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Attachments: Exhibit A - Form of Escrow Agreement

Pursuant to Resolution No. 4937, a master bond resolution adopted by the Metro Council on June 19, 1986, and subsequent series resolutions for each series of bonds, Metro issued the following series of limited sales tax general obligation bonds (the "Sales Tax Bonds") dated as of the following dates in the following original principal amounts and now outstanding in the following principal amounts:

<u>Series</u>	<u>Date</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding</u>
Series 1986	August 1, 1986	\$80,000,000	\$ 0
Series 1989	August 1, 1989	80,000,000	6,515,000
Series 1991	March 1, 1991	9,000,000	0
Series 1991 (Refunding)	October 1, 1991	82,715,000	79,480,000
Series 1993 (Refunding)	June 1, 1993	72,100,000	70,790,000

Pursuant to the authority of Chapter 36.56 of the Revised Code of Washington and a special county election held November 3, 1992, the county on January 1, 1994, assumed the rights, powers, functions and obligations of Metro, including operation of Metro's public transportation system (the "Public Transportation System"). The county has assumed and agreed to provide for the payment and retirement of outstanding bonds of Metro, including the Sales Tax Bonds, and has assumed the authority to levy and collect the sales tax pledged to the payment of the Sales Tax Bonds.

The county may have opportunities to refund the callable portions of the outstanding Series 1989 Bonds and Series 1991 (Refunding) Bonds (collectively, the "Refunded Bonds") and realize savings to the county and its taxpayers. It is deemed necessary and advisable that the county now issue and sell not to exceed \$90,000,000 principal amount of its limited tax general obligation bonds additionally secured by a pledge of the sales tax levied pursuant to RCW 84.14.045 (the "Bonds") to refund all or a portion of the Refunded Bonds, as provided herein.

The resolutions authorizing the Sales Tax Bonds provide that the county may issue additional bonds on a parity with the Sales Tax Bonds, if certain parity conditions are met, and, without satisfying such parity conditions, may issue

1 additional bonds secured by a junior lien pledge of a portion of the sales tax
 2 securing payment of the Sales Tax Bonds. The county council has found and
 3 determined that it is in the best interest of the county and its taxpayers to close
 4 off the senior lien position held by the Sales Tax Bonds and to issue the Bonds
 5 with a junior lien pledge of such portion of the sales tax.
 6

7 To maximize the savings from refunding the Refunded Bonds, it is in the best
 8 interest of the county to delegate to the county Finance Director authority to
 9 provide for the sale of the Bonds by competitive bid; provided, however, that
 10 the aggregate principal amount of the Bonds shall not exceed \$90,000,000.
 11 The successful bid for the Bonds and the final plan of refunding shall be
 12 subject to approval by the council, as provided herein.

13 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

17 "Additional Subordinate Lien Bonds" means any bonds or other obligations that may
 18 be issued by the county in the future with a lien on the Two-tenths Sales Tax Revenue equal
 19 to the lien thereon of the Bonds.

20 "Arbitrage and Tax Certification" means the certificate executed by the Finance
 21 Director pertaining to the calculation and payment of any Rebate Amount with respect to the
 22 Bonds.

23 "Assessment Income" means amounts collected on account of the principal of and
 24 interest and any penalties on Assessments.

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

29 "Bond Fund" means the "Limited Tax General Obligation Bond (Public
 30 Transportation Sales Tax) Redemption Fund" established pursuant to Section 10.A of this
 31 ordinance.

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

3 "Bond Registrar" means the fiscal agency of the State of Washington in either Seattle,
4 Washington, or New York, New York, for the purposes of registering and authenticating the
5 Bonds, maintaining the Bond Register, effecting the transfer of ownership of the Bonds and
6 paying interest on and principal and premium, if any, of the Bonds.

7 "Bonds" means all or a portion of the King County, Washington, Limited Tax General
8 Obligation (Public Transportation Sales Tax) Refunding Bonds, 1998, issued in an aggregate
9 principal amount of not to exceed \$90,000,000 pursuant to this ordinance.

10 "Closing" means the delivery of the Bonds or any Additional Subordinate Lien Bonds
11 to, and payment of the purchase price therefor by, the initial purchasers of the Bonds.

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

16 "Commission" means the Securities and Exchange Commission.

17 "Comprehensive Plan" means the Comprehensive Transit Plan set forth in Resolution
18 No. 1717 of the Metro Council adopted October 5, 1972, as amended by Resolution No. 1901
19 of the Metro Council adopted July 5, 1973, Resolution No. 1989 adopted by the Metro
20 Council on November 5, 1973, Resolution No. 3156 adopted by the Metro Council on May 3,
21 1979, Resolution No. 3647 adopted by the Metro Council on March 19, 1981, Resolution No.
22 4679, adopted by the Metro Council on July 18, 1985, as the same may be amended or
23 supplemented hereafter by ordinance of the county.

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

25 "Finance Director" means the finance director of the county or his designee.

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

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

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

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

12 "MSRB" means the Municipal Securities Rulemaking Board or any successor to its
13 functions.

14 "NRMSIR" means a nationally recognized municipal securities information
15 repository.

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

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

1 "Public Transportation Sales Tax" means the sales and use tax authorized to be levied
2 by the county pursuant to RCW 82.14.045 and that has heretofore been duly levied by the
3 county.

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

7 "RCW" means the Revised Code of Washington.

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

13 "Refunded Bond Resolutions" means with respect to (a) the Series 1989 Bond, the
14 Master Resolution and Resolution Nos. 5685 and 5695 of the Metro Council, and (b) the
15 Series 1991 Bonds Refunding Bonds, the Master Resolution and Resolution Nos. 6246 and
16 6247 of the Metro Council.

17 "Refunded Bonds" means any or all of the following Sales Tax Bonds, as shall be set
18 forth in the Sale Motion.

<u>Potential Refunded Bond</u>	<u>Earliest Possible Date of Redemption</u>
Series 1989 Bonds maturing on and after January 1, 2000 (the "Refunded Series 1989 Bonds")	July 1, 1998
Series 1991 Refunding Bonds maturing on and after January 1, 2000 (the "Refunded Series 1991 Refunding Bonds")	July 1, 1998

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

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

3 "Sale Motion" means a motion of the council approving a bid for the Bonds and
4 ratifying and confirming the plan of refunding the Refunded Bonds, in accordance with
5 Section 20 hereof.

6 "Sales Tax Bond Fund" means the Limited Sales Tax General Obligation Fund within
7 the Public Transportation Fund, redesignated and continued by the county pursuant to
8 Ordinance No. 12076 of the county passed on December 18, 1995, and previously known as
9 the Municipality of Metropolitan Seattle Limited Sales Tax General Obligation Bond Fund
10 established by the Master Resolution as amended by Ordinance No. 11661 of the county
11 passed on January 23, 1995.

12 "Sales Tax Bonds" means the limited sales tax general obligation bonds issued by
13 Metro pursuant to the Master Resolution, including the Series 1989 Bonds, the Series 1991
14 Refunding Bonds and the Series 1993 Refunding Bonds, which are secured by a pledge of
15 Sales Tax Revenues (with a senior lien on the Two-tenths Sales Tax Revenues) and
16 Assessment Income.

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

20 "Series 1989 Bonds" means the Limited Sales Tax General Obligation Bonds,
21 Series 1989, issued under date of August 1, 1989, in the initial principal amount of
22 \$80,000,000 as authorized by the Master Resolution and Resolution Nos. 5685 and 5695 of
23 the Metro Council.

24 "Series 1991 Refunding Bonds" means the Limited Sales Tax General Obligation
25 Refunding Bonds, Series 1991 (Refunding), issued under date of October 1, 1991 in the initial

1 principal amount of \$82,715,000 as authorized by the Master Resolution and Resolution Nos.
2 6246 and 6247 of the Metro Council.

3 "Series 1993 Refunding Bonds" means the Limited Sales Tax General Obligation
4 Bonds, Series 1993 (Refunding), issued under date of June 1, 1993, in the initial principal
5 amount of \$72,100,000 as authorized by the Master Resolution and Resolution Nos. 6538
6 and 6595 of the Metro Council.

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

9 "State" means the State of Washington.

10 "Subordinate Lien Bonds" means the Bonds and any Additional Subordinate Lien
11 Bonds.

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

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

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

1 SECTION 2. Findings.

2 A. The county may be able to realize significant debt service savings by
3 refunding the Refunded Bonds. Because market conditions may change, however, the council
4 finds that it is in the best interests of the county and its taxpayers that a final plan of refunding
5 be established by the Finance Director, in consultation with the county's financial advisors,
6 immediately preceding the public sale of the Bonds, which plan of refunding will be ratified
7 and confirmed by the council in the Sale Motion.

8 B. The council further finds that it is in the best interest of the county and
9 its taxpayers (i) to issue no further bonds with a lien on Two-tenths Sales Tax Revenues equal
10 to the lien on such revenues of the Sales Tax Bonds, and (ii) to issue the Bonds, in accordance
11 with the provisions of Section 2.6 of the Master Resolution, payable out of Two-tenths Sales
12 Tax Revenues during any fiscal period after the prior payment from such revenues during
13 such fiscal period of all amounts owing on the outstanding Sales Tax Bonds.

14 SECTION 3. Authorization of Bonds. To provide funds necessary to refund the
15 Refunded Bonds, the county shall issue the Bonds in an aggregate principal amount to be
16 established as provided in Section 20 hereof and in any event not to exceed \$90,000,000. The
17 Bonds shall be designated as "King County, Washington, Limited Tax General Obligation
18 (Public Transportation Sales Tax) Refunding Bonds, 1998", with any further series
19 designation to be established as provided in Section 20 hereof. The Bonds shall be fully
20 registered as to both principal and interest, shall be in the denomination of \$5,000 each or any
21 integral multiple thereof (but no Bond shall represent more than one maturity), shall be
22 numbered separately in such manner and with any additional designation as the Bond
23 Registrar deems necessary for purposes of identification, and shall be dated as of such date
24 and shall mature on the dates, in the years and the amounts established as provided in Section
25 20 hereof.

1 The Bonds shall bear interest (computed on the basis of a 360-day year of twelve
2 30-day months) from their date or from the most recent interest payment date for which
3 interest has been paid or duly provided for, whichever is later, payable on semiannual interest
4 payment dates to be established as provided in Section 20 hereof, at the rate or rates bid by the
5 successful bidder at public sale and accepted by the Sale Motion.

6 Section 4. Registrar, Exchange and Payments.

7 (a) Registrar/Bond Register. The county hereby adopts the system of
8 registration specified and approved by the Washington State Finance Committee, which
9 utilizes the fiscal agencies of the State of Washington in Seattle, Washington, and New York,
10 New York, as registrar, authenticating agent, paying agent and transfer agent (collectively, the
11 "Bond Registrar"). The Bond Registrar shall keep, or cause to be kept, at its principal
12 corporate trust office, sufficient books for the registration and transfer of the Bonds, which
13 shall at all times be open to inspection by the county. The Bond Registrar is authorized, on
14 behalf of the county, to authenticate and deliver the Bonds transferred or exchanged in
15 accordance with the provisions of such Bonds and this ordinance and to carry out all of the
16 Bond Registrar's powers and duties under this ordinance.

17 The Bond Registrar shall be responsible for its representations contained in the
18 Certificate of Authentication on the Bonds. The Bond Registrar may become the Registered
19 Owner of Bonds with the same rights it would have if it were not the Bond Registrar, and to
20 the extent permitted by law may act as depository for and permit any of its officers or
21 directors to act as a member of, or in any other capacity with respect to, any committee
22 formed to protect the rights of Registered Owners.

23 (b) Registered Ownership. The county and the Bond Registrar, each in its
24 discretion, may deem and treat the Registered Owner of each Bond as the absolute owner
25 thereof for all purposes, and neither the county nor the Bond Registrar shall be affected by
26 any notice to the contrary. Payment of any such Bond shall be made only as described in

1 Section 4(g) hereof, but such registration may be transferred as herein provided. All such
2 payments made as described in Section 4(g) shall be valid and shall satisfy and discharge the
3 liability of the county upon such Bond to the extent of the amount or amounts so paid. The
4 county and the Bond Registrar shall be entitled to treat the person in whose name any Bond is
5 registered as the absolute owner thereof for all purposes of this ordinance and any applicable
6 laws, notwithstanding any notice to the contrary received by the Bond Registrar or the county.

7 (c) DTC Acceptance/Letters of Representations. The Bonds initially
8 issued shall be held in fully immobilized form by DTC acting as depository. To induce DTC
9 to accept the Bonds as eligible for deposit at DTC, the county has heretofore executed and
10 delivered to DTC a Blanket Issuer Letter of Representations.

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

22 (d) Use of Depository.

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

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

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

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

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

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

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

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

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

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

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

24 If less than all of the principal amount of any Bond is redeemed, upon surrender of
25 such Bond at the principal office of the Bond Registrar there shall be issued to the registered
26 owner, without charge therefor, for the then unredeemed balance of the principal amount

1 thereof, a new Bond or Bonds, at the option of the registered owner, of like maturity and
2 interest rate in any denomination authorized by this ordinance.

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

5 SECTION 6. Notice and Effect of Redemption. Unless waived by the registered
6 owner of Bonds to be redeemed or the nominee of such owner, official notice of any such
7 redemption shall be given by the Bond Registrar on behalf of the county by mailing a copy of
8 an official redemption notice by certified or registered mail, postage prepaid, not less than 30
9 nor more than 60 days prior to the date fixed for redemption, to the registered owner of the
10 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other
11 address as is furnished in writing by such registered owner to the Bond Registrar. The Bond
12 Registrar shall provide additional notice of redemption of the Bonds to each NRMSIR and
13 SID, if any, in accordance with the ongoing disclosure provisions to be adopted by the Sale
14 Motion.

15 All official notices of redemption shall be dated and shall state:

- 16 A. the redemption date;
- 17 B. the redemption price;
- 18 C. if less than all outstanding Bonds are to be redeemed, the identification
19 (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be
20 redeemed;
- 21 D. that on the redemption date the redemption price will become due and
22 payable upon each such Bond or portion thereof called for redemption, and that interest
23 thereon shall cease to accrue from and after said date; and
- 24 E. the place where such Bonds are to be surrendered for payment of the
25 redemption price, which place of payment shall be either of the principal offices of the Bond
26 Registrar.

1 Such notice of redemption shall be mailed within the same period, postage prepaid, to
2 Moody's Investors Service, Inc. and Standard & Poor's Ratings Group at their offices in
3 New York, New York, or their successors, and to such other persons and with such additional
4 information as the Finance Director shall deem appropriate, but such mailings shall not be a
5 condition precedent to the redemption of the Bonds.

6 Prior to any redemption date, the county shall deposit with the Bond Registrar an
7 amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds
8 which are to be redeemed on that date.

9 Official notice of redemption having been given as aforesaid, the Bonds or portions of
10 Bonds so to be redeemed shall, on the redemption date, become due and payable at the
11 redemption price therein specified, and from and after such date (unless the county shall
12 default in the payment of the redemption price upon presentation) such Bonds or portions of
13 Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in
14 accordance with said notice, such Bonds shall be paid by the Bond Registrar at the
15 redemption price. Installments of interest due on or prior to the redemption date shall be
16 payable as herein provided for payment of interest. Upon the payment of the redemption
17 price of Bonds being redeemed, each check or other transfer of funds issued for such purpose
18 shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed
19 with the proceeds of such check or other transfer. Upon surrender for any partial redemption
20 of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the
21 same maturity in the amount of unpaid principal.

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

1 (i) Each further notice of redemption given hereunder shall contain
2 the information required above for an official notice of redemption plus: the CUSIP numbers
3 of all Bonds being redeemed; the date of issue of the Bonds as originally issued; the rate of
4 interest borne by each Bond being redeemed; the maturity date of each Bond being redeemed;
5 and any other descriptive information needed to identify accurately the Bonds being
6 redeemed.

7 (ii) Each further notice of redemption shall be sent at least 35 days
8 before the redemption date by registered or certified mail or overnight delivery service to all
9 registered securities depositories then in the business of holding substantial amounts of
10 obligations of types comprising the Bonds (such depositories now being The Depository Trust
11 Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois
12 and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania).

13 The requirements of this section shall be deemed to be complied with when notice is
14 mailed as herein provided, whether or not it is actually received by the owner.

15 SECTION 7. Form of Bonds. The Bonds shall be in substantially the following
16 form:

1
2 NO. _____

\$ _____

3 UNITED STATES OF AMERICA

4
5 STATE OF WASHINGTON

6
7 KING COUNTY

8
9 LIMITED TAX GENERAL OBLIGATION (PUBLIC TRANSPORTATION
10 SALES TAX) REFUNDING BOND, 1998

11
12 INTEREST RATE: MATURITY DATE: CUSIP NO.:

13
14 Registered Owner:

15
16 Principal Amount:

17
18 KING COUNTY, WASHINGTON (the "County"), hereby acknowledges itself to owe
19 and for value received promises to pay to the Registered Owner identified above, or registered
20 assigns, on the Maturity Date specified above, the Principal Amount specified above and to
21 pay interest thereon (computed on the basis of a 360-day year of twelve 30-day months) from
22 _____ 1, 1998, or the most recent date to which interest has been paid or duly provided
23 for until payment of this bond at the Interest Rate set forth above, payable on _____ 1,
24 _____, and semiannually thereafter on the first days of each succeeding _____ and
25 _____.

26
27 Both principal of and interest on this bond are payable in lawful money of the United
28 States of America. While bonds are held in an immobilized "book entry" system of
29 registration, the principal of this bond is payable to the order of the Registered Owner in same
30 day funds received by the Registered Owner on the maturity date of this bond, and the interest
31 on this bond is payable to the order of the Registered Owner in same day funds received by
32 the Registered Owner on each interest payment date. When bonds are no longer held in an
33 immobilized "book entry" registration system, the principal shall be paid to the Registered
34 Owner or nominee of such owner upon presentation and surrender of this bond at either of the
35 principal offices of the fiscal agency of the State of Washington in either Seattle, Washington
36 or New York, New York (collectively the "Bond Registrar"), and the interest shall be paid by
37 mailing a check or draft (on the date such interest is due) to the Registered Owner or nominee
38 of such owner at the address shown on the registration books maintained by the Bond
39 Registrar (the "Bond Register") as of the 15th day of the month prior to the interest payment
40 date; provided, however, that if so requested in writing by the Registered Owner of at least
41 \$1,000,000 par value of the bonds, interest will be paid by wire transfer.

42
43 This bond is one of an authorized issue of bonds of like series, date and tenor, except
44 as to number, amount, rate of interest and date of maturity, in the aggregate principal amount

1 of \$90,000,000, and is issued to refund certain outstanding limited sales tax general obligation
2 bonds of the County.

3
4 The bonds of this issue are issued under and in accordance with the provisions of the
5 Constitution and applicable statutes of the State of Washington, the County Charter and
6 applicable ordinances duly adopted by the County, including King County Ordinance
7 No. _____ (the "Bond Ordinance"). Capitalized terms not otherwise defined
8 herein shall have the meanings given such terms in the Bond Ordinance.

9
10 The County has reserved the right to redeem the bonds of this issue maturing on and
11 after _____ 1, _____, in whole or in part (and if in part, with maturities to be selected by
12 the County and by lot within a maturity), on _____ 1, 2008, or any date thereafter, at the
13 price of par plus accrued interest, if any, to the redemption date.

14
15 [The bonds of this issue maturing on _____ 1, _____, are also subject to
16 redemption prior to maturity through mandatory amortization payments on _____ 1 of
17 the following years and in the following amounts in each case at a redemption price of 100%
18 of the principal amount of bonds to be redeemed, plus accrued interest to the date of
19 redemption.

20
21 Years Amount

22
23
24 * Final Maturity]

25
26 Portions of the principal sum of this bond in installments of \$5,000 or any integral
27 multiple thereof also may be redeemed in accordance with the provisions set forth above, and
28 if less than all of the principal sum hereof is to be redeemed, upon the surrender of this bond
29 at the principal offices of the Bond Registrar there shall be issued to the Registered Owner,
30 without charge therefor, for the then unredeemed balance of the principal sum hereof, at the
31 option of the owner, a bond or bonds of like series, maturity and interest rate in any of the
32 denominations authorized by the Bond Ordinance.

33
34 Notice of redemption, unless waived, is given by the Bond Registrar by mailing an
35 official redemption notice by certified or registered mail, postage prepaid, not less than
36 30 days and not more than 60 days prior to the date fixed for redemption, to the Registered
37 Owner of any bond to be redeemed at the address appearing on the Bond Register. The
38 requirements for such notice shall be deemed to be complied with when notice is mailed as
39 herein provided, regardless of whether or not it is actually received by the owner of any bond.

40
41 If such notice has been given and if the County has set aside, on the date fixed for
42 redemption, sufficient money for the payment of all bonds called for redemption, the bonds so
43 called shall cease to accrue interest after such redemption date, and all such bonds shall no
44 longer be deemed to be outstanding for any purpose, except that the Registered Owners

1 thereof shall be entitled to receive payment of the redemption price and accrued interest to the
2 redemption date from the money set aside for such purpose.

3
4 The County has irrevocably covenanted and agreed with the owner of this bond that it
5 will annually include in its budget and levy the Public Transportation Sales Tax in amounts
6 sufficient, together with all other money legally available therefor (including Assessment
7 Income, if any), to pay the principal of and interest on this bond as the same shall become
8 due. The full faith, credit and resources of the County are hereby irrevocably pledged for the
9 annual levy and collection of the Public Transportation Sales Tax and the prompt payment of
10 such principal and interest.

11
12 The County's pledge of Sales Tax Revenue shall constitute a lien on the Two-tenths
13 Sales Tax Revenues that is subordinate to the lien thereon securing payment of the Sales Tax
14 Bonds and equal to the lien securing any Additional Subordinate Lien Bonds hereafter issued,
15 and superior to any other charges whatsoever. The County has reserved the right to issue
16 Additional Subordinate Lien Bonds on the terms and conditions set forth in the Bond
17 Ordinance.

18
19 The County has further irrevocably covenanted and agreed with the owner of this bond
20 that it will annually include in its budget and levy *ad valorem* taxes, within and as a part of
21 the tax levy permitted to counties without a vote of the electorate, upon all the property
22 subject to taxation, in amounts sufficient, together with all other money legally available
23 therefor (including Sales Tax Revenue and Assessment Income, if any), to pay the principal
24 of and interest on this bond as the same shall become due. The full faith, credit and resources
25 of the County are hereby irrevocably pledged for the annual levy and collection of such taxes
26 and the prompt payment of such principal and interest.

27
28 Reference to the Bond Ordinance is made for a description of the nature and extent of
29 the security for the bonds of this issue, the funds or revenues pledged, and the terms and
30 conditions upon which such bonds are issued.

31
32 The pledge of tax levies for the payment of principal of and interest on the bonds of
33 this issue may be discharged prior to maturity of the bonds by making provisions for the
34 payment thereof on the terms and conditions set forth in the Bond Ordinance.

35
36 This bond shall not be valid or become obligatory for any purpose or be entitled to any
37 security or benefit under the Bond Ordinance until the Certificate of Authentication hereon
38 shall have been manually signed by the Bond Registrar.

39
40 It is hereby certified that all acts, conditions and things required by the Constitution
41 and statutes of the State of Washington and the Charter and ordinances of the County to exist,
42 to have happened, been done and performed precedent to and in the issuance of this bond
43 have happened, been done and performed and that the issuance of this bond and the bonds of

1 this series does not violate any constitutional, statutory or other limitation upon the amount of
2 bonded indebtedness that the County may incur.

3
4 IN WITNESS WHEREOF, the County has caused this bond to be executed by the
5 manual or facsimile signatures of the County Executive and to be attested by the Clerk of the
6 County Council, and has caused the seal of the County to be impressed or imprinted hereon,
7 as of this 1st day of _____, 1998.

8
9
10 KING COUNTY, WASHINGTON

11
12 By _____ /s/
13 King County Executive

14
15 ATTEST:

16
17 _____ /s/
18 Clerk of the County Council

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

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

27
28
29 UNIF GIFT (TRANSFERS) MIN ACT - _____ Custodian _____
30 (Cust) (Minor)

31
32 under Uniform Gifts (Transfers) to Minors Act

33
34 _____
35 (State)

36
37 Additional abbreviations may also be used though not listed above.

38
39 The Bond Registrar's Certificate of Authentication on the Bonds shall be in
40 substantially the following form:

13128

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 (Public Transportation Sales Tax) Refunding Bonds, 1998, of King County, Washington dated _____ 1, 1998.

WASHINGTON STATE FISCAL AGENCY, as Bond Registrar

By _____ Authorized Signatory

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

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

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

the within bond and does hereby irrevocably constitute and appoint of _____ 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:

NOTICE: Signatures must be guaranteed pursuant to law.

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

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

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

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

24 In case the Bonds or any of them shall be lost, stolen or destroyed, the Bond Registrar
25 may authenticate and deliver a new Bond or Bonds of like series amount, date, interest rate
26 and tenor to the registered owner thereof upon the owner's paying the expenses and charges of

1 the county and the Bond Registrar in connection therewith and upon his/her filing with the
2 Bond Registrar evidence satisfactory to the Bond Registrar that such Bond or Bonds were
3 actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the
4 county and Bond Registrar with indemnity satisfactory to the Finance Director and the Bond
5 Registrar.

6 SECTION 10. Bond Fund.
7

8 A. Establishment of the Bond Fund and Accounts Therein. There is
9 hereby authorized to be created a special fund of the county known as the "Limited Tax
10 General Obligation (Public Transportation Sales Tax) Bond Redemption Fund" (the "Bond
11 Fund"). The Bond Fund shall at all times be completely segregated and set apart from all
12 other funds and accounts of the county and shall be a trust fund for the security and payment
13 of the principal of and interest and any premium on the Bonds and Additional Subordinate
14 Lien Bonds that are also limited tax general obligations of the county (as used in this section,
15 "General and Subordinate Lien Bonds"). Except as provided in subsection D of this Section
16 10, all money credited to the Bond Fund is pledged and ordered to be used for the sole
17 purpose of paying the principal of and interest and any premium on the Bonds and other
18 General and Subordinate Lien Bonds. The Bond Fund shall consist of three accounts: the
19 Interest Account, the Serial Bond Principal Account and the Term Bond Principal Account.

20 B. Two-Tenths Sales Tax Revenues. On the same business day that any
21 Two-tenths Sales Tax Revenues are received by the county and deposited into the Receiving
22 Fund, in accordance with Section 11.B hereof, and after providing for the payment of any
23 amounts required to be paid into the Sales Tax Bond Fund in accordance with the Master

1 Resolution and any other resolutions authorizing the issuance of any series of Sales Tax
2 Bonds, the Finance Director shall cause the following amounts to be deposited into accounts
3 within the Bond Fund, as follows:

4 (i) Interest Account. To the extent available in the Receiving
5 Fund, there shall be deposited into the Interest Account an amount that, together with
6 Assessment Income and other money available in the Interest Account, equals the total
7 amount of interest due and payable on the Bonds and any Additional Subordinate Lien
8 Bonds in the next succeeding six calendar months.

9 (ii) Serial Bond Principal Account. To the extent available in the
10 Receiving Fund, there shall be deposited into the Serial Bond Principal Account an
11 amount that, together with Assessment Income and other money available in the Serial
12 Bond Principal Account, equals the total amount of principal due and payable on the
13 Bonds and any Additional Subordinate Lien Bonds in the next succeeding twelve
14 calendar months.

15 (iii) Term Bond Principal Account. To the extent available in the
16 Receiving Fund, there shall be deposited into the Term Bond Principal Account an
17 amount that, together with Assessment Income and other money available in the Term
18 Bond Principal Account, equals the total amount necessary to make any payments
19 required in the next succeeding twelve calendar months to retire by purchase or by
20 redemption any Bonds and Additional Subordinate Lien Bonds that are Term Bonds.

21 C. Payments to the Bond Registrar; Investments. Money on deposit in the
22 Bond Fund shall be transmitted to the Bond Registrar at such times and in such amounts as

1 shall be necessary to pay when due the principal of and interest and premium, if any, on the
2 Bonds and any Additional Subordinate Lien Bonds. Money in the Bond Fund shall be
3 invested in any legal investments of the county maturing in such amounts and at such times as
4 the Finance Director may determine so that payments required to be made from the Bond
5 Fund may be made when due.

6 D. Using Bond Fund Money to Pay Rebate. Notwithstanding any
7 provision of this ordinance regarding the use of money deposited in the Bond Fund, such
8 money may be withdrawn from the Bond Fund as necessary to pay the Rebate Amount.

9 SECTION 11. Pledge of Sales Tax Revenues.

10 A. Subordinate Lien Pledge of Two-tenths Sales Tax Revenues. All of the
11 Sales Tax Revenues are hereby irrevocably pledged to the punctual payment of the principal
12 of, premium, if any, and interest on the Bonds and any Additional Subordinate Lien Bonds.
13 Said pledge shall constitute a lien on the Two-tenths Sales Tax Revenues junior and
14 subordinate to the lien thereon for the payments of principal of and interest on the Sales Tax
15 Bonds and equal to the lien on the Two-tenths Sales Tax Revenues to pay and secure the
16 payment of any Additional Subordinate Lien Bonds, and superior to all other liens and
17 charges on such revenues whatsoever. The county hereby covenants that for as long as any of
18 the Bonds are outstanding it will include in its budget and levy the Public Transportation
19 Sales Tax in an amount that will be sufficient, together with all other funds legally available
20 for such purpose, to pay the principal of, premium, if any, and interest on the Bonds as the
21 same shall become due. All of such taxes so collected shall be paid into the Bond Fund no
22 later than the date such funds are required for the payment of principal and interest on the

1 Bonds. The full faith, credit and resources of the county are hereby irrevocably pledged for
2 the levy and collection of the Public Transportation Sales Tax and for the prompt payment of
3 the principal of, premium, if any, and interest on the Bonds as the same shall become due.

4 B. Receiving Fund. The Receiving Fund has heretofore been created as a
5 special fund of the county. Upon receipt of the Sales Tax Revenues, the Finance Director
6 shall cause the Two-tenths Sales Tax Revenues to be deposited into the Receiving Fund to be
7 applied as provided in Section 10.B of this ordinance. In accordance with Ordinance No.
8 11661 of the county, passed on January 23, 1995, any Two-tenths Sales Tax Revenues
9 remaining in the Receiving Fund after making the payments required by Section 5.3 of the
10 Master Resolution and Section 10.B of this ordinance shall be transferred on the same
11 business day, as follows: (x) an amount equal to the 25% of the Two-tenths Sales Tax
12 Revenues to the Public Transportation Operating Account to be used for operations and the
13 payment of the Sales Tax Bonds and the Subordinate Lien Bonds; and (y) the remainder
14 thereof to the Public Transportation Construction Accounts to be used only for capital
15 purposes, including the payment of Sales Tax Bonds and Subordinate Lien Bonds.

16 SECTION 12. Pledge of General Taxation and Credit. The county hereby further
17 irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid,
18 that each year it will include in its budget and levy an *ad valorem* tax upon all the property
19 within the county subject to taxation in an amount that will be sufficient, together with all
20 other revenues and money of the county legally available for such purposes (including Sales
21 Tax Revenues and Assessment Income, if any), to pay the principal of and interest on the
22 Bonds as the same shall become due. All of such taxes so collected shall be paid into the

1 Bond Fund no later than the date such funds are required for the payment of principal of,
2 premium, if any, and interest on the Bonds.

3 The county hereby irrevocably pledges that the annual tax provided for herein to be
4 levied for the payment of such principal and interest shall be within and as a part of the tax
5 levy permitted to counties without a vote of the people, and that a sufficient portion of each
6 annual levy to be levied and collected by the county prior to the full payment of the principal
7 of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and
8 appropriated for the payment of the principal of, premium, if any, and interest on the Bonds.

9 The full faith, credit and resources of the county are hereby irrevocably pledged for
10 the annual levy and collection of said taxes and for the prompt payment of the principal of,
11 premium, if any, and interest on the Bonds as the same shall become due.

12 SECTION 13. Pledge of Assessment Income. From and after such time as no Sales
13 Tax Bonds remain outstanding under the Master Resolution and the Sales Tax Bond Fund is
14 closed, the county hereby obligates and binds itself to set aside and pay any Assessment
15 Income into the Bond Fund for payment of the principal of, premium, if any, and interest on
16 the Subordinate Lien Bonds without allocation to any particular series of bonds payable from
17 the Bond Fund. Assessment Income, if any, shall be deposited into the various accounts with
18 the Bond Fund, as received, according to the order of priority set forth in Section 10.B of this
19 ordinance.

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

1 A. The amount equal to the interest accruing on the Bonds from their
2 dated date to the date of their Closing shall be deposited in the Interest Account in the Bond
3 Fund.

4 B. The balance of the proceeds of the Bonds shall be deposited in the
5 Refunding Account (as hereinafter defined) and applied as provided in Section 15 of this
6 ordinance.

7 SECTION 15. Application of Refunding Bond Proceeds

8 A. Plan of Refunding. There is hereby authorized and established a
9 special account of the county to be maintained with the Escrow Agent (as hereinafter defined)
10 to be known as the "King County 1998 Limited Tax General Obligation (Public
11 Transportation Sales Tax) Refunding Bonds Refunding Account" (the "Refunding Account").
12 The Refunding Account shall be drawn upon for the sole purpose of paying the principal of
13 and interest on the Refunded Bonds and of paying costs related to issuance of the Bonds and
14 refunding the Refunded Bonds. The proceeds of the sale of the Bonds shall be deposited into
15 the Refunding Account to provide for refunding the Refunded Bonds, as authorized by the
16 Refunded Bond Resolutions and to pay the costs of issuance of the Bonds.

17 The Finance Director is authorized to determine, in consultation with the county's
18 financial advisors, which of the Refunded Bonds, if any, are to be refunded. The final plan of
19 refunding and call for redemption of the Refunded Bonds shall be set forth in and ratified and
20 confirmed by the Sale Motion. Money in the Refunding Account shall be used immediately
21 upon receipt thereof to defease the Refunded Bonds and discharge the other obligations of the
22 county relating thereto under the Refunded Bond Resolutions, as applicable, by providing for

1 the payment of the principal of and interest on the Refunded Bonds as set forth in the Sale
2 Motion. The county shall defease such bonds and discharge such obligations by the use of the
3 money in the Refunding Account to purchase certain "Government Obligations" as such
4 obligations are defined in Chapter 39.53 RCW as now or hereafter amended (which
5 obligations so purchased are herein called "Acquired Obligations"), bearing such interest and
6 maturing as to principal and interest in such amounts and at such times which, together with
7 any necessary beginning cash balance, will provide for the payment of the Refunded Bonds,
8 as set forth in the Sale Motion. Such Acquired Obligations shall be purchased at a yield not
9 greater than the yield permitted by the Code and regulations relating to acquired obligations in
10 connection with refunding bond issues.

11 In connection with the issuance of the Bonds, to carry out the refunding and
12 defeasance of the Refunded Bonds, the Finance Director is hereby authorized to appoint as
13 escrow agent a bank or trust company qualified by law to perform the duties described herein
14 and in the form of escrow agreement attached hereto as Exhibit A (the "Escrow Agent"). Any
15 beginning cash balance and the Acquired Obligations shall be irrevocably deposited with the
16 Escrow Agent in an amount sufficient to defease the Refunded Bonds in accordance with this
17 Section 15 and the Sale Motion.

18 The county will take such actions as are found necessary to see that all necessary and
19 proper fees, compensation and expenses of the Escrow Agent shall be paid when due. The
20 proper officers and agents of the county are directed to obtain from the Escrow Agent an
21 agreement setting forth the duties, obligations and responsibilities of such Escrow Agent in
22 connection with the redemption and retirement of the Refunded Bonds as provided herein and

1 stating that such provisions for the payment of the fees, compensation and expenses of such
2 Escrow Agent are satisfactory to it.

3 To carry out the purposes of this section of this ordinance, the Finance Director is
4 authorized and directed to execute and deliver to the Escrow Agent the Escrow Agreement in
5 substantially the form set forth in Exhibit A attached to this ordinance and incorporated herein
6 by this reference.

7 B. Findings of Savings and Defeasance. By the Sale Motion, the council
8 shall set forth its findings of savings and defeasance with respect to those Refunded Bonds
9 authorized to be refunded from the proceeds of the Bonds.

10 SECTION 16. Covenants and Warranties. The county makes the following covenants
11 and warranties:

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

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

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

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

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

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

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

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

5 The county hereby covenants that it will not make any use of the proceeds from the
6 sale of the Bonds or any other funds of the county that may be deemed to be proceeds of such
7 Bonds pursuant to Section 148 of the Code and the applicable regulations thereunder that will
8 cause the Bonds to be "arbitrage bonds" within the meaning of said section and said
9 regulations. The county will comply with the applicable requirements of Section 148 of the
10 Code (or any successor provision thereof applicable to the Bonds) and the applicable
11 regulations thereunder throughout the term of the Bonds.

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

15 SECTION 18. Arbitrage Rebate. The county will pay the Rebate Amount, if any, to
16 the United States of America at the times and in the amounts necessary to meet the
17 requirements of the Code to maintain the federal income tax exemption for interest payments
18 on the Bonds, in accordance with the Arbitrage and Tax Certification.

1 SECTION 19. Additional Subordinate Lien Bonds.

2 A. No Additional Sales Tax Bonds. The county hereby covenants and
3 agrees that it will issue no additional Sales Tax Bonds under the Master Resolution and will
4 issue no other bonds or obligations with a lien upon the Two-tenths Sales Tax Revenues
5 superior to the lien thereon of the Bonds.

6 B. Additional Subordinate Lien Bonds (other than Refunding Bonds).
7 The county expressly reserves the right to issue Additional Subordinate Lien Bonds for any
8 lawful purpose of the county related to the System if at the time of issuing such Subordinate
9 Lien Bonds:

10 (i) There shall be no deficiency in the Sales Tax Bond Fund or the
11 Bond Fund.

12 (ii) There shall be on file with the clerk of the council a certificate
13 of the Finance Director stating that the amount of Two-tenths Sales Tax Revenues received
14 for any period of twelve consecutive months during the eighteen months preceding the
15 Closing date for such Additional Subordinate Lien Bonds was at least equal to 1.5 times the
16 maximum amount required in each calendar year that such Additional Subordinate Line
17 Bonds would be outstanding to pay:

18 (a) The principal of the Additional Subordinate Lien Bonds
19 being issued and all outstanding Sales Tax Bonds, Bonds and any other Subordinate Lien
20 Bonds (other than amortization of principal of Term Bonds).

21 (b) The interest on the Additional Subordinate Lien Bonds
22 being issued and on all outstanding Sales Tax Bonds, Bonds and any other Subordinate Lien

1 Bonds, exclusive of any interest that will be payable from the proceeds of the Additional
2 Subordinate Lien Bonds to be issued.

3 (c) The amounts required to be paid into any fund or
4 account to amortize the principal of any of the Additional Subordinate Lien Bonds that are
5 Term Bonds and all outstanding Sales Tax Bonds, Bonds or any other Subordinate Lien
6 Bonds that are Term Bonds.

7 C. Additional Subordinate Lien Bonds that are Refunding Bonds.

8 (i) For the purpose of refunding at or prior to their maturity any
9 outstanding Sales Tax Bonds, Subordinate Lien Bonds or any bonds or other obligations of
10 the county payable from the Two-tenths Sales Tax Revenues, the county may at any time
11 issue Additional Subordinate Lien Bonds without complying with the provisions of
12 Section 19.B hereof; provided, however, that the county shall not issue Additional
13 Subordinate Lien Bonds for such purpose under this Section 19.C unless there shall have been
14 filed with the clerk of the council a certificate of the Finance Director stating that immediately
15 after the issuance of such Additional Subordinate Lien Bonds the annual debt service for each
16 year that Sales Tax Bonds and any Subordinate Lien Bonds (other than the refunding bonds
17 proposed to be issued) are then outstanding shall not be increased by more than \$5,000 by
18 reason of the issuance of such Additional Subordinate Lien Bonds.

19 (ii) The principal amount of such Additional Subordinate Lien Bonds may
20 include amounts necessary to pay the principal of the bonds or other obligations to be
21 refunded, interest thereon to the date of payment or redemption thereof, any premium payable
22 thereon upon such payment or redemption and the costs of issuance of such Additional

1 Subordinate Lien Bonds. The proceeds of such Additional Subordinate Lien Bonds shall be
2 held and applied in such manner, consistent with the provisions of Section 25 hereof, as is
3 provided in the ordinance providing for the issuance of such Additional Subordinate Lien
4 Bonds, so that upon the delivery of such Additional Subordinate Lien Bonds, the bonds or
5 other obligations to be refunded thereby shall be deemed to be no longer outstanding.

6 (iii) At the election of the county, the provisions of this Section 19.C shall
7 not be applicable to the refunding at one time of all the Subordinate Lien Bonds then
8 outstanding.

9 (iv) Additional Subordinate Lien Bonds for the purpose of refunding
10 outstanding Sales Tax Bonds, Subordinate Lien Bonds or bonds or other obligations of the
11 county payable from Two-tenths Sales Tax Revenues may also be issued upon compliance
12 with the provisions of Section 19.B hereof.

13 (v) Nothing contained in this ordinance shall prohibit or prevent, or be
14 deemed or construed to prohibit or prevent, the county from issuing Additional Subordinate
15 Lien Bonds to refund maturing Subordinate Lien Bonds for the payment of which money is
16 not otherwise available.

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

1 SECTION 20. Public Sale of Bonds. The Bonds shall be sold by competitive bid at a
2 public sale. Bids for the purchase of the Bonds shall be received at the county's purchasing
3 office, Room 610, King County Administration Building, 500 Fourth Avenue, Seattle,
4 Washington, at 10:00 a.m., or at such other time as the Finance Director shall direct, on May
5 18, 1998, or such other date as the Finance Director shall direct; provided, however, that no
6 Bonds authorized herein shall be sold after June 1, 1999.

7 Upon the date and time established for the receipt of bids for the Bonds, the Finance
8 Director or his designee shall open the bids, shall cause the bids to be mathematically verified
9 and shall report to the county council regarding the bids received. Such bids shall then be
10 considered and acted upon by the county council in an open public meeting. The county
11 council reserves the right to reject any and all bids for the Bonds. Bids for the Bonds must be
12 on an all or none basis. The county council by the Sale Motion shall approve the sale of the
13 Bonds, establish the series designation, date, interest rates, and redemption provisions of such
14 Bonds, and ratify and confirm any plan of refunding Refunded Bonds. In determining which
15 of the Refunded Bonds, if any, should be advance refunded, it is the council's intent that the
16 Finance Director adhere to a refunding guideline that the present value of the savings
17 achieved by any advance refunding exceed a minimum level of approximately 5 percent of the
18 principal amount of Refunded Bonds that are advance refunded. This requirement does not
19 apply to the current refunding of any Refunded Bonds, i.e., the redemption of such Refunded
20 Bonds paid for with proceeds of Refunding Bonds issued no earlier than six months prior to
21 such date fixed for redemption.

1 The Finance Director is hereby authorized and directed to prepare an Official Notice
2 of Bond Sale for the Bonds which notice shall be filed with the clerk of the council and shall
3 be ratified and confirmed by the Sale Motion. The Finance Director is hereby authorized to
4 establish the series designation, date, principal amount, interest payment dates, maturity
5 schedule and redemption provisions for the Bonds in such Official Notice of Bond Sale so
6 long as the aggregate principal amount of the Bonds does not exceed \$90,000,000. The
7 official notice of sale or an abridged form thereof shall be published in such newspapers or
8 financial journals as may be deemed desirable or appropriate by the financial advisors to the
9 county.

10 SECTION 21. Delivery of Bonds. Following the sale of the Bonds, the county shall
11 cause definitive Bonds to be prepared, executed and delivered, which Bonds shall be
12 typewritten, lithographed or printed with engraved or lithographed borders, or in such other
13 form acceptable to DTC as initial depository for the Bonds.

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

1 SECTION 22. Preliminary Official Statement; Final Official Statement. The county
2 hereby authorizes and directs the Finance Director: (i) to review and approve the information
3 contained in the preliminary official statement (the "Preliminary Official Statement")
4 prepared in connection with the sale of the Bonds; and (ii) for the sole purpose of the Bond
5 purchasers' compliance with Section (b)(1) of the Rule, to "deem final" that Preliminary
6 Official Statement as of its date, except for the omission of information on offering prices,
7 interest rates, selling compensation, delivery dates, any other terms or provisions required by
8 the county to be specified in a competitive bid, ratings, other terms of the Bonds dependent on
9 such matters, and the identity of the Bond purchaser. After the Preliminary Official Statement
10 has been reviewed and approved in accordance with the provisions of this section, the county
11 hereby authorizes distribution of the Preliminary Official Statement to prospective purchasers
12 of the Bonds.

13 Following the sale of the Bonds in accordance with Section 20 of this ordinance, the
14 Finance Director is hereby authorized to review and approve on behalf of the county a final
15 official statement with respect to the Bonds. The county agrees to cooperate with the
16 successful bidder for the Bonds (the "Purchaser") to deliver or cause to be delivered, within
17 seven business days from the date of the Sale Motion and in sufficient time to accompany any
18 confirmation that requests payment from any customer of the Purchaser, copies of the final
19 official statement in sufficient quantity to comply with paragraph (b)(4) of the Rule and the
20 rules of the MSRB.

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

4 SECTION 24. General Authorization. The appropriate county officials, agents and
5 representatives are hereby authorized and directed to do everything necessary for the prompt
6 sale, issuance, execution and delivery of the Bonds, and for the proper use and application of
7 the proceeds of the sale thereof.

8 SECTION 25. Defeasance. In the event that money and/or noncallable Government
9 Obligations maturing at such time or times and bearing interest to be earned thereon in
10 amounts (together with such money, if necessary) sufficient to redeem and retire, refund or
11 defease part or all of the Bonds in accordance with their terms, are set aside in a special
12 account of the county to effect such redemption and retirement, and such money and the
13 principal of and interest on such Government Obligations are irrevocably set aside and
14 pledged for such purpose, then no further payments need be made into the Bond Fund for the
15 payment of the principal of and interest on the Bonds so provided for, and such Bonds shall
16 cease to be entitled to any lien, benefit or security of this ordinance except the right to receive
17 the money so set aside and pledged, and such Bonds shall be deemed not to be outstanding
18 hereunder.

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

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

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

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

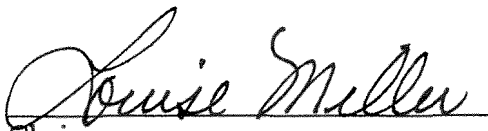
15 SECTION 27. Severability. The covenants contained in this ordinance shall constitute
16 a contract between the county and the owners of each and every Bond. If any one or more of
17 the covenants or agreements provided in this ordinance to be performed on the part of the
18 county are deemed by any court of competent jurisdiction to be contrary to law, then such
19 covenant or covenants, agreement or agreements, shall be null and void and shall be deemed
20 separable from the remaining covenants and agreements of this ordinance and shall in no way
21 affect the validity of the other provisions of this ordinance or of the Bonds.

1 Section 28. Effective Date. This ordinance shall be effective 10 days after its
2 enactment, in accordance with Article II of the county charter.

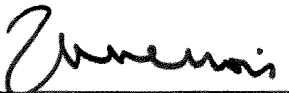
3 INTRODUCED AND READ for the first time this 27th day of April, 1998.

4 PASSED by a vote of 12 to 0 this 4th day of
5 May, 1998.

6
7 KING COUNTY COUNCIL
8 KING COUNTY, WASHINGTON

9
10 
11 _____
12 Chair

13
14 ATTEST:

15
16 
17 _____

18 Clerk of the Council

19
20
21 APPROVED this 13 day of May, 1998.

22
23 
24 _____
25 King County Executive
26
27
28

29 Attachment: Exhibit A - Form of Escrow Agreement

EXHIBIT A

FORM OF ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of _____, 1998 (together with any amendments or supplements hereto, called the "Agreement"), entered into by and between King County, Washington (the "County") and _____, _____, _____, as Escrow Agent (together with any successor in such capacity, the "Escrow Agent");

WITNESSETH:

WHEREAS, the County by Ordinance No. _____ passed on _____, 1998, and Motion No. _____ passed on _____, 1998 (together, the "Bond Ordinance"), has determined to refund the following outstanding bonds (the "Refunded Bonds") by the issuance of its Limited Tax General Obligation (Public Transportation Sales Tax) Refunding Bonds, 1998 (the "Bonds");

<u>Refunded Bonds</u>	<u>Maturing On or After</u>	<u>Refunded Principal Amount</u>	<u>Date of Redemption</u>
Series 1989 Bonds	January 1, 2000		July 1, 1998
Series 1991 Refunding Bonds	January 1, 2000		July 1, 1998

WHEREAS, the Escrow Agent has reviewed this Agreement and is willing to serve as Escrow Agent hereunder; and

WHEREAS, _____, Certified Public Accountants, of _____, _____, have prepared a verification report dated _____, 1998 (the "Verification Report") relating to the source and use of funds available to accomplish the refunding of the Refunded Bonds, the investment of such funds and the adequacy of such funds and investments to provide for the payment of the debt service due on the Refunded Bonds; and

WHEREAS, the County by the Bond Ordinance has duly authorized the execution and delivery of this Agreement and has designated the Refunded Bonds for redemption prior to their scheduled maturity dates; and

WHEREAS, the County desires that, concurrently with the delivery of the Refunding Bonds to the purchasers thereof, the proceeds of the Bonds, together with certain other available funds of the County, shall be applied to purchase certain direct obligations of the United States of America hereinafter defined as the "Escrowed Securities" for deposit to the credit of the Refunding Account created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Refunding Account; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide money that, together with cash balances from time to time on deposit in the Refunding Account, will be sufficient to pay:

(a) the redemption price (____% of the principal amount) of the Refunded 1989 Bonds payable on July 1, 1998; and

(b) the redemption price (____% of the principal amount) of the Refunded Series 1991 Refunding Bonds payable on July 1, 1998.

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of the principal of and interest on the Refunded Bonds, the County and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

Article 1. Definitions

Section 1.1. Definitions.

Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Escrowed Securities" means the noncallable Government Obligations described in Appendix A attached to this Agreement, or cash or other noncallable obligations substituted therefor pursuant to Sections 4.1 and 4.2 of this Agreement.

"Government Obligations" means direct, noncallable (a) United States Treasury Obligations, (b) United States Treasury Obligations - State and Local Government Series ("SLGS"), (c) non-prepayable obligations which are unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America or (d) REFCORP debt obligations unconditionally guaranteed by the United States.

Securities described in (c) above shall be limited to those securities that are defined as government obligations by Section 39.53.010(9), Revised Code of Washington.

"Paying Agent" means the fiscal agency of the State of Washington, as the paying agent for the Refunded Bonds.

"Refunding Account" means the King County 1998 Limited Tax General Obligation Bond (Public Transportation Sales Tax) Refunding Account authorized by the Bond Ordinance to be established, held and administered by the Escrow Agent pursuant to the provisions of this Agreement.

Section 1.2. Other Definitions.

The terms "Agreement," "Bonds," "Bond Ordinance," "County," "Escrow Agent," "Refunded Bonds," and "Verification Report," when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement. All other capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them by the Bond Ordinance.

Section 1.3. Interpretations.

The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Bonds in accordance with applicable law.

Article 2. Deposit of Funds and Escrowed Securities

Section 2.1. Deposits in the Refunding Account.

Concurrently with the sale and delivery of the Refunding Bonds the County shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Refunding Account, \$_____ of the proceeds of the Bonds, of which \$_____ shall be applied to purchase the initial Escrowed Securities, \$_____ to establish a beginning cash balance, and \$_____ to pay the costs of issuance described in Appendix C attached hereto, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the County in writing.

Article 3. Creation and Operation of Refunding Account

Section 3.1. Refunding Account.

The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the King County 1998 Limited Tax General Obligation (Public Transportation Sales Tax) Bond Refunding Account (the "Refunding Account"). The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Refunding Account the funds and the Escrowed Securities described in Section 2.1 hereof. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Refunding Account, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.2 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Bonds, any balance then remaining in the Refunding Account shall be transferred to the County, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.2. Payment of Principal and Interest.

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the cash balances from time to time on deposit in the Refunding Account, the amounts required to pay the principal of the Refunded Bonds at their redemption date and interest thereon to such redemption date in the amounts and at the times shown in Appendix B attached hereto.

Section 3.3. Sufficiency of Refunding Account.

The County represents that, based upon the information provided in the Verification Report, the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Refunding Account will be at all times sufficient to provide money for transfer to the Paying Agent at the times and in the amounts required to pay interest due and payable on the Refunded Bonds on and prior to their respective redemption dates, and the redemption price for the Refunded Bonds payable on such redemption dates, all as set forth in the recitals of this Agreement.

If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Refunding Account shall be insufficient to transfer the amounts required by the Paying Agent to make the payments described in Section 3.2. hereof, the County shall timely deposit in the Refunding Account, from any funds lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Refunding Account or the County's failure to make additional deposits thereto.

Section 3.4. Trust Fund.

The Escrow Agent shall hold at all times the Refunding Account, the Escrowed Securities and all other assets of the Refunding Account, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Refunding Account to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Refunding Account only as set forth herein. The Escrowed Securities and other assets of the Refunding Account shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Bonds; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Bonds shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Refunding Account to which they are entitled as owners of the Refunded Bonds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the County, and the Escrow Agent shall have no right to title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the County or, except to the extent expressly herein provided, by the Paying Agent.

Article 4. Limitation on Investments

Section 4.1. Investments; Substitution of Securities.

Except for the initial investment in the Escrowed Securities, and except as provided in this Section 4.1, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities.

At the written request of the County, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall utilize cash balances in the Refunding Account, or sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Refunded Bonds or Government Obligations that do not permit the redemption thereof at the option of the obligor. Any such transaction may be effected by the Escrow Agent only if (a) the Escrow Agent shall have received a written opinion from a firm of certified public accountants that such transaction will not cause the amount of money and securities in the Refunding Account to be reduced below an amount sufficient to provide for the full and timely payment of principal of and interest on all of the remaining Refunded Bonds as they become due, taking into account any optional redemption thereof exercised by the County in connection with such transaction; (b) the Escrow Agent shall have received the unqualified written legal opinion of the County's bond counsel or tax counsel to the effect that such transaction will not cause any of the Bonds or Refunded Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and (c) such transaction is approved by an ordinance duly passed by the County Council.

Article 5. Application of Cash Balances

Section 5.1. In General.

Except as provided in Sections 3.2 and 4.1 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Refunding Account. Cash balances shall be held by the Escrow Agent in U.S. currency and as cash balances as shown on the books and records of the Escrow Agent and shall not be reinvested by the Escrow Agent; provided, however, a conversion to currency shall not be required (i) for so long as the Escrow Agent's internal rate of return does not exceed __%, or (ii) if the Escrow Trustee's internal rate of return exceeds __%, the Escrow Agent receives a letter of instructions, accompanied by the opinion of the County's bond counsel approving the assumed reinvestment of such proceeds at such higher yield.

Article 6. Redemption of Refunded Bonds

Section 6.1. Call for Redemption.

The County has, pursuant to the Bond Ordinance, irrevocably called the Refunded Bonds for redemption on their earliest redemption date, as shown in the Verification Report.

Section 6.2. Notice of Redemption.

The Escrow Agent agrees to give notice of the redemption of the Refunded Bonds, or to notify the Paying Agent to give such notice, pursuant to the terms of the Refunded Bond Resolutions. The Escrow Agent hereby certifies that it has made provision satisfactory and acceptable to it for the giving of notice of redemption of the Refunded Bonds.

Article 7. Records and Reports

Section 7.1. Records.

The Escrow Agent will keep books of record and account in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Refunding Account and all proceeds thereof, and such books shall be available for inspection during business hours and after reasonable notice.

Section 7.2. Reports.

While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the County a written report summarizing all transactions relating to the Refunding Account during the preceding year, including, without limitation, credits to the Refunding Account as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Refunding Account for payments on the Refunded Bonds or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Refunding Account as of the end of such period.

Article 8. Concerning the Paying Agent and Escrow Agent

Section 8.1. Representations.

The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein and that it will carry out all of its obligations hereunder.

Section 8.2. Limitation on Liability.

The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Refunding Account. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Refunding Account or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the County promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Bonds shall be taken as the statements of the County and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent.

The Escrow Agent is not a party to the proceedings authorizing the Bonds or the Refunded Bonds and is not responsible for nor bound by any of the provisions thereof (except to the extent that the Escrow Agent may be a place of payment and paying agent and/or a paying agent/registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Refunding Account, or any part thereof, or as to the title of the County thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the County with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Refunding Account, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the

occurrence of any such event or contingency the Escrow Agent may request from the County or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the County at any time.

Section 8.3. Compensation.

The County shall pay to the Escrow Agent \$_____ for services rendered by it pursuant to the provisions of this Agreement, and such payment is inclusive of all fees, compensation and expenses of the Escrow Agent; provided, however, that the Escrow Agent shall be separately compensated for services performed in connection with any substitution of securities pursuant to Section 4.2 of this Agreement.

In the event that the Escrow Agent renders any service at the request of the County that is not provided for in this Agreement, or the Escrow Agent is made a party to or intervenes in any litigation pertaining to this Agreement or institutes interpleader proceedings relative hereto, the Escrow Agent shall be reasonably compensated by the County for such extraordinary services and reimbursed for all fees, costs, liability and expenses (including reasonable attorneys' fees) occasioned thereby. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Refunding Account for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses as Escrow Agent or in any other capacity.

Section 8.4. Successor Escrow Agent.

The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor; provided that the Escrow Agent has presented evidence satisfactory to the County and its bond counsel that the successor meets the requirements of RCW Chapter 39.53, as now in effect or hereafter amended, and has assumed all the obligations of the Escrow Agent under this Agreement, and that all the Acquired Obligations and money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor.

Any corporation or association into which the Escrow Agent may be merged or converted, or resulting from any merger or conversion, or to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Escrow Agent without the execution of filing of any paper or any further act, anything herein to the contrary notwithstanding.

Article 9. Miscellaneous

Section 9.1. Notice.

Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the County or the Escrow Agent at the address shown below. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten days prior notice thereof.

County: King County, Washington
Department of Finance
County Administration Building
500 Fourth Avenue
Seattle, WA 98104
Attention: Finance Director

Escrow Agent: _____

Section 9.2. Termination of Responsibilities.

Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the County, the owners of the Refunded Bonds or to any other person or persons in connection with this Agreement.

Section 9.3. Binding Agreement.

This Agreement shall be binding upon the County and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Bonds, the County, the Escrow Agent and their respective successors and legal representatives.

Section 9.4. Severability.

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 9.5. Washington Law Governs.

This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Washington.

Section 9.6. Time of the Essence.

Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 9.7. Notice to Rating Agencies.

In the event that this agreement or any provision thereof is severed, amended or revoked, the County shall provide written notice of such severance, amendment or revocation to:

Standard & Poor's Ratings Services
Attn: Public Finance Rating Desk/Refunded Bonds
25 Broadway
New York, New York 10004

Moody's Investors Service
Attn: Public Finance Rating Desk/Refunded Bonds
99 Church Street
New York, New York 10007

Section 9.8. Amendments.

This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Refunded Bonds. No such amendment shall be made without first receiving written confirmation from the rating agencies (if any) that have rated the Refunded Bonds that such administrative changes will not result in a withdrawal or reduction of its rating then assigned to the Refunded Bonds. If this Agreement is amended, prior written notice and copies of the proposed changes shall be given to the rating agencies that have rated the Refunded Bonds.

IN WITNESS WHEREOF, the parties have executed and delivered this Escrow Agreement, all as of the date and year first above written.

KING COUNTY, WASHINGTON

Finance Director

[ESCROW AGENT]

Its: _____

- Appendix A - Description of the Escrowed Securities
- Appendix B - Schedule of Payments on the Refunded Bonds
- Appendix C - Costs to be Paid at Closing
- Appendix D - Notices of Redemption

APPENDIX A

[INSERT HERE A COPY OF THE DESCRIPTION OF THE ESCROW
SECURITIES FROM THE VERIFICATION REPORT.]

APPENDIX B

[INSERT HERE A COPY FROM THE VERIFICATION REPORT OF THE
SCHEDULE OF PAYMENTS TO BE MADE ON THE REFUNDED BONDS.]

APPENDIX C

13128

Costs to be paid at Closing:

<u>Description</u>	<u>Payee</u>	<u>Amount</u>
Escrow Verification Fee		\$
Escrow Agent Fee		
Bond Counsel Fees		
Rating Agency		<u> </u>
Total		\$ <u> </u>

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APPENDIX D

Notice of Redemption

[to come]