through Series Z Bonds remain outstanding);

1850 Seventh, to establish and maintain the Contingency Reserve (so long as any
1851 Series A through Series Z Bonds remain outstanding);

1852 Eighth, to establish and maintain the Betterment Reserve (so long as any Series A
1853 through Series Z Bonds remain outstanding);

1854 Ninth, to make all required payments of principal and interest due on the 1990
1855 SRF Loan;

1856 Tenth, to accumulate in the special reserve fund for the 1990 SRF Loan the
1857 amount required by subsection E of Section VI of the 1990 SRF Loan Agreement to be
1858 accumulated therein;

1859 Eleventh, to make all required payments of principal and interest on the Parity
1860 Lien Obligations and Payment Agreement Payments with respect to any Parity Lien
1861 Payment Agreements;

1862 Twelfth, to make all required payments of principal of and interest on the Bonds,
1863 the Series 2001B Bonds and any other Junior Lien Obligations, as the same shall become
1864 due and payable, to make all Payment Agreement Payments for any Payment Agreements
1865 entered into with respect to Junior Lien Obligations, to make any payments required to be
1866 made to the Bank pursuant to the Reimbursement Agreement and the Series 2001B
1867 Reimbursement Agreement, and to make any payments required to be made to any
1868 provider of credit enhancement for any other Junior Lien Obligations;

1869 Thirteenth, to make all required payments of principal of and interest on the
1870 Commercial Paper Notes, Advances, or Additional Subordinate Lien Obligations as the
1871 same shall become due and payable;

1872 Fourteenth, to make all required payments of principal and interest on bonds,
1873 notes, warrants and other evidences of indebtedness, the lien and charge against Revenue
1874 of the System of which is junior and inferior to the Commercial Paper Notes, the Bank
1875 Note and Additional Subordinate Lien Obligations, as the same shall become due and
1876 payable;

1877 Fifteenth, to make all required payments of principal and interest due on the 2000
1878 SRF Loan; and

1879 Sixteenth, to accumulate in the special reserve fund for the 2000 SRF Loan the
1880 amount required by subsection G of Section VII of the 2000 SRF Loan Agreement to be
1881 accumulated therein.

1882 Any surplus money that the county may have on hand in the Revenue Fund after
1883 making all required payments set forth above may be used by the county (i) to make
1884 necessary improvements, additions and repairs to and extensions and replacements of the
1885 System, (ii) to purchase or redeem and retire outstanding sewer revenue bonds of the
1886 county, (iii) to make deposits into the Rate Stabilization Fund at such time as it is
1887 authorized to be created, or (iv) for any other lawful purposes of the county related to the
1888 System.

1889 (c) *Lien on Revenue of the System.* The Bonds and the lien thereof
1890 created and established hereunder shall be obligations only of the Junior Lien Bond Fund.
1891 The Bonds shall be payable solely from and secured solely by Revenue of the System and
1892 by drawings under the Credit Facility; *provided, however*, that any series of Additional
1893 Junior Lien Obligations also may be payable from and secured by a Credit Facility
1894 pledged specifically to or provided for that series of Additional Junior Lien Obligations.
1895 However, any Additional Junior Lien Obligations shall not be secured by the Letter of
1896 Credit. Funds drawn under the Letter of Credit shall be held separately and shall not be
1897 available for payments with respect to any Additional Junior Lien Obligations.

1898 From and after the time of issuance and delivery of the Bonds and so long
1899 thereafter as any of the same remain Outstanding, the county hereby irrevocably obligates
1900 and binds itself to set aside and pay into the Junior Lien Bond Fund out of Revenue of the
1901 System, on or prior to the date on which the interest on, premium, if any, or principal of

1902 and interest on the Bonds shall become due, the amount necessary to pay such interest,
1903 premium, or principal and interest coming due on the Bonds.

1904 The amounts herein covenanted to be paid out of the Revenue of the System and
1905 deposited into the Junior Lien Bond Fund shall constitute and the county hereby grants
1906 and pledges to the owners of the Bonds, a lien and charge on such Revenue junior,
1907 subordinate and inferior to Operating and Maintenance Expenses; junior, subordinate and
1908 inferior to the lien and charge on such Revenue for the payments required to be made into
1909 the Parity Bond Fund and the accounts therein, and into the Operating Reserve Account,
1910 Contingency Reserve Account, and Betterment Reserve Account in the Sewer Revenue
1911 Fund; junior, subordinate and inferior to the lien and charge on such Revenue for the
1912 payments required under the 1990 SRF Loan Agreement; junior, subordinate and inferior
1913 to the lien and charge on such Revenue of the payments required to be made into the
1914 Parity Lien Obligation Bond Fund and the accounts therein; equal to the lien and charge
1915 on such Revenue to pay and secure the payment of the Series 2001B Bonds and any
1916 Additional Junior Lien Obligations; and superior to all other liens and charges of any
1917 kind or nature, including, *inter alia*, the lien and charge on such Revenue to pay and
1918 secure the payment of the Commercial Paper Notes, the Bank Note and any Additional
1919 Subordinate Lien Obligations, and the 2000 SRF Loan.

1920 The Bonds shall not be deemed to constitute a general obligation or a pledge of
1921 the faith and credit of the county, or a debt or a pledge of the faith and credit of the State
1922 of Washington or any other municipal corporation or political subdivision thereof.
1923 Neither the State of Washington nor any other municipal corporation or political
1924 subdivision thereof shall be obligated to pay the principal of or interest on the Bonds, and

1925 neither the faith and credit nor the taxing power of the county, the State of Washington or
1926 any other municipal corporation or political subdivision thereof is pledged to the payment
1927 of the principal of or interest on the Bonds.

1928 **Section 5.02. Use of Money in Junior Lien Bond Fund and Money Drawn**

1929 **Under Credit Facility.** Money in the Junior Lien Bond Fund shall be used solely for the
1930 payment of the principal of, premium, if any, and interest on Junior Lien Obligations as
1931 the same shall become due and payable at maturity, upon redemption or otherwise;
1932 provided, however, that the lien of the Owners of Bonds on money received from a draw
1933 on the Credit Facility shall be first and prior to the lien of any other person thereon.
1934 Funds for the payment of the principal of, premium, if any, and interest on the Bonds
1935 shall be derived from the following sources in the order of priority indicated:

1936 (a) money drawn by the Registrar under the Credit Facility for the
1937 payment of the principal of or interest on the Bonds; and

1938 (b) payments made by the county pursuant to Section 5.01(b) hereof.

1939 The Credit Facility shall be the obligation of the Bank to pay to the Registrar, in
1940 accordance with the terms thereof, such amounts as shall be specified therein and
1941 available to be drawn thereunder for the timely payment of the principal of and interest
1942 on the Bonds (whether at their stated maturity, or upon redemption or otherwise), and, if
1943 the Credit Facility so permits, premium, and portions of the Purchase Price of Bonds
1944 corresponding to principal and interest thereon, required to be made pursuant to, and in
1945 accordance with, the provisions of this ordinance. Money drawn under the Credit
1946 Facility by the Registrar shall be held by the Registrar separate and apart and shall not be
1947 commingled with any county funds. Such money shall not be re-invested. The Credit

1948 Facility shall be reduced to the extent of any drawings thereunder and reinstated in
1949 accordance with the terms thereof. The Letter of Credit delivered on the Closing Date
1950 shall terminate 364 days from the Closing Date, or earlier upon the occurrence of one of
1951 the events resulting in early termination specified therein or later if extended as provided
1952 in the Reimbursement Agreement and Letter of Credit.

1953 The county may request an extension of the termination date of the Letter of
1954 Credit or may provide for the delivery of an Alternate Credit Facility prior to the
1955 Expiration Date of the Letter of Credit or Alternate Credit Facility, as the case may be, or
1956 upon conversion from one Mode to another.

1957 **Section 5.03. Enforcement of Rights.** The Registered Owner of each of the
1958 Bonds or a trustee for the Registered Owners of any of the Bonds or the Bank may by
1959 mandamus or other appropriate proceeding require the transfer and payment of money as
1960 directed in this ordinance.

1961 **Section 5.04. Additional Obligations of the Sewer System.**

1962 (a) *Senior Lien Bonds.* The county may issue from time to time
1963 additional Parity Bonds and Parity Lien Obligations on the terms and conditions set forth
1964 in the resolutions and ordinances authorizing issuance of the Parity Bonds and the Parity
1965 Lien Obligations.

1966 (b) *Additional Junior Lien Obligations.* The county also hereby
1967 reserves the right to issue Additional Junior Lien Obligations, but only if (i) such Junior
1968 Lien Obligations are issued for the purpose of refunding any then outstanding Junior Lien
1969 Obligations or (ii) such Additional Junior Lien Obligations are issued for any lawful
1970 purpose of the county related to the System and the following conditions are met:

1971 (A) At the time of issuing such Additional Junior Lien
1972 Obligations, there shall be no default in the payment of the principal of or interest on any
1973 Parity Bonds, Parity Lien Obligations, the 1990 SRF Loan, any Outstanding Junior Lien
1974 Obligations, the Commercial Paper Notes, the Bank Note, and any Additional
1975 Subordinate Lien Obligations.

1976 (B) The county shall have on file one of the following
1977 certificates:

1978 (i) A certificate of the finance director showing that
1979 Net Revenue in any 12 consecutive months out of the most recent 18 months preceding
1980 the issuance of such Additional Junior Lien Obligations, based on financial statements of
1981 the System prepared by the county and after deducting therefrom the Senior Lien
1982 Payments required in each calendar year during the life of such Additional Junior Lien
1983 Obligations, shall be at least equal to 1.10 times the Annual Debt Service for the
1984 proposed Additional Junior Lien Obligations and all then outstanding Junior Lien
1985 Obligations in each year during the life of such Additional Junior Lien Obligations

1986 ; or

1987 (ii) A certificate from a licensed professional engineer
1988 experienced in the design, construction and operation of municipal utilities of scope
1989 similar to the System (the certificate may not be dated more than 90 days prior to the date
1990 of delivery of such Additional Junior Lien Obligations) showing that in his or her
1991 professional opinion the Net Revenue, estimated on the basis of all factors as he or she
1992 may consider reasonable, for each of the five calendar years next following the year in
1993 which such Additional Junior Lien Obligations are to be issued, after deducting therefrom

1994 Senior Lien Payments for each such year, shall be at least equal to 1.10 times the Annual
1995 Debt Service for the proposed Additional Junior Lien Obligations and all then
1996 outstanding Junior Lien Obligations in each of those five years

1997 (c) Nothing herein contained shall prevent the county from issuing
1998 revenue bonds, notes or other obligations that are a charge upon the Revenue of the
1999 System junior or inferior to the payments required to be made therefrom into the Junior
2000 Lien Bond Fund to pay and secure the payment of any Junior Lien Obligations.

2001 **Section 5.05. Covenants.** The county hereby makes the following covenants and
2002 agrees with the owners and holders of each of the Bonds for as long as any of the same
2003 remain Outstanding.

2004 (a) *General Rate Covenant.* The county shall establish, maintain and
2005 collect rates and charges for sewage disposal service for each calendar year that shall be
2006 fair and nondiscriminatory and adequate to provide the county with Revenue of the
2007 System sufficient (1) to pay all Operating and Maintenance Expenses during such
2008 calendar year; (2) to pay punctually all amounts described in Paragraphs Second through
2009 Sixteenth in Section 5.01(b) hereof due during such calendar year; and (3) to pay any and
2010 all amounts that the county is now or may hereafter become obligated by law or contract
2011 to pay during such calendar year from the Revenue of the System.

2012 (b) *Coverage Requirement.* (1) Subject to the provisions of
2013 subparagraph (2) of this Section 5.05(b), the county hereby covenants with the owners of
2014 the Bonds for so long as any of the same are outstanding that the county will at all times
2015 establish, maintain and collect rates and charges for sewage disposal service that, together
2016 with the interest to be earned on investments made of money in the Revenue Fund, Parity

2017 Bond Fund, Operating Reserve, Contingency Reserve, Betterment Reserve, Parity Lien
2018 Obligation Bond Fund, Junior Lien Bond Fund, and Construction Account will provide in
2019 each fiscal year Net Revenue, after deducting therefrom amounts required to pay Annual
2020 Parity Debt Service and amounts required to pay principal and interest due in such year
2021 on the Parity Lien Obligations and the 1990 SRF Loan, in an amount equal to at least
2022 1.10 times the amounts required to pay:

2023 (A) All amounts required to be paid in such fiscal year in
2024 respect of interest on the Bonds, the Series 2001B Bonds and any Additional Junior Lien
2025 Obligations and Payment Agreement Payments for Payment Agreements entered into
2026 with respect to any Junior Lien Obligations.

2027 (B) All principal coming due in such fiscal year on the Bonds,
2028 the Series 2001B Bonds, and any Additional Junior Lien Obligations.

2029 (C) The amounts required to be paid into the Junior Lien Bond
2030 Fund for amortization of principal of Junior Lien Obligations that are Term Bonds. For
2031 purposes of clause (C) of this paragraph, "amounts required to be paid" means the
2032 amount to be deposited or accumulated in any fund or account for interest on and
2033 amortization of Term Bonds on or before such January 1 for outstanding Term Bonds
2034 irrespective of the date or dates such amount, or any portion thereof, is actually deposited
2035 into such fund or account.

2036 (2) Amounts required to be paid in respect of Parity Lien Obligations
2037 and Junior Lien Obligations shall be calculated in accordance with the following
2038 requirements:

2039 (A) For purposes of calculating the amounts required to pay
2040 interest on Parity Lien Obligations and Junior Lien Obligations, capitalized interest and
2041 accrued interest paid to the county upon the issuance of Parity Lien Obligations and
2042 Junior Lien Obligations shall be excluded.

2043 (B) The amount of interest deemed to be payable on any issue
2044 of Variable Rate Parity Lien Obligations and Junior Lien Obligations bearing interest at
2045 variable rates shall be calculated on the assumption that the interest rate on those bonds
2046 would be equal to the rate (the "assumed RBI rate") that is 90% of the average Bond
2047 Buyer Revenue Bond Index or comparable index during the fiscal quarter preceding the
2048 quarter in which the calculation is made; provided, for purposes of determining actual
2049 compliance with the covenant made in this Section 5.05(b) in any past fiscal year, the
2050 actual amount of interest paid on any issue of Variable Rate Parity Lien Obligations shall
2051 be taken into account.

2052 (C) Debt service on Parity Lien Obligations and Junior Lien
2053 Obligations with respect to which a Payment Agreement is in force shall be calculated by
2054 the county to reflect the net economic effect on the county intended to be produced by the
2055 terms of the Parity Lien Obligations and the Junior Lien Obligations and the terms of the
2056 applicable Payment Agreement.

2057 From and after such time as the Rate Stabilization Fund is authorized to be
2058 created, for the purpose of meeting the coverage requirement of this Section 5.05(b),
2059 there may be added to Revenue of the System for any fiscal year any amount withdrawn
2060 from the Rate Stabilization Fund and deposited in the Revenue Fund. There shall be
2061 subtracted from Revenue of the System for any fiscal year any amounts in such year

2062 withdrawn from the Revenue Fund and deposited into the Rate Stabilization Fund in such
2063 fiscal year.

2064 (c) *Maintain in Good Order.* The county shall cause the System and
2065 the business in connection therewith to be operated in a safe, sound, efficient, and
2066 economic manner in compliance with all health, safety, and environmental laws,
2067 regulatory body rules, regulatory body orders and court orders applicable to the county's
2068 operation of the System, and shall cause to be maintained, preserved, reconstructed,
2069 expanded and kept, with all appurtenances and every part and parcel thereof, in good
2070 repair, working order and condition, and shall from time to time cause to be made,
2071 without undue deferral, all necessary or proper repairs, replacements and renewals, so
2072 that all times the operation of the System shall be properly and advantageously
2073 conducted.

2074 (d) *Sale or Disposition.* The county will not sell or voluntarily dispose
2075 of all of the operating properties of the System unless provision is made for payment into
2076 the appropriate bond funds of a sum sufficient to pay the principal of and interest on all
2077 outstanding Parity Bonds, Parity Lien Obligations and Junior Lien Obligations, in
2078 accordance with the terms thereof, nor will the county sell or voluntarily dispose of any
2079 part of the operating properties of the System unless the county has first complied with
2080 any applicable covenants of the Parity Bonds and Parity Lien Obligations.

2081 (e) *Books and Records.* The county will cause proper books of record
2082 and accounts of operation of the System to be kept, including an annual financial report.

2083 (f) *Annual Audit.* The county shall cause its books of accounts,
2084 including its annual financial report, to be audited annually by the State auditor's office

2085 or other State department or agency as may be authorized and directed by law to make
2086 such audits, or if such an audit shall not be made for twelve months after the close of any
2087 fiscal year of the county, by a Certified Public Accountant. The county will furnish such
2088 audit to the owner or holder of any Bond upon written request therefor.

2089 (g) *Insurance.* The county will at all times carry fire and extended
2090 coverage and such other forms of insurance on such of the buildings, equipment, facilities
2091 and properties of the Sewer System as under good practice are ordinarily carried on such
2092 buildings, equipment, facilities and properties by municipal or privately owned utilities
2093 engaged in the operation of sewer systems and will also carry adequate public liability
2094 insurance at all times, provided that the county may, if deemed advisable by the county
2095 council, institute or continue a self insurance program with respect to any or all of the
2096 aforementioned risks.

2097 (h) *Construction.* The county shall cause the construction of any duly
2098 authorized and ordered portions of the Comprehensive Plan to be performed and
2099 completed within a reasonable time and at the lowest reasonable cost.

2100 (i) *Collection of Revenue.* The county shall so operate and maintain
2101 the System and conduct its affairs as to entitle it at all times to receive and enforce
2102 payment to it of sewage disposal charges payable under any Service Agreement that the
2103 county has now or may hereafter enter into and to entitle the county to collect all
2104 revenues derived from the operation of the System. The county shall not release the
2105 obligations of any person, corporation or political subdivision under such Service
2106 Agreements and shall at all times, to the extent permitted by law, defend, enforce,

2107 preserve and protect the rights and privileges of the county and of the holders of the
2108 Parity Bonds under or with respect to such agreements.

2109 **Section 5.06. Payment Agreements.**

2110 A. General. To the extent and for the purposes permitted from time to
2111 time by Chapter 39.96 RCW and other applicable provisions of State law, the county may
2112 enter into Payment Agreements with respect to any Junior Lien Obligations, subject to
2113 the conditions set forth in this section and in other provisions of this ordinance.

2114 B. Manner and Schedule of Payments. Each Payment Agreement shall set
2115 forth the manner in which the Payment Agreement Payments and the Payment
2116 Agreement Receipts shall be calculated and a schedule of payment dates.

2117 C. Authorizing Ordinance. Prior to entering into a Payment Agreement, the
2118 county council shall pass an ordinance authorizing such agreement and setting forth such
2119 provisions as the county deems necessary or desirable and are not inconsistent with the
2120 provisions of this ordinance.

2121 D. Calculation of Payment Agreement Payments and Debt Service on Junior
2122 Lien Obligations with Respect to which a Payment Agreement is in Force. It is the intent
2123 of the county, for purposes of Sections 5.04(b) and 5.05(b) of this ordinance, that debt
2124 service on Junior Lien Obligations with respect to which a Payment Agreement is in
2125 force shall be calculated to reflect the net economic effect on the county intended to be
2126 produced by the terms of the Junior Lien Obligations and the terms of the Payment
2127 Agreement. In calculating such amounts, the county shall be guided by the following
2128 requirements.

2129 (i) The amount of interest deemed to be payable on any Junior Lien
2130 Obligations with respect to which a Payment Agreement is in force shall be an amount
2131 equal to the amount of interest that would be payable at the rate or rates stated in those
2132 Junior Lien Obligations plus Payment Agreement Payments minus Payment Agreement
2133 Receipts.

2134 (ii) For any period during which Payment Agreement Payments are
2135 not taken into account in calculating interest on any outstanding Junior Lien Obligations
2136 because the Payment Agreement is not then related to any outstanding Junior Lien
2137 Obligations, Payment Agreement Payments on that Parity Payment Agreement shall be
2138 calculated based upon the following assumptions:

2139 (a) County Obligated to Make Payments Based on Fixed Rate.
2140 If the county is obligated to make Payment Agreement Payments based on a fixed rate
2141 and the Qualified Counterparty is obligated to make payments based on a variable rate
2142 index, payments by the county will be based on the assumed fixed payor rate, and
2143 payments by the Qualified Counterparty will be based on a rate equal to the average rate
2144 determined by the variable rate index specified by the Payment Agreement during the
2145 fiscal quarter preceding the quarter in which the calculation is made; and

2146 (b) County Obligated to Make Payments Based on Variable
2147 Rate Index. If the county is obligated to make Payment Agreement Payments based on a
2148 variable rate index and the Qualified Counterparty is obligated to make payments based
2149 on a fixed rate, payments by the county will be based on a rate equal to the average rate
2150 determined by the variable rate index specified by the Payment Agreement during the
2151 fiscal quarter preceding the quarter in which the calculation is made, and the Qualified

2152 Counterparty will make payments based on the fixed rate specified by the Payment
2153 Agreement.

2154 E. Prior Notice to Moody's and Standard & Poor's. The county shall give
2155 notice to Moody's Investors Service and Standard & Poor's Ratings Services, a Division
2156 of The McGraw-Hill Companies, thirty days prior to the date it intends to enter into a
2157 Payment Agreement with respect to any Junior Lien Obligations.

2158 **Section 5.07. Construction Account; Disposition of Bond Proceeds.** There
2159 has heretofore been established a special fund of the county known as the "Second Water
2160 Quality Construction Account" (the "Construction Account"). For purposes of separately
2161 accounting for investment earnings on the proceeds of the Bonds to facilitate compliance
2162 with the requirements of the Arbitrage and Tax Certification, there is hereby established a
2163 special subaccount within the Construction Account to be designated as the Series 2001A
2164 Construction Subaccount (the "2001A Construction Subaccount").

2165 Money in the 2001A Construction Subaccount shall be held and applied to pay
2166 costs of acquiring, constructing and equipping improvements, additions or betterments to
2167 the System set forth in the Comprehensive Plan and all costs incident thereto, including
2168 but not limited to engineering, architectural, planning, financial, legal, urban design or
2169 any other incidental costs, and to repay any advances heretofore or hereafter made on
2170 account of such costs, provided that if deficiencies exist in the Junior Lien Bond Fund,
2171 money in the 2001A Construction Account may be transferred to the Junior Lien Bond
2172 Fund in such amounts as shall be necessary to pay principal and interest on the Bonds.

2173 The proceeds of the Bonds shall be applied as follows:

2174 (1) All interest, if any, on the Bonds accrued from their date to
2175 the date of delivery shall be paid into the Junior Lien Bond Fund;

2176 (2) The balance of the proceeds of the Bonds shall be deposited
2177 in the 2001A Construction Account and applied as provided above.

2178 All or part of the proceeds of the Bonds may be temporarily invested in or with
2179 such institutions or in such obligations as may now or hereafter be permitted to counties
2180 of the State of Washington by law that will mature prior to the date on which such money
2181 shall be needed.

2182 **Section 5.08. Tax Covenants.**

2183 (a) *Tax Covenant.* The county covenants to undertake all actions
2184 required to maintain the tax-exempt status of interest on the Bonds under Section 103 of
2185 the Code as set forth in the Arbitrage and Tax Certification.

2186 (b) *No Bank Qualification.* The Bonds shall not be qualified tax-
2187 exempt obligations pursuant to Section 265(b) of the Code for investment by financial
2188 institutions.

2189 **Section 5.09. Defaults and Remedies.** The county hereby finds and determines
2190 that the failure or refusal of the county or any of its officers to perform the covenants and
2191 obligations of this ordinance will endanger the operation of the System and the
2192 application of Revenue of the System and such other money, funds and securities to the
2193 purposes herein set forth. Any one or more of the following shall constitute a Default
2194 under this ordinance:

2195 (a) The county shall fail to make payment of the principal of any
2196 Bonds when the same shall become due and payable whether by maturity or scheduled
2197 redemption prior to maturity;

2198 (b) The county shall fail to make payments of any installment of
2199 interest on any Bonds when the same shall become due and payable;

2200 (c) The county shall default in the observance or performance of any
2201 other covenants, conditions, or agreements on the part of the county contained in this
2202 ordinance, and such default shall have continued for a period of 90 days.

2203 Upon the occurrence and continuation of a Default, the Bank shall be entitled to
2204 exercise, on behalf of the Bondowners, any of the remedies provided under this section
2205 and, for as long as the Bank is not in default of its obligations under the Credit Facility,
2206 the Bank shall be the only party entitled to exercise the remedies provided under this
2207 section. There shall be no waiver of a Default hereunder with respect to the Bonds unless
2208 the Registrar shall be assured that the Credit Facility has been fully reinstated.

2209 Upon the occurrence of a Default and so long as such Default shall not have been
2210 remedied and subject to the foregoing paragraph, a Bondowners' Trustee may be
2211 appointed for the Bonds by the owners of 51% in principal amount of the Outstanding
2212 Bonds by an instrument or concurrent instruments in writing signed and acknowledged
2213 by such Bondowners or by their attorneys-in-fact duly authorized and delivered to such
2214 Bondowners' Trustee, notification thereof being given to the county. Any Bondowners'
2215 Trustee appointed under the provisions of this Section shall be a bank or trust company
2216 organized under the laws of a state or a national banking association. The fees and
2217 expenses of a Bondowners' Trustee shall be borne by the Bondowners and not by the

2218 county. The bank or trust company acting as a Bondowners' Trustee may be removed at
2219 any time, and a successor Bondowners' Trustee may be appointed by the owners of 51%
2220 in principal amount of the Bonds Outstanding, by an instrument or concurrent
2221 instruments in writing signed and acknowledged by such Bondowners or by their
2222 attorneys-in-fact duly authorized.

2223 The Bondowners' Trustee appointed in the manner herein provided, and each
2224 successor thereto, is hereby declared to be a trustee for the owners of all the Bonds for
2225 which such appointment is made and is empowered to exercise all the rights and powers
2226 herein conferred on the Bondowners' Trustee.

2227 A Bondowners' Trustee may upon the happening of a Default and during the
2228 continuation thereof, take such steps and institute such suits, actions or other proceedings
2229 in its own name, or as trustee, all as it may deem appropriate for the protection and
2230 enforcement of the rights of Bondowners to collect any amounts due and owing the
2231 county, or to obtain other appropriate relief, and may enforce the specific performance of
2232 any covenant, agreement or condition contained in this ordinance.

2233 Any action, suit or other proceedings instituted by a Bondowners' Trustee
2234 hereunder shall be brought in its name as trustee for the Bondowners and all such rights
2235 of action upon or under any of the Bonds or the provisions of this ordinance may be
2236 enforced by a Bondowners' Trustee without the possession of any of said Bonds, and
2237 without the production of the same at any trial or proceedings relating thereto except
2238 where otherwise required by law, and the respective owners of said Bonds by taking and
2239 holding the same, shall be conclusively deemed irrevocably to appoint a Bondowners'
2240 Trustee the true and lawful trustee to the respective owners of said Bonds, with authority

Ordinance 14171

2241 to institute any such action, suit or proceeding; to receive as trustee and deposit in trust
2242 any sums that become distributable on account of said Bonds; to execute any paper or
2243 documents for the receipt of such money, and to do all acts with respect thereto that the
2244 Bondowner himself might have done in person. Nothing herein contained shall be
2245 deemed to authorize or empower any Bondowners' Trustee to consent to accept or adopt,
2246 on behalf of any owner of said Bonds, any plan of reorganization or adjustment affecting
2247 the said Bonds or any right of any owner thereof, or to authorize or empower the
2248 Bondowners' Trustee to vote the claims of the owners thereof in any receivership,
2249 insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the
2250 county shall be a party.

2251 No owner of any one or more of the Bonds shall have any right to institute any
2252 action, suit or proceedings at law or in equity for the enforcement of the same, unless
2253 Default shall have happened and be continuing, and unless no Bondowners' Trustee has
2254 been appointed as herein provided, but any remedy herein authorized to be exercised by a
2255 Bondowners' Trustee may be exercised individually by any Bondowner, in his own name
2256 and on his own behalf or for the benefit of all Bondowners, in the event no Bondowners'
2257 Trustee has been appointed, or with the consent of the Bondowners' Trustee if such
2258 Bondowners' Trustee has been appointed; provided however, that nothing in this
2259 ordinance or in the Bonds shall affect or impair the obligation of the county which is
2260 absolute and unconditional, to pay from Revenue of the System the principal of and
2261 interest on said Bonds to the respective owners thereof at the respective due dates therein
2262 specified, or affect or impair the right of action, which is absolute and unconditional, of
2263 such owners to enforce such payments.

2264 The remedies herein conferred upon or reserved to the owners of the Bonds and to
2265 a Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies,
2266 and each and every such remedy shall be cumulative and shall be in addition to every
2267 other remedy given hereunder or now or hereafter existing at law or in equity or by
2268 statute. The privileges herein granted shall be exercised from time to time and continued
2269 so long as and as often as the occasion therefor may arise and no waiver of any default
2270 hereunder, whether by a Bondowners' Trustee or by the owners of Bonds, shall extend to
2271 or shall affect any subsequent default or shall impair any rights or remedies consequent
2272 thereon. No delay or omission of the Bondowners or of a Bondowners' Trustee to
2273 exercise any right or power accruing upon any default shall impair any such right or
2274 power or shall be construed to be a waiver of any such default or acquiescence therein.

2275 Upon any such waiver, such Default shall cease to exist, and any Default arising
2276 therefrom shall be deemed to have been cured, for every purpose of this ordinance; but no
2277 such waiver shall extend to any subsequent or other default or impair any right
2278 consequent thereon.

2279 **Section 5.10. Due Regard for Expenses of Maintenance and Operation**. The
2280 county council hereby declares that, in fixing the amounts to be paid into the Junior Lien
2281 Bond Fund and the accounts therein out of the Revenue of the System, it has exercised
2282 due regard for the necessary Operating and Maintenance Expenses and has not obligated
2283 the county to set aside, pay into and maintain in said fund and accounts a greater amount
2284 of the Revenue of the System than in its judgment will be available over and above such
2285 necessary Operating and Maintenance Expenses.

ARTICLE VI.

THE REMARKETING AGENT; THE

REGISTRAR; SALE OF BONDS

2286
2287
2288
2289 **Section 6.01. Appointment of Remarketing Agent.** There shall at all times
2290 prior to conversion of the Mode to the Fixed Mode be a Remarketing Agent hereunder.
2291 The county appoints Morgan Stanley & Co. Incorporated as the initial Remarketing
2292 Agent hereunder to remarket the Bonds pursuant to this ordinance, and to keep such
2293 books and records as shall be consistent with prudent industry practice and to make such
2294 books and records available for inspection by the Bank, the county and the Registrar at all
2295 reasonable times.

2296 The Remarketing Agent may at any time resign and be discharged of the duties
2297 and obligations created by this ordinance by giving the notice set forth in the
2298 Remarketing Agreement. The Remarketing Agent may be removed upon notice set forth
2299 in the Remarketing Agreement at the direction of the county, by written notice to the
2300 Remarketing Agent, the Bank and the Registrar. Any successor Remarketing Agent shall
2301 be a member of the National Association of Securities Dealers, Inc. (or successor to its
2302 functions) and shall be authorized by law to perform all the duties set forth in this
2303 ordinance.

2304 After conversion of the Bonds to the Fixed Mode, there shall be no Remarketing
2305 Agent for the Bonds, and as to such Bonds all references herein to the Remarketing
2306 Agent shall thereafter be of no effect.

2307 **Section 6.02. Additional Duties of Registrar.** The Registrar shall perform the
2308 duties specified hereunder consistent with the terms of the Fiscal Agency Agreement and
2309 this ordinance.

2310 **Section 6.03. Successor Remarketing Agent by Merger.** If the Remarketing
2311 Agent (or any co-Remarketing Agent) consolidates with, merges or converts into, or
2312 transfers all or substantially all of its assets to, another corporation, the resulting,
2313 surviving or transferee corporation without any further act shall be the successor
2314 Remarketing Agent (or co-Remarketing Agent).

2315 **Section 6.04. Sale of Bonds.** The Bonds shall be sold by negotiated sale to
2316 Morgan Stanley & Co. Incorporated (the "Underwriter"), under the terms and conditions
2317 thereof as provided in the Bond Purchase Contract and in this ordinance. The Designated
2318 County Representative is hereby authorized to negotiate and execute a Bond Purchase
2319 Contract on terms consistent with this ordinance and substantially in the form presented
2320 to this council with only such changes he or she deems reasonable. The Designated
2321 County Representative is hereby authorized and directed to do everything necessary for
2322 the prompt execution and delivery of the Bonds to the Underwriter and for the proper
2323 application and use of the proceeds of sale thereof. The Bonds will be printed at county
2324 expense and will be delivered to the Underwriter in accordance with the Bond Purchase
2325 Contract.

2326 The proper county officials are authorized and directed to do everything necessary
2327 for the prompt delivery of the Bonds to the Underwriter and for the proper application
2328 and use of the proceeds of the sale thereof.

2329 **Section 6.05. Approval of Official Statement.** The Designated County
2330 Representative is hereby authorized and directed to review, approve and execute on
2331 behalf of the county an official statement with respect to the Bonds.

2332 **Section 6.06. Approval of Financing Documents.** The council finds that
2333 entering into the Remarketing Agreement and the Reimbursement Agreement is in the
2334 county's best interest. The council therefore authorizes the execution of those documents
2335 and of the Official Statement by the Designated County Representative (with such
2336 changes to those documents as may be approved by the Designated County
2337 Representative and are consistent with this ordinance) and the performance by the county
2338 of its obligations thereunder.

2339 **Section 6.07. Specific Authorizations.** The Designated County Representative
2340 may, in his or her discretion, without further action by the council, (a) effect changes in
2341 Mode of the Bonds from one Mode to another, (b) negotiate extensions of the Expiration
2342 Date, and execute documents necessary to effect such changes, and (c) effect such
2343 changes in Mode and negotiate such extensions of and fees for the credit enhancement for
2344 the Bonds, and execute documents necessary to effect such changes, and (d) execute a
2345 Continuing Disclosure Certificate providing for an undertaking by the county to comply
2346 with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

2347 **Section 6.08. Appointment of Successor to Remarketing Agent(s) or Bank.**
2348 The council authorizes the Designated County Representative to appoint successor(s) to
2349 the Remarketing Agent (with the prior written consent of the Bank, which consent will
2350 not be unreasonably withheld), upon receipt of notice of resignation from the
2351 Remarketing Agent. The council additionally authorizes the Designated County

2352 Representative to remove the Remarketing Agent when, in the sole discretion of the
2353 Designated County Representative, such removal is deemed necessary or beneficial to the
2354 county. In the event of such resignation or removal, the Designated County
2355 Representative may negotiate a contract with, or issue a request for proposals for, a
2356 successor Remarketing Agent, as appropriate, and execute a contract with the successor
2357 so selected; provided, however, that no successor may be appointed by the Designated
2358 County Representative if the appointment of such successor would result in the
2359 withdrawal, suspension or downgrade in the ratings of the Bonds by any Rating Agency.

2360 The council authorizes the Designated County Representative to obtain an
2361 Alternate Credit Facility when, in the sole discretion of the Designated County
2362 Representative, such replacement is deemed necessary or beneficial to the county. In the
2363 event of such replacement, the Designated County Representative may negotiate a
2364 contract with, or issue a request for proposals for, a new Bank and execute a contract with
2365 the new Bank so selected.

2366 **ARTICLE VII.**

2367 **MISCELLANEOUS**

2368 **Section 7.01. Contract; Severability.** The covenants in this ordinance and in
2369 the Bonds shall constitute a contract between the county and the Registered Owner of
2370 each and every Bond. If any one or more of the covenants or agreements provided in this
2371 ordinance to be performed on the part of the county shall be declared by any court of
2372 competent jurisdiction and final appeal (if any appeal be taken) to be contrary to law,
2373 then such covenant or covenants, agreement or agreements, shall be null and void and
2374 shall be deemed separable from the remaining covenants and agreements in this

2375 ordinance and shall in no way affect the validity of the other provisions of this ordinance
2376 or of the Bonds.

2377 **Section 7.02. Notice by Mail.** Any notice required to be given hereunder by
2378 mail to the Registered Owners shall be given by mailing a copy of such notice, first class
2379 postage prepaid, to the Registered Owners of all the Bonds at their addresses appearing in
2380 the Bond Register.

2381 **Section 7.03. References to Bank.** Notwithstanding any provisions contained
2382 herein to the contrary, after the expiration or termination of the Credit Facility and after
2383 all obligations owed to the Bank pursuant to the Reimbursement Agreement have been
2384 paid in full or discharged, all references to the Bank and the Credit Facility contained
2385 herein shall be null and void and of no further force and effect. The Registrar shall not
2386 have any lien on money received under the Credit Facility or received as remarketing
2387 proceeds for payment of its fees and expenses, and the Registrar shall not seek indemnity
2388 as a condition to making a drawing under the Credit Facility, making payments to
2389 Owners of Bonds or implementing a Mandatory Purchase Date.

2390 **Section 7.04. Notices.** All written notices to be given hereunder to any Notice
2391 Party shall be given by first-class mail, postage prepaid to the party or parties entitled
2392 thereto at the address set forth below, or at such other address as may be provided to the
2393 other parties hereinafter listed in writing from time to time, namely:

2394 If to the county:

2395

2396 The County:

2397

2398 King County, Washington

2399 Office of the Director of Finance

2400 500 4th Avenue

2401 Seattle, Washington 98101

2402 Attention: Nigel Lewis, Senior Budget & Financial Analyst

2403 Telephone: (206) 296-1168

2404 Telefax: (206) 296-7345

2405

2406 The Bank, with respect to business and credit matters:

2407

2408 Landesbank Hessen-Thüringen Girozentrale

2409 420 Fifth Avenue

2410 New York, New York 10022

2411 Attention: Vice President and Acting Manager

2412 Telephone: (212) 703-5200

2413 Telecopy: (212) 703-5256

2414

2415 The Bank, with respect to administrative and operations matters:

2416

2417 Landesbank Hessen-Thüringen Girozentrale

2418 420 Fifth Avenue

2419 New York, New York 10022

2420 Attention: Ms. Gudrun Dronca, Loan Administration

2421 Telephone: (212) 703-5244

2422 Telecopy: (212) 703-5256

2423

2424 The Remarketing Agent:

2425

2426 MORGAN STANLEY & CO. INCORPORATED

2427 1221 Avenue of the Americas, 30th Floor

2428 New York, New York 10020

2429 Attention: Mary Lou Coriasco, Remarketing Coordinator

2430 Telephone: (212) 762-8263

2431 Telefax: (212)

2432

2433 Registrar:

2434

2435 THE BANK OF NEW YORK

2436 101 Barclay Street, 21st Floor

2437 New York, New York 10286

2438 Attention: Corporate Trust Registrar Administration

2439 Telephone: (212) 815-5091

2440 Telefax: (212) 815-5393

2441

2442 Moody's:

2443

2444 MOODY'S INVESTORS SERVICE, INC.

2445 99 Church Street

2446 New York, New York 10007

2447 Attention: Public Finance Department Rating Desk/VRDO

2448

2449 S&P:

2450

2451 STANDARD & POOR'S RATINGS SERVICES,

2452 a Division of the McGraw Hill Companies

2453 55 Water Street

2454 New York, New York 10041

2455 Attention: Municipal Structured Surveillance

2456

2457

2458

2459

Section 7.05. Payments Due on Holidays. If an Interest Payment Date is not a Business Day then payment shall be made on the next Business Day and, except as provided in Article II, no interest shall accrue for the intervening period.

2460

2461

Section 7.06. Notices to Rating Agencies. The county shall give immediate notice to each Rating Agency if:

2462

(a) The Remarketing Agent or the Registrar resigns or is replaced;

2463

(b) This ordinance is amended or supplemented;

2464

(c) An Alternate Credit Facility is provided;

2465

(d) The Bonds are changed from one Mode to another Mode

2466

(specifying the length of the new Interest Period(s));

2467

(e) There has been a redemption or defeasance of the Bonds;

2468

(f) A Mandatory Purchase Date has occurred as a result of the

2469

nonreinstatement of the Letter of Credit; or

2470

(g) The Remarketing Agreement, the Reimbursement Agreement or

2471

the Letter of Credit is amended, supplemented, extended, terminated or expired or

2472

replaced.

2473

Section 7.07. Amendments Without Registered Owners' Consent. This

2474

ordinance may be amended or supplemented from time to time, without the consent of

2475

the Registered Owners by a Supplemental Ordinance adopted by the council for one or

2476

more of the following purposes:

2477

(a) to add additional covenants of the council or to surrender any right

2478

or power herein conferred upon the county; or

2479 (b) to cure any ambiguity or to cure, correct or supplement any
2480 defective (whether because of any inconsistency with any other provision hereof or
2481 otherwise) provision of this ordinance in such manner as shall not be inconsistent with
2482 this ordinance or to make any other provisions with respect to matters or questions arising
2483 under this ordinance, provided such action shall not impair the security hereof or
2484 adversely affect the interests of the Registered Owners; or

2485 (c) to provide or modify procedures permitting Registered Owners to
2486 utilize a certificated system of registration for Bonds; or

2487 (d) to modify, alter, amend, supplement or restate this ordinance in
2488 any and all respects necessary, desirable or appropriate in connection with the delivery of
2489 a letter of credit, standby bond purchase agreement or other security or liquidity
2490 arrangement; or

2491 (e) to modify the provisions for optional or mandatory redemption at
2492 the commencement of a Long Term Mode or Fixed Mode; or

2493 (f) to modify, alter, amend, supplement or restate this ordinance in
2494 any and all respects necessary, desirable or appropriate to satisfy the requirements of any
2495 Rating Agency that may from time to time provide a rating on the Bonds, or in order to
2496 obtain or retain such rating on the Bonds as is deemed necessary by the county; or

2497 (g) for any purpose, if such amendment becomes effective only
2498 following a mandatory tender of all Bonds for purchase.

2499 **Section 7.08. Amendments With Registered Owners' Consent.** This
2500 ordinance may be amended from time to time by a Supplemental Ordinance approved by
2501 the Registered Owners of 51% in aggregate principal amount of the Bonds then

2502 Outstanding; provided, that (a) no amendment shall be made that affects the rights of
2503 some but fewer than all of the Registered Owners of the Outstanding Bonds without the
2504 consent of the Registered Owners of 51% in aggregate principal amount of the Bonds so
2505 affected, and (b) except as expressly authorized hereunder, no amendment that alters the
2506 interest rates on any Bonds, the maturity date, Interest Payment Dates, purchase upon
2507 tender or redemption provisions of any Bonds, this Section 7.08 without the consent of
2508 the Registered Owners of all Outstanding Bonds affected thereby. For the purpose of
2509 consenting to amendments under this Section 7.08 except for amendments that alter the
2510 interest rate on any Bonds, the maturity date, Interest Payment Dates, purchase upon
2511 tender or redemption of any Bonds, the Bank shall be deemed to be the sole Registered
2512 Owner of the Bonds then Outstanding.

2513 **Section 7.09. Amendments With Bank's Consent.** Any amendment or
2514 supplement to this ordinance shall require the prior written consent of the Bank.

2515 **Section 7.10. Effective Date.** This ordinance shall be effective 10 days after its
2516 enactment, in accordance with Article II of the county charter.

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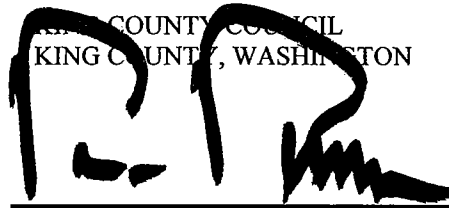
Ordinance 14171 was introduced on 5/7/01 and passed as amended by the Metropolitan King County Council on 7/16/01, by the following vote:

Yes: 11 - Mr. von Reichbauer, Ms. Fimia, Mr. Phillips, Mr. Pelz, Mr. McKenna, Ms. Sullivan, Mr. Nickels, Mr. Pullen, Mr. Gossett, Mr. Thomas and Mr. Irons

No: 0

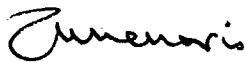
Excused: 2 - Ms. Miller and Ms. Hague

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Pete von Reichbauer, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 19 day of July, 2001



Ron Sims, County Executive

Attachments None