



KING COUNTY
Signature Report

September 9, 2008

Ordinance 16231

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

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CLERK
KING COUNTY COUNCIL

Proposed No. 2008-0410.1

Sponsors Ferguson

1 AN ORDINANCE relating to contracting indebtedness;
2 providing for the issuance and sale of one or more series of
3 limited tax general obligation refunding bonds of the
4 county (secured also by public transportation sales taxes) in
5 the aggregate principal amount of not to exceed
6 \$103,000,000 to currently refund all or a portion of the
7 county's outstanding Limited Tax General Obligation
8 (Public Transportation Sales Tax) Refunding Bonds, 1998,
9 Series A, and to advance refund all or a portion of the
10 county's outstanding Limited Tax General Obligation
11 (Public Transportation Sales Tax) Bonds, 2004; providing
12 for the form, terms, covenants and other provisions of such
13 refunding bonds; providing for the sale of the bonds and the
14 disposition of the proceeds of sale; establishing funds for
15 the receipt and expenditure of bond proceeds and for the
16 payment of the bonds; and providing for the annual levy of
17 taxes to pay the principal thereof and interest thereon; and

18 pledging public transportation sales tax revenues as
19 additional security for the bonds.

20

21 PREAMBLE:

22 The Municipality of Metropolitan Seattle ("Metro") was created by public
23 vote in 1958 to exercise certain powers conferred by Chapter 35.58 of the
24 Revised Code of Washington ("RCW"). In 1972, pursuant to RCW
25 35.58.245, the voters approved adding metropolitan public transportation
26 functions to Metro's powers, and, in accordance with RCW 35.58.240,
27 Metro adopted a comprehensive plan for public transportation for the
28 Seattle metropolitan area, which plan has been amended from time to time
29 (the "Comprehensive Plan"). To provide funds for the operation,
30 maintenance and capital needs of Metro's public transportation system,
31 Metro levied a sales tax pursuant to RCW 82.14.045 and as approved by
32 the voters at elections held in 1972 and 1980.

33 Metro issued several series of its limited sales tax general obligation bonds
34 secured by the pledge of the voter-approved sales tax, as authorized RCW
35 35.58.2721, to finance the acquisition and construction of facilities
36 required to carry out the Comprehensive Plan. RCW 35.58.2721 provides
37 that so long as such sales tax is pledged to outstanding bonds, the
38 legislature may not withdraw the authority to levy and collect the tax.

39 Pursuant to Resolution No. 4937, a master bond resolution adopted by the
40 Metro Council on June 19, 1986, and subsequent series resolutions for

41 each series of bonds, Metro issued five series of limited sales tax general
42 obligation bonds (the "Sales Tax Bonds"). No Sales Tax Bonds remain
43 outstanding.

44 Pursuant to Chapter 36.56 RCW and a special county election held
45 November 3, 1992, King County (the "county") on January 1, 1994,
46 assumed the rights, powers, functions and obligations of Metro, including
47 operation of Metro's public transportation system (the "Public
48 Transportation System"). The county assumed and agreed to provide for
49 the payment and retirement of outstanding bonds of Metro, including the
50 Sales Tax Bonds, and assumed the authority to levy and collect the sales
51 tax pledged to the payment of the Sales Tax Bonds.

52 Pursuant to Ordinance No. 13128, the county issued and sold its
53 \$85,715,000 par value Limited Tax General Obligation (Public
54 Transportation Sales Tax) Refunding Bonds, 1998 Series A (the "1998A
55 Bonds"), to provide for the refunding of two then-outstanding series of
56 Sales Tax Bonds. The 1998A Bonds were secured by a junior pledge of a
57 portion of the sales tax securing payment of the Sales Tax Bonds.

58 Ordinance No. 13128 also provided that the county would not issue any
59 additional bonds with a pledge on sales tax revenue equal to the Sales Tax
60 Bonds, and provided that any further transportation sales tax bonds would
61 be issued on a parity of lien with the 1998A Bonds.

62 Pursuant to Ordinance No. 14490, the county issued and sold its
63 \$64,285,000 par value Limited Tax General Obligation (Public

64 Transportation Sales Tax) Refunding Bonds, 2002 (the "2002 Bonds"), to
65 provide for the refunding of the last outstanding series of Sales Tax Bonds
66 and to modify the lien position of the 1998A Bonds on sales tax revenue.

67 The 2002 Bonds were issued on a parity of lien with the 1998A Bonds
68 which are now secured by a first lien pledge of the portion of the sales tax
69 that secured payment of the Sales Tax Bonds.

70 Pursuant to Ordinance No. 14887, the county issued and sold its
71 \$49,695,000 par value Limited Tax General Obligation (Public
72 Transportation Sales Tax) Bonds, 2004 (the "2004 Bonds"), to finance
73 portions of the Public Transportation Fund Capital Improvement Program
74 of the County. The 2004 Bonds were issued on a parity of lien with the
75 1998A Bonds and the 2002 Bonds, which are now secured by a "first lien"
76 pledge of the portion of the sales tax that secured payment of the Sales
77 Tax Bonds.

78 It is deemed necessary and advisable that the county now authorize the
79 issuance and sale of one or more series of its limited tax general obligation
80 refunding bonds in an outstanding aggregate principal amount not to
81 exceed \$103,000,000 to undertake the refunding of all or a portion of the
82 1998A Bonds and all or a portion of the 2004 Bonds, which bonds will be
83 additionally secured by a pledge of the sales tax levied pursuant to RCW
84 84.14.045, as provided herein.

85 To maximize the savings from such refundings, it is in the best interest of
86 the county to delegate to the county's Finance Director (as hereinafter

87 defined) authority to provide for the sale of one or more series of the
88 bonds authorized herein by competitive bid or negotiated sale; provided,
89 however, that the aggregate principal amount of the Bonds shall not
90 exceed \$103,000,000. The successful bid or negotiated purchase contract
91 for each series of bonds shall be subject to approval by the county council
92 as provided herein.

93 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

97 "Assessment Income" means amounts collected on account of the principal of and
98 interest and penalties on Assessments.

99 "Assessments" means assessments or installments thereof levied in any local
100 improvement district of Metro or the county created for the purpose of financing the
101 acquisition or construction of additions and improvements to and extensions of the
102 System and shall include interest and any penalties thereon.

103 "Bond Fund" means the bond redemption fund previously authorized to be
104 established for the Parity Bonds and described in Section 10 hereof.

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

107 "Bond Registrar" means the fiscal agent of the State of Washington (as the same
108 may be designated by the State of Washington from time to time) for the purposes of
109 registering and authenticating the Bonds, maintaining the Bond Register, effecting the

110 transfer of ownership of the Bonds and paying interest on and principal and premium, if
111 any, of the Bonds.

112 "Bonds" means all or a portion of the King County, Washington, Limited Tax
113 General Obligation (Public Transportation Sales Tax) Bonds, [appropriate year and series
114 designation], issued in an aggregate principal amount of not to exceed \$103,000,000
115 pursuant to this ordinance.

116 "1998A Bonds" means King County, Washington, Limited Tax General
117 Obligation (Public Transportation Sales Tax) Refunding Bonds, 1998 Series A, issued in
118 an aggregate principal amount of \$85,715,000 pursuant to Ordinance No. 13128.

119 "2002 Bonds" means King County, Washington, Limited Tax General Obligation
120 (Public Transportation Sales Tax) Refunding Bonds, 2002, issued in an aggregate
121 principal amount of \$64,285,000 pursuant to Ordinance 14490.

122 "2004 Bonds" means King County, Washington, Limited Tax General Obligation
123 (Public Transportation Sales Tax) Bonds, 2004, issued in an aggregate principal amount
124 of \$49,695,000 pursuant to Ordinance No. 14887.

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

129 "Commission" means the Securities and Exchange Commission.

130 "Comprehensive Plan" means the Comprehensive Plan for Public Transportation
131 set forth in Resolution No. 1717 of the Metro Council adopted October 5, 1972, as
132 amended by Resolution No. 1901 of the Metro Council adopted July 5, 1973, Resolution

133 No. 1989 adopted by the Metro Council on November 5, 1973, Resolution No. 3156
134 adopted by the Metro Council on May 3, 1979, Resolution No. 3647 adopted by the
135 Metro Council on March 19, 1981, Resolution No. 4679, adopted by the Metro Council
136 on July 18, 1985, and Resolution No. 6641 adopted by the Metro Council on October 21,
137 1993, as the same may be amended or supplemented hereafter by ordinance of the
138 county.

139 "County" means King County, Washington.

140 "Council" means the Metropolitan King County Council.

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

142 "Escrow Trustee" means the corporate trustee chosen to serve as such pursuant to
143 Section 14 hereof.

144 "Finance Director" means the director of the county finance and business
145 operations division of the department of executive services of the county or any other
146 county officer who succeeds to the duties now delegated to that office, or the designee of
147 such officer.

148 "Future Parity Bonds" means any bonds or other obligations that may be issued
149 by the County in the future with a lien on the Two-tenths Sales Tax Revenue equal to the
150 lien thereon of the Outstanding Parity Bonds and the Bonds.

151 "Government Obligations" means "government obligations" as defined in Chapter
152 39.53 RCW, as now in existence or hereafter amended.

153 "Letter of Representations" means the Blanket Issuer Letter of Representations
154 dated May 1, 1995, by and between the county and DTC.

155 "Master Resolution" means Resolution No. 4937 of the Metro Council, adopted
156 on June 19, 1986, pursuant to which all of the Sales Tax Bonds were issued.

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

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

163 "MSRB" means the Municipal Securities Rulemaking Board or any successor to
164 its functions.

165 "NRMSIR" means a nationally recognized municipal securities information
166 repository.

167 "Outstanding Parity Bonds" means the outstanding 1998A Bonds, 2002 Bonds
168 and 2004 Bonds.

169 "Parity Bonds" means the Outstanding Parity Bonds, the Bonds and any Future
170 Parity Bonds.

171 "Public Transportation Operating Account" means the account of that name
172 within the Public Transportation Fund, redesignated and continued by the county
173 pursuant to Ordinance No. 12076 of the county passed on December 18, 1995, and
174 previously known as the Municipality of Metropolitan Seattle Public Transportation
175 Revenue Fund established under Resolution No. 936 of the Metro Council adopted on
176 June 1, 1967.

177 "Public Transportation Construction Accounts" means the accounts of that name
178 within the Public Transportation Fund, redesignated and continued by the county
179 pursuant to Ordinance No. 12076 of the county passed on December 18, 1995, and
180 previously known as the Municipality of Metropolitan Seattle Public Transportation
181 Construction Fund established under Resolution No. 2209 of the Metro Council adopted
182 on October 17, 1974.

183 "Public Transportation Sales Tax" means the sales and use tax authorized to be
184 levied by the county pursuant to RCW 82.14.045 and which has heretofore been duly
185 levied by the county.

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

189 "RCW" means the Revised Code of Washington.

190 "Receiving Fund" means the Two-tenths Sales Tax Revenue Receiving Fund
191 within the Public Transportation Fund, redesignated and continued by the county
192 pursuant to Ordinance No. 12076 of the county passed on December 18, 1995, and
193 previously known as the Municipality of Metropolitan Seattle Two-tenths Sales Tax
194 Revenue Receiving Fund established under the Master Resolution.

195 "Refunded Bonds" means, collectively, the Refunded 1998A Bonds and the
196 Refunded 2004 Bonds.

197 "Refunded 1998A Bond Redemption Date" means, with respect to each series of
198 Bonds, each redemption date for the outstanding 1998A Bonds to be refunded thereby, as
199 identified or ratified in the Sale Motion therefor.

200 "Refunded 1998A Bonds" means, with respect to each series of Bonds, all
201 outstanding 1998A Bonds to be refunded thereby, as identified or ratified in the Sale
202 Motion therefor.

203 "Refunded 2004 Bond Redemption Date" means, with respect to the Bonds, each
204 redemption date for the outstanding 2004 Bonds to be refunded thereby, as identified or
205 ratified in the Sale Motion therefor.

206 "Refunded 2004 Bonds" means, with respect to each series of Bonds, all
207 outstanding 2004 Bonds to be refunded thereby, as identified or ratified in the Sale
208 Motion therefor.

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

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

213 "Sale Motion" means, with respect to each series of the Bonds, the motion of the
214 council identifying (if such series of Bonds is sold by competitive bid) or ratifying (if
215 such series of Bonds is sold by negotiated sale) the Refunded Bonds to be refunded by
216 such series of Bonds, their respective redemption dates and the Government Obligations
217 to be purchased to undertake such refunding, ratifying and confirming the year and series
218 designation, date, principal amounts and maturity dates, interest rates and interest
219 payment dates, redemption provisions of the Bonds, and approving the bond purchase
220 contract (if the Bonds are sold by negotiated sale) or accepting a bid (if the bonds are sold
221 by competitive bid) for the purchase of the Bonds, all in accordance with Section 19
222 hereof.

223 "Sales Tax Bond Fund" means the Limited Sales Tax General Obligation Fund
224 within the Public Transportation Fund, redesignated and continued by the county
225 pursuant to Ordinance No. 12076 of the county passed on December 18, 1995, and
226 previously known as the Municipality of Metropolitan Seattle Limited Sales Tax General
227 Obligation Bond Fund established by the Master Resolution as amended by Ordinance
228 No. 11661 of the county passed on January 23, 1995.

229 "Sales Tax Bonds" means the limited sales tax general obligation bonds issued by
230 Metro pursuant to the Master Resolution which were secured by a pledge of Sales Tax
231 Revenues (with a senior lien on the Two-tenths Sales Tax Revenues) and Assessment
232 Income, all of which have been redeemed.

233 "Sales Tax Revenues" means the amounts available for distribution to the county
234 by the state treasurer pursuant to RCW 82.14.060 on account of the Public Transportation
235 Sales Tax.

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

238 "State" means the State of Washington.

239 "System" or "Public Transportation System" means the public transportation
240 facilities now or hereafter acquired, constructed, used, or operated by the county for the
241 purpose of carrying out the Comprehensive Plan.

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

246 "Two-tenths Sales Tax Revenues" means that portion of the Sales Tax Revenues
247 generated by a sales and use tax rate of 2/10 of 1%, which was pledged to secure the
248 payment of the Sales Tax Bonds and which has been pledged to secure the payment of
249 the Parity Bonds, and the further use of which for capital and operating purposes is
250 established by Ordinance No. 11661 of the county, passed on January 23, 1995.

251 **SECTION 2. Findings:**

252 A. The council finds that it is in the best interest of the county and its taxpayers
253 to issue the Bonds, in accordance with the provisions of Section 19.C. of Ordinance No.
254 13128, payable out of the Two-tenths Sales Tax Revenues during any fiscal period.

255 B. The council further finds that the Bonds will issued on a parity with the
256 1998A, 2002 and 2004 Bonds, having a first lien position on the Two-tenths Sales Tax
257 Revenues.

258 C. The council further finds and declares that the county is or will be in
259 compliance with the conditions for the issuance of Future Parity Bonds under Section 19
260 of Ordinance No. 13128, in Section 19 of Ordinance 14490 and Section 17 of Ordinance
261 14887, and which conditions are included in Section 18 of this ordinance.

262 D. The council further finds the county may be able to realize significant debt
263 service savings by refunding all or a portion of the 1998A Bonds and all or a portion of
264 the 2004 Bonds.

265 **SECTION 3. Purpose, Authorization and Description of Bonds.**

266 A. Purpose and Authorization of Bonds. The county authorizes the issuance of
267 the Bonds to refund all or a portion of the 1998A Bonds and all or a portion of the 2004
268 Bonds and to pay the costs of issuing the Bonds.

269 B. Description. The Bonds may be issued in one or more series in an outstanding
270 aggregate principal amount of not to exceed \$103,000,000, each series to be designated
271 "King County, Washington, Limited Tax General Obligation (Public Transportation Sales
272 Tax) Refunding Bonds, [appropriate year and series designation]."

273 Each series of the Bonds shall be fully registered as to both principal and interest,
274 shall be in the denomination of \$5,000 or any integral multiple thereof within a single
275 maturity; shall be numbered separately in such manner and with any additional
276 designation as the Bond Registrar deems necessary for purposes of identification; and
277 shall be dated as of such date and shall mature on the dates, in the years and the amounts
278 established as provided in Section 19 hereof.

279 The Bonds shall bear interest (computed on the basis of a 360-day year of twelve
280 30-day months) from their date or from the most recent interest payment date for which
281 interest has been paid or duly provided for, whichever is later, payable on semiannual
282 interest payment dates and at the rate or rates to be established as provided in Section 19
283 hereof and ratified and confirmed by the Sale Motion.

284 **SECTION 4. Registration, Exchange and Payments.**

285 A. Bond Registrar/Bond Register. In accordance with KCC 4.84, the county
286 hereby adopts for the Bonds the system of registration specified and approved by the
287 Washington State Finance Committee, which utilizes the fiscal agent of the State of
288 Washington as registrar, authenticating agent, paying agent and transfer agent (the "Bond
289 Registrar"). The Bond Registrar shall keep, or cause to be kept, at its principal corporate
290 trust office, sufficient books for the registration and transfer of the Bonds (the "Bond
291 Register"), which shall be open to inspection by the county at all times. The Bond

292 Register shall contain the name and mailing address of the owner of each Bond and the
293 principal amount and number of each of the Bonds held by each owner. The Bond
294 Registrar is authorized, on behalf of the county, to authenticate and deliver Bonds
295 transferred or exchanged in accordance with the provisions of the Bonds and this
296 ordinance, to serve as the county's paying agent for the Bonds and to carry out all of the
297 Bond Registrar's powers and duties under this ordinance.

298 The Bond Registrar shall be responsible for its representations contained in the
299 Bond Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may
300 become the Registered Owner of Bonds with the same rights it would have if it were not
301 the Bond Registrar and, to the extent permitted by law, may act as depository for and
302 permit any of its officers or directors to act as members of, or in any other capacity with
303 respect to, any committee formed to protect the rights of Registered Owners.

304 B. Registered Ownership. The Bonds shall be issued only in registered form as
305 to both principal and interest and shall be recorded on the Bond Register. The county and
306 the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of
307 each Bond as the absolute owner thereof for all purposes, and neither the county nor the
308 Bond Registrar shall be affected by any notice to the contrary. Payment of any such
309 Bond shall be made only as described in Section 4.E hereof, but such registration may be
310 transferred as herein provided. All such payments made as described in Section 4.E shall
311 be valid and shall satisfy and discharge the liability of the county upon such Bond to the
312 extent of the amount or amounts so paid.

313 C. Use of Depository. The Bonds of each series initially shall be registered in the
314 name of Cede & Co., as the nominee of DTC. The Bonds so registered shall be held in

315 fully immobilized form by DTC as depository in accordance with the provisions of the
316 Letter of Representations. Neither the county nor the Bond Registrar shall have any
317 responsibility or obligation to DTC participants or the persons for whom they act as
318 nominees with respect to the Bonds regarding accuracy of any records maintained by
319 DTC or DTC participants, the payment by DTC or any DTC participants of any amount
320 in respect of principal or redemption price of or interest on the Bonds, any notice which
321 is permitted or required to be given to registered owners hereunder (except such notice as
322 is required to be given by the Bond Registrar to DTC), the selection by DTC or any DTC
323 participant of any person to receive payment in the event of a partial redemption of such
324 Bonds or any consent given or other action taken by DTC as owner of such Bonds .

325 For as long as any series of Bonds are held in fully immobilized form, DTC, its
326 nominee or its successor depository shall be deemed to be the Registered Owner for all
327 purposes hereunder and all references to registered owners, bondowners, bondholders or
328 the like shall mean DTC or its nominee and shall not mean the owners of any beneficial
329 interests in such Bonds. Registered ownership of such Bonds, or any portions thereof,
330 may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if
331 that successor shall be qualified under any applicable laws to provide the services
332 proposed to be provided by it; (ii) to any substitute depository appointed by the Finance
333 Director or such substitute depository's successor; or (iii) to any person if the Bonds are
334 no longer held in immobilized form.

335 Upon the resignation of DTC or its successor (or any substitute depository or its
336 successor) from its functions as depository, or a determination by the Finance Director
337 that the county no longer wishes to continue the system of book entry transfers through

338 DTC or its successor (or any substitute depository or its successor), the Finance Director
339 may appoint a substitute depository. Any such substitute depository shall be qualified
340 under any applicable laws to provide the services proposed to be provided by it.

341 If (i) DTC or its successor (or substitute depository or its successor) resigns from
342 its functions as depository, and no substitute depository can be obtained, or (ii) the county
343 determines that the Bonds of any series are to be in certificated form, the ownership of
344 those Bonds may be transferred to any person as provided herein and those Bonds no
345 longer shall be held in fully immobilized form.

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

349 E. Place and Medium of Payment. Both principal of and interest on the Bonds
350 shall be payable in lawful money of the United States of America. For so long as the
351 Bonds of any series are in fully immobilized form, payments of principal and interest
352 thereon shall be made as provided in accordance with the operational arrangements of
353 DTC referred to in the Letter of Representations. If the Bonds of any series are no longer
354 in fully immobilized form, interest on those Bonds shall be paid by checks or drafts of the
355 Bond Registrar mailed on the interest payment date to the Registered Owners at the
356 addresses appearing on the Bond Register on the 15th day of the month preceding the
357 interest payment date or, if requested in writing by a Registered Owner of \$1,000,000 or
358 more in principal amount of such Bonds prior to the applicable record date, by wire
359 transfer on the interest payment date. Principal of the Bonds shall be payable upon
360 presentation and surrender of the Bonds by the Registered Owners to the Bond Registrar.

361 F. Transfer or Exchange of Registered Ownership; Change in Denominations.

362 The registered ownership of any Bond may be transferred or exchanged, but no transfer
363 of any Bond shall be valid unless it is surrendered to the Bond Registrar with the
364 assignment form appearing on such Bond duly executed by the Registered Owner or such
365 Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar.
366 Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall
367 authenticate and deliver, without charge to the Registered Owner or transferee therefor, a
368 new Bond (or Bonds at the option of the new Registered Owner) of the same series, date,
369 maturity and interest rate and for the same aggregate principal amount in any authorized
370 denomination, naming as Registered Owner the person or persons listed as the assignee
371 on the assignment form appearing on the surrendered Bond, in exchange for such
372 surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar
373 and exchanged, without charge, for an equal aggregate principal amount of Bonds of the
374 same series, date, maturity and interest rate, in any authorized denomination. The Bond
375 Registrar shall not be obligated to exchange or transfer any Bond during the 15 days
376 preceding any principal payment or redemption date, or, in the case of any proposed
377 redemption of the Bonds, after the mailing of notice of the call of such Bonds for
378 redemption.

379 SECTION 5. Redemption Provisions; Open Market Purchase of Bonds. The
380 county may reserve the right to redeem outstanding Bonds of any series prior to their
381 maturity on the dates and at the prices established by the bond purchase contract or the
382 official notice of sale therefor, as applicable, and ratified and confirmed by a Sale Motion
383 in accordance with Section 19 hereof. Portions of the principal amount of any Bond, in

384 increments of \$5,000 or any integral multiple thereof within a single maturity, may be
385 redeemed.

386 If less than all of the Bonds of a series subject to optional redemption are called
387 for redemption, the county shall choose the maturities to be redeemed. If less than a
388 whole of a maturity is called for redemption, the Bonds to be redeemed shall be chosen
389 randomly by the Bond Registrar or, so long as the Bonds are registered in the name of
390 DTC or its nominee, selection of Bonds for redemption shall be in accordance with the
391 Letter of Representations.

392 If less than all of the principal amount of any Bond is redeemed, upon surrender
393 of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without
394 charge therefor, a new Bond (or Bonds, at the option of the Registered Owner) of the
395 same series, maturity and interest rate in any of the denominations authorized by this
396 ordinance in the aggregate principal amount remaining unredeemed.

397 The county further reserves the right and option to purchase any or all of the
398 Bonds in the open market at any time at any price.

399 All Bonds purchased or redeemed under this section shall be canceled.

400 **SECTION 6. Notice and Effect of Redemption.** Written notice of any
401 redemption of Bonds shall be given by the Bond Registrar on behalf of the county by
402 first-class mail, postage prepaid, not less than 30 nor more than 60 days prior to the date
403 fixed for redemption to the Registered Owner of any Bond to be redeemed at the address
404 appearing on the Bond Register at the time the Bond Registrar prepares the notice. The
405 Bond Registrar shall provide additional notice of redemption (at least 30 days) to each
406 NRMSIR and SID, if any, in accordance with the ongoing disclosure provisions to be

407 adopted by the Sale Motion. In addition, the redemption notice shall be mailed within the
408 same period, postage prepaid, to Moody's Investors Service, Inc., Standard & Poor's and
409 Fitch Ratings at their offices in New York, New York, or their successors, and to such
410 other persons and with such additional information as the Finance Director shall
411 determine, but these additional mailings shall not be a condition precedent to the
412 redemption of Bonds. Notwithstanding the foregoing, for as long as the Bonds are
413 registered in the name of DTC or its nominee, notice of redemption shall be given in
414 accordance with the Letter of Representations.

415 The requirements of this section shall be deemed to have been fulfilled when
416 notice has been mailed as so provided, whether or not it is actually received by the owner
417 of any Bond.

418 Each notice of redemption shall contain the following information: (1) the
419 redemption date, (2) the redemption price, (3) if less than all outstanding Bonds of the
420 same series are to be redeemed, the identification (and, in the case of partial redemption,
421 the principal amounts) of the Bonds to be redeemed, (4) that on the redemption date the
422 redemption price will become due and payable upon each Bond or portion called for
423 redemption, and that interest shall cease to accrue from the redemption date, (5) that the
424 Bonds are to be surrendered for payment at the principal office of the Bond Registrar, (6)
425 the CUSIP numbers of all Bonds being redeemed, (7) the dated date of the Bonds, (8) the
426 rate of interest for each Bond being redeemed, (9) the date of the notice, and (10) any
427 other information needed to identify the Bonds being redeemed.

428 Interest on Bonds called for redemption shall cease to accrue on the date fixed for
429 redemption unless the Bond or Bonds called are not redeemed when presented pursuant
430 to the call.

431 **SECTION 7. Failure To Redeem Bonds.** If any Bond is not redeemed when
432 properly presented at its maturity or call date, the county shall be obligated to pay interest
433 on that Bond at the same rate provided in the Bond from and after its maturity or call date
434 until that Bond, both principal and interest, is paid in full or until sufficient money for its
435 payment in full is on deposit in the Bond Fund and the Bond has been called for payment
436 by giving notice of that call to the Registered Owner of each of those unpaid Bonds.

437 **SECTION 8. Form and Execution of Bonds.** The Bonds shall be printed or
438 lithographed on good bond paper in a form consistent with the provisions of this
439 ordinance and state law and shall be signed by the county executive and the clerk of the
440 council, either or both of whose signatures may be manual or in facsimile, and the seal of
441 the county or a facsimile reproduction thereof shall be impressed or printed thereon.

442 Only Bonds bearing a Certificate of Authentication in the following form,
443 manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or
444 entitled to the benefits of this ordinance:

445 CERTIFICATE OF AUTHENTICATION

446 This Bond is one of the fully registered King County, Washington,
447 Limited Tax General Obligation (Public Transportation Sales Tax)
448 Refunding Bonds, [appropriate year and series designation], described in
449 the Bond Ordinance.

450 WASHINGTON STATE FISCAL AGENT

451 Bond Registrar

452

453 By _____

454 Authorized Signer

455 The authorized signing of a Certificate of Authentication shall be conclusive evidence
456 that the Bond so authenticated has been duly executed, authenticated and delivered and is
457 entitled to the benefits of this ordinance.

458 If any officer whose facsimile signature appears on the Bonds ceases to be an
459 officer of the county authorized to sign bonds before the Bonds bearing his or her
460 facsimile signature are authenticated or delivered by the Bond Registrar or issued by the
461 county, those Bonds nevertheless may be authenticated, issued and delivered and, when
462 authenticated, issued and delivered, shall be as binding on the county as though that
463 person had continued to be an officer of the county authorized to sign bonds. Any Bond
464 also may be signed on behalf of the county by any person who, on the actual date of
465 signing of the Bond, is an officer of the county authorized to sign bonds, although he or
466 she did not hold the required office on the date of issuance of the Bonds.

467 SECTION 9. Mutilated, Lost or Destroyed Bonds. If any Bond shall become
468 mutilated, the Bond Registrar shall authenticate and deliver a new Bond of like amount,
469 date, series, interest rate and tenor in exchange and substitution for the Bond so
470 mutilated, upon the owner's paying the expenses and charges of the county and the Bond
471 Registrar in connection therewith and upon surrender to the Bond Registrar of the Bond
472 so mutilated. Every mutilated Bond so surrendered shall be canceled and destroyed by
473 the Bond Registrar.

474 In case the Bonds or any of them shall be lost, stolen or destroyed, the Bond
475 Registrar may authenticate and deliver a new Bond or Bonds of like amount, date, series,
476 interest rate and tenor to the Registered Owner thereof upon the owner's paying the
477 expenses and charges of the county and the Bond Registrar in connection therewith and
478 upon his/her filing with the Bond Registrar evidence satisfactory to the Bond Registrar
479 that such Bond or Bonds were actually lost, stolen or destroyed and of his/her ownership
480 thereof, and upon furnishing the county and the Bond Registrar with indemnity
481 satisfactory to the Finance Director and the Bond Registrar.

482 **SECTION 10. Bond Fund.**

483 A. Bond Fund and Accounts Therein. The Bond Fund has heretofore been
484 created as a special fund of the county known as the "Limited Tax General Obligation
485 (Public Transportation Sales Tax) Bond Redemption Fund," consisting of three accounts:
486 the Interest Account, the Serial Bond Principal Account and the Term Bond Principal
487 Account. The Bond Fund shall at all times be completely segregated and set apart from
488 all other funds and accounts of the County and shall be a trust fund for the security and
489 payment of the principal of and interest and any premium on the Parity Bonds that are
490 also limited tax general obligations of the county (as used in this section, "General and
491 Parity Bonds). Except as provided in subsection D of this Section 10, all money credited
492 to the Bond Fund is pledged and ordered to be used for the sole purpose of paying the
493 principal of and interest and any premium on the Bonds and other Parity Bonds.

494 B. Two-Tenths Sales Tax Revenues. On the same business day that any Two-
495 tenths Sale Tax Revenues are received by the county and deposited into the Receiving

496 Fund, in accordance with Section 11.B hereof, the Finance Director shall cause the
497 following amounts to be deposited into accounts within the Bond Fund, as follows:

498 (i) Interest Account. To the extent available in the Receiving Fund, there shall
499 be deposited into the Interest Account an amount that, together with assessment income
500 and other money available in the Interest Account, equals the total amount of interest due
501 and payable on the Parity Bonds in the next succeeding six calendar months.

502 (ii) Serial Bond Principal Account. To the extent available in the Receiving
503 Fund, there shall be deposited into the Serial Bond Principal Account an amount that,
504 together with Assessment Income and other money available in the Serial Bond Principal
505 Account, equals the total amount of principal due and payable on the Parity Bonds in the
506 next succeeding twelve calendar months.

507 (iii) Term Bond Principal Account. To the extent available in the Receiving
508 Fund, there shall be deposited into the Term Bond Principal Account an amount that,
509 together with Assessment Income and other money available in the Term Bond Principal
510 Account, equals the total amount necessary to make any payments required in the next
511 succeeding twelve calendar months to retire by purchase or by redemption any Parity
512 Bonds that are Term Bonds.

513 C. Payments to the Bond Registrar; Investments. Money on deposit in the Bond
514 Fund shall be transmitted to the Bond Registrar at such times and in such amounts as
515 shall be necessary to pay when due the principal of and interest and premium, if any, on
516 any Parity Bonds. Money in the Bond Fund shall be invested in any legal investments of
517 the county maturing in such amounts and at such times as the Finance Director may

518 determine so that payments required to be made from the Bond Fund may be made when
519 due.

520 D. Using Bond Fund Money to Pay Rebate. Notwithstanding any provisions of
521 this ordinance regarding the use of money deposited in the Bond Fund, such money may
522 be withdrawn from the Bond Fund as necessary to pay the Rebate Amount.

523 **SECTION 11. Pledge of Sales Tax Revenues.**

524 A. Pledge of Two-Tenths Sales Tax Revenues. All of the Sales Tax Revenues
525 are hereby irrevocably pledged to the punctual payment of the principal of, premium, if
526 any, and interest on the Bonds. Such pledge shall constitute a lien on the Two-tenths
527 Sales Tax Revenues equal to the lien on the Two-tenths Sales Tax Revenues to pay and
528 secure the payment of the Outstanding Parity Bonds and any Future Parity Bonds, and
529 superior to all other liens and charges on such revenues whatsoever. The county hereby
530 covenants that for as long as any of the Bonds are outstanding it will include in its budget
531 and levy the Public Transportation Sales Tax in an amount that will be sufficient,
532 together with all other funds legally available for such purpose, to pay the principal of,
533 premium, if any, and interest on the Bonds as the same shall become due. All of such
534 taxes so collected shall be paid into the Bond Fund no later than the date such funds are
535 required for the payment of principal of and interest on the Bonds. The full faith, credit
536 and resources of the county are hereby irrevocably pledged for the levy and collection of
537 the Public Transportation Sales Tax and for the prompt payment of the principal of,
538 premium, if any, and interest on the Bonds as the same shall become due.

539 B. Receiving Fund. The Receiving Fund has heretofore been created as a special
540 fund of the county. Upon receipt of the Sales Tax Revenues, the Finance Director shall

541 cause the Two-tenths Sales Tax Revenues to be deposited into the Receiving Fund to be
542 applied as provided in Section 10.B of this ordinance. In accordance with Ordinance No.
543 11661 of the county, passed on January 23, 1995, any Two-tenths Sales Tax Revenues
544 remaining in the Receiving Fund after making the payments required by Section 10.B of
545 this ordinance shall be transferred on the same business day, as follows: (x) an amount
546 equal to the 25% of the Two-tenths Sales Tax Revenues to the Public Transportation
547 Operating Account to be used for operations and the payment of the Parity Bonds; and
548 (y) the remainder thereof to the Public Transportation Construction Accounts to be used
549 only for capital purposes, including the payment of Parity Bonds.

550 **SECTION 12. Pledge of General Taxation and Credit.** The county hereby
551 further irrevocably covenants and agrees for as long as any of the Bonds are outstanding
552 and unpaid, that each year it will include in its budget and levy an ad valorem tax upon
553 all the property within the county subject to taxation in an amount that will be sufficient,
554 together with all other revenues and money of the county legally available for such
555 purposes (including the Sales Tax Revenues), to pay the principal of and interest on the
556 Bonds and any other Parity Bonds as the same shall become due. All of such taxes so
557 collected and any other money to be used for such purposes shall be paid into the Bond
558 Fund no later than the date such funds are required for the payment of principal of,
559 premium, if any, and interest on the Parity Bonds.

560 The county hereby irrevocably pledges that the annual tax provided for herein to
561 be levied for the payment of such principal and interest shall be within and as a part of
562 the tax levy permitted to counties without a vote of the people, and that a sufficient
563 portion of each annual levy to be levied and collected by the county prior to the full

564 payment of the principal of, premium, if any, and interest on the Bonds and any other
565 Parity Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the
566 payment of the principal of, premium, if any, and interest on the Bonds and any other
567 Parity Bonds.

568 The full faith, credit and resources of the county are hereby irrevocably pledged
569 for the annual levy and collection of such taxes and for the prompt payment of the
570 principal of, premium, if any, and interest on the Bonds and any other Parity Bonds as the
571 same shall become due.

572 **SECTION 13. Pledge of Assessment Income.** The county hereby obligates and
573 binds itself to set aside and pay any Assessment Income into the Bond Fund for payment
574 of the principal of, premium, if any, and interest on the Parity Bonds without allocation to
575 any particular series of bonds payable from the Bond Fund. Assessment Income, if any,
576 shall be deposited into the various accounts within the Bond Fund, as received, according
577 to the order of priority set forth in Section 10.B of this ordinance.

578 **SECTION 14. Covenants and Warranties.** The county makes the following
579 covenants and warranties:

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

583 B. By all necessary official action prior to or concurrently herewith, the county
584 has duly authorized and approved the execution and delivery of, and the performance by
585 the county of its obligations contained in, the Bonds and in this ordinance and the
586 consummation by it of all other transactions necessary to effectuate this ordinance in

587 connection with the issuance of the Bonds, and such authorizations and approvals are in
588 full force and effect and have not been amended, modified or supplemented in material
589 respect.

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

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

593 E. The adoption of this ordinance, and compliance on the county's part with the
594 provisions contained herein, will not conflict with or constitute a breach of or default
595 under any constitutional provisions, law, administrative regulation, judgment, decree,
596 loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement or other
597 instrument to which the county is a party or to which the county or any of its property or
598 assets are otherwise subject, nor will any such adoption, execution, delivery, sale,
599 issuance or compliance result in the creation or imposition of any lien, charge or other
600 security interest or encumbrance of any nature whatsoever upon any of the property or
601 assets of the county or under the terms of any such law, regulation or instrument, except
602 as may be provided by the Bonds and this ordinance.

603 F. The county finds and covenants that the Bonds are issued within all statutory
604 and constitutional debt limitations applicable to the county.

605 G. None of the proceeds of the Bonds will be used for any purpose other than as
606 provided in this ordinance, and the county shall not suffer any amendment or supplement
607 to this ordinance, or any departure from the due performance of the obligations of the
608 county hereunder, which might materially adversely affect the rights of the owners from
609 time to time of the Bonds.

610 **SECTION 15. Preservation of Tax Exemption for Interest on Bonds.** The
611 county covenants that it will take all actions necessary to prevent interest on the Bonds
612 from being included in gross income for federal income tax purposes, and it will neither
613 take any action nor make or permit any use of proceeds of the Bonds or other funds of the
614 county treated as proceeds of the Bonds at any time during the term of the Bonds which
615 will cause interest on the Bonds to be included in gross income for federal income tax
616 purposes. The county also covenants that it will, to the extent the arbitrage rebate
617 requirement of Section 148 of the Code is applicable to the Bonds, take all actions
618 necessary to comply (or to be treated as having complied) with that requirement in
619 connection with the Bonds, including the calculation and payment of any penalties that
620 the county has elected to pay as an alternative to calculating rebatable arbitrage, and the
621 payment of any other penalties if required under Section 148 of the Code to prevent
622 interest on the Bonds from being included in gross income for federal income tax
623 purposes.

624 **SECTION 16. Application of Proceeds of Bonds.** There is hereby authorized to
625 be created a special account of the county for each series of the Bonds to be maintained
626 with a corporate trustee chosen by the Finance Director (hereinafter called the "Escrow
627 Trustee"), each of which will be known as a "King County Limited Tax General
628 Obligation Refunding Bond Refunding Account," with the same year and series
629 designation as that corresponding to the related series of the Bonds (each hereinafter
630 called a "Refunding Account").

631 The net principal proceeds from the sale of each series of the Bonds shall be
632 credited to the related Refunding Account.

633 Money in each Refunding Account shall be used immediately upon receipt
634 thereof to provide for the payment of the principal of and redemption premium, if any,
635 and interest on the Refunded Bonds to be refunded by the related series of the Bonds as
636 hereinafter set forth in this section, to pay costs related to the refunding of such Refunded
637 Bonds, and to pay costs of issuing the related series of the Bonds. The county shall
638 discharge such obligations by the use of money in the each Refunding Account for each
639 series of the Bonds to purchase certain noncallable Government Obligations, as identified
640 or ratified in the Sale Motion therefor, bearing such interest and maturing as to principal
641 and interest in such amounts and at such times which, together with any necessary initial
642 cash balance, will provide for the payment of the principal, if any, of and the interest on
643 the specified Refunded 1998A Bonds that will become due and payable on or before their
644 respective Refunded 1998A Bond Redemption Date(s) and the redemption price of such
645 Refunded 1998A Bonds payable on their respective Refunded 1998A Bond Redemption
646 Date(s) and the payment of the principal, if any, of and the interest on the specified
647 Refunded 2004 Bonds that will become due and payable on or before their respective
648 Refunded 2004 Bond Redemption Date(s) and the redemption price of such Refunded
649 2004 Bonds payable on their respective Refunded 2004 Bond Redemption Date(s)
650 (collectively, the "Refunded Bond Payments"). Such Government Obligations shall be
651 purchased at a yield not greater than the yield permitted by the Code and applicable
652 regulations thereunder relating to acquired obligations in connection with refunding bond
653 issues.

654 Such Government Obligations and any necessary initial cash balance shall be
655 irrevocably deposited with the Escrow Trustee. Any Refunded Bond Payments that are

656 not provided for in full by such initial cash balance and the purchase and deposit of
657 Government Obligations described in this section shall be provided for by the irrevocable
658 deposit of the necessary amount out of the proceeds of sale of the related series of the
659 Bonds or any other monies of the county legally available therefor with the Escrow
660 Trustee. Any proceeds of a series of the Bonds remaining in the related Refunding
661 Account after acquisition of the Government Obligations and provision for the necessary
662 initial cash balance may be utilized to pay expenses of the acquisition and safekeeping of
663 the Government Obligations and expenses of the issuance of such series of the Bonds.

664 The county reserves the right to substitute other noncallable securities for the
665 Government Obligations in the event it may do so pursuant to Section 148 of the Code,
666 and applicable regulations thereunder, upon compliance with the following conditions:

667 (i) such substitution is accomplished pursuant to a motion of the county council, which
668 may be adopted either prior to or subsequent to the delivery of any series of Bonds; (ii)
669 the securities to be substituted are noncallable Government Obligations; and (iii) such
670 securities bear such interest and mature at such times and in such amounts as to fully
671 replace the Government Obligations for which they are substituted, and to provide,
672 together with Government Obligations and cash remaining, for the payment of the
673 Refunded Bond Payments.

674 The county shall irrevocably set aside sufficient funds out of the proceeds of the
675 Government Obligations purchased from proceeds of each series of the Bonds, together
676 with any necessary initial cash balance, to pay the related Refunded Bond Payments.

677 The county hereby conditionally calls the Refunded 1998A Bonds for redemption
678 on the Refunded 1998A Bond Redemption Date(s) and the Refunded 2004 Bonds for

679 redemption on the Refunded 2004 Bond Redemption Date(s) in accordance with Sections
680 5 and 6 of Ordinance No. 13128 and Sections 5 and 6 of Ordinance No. 14887
681 authorizing redemption and retirement of the 1998A Bonds and the 2004 Bonds prior to
682 their fixed maturities. Such conditional call for redemption of any such Refunded Bonds
683 to be refunded by each series of the Bonds shall become irrevocable only after the final
684 establishment of the escrow account therefor and delivery of the Government Obligations
685 to the Escrow Trustee, except as provided herein for the substitution of securities.

686 The Escrow Trustee is hereby authorized and directed to provide for the giving of
687 notice of the redemption of the Refunded Bonds in accordance with Ordinance No. 13128
688 and Ordinance No. 14887. The Finance Director is authorized and requested to provide
689 whatever assistance is necessary to accomplish such redemption and the giving of notice
690 therefor. The costs of publication of such notice shall be an expense of the county.

691 The Escrow Trustee is hereby authorized and directed to pay to the county, or, at
692 the direction of the Finance Director, to the fiscal agent of the State of Washington, sums
693 sufficient to pay, when due, the Refunded Bond Payments. All such sums shall be paid
694 from the Government Obligations deposited with the Escrow Trustee pursuant to this
695 section of this ordinance, and the income therefrom and proceeds thereof. All such sums
696 so paid shall be credited to the applicable Refunding Account. All monies and
697 Government Obligations deposited with the Escrow Trustee and any income therefrom
698 shall be held, invested and applied in accordance with the provisions of this ordinance
699 and with the laws of the State of Washington for the benefit of the county and holders of
700 the related Refunded Bonds.

701 The county will take such actions as are found necessary to see that all necessary
702 and proper fees, compensation and expenses of the Escrow Trustee for refunding the
703 Refunded Bonds shall be paid when due.

704 The proper officers and agents of the county are directed to obtain from the
705 Escrow Trustee an agreement setting forth the duties, obligations and responsibilities of
706 the Escrow Trustee in connection with the redemption and retirement of the Refunded
707 Bonds as provided herein and stating that such provisions for the payment of the fees,
708 compensation and expenses of such Escrow Trustee are satisfactory to it. In order to
709 carry out the purposes of this section, the Finance Director is authorized and directed to
710 execute and deliver to the Escrow Trustee, a copy of such agreement when the provisions
711 thereof have been fixed and determined.

712 SECTION 17. Application of Bond Proceeds--General. The exact amounts of
713 net proceeds derived from the sale of each series of the Bonds to be deposited in
714 accordance with Section 16 hereof shall be determined by the Finance Director upon the
715 sale thereof.

716 Funds deposited in the funds and accounts established in Section 16 hereof shall
717 be invested as permitted by law for the sole benefit of the respective funds. Irrespective
718 of the general provisions of Ordinance No. 7112 and K.C. 4.10, the county current
719 expense fund shall not receive any earnings attributable to such funds. Money other than
720 proceeds of the Bonds may be deposited in the funds and accounts established under
721 Section 16, provided, however, that proceeds of the Tax-Exempt Bonds and earnings
722 thereon shall be accounted for separately for purposes of the rebate computations

723 required to be made pursuant to Section 15 hereof. For purposes of such computations,
724 Tax-Exempt Bond proceeds shall be deemed to have been expended first.

725 **SECTION 18. Future Parity Bonds.**

726 A. No Additional Sales Tax Bonds. The county previously covenanted and
727 agreed that it will issue no additional Sales Tax Bonds under the Master Resolution and
728 will issue no others bonds or obligations with a lien upon the Two-tenths Sales Tax
729 Revenues superior to the lien thereon of the Parity Bonds.

730 B. Future Parity Bonds (other than Refunding Bonds). The county expressly
731 reserves the right to issue Future Parity Bonds for any lawful purpose of the county
732 related to the System if at the time of issuing such Future Parity Bonds:

733 (i) There shall be no deficiency in the Bond Fund.

734 (ii) There shall be on file with the clerk of the council a certificate of the
735 Finance Director stating that the amount of Two-tenths Sales Tax Revenues received for
736 any period of twelve consecutive months during the eighteen months preceding the
737 Closing date for such Future Parity Bonds was at least equal to 1.5 times the maximum
738 amount required in each calendar year that such Future Parity Bonds would be
739 outstanding to pay:

740 (a) The principal of the Future Parity Bonds being issued and all other
741 outstanding Parity Bonds (other than amortization of principal of Term Bonds).

742 (b) The interest on the Future Parity Bonds being issued and on all other
743 outstanding Parity Bonds, exclusive of any interest that will be payable from the proceeds
744 of the Future Parity Bonds to be issued.

745 (c) The amounts required to be paid into any fund or account to amortize the
746 principal of any of the Future Parity Bonds that are Term Bonds and all other outstanding
747 Parity Bonds that are Term Bonds.

748 C. Future Parity Bonds that are Refunding Bonds.

749 (i) For the purpose of refunding at or prior to their maturity any outstanding
750 Parity Bonds or any bonds or other obligations of the county payable from the Two-
751 tenths Sales Tax Revenues, the county may at any time issue Future Parity Bonds without
752 complying with the provisions of Section 18.B hereof; provided, however, that the county
753 shall not issue Future Parity Bonds for such purpose under this Section 18.C unless there
754 shall have been filed with the clerk of the council a certificate of the Finance Director
755 stating that immediately after the issuance of such Future Parity Bonds the annual debt
756 service for each year that any Parity Bonds (other than the refunding bonds proposed to
757 be issued) are then outstanding shall not be increased by more than \$5,000 by reason of
758 the issuance of such Future Parity Bonds.

759 (ii) The principal amount of such Future Parity Bonds may include amounts
760 necessary to pay the principal of the bonds or other obligations to be refunded, interest
761 thereon to the date of payment or redemption thereof, any premium payable thereon upon
762 such payment or redemption and the costs of issuance of such Future Parity Bonds. The
763 proceeds of such Future Parity Bonds shall be held and applied in such manner,
764 consistent with the provisions of Section 25 hereof, as is provided in the ordinance
765 providing for the issuance of such Future Parity Bonds, so that upon the delivery of such
766 Future Parity Bonds, the bonds or other obligations to be refunded thereby shall be
767 deemed to be no longer outstanding.

768 (iii) At the election of the county, the provisions of this Section 18.C shall not
769 be applicable to the refunding at one time of all the Parity Bonds then outstanding.

770 (iv) Future Parity Bonds for the purpose of refunding outstanding Parity Bonds
771 or bonds or other obligations of the county payable from Two-tenths Sales Tax Revenues
772 may also be issued upon compliance with the provisions of Section 18.B hereof.

773 (v) Nothing contained in this ordinance shall prohibit or prevent, or be deemed
774 or construed to prohibit or prevent, the county from issuing Future Parity Bonds to refund
775 maturing Parity Bonds for the payment of which money is not otherwise available.

776 D. Subordinate Obligations. Nothing in this ordinance shall prohibit, or be
777 deemed or construed to prohibit, the county from authorizing and issuing bonds, notes or
778 other evidences of indebtedness for any purpose of the county related to the System
779 payable in whole or in part from Sales Tax Revenues and secured by a lien on Two-tenths
780 Sales Tax Revenues that is junior, subordinate and inferior to the lien thereon of the
781 Outstanding Parity Bonds and the Bonds.

782 SECTION 19. Sale of Bonds.

783 A. Determination by Finance Director. The Finance Director shall determine, in
784 consultation with the county's financial advisors, whether the Bonds shall be sold by
785 negotiated sale or by competitive bid. The authority to issue any of the Bonds authorized
786 hereunder shall terminate two years from the effective date of this ordinance.

787 B. Procedure for Negotiated Sale. If the Finance Director determines that the any
788 series of the Bonds shall be sold by negotiated sale, the Finance Director shall, in
789 accordance with applicable county procurement procedures, solicit one or more
790 underwriting firms with which to negotiate the sale of those Bonds. The purchase

791 contract for each series of the Bonds shall establish the year and series designation, date,
792 principal amount, interest payment dates, interest rates, maturity schedule and redemption
793 provisions of such series of Bonds, so long as the aggregate principal amount of the
794 Bonds to be outstanding following the issuance of such series of Bonds does not exceed
795 \$103,000,000. The county council, by Sale Motion, shall ratify and approve the bond
796 purchase contract, ratify the identification of the Refunded Bonds to be refunded by such
797 series of Bonds, their respective redemption dates and the Government obligations to be
798 purchased to undertake such refunding, and ratify the terms of the series of Bonds
799 established thereby.

800 C. Procedure for Sale by Competitive Bid. If the Finance Director determines
801 that any series of the Bonds shall be sold by competitive bid, bids for the purchase of
802 each series of the Bonds shall be received at such time or place and by such means as the
803 Finance Director shall direct. The Finance Director is authorized to prepare an official
804 notice of bond sale for each series of the Bonds to be sold pursuant to competitive bid,
805 establishing in such notice the year and series designation, date, principal amount,
806 interest payment dates, maturity schedule and redemption provisions of such Bonds, so
807 long as the aggregate principal amount of the Bonds to be outstanding following the
808 issuance of such series of Bonds does not exceed \$103,000,000. The official notice of
809 bond sale or an abridged form thereof shall be published in such newspapers or financial
810 journals as may be deemed desirable or appropriate by the financial advisors to the
811 county.

812 Upon the date and time established for the receipt of bids for series of the Bonds,
813 the Finance Director or his designee shall open the bids, shall cause the bids to be

814 mathematically verified and shall report to the county council regarding the bids
815 received. Such bids shall then be considered and acted upon by the county council in an
816 open public meeting. The county council reserves the right to reject any and all bids for
817 any series of the Bonds. The county council, by the Sale Motion, shall identify the
818 Refunded Bonds to be refunded by such series of Bonds, their respective redemption
819 dates and the Government obligations to be purchased to undertake such refunding, and
820 ratify the year and series designation, date principal amounts and maturity dates, interest
821 rates and interest payment dates, redemption provisions and delivery date for such series
822 of the Bonds, and accept the bid for the purchase of such series of Bonds.

823 **SECTION 20. Delivery of Bonds.** Following the sale of each series of the
824 Bonds, the county shall cause definitive Bonds of such series to be prepared, executed
825 and delivered to the purchaser thereof in accordance with the provisions of this
826 ordinance, with the approving legal opinion of municipal bond counsel regarding the
827 Bonds.

828 If definitive Bonds of any series are not ready for delivery by the date established
829 for their delivery to the initial purchaser, then the Finance Director, upon the approval of
830 the purchaser, may cause to be issued and delivered to the purchaser one or more
831 temporary Bonds of the same series with appropriate omissions, changes and additions.
832 Any temporary Bond or Bonds shall be entitled and subject to the same benefits and
833 provisions of this ordinance with respect to the payment, security and obligation thereof a
834 definitive Bonds authorized thereby. Such temporary Bond or Bonds shall be
835 exchangeable without cost to the owners thereof for definitive Bonds of the same series
836 when the latter are ready for delivery.

837 **SECTION 21. Preliminary Official Statement Declaration.** The county
838 authorizes and directs the Finance Director: (i) to review and approve the information
839 contained in the preliminary official statement (the "Preliminary Official Statement")
840 prepared in connection with the sale of each series of the Bonds; and (ii) for the sole
841 purpose of the Bond purchasers' compliance with Section (b)(1) of the Rule, to "deem
842 final" that Preliminary Official Statement as of its date, except for the omission of
843 information on offering prices, interest rates, selling compensation, delivery dates, any
844 other terms or provisions subject to final pricing, ratings, and other terms of the Bonds
845 dependent on such matters and the identity of the Bond purchasers. After each
846 Preliminary Official Statement has been reviewed and approved in accordance with the
847 provisions of this section, the county hereby authorizes distribution of such Preliminary
848 Official Statement to prospective purchasers of such series of Bonds.

849 **SECTION 22. Approval of Official Statement.** Following the sale of each
850 series of the Bonds in accordance with Section 19 of this ordinance, the Finance Director
851 is hereby authorized to review and approve on behalf of the county a final official
852 statement with respect to such series of Bonds. The county agrees to cooperate with the
853 purchaser of each series of Bonds to deliver or cause to be delivered, within seven
854 business days from the date of the Sale Motion (or within such other period as may be
855 required by applicable law) and in sufficient time to accompany any confirmation that
856 requests payment from any customer of the purchaser, copies of the final official
857 statement pertaining to such Bonds in sufficient quantity to comply with paragraph (b)(4)
858 of the Rule and the rules of the MSRB.

859 **SECTION 23. Undertaking to Provide Ongoing Disclosure.** In the Sale
860 Motion, the county council will set forth an undertaking for ongoing disclosure with
861 respect to the Bonds, as required by Section (b)(5) of the Rule.

862 **SECTION 24. General Authorization.** The appropriate county officials, agents
863 and representatives are hereby authorized and directed to do everything necessary for the
864 prompt sale, issuance, execution and delivery of the Bonds, and for the proper use and
865 application of the proceeds of the sale thereof.

866 **SECTION 25. Refunding or Defeasance of the Bonds.** The county may issue
867 refunding bonds pursuant to the laws of the State of Washington or use money available
868 from any other lawful source to pay when due the principal of and interest on the Bonds,
869 or any portion thereof included in a refunding or defeasance plan, and to redeem and
870 retire, refund or defease all such then-outstanding Bonds (hereinafter collectively called
871 the "defeased Bonds") and to pay the costs of the refunding or defeasance. If money
872 and/or Government Obligations maturing at a time or times and bearing interest in
873 amounts (together with money, if necessary) sufficient to redeem and retire, refund or
874 defease the defeased Bonds in accordance with their terms are set aside in a special trust
875 fund or escrow account irrevocably pledged to that redemption, retirement or defeasance
876 of defeased Bonds (hereinafter called the "trust account"), then all right and interest of the
877 owners of the defeased Bonds in the covenants of this ordinance and in the funds and
878 accounts obligated to the payment of the defeased Bonds shall cease and become void.
879 The owners of defeased Bonds shall have the right to receive payment of the principal of
880 and interest on the defeased Bonds from the trust account. The county shall include in
881 the refunding or defeasance plan such provisions as the county deems necessary for the

882 random selection of any defeased Bonds that constitute less than all of a particular
883 maturity of the Bonds, for notice of the defeasance to be given to the owners of the
884 defeased Bonds and to such other persons as the county shall determine, and for any
885 required replacement of Bond certificates for defeased Bonds. The defeased Bonds shall
886 be deemed no longer outstanding, and the county may apply any money in any other fund
887 or account established for the payment or redemption of the defeased Bonds to any lawful
888 purposes as it shall determine.

889 If the Bonds are registered in the name of DTC or its nominee, notice of any
890 defeasance of Bonds shall be given to DTC in the manner prescribed in the Letter of
891 Representations for notices of redemption of Bonds.

892 SECTION 26. Supplemental Ordinances. The county council from time to
893 time and at any time may adopt an ordinance or ordinances supplemental to this
894 ordinance which supplemental ordinance or ordinances thereafter shall become a part of
895 this ordinance, for any one or more of the following purposes:

896 A. To add to the covenants and agreements of the county in this ordinance such
897 other covenants and agreements thereafter to be observed, which shall not adversely
898 affect the interests of the holders and owners of any Parity Bonds, or to surrender any
899 right or power herein reserved to or conferred upon the county.

900 B. To make such provisions for the purpose of curing any ambiguities or of
901 curing, correcting or supplementing any defective provision contained in this ordinance
902 or any ordinance authorizing Future Parity Bonds in regard to matters or questions arising
903 under such ordinances as the county council may deem necessary or desirable and not

904 inconsistent with such ordinances and which shall not materially adversely affect the
905 interest of the holders and owners of Parity Bonds.

906 SECTION 27. Contract; Severability. The covenants contained in this
907 ordinance shall constitute a contract between the county and the owners of each and
908 every Bond. If any one or more of the covenants or agreements provided in this
909 ordinance to be performed on the part of the county are deemed by any court of
910 competent jurisdiction to be contrary to law, then such covenant or covenants, agreement
911 or agreements, shall be null and void and shall be deemed separable from the remaining
912 covenants and agreements of this ordinance and shall in no way affect the validity of the
913 other provisions of this ordinance or of the Bonds.

914 SECTION 28. Complete Alternative. This ordinance shall be deemed to
915 provide a complete, additional and alternative method for the performance of those
916 subjects authorized hereby and shall be regarded as supplemental and additional to
917 powers conferred by other county ordinances. Whenever Bonds are issued and sold in
918 conformance with this ordinance, such issuance and sale need not comply with contrary
919

Ordinance 16231

920 requirements of any other county ordinance applicable to the issuance and sale of bonds
921 or other obligations.

922

Ordinance 16231 was introduced on 8/25/2008 and passed by the Metropolitan King
County Council on 9/8/2008, by the following vote:

Yes: 8 - Ms. Patterson, Mr. Dunn, Mr. Constantine, Ms. Lambert, Mr. von
Reichbauer, Mr. Gossett, Mr. Phillips and Ms. Hague

No: 0

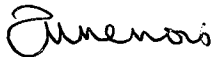
Excused: 1 - Mr. Ferguson

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



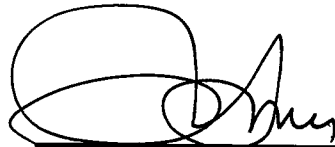
Julia Patterson, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 15 day of September, 2008.



Ron Sims, County Executive

Attachments None