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February 9, 1994

INTRODUCED BY: Pete von Reichbauer

PROPOSED NO. 94-97

ORDINANCE NO. **11241**

AN ORDINANCE providing for the public sale and issuance of limited tax levy general obligation bonds of the county in the aggregate principal amount of \$170,000,000 for the purpose of financing the construction of portions of the sewer system of the county in conformance with the fourth stage of the comprehensive plan; providing for the date, form, terms, maturities, covenants and redemption provisions of said bonds; providing for the public sale of the bonds and the disposition of the proceeds of sale; establishing funds for the receipt and expenditure of bond proceeds and for the payment of the bonds; providing for the annual levy of taxes to pay the principal thereof and interest thereon; and pledging sewer revenues as additional security for the bonds.

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Attachments: Exhibit A - Letter of Representations

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6 levy general obligation bonds of the county in the aggregate principal  
7 amount of \$170,000,000 for the purpose of financing the construction of  
8 portions of the sewer system of the county in conformance with the fourth  
9 stage of the comprehensive plan; providing for the date, form, terms,  
10 maturities, covenants and redemption provisions of said bonds; providing  
11 for the public sale of the bonds and the disposition of the proceeds of sale;  
12 establishing funds for the receipt and expenditure of bond proceeds and  
13 for the payment of the bonds; providing for the annual levy of taxes to pay  
14 the principal thereof and interest thereon; and pledging sewer revenues as  
15 additional security for the bonds.

12 PREAMBLE:

13 In order to acquire, construct, install, develop and operate the facilities  
14 required to carry out a comprehensive water pollution abatement plan for  
15 the Seattle metropolitan area, the Municipality of Metropolitan Seattle,  
16 King County, Washington ("Metro") issued sewer revenue bonds from  
17 time to time as funds were required. The issuance of series A through  
18 series Z of the bonds was provided for by resolutions adopted by the  
19 metropolitan council pursuant to the authority of four resolutions  
20 authorizing the first through fourth stage developments of the  
21 comprehensive plan. Certain series of bonds were issued in whole or in  
22 part for the purpose of refunding and defeasing certain outstanding sewer  
23 revenue bonds.

24 The following series of sewer revenue bonds ("Parity Bonds") dated on  
25 the following dates were issued in the following amounts and are now  
26 outstanding in the following amounts:

27

28 Series	29 Date of Issue	30 Principal Amount	31 Amount Outstanding
32 Series A	July 1, 1961	\$ 20,000,000	\$ 9,765,000
Series B	April 1, 1962	16,000,000	7,930,000
Series C	January 1, 1963	15,000,000	6,720,000
Series D	October 1, 1963	15,000,000	7,020,000
Series E	April 1, 1964	15,000,000	9,025,000
Series F	October 1, 1964	15,000,000	9,549,000
Series G	April 1, 1965	15,000,000	9,375,000
Series H	October 1, 1965	10,000,000	6,185,000
Series I	October 1, 1966	15,000,000	12,405,000
Series J	January 1, 1969	9,000,000	6,785,000
Series K	January 1, 1971	20,000,000	-0-
Series L	May 1, 1982	35,000,000	-0-
Series M	February 1, 1983	44,000,000	-0-
Series N	October 1, 1984	45,000,000	655,000
Series O	September 1, 1985	35,000,000	50,000

1	Series P	April 1, 1986	150,000,00	13,420,000
2	Series Q	March 1, 1987	135,000,000	15,115,000
3	Series R	September 1, 1988	48,000,000	6,395,000
4	Series S	August 1, 1990	100,000,000	10,530,000
5	Series T	May 1, 1991	100,000,000	22,080,000
6	Series U	February 1, 1992	90,000,000	90,000,000
7	Series V	August 1, 1992	119,580,000	119,580,000
8	Series W	January 1, 1993	90,000,000	90,000,000
9	Series X	March 1, 1993	136,305,000	135,690,000
10	Series Y	April 1, 1993	122,455,000	121,825,000
11	Series Z	July 1, 1993	127,100,000	125,020,000

8 Metro issued \$50,000,000 of its sewer revenue bond anticipation notes  
9 dated October 1, 1993 and has incurred \$43,723,002 of loans through the  
10 Washington State Department of Ecology state revolving fund loan  
11 program, all payable from sewer revenues after payment of debt service on  
12 the Parity Bonds.

12 Pursuant to the authority of chapter 36.56 of the Revised Code of  
13 Washington and a special county election held November 3, 1992, the  
14 county on January 1, 1994 assumed the rights, powers, functions and  
15 obligations of Metro. The county has assumed and agreed to provide for  
16 the payment and retirement of outstanding bonds of Metro, including the  
17 Parity Bonds, the notes and the loans described above.

16 By Resolution No. 5471 of the metropolitan council amended in its  
17 entirety by Resolution No. 5920, the issuance of sewer revenue bonds of  
18 Metro in the aggregate principal amount of \$777,000,000 was authorized  
19 to acquire, construct and install the fourth stage development of the  
20 comprehensive plan. Out of such authorization \$401,000,000 of bonds  
21 have been issued, of which \$186,615,000 have been refunded and  
22 defeased, leaving a remaining authorization of \$562,615,000.

21 It is deemed necessary and desirable that the county now sell and issue its  
22 limited tax levy general obligation bonds in the aggregate principal amount  
23 of \$170,000,000 to carry out portions of the fourth stage development of  
24 the comprehensive plan and that such bonds be additionally secured by a  
25 pledge of revenues of the sewer system of the county.

24 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

25  
26 SECTION 1. Definitions. The following words and terms as used in this ordinance shall  
27 have the following meanings for all purposes of this ordinance, unless some other meaning is  
28 plainly intended.

29 "Arbitrage and Tax Certification" means the certificate executed by the county finance  
30 manager pertaining to the calculation and payment of any Rebate Amount with respect to the  
31 Bonds.

1 "Authorized Officer" means the following officers of the department of metropolitan  
2 services: the executive director, the director of the finance division, the controller and the director  
3 of the technical services division.

4 "Betterment Reserve" or "Betterment Reserve Account" means the Renewal, Extension  
5 and Betterment Reserve Account created in the Revenue Fund by Section 8 of Resolution No. 90  
6 of Metro.

7 "Bond Counsel" means an attorney at law or a firm of attorneys, selected by the county, of  
8 nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds  
9 issued by states and their political subdivisions, duly admitted to the practice of law before the  
10 highest court of any state of the United States of America.

11 "Bond Fund" means the "Water Quality Limited Tax General Obligation Bond Redemption  
12 Fund" established pursuant to Section 8 hereof.

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

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

19 "Bonds" means all or a portion of the King County, Washington, Limited Tax General  
20 Obligation Bonds (Payable from Sewer Revenues), 1994 Series A, issued pursuant to this  
21 ordinance.

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

24 "Closing" means the delivery of the Bonds to, and payment of the purchase price therefor  
25 by, the initial purchasers of said Bonds.

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

30 "Comprehensive Plan" means the original comprehensive sewage disposal plan set forth in  
31 Resolution No. 23 adopted by the Metro Council on April 22, 1959, subsequently redesignated the  
32 "Comprehensive Water Pollution Abatement Plan" pursuant to Chapter 36, Laws of 1975, as such

1 original plan has been modified and supplemented by the following resolutions of the Metro  
2 Council: Resolution No. 74 adopted February 16, 1961, Resolution No. 152 adopted April 19,  
3 1962, Resolution No. 261 adopted March 7, 1963, Resolution No. 441 adopted August 20, 1964,  
4 Resolution No. 477 adopted November 19, 1964, Resolution No. 795 adopted November 3, 1966,  
5 Resolution No. 928 adopted June 1, 1967, Resolution No. 1011 adopted November 16, 1967,  
6 Resolution No. 1024 adopted December 7, 1967, Resolution No. 1052 adopted March 21, 1968,  
7 Resolution No. 1257 adopted July 3, 1969, Resolution No. 1330 adopted December 18, 1969,  
8 Resolution No. 1829 adopted March 1, 1973, Resolution No. 2025 adopted February 21, 1974,  
9 Resolution No. 3135 adopted March 15, 1979, Resolution No. 3781 adopted November 5, 1981,  
10 Resolution No. 4217 adopted December 15, 1983, Resolution No. 4339 adopted April 5, 1984,  
11 Resolution No. 4780 adopted July 17, 1986, Resolution No. 5332 adopted May 19, 1988,  
12 Resolution No. 5449 adopted July 21, 1988, Resolution No. 5902 adopted June 21, 1990,  
13 Resolution No. 6107 adopted March 21, 1991, and Resolution No. 6378 adopted June 4, 1992 as  
14 the same may be amended or supplemented hereafter by ordinance of the county.

15 "Construction Fund" means the Second Water Quality Construction Fund established by  
16 Section 13 of this ordinance."

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

20 "County" means King County, Washington.

21 "County Council" means the Metropolitan King County Council.

22 "County Finance Manager" means the manager of the finance division of the King County  
23 office of financial management or any other county officer who succeeds to the duties now  
24 delegated to that office.

25 "Credit Facility" means any letter of credit, standby bond purchase agreement, line of  
26 credit, surety bond, insurance policy or other insurance commitment or similar agreement (but not  
27 including a Payment Agreement), satisfactory to the county, that is provided by a commercial  
28 bank, insurance company or other financial institution with a current long term rating (or whose  
29 obligations thereunder are guaranteed by a financial institution with a long term rating) from  
30 Moody's Investors Service and Standard & Poor's Ratings Group not lower than the credit rating  
31 of any series of Parity Lien Obligations, to provide support for a series of Parity Lien Obligations,  
32 (including Variable Rate Parity Lien Obligations), and shall include any substitute therefor in

1 accordance with the provisions of the ordinance providing for the issuance of Parity Lien  
2 Obligations supported by a Credit Facility.

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

5 "DTC" means the Depository Trust Company, New York, New York.

6 "Fourth Stage Project" means the ten-year fourth stage development of the Comprehensive  
7 Plan authorized to be acquired, constructed and installed by Resolution No. 5471 of the Metro  
8 Council adopted August 18, 1988, as amended in its entirety by Resolution No. 5920 adopted  
9 June 21, 1990 as the same may be modified and supplemented hereafter by the county.

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

12 "Letter of Representations" shall mean that letter substantially in the form of Exhibit A  
13 attached hereto and incorporated herein by this reference.

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

17 "1990 SRF Loan" means the State Revolving Fund loan to Metro by the State of  
18 Washington Department of Ecology pursuant to the 1990 SRF Loan Agreement.

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

22 "Metro" or "Municipality" means the Municipality of Metropolitan Seattle, formerly a  
23 municipal corporation of the State of Washington, organized pursuant to Chapter 35.58 RCW and  
24 consolidated with King County effective January 1, 1994 pursuant to Chapter 36.56 RCW.

25 "Notes" means the Municipality of Metropolitan Seattle Sewer Revenue Bond Anticipation  
26 Notes, Series 1993.

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

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

1 "Parity Bond Fund" means the "Municipality of Metropolitan Seattle Sewer Revenue Bond  
2 Fund" created by Section 10 of Resolution No. 90 of the Metro Council and redesignated and  
3 continued by the county as the Water Quality Revenue Bond Fund."

4 "Parity Bond Ordinances" means the resolutions of the Metro Council providing for the  
5 issuance of the Series A through Series Z Bonds and any ordinances of the county hereafter  
6 authorizing the issuance of additional Parity Bonds.

7 "Parity Bond Reserve" or "Parity Bond Reserve Account" means the bond reserve account  
8 in the Parity Bond Fund.

9 "Parity Bonds" means any and all sewer revenue bonds of the county, the payment of  
10 which constitutes a lien and charge upon the Revenue of the System equal in rank with the lien and  
11 charge upon such revenue for the payments required to pay or to secure the payment of the Series  
12 A Bonds. The term "Parity Bonds" thus includes the Series A Bonds, the Series B Bonds, the  
13 Series C Bonds, the Series D Bonds, the Series E Bonds, the Series F Bonds, the Series G Bonds,  
14 the Series H Bonds, the Series I Bonds, the Series J Bonds, the Series N Bonds, the Series O  
15 Bonds, the Series P Bonds, the Series Q Bonds, the Series R Bonds, the Series S Bonds, the  
16 Series T Bonds, the Series U Bonds, the Series V Bonds, the Series W Bonds, the Series X Bonds,  
17 the Series Y Bonds, the Series Z Bonds, and any other sewer revenue bonds hereafter issued on a  
18 parity therewith, provided, however, that the term "Parity Bonds" shall not include any Refunded  
19 Bonds.

20 "Parity Lien Obligations" means the Bonds and all bonds, notes or other evidences of  
21 indebtedness payable in whole or in part from Revenue of the System and secured by a lien on  
22 such Revenue on a parity of lien with the lien of the Bonds. "Parity Lien Obligations" includes any  
23 Parity Payment Agreements and parity reimbursement agreements entered into with the provider  
24 of a Credit Facility.

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

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

30 "Payment Agreement" means, to the extent permitted from time to time by applicable law,  
31 a written agreement entered into by the county (i) in connection with or incidental to the issuance,  
32 incurring or carrying of the Bonds or other obligations of the county secured in whole or in part by



1 a lien on Revenue of the System; (ii) for the purpose of managing or reducing the county's  
2 exposure to fluctuations or levels of interest rates, currencies or commodities or for other interest  
3 rate, investment, asset or liability management purposes; (iii) with an entity that at the time the  
4 agreement is entered into is a Qualified Counterparty; and (iv) which provides, on either a current  
5 or forward basis, for an exchange of payments determined in accordance with a formula specified  
6 therein.

7 "Payment Agreement Payments" means the amounts periodically required to be paid by the  
8 county to the Qualified Counterparty pursuant to a Payment Agreement.

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

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

19 "RCW" means the Revised Code of Washington.

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

23 "Refunded Bonds" means the \$33,465,000 principal amount of Series L Bonds maturing on  
24 and after January 1, 1993, the \$42,160,000 principal amount of Series M Bonds maturing on and  
25 after January 1, 1994, the \$41,745,000 principal amount of Series N Bonds maturing on and after  
26 January 1, 1996, the \$34,750,000 principal amount of Series O Bonds maturing on and after  
27 January 1, 1996, the \$130,740,000 of Series P Bonds maturing on and after January 1, 2001, the  
28 \$117,845,000 of Series Q Bonds maturing on and after January 1, 2003, the \$33,980,000 principal  
29 amount of Series R Bonds maturing on and after January 1, 2001, the \$88,215,000 principal  
30 amount of Series S Bonds maturing on and after January 1, 2006 and the \$77,400,000 of Series T  
31 Bonds maturing on and after January 1, 2014.  
32

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

3 "Revenue Fund" means the special fund of Metro created by Resolution No. 7 of the Metro  
4 Council adopted November 26, 1958, redesignated as the "Municipality of Metropolitan Seattle  
5 Sewer Revenue Fund" by Section 5 of Resolution No. 90 of the Metro Council and redesignated  
6 and continued by the county as the Water Quality Operating Fund.

7 "Revenue of the System" means all the earnings, revenues and moneys received by the  
8 county from or on account of the operations of the Sewer System and the income from the  
9 investment of moneys in the Revenue Fund or any account within such fund, but shall not include  
10 any moneys collected pursuant to the Service Agreements applicable to administrative costs of the  
11 county other than costs of administration of the System.

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

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

19 "State" means the state of Washington.

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

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

27 "Variable Rate Parity Lien Obligations" means Parity Lien Obligations bearing interest at a  
28 variable rate of interest provided that at least one of the following conditions is met: (i) at the time  
29 of issuance the county has entered into a Payment Agreement with respect to such Parity Lien  
30 Obligations which Agreement converts the effective interest rate to the county on the Variable  
31 Rate Parity Lien Obligations from a variable interest rate to a fixed interest rate or (ii) the Parity  
32 Lien Obligations bear interest at a variable rate but are issued concurrently in equal par amounts

1 with other Parity Lien Obligations bearing interest at a variable rate and which are required to  
 2 remain outstanding in equal amounts at all times, if the net effect of such equal par amounts and  
 3 variable rates at all times is a fixed rate of interest to the county.

4 SECTION 2. Authorization of Bonds. In order to provide part of the funds necessary to  
 5 carry out the Fourth Stage Project, the county shall issue and sell its limited tax general obligation  
 6 bonds in the aggregate principal amount of \$170,000,000.

7 A. Description of Bonds. The bonds shall be designated as "King County, Washington  
 8 Limited Tax General Obligation Bonds (Payable from Sewer Revenues), 1994 Series A" (the  
 9 "Bonds"). The Bonds shall be dated April 1, 1994, shall be in the denomination of \$5,000 each or  
 10 any integral multiple of \$5,000 and shall be registered as to both principal and interest. The Bonds  
 11 shall be numbered separately in the manner and with any additional designation as the Bond  
 12 Registrar deems necessary for purposes of identification, and shall mature on January 1 of the  
 13 following years in the following amounts, provided that the initial purchaser of the Bonds may  
 14 designate whether the principal amounts of the Bonds set forth below shall be retired on January 1  
 15 of each respective year as serial bonds maturing in such year or as amortization installments of  
 16 Term Bonds maturing in designated years:

Serial Maturity or Amortization Installment Date	Amount
1995	\$ 1,530,000
1996	1,570,000
1997	1,620,000
1998	1,680,000
1999	1,740,000
2000	1,815,000
2001	1,890,000
2002	1,965,000
2003	2,055,000
2004	2,145,000
2005	2,245,000
2006	2,345,000
2007	2,460,000
2008	2,575,000
2009	2,710,000
2010	2,840,000
2011	2,985,000
2012	3,135,000
2013	3,295,000
2014	3,465,000
2015	3,645,000
2016	3,840,000
2017	4,035,000

1	2018	4,250,000
2	2019	4,475,000
3	2020	4,705,000
4	2021	4,955,000
5	2022	5,215,000
6	2023	5,490,000
7	2024	5,775,000
8	2025	6,080,000
9	2026	6,400,000
10	2027	6,740,000
11	2028	7,100,000
12	2029	7,475,000
13	2030	7,870,000
14	2031	8,290,000
15	2032	8,730,000
16	2033	9,190,000
17	2034	9,675,000

12 The designation of serial and Term Bond maturity dates shall be subject to the limitations  
13 set forth in the form of the Official Notice of Bond Sale, a copy of which has been presented to the  
14 county council and is on file with the clerk of the county council.

15 The Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day  
16 months) from their date or from the most recent interest payment date for which interest has been  
17 paid or duly provided for, whichever is later, payable on July 1, 1994, and semiannually thereafter  
18 on the first days of each succeeding July and January to the maturity or earlier redemption of the  
19 Bonds, at the rate or rates bid by the successful bidder at public sale and accepted by motion of the  
20 county council.

21 The Bonds shall be negotiable instruments to the extent provided by RCW 62A.8-105.

22 B. Initial Immobilization of Bonds; Depository Provisions. The Bonds initially shall be  
23 held in fully immobilized form by DTC acting as depository pursuant to the terms and conditions  
24 set forth in the form of a Letter of Representations attached as Exhibit A hereto and by this  
25 reference incorporated herein. To induce DTC to accept the Bonds as eligible for deposit at DTC,  
26 the county finance manager is authorized to execute the Letter of Representations, with such  
27 changes as hereafter may be approved by him or her, and such approval shall be conclusively  
28 presumed by the county finance manager's execution thereof. Neither the county nor the Bond  
29 Registrar shall have any responsibility or obligation to DTC participants or the persons for whom  
30 they act as nominees with respect to the Bonds with respect to the accuracy of any records  
31 maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any  
32 amount in respect of principal or redemption price or interest on the Bonds, any notice which is

1 permitted or required to be given to Registered Owners under this ordinance (except such notice  
2 as is required to be given by the county to the Bond Registrar or to DTC), the selection by DTC or  
3 any DTC participant of any person to receive payment in the event of a partial redemption of the  
4 Bonds or any consent given or other action taken by DTC as owner of the Bonds.

5 The Bonds initially shall be issued in denominations equal to the aggregate principal  
6 amount of each maturity and initially shall be registered in the name of CEDE & CO., as the  
7 nominee of DTC. The Bonds so registered shall be held in fully immobilized form by DTC as  
8 depository. For so long as any Bonds are held in fully immobilized form, DTC, its successor or  
9 any substitute depository appointed by the county, as applicable, shall be deemed to be the  
10 Registered Owner for all purposes hereunder and all references to Registered Owners,  
11 bondowners, bondholders, owners or the like shall mean DTC or its nominees and shall not mean  
12 the owners of any beneficial interests in the Bonds. Registered ownership of such Bonds, or any  
13 portions thereof, may not thereafter be transferred except:

- 14 1. To any successor of DTC or its nominee, if that successor shall be qualified  
15 under any applicable laws to provide the services proposed to be provided by it;
- 16 2. To any substitute depository appointed by the county pursuant to this  
17 subsection or such substitute depository's successor; or
- 18 3. To any person as herein provided if the Bonds are no longer held in  
19 immobilized form.

20 Upon the resignation of DTC or its successor (or any substitute depository or its  
21 successor) from its functions as depository, or a determination by the county that it is no longer in  
22 the best interests of beneficial owners of the Bonds to continue the system of book entry transfers  
23 through DTC or its successor (or any substitute depository or its successor), the county may  
24 appoint a substitute depository. Any such substitute depository shall be qualified under any  
25 applicable laws to provide the services proposed to be provided by it.

26 In the case of any transfer pursuant to clause (1) or (2) of the second paragraph of this  
27 subsection, the Bond Registrar, upon receipt of all outstanding Bonds together with a written  
28 request on behalf of the county, shall issue a single new Bond for each maturity of Bonds then  
29 outstanding, registered in the name of such successor or such substitute depository, or their  
30 nominees, as the case may be, all as specified in such written request of the county.

31 In the event that DTC or its successor (or substitute depository or its successor) resigns  
32 from its functions as depository, and no substitute depository can be obtained; or the county

1 determines that it is in the best interests of the beneficial owners of the Bonds that they be able to  
2 obtain Bond certificates, the ownership of Bonds may be transferred to any person as herein  
3 provided, and the Bonds shall no longer be held in fully immobilized form. The county shall  
4 deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue  
5 Bonds as herein provided in any authorized denomination. Upon receipt of all then outstanding  
6 Bonds by the Bond Registrar, together with a written request on behalf of the county to the Bond  
7 Registrar, new Bonds shall be issued in such denominations and registered in the names of such  
8 persons as are requested in such a written request.

9 C. Place, Manner and Medium of Payment. Both principal of and interest on the  
10 Bonds shall be payable in lawful money of the United States of America. For so long as  
11 outstanding Bonds are registered in the name of CEDE & Co., or its registered assigns, as  
12 nominee of DTC, payments of principal of and interest on the Bonds shall be made in next day  
13 funds on the date such payment is due and payable at the place and in the manner provided in the  
14 Letter of Representations.

15 In the event that Bonds are no longer immobilized by DTC, interest on the Bonds shall be  
16 paid by checks or drafts mailed, or by wire transfer, to owners of Bonds at the addresses for such  
17 owners appearing on the Bond Register on the 15th day of the calendar month preceding the  
18 interest payment date. Wire transfer will be made only if so requested in writing and if the owner  
19 owns at least one million dollars (\$1,000,000) par value of the Bonds. Principal, and premium, if  
20 any, of the Bonds shall be payable at maturity or on such dates as may be fixed for prior  
21 redemption upon presentation and surrender of the Bonds by the owners at either principal office  
22 of the Bond Registrar in Seattle, Washington, or New York, New York, at the option of such  
23 owners.

24 SECTION 3. Right of Prior Redemption. The Bonds maturing on January 1, 1995  
25 through January 1, 2004, shall not be subject to redemption at the option of the county ahead of  
26 their scheduled maturities. The Bonds maturing on and after January 1, 2005 shall be subject to  
27 redemption prior to their scheduled maturity dates at the option of the county on any date on or  
28 after January 1, 2004, in whole or in part at the respective redemption prices (expressed in  
29 percentages of principal amount) set forth below, in each case together with accrued interest, if  
30 any, to the redemption date.  
31  
32

Redemption Periods	Redemption Prices
January 1, 2004 through July 1, 2004	102%
July 2, 2004 through July 1, 2005	101
July 2, 2005 and any date thereafter	100

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

Official notice of any such intended redemption shall be given by the Bond Registrar not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption by first class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address appearing on the Bond Register.

All official notices of redemption shall be dated and shall state: (1) the redemption date, (2) the redemption price, (3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

The requirements of this section shall be deemed to be complied with when official notice is mailed as herein provided, regardless of whether or not it is actually received by the owner of any Bond. Interest on any Bonds so called for redemption shall cease on such redemption date unless the same is not paid in full upon presentation made pursuant to such call.

In addition to the foregoing notice, further notice shall be given by the Bond Registrar as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

1. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each bond being redeemed; (iv) the maturity date of each bond

1 being redeemed; and (v) any other descriptive information needed to identify accurately the  
 2 Bonds being redeemed.

3 2. Each further notice of redemption shall be sent at least 35 days before the  
 4 redemption date by registered or certified mail or overnight delivery service to Standard &  
 5 Poor's Ratings Group and Moody's Investors Service, Inc. in New York, New York, or  
 6 their business successors, to all registered securities depositories then in the business of  
 7 holding substantial amounts of obligations of types comprising the Bonds and to one or  
 8 more national information services that disseminate notices of redemption of obligations  
 9 such as the Bonds.

10 3. Each such further notice shall be published one time in the Bond Buyer of  
 11 New York, New York or, if such publication is impractical or unlikely to reach a  
 12 substantial number of the holders of the Bonds, in some other financial newspaper or  
 13 journal which regularly carries notices of redemption of other obligations similar to the  
 14 Bonds, such publication to be made at least 30 days prior to the date fixed for redemption.

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

19 SECTION 4. Form of Bonds. The Bonds shall be in substantially the following form:

20 NO. \_\_\_\_\_ \$ \_\_\_\_\_

21 UNITED STATES OF AMERICA

22 STATE OF WASHINGTON

23 KING COUNTY

24 LIMITED TAX GENERAL OBLIGATION BOND  
 25 (PAYABLE FROM SEWER REVENUES)  
 26 1994 SERIES A

27 INTEREST RATE: MATURITY DATE: CUSIP NO.:

28 Registered Owner:

29 Principal Amount:

30 KING COUNTY, WASHINGTON (the "county"), hereby acknowledges itself to owe and  
 31 for value received promises to pay to the Registered Owner identified above, or registered assigns,  
 32 on the Maturity Date specified above, the Principal Amount specified above and to pay interest  
 thereon (computed on the basis of a 360-day year of twelve 30-day months) from March 1, 1994,  
 or the most recent date to which interest has been paid or duly provided for until payment of this  
 bond at the Interest Rate set forth above, payable on July 1, 1994, and semiannually thereafter on  
 the first days of each succeeding January and July.

Both principal of and interest on this bond are payable in lawful money of the United States  
 of America. While bonds are held on immobilized "book entry" system of registration, the



1 principal of this bond is payable to the order of the Registered Owner in next day funds received  
2 by the Registered Owner on the maturity date of this bond, and the interest on this bond is payable  
3 to the order of the Registered Owner in next day funds received by the Registered Owner on each  
4 interest payment date. When Bonds are no longer held on an immobilized "book entry" registration  
5 system, the principal shall be paid to the Registered Owner or nominee of such owner upon  
6 presentation and surrender of this bond at either of the principal offices of the fiscal agency of the  
7 State of Washington in either Seattle, Washington or New York, New York (collectively the  
8 "Bond Registrar"), and the interest shall be paid by mailing a check or draft (on the date such  
9 interest is due) to the Registered Owner or nominee of such owner at the address shown on the  
10 registration books maintained by the Bond Registrar (the "Bond Register") as of the 15th day of  
11 the month prior to the interest payment date.

12 If so requested in writing by the Registered Owner of at least \$1,000,000 par value of the  
13 Bonds, interest will be paid by wire transfer.

14 Reference is hereby made to additional provisions of this bond set forth below hereof and  
15 such additional provisions shall for all purposes have the same effect as if set forth in this space.

16 This bond shall not be valid or become obligatory for any purpose or be entitled to any  
17 security or benefit under King County Ordinance No. \_\_\_\_\_ (the "Bond  
18 Ordinance") until the Certificate of Authentication hereon shall have been manually signed by the  
19 Bond Registrar.

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

26 IN WITNESS WHEREOF, the county has caused this bond to be executed by the manual  
27 or facsimile signatures of the county Executive and to be attested by the Clerk of the county  
28 council, and has caused the seal of the county to be impressed or imprinted hereon, as of this  
29 \_\_\_\_\_ day of \_\_\_\_\_, 1994.

30 KING COUNTY, WASHINGTON

31 By \_\_\_\_\_  
32 King County Executive

ATTEST:

\_\_\_\_\_  
Clerk of the County Council

ADDITIONAL PROVISIONS

This bond is one of an authorized series of bonds of like date and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of \$170,000,000, and is issued to pay a portion of the costs to acquire, construct, and install the development of the Comprehensive Plan for the Sewer System of the county.

1  
2 The bonds of this series are issued under and in accordance with the provisions of the  
3 Constitution and applicable statutes of the State of Washington, the county Charter and applicable  
4 ordinances duly adopted by the county.

5 The county has reserved the right to redeem in whole or in part the Bonds maturing on and  
6 after January 1, 2005, at the following times and prices expressed as a percentage of the principal  
7 amount, in each case together with accrued interest, if any, to the redemption date.

Redemption Periods	Redemption Prices
January 1, 2004 through July 1, 2004	102%
July 2, 2004 through July 1, 2005	101
July 2, 2005 and any date thereafter	100

8  
9  
10 [The Bonds maturing on January 1, \_\_\_\_\_, are also subject to redemption prior to maturity  
11 through mandatory amortization payments on January 1 of the following years and in the following  
12 amounts in each case at a redemption price of 100% of the principal amount of the Bonds to be  
13 redeemed, plus accrued interest to the date of redemption.]

<u>Years</u>	<u>Amount</u>
--------------	---------------

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

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

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

The county has further irrevocably covenanted and agreed with the owner of this bond that  
it will annually include in its budget and levy taxes, within and as a part of the tax levy permitted to  
counties without a vote of the electorate, upon all the property subject to taxation, in an amount  
sufficient, together with all other moneys legally available therefor, to pay the principal of and  
interest on this bond as the same shall become due. The full faith, credit and resources of the

1 county are hereby irrevocably pledged for the annual levy and collection of such taxes and the  
2 prompt payment of such principal and interest.

3 The county has further covenanted and pledged to set aside out of earnings and revenues  
4 of its Sewer System and to pay into the Bond Fund for the Bonds amounts sufficient to pay when  
5 due the principal of and interest on this bond. The pledge of revenues of the Sewer System  
6 constitutes a lien and charge on such revenues subject to prior application for expenses of  
7 maintenance and operation of the Sewer System and subordinate to the lien and charge securing  
8 payment of the Parity Bonds and to the lien and charge securing the Notes and the SRF Loan.

9 The county has further pledged that it will cause the Sewer System to be maintained in  
10 good condition and repair and to be operated in an efficient manner and at a reasonable cost. The  
11 county has further pledged that it will at all times establish, maintain and collect adequate rates and  
12 charges for sewage disposal service as provided in the Bond Ordinance. Reference to the Bond  
13 Ordinance is made for a description of the nature and extent of the security for the bonds of this  
14 issue, the funds or revenues pledged, the terms and conditions upon which such bonds are issued,  
15 and the definition of capitalized terms used herein.

16 The pledge of tax levies and of revenues for repayment of principal of and interest on the  
17 bonds may be discharged prior to maturity of the bonds by making provisions for the payment  
18 thereof on the terms and conditions set forth in the Bond Ordinance.

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

- 22 TEN COM - as tenants in common
- 23 TEN ENT - as tenants by the entireties
- 24 JT TEN - as joint tenants with right of survivorship and not as tenants in common

25 UNIF GIFT (TRANSFERS) MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
 26 (Cust) (Minor)  
 27 under Uniform Gifts (Transfers) to Minors Act  
 28 \_\_\_\_\_  
 29 (State)

30 Additional abbreviations may also be used though not listed above.

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

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within mentioned Bond Ordinance and is one of the Limited Tax General Obligation Bonds (Payable from Sewer Revenues), 1994 Series A of King County, Washington dated April 1, 1994.

WASHINGTON STATE FISCAL AGENCY, as Bond Registrar

By \_\_\_\_\_ Authorized Officer

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

[Empty rectangular box for Social Security or Taxpayer Identification Number]

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

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

DATED: \_\_\_\_\_, 19\_\_.

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

\_\_\_\_\_

SECTION 5. Execution of Bonds. The Bonds shall be executed on behalf of the county with the manual or facsimile signatures of the county executive and the clerk of the county council, and shall have the seal of the county impressed or imprinted thereon.

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

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

14 SECTION 6. Bond Registrar. The Bond Registrar shall keep, or cause to be kept, at its  
15 principal corporate trust office, sufficient books for the registration and transfer of the Bonds  
16 which shall at all times be open to inspection by the county. Such Bond Register shall contain the  
17 name and mailing address of the owner of each Bond or nominee of such owner and the principal  
18 amount and number of Bonds held by each owner or nominee.

19 The Bond Registrar is authorized, on behalf of the county, to authenticate and deliver the  
20 Bonds transferred or exchanged in accordance with the provisions of such Bonds and this  
21 ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance.

22 The Bond Registrar shall be responsible for its representations contained in the Certificate  
23 of Authentication on the Bonds. The Bond Registrar may become the owner of Bonds with the  
24 same rights it would have if it were not the Bond Registrar, and to the extent permitted by law  
25 may act as depository for and permit any of its officers or directors to act as a member of, or in  
26 any other capacity with respect to, any committee formed to protect the rights of Bond owners.

27 Upon surrender thereof to the Bond Registrar, the Bonds are interchangeable for Bonds in  
28 any authorized denomination of an equal aggregate principal amount and of the same interest rate  
29 and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and  
30 surrendered to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the  
31 surrendered Bond and shall authenticate and deliver, without charge to the owner or transferee  
32 therefor, (other than taxes, if any, payable on account of such transfer) a new Bond (or Bonds, at

1 the option of the new Registered Owner) of the same maturity and interest rate and for the same  
2 aggregate principal amount, in any authorized denomination, naming as Registered Owner the  
3 person or persons listed as the assignee on the assignment form appearing on the surrendered  
4 Bond, in exchange for such surrendered and canceled Bond. The Bond Registrar shall not be  
5 obligated to transfer or exchange any Bond during the fifteen days preceding any interest payment,  
6 principal payment or redemption date.

7 The county and the Bond Registrar, each in its discretion, may deem and treat the  
8 registered owner of each Bond as the absolute owner thereof for all purposes, and neither the  
9 county nor the Bond Registrar shall be affected by any notice to the contrary.

10 **SECTION 7. Mutilated, Lost, or Destroyed Bonds.** If any Bond shall become mutilated,  
11 the Bond Registrar shall authenticate and deliver a new Bond of like series, amount, date, interest  
12 rate and tenor in exchange and substitution for the Bond so mutilated, upon the owner's paying the  
13 expenses and charges of the county and the Bond Registrar in connection therewith and upon  
14 surrender to the Bond Registrar of the Bond so mutilated. Every mutilated Bond so surrendered  
15 shall be canceled and destroyed by the Bond Registrar.

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

23 **SECTION 8. Bond Fund.** There is hereby created a special fund of the county to be  
24 known as the "Water Quality Limited Tax General Obligation Bond Redemption Fund" (the "Bond  
25 Fund"). The Bond Fund shall be at all times completely segregated and set apart from all other  
26 funds and accounts of the county and shall be a trust fund for the security and payment of the  
27 principal of and interest and any premium on the Bonds and other Parity Lien Obligations that are  
28 also limited tax general obligations of the county (as used in this section, "General and Parity Lien  
29 Obligations"). All moneys credited to the Bond Fund shall be and are hereby pledged and ordered  
30 to be used for the sole purpose of paying the principal of and interest and any premium on the  
31 Bonds and other General and Parity Lien Obligations.  
32

1           A.     Debt Service Account. A "Debt Service Account" is hereby established in the  
2 Bond Fund. The county hereby obligates and binds itself to cause to be set aside and paid into said  
3 Account out of the Revenue of the System amounts sufficient, together with accrued interest  
4 received at the time of delivery of the Bonds or additional General and Parity Lien Obligations and  
5 deposited therein, income from the investment of moneys in the Debt Service Account and any  
6 other moneys on deposit in the Debt Service Account and legally available, to pay the principal of  
7 and interest on outstanding Bonds and additional General and Parity Lien Obligations as the same  
8 respectively become due and payable.

9           There is hereby created a special subaccount in the Debt Service Account to be known as  
10 the "1994A Debt Service Subaccount." All moneys required by this Section 8.A of this ordinance  
11 to be deposited into the Debt Service Account for the payment of principal and interest on the  
12 Bonds shall be deposited into the 1994A Debt Service Subaccount. Moneys in the 1994A Debt  
13 Service Subaccount shall be treated in all respects as all other moneys in the Debt Service Account  
14 but shall be accounted for separately for the purpose of calculating amounts required to be paid to  
15 the federal government pursuant to Section 19 of this ordinance.

16           Payments on account of the Bonds shall be made out of the Revenue of the System into the  
17 1994A Debt Service Subaccount in the Bond Fund on or before the 25th day of each month in the  
18 following amounts:

- 19           1.     Beginning with the month of April to and including the month of June,  
20 one-third of the interest to become due and payable on July 1, 1994.
- 21           2.     Beginning with the month of July 1994 continuing for as long as any of the  
22 Bonds are outstanding and unpaid, one-sixth of the interest to become due and payable on the  
23 Bonds outstanding on the next interest payment date.
- 24           3.     Beginning with the month of April 1994, to and including the month of  
25 December 1994, one-ninth of the principal to become due and payable on January 1, 1995.
- 26           4.     Beginning with the month of January 1995, and continuing for as long as  
27 any of the Bonds are outstanding and unpaid, one-twelfth of the principal amount of the serially  
28 maturing Bonds to become due and payable on the next principal payment date.

29           B.     Term Bond Payment Subaccount. A "Term Bond Payment Account" is hereby  
30 established in the Bond Fund. After making the payments required in paragraph A above, the  
31 county shall deposit to the Term Bond Payment Account, on or before the first day of January of  
32 each year, out of the Revenue of the System, additional moneys which together with available

1 income from the investment of moneys in the Term Bond Payment Account will be sufficient to  
2 retire by purchase or by redemption pursuant to call any Bonds or additional General and Parity  
3 Lien Obligations that are Term Bonds on or before such payment dates and in at least such  
4 principal amounts as shall be set forth in the ordinance authorizing, or the bid form or purchase  
5 contract for, such bonds. The schedule of payment dates and principal amounts of any Bonds that  
6 are Term Bonds shall be fixed in the manner and subject to the limitations set forth in Section 2 of  
7 this ordinance and in the Official Notice of Bond Sale. The amounts so paid into the Term Bond  
8 Payment Account shall be used for the sole purpose of purchasing or redeeming any Bonds or  
9 additional General and Parity Lien Obligations that are Term Bonds on or before their respective  
10 scheduled payment dates, provided that, if more than the required principal amount of such Term  
11 Bonds shall be retired by such purchase or redemption in any given year, the amount required to be  
12 purchased or redeemed in the next succeeding year or years may be reduced accordingly.

13       There is hereby created a special subaccount to be known as the "1994A Term Bond  
14 Payment Subaccount," provided that the 1994A Term Bond Payment Subaccount shall be  
15 provisionally established and shall be closed in the event the original purchaser of the Bonds does  
16 not designate any Bonds as Term Bonds pursuant to Section 2 hereof and the Official Notice of  
17 Bond Sale. All moneys required by this Section 8.B of this ordinance to be deposited into the  
18 Term Bond Payment Account for the purchase or redemption of Bonds that are Term Bonds shall  
19 be deposited into the 1994A Term Bond Payment Subaccount. Moneys in the 1994A Term Bond  
20 Payment Subaccount shall be treated in all respects as all other moneys in the Term Bond Payment  
21 Account but shall be accounted for separately for the purpose of calculating amounts required to  
22 be paid to the federal government pursuant to Section 19 of this ordinance.

23       SECTION 9. Pledge of Taxation and Credit. The county hereby irrevocably covenants  
24 and agrees for as long as any of the Bonds are outstanding and unpaid, that each year it will  
25 include in its budget and levy an ad valorem tax upon all the property within the county subject to  
26 taxation in an amount that will be sufficient, together with all other revenues and moneys of the  
27 county legally available for such purposes, to pay the principal of and interest on the Bonds as the  
28 same shall become due. All of such taxes so collected shall be paid into the Bond Fund no later  
29 than the date such funds are required for the payment of principal and interest on the Bonds.

30       The county hereby irrevocably pledges that the annual tax provided for herein to be levied  
31 for the payment of such principal and interest shall be within and as a part of the tax levy permitted  
32 to counties without a vote of the people, and that a sufficient portion of each annual levy to be



1 levied and collected by the county prior to the full payment of the principal of and interest on the  
2 Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the  
3 principal of and interest on the Bonds.

4 The full faith, credit and resources of the county are hereby irrevocably pledged for the  
5 annual levy and collection of said taxes and for the prompt payment of the principal of and interest  
6 on the Bonds as the same shall become due.

7 SECTION 10. Pledge of Sewer Revenues. The amounts covenanted to be paid out of the  
8 Revenue of the System into the Bond Fund shall constitute a lien and charge on such Revenue  
9 subject to normal expenses of maintenance and operation of the System and any other necessary  
10 expenses of maintenance and operation of the System for which reserves or other moneys are not  
11 available, and junior, subordinate and inferior to the lien and charge on such Revenue for the  
12 payments required by the Parity Bond Ordinances to be made into the Parity Bond Fund and the  
13 accounts therein and into the Operating Reserve Account, Contingency Reserve Account, and  
14 Betterment Reserve Account in the Revenue Fund and junior, subordinate and inferior to the lien  
15 and charge on such Revenue for the payments required by the 1990 SRF Loan Agreement and by  
16 the resolution of the Metro Council authorizing the issuance of the Notes.

17 SECTION 11. Revenue Fund. A special fund of Metro has heretofore been established  
18 known as the "Municipality of Metropolitan Seattle Sewer Revenue Fund." Such fund has been  
19 redesignated and continued by the county as the Water Quality Operating Fund and is herein  
20 referred to as the "Revenue Fund." All of the Revenue of the System shall be deposited in the  
21 Revenue Fund. All costs of maintaining and operating the System borne by the county shall be  
22 paid out of the Revenue Fund or appropriate reserves therein.

23 A. Operating Reserve Account. There has heretofore been created in the Revenue  
24 Fund an "Operating Reserve Account" and the sum of approximately \$2,323,000 was on deposit  
25 therein as of December 31, 1993. The moneys in the Operating Reserve Account may be used to  
26 pay necessary expenses of maintenance and operation of the System in the event that Revenue of  
27 the System should at any time be inadequate to pay such expenses. If the balance in this account  
28 shall at any time hereafter be reduced below an amount which is the greater of either \$300,000 or  
29 five percent of the total cost of operating and maintaining the System borne by the county in the  
30 immediately preceding calendar year, the county shall deposit to the credit thereof such sums as  
31 may be necessary to restore such amount therein within six months. Such deposits shall be made  
32 from Revenue of the System first available therefor after payments of Operating and Maintenance

1 Expenses and required payments into the Parity Bond Fund and the Parity Bond Reserve have  
2 been made.

3 B. Contingency Reserve Account. A Contingency Reserve Account has heretofore  
4 been created in the Revenue Fund and approximately \$2,000,000 was on deposit in the account as  
5 of December 31, 1993. The moneys in the Contingency Reserve may from time to time be used  
6 for the payment of major repairs, renewals, replacements and maintenance expenses of a type not  
7 regularly recurring, and unforeseen capital improvements required by regulatory authority. If the  
8 balance in the Contingency Reserve shall at any time be reduced below the amount required by this  
9 resolution to be maintained therein, the county shall deposit therein from the Revenue of the  
10 System such sums, not exceeding \$500,000 per year, as may be required to establish and maintain  
11 such minimum required balance. The minimum balance required to be maintained in said account  
12 shall be \$2,000,000.

13 C. Renewal, Extension and Betterment Reserve Account. There has heretofore been  
14 created in the Revenue Fund a Renewal, Extension and Betterment Reserve Account. On or  
15 before January 1 of each year there shall be deposited in said account at least \$750,000; provided  
16 that if moneys are deposited in the Contingency Reserve in any such year, the deposits to the  
17 Betterment Reserve in such year may be reduced by such amount. Deposits to the Betterment  
18 Reserve shall continue to be made until the Bonds and all outstanding Parity Bonds shall have been  
19 paid or until the Comprehensive Plan shall have been completed, whichever shall first occur. The  
20 moneys in the Betterment Reserve may be used from time to time for any necessary renewals and  
21 replacements of the System and for any capital expenditures which the county council shall deem  
22 necessary and appropriate to carry out the Comprehensive Plan or may be transferred to the Parity  
23 Bond Reserve, Contingency Reserve or Operating Reserve to meet any deficiency therein, or may  
24 be pledged in whole or in part for the payment of junior lien bonds or may be applied to the  
25 payment of outstanding Parity Bonds.

26 SECTION 12. Sewer Revenue Priorities of Payment. So long as any Bond shall be  
27 outstanding, the Revenue of the System shall be used and applied in the following order of  
28 priority: First, to pay all normal expenses of maintenance and operation of the System and any  
29 other necessary expenses of maintenance and operation of the System for which reserves or other  
30 moneys are not available, second, to make all required payments of principal and interest on Parity  
31 Bonds as the same shall become due and payable, third, to make all required deposits for the  
32 amortization of Parity Term Bonds, fourth, to establish and maintain the Parity Bond Reserve,

1 fifth, to establish and maintain the Operating Reserve, sixth, to establish and maintain the  
 2 Contingency Reserve, seventh, to establish and maintain the Betterment Reserve, eighth, to make  
 3 all required payments of principal and interest due on any SRF Loan and on the Notes, ninth, to  
 4 accumulate in the special reserve fund for the 1990 SRF Loan the amount required by Subsection  
 5 E of Section VI of the 1990 SRF Loan Agreement to be accumulated therein and, if required by  
 6 the terms of any other SRF loan agreement, if any, the amounts required by the terms of those  
 7 SRF loan agreements to be accumulated therein, tenth, to make all required payments of principal  
 8 and interest on the Bonds and debt service or Payment Agreement Payments on any other Parity  
 9 Lien Obligations and eleventh, to make all required payments of principal and interest on bonds,  
 10 notes, warrants and other evidences of indebtedness, the lien and charge against Revenue of the  
 11 System of which is junior and inferior to the Notes and the SRF Loan and to Parity Lien  
 12 Obligations, as the same shall become due and payable.

13 Any surplus money that the county may have on hand in the Revenue Fund after making all  
 14 required payments into the Parity Bond Fund, maintaining all required reserves, making all  
 15 required payments of principal and interest on the SRF Loans and on the Notes when due and  
 16 payable, making all required deposits into the special reserve fund required by the 1990 SRF Loan  
 17 Agreement and making all required payments of principal and interest on Bonds and debt service  
 18 or Payment Agreement Payments on any other Parity Lien Obligations, may be used by the county  
 19 to make necessary improvements, additions and repairs to and extensions and replacements of the  
 20 System or for any other lawful purposes of the county related to the System.

21 SECTION 13. Construction Fund. There is hereby established a special fund of the  
 22 county to be known as the "Second Water Quality Construction Fund" and referred to herein as  
 23 the "Construction Fund." For purposes of separately accounting for investment earnings on the  
 24 proceeds of the Bonds to facilitate compliance with the requirements of Section 19 of this  
 25 ordinance, there is hereby established a special account within the Construction Fund to be known  
 26 as the "1994A Construction Account." There shall be deposited in the 1994A Construction  
 27 Account from the proceeds of sale of the Bonds the amount hereinafter provided in Section 14.

28 The moneys in the Construction Fund shall be held and applied as provided in this section  
 29 to pay the cost of acquisition and construction of the System and all costs incident thereto,  
 30 including but not limited to engineering, architectural, planning, financial, legal, urban design or  
 31 any other incidental costs, and to repay any advances heretofore or hereafter made on account of  
 32 such costs, provided that if deficiencies exist in the Bond Fund, moneys in the Construction Fund

1 may be transferred to the Bond Fund in such amounts as shall be necessary to pay principal and  
2 interest on Bonds.

3 The county shall prepare and keep in its files in respect of each disbursement from the  
4 Construction Fund a voucher approved by an Authorized Officer stating with respect to each  
5 payment made or to be made:

6 (i) The name and address of the person, firm or corporation to whom the  
7 payment is due;

8 (ii) The amount to be paid; and

9 (iii) That each obligation in the stated amount has been incurred by or on behalf  
10 of the county and that each item thereof is a proper and reasonable charge against the Construction  
11 Fund and that such obligation has not been theretofore paid or reimbursed.

12 SECTION 14. Disposition of Proceeds of Bonds. The proceeds of the Bonds shall be  
13 deposited as follows:

14 A. The amount equal to the interest accruing on the Bonds from their dated date to the  
15 date of Closing shall be deposited in the 1994A Debt Service Subaccount in the Debt Service  
16 Account in the Bond Fund.

17 B. The balance of the proceeds shall be deposited in the 1994A Construction Account  
18 in the Construction Fund.

19 SECTION 15. Due Regard for Expenses of Maintenance and Operation. The county  
20 council hereby declares that, in fixing the amounts to be paid into the Bond Fund and the accounts  
21 therein out of the Revenue of the System, it has exercised due regard for the necessary expenses of  
22 maintenance and operation of the System and has not obligated the county to set aside, pay into  
23 and maintain in said fund and accounts a greater amount of the Revenue of the System than in its  
24 judgment will be available over and above such necessary expenses of maintenance and operation.

25 SECTION 16. Rate Covenants.

26 A. Rate Covenant--General. The county hereby covenants with the owner of each of  
27 the Bonds for so long as any of the same are outstanding that the county will at all times establish,  
28 maintain and collect rates and charges for sewage disposal service that shall be fair and  
29 nondiscriminatory and adequate to provide Revenue of the System sufficient for the proper  
30 operation and maintenance of the System; for the punctual payment of the principal of and interest  
31 on all outstanding Parity Bonds for which payment has not otherwise been provided and all  
32 amounts that the county is obligated to set aside in the Parity Bond Fund securing the Parity

1 Bonds; for the punctual payment of the principal of and interest on all outstanding Bonds and for  
2 all amounts that the county is obligated to set aside in the Bond Fund; and for the payment of any  
3 and all amounts that the county is now or may hereafter become obligated to pay from Revenue of  
4 the System.

5 B. Rate Covenant--Coverage.

6 (1) Subject to the provisions of subparagraph (2) of this Section 16(B), the  
7 county hereby covenants with the owner of each of the Bonds for as long as any of the same are  
8 outstanding that the county will at all times establish, maintain and collect rates and charges for  
9 sewage disposal service that, together with the interest to be earned on investments made of  
10 money in the Revenue Fund or the Bond Fund, will provide in each fiscal year Revenue of the  
11 System in an amount equal to at least 1.15 times the amounts required to pay:

12 (a) The interest coming due on July 1 of such fiscal year on the  
13 outstanding Parity Bonds, and all amounts required to be paid in such fiscal year in respect  
14 of interest on the Bonds and other Parity Lien Obligations and Payment Agreement  
15 Payments in respect of Parity Payment Agreements.

16 (b) The principal and interest coming due on January 1 of the next  
17 succeeding year on the outstanding Parity Bonds, and all principal coming due in such  
18 fiscal year on the Bonds and other Parity Lien Obligations (other than principal and interest  
19 on Parity Term Bonds and principal on Bonds and other Parity Lien Obligations that are  
20 Term Bonds).

21 (c) The amounts required to be paid into the Parity Bond Fund on or  
22 before January 1 of the next succeeding calendar year for interest on and amortization of  
23 principal of Parity Term Bonds, into the Bond Fund for amortization of principal of Bonds  
24 that are Term Bonds and into any fund or account for amortization of principal of any  
25 other Parity Lien Obligations that are Term Bonds after Operating and Maintenance  
26 Expenses have been paid.

27 For purposes of clause (c) of this paragraph, "amounts required to be paid" means the  
28 amount to be deposited or accumulated in any fund or account for interest on and amortization of  
29 Term Bonds on or before such January 1 for outstanding Term Bonds irrespective of the date or  
30 dates such amount, or any portion thereof, is actually deposited into such fund or account.

31 (2) Amounts required to be paid in respect of Parity Bonds and Parity Lien  
32 Obligations shall be calculated in accordance with the following requirements:

1 (a) Capitalized and Accrued Interest. For purposes of calculating the  
2 amounts required to pay interest on Parity Bonds or on Parity Lien Obligations, capitalized  
3 interest and accrued interest paid to the county upon the issuance of Parity Bonds and  
4 Parity Lien Obligations shall be excluded.

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

13 (c) Payment Agreement Payments and Debt Service on Parity Lien  
14 Obligations With Respect to Which Payment Agreement Is in Force. Payment Agreement  
15 Payments in respect of Parity Payment Agreements and debt service on Parity Lien  
16 Obligations with respect to which a Payment Agreement is in force shall be calculated by  
17 the county to reflect the net economic effect on the county intended to be produced by the  
18 terms of the Parity Lien Obligations and the terms of the Payment Agreement, in  
19 accordance with the requirements set forth in Section 22 of this ordinance.

20 SECTION 17. Certain Other Covenants. The county makes the following covenants and  
21 warranties:

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

25 B. By all necessary official action prior to or concurrently herewith, the county has  
26 duly authorized and approved the execution and delivery of, and the performance by the county of  
27 its obligations contained in, the Bonds and in this ordinance and the consummation by it of all  
28 other transactions necessary to effectuate this ordinance in connection with the issuance of the  
29 Bonds, and such authorizations and approvals are in full force and effect and have not been  
30 amended, modified or supplemented in any material respect.

31 C. This ordinance constitutes a legal, valid and binding obligation of the county.  
32

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

3           E.     Until all Bonds shall have been surrendered and canceled, the county will maintain a  
4 system of recording the ownership of each Bond that complies with the applicable provisions of  
5 the Code.

6           F.     The adoption of this ordinance, and compliance on the county's part with the  
7 provisions contained herein, will not conflict with or constitute a breach of or default under any  
8 constitutional provisions, law, administrative regulation, judgment, decree, loan agreement,  
9 indenture, bond, note, resolution, ordinance, motion, agreement or other instrument to which the  
10 county is a party or to which the county or any of its property or assets are otherwise subject, nor  
11 will any such adoption, execution, delivery, sale, issuance or compliance result in the creation or  
12 imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever  
13 upon any of the property or assets of the county or under the terms of any such law, regulation or  
14 instrument, except as may be provided by the Bonds and this ordinance.

15           G.     The county finds and covenants that the Bonds are issued within all statutory and  
16 constitutional debt limitations applicable to the county.

17           H.     None of the proceeds of the Bonds will be used for any purpose other than as  
18 provided in this ordinance and the county shall not suffer any amendment or supplement to this  
19 ordinance, or any departure from the due performance of the obligations of the county hereunder,  
20 which might materially adversely affect the rights of the owners from time to time of the Bonds.

21           I.     The System and all additions thereto and extensions thereof will at all times be  
22 maintained in good repair, working order and condition and such System and the business in  
23 connection therewith will at all times be operated in an efficient manner and at a reasonable cost.

24           J.     The county will not sell or voluntarily dispose of all of the operating properties of  
25 the System unless provision is made for payment into the Bond Fund of a sum sufficient to pay the  
26 principal of and interest on all outstanding Bonds in accordance with the terms thereof nor will it  
27 sell or voluntarily dispose of any part of the operating properties of such System unless provision  
28 is made for payment into the Bond Fund of an amount which will bear at least the same proportion  
29 to the amount of the outstanding Bonds that the estimated amount of any resulting reduction in the  
30 Revenue of the System for the twelve months following such sale or disposition bears to the  
31 Revenue of the System which would have been realized if such sale or disposition had not been  
32 made. Such estimate shall be made by an independent licensed professional engineer or firm of

1 licensed professional engineers. Any money so paid into the Bond Fund shall be used to retire  
2 outstanding Bonds as provided herein at the earliest possible date.

3 K. The county will cause proper books of record and accounts of operation of the  
4 System to be kept and shall cause a quarterly financial and operating statement to be prepared as  
5 soon as may be practicable following each quarterly period for the preceding quarter's business and  
6 operation of the System. Said statement shall be filed promptly upon its completion with the  
7 county council and shall be sent to the Registered Owner of any Bonds upon written request being  
8 made therefor.

9 L. Not later than 120 days after the end of each fiscal year of the county, the county  
10 will cause an annual audit of the accounts and records of the System to be made by Certified  
11 Public Accountants with experience in municipal utility accounting. Such audit shall certify as to  
12 the compliance or noncompliance by the county with the financial covenants of this ordinance and  
13 shall accurately and completely reflect the financial condition of the System. The audit shall be  
14 delivered to the clerk of the county council, shall be paid for by the county and shall be made  
15 available to the Registered Owner of any Bond upon written request being made therefor.

16 The county shall cause its books of accounts to be audited annually by the State auditor's  
17 office or other State department or agency as may be authorized and directed by law to make such  
18 audits, or if such an audit shall not be made for twelve months after the close of any fiscal year of  
19 the county, by a Certified Public Accountant. The county will furnish such audit to the Registered  
20 Owner of any Bond upon written request therefor.

21 M. The county will at all times carry fire and extended coverage and such other forms  
22 of insurance on such of the buildings, equipment, facilities and properties of the Sewer System as  
23 under good practice are ordinarily carried on such buildings, equipment, facilities and properties by  
24 municipal or privately owned utilities engaged in the operation of sewer systems and will also carry  
25 adequate public liability insurance at all times, provided that the county may, if deemed advisable  
26 by the county council, institute or continue a self insurance program with respect to any or all of  
27 the aforementioned risks.

28 N. The county shall cause the construction of any duly authorized and ordered  
29 portions of the Fourth Stage Project to be performed and completed within a reasonable time and  
30 at the lowest reasonable cost.

31 O. The county shall so operate and maintain the System and conduct its affairs as to  
32 entitle it at all times to receive and enforce payment to it of sewage disposal charges payable under



1 any Service Agreement which the county has now or may hereafter enter into and to entitle the  
2 county to collect all revenues derived from the operation of the System. The county shall not  
3 release the obligations of any person, corporation or political subdivision under such Service  
4 Agreements and shall at all times, to the extent permitted by law, defend, enforce, preserve and  
5 protect the rights and privileges of the county and of the holders of the Bonds under or with  
6 respect to such agreements.

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

17 Q. After the Closing, the county shall disclose credit information pertinent to the  
18 Bonds to the extent and in the manner as shall hereafter be required by law.

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

23 The county hereby covenants that it will not make any use of the proceeds from the sale of  
24 the Bonds or any other funds of the county which may be deemed to be proceeds of such Bonds  
25 pursuant to Section 148 of the Code and the applicable regulations thereunder which will cause the  
26 Bonds to be "arbitrage bonds" within the meaning of said Section and said regulations. The county  
27 will comply with the applicable requirements of Section 148 of the Code (or any successor  
28 provision thereof applicable to the Bonds) and the applicable regulations thereunder throughout  
29 the term of the Bonds.

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

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

5            SECTION 20. Additional Obligations Payable from Revenue of the System.

6            A.        Additional Parity Bonds and SRF Loans. The county expressly reserves the right  
7 to issue additional Parity Bonds in accordance with the Parity Bond Ordinances and to incur  
8 additional SRF Loans in accordance with the 1990 SRF Loan Agreement. Subject to this  
9 reservation of rights with respect to Parity Bonds and SRF Loans, the county hereby covenants  
10 and agrees that for so long as the Bonds are outstanding it will not issue or incur any other  
11 additional indebtedness secured in whole or in part by a lien on Revenue of the System superior to  
12 the lien of the Bonds.

13            B.        Additional Parity Lien Obligations.

14            1.        Parity Lien Obligations Other Than Refunding Bonds. The county  
15 expressly reserves the right to issue or enter into additional Parity Lien Obligations (including  
16 Variable Rate Parity Lien Obligations as defined herein) for any lawful purpose of the county  
17 related to the System if at the time of issuing or entering into such Parity Lien Obligations:

18                    (a)        There shall not be any deficiency in the Parity Bond Fund, the Bond  
19 Fund or any other bond fund or account securing Parity Lien Obligations.

20                    (b)        The county shall have on file a certificate from a licensed  
21 professional engineer experienced in the design, construction and operation of municipal utilities of  
22 scope similar to the System (the certificate may not be dated more than 90 days prior to the date of  
23 delivery of such Parity Lien Obligations) showing that in his or her professional opinion the  
24 "annual income available for debt service on Parity Bonds and Parity Lien Obligations" for each  
25 year during the life of such Parity Lien Obligations shall be at least equal to 1.25 times the amount  
26 required in each such year to pay:

27                            (i)        The principal of the Parity Lien Obligations being issued and  
28 all outstanding Parity Bonds, Bonds and any other Parity Lien Obligations (other than amortization  
29 of principal of Term Bonds).

30                            (ii)       The interest on the Parity Lien Obligations being issued and  
31 all outstanding Parity Bonds, Bonds and any other Parity Lien Obligations, exclusive of any  
32 interest which shall be payable from the proceeds of the Parity Lien Obligations to be issued.

1 (iii) The amounts required to be paid into any fund or account to  
 2 amortize the principal of any Parity Lien Obligations that are Term Bonds being issued and all  
 3 outstanding Parity Term Bonds and Bonds or any other Parity Lien Obligations that are Term  
 4 Bonds.

5 (c) Amounts required to be paid in respect of Parity Bonds and Parity  
 6 Lien Obligations shall be calculated in accordance with the following requirements.

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

10 (ii) Interest on Variable Rate Parity Lien Obligations. The  
 11 amount of interest deemed to be payable on any issue of Variable Rate Parity Lien Obligations  
 12 shall be calculated on the assumption that the interest rate on those bonds would be equal to the  
 13 rate (the "assumed RBI rate") that is 90% of the average Bond Buyer Revenue Bond Index or  
 14 comparable index during the fiscal quarter preceding the quarter in which the calculation is made.

15 (iii) Payment Agreement Payments and Debt Service on Parity  
 16 Lien Obligations With Respect to Which Payment Agreement Is in Force. Payment Agreement  
 17 Payments in respect of Parity Payment Agreements and debt service on Parity Lien Obligations  
 18 with respect to which a Payment Agreement is in force shall be calculated by the county to reflect  
 19 the net economic effect on the county intended to be produced by the terms of the Parity Lien  
 20 Obligations and the terms of the Payment Agreement, in accordance with the requirements set  
 21 forth in Section 22 of this ordinance.

22 (d) Such "annual income available for debt service on Parity Bonds and  
 23 Parity Lien Obligations" shall be determined as follows for each year following the proposed date  
 24 of issue of such Parity Lien Obligations:

25 (i) The Revenue of the System shall be determined for a period  
 26 of any 12 consecutive months out of the 18 months immediately preceding the delivery of the  
 27 Parity Lien Obligations being issued.

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

30 (iii) If there were any Customers added to the System during  
 31 such 12-month period or thereafter and prior to the date of the engineer's certificate, such revenue  
 32

1 shall be further adjusted on the basis that added Customers were Customers of the System during  
2 the entire 12-month period.

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

5 (v) For each year following the proposed date of issuance of  
6 such Parity Lien Obligations the engineer shall add to the annual revenue determined in the  
7 preceding four paragraphs an estimate of the income to be received in each such year from the  
8 investment of moneys in the Bond Fund or any bond fund for Parity Lien Obligations and the  
9 Construction Fund which will be determined by and in the sole discretion of a firm of nationally  
10 recognized financial consultants selected by the county.

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

20 (vii) If extensions of or additions to the System are in the process  
21 of construction at the time of such certificate, or if the proceeds of the Parity Lien Obligations  
22 being issued are to be used to acquire or construct extensions of or additions to the System, there  
23 shall be added to the annual net revenue as above determined any revenue not included in the  
24 preceding paragraphs which will be derived from such additions and extensions after deducting  
25 therefrom the estimated additional Operating and Maintenance Expenses to be incurred as a result  
26 of such additions and extensions; provided that such estimated annual revenue shall be based upon  
27 75% of any estimated Customer growth in the four years following the first full year in which such  
28 additional revenue is to be collected and thereafter the estimated Customer growth shall not  
29 exceed 1/4 of 1% per year over and above such reduced estimate.

30 2. Parity Lien Obligations That Are Refunding Bonds.

31 (a) The county may at any time for the purpose of refunding at or prior  
32 to their maturity any outstanding Parity Lien Obligations or any bonds or other obligations of the

1 county payable from Revenue of the System issue additional Parity Lien Obligations without  
2 complying with the provisions of Section 20(B)(1); provided, however, that the county shall not  
3 issue additional Parity Lien Obligations for such purpose under this Section 20(B)(2) unless there  
4 shall have been filed with the clerk of the county council a certificate of the county finance  
5 manager stating that immediately after the issuance of such Parity Lien Obligations the annual debt  
6 service for each year that Bonds and any other Parity Lien Obligations (other than the refunding  
7 bonds proposed to be issued) are then outstanding shall not be increased by more than \$5,000 by  
8 reason of the issuance of such Parity Lien Obligations.

9 (b) The principal amount of such Parity Lien Obligations may include  
10 amounts necessary to pay the principal of the Bonds or other obligations to be refunded, interest  
11 thereon to the date of payment or redemption thereof, any premium payable thereon upon such  
12 payment or redemption and the costs of issuance of such Parity Lien Obligations, and if there shall  
13 have been provided a Payment Agreement with respect to the obligations to be refunded, may  
14 include amounts necessary to make the payment of all amounts, if any, due and payable by the  
15 county under such Payment Agreement. The proceeds of such Parity Lien Obligations shall be  
16 held and applied in such manner, consistent with the provisions of Section 28, as is provided in the  
17 ordinance providing for the issuance of such Parity Lien Obligations, so that upon the delivery of  
18 such Parity Lien Obligations, the Bonds or other obligations to be refunded thereby shall be  
19 deemed to be no longer outstanding in accordance with the provisions of such Section 28.

20 (c) At the election of the county, the provisions of this Section 20(B)(2)  
21 shall not be applicable to the refunding at one time of all the Parity Lien Obligations then  
22 outstanding.

23 (d) Additional Parity Lien Obligations for the purpose of refunding  
24 outstanding Parity Lien Obligations or bonds or other obligations of the county payable from  
25 Revenue of the System may also be issued upon compliance with the provisions of Section  
26 20(B)(1) hereof.

27 (e) Nothing contained in this ordinance shall prohibit or prevent, or be  
28 deemed or construed to prohibit or prevent, the county from issuing Parity Lien Obligations to  
29 refund maturing Parity Lien Obligations of the county for the payment of which moneys are not  
30 otherwise available.

31 C. Subordinate Obligations. Nothing in this ordinance shall prohibit, or be deemed or  
32 construed to prohibit, the county from authorizing and issuing bonds, notes or other evidences of

1 indebtedness for any purpose of the county related to the System payable in whole or in part from  
2 Revenue of the System and secured by a lien on such Revenue that is junior, subordinate and  
3 inferior to the lien of the Bonds.

4 SECTION 21. Reimbursement Obligations. If the county elects to secure any Parity Lien  
5 Obligations with a Credit Facility, the county may contract with the entity providing such Credit  
6 Facility that the reimbursement obligation, if any, to such entity is a Parity Lien Obligation.

7 SECTION 22. Payment Agreements and Parity Payment Agreements.

8 A. General. To the extent and for the purposes permitted from time to time by  
9 chapter 39.96 RCW and other applicable provisions of State law, the county may enter into  
10 Payment Agreements and Parity Payment Agreements, subject to the conditions set forth in this  
11 section and in other provisions of this ordinance.

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

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

19 D. Calculation of Payment Agreement Payments and Debt Service on Parity Lien  
20 Obligations With Respect to Which a Payment Agreement Is in Force. It is the intent of the  
21 county for purposes of Sections 16 or 20 of this ordinance, Payment Agreement Payments in  
22 respect of Parity Payment Agreements and debt service on Parity Lien Obligations with respect to  
23 which a Payment Agreement is in force shall be calculated to reflect the net economic effect on the  
24 county intended to be produced by the terms of the Parity Lien Obligations and the terms of the  
25 Payment Agreement. In calculating such amounts, the county shall be guided by the following  
26 requirements.

27 (1) The amount of interest deemed to be payable on any Parity Lien Obligations  
28 with respect to which a Payment Agreement is in force shall be an amount equal to the amount of  
29 interest that would be payable at the rate or rates stated in those Parity Lien Obligations plus  
30 Payment Agreement Payments minus Payment Agreement Receipts.

31 (2) For the purposes of calculating as nearly as practicable Payment Agreement  
32 Receipts and Payment Agreement Payments under a Payment Agreement that includes a variable

1 rate component determined by reference to a pricing mechanism or index that is not the same as  
2 the pricing mechanism or index used to determine the variable rate interest component on the  
3 Parity Lien Obligations to which the Payment Agreement is related, it shall be assumed that the  
4 fixed rate used in calculating Payment Agreement Payments will be equal to 105% of the fixed rate  
5 specified by the Payment Agreement and that the pricing mechanism or index specified by the  
6 Payment Agreement is the same as the pricing mechanism or index specified by the Parity Lien  
7 Obligations.

8 (3) No additional Payment Agreement Payments shall be taken into account  
9 with respect to a Parity Payment Agreement for any period during which Payment Agreement  
10 Payments on that Parity Payment Agreement are taken into account in determining interest on  
11 related Parity Lien Obligations as described in paragraph 2 above. For any period during with  
12 Payment Agreement Payments are not taken into account in calculating interest on any outstanding  
13 Parity Lien Obligations because the Parity Payment Agreement is not then related to any  
14 outstanding Parity Lien Obligations, Payment Agreement Payments on that Parity Payment  
15 Agreement shall be calculated based upon the following assumptions:

16 (a) County Obligated to Make Payments Based on Fixed Rate. If the  
17 county is obligated to make Payment Agreement Payments based on a fixed rate and the Qualified  
18 Counterparty is obligated to make payments based on a variable rate index, payments by the  
19 county will be based on the assumed fixed payor rate, and payments by the Qualified Counterparty  
20 will be based on a rate equal to the average rate determined by the variable rate index specified by  
21 the Parity Payment Agreement during the fiscal quarter preceding the quarter in which the  
22 calculation is made; and

23 (b) County Obligated to Make Payments Based on Variable Rate Index.  
24 If the county is obligated to make Payment Agreement Payments based on a variable rate index  
25 and the Qualified Counterparty is obligated to make payments based on a fixed rate, payments by  
26 the county will be based on a rate equal to the average rate determined by the variable rate index  
27 specified by the Parity Payment Agreement during the fiscal quarter preceding the quarter in which  
28 the calculation is made, and the Qualified Counterparty will make payments based on the fixed rate  
29 specified by the Parity Payment Agreement.

30 SECTION 23. Public Sale of Bonds. The Bonds shall be sold at public sale and bids for  
31 the purchase of said Bonds shall be publicly opened, read and considered at the office of the clerk  
32 of the county council, Room 403, King County Courthouse, 516 Third Avenue, Seattle,

1 Washington, at 10:00 a.m. on March 21, 1994, or at such other time and date as the county  
2 finance manager shall direct but not later than June 30, 1994. Such bids shall be considered and  
3 acted upon by motion of the county council at a meeting to be held on the same date that the bids  
4 are opened and read. The county council reserves the right to reject any and all bids for the  
5 Bonds.

6 The county finance manager is hereby authorized and directed to prepare an Official Notice  
7 of Bond Sale for the Bonds substantially in the form and content presented to the county council  
8 and on file with the clerk of the county council, with such changes not inconsistent with this  
9 ordinance as the county finance manager shall approve. Such Official Notice of Bond Sale or an  
10 abridged form thereof shall be published once prior to such sale date in The Bond Buyer and may  
11 be published in such other papers or financial journals as may be deemed desirable or appropriate  
12 by the financial consultant to the department of metropolitan services.

13 SECTION 24. Delivery of Bonds. Following the sale of the Bonds, the county shall cause  
14 definitive Bonds to be prepared, executed and delivered, which Bonds shall be typewritten,  
15 lithographed or printed with engraved or lithographed borders.

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

23 SECTION 25. Preliminary Official Statement Declaration. The county hereby authorizes  
24 and directs the county executive or the county finance manager (i) to review and approve the  
25 information contained in the preliminary official statement (the "Preliminary Official Statement")  
26 prepared in connection with the sale of the Bonds; (ii) for the sole purpose of the Bond purchaser's  
27 compliance with Securities and Exchange Commission Rule 15c2-12(b)(1), to "deem final" that  
28 Preliminary Official Statement as of its date, except for the omission of information on offering  
29 prices, interest rates, selling compensation, delivery dates, any other terms or provisions required  
30 by the county to be specified in a competitive bid, ratings, other terms of the Bonds dependent on  
31 such matters and the identity of the Bond purchaser; and (iii) to authorize the distribution of the  
32 Preliminary Official Statement to prospective purchasers of the Bonds.



1           **SECTION 26. Approval of Official Statement.** The county executive or the county  
2 finance manager is hereby authorized and directed to review and approve on behalf of the county a  
3 final official statement with respect to the Bonds to be prepared immediately subsequent to the sale  
4 thereof.

5           **SECTION 27. General Authorization.** The appropriate county officials, agents and  
6 representatives are hereby authorized and directed to do everything necessary for the prompt sale,  
7 issuance, execution and delivery of the Bonds, and for the proper use and application of the  
8 proceeds of the sale thereof.

9           **SECTION 28. Investment of Funds and Accounts.**

10           A. Moneys in the Revenue Fund (to the extent consistent with the Parity Bond  
11 Ordinances), Bond Fund and Construction Fund and accounts or subaccounts therein shall, as  
12 nearly as may be practicable, be invested (taking into consideration the dates and times when  
13 moneys in such funds, accounts or subaccounts will be required for the purposes of this ordinance)  
14 in (i) Government Obligations; (ii) any bond, debenture, note, participation or other similar  
15 obligation issued by any of the following federal agencies: Government National Mortgage  
16 Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks,  
17 Banks for Cooperatives, Tennessee Valley Authority, Farmers' Home Administration, Resolution  
18 Funding Corporation and Export-Import Bank; (iii) if permitted by law, any bond, debenture, note,  
19 participation or other similar obligation issued by the Federal National Mortgage Association to  
20 the extent such obligations are guaranteed by the Government National Mortgage Association; and  
21 (iv) to the extent permitted by law, any obligation the interest on which is not included in gross  
22 income for federal income tax purposes and which is payable, as to both principal and interest,  
23 from the principal of and interest paid on obligations of the United States of America.

24           B. Obligations purchased as an investment of moneys in the Revenue Fund, Bond  
25 Fund and Construction Fund and accounts or subaccounts therein shall be deemed at all times to  
26 be a part of such respective fund, account or subaccount and the income or interest earned, profits  
27 realized or losses suffered by a fund, account or subaccount due to the investment thereof shall be  
28 retained in, credited or charged, as the case may be, to such fund or account.

29           C. In computing the amount in any fund or account under the provisions of this  
30 ordinance, obligations purchased as an investment of moneys therein shall be valued at the cost or  
31 market price thereof, whichever is lower, inclusive of accrued interest.  
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1           D.     In lieu of the investments of moneys in obligations authorized in paragraph A  
2 above, the county shall, to the extent permitted by law, deposit moneys from the Revenue Fund,  
3 Bond Fund or Construction Fund and accounts or subaccounts therein, in interest-bearing time  
4 deposits, or shall make other similar investment arrangements, including, but not limited to,  
5 repurchase agreements covering obligations of issuers enumerated as authorized for investments  
6 pursuant to the provisions of paragraph A above, with a member bank or banks of the Federal  
7 Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance  
8 Corporation or securities dealers approved by an Authorized Officer; provided, that each such  
9 interest-bearing time deposit or other similar investment arrangement shall permit the moneys so  
10 placed to be available for use at the times provided with respect to the investment or reinvestment  
11 of such moneys; and provided, further, that all moneys in each such interest-bearing time deposit  
12 or other similar investment arrangement shall be continuously and fully secured by obligations of  
13 issuers enumerated as authorized for investments pursuant to the provisions of paragraph A above,  
14 of a market value equal at all times to the amount of the deposit or of the other similar investment  
15 arrangement.

16           SECTION 29. Advance Refunding or Defeasance. The county may issue advance  
17 refunding bonds pursuant to the laws of the State of Washington or use money available from any  
18 other lawful source to pay when due the principal of and interest on the Bonds, or any portion  
19 thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease all  
20 such then-outstanding Bonds and to pay the costs of the refunding or defeasance.

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

31           SECTION 30. Open Market Purchase. The county reserves the right to purchase any or  
32 all of the Bonds on the open market at any time at any price.

1            SECTION 31. Supplemental Ordinances. The council from time to time and at any time  
2 may adopt an ordinance or ordinances supplemental to this ordinance which supplemental  
3 ordinance or ordinances thereafter shall become a part of this ordinance, for any one or more of  
4 the following purposes:

5            A. To add to the covenants and agreements of the county in this ordinance such other  
6 covenants and agreements thereafter to be observed, which shall not adversely affect the interests  
7 of the holds and owners of any Parity Lien Obligations, or to surrender any right or power herein  
8 reserved to or conferred upon the county.

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

15            SECTION 32. Contract; Severability. The covenants contained in this ordinance shall  
16 constitute a contract between the county and the Owners of each and every Bond and between the  
17 county and any Qualified Counterparty to any Payment Agreement entered into in connection with  
18 the Bonds. If any one or more of the covenants or agreements provided in this ordinance to be  
19 performed on the part of the county shall be declared by any court of competent jurisdiction to be  
20 contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void  
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1 and shall be deemed separable from the remaining covenants and agreements of this ordinance and  
2 shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

3 INTRODUCED AND READ for the first time this 14<sup>th</sup> day of February,  
4 1994.

5 PASSED this 22<sup>nd</sup> day of February, 1994.

6 KING COUNTY COUNCIL  
7 KING COUNTY, WASHINGTON

8 Kent Pullen  
9 Chair

10 ATTEST:

11  
12 Janet Masuo  
13 ~~Deputy~~ Clerk of the Council

14 APPROVED this 2<sup>nd</sup> day of March, 1994.

15  
16 Gary Locke  
17 King County Executive

18 Attachments: Exhibit A - Letter of Representations

19  
20 Passed by a vote of 12-0-0.

## EXHIBIT A

## Letter of Representations

\_\_\_\_\_, 199\_\_

The Depository Trust Company  
55 Water Street, 49th Floor  
New York, New York 10041

Attention: General Counsel's Office

Re: King County, Washington  
Limited Tax General Obligation Bonds  
(Payable from Sewer Revenues)  
1994 Series A  
\$170,000,000

The purpose of this letter is to set out certain matters relating to the issuance by King County, Washington (the "county") of the above-referenced bonds (collectively, the "Bonds"). The Bank of New York and First Interstate Bank of Washington, N.A. (collectively, the "Registrar") are acting as registrar and authenticating and paying agent with respect to the Bonds, pursuant to Ordinance No. \_\_\_\_\_ of the county (the "Bond Ordinance"). \_\_\_\_\_ is distributing the Bonds through The Depository Trust Company ("DTC").

To induce DTC to accept the Bonds as eligible for deposit at DTC and to act in accordance with its Rules with respect to the Bonds, the county and the Registrar make the following representations to DTC:

1. Subsequent to closing on the Bonds on \_\_\_\_\_, 199\_\_, there shall be deposited with DTC one Bond certificate in registered form registered in the name of DTC's nominee, CEDE & Co., for each stated maturity of the Bonds in the face amounts set forth on Schedule A hereto, the total of which represents 100% of the principal of the Bonds.

2. In the event of any solicitation of consents from and voting by holders of the Bonds, the county or Registrar shall establish a record date for such purposes and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

3. In the event of a redemption or any other similar transaction resulting in retirement of all Bonds outstanding or a reduction in aggregate principal of Bonds outstanding ("full or partial redemption") or an advance refunding of all or part of the Bonds outstanding, the Registrar or the county shall give DTC notice of such event not less than 30 days nor more than 60 days prior to the redemption date or, in the case of an advance refunding, the date the proceeds are deposited in escrow.

4. In the event of a partial redemption or an advance refunding of part of the Bonds outstanding, the Registrar or the county shall send DTC a notice specifying: (1) the amount of redemption or refunding; (2) in the case of a refunding, the maturity date(s) established under the refunding; and (3) the date such notice is to be mailed to Bondholders or published (the "Publication Date"). Such notice shall be sent to DTC by a secure means (e.g., legible facsimile transmission, registered or certified mail, overnight express delivery) in a timely manner designated

1 to assure that such notice is in DTC's possession no later than the close of business on the business  
 2 day before the Publication Date. The Registrar or the county will forward such notice either in a  
 3 separate secure transmission for each CUSIP number or in a secure transmission for multiple  
 4 CUSIP numbers which include a manifest or list of each CUSIP submitted in that transmission.  
 5 (The Registrar or the county sending such notice shall have a method to verify subsequently the use  
 6 of such means and timeliness of the notice.) The Publication Date shall be not less than 30 days nor  
 7 more than 60 days prior to the redemption date, or, in the case of advance refunding, the date the  
 8 proceeds are deposited in escrow.

9 5. In the event of an invitation to tender the Bonds, notice to Bondholders by the  
 10 county or Registrar, specifying the terms of the tender and the date such notice is to be mailed to  
 11 Bondholders or published ("the Publication Date") shall be sent to DTC by a secure means (e.g.,  
 12 legible facsimile transmission, registered or certified mail, overnight express delivery) in a timely  
 13 manner designed to assure that such notice is in DTC's possession no later than the close of  
 14 business on the business day before the Publication Date. (The county or Registrar sending such  
 15 notice shall have a method to verify subsequently the use of such means and timeliness of the  
 16 notice.)

17 6. All notices and payment advices sent to DTC shall contain the CUSIP number of the  
 18 Bonds.

19 7. Notices to DTC by facsimile transmission shall be sent to DTC's Call Notification  
 20 Department at (516) 227-4039 or (516) 227-4190. The Registrar shall confirm DTC's receipt of  
 21 such facsimile transmission by telephoning the Call Notification Department at (516) 227-4070.  
 22 Notices to DTC by mail or by other means shall be sent to:

23 The Depository Trust Company  
 24 Call Notification Department  
 25 Muni Reorganization Manager  
 26 711 Stewart Avenue  
 27 Garden City, New York 11530

28 8. Interest payments shall be received by CEDE & Co., as nominee of DTC, or its  
 29 registered assigns, in next-day funds on each payment date (or the equivalent in accordance with  
 30 existing arrangements between the county, the Registrar and DTC). Such payments shall be made  
 31 payable to the order of "CEDE & Co."

32 9. Payments of principal of the Bonds shall be received by CEDE & Co., as nominee of  
 DTC, or its registered assigns, in next-day funds on each payment date. Principal payments shall be  
 made payable to the order of "CEDE & Co.," and shall be addressed as follows:

The Depository Trust Company  
 Muni Redemption Department  
 55 Water Street - 50th Floor  
 New York, New York 10041  
 Attention: Collection Supervisor

10. DTC may direct the Registrar or the county to use any other telephone number for  
 facsimile transmission, address, or department of DTC as the number, address or department to  
 which payments of interest or principal or notices may be sent.

11. In the event of a redemption, acceleration or any other similar transaction (e.g.,  
 tenders made and accepted in response to the county's or Registrar's invitation) necessitating a

1 reduction in aggregate principal amount of Bonds outstanding or an advance refunding of part of  
2 the Bonds outstanding, DTC, in its discretion, (a) may request the county or the Registrar to issue  
3 and authenticate a new Bond certificate, or (b) shall make an appropriate notation on the Bond  
4 certificate indicating the date and amounts of such reduction in principal, except in the case of final  
maturity, in which case the certificate must be presented to the Registrar prior to payment.

5 12. In the event the county determines pursuant to the Bond Ordinances that beneficial  
6 owners of the Bonds should be able to obtain certificated Bonds, the county or the Registrar shall  
7 notify DTC of the availability of Bond certificates and shall issue, transfer and exchange Bond  
certificates in appropriate amounts as required by DTC and others.

8 13. DTC may determine to discontinue providing its service as securities depository  
9 with respect to the Bonds at any time by giving reasonable notice to the county and the Registrar  
10 (at which time DTC will confirm with the county and the Registrar the aggregate principal amount  
11 of Bonds outstanding) and discharge its responsibilities with respect thereto under applicable law.  
12 Under such circumstances, whenever DTC requests the county and the Registrar to do so, the  
Registrar and the county will cooperate with DTC in taking appropriate action to make available  
one or more separate certificates evidencing the Bonds to any DTC Participant having Bonds  
credited to its DTC account.

13 14. Nothing herein shall be deemed to require the Registrar to advance funds on behalf  
14 of the county.

15 Very truly yours,

16 THE BANK OF NEW YORK  
17 FIRST INTERSTATE BANK OF  
18 WASHINGTON, N.A.,  
collectively, as Registrar

19 By THE BANK OF NEW YORK

20  
21 By: \_\_\_\_\_  
22 Title: \_\_\_\_\_

23 KING COUNTY, WASHINGTON

24  
25 By: \_\_\_\_\_  
26 Finance Manager

27 ACCEPTED:

28 THE DEPOSITORY TRUST COMPANY

29  
30 By: \_\_\_\_\_  
31 Authorized Officer

SCHEDULE A

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
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