



KING COUNTY
Signature Report

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

July 17, 2001

Ordinance 14172

Proposed No. 2001-0239.2

Sponsors McKenna

1 AN ORDINANCE authorizing the issuance and sale of
2 junior lien variable rate demand sewer revenue bonds in the
3 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 Lehman Brothers Inc.

12
13
14 **PREAMBLE:**

15
16 The Municipality of Metropolitan Seattle ("Metro") was created by public
17 vote in 1958 to exercise the powers conferred by Chapter 35.58 Revised

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

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

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41

42

The following sewer revenue bonds (the "Series A through Series Z

43

Bonds") dated as of the following dates were issued in the following

44

original principal amounts and are now outstanding in the following

45

principal amounts:

46

47

Original

Principal

48

Principal

Amount

49

Series

Date of Issue

Amount

Outstanding

50

51

Series A

July 1, 1961

\$20,000,000

\$ 0

52

Series B

April 1, 1962

16,000,000

0

53

Series C

January 1, 1963

15,000,000

6,720,000

54

Series D

October 1, 1963

15,000,000

7,020,000

55

Series E

April 1, 1964

15,000,000

7,890,000

56

Series F

October 1, 1964

15,000,000

8,214,000

57

Series G

April 1, 1965

15,000,000

7,735,000

58

Series H

October 1, 1965

10,000,000

4,825,000

59

Series I

October 1, 1966

15,000,000

12,040,000

60

Series J

January 1, 1969

9,000,000

2,340,000

61

Series K

January 1, 1971

20,000,000

0

62

Series L

May 1, 1982

35,000,000

0

63

Series M

February 1, 1983

44,000,000

0

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64	Series N	October 1, 1984	45,000,000	0
65	Series O	September 1, 1985	35,000,000	0
66	Series P	April 1, 1986	150,000,000	0
67	Series Q	March 1, 1987	135,000,000	0
68	Series R	September 1, 1988	48,000,000	0
69	Series S	August 1, 1990	100,000,000	0
70	Series T	May 1, 1991	100,000,000	0
71	Series U	February 1, 1992	90,000,000	0
72	Series V	August 1, 1992	119,580,000	119,580,000
73	Series W	January 1, 1993	90,000,000	0
74	Series X	March 1, 1993	136,305,000	130,500,000
75	Series Y	April 1, 1993	122,455,000	112,535,000
76	Series Z	July 1, 1993	127,100,000	123,720,000

77

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79

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81

82

83

84

85

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

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86 outstanding bonds of Metro, including the Series A through Series Z
87 Bonds.

88
89 The county has issued the following sewer revenue bonds on a parity of
90 lien with the Series A through Series Z Bonds:

91

92			Original	Principal
93			Principal	Amount
94	<u>Series</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Outstanding</u>
95				
96	1999	June 1, 1999	\$ 80,000,000	\$80,000,000
97				
98	1999, Second			
99	Series	November 1, 1999	60,000,000	60,000,000

100
101 The Series A through Series Z Bonds, together with the 1999 Bonds and
102 the 1999 Second Series Bonds, are hereinafter sometimes referred to
103 collectively as the "Parity Bonds."

104
105 The county has issued the following limited tax general obligation bonds
106 additionally secured by a junior lien pledge of revenues of the Sewer
107 System (the "Parity Lien Obligations") dated as of the following dates in

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.08 the following original principal amounts and now outstanding in the
109 following principal amounts:

110

111			Original	Principal
112			Principal	Amount
113	<u>Series</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Outstanding</u>
114				
115	1994A	April 1, 1994	\$170,000,000	\$6,165,00
116	1995	May 1, 1995	\$90,000,000	\$88,635,000
117	1996	December 15, 1996	\$130,965,000	\$110,765,000
118	1998	September 15, 1998	\$261,625,000	\$260,145,000

119

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

126

127 By Ordinance 13680, passed by the county council on November 30,
128 1999, the county's Water Quality Program Financial Goals and Policies
129 authorizes the issuance of variable rate debt for a portion of the financing
130 of capital needs of the Sewer System. The ordinances and resolutions

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

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

150

151 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

152 **ARTICLE I.**

153 **DEFINITIONS; INTERPRETATION**

154 **Section 1.01. Definitions.** Certain terms, identified with an asterisk (*) below,
155 are defined in county ordinances or Metro resolutions authorizing other obligations of the
156 System. Unless the context otherwise requires, the following terms shall have the
157 following meanings:

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

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

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

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

170 ***Alternate Credit Facility*** means a policy of municipal bond insurance, a letter of
171 credit, surety bond, line of credit, guarantee or other financial instrument or any
172 combination of the foregoing, which obligates a third party to make payment or provide
173 funds for the scheduled payments of principal of and interest on Bonds and for the

174 Purchase Price of any Bonds. There may be one or more Alternate Credit Facilities
175 outstanding at any time.

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

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

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

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

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

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

194 (4) An amount for assumed payments of principal of any of such designated
195 obligations that are Balloon Maturity Bonds calculated for the applicable calendar year
196 by amortizing the then outstanding principal amount of such obligations in accordance

197 with a maturity schedule not exceeding 30 years from the date of issuance of such
198 Balloon Maturity Bonds and resulting in approximately level debt service based on their
199 actual interest rates (if such obligations bear interest at fixed rates) or on the assumed
200 interest rate calculated as provided in Paragraph (1)(ii) above (if such obligations bear
201 interest at a variable rate).

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

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

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

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

216 (ii) The amount of interest deemed to be payable on any issue of
217 Variable Rate Parity Bonds shall be calculated on the assumption that the interest rate on
218 those bonds would be equal to the rate (the "assumed RBI rate") that is 90% of the
219 average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter

220 preceding the quarter in which the calculation is made; provided, however, that for
221 purposes of determining actual compliance in any past calendar year with the rate
222 covenant made with respect to the Parity Bonds, the actual amount of interest paid on any
223 issue of Variable Rate Parity Bonds shall be taken into account.

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

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

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

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

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

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

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

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

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

263 Notwithstanding the foregoing, debt service on Parity Bonds with respect to
264 which a Payment Agreement is in force shall be calculated by the county to reflect the net
265 economic effect on the county intended to be produced by the terms of the Parity Bonds
266 and the terms of the Payment Agreement, in accordance with the requirements applicable
267 to such Payment Agreement.

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

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

274 *Authorized Denominations* means:

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

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

279 (c) with respect to Bonds in a Long Term Mode or a Fixed Mode,
280 \$5,000 and any integral multiple thereof within a maturity, and

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

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

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

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

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

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

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

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

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

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

309 Index shall mean such other reasonably comparable index selected by the Designated
310 County Representative.

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

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

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

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

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

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

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

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

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

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

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

336 **Commercial Paper Note Fund** means the Commercial Paper Series A Sewer
337 Revenue Bond Anticipation Note Redemption Fund created pursuant to Ordinance 12057
338 of the county.

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

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

345 **Comprehensive Plan** means the county's comprehensive water pollution
346 abatement plan authorized by RCW 35.58.200 and defined in Section 28.82.150 of the
347 King County Code as the Comprehensive Sewage Disposal Plan adopted by Resolution
348 No. 23 of the Metro Council on April 22, 1959, and all amendments thereto, including
349 those amendments approved by the following resolutions of the Metro Council:
350 Resolution No. 74 adopted February 16, 1961, Resolution No. 152 adopted April 19,
351 1962, Resolution No. 261 adopted March 7, 1963, Resolution No. 441 adopted
352 August 20, 1964, Resolution No. 477 adopted November 19, 1964, Resolution No. 795
353 adopted November 3, 1966, Resolution No. 928 adopted June 1, 1967, Resolution
354 No. 1011 adopted November 16, 1967, Resolution No. 1024 adopted December 7, 1967,

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355 Resolution No. 1052 adopted March 21, 1968, Resolution No. 1257 adopted July 3, 1969,
356 Resolution No. 1330 adopted December 18, 1969, Resolution No. 1829 adopted March 1,
357 1973, Resolution No. 2025 adopted February 21, 1974, Resolution No. 3135 adopted
358 March 15, 1979, Resolution No. 3781 adopted November 5, 1981, Resolution No. 4217
359 adopted December 15, 1983, Resolution No. 4234 adopted October 20, 1983, Resolution
360 No. 4339 adopted April 5, 1984, Resolution No. 4780 adopted July 17, 1986, Resolution
361 No. 5332 adopted May 19, 1988, Resolution No. 5371 adopted April 21, 1988,
362 Resolution No. 5449 adopted July 21, 1988, Resolution No. 5902 adopted June 21, 1990,
363 Resolution No. 6107 adopted March 21, 1991, and Resolution No. 6378 adopted June 4,
364 1992, together with any amendments hereafter approved by ordinance of the county.

365 **Construction Account** means the "Second Water Quality Construction Account,"
366 as designated by Section 30 of Ordinance 12076 of the county, passed on December 18,
367 1995, which account was previously known as the "Second Water Quality Construction
368 Fund" created by Section 13 of Ordinance 11241 of the county.

369 **Contingency Reserve*** or **Contingency Reserve Account*** means the
370 Contingency Reserve Account created in the Revenue Fund by Section 7 of Resolution
371 No. 90 of the Metro Council.

372 **Credit Facility** means the Letter of Credit and any Alternate Credit Facility then
373 in effect.

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

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

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

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

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

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

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

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

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

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

401 *Expiration Date* means the stated expiration date of the Letter of Credit, as such
402 stated expiration date may be extended in accordance with the terms of the Letter of
403 Credit.

404 *Expiration Tender Date* means the day that is five Business Days prior to the
405 Expiration Date.

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

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

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

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

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

443 (b) with respect to Bonds in the Daily Mode, the first Business Day of
444 each month;

445 (c) with respect to Bonds in the Weekly Mode, the first Business Day
446 of each month;

447 (d) with respect to Bonds in the Long Term Mode (i) the first Business
448 Day of each March and September prior to the Purchase Date and (ii) the Purchase Date;

449 (e) with respect to Bonds in the Fixed Mode, each March 1 and
450 September 1;

451 (f) with respect to Bank Bonds, as to that portion of the Purchase
452 Price of the Bond paid by the Bank and constituting accrued interest, the date of purchase
453 and thereafter, unless the Reimbursement Agreement is amended or replaced and
454 thereafter specifies different payment dates, the first Business Day of each March, June,
455 September and December, the applicable Maturity Date, the date of any optional
456 redemption of a Bank Bonds and the date of any remarketing of those Bank Bonds;

457 (g) any Mode Change Date;

458 (h) any Mandatory Purchase Date; and

459 (i) the Maturity Date (but only with respect to the particular Bonds
460 maturing on that date).

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

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

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

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

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

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

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

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

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

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

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

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

498 **Junior Lien Obligations** means revenue bonds or other revenue obligations
499 having a lien on Revenue of the System equal to the Bonds and the Series 2001A Bonds
500 and prior to the lien of the Commercial Paper Notes and the Bank Note.

501 **Letter of Credit** means the irrevocable letter of credit issued by the Bank on the
502 Closing Date to secure the payment of principal of and interest on the Bonds and the
503 Series 2001A Bonds.

504 **Letter of Representations** means the Blanket Issuer Letter of Representations
505 from the county to DTC.

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

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

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

512 **Mandatory Purchase Date** means:

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

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

517 (c) any Substitution Tender Date,

518 (d) any Expiration Tender Date, and

519 (e) any Default Tender Date.

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

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

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

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

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

534 *Mode Change Date* means the date one Mode terminates and another Mode
535 begins.

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

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

545 *Net Revenue* means Revenue of the System less Operating and Maintenance
546 Expenses.

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

549 *1990 SRF Loan* means the State Revolving Fund loans to Metro by the State of
550 Washington Department of Ecology pursuant to the 1990 SRF Loan Agreement.

551 *1990 SRF Loan Agreement* means the Washington State Water Pollution Control
552 State Revolving Fund (SRF) Loan Agreement between the State of Washington
553 Department of Ecology and Metro dated December 26, 1990, as amended from time to
554 time.

555 **1994A Bonds** means the county's Limited Tax General Obligation Bonds
556 (Payable from Sewer Revenues), 1994 Series A, issued under date of April 1, 1994, in the
557 initial principal amount of \$170,000,000 as authorized by Ordinance Nos. 11241 and
558 11252 of the county.

559 **1995 Bonds** means the county's Limited Tax General Obligation Bonds (Payable
560 from Sewer Revenues), 1995, issued under date of May 1, 1995, in the initial principal
561 amount of \$90,000,000 as authorized by Ordinance 11763 of the county.

562 **1996 Bonds** means the county's Limited Tax General Obligation Refunding
563 Bonds (Payable from Sewer Revenues), 1996 Series C, issued under date of December
564 15, 1996, in the initial principal amount of \$130,965,000 as authorized by Ordinance
565 12314 of the county.

566 **1998 Bonds** means the county's Limited Tax General Obligation Refunding
567 Bonds (Payable from Sewer Revenues), 1998 Series B, issued under date of September
568 15, 1998, in the initial principal amount of \$261,625,000 as authorized by
569 Ordinance 13256 of the county passed on August 31, 1998 and Motion No. 15060 of the
570 county council passed on September 28, 1998.

571 **1999 Bonds** means the county's Sewer Revenue Bonds, 1999, issued under date
572 of June 1, 1999, in the initial principal amount of \$80,000,000 as authorized by
573 Ordinance 13468 of the county passed on April 19, 1999 and Motion No. 10694 of the
574 county council passed on June 7, 1999.

575 **1999 Bonds, Second Series** means the county's Sewer Revenue Bonds, 1999,
576 Second Series, issued under date of November 1, 1999, in the initial principal amount of

577 \$60,000,000 as authorized by Ordinance 13650 of the county passed on October 11, 1999
578 and Motion No. 10799 of the county council passed on October 25, 1999.

579 **2000 SRF Loan** means the State Revolving Fund loan to the county by the State
580 of Washington Department of Ecology pursuant to the 2000 SRF Loan Agreement and
581 any other State Revolving Fund loans to the county having a lien and charge against
582 Revenue of the System on a parity with the lien and charge of the 2000 SRF Loan.

583 **2000 SRF Loan Agreement** means the Washington State Water Pollution Control
584 State Revolving Fund (SRF) Loan Agreement between the State of Washington
585 Department of Ecology and King County Department of Natural Resources Wastewater
586 Treatment Division effective June 1, 2000, as amended from time to time.

587 **Notice Parties** means the county, the Remarketing Agent, the Registrar and the
588 Bank.

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

594 **Operating Reserve*** or **Operating Reserve Account*** means the Operating
595 Reserve Account created in the Revenue Fund by Section 6 of Resolution No. 90 of the
596 Metro Council.

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

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

601 (a) Bonds cancelled by the Registrar or surrendered to the Registrar
602 for cancellation;

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

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

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

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

613 **Parity Bond Reserve*** or **Bond Reserve Account*** means the bond reserve
614 account in the Parity Bond Fund.

615 **Parity Bonds*** means the Series A through Series Z Bonds, the 1999 Bonds, the
616 1999 Bonds, Second Series, and any and all sewer revenue bonds of the county, the
617 payment of which constitutes a lien and charge upon the Revenue of the System equal in
618 rank with the lien and charge upon such revenue for the payments required to pay or to
619 secure the payment of the Series A through Series Z Bonds, the 1999 Bonds and the 1999
620 Bonds, Second Series. “Parity Bonds” shall include any Parity Payment Agreements and

621 parity reimbursement agreements entered into with the provider of a letter of credit or
622 other credit enhancement securing any Parity Bonds.

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

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

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

638 ***Parity Payment Agreement**** means a Payment Agreement under which the
639 county's payment obligations are expressly stated to constitute a charge and lien on the
640 Revenue of the System equal in rank with the charge and lien upon such revenue securing
641 amounts required to be paid into the Parity Bond Fund to pay and secure the payment of
642 principal of and interest on the Parity Bonds.

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

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

654 *Payment Agreement Payments* means the amounts periodically required to be
655 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The
656 term "Payment Agreement Payments" does not include any termination payment required
657 to be paid with respect to a Payment Agreement.

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

660 *Person* means an individual, a corporation, a partnership, limited liability
661 company, an association, a joint stock company, a trust, an unincorporated organization,
662 a governmental body or a political subdivision, a municipal corporation, a public
663 corporation or any other group or organization of individuals.

664 *Principal Payment Date* means the Maturity Date or Dates and any Redemption
665 Date for the Bonds.

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

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

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

680 **Qualified Counterparty** means with respect to a Payment Agreement an entity
681 (i) whose senior long term debt obligations, other senior unsecured long term obligations
682 or claims paying ability or whose payment obligations under a Payment Agreement are
683 guaranteed by an entity whose senior long term debt obligations, other senior unsecured
684 long term obligations or claims paying ability are rated (at the time the Payment
685 Agreement is entered into) at least as high as A3 by Moody's and A- by S&P, or the
686 equivalent thereof by any successor thereto, and (ii) who is otherwise qualified to act as
687 the other party to a Payment Agreement under any applicable laws of the State.

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

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

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

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

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

709 (c) in the case of the initial conversion to the Weekly Mode, shall be
710 no later than the Business Day prior to the Mode Change Date, and thereafter, shall be

711 each Tuesday or, if Tuesday is not a Business Day, the next succeeding day or, if such
712 day is not a Business Day, then the Business Day next preceding such Tuesday;

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

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

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

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

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

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

727 **Record Date** means:

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

731 (b) with respect to Bonds in a Long Term Mode or a Fixed Mode, the
732 15th day (whether or not a Business Day) of the month next preceding each Interest
733 Payment Date.

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

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

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

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

747 **Reimbursement Agreement** means the Reimbursement Agreement between the
748 county and the Bank authorized to be entered into pursuant to Section 6.06_ hereof, and
749 any other similar agreement entered into in connection with the issuance of any Alternate
750 Credit Facility for the Bonds and any and all modifications, alterations, and amendments
751 and supplements thereto.

752 **Remarketing Agent** means Lehman Brothers Inc. or any successor thereto
753 pursuant to a Remarketing Agreement.

754 **Remarketing Agreement** means the agreement of that name between the county
755 and the Remarketing Agent.

756 **Revenue Fund** means the special fund of Metro created by Resolution No. 7 of
757 the Metro Council adopted November 26, 1958, redesignated as the “Municipality of
758 Metropolitan Seattle Sewer Revenue Fund” by Section 5 of Resolution No. 90 of the
759 Metro Council and redesignated and continued by the county as the “Water Quality
760 Operating Account” pursuant to Section 30 of Ordinance 12076 of the county.

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

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

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

- 769 (1) Annual Parity Debt Service (Cash Basis) for such year;
770 (2) Annual Debt Service for such year for then outstanding Parity Lien
771 Obligations and the 1990 SRF Loan; and
772 (3) any other payments described in Paragraphs Second through
773 Eleventh of Section 5.01(b) hereof required to be made during such year.

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

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

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

781 *Series 2001A Bonds* means the King County, Washington, Junior Lien Variable
782 Rate Demand Sewer Revenue Bonds, Series 2001A, authorized to be issued
783 simultaneously with the Bonds.

784 *Series 2001A Letter of Credit* means the irrevocable letter of credit issued by the
785 Bank on the Closing Date to secure the payment of principal of and interest on the
786 Series 2001A Bonds.

787 *Series 2001A Reimbursement Agreement* means the Reimbursement Agreement
788 authorizing issuance of the Series 2001A Letter of Credit and any similar agreement
789 entered into in connection with the issuance of any Alternate Credit Facility for the
790 2001A Bonds and any and all modifications, alterations, and amendments and
791 supplements thereto.

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

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

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

804 *Substitution Tender Date* means the day that is five Business Days prior to the
805 Substitution Date.

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

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

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

818 *Underwriter* means Lehman Brothers Inc.

819 *Variable Rate Parity Bonds** and *Variable Rate Parity Lien Obligations** mean
820 Parity Bonds and Parity Lien Obligations bearing interest at a variable rate of interest
821 provided that at least one of the following conditions is met: (i) at the time of issuance
822 the county has entered into a Payment Agreement with respect to such Parity Bonds or
823 Parity Lien Obligations, as applicable, which Agreement converts the effective interest
824 rate to the county on such bonds from a variable interest rate to a fixed interest rate, or

825 (ii) the Parity Bonds or Parity Lien Obligations bear interest at a variable rate but are
826 issued concurrently in equal par amounts with other Parity Bonds or Parity Lien
827 Obligations bearing interest at a variable rate and that are required to remain outstanding
828 in equal amounts at all times, if the net effect of such equal par amounts and variable
829 rates at all times is a fixed rate of interest to the county.

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

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

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

837 **Section 1.02. Interpretation.** In this ordinance, unless the context otherwise
838 requires:

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

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

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

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

853 (e) All references herein to "articles," "sections" and other
854 subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses
855 hereof.

856 (f) Whenever any consent or direction is required to be given by the
857 county, such consent or direction shall be deemed given when given by the Designated
858 County Representative or his or her designee, respectively, and all references herein to
859 the Designated County Representative shall be deemed to include references to his or her
860 designee, as the case may be.

861 **ARTICLE II.**

862 **ISSUANCE, CONDITIONS AND TERMS OF**
863 **BONDS**

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

868 **Section 2.02. Authorization of Bonds.**

869 (a) *Authorization.* The county shall issue the Bonds in the principal
870 amount of \$50,000,000 to provide funds to pay and redeem certain of the Commercial
871 Paper Notes and costs incidental thereto, including costs of issuance of the Bonds.

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

878 (c) *Initial Mode; Changes in Modes.* The Bonds initially shall bear
879 interest in the Weekly Mode. Bonds (other than any Bank Bonds) in any Mode, other
880 than a Fixed Mode, may be changed to any other Mode at the times and in the manner
881 provided herein. All Bonds (other than any Bank Bonds) shall be within the same Mode.
882 On the Mode Change Date, the Current Mode for the Bonds (other than any Bank Bonds)
883 shall be changed to the New Mode, as provided in Section 2.10. Subsequent to such
884 change in Mode (other than a change to a Fixed Mode), the Bonds (other than any Bank
885 Bonds) may again be changed to a different Mode at the times and in the manner
886 provided herein. A Fixed Mode shall be in effect until the Maturity Date(s) for the Bonds
887 and may not be changed to any other Mode. Prior to a change in Mode either from or to
888 a Long-Term Mode or to a Fixed Mode, the county shall obtain a Favorable Opinion of
889 Bond Counsel with respect to such change in Mode.

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

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

900 **Section 2.03. Execution.** The Bonds shall be executed on behalf of the county
901 by the manual or facsimile signatures of the county executive and the clerk of the county
902 council, and the official seal of the county shall be reproduced thereon. The validity of
903 any Bond so executed shall not be affected by the fact that one or more of the officers
904 whose signatures appear on such Bond have ceased to hold office at the time of issuance
905 or authentication or at any time thereafter.

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

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

911 (a) *Registrar/Bond Register.* The Bonds shall be issued only in
912 registered form as to both principal and interest. In accordance with KCC 4.84, the

913 county hereby adopts for the Bonds the system of registration specified and approved by
914 the Washington State Finance Committee, which utilizes the fiscal agency of the State of
915 Washington as registrar, authenticating agent, paying agent and transfer agent for the
916 Bonds (the "Registrar"). The Registrar shall keep, or cause to be kept, at its principal
917 corporate trust office, sufficient books for the registration and transfer of the Bonds,
918 which shall at all times be open to inspection by the county (the "Bond Register"). So
919 long as any Bonds remain Outstanding, the Registrar shall make all necessary provisions
920 to permit the exchange or registration of transfer of Bonds at its principal corporate trust
921 office. The Registrar may be removed at any time at the option of the finance director
922 upon prior notice to the Registrar, the county, the Remarketing Agent and the Bank and a
923 successor Registrar appointed by the Finance Director. Any successor Registrar must be
924 a commercial bank with trust powers or trust company. No resignation or removal of the
925 Registrar shall be effective until a successor shall have been appointed and until the
926 successor Registrar shall have accepted the duties of the Registrar hereunder, and the
927 Credit Facility shall have been transferred, together with all other funds then held by the
928 Registrar, to the successor Registrar. The Registrar is authorized, on behalf of the
929 county, to authenticate and deliver Bonds transferred or exchanged in accordance with
930 the provisions of such Bonds and this ordinance and to carry out all of the Registrar's
931 powers and duties under this ordinance. The Registrar shall be responsible for its
932 representations contained in the Certificate of Authentication on the Bonds.

933 (b) *Letter of Representations/Book-Entry System.* To induce DTC to
934 accept the Bonds as eligible for deposit at DTC, the county has heretofore executed and
935 delivered the Letter of Representations. The Bonds initially issued shall be held in

936 fully-immobilized form by DTC acting as depository pursuant to the terms and conditions
937 set forth in the Letter of Representations.

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

948 (d) *DTC as Registered Owner.* Except as provided in Sections 5.09
949 and 7.08, the county and the Registrar, each in its discretion, may deem and treat the
950 Registered Owner as the absolute owner thereof for all purposes, and neither the county
951 nor the Registrar shall be affected by any notice to the contrary. Payment of any such
952 Bond shall be made only as described in this section, but the transfer of such ownership
953 may be registered as herein provided. All such payments made as described in this
954 section shall be valid and shall satisfy and discharge the liability of the county upon such
955 Bond to the extent of the amount or amounts so paid. Except as provided in
956 Sections 5.09 and 7.08, the county and the Registrar shall be entitled to treat DTC as the
957 absolute owner of all Bonds for all purposes of this ordinance and any applicable laws,
958 notwithstanding any notice to the contrary received by the Registrar or the county.

959 Neither the county nor the Registrar will have any responsibility or obligation, legal or
960 otherwise, to any other party including DTC or its successor (or substitute depository or
961 its successor), except to the Registered Owners.

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

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

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

981 (3) *Issuance of New Bonds to Successor/Substitute Depository.*

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

988 (4) *Termination of Book-Entry System.* In the event that

989 (i) DTC or its successor (or substitute Securities Depository or its successor) resigns from
990 its functions as Securities Depository, and no substitute Securities Depository can be
991 obtained, or (ii) the council determines that it is in the best interest of the Beneficial
992 Owners of the Bonds that they be able to obtain Bond certificates, the ownership of the
993 Bonds may then be transferred to any person or entity as herein provided, and the Bonds
994 shall no longer be held in fully immobilized form. The council shall deliver a written
995 request to the Registrar, together with a supply of definitive Bonds, to issue Bonds as
996 herein provided in any Authorized Denomination. Upon receipt of all then Outstanding
997 Bonds by the Registrar together with a written request on behalf of the council to the
998 Registrar, new Bonds shall be issued in such Authorized Denominations and registered in
999 the names of such persons as are requested in such written request.

1000 (f) *Transfer or Exchange of Registered Ownership; Change in*

1001 *Denominations.* If the Bonds are no longer held in immobilized, book-entry form, the
1002 transfer of ownership of any Bond may be registered and such Bonds may be exchanged,
1003 but no transfer of any Bond shall be valid unless it is surrendered to the Registrar with the

1004 assignment form appearing on such Bond duly executed by the Registered Owner or such
1005 Registered Owner's duly authorized agent in a manner satisfactory to the Registrar.
1006 Upon such surrender, the Registrar shall cancel the surrendered Bond and shall
1007 authenticate and deliver, without charge to the Registered Owner or transferee therefor, a
1008 new Bond (or Bonds at the option of the new Registered Owner) of the same date,
1009 Maturity Date and Interest Rate and for the same aggregate principal amount in any
1010 Authorized Denomination, naming as Registered Owner the person or persons listed as
1011 the assignee on the assignment form appearing on the surrendered Bond, in exchange for
1012 such surrendered and canceled Bond. Any Bond may be surrendered to the Registrar and
1013 exchanged, without charge, for an equal aggregate principal amount of Bonds of the same
1014 date, Maturity Date and Interest Rate, in any Authorized Denomination. Other than in
1015 connection with an optional or mandatory tender for purchase, the Registrar shall not be
1016 obligated to transfer or exchange any Bond during the five-day period prior to the
1017 selection of Bonds for redemption or the Maturity Date or following any publication of
1018 notice of redemption. No charge shall be imposed upon Registered Owners in connection
1019 with any transfer or exchange, except for taxes or governmental charges related thereto.

1020 (g) *Registration Covenant.* The county covenants that, until all Bonds
1021 have been surrendered and canceled, it will maintain a system for recording the
1022 ownership of each Bond that complies with the provisions of Section 149 of the Code.

1023 **Section 2.06. Mutilated, Destroyed, Lost or Stolen Bonds.** If any Bond is
1024 lost, stolen or destroyed, the county may execute and the Registrar may authenticate and
1025 deliver a new Bond or Bonds of like date and tenor to the Registered Owner thereof, all
1026 in accordance with law. However, no substitution or payment shall be made unless and

1027 until the applicant shall furnish (a) evidence satisfactory to said Registrar and Designated
1028 County Representative of the destruction or loss of the original Bond and of the
1029 ownership thereof, and (b) such additional security, indemnity or evidence as may be
1030 required by the council. No substitute Bond shall be furnished unless the applicant shall
1031 reimburse the county and the Registrar for their respective expenses in the furnishing
1032 thereof. Any such substitute Bond so furnished shall be equally and proportionately
1033 entitled to the security of this ordinance with all other Bonds issued hereunder.

1034 **Section 2.07. Payments of Principal, Redemption Price, Purchase Price and**
1035 **Interest; Persons Entitled Thereto.**

1036 (a) *Payments of Principal, Interest, Purchase and Redemption Prices.*
1037 The principal, Purchase Price or Redemption Price of each Bond shall be payable upon
1038 surrender or delivery of such Bond to the Registrar in New York, New York. For so long
1039 as DTC is the Registered Owner, interest, Purchase Price and principal shall be paid and
1040 delivery shall be made as described in the operational arrangements referred to in the
1041 Letter of Representations and pursuant to DTC's standard procedures.

1042 (b) *Accrual of Interest.* Subject to the further provisions of Article III
1043 hereof, each Bond shall accrue interest and be payable as to interest as follows:

1044 (1) On each Interest Payment Date, the Registered Owner of
1045 each Bond as of the Record Date shall be paid the amount of unpaid interest that accrues
1046 during the Interest Accrual Period.

1047 (2) The interest due on any Bond on any Interest Payment Date
1048 shall be paid to the Registered Owner of such Bond as shown on the Bond Register as of
1049 the Record Date. The amount of interest so payable on any Interest Payment Date shall

1050 be computed (A) on the basis of a 365- or 366-day year for the number of days actually
1051 elapsed based on the calendar year in which the Daily Mode, Commercial Paper Mode or
1052 Weekly Mode commences, and (B) on the basis of a 360-day year of twelve 30-day
1053 months during a Long Term Mode or a Fixed Mode.

1054 (3) If the Bonds are no longer held by a Securities Depository,
1055 during a Long Term Mode or a Fixed Mode, the principal or Redemption Price of the
1056 Bonds shall be payable by check, provided that any Registered Owner of \$1,000,000 or
1057 more in aggregate principal amount of the Bonds, upon written request given to the
1058 Registrar at least five Business Days prior to the Maturity Date or Redemption Date
1059 designating an account in a domestic bank, may be paid by wire transfer of immediately
1060 available funds. If the Bonds are no longer held by a Securities Depository, all payments
1061 of interest on the Bonds accruing interest during the Commercial Paper Mode, Daily
1062 Mode or Weekly Mode shall be paid to the Registered Owners entitled thereto in
1063 immediately available funds by wire transfer to a bank within the continental United
1064 States or deposited to a designated account if such account is maintained with the
1065 Registrar as directed by the Registered Owner in writing or as otherwise directed in
1066 writing by the Registered Owner prior to the time of payment with respect to Bonds
1067 during a Commercial Paper Mode or five Business Days prior to the Interest Payment
1068 Date with respect to Bonds during a Daily Mode or Weekly Mode.

1069 (4) In the case of Bank Bonds, interest shall accrue and be
1070 payable in accordance with Section 2.11 hereof and the Reimbursement Agreement, and
1071 principal and interest shall be paid by wire transfer of immediately available funds to an

1072 account in the United States specified in the Reimbursement Agreement or as otherwise
1073 specified by the Bank in a written notice delivered to the Registrar.

1074 Any account specified pursuant to paragraphs (3) and (4) hereof shall remain in
1075 effect until revoked or revised by the Registered Owner or the Bank, as applicable, by an
1076 instrument in writing delivered to the Registrar.

1077 **Section 2.08. Acts of Registered Owners; Evidence of Ownership.** Any
1078 action to be taken by Registered Owners may be evidenced by one or more concurrent
1079 written instruments of similar tenor signed or executed by such Registered Owners in
1080 person or by an agent appointed in writing. The fact and date of the execution by any
1081 Person of any such instrument may be proved by acknowledgment before a notary public
1082 or other officer empowered to take acknowledgments or by an affidavit of a witness to
1083 such execution or by any other method satisfactory to the Registrar. Any action by the
1084 Registered Owner of any Bond shall bind all future Registered Owners of the same Bond
1085 or of any Bond issued upon the exchange or registration of transfer thereof in respect of
1086 anything done or suffered by the county or the Registrar in pursuance thereof.

1087 Except as provided in Sections 5.09 and 7.08, the Registrar and the county may
1088 treat the Registered Owner of a Bond as the absolute owner thereof for all purposes,
1089 whether or not such Bond shall be overdue, and the Registrar and the county shall not be
1090 affected by any knowledge or notice to the contrary; and payment of the principal of and
1091 premium, if any, and interest on such Bond shall be made only to such Registered Owner,
1092 which payments shall satisfy and discharge the liability of the county with respect to such
1093 Bond to the extent of the sum or sums so paid.

1094 With respect to Bank Bonds, the Bank shall be entitled to and, where necessary,
1095 deemed to have been assigned all rights and privileges as if the Bank were the Registered
1096 Owner of those Bank Bonds, except to the extent such rights and privileges conflict with
1097 the Reimbursement Agreement, in which case the terms of the Reimbursement
1098 Agreement shall prevail.

1099 **Section 2.09. Determination of Interest Rates.**

1100 (a) *Determination by Remarketing Agent.*

1101 (1) The Interest Rate for the Bonds (other than Commercial
1102 Paper Bonds and Bank Bonds) shall be determined by the Remarketing Agent as the rate
1103 of interest that, in the judgment of the Remarketing Agent, would cause the Bonds to
1104 have a market value as of the date of determination equal to the principal amount thereof
1105 (plus accrued interest), taking into account prevailing market conditions, and with respect
1106 to the Commercial Paper Mode, the Remarketing Agent shall determine the Commercial
1107 Paper Rate and the Interest Period for each Bond in the Commercial Paper Mode (which
1108 shall not exceed 270 days) at such rate and for such period as it deems advisable to
1109 minimize the net interest cost on the Bonds, taking into account prevailing market
1110 conditions; *provided, however,* that the foregoing shall not prohibit the Remarketing
1111 Agent from establishing longer Interest Periods (and at higher Commercial Paper Rates)
1112 than are otherwise available at the time of any remarketing if the Remarketing Agent
1113 determines that, taking into account prevailing market conditions, a lower net interest
1114 cost on the Bonds can be achieved over the longer Interest Period. Notwithstanding the
1115 foregoing, (i) if the Remarketing Agent has given or received notice that the Bonds are to
1116 be changed from the Commercial Paper Mode to any other Mode or are to be purchased

1117 pursuant to a mandatory tender in accordance with Section 4.02, the Remarketing Agent
1118 shall select Interest Periods that do not extend beyond the Mandatory Purchase Date and
1119 (ii) the Remarketing Agent shall not establish any Interest Period if, as a result of the
1120 selection of such Interest Period, the Aggregate Interest Coverage available for the Bonds
1121 would be greater than the Interest Portion with respect to the Bonds. While Bonds are in
1122 the Commercial Paper Mode, they may not bear interest at a rate that, when combined
1123 with the then currently Outstanding Bonds, would result in Aggregate Interest Coverage
1124 greater than the Interest Portion for the Bonds. For all other Modes, the Interest Rate on
1125 any Bond may not exceed the Maximum Rate. The Remarketing Agreement shall
1126 include a covenant by the Remarketing Agent to comply with the limitations established
1127 by this ordinance. All Bonds having the same Maturity Date (other than Bank Bonds and
1128 Commercial Paper Bonds) shall bear interest at the same Interest Rate, and all Bonds
1129 (other than Bank Bonds) shall be at all times in the same Mode.

1130 (2) In the event the Remarketing Agent fails for any reason to
1131 determine, or notify the Registrar of, the Interest Rate for any Interest Period (except as
1132 provided in Section 2.09(g)):

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

1136 (B) the Interest Rate then in effect for Bonds that accrue
1137 interest at Weekly Rates shall be equal to the BMA Municipal Swap Index, until the
1138 Registrar is notified of a new Weekly Rate determined by the Remarketing Agent; and

1139 (C) the Interest Rate for any Bond that accrues interest
1140 at Commercial Paper Rates and for which a Commercial Paper Rate and Interest Period is
1141 not determined shall be equal to the BMA Municipal Swap Index and the Interest Period
1142 for such Bond shall extend to but not include the next Business Day, until the Registrar is
1143 notified of a new Commercial Paper Rate and Interest Period determined for such Bond
1144 by the Remarketing Agent.

1145 (3) The Interest Rate in effect for Bonds during any Interest
1146 Period and, in connection with the Commercial Paper Mode and the Long Term Mode,
1147 the Interest Period, shall be available to Beneficial Owners and Registered Owners
1148 between 1:00 p.m. and 5:00 p.m., New York City time, from the Remarketing Agent.

1149 (b) *Commercial Paper Interest Periods and Interest Rates.*

1150 (1) Any Commercial Paper Bond may accrue interest at a
1151 Commercial Paper Rate for an Interest Period different from any other Bond. Each
1152 Interest Period shall commence on a Business Day and end on a day immediately
1153 preceding a Business Day.

1154 (2) Not later than 1:00 p.m., New York City time, on each Rate
1155 Determination Date, the Remarketing Agent shall determine each Commercial Paper
1156 Rate and Interest Period for a Commercial Paper Bond and the Remarketing Agent shall
1157 provide it to the Registrar by telephonic or Electronic Means. The Registrar shall obtain
1158 CUSIP numbers for each Bond in the Commercial Paper Mode for which a Commercial
1159 Paper Rate and Interest Period have been determined on such date.

1160 (c) *Daily Rates.* The Daily Rate for each Interest Period in the Daily
1161 Mode shall be effective from and including the commencement date thereof and shall

1162 remain in effect to, but not including, the next succeeding Business Day. Each such
1163 Daily Rate shall be determined by the Remarketing Agent not later than 10:00 a.m.,
1164 New York City time, on each Business Day and provided by the Remarketing Agent to
1165 the Registrar by telephonic or Electronic Means no later than the last Business Day of
1166 each month.

1167 (d) *Weekly Rates.* The Weekly Rate for each Interest Period in the
1168 Weekly Mode shall be effective from and including the commencement date of such
1169 Interest Period through and including the last day thereof. Each such Weekly Rate shall
1170 be determined by the Remarketing Agent no later than 4:00 p.m., New York City time,
1171 on the Rate Determination Date and provided to the Registrar by the Remarketing Agent
1172 by telephonic or Electronic Means by the second Business Day following such Rate
1173 Determination Date.

1174 (e) *Long Term Rates.* The Remarketing Agent, with the consent of the
1175 county shall determine the length of each Interest Period for the Long Term Mode.

1176 (1) The Long Term Rate for each Interest Period during the
1177 Long Term Mode shall be effective from and including the commencement date of such
1178 Interest Period and remain in effect through and including the last day thereof. Each such
1179 Long Term Rate shall be determined not later than 12:00 noon, New York City time, on
1180 the Rate Determination Date and provided to the Registrar by the Remarketing Agent by
1181 telephonic or Electronic Means by the close of business on such Rate Determination
1182 Date.

1183 (2) For any Interest Period in the Long Term Mode, the
1184 Maturity Date may be converted by the Remarketing Agent, with the approval of the

1185 Designated County Representative and upon delivery of a Favorable Opinion of Bond
1186 Counsel, to Term Maturities or Serial Maturity Dates.

1187 (3) If Term Maturity Dates or Serial Maturity Dates are
1188 approved by the county, a Long Term Rate shall be set for each such date.

1189 (f) *Fixed Rate.* A Fixed Rate shall be determined as follows:

1190 (1) The Fixed Rate during the Fixed Mode shall be effective
1191 from and including the Mode Change Date and remain in effect until the Maturity Date.
1192 The Fixed Rate shall be determined not later than 12:00 noon, New York City time, on
1193 the Rate Determination Date and provided to the Registrar by the Remarketing Agent by
1194 telephone or Electronic Means by the close of business on such Rate Determination Date.

1195 (2) If Term Maturity Dates or Serial Maturity Dates are
1196 approved by the county, a Fixed Rate shall be set for each such date.

1197 (g) *Rate in Absence of Remarketing Agent.* If there is a vacancy in the
1198 office of Remarketing Agent, the Bonds (other than Bank Bonds) shall bear interest on a
1199 weekly basis at a rate equal to the BMA Municipal Swap Index then in effect.

1200 **Section 2.10. Conversions Between Modes.** The Designated County
1201 Representative may elect to convert the Bonds (other than Bank Bonds) from one Mode
1202 to another as follows:

1203 (a) *Mode Change Dates.*

1204 (1) If the conversion is from a Daily Mode or Weekly Mode,
1205 the Mode Change Date must be an Interest Payment Date on which interest is payable for
1206 the Daily Mode or Weekly Mode from which the conversion is made.

1207 (2) In the case of a change from the Commercial Paper Mode,
1208 the Mode Change Date shall be a day that is the last Purchase Date for all Interest Periods
1209 set by the Remarketing Agent.

1210 (3) The Mode Change Date shall be a Business Day.

1211 (4) In the case of a change from the Long Term Rate Mode, the
1212 Mode Change Date shall be the Purchase Date of the current Interest Period.

1213 (b) *Notices by County.* The county shall give notice of any proposed
1214 conversion to the Registrar, the Bank and the Remarketing Agent not fewer than 30 days
1215 before the proposed conversion from a Commercial Paper Mode, Daily Mode or Weekly
1216 Mode and not fewer than 45 days before the proposed conversion from a Long Term
1217 Mode.

1218 (c) *Notices by Registrar.* The Registrar shall give notice by first class
1219 mail, of proposed conversion to the Registered Owners of Bonds then in the Commercial
1220 Paper, Daily Mode or Weekly Mode not less than 15 days before the proposed Mode
1221 Change Date and to Registered Owners of Bonds in the Long Term Mode not less than
1222 30 days before the proposed Mode Change Date or Purchase Date, as the case may be.

1223 Such notice shall state:

1224 (1) the proposed Mode Change Date;

1225 (2) that the Bonds will be subject to mandatory tender for
1226 purchase on the Mode Change Date (except in the case of conversions between the Daily
1227 Mode and the Weekly Mode);

1228 (3) the conditions, if any, to the conversion pursuant to
1229 subsection (d) below;

1230 (4) if the Bonds are in certificated form, information with
1231 respect to required delivery of Bond certificates and payment of the Purchase Price; and

1232 (5) that prior to the commencement of each Interest Period
1233 during a Long Term Mode and the Fixed Mode, Bonds may become Serial Bonds and/or
1234 Term Bonds maturing or subject to scheduled mandatory redemption on the first Interest
1235 Payment Date in September of each year, commencing in the next succeeding September
1236 after the Mode Change Date, in accordance with the limitations set forth in
1237 Section 2.09(e).

1238 (d) *Conditions to Conversion Between Modes.* A change in Mode will
1239 not become effective unless:

1240 (1) if the conversion is from the Commercial Paper Mode, the
1241 Registrar has received, prior to the date on which notice of conversion is required to be
1242 given to Registered Owners, written confirmation from the Remarketing Agent that it has
1243 not established and will not establish any Interest Rate Periods extending beyond the day
1244 before the Mode Change Date;

1245 (2) if the conversion is from the Commercial Paper Mode,
1246 Daily Mode or Weekly Mode to a Long Term Mode or Fixed Mode, or from a Long
1247 Term Mode to a Commercial Paper Mode, Daily Mode or Weekly Mode, the Registrar
1248 has been provided, no later than one day before the Mode Change Date, with a Favorable
1249 Opinion of Bond Counsel with respect to the conversion;

1250 (3) no change in Mode will become effective unless all
1251 conditions precedent thereto have been met and all such Bonds have been remarketed;
1252 and

1253 (4) no conversion to a New Mode, other than the Fixed Mode,
1254 shall be made if an Interest Period will extend beyond the Expiration Date.

1255 (e) *Failure to Satisfy Conditions Precedent to Mode Change.* If fewer
1256 than all of the Bonds have been remarketed or if any of the foregoing conditions have not
1257 been satisfied by the Mode Change Date, the New Mode shall not take effect and all
1258 Bonds shall remain in their then effective Mode.

1259 **Section 2.11. Interest Rate on Bank Bonds.** The rate of interest on each Bank
1260 Bond shall be the Bank Interest Rate for each day from and including the date such Bond
1261 becomes a Bank Bond to, but not including, the date such Bond is paid in full or is
1262 remarketed. Bank Bonds shall not bear interest at the Bank Interest Rate after such
1263 Bonds have been remarketed unless such Bonds shall again become Bank Bonds.

1264 **Section 2.12. Form of Bonds.** The Bonds shall each be in substantially the
1265 following form, with appropriate or necessary insertions, depending upon the omissions
1266 and variations as permitted or required hereby. If the Bonds are no longer held in
1267 fully-immobilized form, the form of the Bonds will be changed to reflect the changes
1268 required in connection with the preparation of certificated Bonds.

1292 authentication hereof if such date is on an Interest Payment Date to which interest has
1293 been paid or duly provided for, or from the Issue Date specified above if no interest has
1294 been paid or duly provided for, such payments of interest to be made on each Interest
1295 Payment Date until the principal or redemption price hereof has been paid or duly
1296 provided for as aforesaid.

1297

1298 The principal or redemption price of and interest on this bond are payable in
1299 lawful money of the United States of America. The principal or redemption price of this
1300 bond (or of a portion of this bond, in the case of a partial redemption) is payable to the
1301 Registered Owner hereof in immediately available funds or next day funds, depending on
1302 the applicable Interest Period and the instructions of the registered owner upon
1303 presentation and surrender hereof at the office of the fiscal agency of the State of
1304 Washington in New York, New York (the "Registrar"). Both principal of and interest on
1305 this bond shall be paid as provided in the Blanket Issuer Letter of Representations (the
1306 "Letter of Representations") from the County to The Depository Trust Company
1307 ("DTC"). Capitalized terms used in this Bond have the meanings given such terms in
1308 Ordinance ____ of the County, passed on _____, 2001 (the "Bond Ordinance").
1309 Interest on this bond shall accrue at Daily Rates, Weekly Rates, Commercial Paper Rates,
1310 Long Term Rates or Fixed Rates, payable on Interest Payment Dates, all as provided in
1311 the Bond Ordinance; provided, however, that if held by the Bank, interest on this Bond
1312 shall bear interest at the Bank Interest Rate.

1313

Ordinance 14172

1314 This bond is issued pursuant to the Bond Ordinance to finance capital
1315 improvements to the sewer system of the County (the "System"). Simultaneously with
1316 the issuance of the Bonds, the County is also issuing its Junior Lien Variable Rate
1317 Demand Sewer Revenue Bonds, Series 2001A, in the aggregate principal amount of
1318 \$50,000,000 (the "Series 2001A Bonds").

1319

1320 This bond, if in the Daily Mode or the Weekly Mode, shall be purchased on
1321 demand of the Registered Owner as provided in the Bond Ordinance.

1322

1323 This bond is subject to optional redemption and, other than Bonds in the Fixed
1324 Mode, mandatory tenders for purchase prior to scheduled maturity at prices and times as
1325 set forth in the Bond Ordinance.

1326

1327 The Bonds are not "qualified tax exempt obligations" eligible for investment by
1328 financial institutions within the meaning of Section 265(b) of the Internal Revenue Code
1329 of 1986, as amended.

1330

1331 This bond and the Bonds are special limited obligations of the County and are not
1332 obligations of the State of Washington or any political subdivision thereof other than the
1333 County, and neither the full faith and credit nor the taxing power of the County or the
1334 State of Washington or any political subdivision thereof is pledged to the payment of this
1335 bond or the Bonds.

1336

1337 The County hereby covenants and agrees with the holder of this bond that it will
1338 keep and perform all the covenants of this bond and of the Bond Ordinance to be by it kept
1339 and performed. The County pledges and binds itself to set aside out of the earnings and
1340 revenue of the Sewer System and to pay into the Junior Lien Bond Fund and certain
1341 accounts therein the various amounts required by the Bond Ordinance to be paid into and
1342 maintained in said accounts, all within the times provided by said ordinance.

1343

1344 The amounts covenanted to be paid out of the Revenue of the System and
1345 deposited into the Junior Lien Bond Fund shall constitute and the County has by the
1346 Bond Ordinance granted and pledged to the owners of the Bonds, a lien and charge on
1347 such Revenue junior, subordinate and inferior to Operating and Maintenance Expenses;
1348 junior, subordinate and inferior to the lien and charge on such Revenue for the payments
1349 required to be made into the Parity Bond Fund and the accounts therein, and into the
1350 Operating Reserve Account, Contingency Reserve Account, and Betterment Reserve
1351 Account in the Sewer Revenue Fund; junior, subordinate and inferior to the lien and
1352 charge on such Revenue for the payments required under the 1990 SRF Loan Agreement;
1353 junior, subordinate and inferior to the lien and charge on such Revenue of the payments
1354 required to be made into the Parity Lien Obligation Bond Fund and the accounts therein;
1355 equal to the lien and charge on such Revenue to pay and secure the payment of the
1356 Series 2001A Bonds and any Additional Junior Lien Obligations; and superior to all other
1357 liens and charges of any kind or nature, including, *inter alia*, the lien and charge on such
1358 Revenue to pay and secure the payment of the Commercial Paper Notes, the Bank Note
1359 and any Additional Subordinate Lien Obligations, and the 2000 SRF Loan.

1360

1361 The County has further pledged that it will cause the Sewer System to be
1362 maintained in good condition and repair and to be operated in an efficient manner and at
1363 a reasonable cost. The County has further pledged that it will at all times establish,
1364 maintain and collect adequate rates and charges for sewage disposal service as provided
1365 in the Bond Ordinance. Reference to the Bond Ordinance is made for a description of the
1366 nature and extent of the security for the Bonds, the funds or revenues pledged, and the
1367 terms and conditions upon which the Bonds are issued.

1368

1369 The pledge of revenues and other obligations of the County under the Bond
1370 Ordinance may be discharged prior to maturity of the Bonds by making provisions for the
1371 payment thereof on the terms and conditions set forth in the Bond Ordinance.

1372

1373 This bond shall not be valid or become obligatory for any purpose or be entitled
1374 to any security or benefit under the Bond Ordinance until the Certificate of
1375 Authentication hereon shall have been manually signed by the Bond Registrar.

1376

1377 It is hereby certified that all acts, conditions and things required by the
1378 Constitution and statutes of the State of Washington and the Charter and ordinances of
1379 the County to exist, to have happened, been done and performed precedent to and in the
1380 issuance of this bond have happened, been done and performed and that the issuance of
1381 this bond and the Bonds does not violate any constitutional, statutory or other limitation
1382 upon the amount of bonded indebtedness that the County may incur.

1383

1384

IN WITNESS WHEREOF, King County, Washington has caused this bond to be

1385

executed with the manual or facsimile signatures of the County Executive and Clerk of

1386

the County Council and caused a facsimile of the official seal of the County to be

1387

reproduced hereon.

1388

1389

KING COUNTY, WASHINGTON

1390

1391

1392

(SEAL)

By _____

1393

County Executive

1394

1395

ATTEST:

1396

1397

1398

By _____

1399

Clerk of the County Council

1400

1401

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

1402

following form and shall appear on each Bond:

1403

AUTHENTICATION CERTIFICATE

1404

1405 This bond is one of the King County, Washington, Junior Lien Variable Rate
1406 Demand Sewer Revenue Bonds, Series 2001B, described in the within-mentioned Bond
1407 Ordinance.

1408

1409

WASHINGTON STATE FISCAL

1410

AGENCY, as Registrar

1411

1412

1413

By _____

1414

Authorized Signatory

1415

1416 Date of Authentication: _____

1417

1418

Section 2.13. Defeasance. If money and/or Government Obligations maturing at

1419

such time(s) and bearing such interest to be earned thereon (without any reinvestment

1420

thereof) as will provide a series of payments that shall be sufficient together with any

1421

money initially deposited, to provide for the payment of the principal of, premium, if any,

1422

and interest (if the rate of interest is not fixed, at the Maximum Rate) on all or a

1423

designated portion of the Bonds when due (whether at maturity or upon earlier

1424

redemption in accordance with their respective terms) or on the first date on which such

1425

Bonds must or could be tendered for purchase are set aside in a special fund (hereinafter

1426

called the "trust account") to effect such payment and are pledged irrevocably in

1427

accordance with a refunding or defeasance plan adopted by the county for the purpose of

1428 effecting such payment, then no further payments need be made in the Junior Lien Bond
1429 Fund for the payment of the principal of, interest or redemption premium on such Bonds,
1430 the Registered Owners thereof shall cease to be entitled to any lien, benefit or security of
1431 this ordinance, except the right to receive payment of the principal of, premium, if any,
1432 and interest on such Bonds when due in accordance with their respective terms from the
1433 money and the principal and interest proceeds on the Government Obligations set aside in
1434 the trust account, and such Bonds shall no longer be deemed to be Outstanding
1435 hereunder; provided, however, that the bonds may not be defeased in whole until the
1436 Registrar receives written notice from the Bank that all amounts due the Bank under the
1437 Reimbursement Agreement have been paid and that the Letter of Credit has been
1438 terminated in accordance with its terms. Notwithstanding the foregoing, no defeasance of
1439 Bonds then in the Commercial Paper Mode, the Daily Mode or the Weekly Mode may be
1440 made unless the county shall have received written notice from each Rating Agency then
1441 maintaining a rating on the Bonds to the effect that the rating then in effect with respect
1442 to such Bonds will not be withdrawn, reduced or suspended as a result of the proposed
1443 defeasance.

1444 **ARTICLE III.**

1445 **REDEMPTION OF BONDS**

1446 **Section 3.01. Optional Redemption During Commercial Paper Mode.** Bonds
1447 in the Commercial Paper Mode are not subject to optional redemption prior to their
1448 respective Purchase Dates. Commercial Paper Bonds shall be subject to redemption at
1449 the option of the county, in whole or in part in principal amounts that permit all

1450 remaining Outstanding Bonds to continue in Authorized Denominations, on their
1451 respective Purchase Dates at a redemption price equal to the principal amount thereof.

1452 **Section 3.02. Optional Redemption of Bonds in the Daily Mode or the**
1453 **Weekly Mode.** Bonds in the Daily Mode or the Weekly Mode shall be subject to
1454 redemption at the option of the county, in whole or in part in principal amounts that
1455 permit all remaining Outstanding Bonds to continue in Authorized Denominations, on
1456 any Interest Payment Date for those Bonds at a redemption price equal to the principal
1457 amount thereof.

1458 **Section 3.03. Optional Redemption of Bonds in the Long Term Mode and**
1459 **Fixed Mode.** Bonds in a Long Term Mode or Fixed Mode shall be subject to redemption
1460 at the option of the county, in whole or in part in Authorized Denominations on such
1461 dates and at such prices as determined by the county for such Bonds on the Rate
1462 Determination Date.

1463 **Section 3.04. Optional Redemption of Bank Bonds.** Bank Bonds shall be
1464 subject to redemption at the option of the county, in whole or in part, in principal
1465 amounts that permit the remaining Outstanding Bonds to continue in Authorized
1466 Denominations, at any time, upon payment by the county to the Bank of an amount equal
1467 to the principal amount of the Bank Bonds to be redeemed, plus any accrued interest paid
1468 by the Bank as part of the Purchase Price thereof and not theretofore repaid to the Bank,
1469 plus accrued interest thereon at the Bank Interest Rate to the Redemption Date.

1470 **Section 3.05. Selection of Bonds for Redemption.** Whenever fewer than all the
1471 Outstanding Bonds are to be redeemed, the Bonds to be redeemed shall be selected in
1472 accordance with the operational arrangements of DTC referred to in the Letter of

1473 Representations. Notwithstanding the foregoing, Bank Bonds shall in all cases be
1474 redeemed first. In no event shall any Bond be Outstanding in a principal amount that is
1475 not an Authorized Denomination.

1476 **Section 3.06. Notice of Redemption.** For so long as the book entry-system is in
1477 effect, notice of redemption shall be provided in accordance with the operational
1478 arrangements of DTC referred to in the Letter of Representations, and no additional
1479 published or other notice shall be provided by the county; *provided, however*, that the
1480 Bank shall be given prior written notice of any proposed redemption of Bonds. In any
1481 event, notice of redemption shall be given by the county to the Registrar who shall give
1482 notice to DTC at least 30 days prior to the proposed date of redemption during the Long
1483 Term Mode and the Fixed Mode and at least 15 days for all other Modes.

1484 **Section 3.07. Effect of Redemption.** If notice of redemption has been duly
1485 given and money for the payment of the Redemption Price of the Bonds or portions
1486 thereof to be redeemed is held by the Registrar, then on the Redemption Date the Bonds
1487 or portions thereof so called for redemption shall become payable at the Redemption
1488 Price specified in such notice; and from and after the Redemption Date, interest thereon
1489 or on portions thereof so called for redemption shall cease to accrue, such Bonds or
1490 portions thereof shall cease to be Outstanding and to be entitled to any benefit, protection
1491 or security hereunder and the Owners of such Bonds or portions thereof shall have no
1492 rights in respect thereof except to receive payment of the Redemption Price upon delivery
1493 of such Bonds to the Registrar. Notwithstanding the foregoing, any Bank Bonds shall
1494 remain Outstanding until the Bank is paid all amounts due in connection with such Bonds
1495 or portions thereof to be redeemed on the Redemption Date. After payment to the Bank

1496 of all amounts due on Bank Bonds the Bank shall surrender such Bonds to the Registrar
1497 for cancellation.

1498 **Section 3.08. Purchase of Bonds In Lieu of Proceedings for Redemption.**

1499 The county reserves the right to purchase any of the Bonds offered to it by a Beneficial
1500 Owner or the Registered Owner at any time at any price acceptable to the county. Bonds
1501 so purchased by the county will be retired and will not be remarketed.

1502 **ARTICLE IV.**

1503 **PURCHASE OF BONDS**

1504 **Section 4.01. Tenders for Purchase.** As provided in Article II hereof, and
1505 notwithstanding anything to the contrary in this Article IV, tenders and purchases of
1506 Bonds shall be made pursuant to DTC's rules and procedures so long as any Bond is
1507 registered in the name of Cede & Co., as nominee of DTC. Whenever in the context of
1508 this ordinance, a Registered Owner or Beneficial Owner is offered the opportunity or
1509 required to tender a Bond for purchase, the tender shall be accomplished by the making
1510 of or the irrevocable authorization to make appropriate entries on the books of DTC or
1511 any DTC Participant. The payment of the Purchase Price for tendered Bonds under this
1512 Section 4.01 shall be made solely from remarketing proceeds and/or from the proceeds of
1513 drawing on the Letter of Credit and shall not constitute an obligation of the county in the
1514 event of an insufficiency of funds from the foregoing to pay the entire Purchase Price of
1515 tendered Bonds.

1516 (a) *Optional Tender Purchase Dates.* The Beneficial Owners of
1517 Bonds in the Daily Mode or Weekly Mode may elect to have their Bonds (or portions
1518 thereof in amounts equal to any Authorized Denomination, provided that the remaining

1519 Bonds held by such Beneficial Owner will continue to be in Authorized Denominations)
1520 purchased at the Purchase Price on the Purchase Date as follows:

1521 (1) Bonds in the Daily Mode may be tendered for purchase
1522 upon delivery of a notice of tender by Electronic Means or telephone to the Registrar,
1523 directly or through the Beneficial Owner's DTC Participant, not later than 11:00 a.m.,
1524 New York City time, on the intended Purchase Date.

1525 (2) Bonds in the Weekly Mode may be tendered for purchase
1526 upon delivery of a notice of tender by Electronic Means or telephone to the Registrar,
1527 directly or through the Beneficial Owner's DTC Participant, not later than 4:00 p.m.,
1528 New York City time, on a Business Day not less than seven days prior to the Purchase
1529 Date.

1530 (b) *Notice of Tender.* Each notice of tender:

1531 (1) shall be delivered to the Registrar at its principal corporate
1532 trust office and be in form satisfactory to the Registrar;

1533 (2) shall state (A) CUSIP number, bond number, and the
1534 principal amount of the Bond to which the notice relates, (B) that the Registered Owner
1535 irrevocably demands purchase of such Bond or a specified portion thereof in an amount
1536 equal to an Authorized Denomination, so long as the remaining portion thereof is in an
1537 Authorized Denomination, (C) the date on which such Bond or portion is to be
1538 purchased, and (D) payment instructions with respect to the Purchase Price; and

1539 (3) shall automatically constitute an irrevocable offer to sell the
1540 Bond (or portion thereof) to which the notice relates on the Purchase Date. The
1541 determination of the Registrar as to whether a notice of tender has been properly

1542 delivered pursuant to the foregoing shall be conclusive and binding upon the Registered
1543 Owner.

1544 (c) *Bonds to be Remarketed.* Not later than 11:00 a.m., New York
1545 City time, on the Business Day immediately following the date of receipt of any notice of
1546 tender (or immediately upon such receipt, in the case of Bonds in the Daily Mode), the
1547 Registrar shall notify, by telephone, promptly confirmed in writing, the county and the
1548 Remarketing Agent of the principal amount of Bonds (or portions thereof) to be
1549 purchased and the Purchase Date.

1550 **Section 4.02. Mandatory Tenders for Purchase.** The payment of the Purchase
1551 Price for tendered Bonds under this Section 4.02 shall be made solely from remarketing
1552 proceeds and/or from the proceeds of drawing on the Letter of Credit and shall not
1553 constitute an obligation of the county in the event of an insufficiency of funds from the
1554 foregoing to pay the entire Purchase Price of tendered Bonds.

1555 (a) *Commercial Paper Mode.* Each Bond in the Commercial Paper
1556 Mode shall be subject to mandatory tender for purchase on the Business Day after the last
1557 day of each Interest Period applicable to such Bond, at a Purchase Price equal to 100% of
1558 the principal amount thereof, plus interest accrued during such Interest Period. The
1559 Registered Owner of any Bond in the Commercial Paper Mode and tendered for purchase
1560 as provided in this Section 4.02(a) shall provide the Registrar with payment instructions
1561 for the Purchase Price of its Bond on or before the Mandatory Purchase Date.

1562 (b) *Conversions between Modes and on First Day of each Interest*
1563 *Period in Long Term Mode.* Bonds to be converted from one Mode to a different Mode
1564 (except for conversions between the Daily and Weekly Modes) and Bonds in the Long

1565 Term Mode are subject to mandatory tender for purchase on the Mode Change Date and
1566 on the first day of each succeeding Interest Period, respectively, at a Purchase Price equal
1567 to the principal amount thereof plus accrued interest. Owners shall be required to tender
1568 their Bonds to the Registrar at or prior to 11:00 a.m., New York City time, on the
1569 Mandatory Purchase Date for purchase.

1570 (c) *Mandatory Purchase Upon Substitution or Expiration of Letter of*
1571 *Credit.* On or prior to the 25th day next preceding (1) the Substitution Date, or (2) the
1572 Expiration Date, if the county has failed to deliver to the Registrar an Alternate Credit
1573 Facility (unless the county has elected to convert the Bonds to a Fixed Mode on or prior
1574 to the Expiration Date), then the Registrar shall give notice to the Registered Owners and
1575 the other Notice Parties stating:

1576 (i) in the case of a Substitution Tender Date, (A) that the Letter of
1577 Credit is being replaced by an Alternate Credit Facility (specifying the identity of the
1578 issuer of the Alternate Credit Facility and the Substitution Date); (B) the expected rating
1579 or ratings on the Bonds as of the Substitution Date and whether such rating(s) are
1580 expected to or may (as applicable) be reduced, increased, withdrawn or suspended; and
1581 (C) that the Bonds are required to be tendered for purchase (specifying the Substitution
1582 Tender Date and the procedures for tender, and stating that if not so tendered Bonds will
1583 be deemed tendered and interest thereon will cease to accrue on the Substitution Tender
1584 Date); or

1585 (ii) in the case of an Expiration Tender Date, that (A) the Letter of
1586 Credit is scheduled to expire (specifying the Expiration Date); (B) the county has not
1587 arranged for the extension of the Letter of Credit or Alternate Credit Facility, or an

1588 Alternate Credit Facility has not been delivered as of the date of such notice; and (C) the
1589 Bonds are required to be tendered for purchase (specifying the Expiration Tender Date
1590 and the procedures for tender, and stating that if not so tendered Bonds will be deemed
1591 tendered and interest thereon will cease to accrue on the Expiration Tender Date).

1592 The failure to mail such notice pursuant to clauses (i) and (ii) above with
1593 respect to any Bond shall not affect the validity of the mandatory purchase of any other
1594 Bond with respect to which notice was so mailed. Any notice mailed shall be
1595 conclusively presumed to have been given, whether or not actually received by any
1596 Registered Owner.

1597 Payment of the Purchase Price of such Bonds shall be made by wire transfer in
1598 immediately available funds by the Registrar by the close of business on such Mandatory
1599 Purchase Date.

1600 (d) *Mandatory Purchase Upon Event of Default Under*
1601 *Reimbursement Agreement.* Each Bond in a Daily Mode, Weekly Mode, Commercial
1602 Paper Mode or Long Term Mode is subject to mandatory purchase at the Purchase Price
1603 on the Default Tender Date. Such written notice shall be given by the Bank to the
1604 Registrar who shall, immediately upon receipt thereof, transmit a copy of such notice to
1605 all Notice Parties. No later than the third day next preceding the Mandatory Purchase
1606 Date, the Registrar shall give notice to the Registered Owners stating that the Bonds are
1607 required to be tendered for purchase (specifying the Mandatory Purchase Date and the
1608 procedures for tender and stating that if not so tendered Bonds shall be deemed tendered
1609 and interest thereon shall cease to accrue on the Mandatory Purchase Date). The failure
1610 to mail such notice with respect to any Bond shall not affect the validity of the mandatory

1611 purchase of any other Bond with respect to which notice was so mailed. Any notice
1612 mailed shall be conclusively presumed to have been given, whether or not actually
1613 received by any owner. Payment of the Purchase Price shall be made by wire transfer to
1614 accounts designated by the Registered Owners in immediately available funds by the
1615 Registrar by the close of business on the Mandatory Purchase Date.

1616 **Section 4.03. Remarketing and Purchase.**

1617 (a) *Remarketing of Tendered Bonds.* Unless otherwise instructed by
1618 the county, with the consent of the Bank, the Remarketing Agent shall use its best efforts
1619 to remarket Bonds or portions thereof for which notice of tender has been received
1620 pursuant to Section 4.01(b) or that are subject to mandatory tender on a Mandatory
1621 Purchase Date (other than a Default Tender Date). The terms of any remarketing by the
1622 Remarketing Agent shall provide for the payment of the full Purchase Price for tendered
1623 Bonds by the purchaser to the appropriate DTC Participant in immediately available
1624 funds at or before 12:00 noon, New York City time, on the Purchase Date. The
1625 Remarketing Agent shall not remarket any Bonds to the county. The Remarketing Agent
1626 shall not sell any Bond as to which a notice of Mode Change Date or notice of
1627 redemption has been given by the Registrar unless the Remarketing Agent has notified
1628 the Person to whom the sale is made of the conversion or redemption. Bank Bonds may
1629 not be remarketed (delivered to new purchasers) unless the Registrar has received written
1630 confirmation by Electronic Means from the Bank to the effect that the “Principal Portion”
1631 and the “Interest Portion” as defined in the Credit Facility has been fully reinstated with
1632 respect to such Bank Bonds or will be upon the remarketing of the Bonds.

1633 (b) *Purchase of Tendered Bonds.*

1634 (1) Notice. Not later than 12:00 p.m., New York City time, on
1635 any Purchase Date or Mandatory Purchase Date, as the case may be, the Remarketing
1636 Agent shall give notice by telephone or Electronic Means to the Registrar of the principal
1637 amount of tendered Bonds that were remarketed and those that were not remarketed, if
1638 any. Not later than 12:15 p.m., New York City time, on the Purchase Date or the
1639 Mandatory Purchase Date, the Registrar shall give notice to the county and the Bank or
1640 the issuer of the Credit Facility by telephone or Electronic Means, specifying the
1641 principal amount of tendered Bonds as to which the Remarketing Agent has not
1642 remarketed. Not later than 1:00 p.m., New York City time, on the Purchase Date or the
1643 Mandatory Purchase Date, the Remarketing Agent shall give notice to the Registrar by
1644 telephone (promptly confirmed in writing or by Electronic Means) of the names,
1645 addresses and taxpayer identification numbers of the purchasers, the denominations of
1646 Bonds to be delivered to each purchaser and, if available, payment instructions for
1647 regularly scheduled interest payments, or of any changes in any such information
1648 previously communicated.

1649 (2) Sources of Payments. The Remarketing Agent shall direct
1650 to be paid on the Purchase Date all amounts representing proceeds of the remarketing of
1651 such Bonds, such payments to be made in the manner and at the time specified in
1652 subsection 4.03(a) above. If such amounts are not sufficient to pay the Purchase Price,
1653 the Registrar shall immediately notify the county and the Bank or the issuer of the Credit
1654 Facility of any deficiency (but no later than 12:30 p.m., New York time). Pursuant to the
1655 Credit Facility, the Bank shall, following receipt of purchase notices and transfer

1656 instructions from the Registrar in the name of the Bank, on the Purchase Date, purchase
1657 such tendered Bonds by delivering to (or at the direction of) the Registrar for the tendered
1658 Bonds the Purchase Price therefor in immediately available funds in an amount equal to
1659 such deficiency prior to 2:30 p.m., New York City time, on the Purchase Date or the
1660 Mandatory Purchase Date. If money is received by the Registrar as remarketing proceeds
1661 or from the Bank, any such amounts shall be deposited by the Registrar in the Purchase
1662 Account to be used solely for the payment of the Purchase Price of tendered Bonds and
1663 shall not be commingled with other funds held by the Registrar. All Bonds so purchased
1664 by the Bank shall be registered in the name of the Bank on the Purchase Date, shall be
1665 held in trust by the Registrar on behalf of the Bank, and shall not be released from such
1666 trust unless the Registrar shall have received written instructions from the Bank and
1667 written confirmation by Electronic Means that the Credit Facility has been reinstated.

1668 (3) Payments of the Purchase Price. Not later than the close of
1669 business on the Purchase Date and upon receipt by the Registrar of 100% of the
1670 aggregate Purchase Price of the tendered Bonds, the Purchase Price of such Bonds shall
1671 be paid to the Registered Owners thereof. Such payments shall be made by wire transfer
1672 of immediately available funds. Such payments shall be made first from the proceeds of
1673 the remarketing of such Bonds by the Remarketing Agent, and second, from money
1674 received from the Bank under the Credit Facility.

1675 **Section 4.04. Purchase Account.** There is hereby created with the Registrar a
1676 segregated trust fund to be designated the "Purchase Account." The Purchase Account
1677 shall consist of two sub-accounts to be designated respectively the "Remarketing
1678 Subaccount" and the "Bank Purchase Subaccount."

1679 If by the terms of the remarketing, the Registrar receives any money from the
1680 remarketing of Bonds, the Registrar shall deposit or cause to be deposited into the
1681 Remarketing Subaccount, if and when received, all money delivered to the Registrar as
1682 and for the Purchase Price of remarketed Bonds, such money to pay the Purchase Price of
1683 remarketed Bonds.

1684 The Registrar shall deposit or cause to be deposited into the Bank Purchase
1685 Account, when and as received, all money delivered to the Registrar, if any, from the
1686 Bank pursuant to the Credit Facility, such money to be used to purchase unremarketed
1687 Bonds, which Bonds shall thereafter be registered in the name of the Bank and
1688 considered Bank Bonds.

1689 Amounts held in the Bank Purchase Subaccount and the Remarketing Subaccount
1690 by the Registrar shall be held uninvested and separate and apart from all other funds,
1691 accounts and subaccounts.

1692 On the date of purchase, the Registrar shall register and deliver (or hold) or cancel
1693 all Bonds purchased on any purchase date as follows: (A) Bonds purchased or
1694 remarketed by the Remarketing Agent shall be registered and made available to the
1695 Remarketing Agent by 2:15 p.m., New York City time, in accordance with the
1696 instructions of the Remarketing Agent; (B) Bonds purchased with proceeds of a drawing
1697 on the Credit Facility shall be held as Bank Bonds and shall be held in trust by the
1698 Registrar on behalf of the Bank and shall not be released from such trust unless the
1699 Registrar shall have received written instructions from the Bank and, unless the Bonds
1700 are to be cancelled, written confirmation by Electronic Means that the Letter of Credit
1701 has been reinstated. Notwithstanding anything herein to the contrary, so long as the

1702 Bonds are held under the book-entry only system in accordance with Section 2.05 hereof,
1703 Bonds will not be delivered as set forth above; rather, transfers of beneficial ownership of
1704 the Bonds to the person indicated above will be effected on the registration books of DTC
1705 pursuant to its rules and procedures.

1706 Bonds purchased with proceeds of a drawing on the Credit Facility pursuant to
1707 this Section shall constitute "Bank Bonds" and shall be held by the Registrar as agent for
1708 the Bank pursuant to the Reimbursement Agreement (and shall be shown as such on the
1709 registration books maintained by the Registrar) unless and until (1)(A) the Registrar has
1710 written confirmation by Electronic Means from the Bank to the extent contemplated by
1711 the terms of the Credit Facility that the Credit Facility has been reinstated with respect to
1712 such drawing and (B) the Bank has notified the Registrar by facsimile (thereafter
1713 promptly confirmed in writing by U.S. Mail) that such Bonds have been released
1714 pursuant to the Reimbursement Agreement and are no longer Bank Bonds or (2) the Bank
1715 Bonds have been purchased by the county and surrendered for cancellation. Pending
1716 reinstatement of the Credit Facility and release of such Bank Bonds, as aforesaid, the
1717 Bank or its designee may assign them to an affiliate and shall be entitled to receive all
1718 payments of principal of and interest on Bank Bonds and such Bonds shall not be
1719 transferable or deliverable to any party (including the county) except the Bank pursuant
1720 to the Reimbursement Agreement. Unless an Event of Default has occurred or if the
1721 county otherwise instructs, the Remarketing Agent shall continue to use its best efforts to
1722 arrange for the sale of any Bank Bonds, subject to full reinstatement of the Letter of
1723 Credit with respect to the drawings with which such Bonds were purchased, at a price

1724 equal to the principal amount thereof plus accrued interest (not including interest owed to
1725 the Bank at the Bank Rate).

1726 Notwithstanding anything to the contrary in this subsection, if and for so long as
1727 the Bonds are to be registered in accordance with Section 2.02 hereof, the registration
1728 requirements under this subsection (v) shall be deemed satisfied if Bank Bonds are
1729 (1) registered in the name of the Securities Depository or its nominee in accordance with
1730 Section 2.05 hereof, and (2)(i) credited on the books of the Securities Depository to the
1731 account of the Registrar (or its nominee) and further credited on the books of the
1732 Registrar (or such nominee) to the account of the Bank (or its designee) or (ii) credited on
1733 the books of the Securities Depository to the account of the Bank or its nominee.

1734 In the event that any Bonds are registered to the Bank pursuant to the provisions
1735 of this section above to the extent requested by the Bank, the Remarketing Agent shall
1736 offer for sale and use its best efforts to sell such Bonds at a price equal to the principal
1737 amount thereof plus accrued interest (not including interest owed to the Bank at the Bank
1738 Rate).

1739 All Bonds to be purchased on any date shall be required to be delivered to the
1740 principal office of the Registrar at or before (A) 1:00 p.m., New York City time, on the
1741 purchase date in the case of Bonds accruing interest at Commercial Paper or Daily Rates;
1742 (B) 12:00 noon, New York City time, on the purchase date in the case of Bonds accruing
1743 interest at Weekly Rates; or (C) 5:00 p.m., New York City time, on the second Business
1744 Day prior to the purchase date in the case of Bonds accruing interest at Long Term Rates,
1745 except for Bonds delivered by or on behalf of an Investment Company in accordance
1746 with Section 4.06 hereof which may be delivered by 3:00 p.m., New York City time, on

1747 the purchase date. If the Owner of any Bond (or portion thereof) in certificated form that
1748 is subject to optional or mandatory purchase pursuant to this Article fails to deliver such
1749 Bond to the Registrar for purchase on the purchase date, and if the Registrar is in receipt
1750 of the Purchase Price therefor, such Bond (or portion thereof) shall nevertheless be
1751 deemed purchased on the day fixed for purchase thereof and ownership of such Bond (or
1752 portion thereof) shall be transferred to the purchaser thereof as provided above. Any
1753 Owner who fails to deliver such Bond for purchase shall have no further rights thereunder
1754 except the right to receive the Purchase Price thereof upon presentation and surrender of
1755 said Bond to the Registrar. The Registrar shall, as to any tendered Bonds that have not
1756 been delivered to it (i) promptly notify the Remarketing Agent of such nondelivery and
1757 (ii) place a stop transfer against an appropriate amount of Bonds registered in the name of
1758 such Registered Owner(s) on the bond registration books. The Registrar shall place such
1759 stop(s) commencing with the lowest serial number Bond registered in the name of such
1760 Registered Owner(s) until stop transfers have been placed against an appropriate amount
1761 of Bonds until the appropriate tendered Bonds are delivered to the Registrar. Upon such
1762 delivery, the Registrar shall make any necessary adjustments to the bond registration
1763 books.

1764 **Section 4.05. Letter of Credit; Alternate Credit Facility.**

1765 (a) During any Mode (other than the Fixed Mode or the Long Term
1766 Mode), while the Credit Facility is in effect with respect to the Bonds, on each Purchase
1767 Date or Mandatory Purchase Date, the Registrar, by telecopied demand given before
1768 12:30 p.m., New York time, shall notify the Bank of its need for funds to pay the interest
1769 (not including interest owed to the Bank at the Bank Rate) on and/or principal of and/or

1770 the Purchase Price of tendered Bonds in accordance with the terms of the Credit Facility
1771 so as to receive thereunder by 2:30 p.m., New York City time, on such date an amount, in
1772 immediately available funds, sufficient (together with the proceeds of the remarketing of
1773 Bonds (received and available to the Registrar prior to the time of drawing or demand
1774 under the Credit Facility) in connection with a purchase drawing if the Bonds are then
1775 being remarketed) on such date, to pay the Purchase Price in connection therewith. The
1776 Registrar shall deposit amounts received from the Bank to pay the Purchase Price of
1777 tendered Bonds in the Bank Purchase Subaccount pursuant to Section 4.04 hereof.
1778 During any Mode (other than the Fixed Mode), while the Letter of Credit is in effect, on
1779 the Business Day prior to any Interest Payment Date and/or any other date on which a
1780 payment of principal with respect to the Bonds is due, whether by maturity or redemption
1781 in advance of maturity, as the case may be, the Registrar, by telecopied demand given
1782 before 3:00 p.m., New York time, shall notify the Bank of its need for funds to pay
1783 interest on and/or principal of the Bonds in accordance with the terms of the Credit
1784 Facility so as to receive thereunder by 1:00 p.m. on such Interest Payment Date or date on
1785 which a payment of principal with respect to the Bonds is due an amount, in immediately
1786 available funds, sufficient to pay such interest (not including interest owed to the Bank at
1787 the Bank Rate) and/or principal. The Registrar shall hold such funds separate and apart
1788 in trust for the benefit of Registered Owners, and such funds shall not be commingled
1789 with any other funds for any other purpose. No drawing on the Credit Facility may be
1790 made for Bank Bonds or Bonds held by the county.

1791 (b) If at any time there shall have been delivered to the Registrar (i) an
1792 Alternate Credit Facility in substitution for the Letter of Credit then in effect, (ii) a

1793 Favorable Opinion of Bond Counsel, and (iii) written evidence satisfactory to the Bank of
1794 the provision for purchase from the Bank of all Bank Bonds, at a price equal to the
1795 principal amount thereof plus accrued and unpaid interest, and payment of all amounts
1796 due it under the Reimbursement Agreement on or before the effective date of such
1797 Alternate Credit Facility, then the Registrar shall accept such Alternate Credit Facility on
1798 the Substitution Date and shall surrender the Letter of Credit immediately to the Bank
1799 following the Substitution Date. The county shall give the Registrar, any Securities
1800 Depository, the Remarketing Agent and the Bank written notice of the proposed
1801 substitution of an Alternate Credit Facility for the Letter of Credit then in effect no less
1802 than 45 days prior to the proposed Substitution Date. Thirty days' prior notice of any
1803 proposed substitution of an Alternate Credit Facility shall be given by the Registrar to the
1804 Registered Owners.

1805 **Section 4.06. Tenders by Investment Companies.** The Owner of any Bond
1806 issued hereunder that is an Investment Company, or is holding Bonds on behalf of an
1807 Investment Company, may, at its option, notify the Remarketing Agent and the Registrar
1808 of such fact in writing and in such notice irrevocably elect to have its Bond(s) purchased
1809 on the next date on which such Bond(s) may be purchased pursuant to Section 4.01
1810 hereof. Any notice delivered by an Investment Company with respect to its Bond(s) shall
1811 contain the information required under Section 4.01 hereof and shall be irrevocable with
1812 the same effect described in Section 4.01.

1836 of the System deposited therein shall be used only for the following purposes and in the
1837 following order of priority:

1838 First, to pay all Operating and Maintenance Expenses;

1839 Second, to make all required payments of principal and interest on Parity Bonds
1840 as the same shall become due and payable and, when permitted under the provisions of
1841 the ordinances authorizing the Parity Bonds, to make any Payment Agreement Payments
1842 with respect to any Parity Payment Agreements;

1843 Third, to make required deposits for the amortization of Parity Term Bonds;

1844 Fourth, to make all payments required to be made pursuant to a reimbursement
1845 agreement or agreements (or other equivalent documents) in connection with Qualified
1846 Insurance or a Qualified Letter of Credit, provided that if there is not sufficient money to
1847 make all payments under such reimbursement agreements the payments will be made on
1848 a pro rata basis;

1849 Fifth, to establish and maintain the Bond Reserve (including the cost of obtaining
1850 Qualified Insurance or a Qualified Letter of Credit therefor);

1851 Sixth, to establish and maintain the Operating Reserve (so long as any Series A
1852 through Series Z Bonds remain outstanding);

1853 Seventh, to establish and maintain the Contingency Reserve (so long as any
1854 Series A through Series Z Bonds remain outstanding);

1855 Eighth, to establish and maintain the Betterment Reserve (so long as any Series A
1856 through Series Z Bonds remain outstanding);

1857 Ninth, to make all required payments of principal and interest due on the 1990
1858 SRF Loan;

1859 Tenth, to accumulate in the special reserve fund for the 1990 SRF Loan the
1860 amount required by subsection E of Section VI of the 1990 SRF Loan Agreement to be
1861 accumulated therein;

1862 Eleventh, to make all required payments of principal and interest on the Parity
1863 Lien Obligations and Payment Agreement Payments with respect to any Parity Lien
1864 Payment Agreements;

1865 Twelfth, to make all required payments of principal of and interest on the Bonds,
1866 the Series 2001A Bonds, and any other Junior Lien Obligations, as the same shall become
1867 due and payable, to make all Payment Agreement Payments for any Payment Agreements
1868 entered into with respect to Junior Lien Obligations, to make any payments required to be
1869 made to the Bank pursuant to the Reimbursement Agreement and the Series 2001A
1870 Reimbursement Agreement, and to make any payments required to be made to any
1871 provider of credit enhancement for any other Junior Lien Obligations;

1872 Thirteenth, to make all required payments of principal of and interest on the
1873 Commercial Paper Notes, Advances, or Additional Subordinate Lien Obligations as the
1874 same shall become due and payable;

1875 Fourteenth, to make all required payments of principal and interest on bonds,
1876 notes, warrants and other evidences of indebtedness, the lien and charge against Revenue
1877 of the System of which is junior and inferior to the Commercial Paper Notes, the Bank
1878 Note and Additional Subordinate Lien Obligations, as the same shall become due and
1879 payable;

1880 Fifteenth, to make all required payments of principal and interest due on the 2000
1881 SRF Loan; and

1882 Sixteenth, to accumulate in the special reserve fund for the 2000 SRF Loan the
1883 amount required by subsection G of Section VII of the 2000 SRF Loan Agreement to be
1884 accumulated therein.

1885 Any surplus money that the county may have on hand in the Revenue Fund after
1886 making all required payments set forth above may be used by the county (i) to make
1887 necessary improvements, additions and repairs to and extensions and replacements of the
1888 System, (ii) to purchase or redeem and retire outstanding sewer revenue bonds of the
1889 county, (iii) to make deposits into the Rate Stabilization Fund at such time as it is
1890 authorized to be created, or (iv) for any other lawful purposes of the county related to the
1891 System.

1892 (c) *Lien on Revenue of the System.* The Bonds and the lien thereof
1893 created and established hereunder shall be obligations only of the Junior Lien Bond Fund.
1894 The Bonds shall be payable solely from and secured solely by Revenue of the System and
1895 by drawings under the Credit Facility; *provided, however*, that any series of Additional
1896 Junior Lien Obligations also may be payable from and secured by a Credit Facility
1897 pledged specifically to or provided for that series of Additional Junior Lien Obligations.
1898 However, any Additional Junior Lien Obligations shall not be secured by the Letter of
1899 Credit. Funds drawn under the Letter of Credit shall be held separately and shall not be
1900 available for payments with respect to any Additional Junior Lien Obligations.

1901 From and after the time of issuance and delivery of the Bonds and so long
1902 thereafter as any of the same remain Outstanding, the county hereby irrevocably obligates
1903 and binds itself to set aside and pay into the Junior Lien Bond Fund out of Revenue of the
1904 System, on or prior to the date on which the interest on, premium, if any, or principal of

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1905 and interest on the Bonds shall become due, the amount necessary to pay such interest,
1906 premium, or principal and interest coming due on the Bonds.

1907 The amounts herein covenanted to be paid out of the Revenue of the System and
1908 deposited into the Junior Lien Bond Fund shall constitute and the county hereby grants
1909 and pledges to the owners of the Bonds, a lien and charge on such Revenue junior,
1910 subordinate and inferior to Operating and Maintenance Expenses; junior, subordinate and
1911 inferior to the lien and charge on such Revenue for the payments required to be made into
1912 the Parity Bond Fund and the accounts therein, and into the Operating Reserve Account,
1913 Contingency Reserve Account, and Betterment Reserve Account in the Sewer Revenue
1914 Fund; junior, subordinate and inferior to the lien and charge on such Revenue for the
1915 payments required under the 1990 SRF Loan Agreement; junior, subordinate and inferior
1916 to the lien and charge on such Revenue of the payments required to be made into the
1917 Parity Lien Obligation Bond Fund and the accounts therein; equal to the lien and charge
1918 on such Revenue to pay and secure the payment of the Series 2001A Bonds and any
1919 Additional Junior Lien Obligations; and superior to all other liens and charges of any
1920 kind or nature, including, *inter alia*, the lien and charge on such Revenue to pay and
1921 secure the payment of the Commercial Paper Notes, the Bank Note and any Additional
1922 Subordinate Lien Obligations, and the 2000 SRF Loan.

1923 The Bonds shall not be deemed to constitute a general obligation or a pledge of
1924 the faith and credit of the county, or a debt or a pledge of the faith and credit of the State
1925 of Washington or any other municipal corporation or political subdivision thereof.
1926 Neither the State of Washington nor any other municipal corporation or political
1927 subdivision thereof shall be obligated to pay the principal of or interest on the Bonds, and

1928 neither the faith and credit nor the taxing power of the county, the State of Washington or
1929 any other municipal corporation or political subdivision thereof is pledged to the payment
1930 of the principal of or interest on the Bonds.

1931 **Section 5.02. Use of Money in Junior Lien Bond Fund and Money Drawn**

1932 **Under Credit Facility.** Money in the Junior Lien Bond Fund shall be used solely for the
1933 payment of the principal of, premium, if any, and interest on Junior Lien Obligations as
1934 the same shall become due and payable at maturity, upon redemption or otherwise;
1935 provided, however, that the lien of the Owners of Bonds on money received from a draw
1936 on the Credit Facility shall be first and prior to the lien of any other person thereon.
1937 Funds for the payment of the principal of, premium, if any, and interest on the Bonds
1938 shall be derived from the following sources in the order of priority indicated:

1939 (a) money drawn by the Registrar under the Credit Facility for the
1940 payment of the principal of or interest on the Bonds; and

1941 (b) payments made by the county pursuant to Section 5.01(b) hereof.

1942 The Credit Facility shall be the obligation of the Bank to pay to the Registrar, in
1943 accordance with the terms thereof, such amounts as shall be specified therein and
1944 available to be drawn thereunder for the timely payment of the principal of and interest
1945 on the Bonds (whether at their stated maturity, or upon redemption or otherwise), and, if
1946 the Credit Facility so permits, premium, and portions of the Purchase Price of Bonds
1947 corresponding to principal and interest thereon, required to be made pursuant to, and in
1948 accordance with, the provisions of this ordinance. Money drawn under the Credit
1949 Facility by the Registrar shall be held by the Registrar separate and apart and shall not be
1950 commingled with any county funds. Such money shall not be re-invested. The Credit

1951 Facility shall be reduced to the extent of any drawings thereunder and reinstated in
1952 accordance with the terms thereof. The Letter of Credit delivered on the Closing Date
1953 shall terminate 364 days from the Closing Date, or earlier upon the occurrence of one of
1954 the events resulting in early termination specified therein or later if extended as provided
1955 in the Reimbursement Agreement and Letter of Credit.

1956 The county may request an extension of the termination date of the Letter of
1957 Credit or may provide for the delivery of an Alternate Credit Facility prior to the
1958 Expiration Date of the Letter of Credit or Alternate Credit Facility, as the case may be, or
1959 upon conversion from one Mode to another.

1960 **Section 5.03. Enforcement of Rights.** The Registered Owner of each of the
1961 Bonds or a trustee for the Registered Owners of any of the Bonds or the Bank may by
1962 mandamus or other appropriate proceeding require the transfer and payment of money as
1963 directed in this ordinance.

1964 **Section 5.04. Additional Obligations of the Sewer System.**

1965 (a) *Senior Lien Bonds.* The county may issue from time to time
1966 additional Parity Bonds and Parity Lien Obligations on the terms and conditions set forth
1967 in the resolutions and ordinances authorizing issuance of the Parity Bonds and the Parity
1968 Lien Obligations.

1969 (b) *Additional Junior Lien Obligations.* The county also hereby
1970 reserves the right to issue Additional Junior Lien Obligations, but only if (i) such Junior
1971 Lien Obligations are issued for the purpose of refunding any then outstanding Junior Lien
1972 Obligations or (ii) such Additional Junior Lien Obligations are issued for any lawful
1973 purpose of the county related to the System and the following conditions are met:

1974 (A) At the time of issuing such Additional Junior Lien
1975 Obligations, there shall be no default in the payment of the principal of or interest on any
1976 Parity Bonds, Parity Lien Obligations, the 1990 SRF Loan, any Outstanding Junior Lien
1977 Obligations, the Commercial Paper Notes, the Bank Note, and any Additional
1978 Subordinate Lien Obligations.

1979 (B) The county shall have on file one of the following
1980 certificates:

1981 (i) A certificate of the finance director showing that
1982 Net Revenue in any 12 consecutive months out of the most recent 18 months preceding
1983 the issuance of such Additional Junior Lien Obligations, based on financial statements of
1984 the System prepared by the county and after deducting therefrom the Senior Lien
1985 Payments required in each calendar year during the life of such Additional Junior Lien
1986 Obligations, shall be at least equal to 1.10 times the Annual Debt Service for the
1987 proposed Additional Junior Lien Obligations and all then outstanding Junior Lien
1988 Obligations in each year during the life of such Additional Junior Lien Obligations

1989 ; or

1990 (ii) A certificate from a licensed professional engineer
1991 experienced in the design, construction and operation of municipal utilities of scope
1992 similar to the System (the certificate may not be dated more than 90 days prior to the date
1993 of delivery of such Additional Junior Lien Obligations) showing that in his or her
1994 professional opinion the Net Revenue, estimated on the basis of all factors as he or she
1995 may consider reasonable, for each of the five calendar years next following the year in
1996 which such Additional Junior Lien Obligations are to be issued, after deducting therefrom

1997 Senior Lien Payments for each such year, shall be at least equal to 1.10 times the Annual
1998 Debt Service for the proposed Additional Junior Lien Obligations and all then
1999 outstanding Junior Lien Obligations in each of those five years

2000 (c) Nothing herein contained shall prevent the county from issuing
2001 revenue bonds, notes or other obligations that are a charge upon the Revenue of the
2002 System junior or inferior to the payments required to be made therefrom into the Junior
2003 Lien Bond Fund to pay and secure the payment of any Junior Lien Obligations.

2004 **Section 5.05. Covenants.** The county hereby makes the following covenants and
2005 agrees with the owners and holders of each of the Bonds for as long as any of the same
2006 remain Outstanding.

2007 (a) *General Rate Covenant.* The county shall establish, maintain and
2008 collect rates and charges for sewage disposal service for each calendar year that shall be
2009 fair and nondiscriminatory and adequate to provide the county with Revenue of the
2010 System sufficient (1) to pay all Operating and Maintenance Expenses during such
2011 calendar year; (2) to pay punctually all amounts described in Paragraphs Second through
2012 Sixteenth in Section 5.01(b) hereof due during such calendar year; and (3) to pay any and
2013 all amounts that the county is now or may hereafter become obligated by law or contract
2014 to pay during such calendar year from the Revenue of the System.

2015 (b) *Coverage Requirement.* (1) Subject to the provisions of
2016 subparagraph (2) of this Section 5.05(b), the county hereby covenants with the owners of
2017 the Bonds for so long as any of the same are outstanding that the county will at all times
2018 establish, maintain and collect rates and charges for sewage disposal service that, together
2019 with the interest to be earned on investments made of money in the Revenue Fund, Parity

2020 Bond Fund, Operating Reserve, Contingency Reserve, Betterment Reserve, Parity Lien
2021 Obligation Bond Fund, Junior Lien Bond Fund, and Construction Account will provide in
2022 each fiscal year Net Revenue, after deducting therefrom amounts required to pay Annual
2023 Parity Debt Service and amounts required to pay principal and interest due in such year
2024 on the Parity Lien Obligations and the 1990 SRF Loan, in an amount equal to at least
2025 1.10 times the amounts required to pay:

2026 (A) All amounts required to be paid in such fiscal year in
2027 respect of interest on the Bonds, the Series 2001A Bonds and any Additional Junior Lien
2028 Obligations and Payment Agreement Payments for Payment Agreements entered into
2029 with respect to any Junior Lien Obligations.

2030 (B) All principal coming due in such fiscal year on the Bonds,
2031 the Series 2001A Bonds, and any Additional Junior Lien Obligations.

2032 (C) The amounts required to be paid into the Junior Lien Bond
2033 Fund for amortization of principal of Junior Lien Obligations that are Term Bonds. For
2034 purposes of clause (C) of this paragraph, "amounts required to be paid" means the
2035 amount to be deposited or accumulated in any fund or account for interest on and
2036 amortization of Term Bonds on or before such January 1 for outstanding Term Bonds
2037 irrespective of the date or dates such amount, or any portion thereof, is actually deposited
2038 into such fund or account.

2039 (2) Amounts required to be paid in respect of Parity Lien Obligations
2040 and Junior Lien Obligations shall be calculated in accordance with the following
2041 requirements:

2042 (A) For purposes of calculating the amounts required to pay
2043 interest on Parity Lien Obligations and Junior Lien Obligations, capitalized interest and
2044 accrued interest paid to the county upon the issuance of Parity Lien Obligations and
2045 Junior Lien Obligations shall be excluded.

2046 (B) The amount of interest deemed to be payable on any issue
2047 of Variable Rate Parity Lien Obligations and Junior Lien Obligations bearing interest at
2048 variable rates shall be calculated on the assumption that the interest rate on those bonds
2049 would be equal to the rate (the "assumed RBI rate") that is 90% of the average Bond
2050 Buyer Revenue Bond Index or comparable index during the fiscal quarter preceding the
2051 quarter in which the calculation is made; provided, for purposes of determining actual
2052 compliance with the covenant made in this Section 5.05(b) in any past fiscal year, the
2053 actual amount of interest paid on any issue of Variable Rate Parity Lien Obligations shall
2054 be taken into account.

2055 (C) Debt service on Parity Lien Obligations and Junior Lien
2056 Obligations with respect to which a Payment Agreement is in force shall be calculated by
2057 the county to reflect the net economic effect on the county intended to be produced by the
2058 terms of the Parity Lien Obligations and the Junior Lien Obligations and the terms of the
2059 applicable Payment Agreement.

2060 From and after such time as the Rate Stabilization Fund is authorized to be
2061 created, for the purpose of meeting the coverage requirement of this Section 5.05(b),
2062 there may be added to Revenue of the System for any fiscal year any amount withdrawn
2063 from the Rate Stabilization Fund and deposited in the Revenue Fund. There shall be
2064 subtracted from Revenue of the System for any fiscal year any amounts in such year

2065 withdrawn from the Revenue Fund and deposited into the Rate Stabilization Fund in such
2066 fiscal year.

2067 (c) *Maintain in Good Order.* The county shall cause the System and
2068 the business in connection therewith to be operated in a safe, sound, efficient, and
2069 economic manner in compliance with all health, safety, and environmental laws,
2070 regulatory body rules, regulatory body orders and court orders applicable to the county's
2071 operation of the System, and shall cause to be maintained, preserved, reconstructed,
2072 expanded and kept, with all appurtenances and every part and parcel thereof, in good
2073 repair, working order and condition, and shall from time to time cause to be made,
2074 without undue deferral, all necessary or proper repairs, replacements and renewals, so
2075 that all times the operation of the System shall be properly and advantageously
2076 conducted.

2077 (d) *Sale or Disposition.* The county will not sell or voluntarily dispose
2078 of all of the operating properties of the System unless provision is made for payment into
2079 the appropriate bond funds of a sum sufficient to pay the principal of and interest on all
2080 outstanding Parity Bonds, Parity Lien Obligations and Junior Lien Obligations, in
2081 accordance with the terms thereof, nor will the county sell or voluntarily dispose of any
2082 part of the operating properties of the System unless the county has first complied with
2083 any applicable covenants of the Parity Bonds and Parity Lien Obligations.

2084 (e) *Books and Records.* The county will cause proper books of record
2085 and accounts of operation of the System to be kept, including an annual financial report.

2086 (f) *Annual Audit.* The county shall cause its books of accounts,
2087 including its annual financial report, to be audited annually by the State auditor's office

2088 or other State department or agency as may be authorized and directed by law to make
2089 such audits, or if such an audit shall not be made for twelve months after the close of any
2090 fiscal year of the county, by a Certified Public Accountant. The county will furnish such
2091 audit to the owner or holder of any Bond upon written request therefor.

2092 (g) *Insurance.* The county will at all times carry fire and extended
2093 coverage and such other forms of insurance on such of the buildings, equipment, facilities
2094 and properties of the Sewer System as under good practice are ordinarily carried on such
2095 buildings, equipment, facilities and properties by municipal or privately owned utilities
2096 engaged in the operation of sewer systems and will also carry adequate public liability
2097 insurance at all times, provided that the county may, if deemed advisable by the county
2098 council, institute or continue a self insurance program with respect to any or all of the
2099 aforementioned risks.

2100 (h) *Construction.* The county shall cause the construction of any duly
2101 authorized and ordered portions of the Comprehensive Plan to be performed and
2102 completed within a reasonable time and at the lowest reasonable cost.

2103 (i) *Collection of Revenue.* The county shall so operate and maintain
2104 the System and conduct its affairs as to entitle it at all times to receive and enforce
2105 payment to it of sewage disposal charges payable under any Service Agreement that the
2106 county has now or may hereafter enter into and to entitle the county to collect all
2107 revenues derived from the operation of the System. The county shall not release the
2108 obligations of any person, corporation or political subdivision under such Service
2109 Agreements and shall at all times, to the extent permitted by law, defend, enforce,

2110 preserve and protect the rights and privileges of the county and of the holders of the
2111 Parity Bonds under or with respect to such agreements.

2112 **Section 5.06. Payment Agreements.**

2113 A. General. To the extent and for the purposes permitted from time to
2114 time by Chapter 39.96 RCW and other applicable provisions of State law, the county may
2115 enter into Payment Agreements with respect to any Junior Lien Obligations, subject to
2116 the conditions set forth in this section and in other provisions of this ordinance.

2117 B. Manner and Schedule of Payments. Each Payment Agreement shall set
2118 forth the manner in which the Payment Agreement Payments and the Payment
2119 Agreement Receipts shall be calculated and a schedule of payment dates.

2120 C. Authorizing Ordinance. Prior to entering into a Payment Agreement, the
2121 county council shall pass an ordinance authorizing such agreement and setting forth such
2122 provisions as the county deems necessary or desirable and are not inconsistent with the
2123 provisions of this ordinance.

2124 D. Calculation of Payment Agreement Payments and Debt Service on Junior
2125 Lien Obligations with Respect to which a Payment Agreement is in Force. It is the intent
2126 of the county, for purposes of Sections 5.04(b) and 5.05(b) of this ordinance, that debt
2127 service on Junior Lien Obligations with respect to which a Payment Agreement is in
2128 force shall be calculated to reflect the net economic effect on the county intended to be
2129 produced by the terms of the Junior Lien Obligations and the terms of the Payment
2130 Agreement. In calculating such amounts, the county shall be guided by the following
2131 requirements.

2132 (i) The amount of interest deemed to be payable on any Junior Lien
2133 Obligations with respect to which a Payment Agreement is in force shall be an amount
2134 equal to the amount of interest that would be payable at the rate or rates stated in those
2135 Junior Lien Obligations plus Payment Agreement Payments minus Payment Agreement
2136 Receipts.

2137 (ii) For any period during which Payment Agreement Payments are
2138 not taken into account in calculating interest on any outstanding Junior Lien Obligations
2139 because the Payment Agreement is not then related to any outstanding Junior Lien
2140 Obligations, Payment Agreement Payments on that Parity Payment Agreement shall be
2141 calculated based upon the following assumptions:

2142 (a) County Obligated to Make Payments Based on Fixed Rate.

2143 If the county is obligated to make Payment Agreement Payments based on a fixed rate
2144 and the Qualified Counterparty is obligated to make payments based on a variable rate
2145 index, payments by the county will be based on the assumed fixed payor rate, and
2146 payments by the Qualified Counterparty will be based on a rate equal to the average rate
2147 determined by the variable rate index specified by the Payment Agreement during the
2148 fiscal quarter preceding the quarter in which the calculation is made; and

2149 (b) County Obligated to Make Payments Based on Variable

2150 Rate Index. If the county is obligated to make Payment Agreement Payments based on a
2151 variable rate index and the Qualified Counterparty is obligated to make payments based
2152 on a fixed rate, payments by the county will be based on a rate equal to the average rate
2153 determined by the variable rate index specified by the Payment Agreement during the
2154 fiscal quarter preceding the quarter in which the calculation is made, and the Qualified

2155 Counterparty will make payments based on the fixed rate specified by the Payment
2156 Agreement.

2157 E. Prior Notice to Moody's and Standard & Poor's. The county shall give
2158 notice to Moody's Investors Service and Standard & Poor's Ratings Services, a Division
2159 of The McGraw-Hill Companies, thirty days prior to the date it intends to enter into a
2160 Payment Agreement with respect to any Junior Lien Obligations.

2161 **Section 5.07. Construction Account; Disposition of Bond Proceeds.** There
2162 has heretofore been established a special fund of the county known as the "Second Water
2163 Quality Construction Account" (the "Construction Account"). For purposes of separately
2164 accounting for investment earnings on the proceeds of the Bonds to facilitate compliance
2165 with the requirements of the Arbitrage and Tax Certification, there is hereby established a
2166 special subaccount within the Construction Account to be designated as the Series 2001B
2167 Construction Subaccount (the "2001B Construction Subaccount").

2168 Money in the 2001B Construction Subaccount shall be held and applied to pay
2169 costs of acquiring, constructing and equipping improvements, additions or betterments to
2170 the System set forth in the Comprehensive Plan and all costs incident thereto, including
2171 but not limited to engineering, architectural, planning, financial, legal, urban design or
2172 any other incidental costs, and to repay any advances heretofore or hereafter made on
2173 account of such costs, provided that if deficiencies exist in the Junior Lien Bond Fund,
2174 money in the 2001B Construction Account may be transferred to the Junior Lien Bond
2175 Fund in such amounts as shall be necessary to pay principal and interest on the Bonds.

2176 The proceeds of the Bonds shall be applied as follows:

2177 (1) All interest, if any, on the Bonds accrued from their date to
2178 the date of delivery shall be paid into the Junior Lien Bond Fund;

2179 (2) The balance of the proceeds of the Bonds shall be deposited
2180 in the 2001B Construction Account and applied as provided above.

2181 All or part of the proceeds of the Bonds may be temporarily invested in or with
2182 such institutions or in such obligations as may now or hereafter be permitted to counties
2183 of the State of Washington by law that will mature prior to the date on which such money
2184 shall be needed.

2185 **Section 5.08. Tax Covenants.**

2186 (a) *Tax Covenant.* The county covenants to undertake all actions
2187 required to maintain the tax-exempt status of interest on the Bonds under Section 103 of
2188 the Code as set forth in the Arbitrage and Tax Certification.

2189 (b) *No Bank Qualification.* The Bonds shall not be qualified tax-
2190 exempt obligations pursuant to Section 265(b) of the Code for investment by financial
2191 institutions.

2192 **Section 5.09. Defaults and Remedies.** The county hereby finds and determines
2193 that the failure or refusal of the county or any of its officers to perform the covenants and
2194 obligations of this ordinance will endanger the operation of the System and the
2195 application of Revenue of the System and such other money, funds and securities to the
2196 purposes herein set forth. Any one or more of the following shall constitute a Default
2197 under this ordinance:

2198 (a) The county shall fail to make payment of the principal of any
2199 Bonds when the same shall become due and payable whether by maturity or scheduled
2200 redemption prior to maturity;

2201 (b) The county shall fail to make payments of any installment of
2202 interest on any Bonds when the same shall become due and payable;

2203 (c) The county shall default in the observance or performance of any
2204 other covenants, conditions, or agreements on the part of the county contained in this
2205 ordinance, and such default shall have continued for a period of 90 days.

2206 Upon the occurrence and continuation of a Default, the Bank shall be entitled to
2207 exercise, on behalf of the Bondowners, any of the remedies provided under this section
2208 and, for as long as the Bank is not in default of its obligations under the Credit Facility,
2209 the Bank shall be the only party entitled to exercise the remedies provided under this
2210 section. There shall be no waiver of a Default hereunder with respect to the Bonds unless
2211 the Registrar shall be assured that the Credit Facility has been fully reinstated.

2212 Upon the occurrence of a Default and so long as such Default shall not have been
2213 remedied and subject to the foregoing paragraph, a Bondowners' Trustee may be
2214 appointed for the Bonds by the owners of 51% in principal amount of the Outstanding
2215 Bonds by an instrument or concurrent instruments in writing signed and acknowledged
2216 by such Bondowners or by their attorneys-in-fact duly authorized and delivered to such
2217 Bondowners' Trustee, notification thereof being given to the county. Any Bondowners'
2218 Trustee appointed under the provisions of this Section shall be a bank or trust company
2219 organized under the laws of a state or a national banking association. The fees and
2220 expenses of a Bondowners' Trustee shall be borne by the Bondowners and not by the

2221 county. The bank or trust company acting as a Bondowners' Trustee may be removed at
2222 any time, and a successor Bondowners' Trustee may be appointed by the owners of 51%
2223 in principal amount of the Bonds Outstanding, by an instrument or concurrent
2224 instruments in writing signed and acknowledged by such Bondowners or by their
2225 attorneys-in-fact duly authorized.

2226 The Bondowners' Trustee appointed in the manner herein provided, and each
2227 successor thereto, is hereby declared to be a trustee for the owners of all the Bonds for
2228 which such appointment is made and is empowered to exercise all the rights and powers
2229 herein conferred on the Bondowners' Trustee.

2230 A Bondowners' Trustee may upon the happening of a Default and during the
2231 continuation thereof, take such steps and institute such suits, actions or other proceedings
2232 in its own name, or as trustee, all as it may deem appropriate for the protection and
2233 enforcement of the rights of Bondowners to collect any amounts due and owing the
2234 county, or to obtain other appropriate relief, and may enforce the specific performance of
2235 any covenant, agreement or condition contained in this ordinance.

2236 Any action, suit or other proceedings instituted by a Bondowners' Trustee
2237 hereunder shall be brought in its name as trustee for the Bondowners and all such rights
2238 of action upon or under any of the Bonds or the provisions of this ordinance may be
2239 enforced by a Bondowners' Trustee without the possession of any of said Bonds, and
2240 without the production of the same at any trial or proceedings relating thereto except
2241 where otherwise required by law, and the respective owners of said Bonds by taking and
2242 holding the same, shall be conclusively deemed irrevocably to appoint a Bondowners'
2243 Trustee the true and lawful trustee to the respective owners of said Bonds, with authority

2244 to institute any such action, suit or proceeding; to receive as trustee and deposit in trust
2245 any sums that become distributable on account of said Bonds; to execute any paper or
2246 documents for the receipt of such money, and to do all acts with respect thereto that the
2247 Bondowner himself might have done in person. Nothing herein contained shall be
2248 deemed to authorize or empower any Bondowners' Trustee to consent to accept or adopt,
2249 on behalf of any owner of said Bonds, any plan of reorganization or adjustment affecting
2250 the said Bonds or any right of any owner thereof, or to authorize or empower the
2251 Bondowners' Trustee to vote the claims of the owners thereof in any receivership,
2252 insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the
2253 county shall be a party.

2254 No owner of any one or more of the Bonds shall have any right to institute any
2255 action, suit or proceedings at law or in equity for the enforcement of the same, unless
2256 Default shall have happened and be continuing, and unless no Bondowners' Trustee has
2257 been appointed as herein provided, but any remedy herein authorized to be exercised by a
2258 Bondowners' Trustee may be exercised individually by any Bondowner, in his own name
2259 and on his own behalf or for the benefit of all Bondowners, in the event no Bondowners'
2260 Trustee has been appointed, or with the consent of the Bondowners' Trustee if such
2261 Bondowners' Trustee has been appointed; provided however, that nothing in this
2262 ordinance or in the Bonds shall affect or impair the obligation of the county which is
2263 absolute and unconditional, to pay from Revenue of the System the principal of and
2264 interest on said Bonds to the respective owners thereof at the respective due dates therein
2265 specified, or affect or impair the right of action, which is absolute and unconditional, of
2266 such owners to enforce such payments.

2267 The remedies herein conferred upon or reserved to the owners of the Bonds and to
2268 a Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies,
2269 and each and every such remedy shall be cumulative and shall be in addition to every
2270 other remedy given hereunder or now or hereafter existing at law or in equity or by
2271 statute. The privileges herein granted shall be exercised from time to time and continued
2272 so long as and as often as the occasion therefor may arise and no waiver of any default
2273 hereunder, whether by a Bondowners' Trustee or by the owners of Bonds, shall extend to
2274 or shall affect any subsequent default or shall impair any rights or remedies consequent
2275 thereon. No delay or omission of the Bondowners or of a Bondowners' Trustee to
2276 exercise any right or power accruing upon any default shall impair any such right or
2277 power or shall be construed to be a waiver of any such default or acquiescence therein.

2278 Upon any such waiver, such Default shall cease to exist, and any Default arising
2279 therefrom shall be deemed to have been cured, for every purpose of this ordinance; but no
2280 such waiver shall extend to any subsequent or other default or impair any right
2281 consequent thereon.

2282 **Section 5.10. Due Regard for Expenses of Maintenance and Operation**. The
2283 county council hereby declares that, in fixing the amounts to be paid into the Junior Lien
2284 Bond Fund and the accounts therein out of the Revenue of the System, it has exercised
2285 due regard for the necessary Operating and Maintenance Expenses and has not obligated
2286 the county to set aside, pay into and maintain in said fund and accounts a greater amount
2287 of the Revenue of the System than in its judgment will be available over and above such
2288 necessary Operating and Maintenance Expenses.

ARTICLE VI.

THE REMARKETING AGENT; THE
REGISTRAR; SALE OF BONDS

2292 **Section 6.01. Appointment of Remarketing Agent.** There shall at all times
2293 prior to conversion of the Mode to the Fixed Mode be a Remarketing Agent hereunder.
2294 The county appoints Lehman Brothers Inc. as the initial Remarketing Agent hereunder to
2295 remarket the Bonds pursuant to this ordinance, and to keep such books and records as
2296 shall be consistent with prudent industry practice and to make such books and records
2297 available for inspection by the Bank, the county and the Registrar at all reasonable times.

2298 The Remarketing Agent may at any time resign and be discharged of the duties
2299 and obligations created by this ordinance by giving the notice set forth in the
2300 Remarketing Agreement. The Remarketing Agent may be removed upon notice set forth
2301 in the Remarketing Agreement at the direction of the county, by written notice to the
2302 Remarketing Agent, the Bank and the Registrar. Any successor Remarketing Agent shall
2303 be a member of the National Association of Securities Dealers, Inc. (or successor to its
2304 functions) and shall be authorized by law to perform all the duties set forth in this
2305 ordinance.

2306 After conversion of the Bonds to the Fixed Mode, there shall be no Remarketing
2307 Agent for the Bonds, and as to such Bonds all references herein to the Remarketing
2308 Agent shall thereafter be of no effect.

2309 **Section 6.02. Additional Duties of Registrar.** The Registrar shall perform the
2310 duties specified hereunder consistent with the terms of the Fiscal Agency Agreement and
2311 this ordinance.

2312 **Section 6.03. Successor Remarketing Agent by Merger.** If the Remarketing
2313 Agent (or any co-Remarketing Agent) consolidates with, merges or converts into, or
2314 transfers all or substantially all of its assets to, another corporation, the resulting,
2315 surviving or transferee corporation without any further act shall be the successor
2316 Remarketing Agent (or co-Remarketing Agent).

2317 **Section 6.04. Sale of Bonds.** The Bonds shall be sold by negotiated sale to
2318 Lehman Brothers Inc. (the "Underwriter"), under the terms and conditions thereof as
2319 provided in the Bond Purchase Contract and in this ordinance. The Designated County
2320 Representative is hereby authorized to negotiate and execute a Bond Purchase Contract
2321 on terms consistent with this ordinance and substantially in the form presented to this
2322 council with only such changes he or she deems reasonable. The Designated County
2323 Representative is hereby authorized and directed to do everything necessary for the
2324 prompt execution and delivery of the Bonds to the Underwriter and for the proper
2325 application and use of the proceeds of sale thereof. The Bonds will be printed at county
2326 expense and will be delivered to the Underwriter in accordance with the Bond Purchase
2327 Contract.

2328 The proper county officials are authorized and directed to do everything necessary
2329 for the prompt delivery of the Bonds to the Underwriter and for the proper application
2330 and use of the proceeds of the sale thereof.

2331 **Section 6.05. Approval of Official Statement.** The Designated County
2332 Representative is hereby authorized and directed to review, approve and execute on
2333 behalf of the county an official statement with respect to the Bonds.

2334 **Section 6.06. Approval of Financing Documents.** The council finds that
2335 entering into the Remarketing Agreement and the Reimbursement Agreement is in the
2336 county's best interest. The council therefore authorizes the execution of those documents
2337 and of the Official Statement by the Designated County Representative (with such
2338 changes to those documents as may be approved by the Designated County
2339 Representative and are consistent with this ordinance) and the performance by the county
2340 of its obligations thereunder.

2341 **Section 6.07. Specific Authorizations.** The Designated County Representative
2342 may, in his or her discretion, without further action by the council, (a) effect changes in
2343 Mode of the Bonds from one Mode to another, (b) negotiate extensions of the Expiration
2344 Date, and execute documents necessary to effect such changes, and (c) effect such
2345 changes in Mode and negotiate such extensions of and fees for the credit enhancement for
2346 the Bonds, and execute documents necessary to effect such changes, and (d) execute a
2347 Continuing Disclosure Certificate providing for an undertaking by the county to comply
2348 with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

2349 **Section 6.08. Appointment of Successor to Remarketing Agent(s) or Bank.**
2350 The council authorizes the Designated County Representative to appoint successor(s) to
2351 the Remarketing Agent (with the prior written consent of the Bank, which consent will
2352 not be unreasonably withheld), upon receipt of notice of resignation from the
2353 Remarketing Agent. The council additionally authorizes the Designated County
2354 Representative to remove the Remarketing Agent when, in the sole discretion of the
2355 Designated County Representative, such removal is deemed necessary or beneficial to the
2356 county. In the event of such resignation or removal, the Designated County

2357 Representative may negotiate a contract with, or issue a request for proposals for, a
2358 successor Remarketing Agent, as appropriate, and execute a contract with the successor
2359 so selected; provided, however, that no successor may be appointed by the Designated
2360 County Representative if the appointment of such successor would result in the
2361 withdrawal, suspension or downgrade in the ratings of the Bonds by any Rating Agency.

2362 The council authorizes the Designated County Representative to obtain an
2363 Alternate Credit Facility when, in the sole discretion of the Designated County
2364 Representative, such replacement is deemed necessary or beneficial to the county. In the
2365 event of such replacement, the Designated County Representative may negotiate a
2366 contract with, or issue a request for proposals for, a new Bank and execute a contract with
2367 the new Bank so selected.

2368 **ARTICLE VII.**

2369 **MISCELLANEOUS**

2370 **Section 7.01. Contract; Severability.** The covenants in this ordinance and in
2371 the Bonds shall constitute a contract between the county and the Registered Owner of
2372 each and every Bond. If any one or more of the covenants or agreements provided in this
2373 ordinance to be performed on the part of the county shall be declared by any court of
2374 competent jurisdiction and final appeal (if any appeal be taken) to be contrary to law,
2375 then such covenant or covenants, agreement or agreements, shall be null and void and
2376 shall be deemed separable from the remaining covenants and agreements in this
2377 ordinance and shall in no way affect the validity of the other provisions of this ordinance
2378 or of the Bonds.

2379 **Section 7.02. Notice by Mail.** Any notice required to be given hereunder by
2380 mail to the Registered Owners shall be given by mailing a copy of such notice, first class
2381 postage prepaid, to the Registered Owners of all the Bonds at their addresses appearing in
2382 the Bond Register.

2383 **Section 7.03. References to Bank.** Notwithstanding any provisions contained
2384 herein to the contrary, after the expiration or termination of the Credit Facility and after
2385 all obligations owed to the Bank pursuant to the Reimbursement Agreement have been
2386 paid in full or discharged, all references to the Bank and the Credit Facility contained
2387 herein shall be null and void and of no further force and effect. The Registrar shall not
2388 have any lien on money received under the Credit Facility or received as remarketing
2389 proceeds for payment of its fees and expenses, and the Registrar shall not seek indemnity
2390 as a condition to making a drawing under the Credit Facility, making payments to
2391 Owners of Bonds or implementing a Mandatory Purchase Date.

2392 **Section 7.04. Notices.** All written notices to be given hereunder to any Notice
2393 Party shall be given by first-class mail, postage prepaid to the party or parties entitled
2394 thereto at the address set forth below, or at such other address as may be provided to the
2395 other parties hereinafter listed in writing from time to time, namely:

2396 If to the county:

2397

2398 The County:

2399

2400 King County, Washington

2401 Office of the Director of Finance

2402 500 4th Avenue

2403 Seattle, Washington 98101

2404 Attention: Nigel Lewis, Senior Budget & Financial Analyst

2405 Telephone: (206) 296-1168

2406 Telefax: (206) 296-7345

2407

2408 The Bank, with respect to business and credit matters:

2409

2410 Landesbank Hessen-Thüringen Girozentrale

2411 420 Fifth Avenue

2412 New York, New York 10022

2413 Attention: Vice President and Acting Manager

2414 Telephone: (212) 703-5200

2415 Telecopy: (212) 703-5256

2416

2417 The Bank, with respect to administrative and operations matters:

2418

2419 Landesbank Hessen-Thüringen Girozentrale

2420 420 Fifth Avenue

2421 New York, New York 10022

2422 Attention: Ms. Gudrun Dronca, Loan Administration

2423 Telephone: (212) 703-5244

2424 Telecopy: (212) 703-5256

2425

2426 The Remarketing Agent:

2427

2428 LEHMAN BROTHERS

2429 Three World Financial Center

2430 200 Vescey Street

2431 New York, New York 10048

2432 Attention: Municipal Short Term Desk, 9th Floor

2433 Telephone: (212) 528-1015

2434 Telefax: (212) 526-1386

2435

2436 with a copy to:

2437

2438 LEHMAN BROTHERS

2439 701 Fifth Avenue, Suite 7101

2440 Seattle, Washington 98104

2441 Attention: Public Finance

2442 Telephone: (206) 344-5885

2443 Telefax: (206) 233-2817

2444

2445 Registrar:

2446

2447 THE BANK OF NEW YORK

2448 101 Barclay Street, 21st Floor

2449 New York, New York 10286

2450 Attention: Corporate Trust Registrar Administration

2451 Telephone: (212) 815-5091

2452 Telefax: (212) 815-5393

2453

2454 Moody's:

2455

2456 MOODY'S INVESTORS SERVICE, INC.

2457 99 Church Street

2458 New York, New York 10007

2459 Attention: Public Finance Department Rating Desk/VRDO

2460

2461 S&P:

2462

2463 STANDARD & POOR'S RATINGS SERVICES,

2464 a Division of the McGraw Hill Companies

2465 55 Water Street

2466 New York, New York 10041

2467 Attention: Municipal Structured Surveillance

2468

2469 **Section 7.05. Payments Due on Holidays.** If an Interest Payment Date is not a
2470 Business Day then payment shall be made on the next Business Day and, except as
2471 provided in Article II, no interest shall accrue for the intervening period.

2472 **Section 7.06. Notices to Rating Agencies.** The county shall give immediate
2473 notice to each Rating Agency if:

2474 (a) The Remarketing Agent or the Registrar resigns or is replaced;

2475 (b) This ordinance is amended or supplemented;

2476 (c) An Alternate Credit Facility is provided;

2477 (d) The Bonds are changed from one Mode to another Mode
2478 (specifying the length of the new Interest Period(s));

2479 (e) There has been a redemption or defeasance of the Bonds;

2480 (f) A Mandatory Purchase Date has occurred as a result of the
2481 nonreinstatement of the Letter of Credit; or

2482 (g) The Remarketing Agreement, the Reimbursement Agreement or
2483 the Letter of Credit is amended, supplemented, extended, terminated or expired or
2484 replaced.

2485 **Section 7.07. Amendments Without Registered Owners' Consent.** This
2486 ordinance may be amended or supplemented from time to time, without the consent of
2487 the Registered Owners by a Supplemental Ordinance adopted by the council for one or
2488 more of the following purposes:

2489 (a) to add additional covenants of the council or to surrender any right
2490 or power herein conferred upon the county; or

2491 (b) to cure any ambiguity or to cure, correct or supplement any
2492 defective (whether because of any inconsistency with any other provision hereof or
2493 otherwise) provision of this ordinance in such manner as shall not be inconsistent with
2494 this ordinance or to make any other provisions with respect to matters or questions arising
2495 under this ordinance, provided such action shall not impair the security hereof or
2496 adversely affect the interests of the Registered Owners; or

2497 (c) to provide or modify procedures permitting Registered Owners to
2498 utilize a certificated system of registration for Bonds; or

2499 (d) to modify, alter, amend, supplement or restate this ordinance in
2500 any and all respects necessary, desirable or appropriate in connection with the delivery of
2501 a letter of credit, standby bond purchase agreement or other security or liquidity
2502 arrangement; or

2503 (e) to modify the provisions for optional or mandatory redemption at
2504 the commencement of a Long Term Mode or Fixed Mode; or

2505 (f) to modify, alter, amend, supplement or restate this ordinance in
2506 any and all respects necessary, desirable or appropriate to satisfy the requirements of any
2507 Rating Agency that may from time to time provide a rating on the Bonds, or in order to
2508 obtain or retain such rating on the Bonds as is deemed necessary by the county; or

2509 (g) for any purpose, if such amendment becomes effective only
2510 following a mandatory tender of all Bonds for purchase.

2511 **Section 7.08. Amendments With Registered Owners' Consent.** This

2512 ordinance may be amended from time to time by a Supplemental Ordinance approved by
2513 the Registered Owners of 51% in aggregate principal amount of the Bonds then
2514 Outstanding; provided, that (a) no amendment shall be made that affects the rights of
2515 some but fewer than all of the Registered Owners of the Outstanding Bonds without the
2516 consent of the Registered Owners of 51% in aggregate principal amount of the Bonds so
2517 affected, and (b) except as expressly authorized hereunder, no amendment that alters the
2518 interest rates on any Bonds, the maturity date, Interest Payment Dates, purchase upon
2519 tender or redemption provisions of any Bonds, this Section 7.08 without the consent of
2520 the Registered Owners of all Outstanding Bonds affected thereby. For the purpose of
2521 consenting to amendments under this Section 7.08 except for amendments that alter the
2522 interest rate on any Bonds, the maturity date, Interest Payment Dates, purchase upon
2523 tender or redemption of any Bonds, the Bank shall be deemed to be the sole Registered
2524 Owner of the Bonds then Outstanding.

2525 **Section 7.09. Amendments With Bank's Consent.** Any amendment or
2526 supplement to this ordinance shall require the prior written consent of the Bank.

2527

Section 7.10. Effective Date. This ordinance shall be effective 10 days after its

2528

enactment, in accordance with Article II of the county charter.

2529

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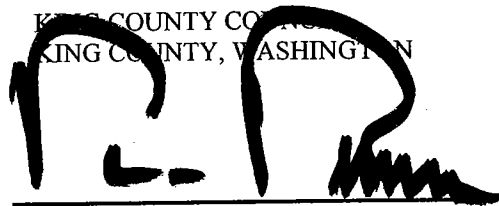
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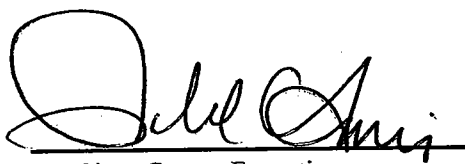
Ordinance 14172 was introduced on 5/7/01 and passed as amended by the Metropolitan King County Council on 7/16/01, by the following vote:

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