



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 9, 2001

Ordinance 14225

Proposed No. 2001-0448.2

Sponsors McKenna and Phillips

1 AN ORDINANCE authorizing the issuance of sewer
2 revenue bonds of the county in the aggregate principal
3 amount of not to exceed \$550,000,000 to provide funds for
4 constructing improvements to the sewer system of the
5 county and for refunding certain outstanding sewer revenue
6 bonds of the county; providing for the form, terms,
7 covenants and other provisions of such bonds; providing
8 for the sale of the bonds and for a plan of refunding;
9 establishing funds for the receipt and expenditure of bond
10 proceeds and for the payment of the bonds; pledging sewer
11 revenues to pay the principal of and interest on the bonds;
12 and amending Ordinances 13468 and 13650 to correct the
13 descriptions therein of rate covenants applicable to certain
14 outstanding sewer revenue bonds of the county.

15
16 **PREAMBLE:**
17

18 The Municipality of Metropolitan Seattle (“Metro”) was created by public
19 vote in 1958 to exercise the powers conferred by Chapter 35.58 Revised
20 Code of Washington (“RCW”) related to water pollution abatement.
21 RCW 35.58.200 confers specific powers to prepare and implement a
22 comprehensive water pollution abatement plan including provisions for
23 waterborne pollutant removal, water quality improvement, sewage
24 disposal and storm water drainage. In the exercise of those powers, the
25 metropolitan council adopted a comprehensive water pollution abatement
26 plan for the Seattle metropolitan area. This plan has been implemented in
27 stages and has included facilities for the conveyance and treatment of
28 sewage and control of combined sewer overflows that include, but are not
29 necessarily limited to, wastewater treatment plants, interceptor and trunk
30 sewers, pumping stations, regulator stations, outfall sewers, storm sewers
31 to divert stormwater from sanitary sewers, lands for application of
32 biosolids, property rights, buildings and other structures.

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

41 indebtedness payable from and secured by sewer revenues, including the
 42 bonds authorized herein.

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

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

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64	Series M	February 1, 1983	44,000,000	-0-
65	Series N	October 1, 1984	45,000,000	-0-
66	Series O	September 1, 1985	35,000,000	-0-
67	Series P	April 1, 1986	150,000,000	-0-
68	Series Q	March 1, 1987	135,000,000	-0-
69	Series R	September 1, 1988	48,000,000	-0-
70	Series S	August 1, 1990	100,000,000	-0-
71	Series T	May 1, 1991	100,000,000	-0-
72	Series U	February 1, 1992	90,000,000	-0-
73	Series V	August 1, 1992	119,580,000	119,580,000
74	Series W	January 1, 1993	90,000,000	-0-
75	Series X	March 1, 1993	136,305,000	130,500,000
76	Series Y	April 1, 1993	122,455,000	112,535,000
77	Series Z	July 1, 1993	127,100,000	123,720,000

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

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

89
90 The county has issued the following series of sewer revenue bonds on a
91 parity of lien with the Series A through Series Z Bonds. (The Series A
92 through Series Z Bonds together with the following described bonds are
93 hereinafter sometimes referred to collectively as the "Parity Bonds").

94
95 Original Principal Principal

96 Amount

97	<u>Series</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Outstanding</u>
98	1999	June 1, 1999	\$ 80,000,000	\$ 80,000,000
99	1999 (2 nd)	November 1, 1999	\$ 60,000,000	\$ 60,000,000

100
101 The county has issued the following series of limited tax general
102 obligation bonds additionally secured by a junior lien pledge of revenues
103 of the Sewer System (the "Parity Lien Obligations") dated as of the
104 following dates in the following original principal amounts and now
105 outstanding in the following principal amounts:

106
107 Original PrincipalPrincipal

108 Amount

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

114

115 The county may have opportunities to refund the callable portions of the
116 Parity Bonds, Parity Lien Obligations and a loan from the State Revolving
117 Fund (the "1990 SRF Loan") (collectively, the "Refunding Candidates")
118 and realize savings to the county and ratepayers of the Sewer System. It is
119 deemed necessary and advisable that the county now issue and sell not to
120 exceed \$400,000,000 principal amount of its sewer revenue bonds to
121 refund all or a portion of such bonds, as provided herein (the "Refunding
122 Bonds").

123

124 It is deemed necessary and desirable that the county also now sell and
125 issue its sewer revenue bonds in the aggregate principal amount of
126 \$150,000,000 (the "Project Bonds") to carry out portions of the
127 comprehensive plan.

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129 To maximize the savings from refunding the Refunding Candidates, it is in
130 the best interest of the county to delegate to the county finance director
131 authority to sell the Refunding Bonds and the Project Bonds in one or
132 more series and on one or more sale dates; provided, however, that the

133 aggregate principal amount of the Project Bonds shall not exceed
134 \$150,000,000 and the aggregate principal amount of the Refunding Bonds
135 shall not exceed \$400,000,000.

136
137 The resolutions and ordinance authorizing the issuance of the outstanding
138 Parity Bonds and the ordinances authorizing the issuance of the
139 outstanding Parity Lien Obligations all provide that the county may issue
140 additional sewer revenue bonds on a parity with the outstanding Parity
141 Bonds if certain conditions are met. The county council has found and
142 determined that such parity conditions have been met, and therefore the
143 pledge of revenues of the Sewer System to secure such bonds shall be on a
144 parity with the pledge of such revenues to secure the outstanding Parity
145 Bonds.

146 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

147 Section 1. Definitions. The following words and terms as used in this
148 ordinance shall have the following meanings for all purposes of this ordinance, unless
149 some other meaning is plainly intended.

150 "Additional Subordinate Lien Obligations" means those revenue bonds or other
151 revenue obligations that may be issued by the county in the future with a lien on Revenue
152 of the System equal to the lien thereon of the Commercial Paper Notes and the Bank
153 Note.

154 “Advance” or “Advances” have the meanings given such terms in the Line of
155 Credit Agreement entered into by the county and Bayerische Landesbank Girozentrale
156 securing payments of principal of the Commercial Paper Notes.

157 “Annual Parity Debt Service” means, with respect to any calendar year, the sum
158 of the following:

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

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

166 (ii) The amount of interest deemed to be payable on any issue of
167 Variable Rate Parity Bonds shall be calculated on the assumption that the interest rate on
168 those bonds would be equal to the rate (the “assumed RBI rate”) that is 90% of the
169 average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter
170 preceding the quarter in which the calculation is made; provided, however, that for
171 purposes of determining actual compliance in any past calendar year with the rate
172 covenant made in Section 16 of this ordinance, the actual amount of interest paid on any
173 issue of Variable Rate Parity Bonds shall be taken into account.

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

177 (3) The amounts required to be paid into the Bond Fund on or before (i) each
178 Principal Payment Date (other than January 1) of such calendar year and (ii) January 1 of
179 the next succeeding calendar year for interest on and amortization of principal of Parity
180 Term Bonds. For purposes of this paragraph (3), “amounts required to be paid” means
181 the amount to be deposited or accumulated in the Term Bond Accounts on or before such
182 dates for outstanding Parity Term Bonds irrespective of the date or dates such amount, or
183 any portion thereof, is actually deposited into such fund or account.

184 Notwithstanding the foregoing, debt service on Parity Bonds with respect to
185 which a Payment Agreement is in force shall be calculated by the county to reflect the net
186 economic effect on the county intended to be produced by the terms of the Parity Bonds
187 and the terms of the Payment Agreement, in accordance with the requirements set forth in
188 Section 24 of this ordinance.

189 “Annual Parity Debt Service (Cash Basis)” means, with respect to any calendar
190 year, the sum of the following:

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

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

197 (ii) The amount of interest deemed to be payable on any issue of
198 Variable Rate Parity Bonds shall be calculated on the assumption that the interest rate on
199 those bonds would be equal to the rate (the “assumed RBI rate”) that is 90% of the

200 average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter
201 preceding the quarter in which the calculation is made; provided, however, that for
202 purposes of determining actual compliance in any past calendar year with the rate
203 covenant made in Section 16 of this ordinance, the actual amount of interest paid on any
204 issue of Variable Rate Parity Bonds shall be taken into account.

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

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

213 Notwithstanding the foregoing, debt service on Parity Bonds with respect to
214 which a Payment Agreement is in force shall be calculated by the county to reflect the net
215 economic effect on the county intended to be produced by the terms of the Parity Bonds
216 and the terms of the Payment Agreement, in accordance with the requirements set forth in
217 Section 24 of this ordinance.

218 "Arbitrage and Tax Certification" means the certificate executed by the finance
219 director pertaining to the calculation and payment of any Rebate Amount with respect to
220 the Bonds.

221 "Bank Note" means the bank note authorized to be issued by Ordinance 12057 of
222 the county to secure payment of the Commercial Paper Notes.

223 “Betterment Reserve” or “Betterment Reserve Account” means the Renewal,
224 Extension and Betterment Reserve Account created in the Revenue Fund by Section 8 of
225 Resolution No. 90 of the Metro Council.

226 “Bond Fund” means the “Municipality of Metropolitan Seattle Sewer Revenue
227 Bond Fund” created by Section 10 of Resolution No. 90 of the Metro Council and
228 redesignated and continued by the county as the “Water Quality Revenue Bond Account”
229 pursuant to Section 30 of Ordinance 12076 of the county.

230 “Bond Register” means the registration books maintained by the Bond Registrar
231 for purposes of identifying ownership of the Bonds.

232 “Bond Registrar” means the fiscal agency of the State of Washington in either
233 Seattle, Washington, or New York, New York, for the purposes of registering and
234 authenticating the Bonds, maintaining the Bond Register, effecting the transfer of
235 ownership of the Bonds and paying interest on and principal (and any premium pursuant
236 to call on) of the Bonds.

237 “Bond Reserve” or “Bond Reserve Account” means the bond reserve account in
238 the Bond Fund.

239 “Bondowners’ Trustee” means a trustee for the Parity Bonds authorized by this
240 ordinance to be appointed from and after such time as no Series A through Series Z
241 Bonds remain outstanding.

242 “Bonds” means all or a portion of the Project Bonds and the Refunding Bonds
243 authorized to be issued pursuant to this ordinance.

244 “Certified Public Accountant” means an independent certified public accountant
245 (or firm of certified public accountants) selected by the county and having a favorable
246 national reputation.

247 “Closing” means the delivery of the Bonds to, and payment of the purchase price
248 therefor by, the initial purchasers of the Bonds.

249 “Code” means the Internal Revenue Code of 1986, as amended, together with
250 corresponding and applicable final, temporary or proposed regulations and revenue
251 rulings issued or amended with respect thereto by the United States Treasury Department
252 or the Internal Revenue Service, to the extent applicable to the Bonds.

253 “Commercial Paper Notes” means the King County, Washington, Sewer Revenue
254 Bond Anticipation Notes, Commercial Paper Series A, authorized, issued, and
255 outstanding from time to time pursuant to Ordinance 12057 of the county, as amended.

256 “Commission” means the Securities and Exchange Commission.

257 “Comprehensive Plan” means the county’s comprehensive water pollution
258 abatement plan authorized by RCW 35.58.200 and defined in Section 28.82.150 of the
259 King County Code as the Comprehensive Sewage Disposal Plan adopted by Resolution
260 No. 23 of the Metro Council on April 22, 1959, and all amendments thereto, including
261 those amendments approved by the following resolutions of the Metro Council:
262 Resolution No. 74 adopted February 16, 1961, Resolution No. 152 adopted April 19,
263 1962, Resolution No. 261 adopted March 7, 1963, Resolution No. 441 adopted
264 August 20, 1964, Resolution No. 477 adopted November 19, 1964, Resolution No. 795
265 adopted November 3, 1966, Resolution No. 928 adopted June 1, 1967, Resolution
266 No. 1011 adopted November 16, 1967, Resolution No. 1024 adopted December 7, 1967,

267 Resolution No. 1052 adopted March 21, 1968, Resolution No. 1257 adopted July 3, 1969,
268 Resolution No. 1330 adopted December 18, 1969, Resolution No. 1829 adopted March 1,
269 1973, Resolution No. 2025 adopted February 21, 1974, Resolution No. 3135 adopted
270 March 15, 1979, Resolution No. 3781 adopted November 5, 1981, Resolution No. 4217
271 adopted December 15, 1983, Resolution No. 4234 adopted October 20, 1983, Resolution
272 No. 4339 adopted April 5, 1984, Resolution No. 4780 adopted July 17, 1986, Resolution
273 No. 5332 adopted May 19, 1988, Resolution No. 5371 adopted April 21, 1988,
274 Resolution No. 5449 adopted July 21, 1988, Resolution No. 5902 adopted June 21, 1990,
275 Resolution No. 6107 adopted March 21, 1991, and Resolution No. 6378 adopted June 4,
276 1992, together with any amendments hereafter approved by ordinance of the county.

277 "Construction Account" means the "Second Water Quality Construction
278 Account," as designated by Section 30 of Ordinance 12076 of the county, passed on
279 December 18, 1995, which account was previously known as the "Second Water Quality
280 Construction Fund" created by Section 13 of Ordinance 11241 of the county.

281 "Contingency Reserve" or "Contingency Reserve Account" means the
282 Contingency Reserve Account created in the Revenue Fund by Section 7 of Resolution
283 No. 90 of the Metro Council.

284 "Credit Facility" means any letter of credit, standby bond purchase agreement,
285 line of credit, surety bond, insurance policy or other insurance commitment or similar
286 agreement (but not including a Payment Agreement), satisfactory to the county, that is
287 provided by a commercial bank, insurance company or other financial institution with a
288 current long term rating (or whose obligations thereunder are guaranteed by a financial
289 institution with a long term rating) from Moody's Investors Service and Standard &

290 Poor's Ratings Group not lower than the credit rating of any series of Parity Bonds, to
291 provide support for a series of Parity Bonds, and shall include any substitute therefor in
292 accordance with the provisions of the ordinance providing for the issuance of Parity
293 Bonds supported by a Credit Facility.

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

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

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

298 "Future Parity Bonds" means any sewer revenue bonds, warrants or other
299 obligations that may be issued in the future as Parity Bonds.

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

303 "Interest Payment Dates" means January 1 and July 1 of each year, so long as any
304 of the Series A through Series Z Bonds remain outstanding, and thereafter such dates as
305 may be established by the county council for each series of Parity Bonds.

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

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

312 “MSRB” means the Municipal Securities Rulemaking Board or any successor to
313 its functions.

314 “1990 SRF Loan Agreement” means the Washington State Water Pollution
315 Control State Revolving Fund (SRF) Loan Agreement between the State of Washington
316 Department of Ecology and Metro dated December 26, 1990, as amended from time to
317 time.

318 “1990 SRF Loan” means the State Revolving Fund loan to Metro by the State of
319 Washington Department of Ecology pursuant to the 1990 SRF Loan Agreement.

320 “1994A Bonds” means the county’s Limited Tax General Obligation Bonds
321 (Payable from Sewer Revenues), 1994 Series A, issued under date of April 1, 1994, in the
322 initial principal amount of \$170,000,000 as authorized by Ordinance Nos. 11241 and
323 11252 of the county.

324 “1995 Bonds” means the county’s Limited Tax General Obligation Bonds
325 (Payable from Sewer Revenues), 1995, issued under date of May 1, 1995, in the initial
326 principal amount of \$90,000,000 as authorized by Ordinance 11763 of the county.

327 “1996 Bonds” means the county’s Limited Tax General Obligation Refunding
328 Bonds (Payable from Sewer Revenues), 1996 Series C, issued under date of December
329 15, 1996, in the initial principal amount of \$130,965,000 as authorized by Ordinance
330 12314 of the county.

331 “1998 Bonds” means the county’s Limited Tax General Obligation Refunding
332 Bonds (Payable from Sewer Revenues), 1998 Series B, issued under date of September
333 15, 1998, in the initial principal amount of \$261,625,000 as authorized by

334 Ordinance 13256 of the county passed on August 31, 1998 and Motion No. 15060 of the
335 county council passed on September 28, 1998.

336 “1999 Bonds” means the county’s Sewer Revenue Bonds, 1999, issued under date
337 of June 1, 1999, in the initial principal amount of \$80,000,000 as authorized by
338 Ordinance 13468 of the county passed on April 19, 1999 and Motion No. 10694 of the
339 county council passed on June 7, 1999.

340 “1999 (2nd) Bonds” means the county’s Sewer Revenue Bonds, 1999 (Second
341 Series), issued under date of November 1, 1999, in the principal amount of \$60,000,000,
342 as authorized by Ordinance 13650 of the county passed on October 4, 1999, and Motion
343 No. 10799 of the county council passed on October 25, 1999.

344 “Net Revenue” means Revenue of the System less Operating and Maintenance
345 Expenses.

346 “NRMSIR” means a nationally recognized municipal securities information
347 repository.

348 “Operating and Maintenance Expenses” means all normal expenses incurred by
349 the county in causing the System to be maintained in good repair, working order and
350 condition and shall include payments to any private or governmental agency for the
351 operation or maintenance of facilities or for the disposal of sewage but shall exclude any
352 allowance for depreciation.

353 “Operating Reserve” or “Operating Reserve Account” means the Operating
354 Reserve Account created in the Revenue Fund by Section 6 of Resolution No. 90 of the
355 Metro Council.

356 “Parity Bonds” means the Series A through Series Z Bonds, the 1999 Bonds, the
357 1999 (2nd) Bonds, the Bonds, and any and all sewer revenue bonds of the county, the
358 payment of which constitutes a lien and charge upon the Revenue of the System equal in
359 rank with the lien and charge upon such revenue for the payments required to pay or to
360 secure the payment of the Series A through Series Z Bonds, the 1999 Bonds, the
361 1999(2nd) Bonds, and the Bonds. At such time as the provisions of Section 24 hereof
362 become effective, “Parity Bonds” shall include any Parity Payment Agreements and
363 parity reimbursement agreements entered into with the provider of a Credit Facility.

364 “Parity Lien Obligation Bond Fund” means the Water Quality Limited Tax
365 General Obligation Bond Redemption Fund, established pursuant to Section 8 of
366 Ordinance 11241 of the county, to provide for payment of Parity Lien Obligations.

367 “Parity Lien Obligations” means the 1994A Bonds, the 1995 Bonds, the 1996
368 Bonds and the 1998 Bonds and all bonds, notes or other evidences of indebtedness
369 payable in whole or in part from Revenue of the System and secured by a lien on such
370 Revenue on a parity of lien with the lien of the 1994A Bonds, the 1995 Bonds, the 1996
371 Bonds and the 1998 Bonds. “Parity Lien Obligations” include any Parity Lien Payment
372 Agreements and parity reimbursement agreements entered into with the provider of a
373 Credit Facility.

374 “Parity Lien Obligation Payment Agreement” means a Payment Agreement under
375 which the county’s payment obligations are expressly stated to constitute a charge and
376 lien on the Revenue of the System equal in rank with the charge and lien upon such
377 revenue securing amounts required to be paid into the Parity Lien Obligation Bond Fund
378 to pay and secure the payment of principal of and interest on the Parity Lien Obligations.

379 “Parity Payment Agreement” means a Payment Agreement under which the
380 county’s payment obligations are expressly stated to constitute a charge and lien on the
381 Revenue of the System equal in rank with the charge and lien upon such revenue securing
382 amounts required to be paid into the Bond Fund to pay and secure the payment of
383 principal of and interest on the Parity Bonds.

384 “Parity Term Bonds” means Parity Bonds that are Term Bonds.

385 “Payment Agreement” means, to the extent permitted from time to time by
386 applicable law, a written agreement entered into by the county (i) in connection with or
387 incidental to the issuance, incurring or carrying of the Bonds or other obligations of the
388 county secured in whole or in part by a lien on Revenue of the System; (ii) for the
389 purpose of managing or reducing the county’s exposure to fluctuations or levels of
390 interest rates, currencies or commodities or for other interest rate, investment, asset or
391 liability management purposes; (iii) with a Qualified Counterparty; and (iv) which
392 provides, on either a current or forward basis, for an exchange of payments determined in
393 accordance with a formula specified therein.

394 “Payment Agreement Payments” means the amounts periodically required to be
395 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The
396 term “Payment Agreement Payments” does not include any termination payment required
397 to be paid with respect to a Payment Agreement.

398 “Payment Agreement Receipts” means the amounts periodically required to be
399 paid by the Qualified Counterparty to the county pursuant to a Payment Agreement.

400 “Principal Payment Date” means January 1 of each year, so long as any of the
401 Series A through Series Z Bonds remain outstanding, and thereafter such date as may be
402 established by the county council for each series of Parity Bonds.

403 “Project Bonds” means the \$150,000,000 principal amount of sewer revenue
404 bonds of the county authorized to be issued hereunder to pay costs of constructing and
405 installing portions of the Comprehensive Plan and for acquiring, constructing and installing
406 necessary renewals or replacements of the System.

407 “Qualified Counterparty” means with respect to a Payment Agreement an entity
408 (i) whose senior long term debt obligations, other senior unsecured long term obligations
409 or claims paying ability or whose payment obligations under a Payment Agreement are
410 guaranteed by an entity whose senior long term debt obligations, other senior unsecured
411 long term obligations or claims paying ability are rated (at the time the Payment
412 Agreement is entered into) at least as high as A3 by Moody’s Investors Service and A- by
413 Standard & Poor’s Rating Group, or the equivalent thereof by any successor thereto, and
414 (ii) who is otherwise qualified to act as the other party to a Payment Agreement under
415 any applicable laws of the State.

416 “Qualified Insurance” means any unconditional municipal bond insurance policy
417 or surety bond issued by any insurance company licensed to conduct an insurance
418 business in any state of the United States or by a service corporation acting on behalf of
419 one or more such insurance companies, which insurance company or service corporation
420 is rated in one of the two highest rating categories by Moody’s Investors Service,
421 Standard & Poor’s Ratings Services, and any other rating agency then maintaining a
422 rating on the Bonds, provided, that, as of the time of issuance of such policy or surety

423 bond, such insurance company or companies maintain a policy owner's surplus in excess
424 of \$500,000,000.

425 "Qualified Letter of Credit" means any irrevocable letter of credit issued by a
426 bank for the account of the county and for the benefit of the owners of Parity Bonds,
427 provided that such bank maintains an office, agency or branch in the United States, and
428 provided further, that, as of the time of issuance of such letter of credit, such bank is
429 currently rated in one of the two highest rating categories by Moody's Investors Service,
430 Standard & Poor's Ratings Service, and any other rating agency then maintaining a rating
431 on the Bonds.

432 "Rate Stabilization Fund" means the fund of that name authorized to be created
433 pursuant to Section 13.D of Ordinance 12314 of the county.

434 "RCW" means the Revised Code of Washington.

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

438 "Refunded Bonds" means those Refunding Candidates that shall be refunded from
439 proceeds of the Refunding Bonds, as determined by the finance director pursuant to
440 Section 25 hereof and set forth in a Sale Motion in accordance with Section 25 hereof.

441 "Refunding Candidates" means the following Parity Bonds and Parity Lien
442 Obligations:

443

444	Potential	Earliest Possible
445	<u>Refunded Bond</u>	<u>Date of Redemption</u>

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446	Series E Bonds maturing on and after	
447	January 1, 2004	January 1, 2002
448	Series F Bonds maturing on and after	
449	January 1, 2004	January 1, 2002
450	Series G Bonds maturing on and after	
451	January 1, 2004	January 1, 2002
452	Series H Bonds maturing on and after	
453	January 1, 2004	January 1, 2002
454	Series I Bonds maturing on and after	
455	January 1, 2003	January 1, 2002
456	Series V Bonds maturing on and after	
457	January 1, 2032	January 1, 2002
458	1999 (2 nd) Bonds maturing on and after	
459	January 1, 2010	January 1, 2009
460	1995 Bonds maturing on and after	
461	January 1, 2006	January 1, 2005
462	1990 SRF Loan maturing on and after	
463	February 1, 2002	February 1, 2002
464	“Refunding Account” means the account authorized to be created pursuant to	
465	Section 15 hereof.	
466	“Refunding Bonds” means not to exceed \$400,000,000 of the sewer revenue	
467	bonds authorized to be issued by this ordinance to refund the Refunded Bonds.	

468 “Registered Owner” means any person or entity who shall be the registered owner
469 of any Bond.

470 “Reserve Requirement” means, (i) so long as any of the Series A through Series Z
471 Bonds remain outstanding, maximum Annual Parity Debt Service (Cash Basis) with
472 respect to any calendar year hereafter. and (ii) from and after such time as no Series A
473 through Series Z Bonds remain outstanding, maximum Annual Parity Debt Service with
474 respect to any calendar year thereafter.

475 “Revenue Fund” means the special fund of Metro created by Resolution No. 7 of
476 the Metro Council adopted November 26, 1958, redesignated as the “Municipality of
477 Metropolitan Seattle Sewer Revenue Fund” by Section 5 of Resolution No. 90 of the
478 Metro Council and redesignated and continued by the county as the “Water Quality
479 Operating Account” pursuant to Section 30 of Ordinance 12076 of the county.

480 “Revenue of the System” means all the earnings, revenues and money received by
481 the county from or on account of the operations of the Sewer System and the income
482 from the investment of money in the Revenue Fund or any account within such fund, but
483 shall not include any money collected pursuant to the Service Agreements applicable to
484 administrative costs of the county other than costs of administration of the System.

485 “Rule” means the Commission’s Rule 15c2-12 under the Securities and Exchange
486 Act of 1934, as the same may be amended from time to time.

487 “Sale Motion” means a motion of the county council approving a bid for each
488 series of the Bonds, in accordance with Section 25 hereof.

489 “Series A through Series Z Bonds” means all of the outstanding sewer revenue
490 bonds of the county issued by Metro.

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

495 “SID” means a state information depository for the State of Washington (if one is
496 created).

497 “Standby Trustee” means U.S. Bank Trust National Association, or the successor
498 thereto, as trustee for the Parity Bonds so long as any of the Series A through Series Z
499 Bonds remain outstanding.

500 “State” means the State of Washington.

501 “System” or “Sewer System” means the sewers and sewage disposal facilities
502 now or hereafter acquired, constructed, used or operated by the county for the purpose of
503 carrying out the Comprehensive Plan.

504 “2000 SRF Loan” means the State Revolving Fund loan to the county by the State
505 of Washington Department of Ecology pursuant to the 2000 SRF Loan Agreement and
506 any other State Revolving Fund loans to the county having a lien and charge against
507 Revenue of the System on a parity with the lien and charge of the 2000 SRF Loan.

508 “2000 SRF Loan Agreement” means the Washington State Water Pollution
509 Control State Revolving Fund (SRF) Loan Agreement between the State of Washington
510 Department of Ecology and King County Department of Natural Resources Wastewater
511 Treatment Division effective as of June 1, 2000, as amended from time to time.

512 “Term Bonds” means those outstanding bonds or obligations of any single issue
513 or series of bonds maturing in any one year for the retirement of which regularly

514 recurring annual deposits are required to be made into a bond fund prior to the scheduled
515 maturity of such bonds sufficient to pay the same at or prior to their maturity.

516 “Trustee” means either the Standby Trustee or a Bondowners’ Trustee.

517 “Variable Rate Parity Bonds” means Parity Bonds bearing interest at a variable
518 rate of interest provided that at least one of the following conditions is met: (i) at the
519 time of issuance the county has entered into a Payment Agreement with respect to such
520 Parity Bonds, which Agreement converts the effective interest rate to the county on the
521 Variable Rate Parity Bonds from a variable interest rate to a fixed interest rate, or (ii) the
522 Parity Bonds bear interest at a variable rate but are issued concurrently in equal par
523 amounts with other Parity Bonds bearing interest at a variable rate and which are required
524 to remain outstanding in equal amounts at all times, if the net effect of such equal par
525 amounts and variable rates at all times is a fixed rate of interest to the county.

526 Section 2. Findings.

527 A. The county may be able to realize significant debt service savings
528 by refunding all or some of the Refunding Candidates. Because market conditions may
529 change, however, the council finds that it is in the best interests of the county and
530 ratepayers of the System that a final plan of refunding be established by the finance
531 director, in consultation with the county’s financial advisors, immediately preceding the
532 sale of the Refunding Bonds, which plan of refunding will be ratified and confirmed by
533 the council in a Sale Motion.

534 B. In accordance with the provisions of the resolutions and ordinances
535 authorizing the issuance of the currently outstanding Parity Bonds, which permit the

536 issuance of additional Parity Bonds upon compliance with the conditions set forth therein
537 (the "Parity Conditions"), the county council hereby finds and determines, as follows:

538 (i) The Project Bonds are to be issued for the purpose of
539 acquiring, constructing and installing portions of the Comprehensive Plan and for acquiring,
540 constructing and installing necessary renewals or replacements of the System.

541 (ii) The Refunding Bonds are to be issued for the purpose of
542 refunding and retiring prior to their maturity certain outstanding obligations of the county
543 payable from Revenue of the System.

544 (iii) There is not now, and when the Bonds are issued there shall
545 not then be, any deficiency in the Bond Fund or any account therein.

546 (iv) This ordinance provides for payment out of the Bond Fund
547 of the principal of and interest on the Bonds on the days required by the Parity
548 Conditions, and provides for a deposit into the Bond Reserve Account to satisfy the
549 Reserve Requirement, as required by the Parity Conditions.

550 (v) On or within 90 days prior to the date of issuance of the
551 Bonds, the county shall have on file a certificate from a licensed professional engineer
552 experienced in the design, construction and operation of municipal utilities of scope similar
553 to the System showing that in his or her professional opinion the "annual income available
554 for revenue bond debt service" (determined as provided in the Parity Conditions) for each
555 year during the life of the Bonds is at least equal to 1.25 times the amount required in each
556 such year to pay: (1) the principal of the Bonds and all outstanding Parity Bonds, other than
557 Term Bonds, (2) the interest on the Bonds and all outstanding Parity Bonds, exclusive of
558 any interest payable from the proceeds of the Bonds, and (3) the amounts required to be paid

559 into the Bond Fund to amortize the principal of any of the Bonds that are Term Bonds and
560 all outstanding Parity Term Bonds.

561 C. The applicable Parity Conditions having been complied with in
562 connection with the issuance of the Bonds, the pledge contained herein of Revenue of the
563 System to pay and secure the payment of the Bonds shall constitute a lien and charge
564 upon such revenue equal in rank with the lien and charge upon the Revenue of the
565 System to pay and secure the payment of the outstanding Parity Bonds.

566 Section 3. Authorization of Bonds. To provide funds necessary to pay costs
567 of acquiring, constructing and equipping improvements, additions or betterments to the
568 System set forth in the Comprehensive Plan, the county shall issue the Project Bonds in
569 the aggregate principal amount of \$150,000,000. To provide funds to refund the
570 Refunded Bonds, the county shall issue the Refunding Bonds in an aggregate principal
571 amount to be established as provided in Section 25 hereof and in any event not to exceed
572 \$400,000,000. The Refunding Bonds and the Project Bonds may be issued and sold in
573 one or more series, each series to be designated as "King County, Washington, Sewer
574 Revenue Bonds" with an applicable year and series designation to be established as
575 provided in Section 25 hereof. The Bonds shall be fully registered as to both principal
576 and interest, shall be in the denomination of \$5,000 each or any integral multiple thereof
577 (but no Bond shall represent more than one maturity), shall be numbered separately in
578 such manner and with any additional designation as the Bond Registrar deems necessary
579 for purposes of identification, and shall be dated as of such date and shall mature on the
580 dates, in the years and the amounts established as provided in Section 25 hereof.

581 Each series of the Bonds shall bear interest (computed on the basis of a 360-day
582 year of twelve 30-day months) from their date or from the most recent interest payment
583 date for which interest has been paid or duly provided for, whichever is later, payable on
584 semiannual interest payment dates to be established as provided in Section 25 hereof, at
585 the rate or rates established as provided in Section 25 hereof and accepted by a Sale
586 Motion.

587 Section 4. Registration, Exchange and Payments.

588 A. Registrar/Bond Register. The county hereby adopts the system of
589 registration specified and approved by the Washington State Finance Committee, which
590 utilizes the fiscal agencies of the State of Washington in Seattle, Washington, and New
591 York, New York, as registrar, authenticating agent, paying agent and transfer agent
592 (collectively, the "Bond Registrar"). The Bond Registrar shall keep, or cause to be kept,
593 at its principal corporate trust office, sufficient books for the registration and transfer of
594 the Bonds, which shall at all times be open to inspection by the county. The Bond
595 Registrar is authorized, on behalf of the county, to authenticate and deliver the Bonds
596 transferred or exchanged in accordance with the provisions of such Bonds and this
597 ordinance and to carry out all of the Bond Registrar's powers and duties under this
598 ordinance.

599 The Bond Registrar shall be responsible for its representations contained in the
600 Certificate of Authentication on the Bonds. The Bond Registrar may become the
601 Registered Owner of Bonds with the same rights it would have if it were not the Bond
602 Registrar, and to the extent permitted by law may act as depositary for and permit any of

603 its officers or directors to act as a member of, or in any other capacity with respect to, any
604 committee formed to protect the rights of Registered Owners.

605 B. Registered Ownership. The county and the Bond Registrar, each in its
606 discretion, may deem and treat the Registered Owner of each Bond as the absolute owner
607 thereof for all purposes, and neither the county nor the Bond Registrar shall be affected
608 by any notice to the contrary. Payment of any such Bond shall be made only as described
609 in Section 4.G hereof, but such registration may be transferred as herein provided. All
610 such payments made as described in Section 4.G shall be valid and shall satisfy and
611 discharge the liability of the county upon such Bond to the extent of the amount or
612 amounts so paid. The county and the Bond Registrar shall be entitled to treat the person
613 in whose name any Bond is registered as the absolute owner thereof for all purposes of
614 this ordinance and any applicable laws, notwithstanding any notice to the contrary
615 received by the Bond Registrar or the county.

616 C. DTC Acceptance/Letters of Representations. The Bonds initially issued
617 shall be held in fully immobilized form by DTC acting as depository. To induce DTC to
618 accept the Bonds as eligible for deposit at DTC, the county has heretofore executed and
619 delivered to DTC a Blanket Issuer Letter of Representations.

620 Neither the county nor the Bond Registrar will have any responsibility or
621 obligation to DTC participants or the persons for whom they act as nominees with respect
622 to the Bonds in respect of the accuracy of any records maintained by DTC or any DTC
623 participant, the payment by DTC or any DTC participant of any amount in respect of the
624 principal of or interest on the Bonds, any notice which is permitted or required to be
625 given to Registered Owners under this ordinance (except such notices as shall be required

626 to be given by the county to the Bond Registrar or to DTC), or any consent given or other
627 action taken by DTC as the Registered Owner. For so long as any Bonds are held in fully
628 immobilized form hereunder, DTC or its successor depository shall be deemed to be the
629 Registered Owner for all purposes hereunder, and all references herein to the Registered
630 Owners shall mean DTC or its nominee and shall not mean the owners of any beneficial
631 interest in the Bonds.

632 D. Use of Depository.

633 (1) The Bonds shall be registered initially in the name of "Cede &
634 Co.," as nominee of DTC, with one Bond maturing on each of the maturity dates
635 for the Bonds of each series in a denomination corresponding to the total principal
636 therein designated to mature on such date. Registered ownership of such
637 immobilized Bonds, or any portions thereof, may not thereafter be transferred
638 except (i) to any successor of DTC or its nominee, provided that any such
639 successor shall be qualified under any applicable laws to provide the service
640 proposed to be provided by it; (ii) to any substitute depository appointed by the
641 county council pursuant to subsection (2) below or such substitute depository's
642 successor; or (iii) to any person as provided in subsection (4) below.

643 (2) Upon the resignation of DTC or its successor (or any substitute
644 depository or its successor) from its functions as depository or a determination by
645 the county council to discontinue the system of book entry transfers through DTC
646 or its successor (or any substitute depository or its successor), the county council
647 may hereafter appoint a substitute depository. Any such substitute depository

648 shall be qualified under any applicable laws to provided the services proposed to
649 be provided by it.

650 (3) In the case of any transfer pursuant to clause (i) or (ii) of
651 subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding
652 Bonds, together with a written request on behalf of the county council, issue a
653 single new Bond for each maturity of such Bonds then outstanding, registered in
654 the name of such successor or such substitute depository, or their nominees, as the
655 case may be, all as specified in such written request of the county council.

656 (4) In the event that (i) DTC or its successor (or substitute depository
657 or its successor) resigns from its functions as depository, and no substitute
658 depository can be obtained, or (ii) the county council determines that it is in the
659 best interest of the beneficial owners of any of the Bonds that they be able to
660 obtain such Bonds in the form of bond certificates, the ownership of Bonds may
661 then be transferred to any person or entity as herein provided, and the Bonds shall
662 no longer be held in fully immobilized form. The county council shall deliver a
663 written request to the Bond Registrar, together with a supply of definitive Bonds,
664 to issue Bonds as herein provided in any authorized denomination. Upon receipt
665 of all then outstanding Bonds by the Bond Registrar together with a written
666 request on behalf of the county council to the Bond Registrar, new Bonds shall be
667 issued in such denominations and registered in the names of such persons as are
668 requested in such written request.

669 E. Transfer or Exchange of Registered Ownership; Change in
670 Denominations. The registered ownership of any Bond may be transferred or exchanged,

671 but no transfer of any Bond shall be valid unless it is surrendered to the Bond Registrar
672 with the assignment form appearing on such Bond duly executed by the Registered
673 Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the
674 Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered
675 Bond and shall authenticate and deliver, without charge to the Registered Owner or
676 transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of
677 the same date, maturity and interest rate and for the same aggregate principal amount in
678 any authorized denomination, naming as Registered Owner the person or persons listed
679 as the assignee on the assignment form appearing on the surrendered Bond, in exchange
680 for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond
681 Registrar and exchanged, without charge, for an equal aggregate principal amount of
682 Bonds of the same date, maturity and interest rate, in any authorized denomination. The
683 Bond Registrar shall not be obligated to transfer or exchange any Bond during a period
684 beginning at the opening of business on the 15th day of the month next preceding any
685 interest payment date and ending at the close of business on such interest payment date,
686 or, in the case of any proposed redemption of the Bonds, after the mailing of notice of the
687 call of such Bonds for redemption.

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

691 G. Place and Medium of Payment. Both principal of and interest on the
692 Bonds shall be payable in lawful money of the United States of America. For so long as
693 all Bonds are in fully immobilized form, payments of principal and interest thereon shall

694 be made as provided in accordance with the operational arrangements of DTC referred to
695 in the Letter of Representations. In the event that the Bonds are no longer in fully
696 immobilized form, interest on the Bonds shall be paid by check or draft mailed to the
697 Registered Owners at the addresses for such Registered Owners appearing on the Bond
698 Register on the 15th day of the month preceding the interest payment date, and principal
699 of the Bonds shall be payable upon presentation and surrender of such Bonds by the
700 Registered Owners at the principal office of the Bond Registrar.

701 Section 5. Redemption of Bonds; Open Market Purchases. The county may
702 reserve the right to redeem outstanding Bonds prior to their maturity on the dates and at
703 the prices established as provided in Section 25 hereof and ratified and confirmed by the
704 Sale Motion. Portions of the principal amount of any Bond, in increments of \$5,000 or
705 any integral multiple of \$5,000, may be redeemed.

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

711 If less than all of the principal amount of any Bond is redeemed, upon surrender
712 of such Bond at the principal office of the Bond Registrar there shall be issued to the
713 registered owner, without charge therefor, for the then unredeemed balance of the
714 principal amount thereof, a new Bond or Bonds, at the option of the registered owner, of
715 like maturity and interest rate in any denomination authorized by this ordinance.

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

718 Section 6. Notice and Effect of Redemption.

719 A. Notice of Redemption. Written notice of any redemption of Bonds shall
720 be given by the Registrar on behalf of the county by first class mail, postage prepaid, not
721 less than 30 days nor more than 60 days before the redemption date to the registered
722 owners of Bonds that are to be redeemed at their last addresses shown on the Bond
723 Register. So long as the Bonds are in book-entry form, notice of redemption shall be
724 given as provided in the Letter of Representations. The Registrar shall provide additional
725 notice of redemption (at least 30 days) to each NRMSIR and SID, if any, in accordance
726 with the ongoing disclosure provisions to be adopted by the Sale Motion.

727 The requirements of this section shall be deemed complied with when notice is
728 mailed, whether or not it is actually received by the owner.

729 Each notice of redemption shall contain the following information: (1) the
730 redemption date, (2) the redemption price, (3) if less than all outstanding Bonds are to be
731 redeemed, the identification (and, in the case of partial redemption, the principal
732 amounts) of the Bonds to be redeemed, (4) that on the redemption date the redemption
733 price will become due and payable upon each Bond or portion called for redemption, and
734 that interest shall cease to accrue from the redemption date, (5) that the Bonds are to be
735 surrendered for payment at the principal office of the Registrar, (6) the CUSIP numbers
736 of all Bonds being redeemed, (7) the dated date of the Bonds, (8) the rate of interest for
737 each Bond being redeemed, (9) the date of the notice, and (10) any other information
738 needed to identify the Bonds being redeemed.

739 Upon the payment of the redemption price of Bonds being redeemed, each check
740 or other transfer of funds issued for such purpose shall bear the CUSIP number
741 identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such
742 check or other transfer.

743 B. Effect of Redemption. Unless the county has revoked a notice of
744 redemption, the county shall transfer to the Registrar amounts that, in addition to other
745 money, if any, held by the Registrar, will be sufficient to redeem, on the redemption date,
746 all the Bonds to be redeemed. From the redemption date interest on each Bond to be
747 redeemed shall cease to accrue.

748 C. Amendment of Notice Provisions. The foregoing notice provisions of this
749 section, including but not limited to the information to be included in redemption notices
750 and the persons designated to receive notices, may be amended by additions, deletions
751 and changes in order to maintain compliance with duly promulgated regulations and
752 recommendations regarding notices of redemption of municipal securities.

753 Section 7. Form of Bonds. The Bonds shall be in substantially the following
754 form:

755 NO. _____

756 \$ _____

757

758 UNITED STATES OF AMERICA

759 STATE OF WASHINGTON

760

761 KING COUNTY

762

763 SEWER REVENUE [AND REFUNDING] BOND, [applicable year and series

764 designation]

765

766

767 INTEREST RATE: MATURITY DATE: CUSIP NO.:

768

769 Registered Owner:

770

771 Principal Amount:

772

773 KING COUNTY, WASHINGTON (the "County"), hereby acknowledges itself to

774 owe and for value received promises to pay to the Registered Owner identified above, or

775 registered assigns, on the Maturity Date specified above, the Principal Amount specified

776 above and to pay interest thereon (computed on the basis of a 360-day year of twelve 30-

777 day months) from _____ 1, 20____, or the most recent date to which interest has been

778 paid or duly provided for until payment of this bond at the Interest Rate set forth above,
779 payable on _____ 1, _____, and semiannually thereafter on the first days of each
780 succeeding _____ and _____.

781

782 Both principal of and interest on this bond are payable in lawful money of the
783 United States of America. While bonds are held in an immobilized "book entry" system
784 of registration, the principal of this bond is payable to the order of the Registered Owner
785 in same day funds received by the Registered Owner on the maturity date of this bond,
786 and the interest on this bond is payable to the order of the Registered Owner in same day
787 funds received by the Registered Owner on each interest payment date. When bonds are
788 no longer held in an immobilized "book entry" registration system, the principal shall be
789 paid to the Registered Owner or nominee of such owner upon presentation and surrender
790 of this bond at either of the principal offices of the fiscal agency of the State of
791 Washington in either Seattle, Washington or New York, New York (collectively the
792 "Bond Registrar"), and the interest shall be paid by mailing a check or draft (on the date
793 such interest is due) to the Registered Owner or nominee of such owner at the address
794 shown on the registration books maintained by the Bond Registrar (the "Bond Register")
795 as of the 15th day of the month prior to the interest payment date; provided, however, that
796 if so requested in writing by the Registered Owner of at least \$1,000,000 par value of the
797 bonds, interest will be paid by wire transfer.

798

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

801 principal amount of \$PAMT (the “Bonds”), issued pursuant to Ordinance _____ of the
802 County and Motion No. _____ of the County Council (together, the “Bond Ordinance”),
803 all payable solely from the special fund of the County known as the Water Quality
804 Revenue Bond Account (the “Bond Fund”).

805
806 The Bonds are issued to provide funds for capital improvements to the sewer
807 system of the County (the “System”). The Bonds are issued under and in accordance
808 with the provisions of the Constitution and applicable statutes of the State of Washington,
809 the County Charter and applicable ordinances duly adopted by the County. Capitalized
810 terms used in this bond and not defined herein shall have the meanings given such terms
811 in the Bond Ordinance.

812
813 The Bonds are subject to optional [and mandatory] redemption as provided in the
814 Bond Ordinance.

815
816 This bond and the Bonds are special limited obligations of the County and are not
817 obligations of the State of Washington or any political subdivision thereof other than the
818 County, and neither the full faith and credit nor the taxing power of the County or the
819 State of Washington or any political subdivision thereof is pledged to the payment of this
820 bond or the Bonds.

821
822 The County hereby covenants and agrees with the holder of this bond that it will
823 keep and perform all the covenants of this bond and of the Bond Ordinance to be by it kept

824 and performed. The County pledges and binds itself to set aside out of the earnings and
825 revenue of the Sewer System and to pay into the Bond Fund and certain accounts therein the
826 various amounts required by the Bond Ordinance to be paid into and maintained in said
827 accounts, all within the times provided by said ordinance.

828

829 Said amounts so pledged to be paid out of said earnings and revenue are hereby
830 declared to be a prior lien and charge thereon superior to all other liens and charges of any
831 kind or nature except normal expenses of maintenance and operation of the Sewer System
832 and any other necessary expenses of maintenance and operation of the Sewer System for
833 which reserves or other money is not available. Said amounts so pledged out of said
834 earnings and revenue are further declared to be of equal lien to charges that have been or
835 may be made thereon to pay the principal of and interest on outstanding Parity Bonds and
836 any sewer revenue bonds of the County hereafter issued on a parity with the Bonds.

837

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

845

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

849

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

853

854 It is hereby certified that all acts, conditions and things required by the
855 Constitution and statutes of the State of Washington and the Charter and ordinances of
856 the County to exist, to have happened, been done and performed precedent to and in the
857 issuance of this bond have happened, been done and performed and that the issuance of
858 this bond and the bonds of this series does not violate any constitutional, statutory or
859 other limitation upon the amount of bonded indebtedness that the County may incur.

860

861 IN WITNESS WHEREOF, the County has caused this bond to be executed by the
862 manual or facsimile signatures of the County Executive and to be attested by the Clerk of
863 the County Council, and has caused the seal of the County to be impressed or imprinted
864 hereon, as of this 1st day of _____, 20__.

865

866

KING COUNTY, WASHINGTON

867

868 By _____ /s/

869 _____

870 King County Executive

871

872 ATTEST:

873

874 _____ /s/

875 Clerk of the County Council

876

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

880

881 TEN COM — as tenants in common

882 TEN ENT — as tenants by the entireties

883 JT TEN — as joint tenants with right of survivorship and not as tenants in
884 common

885

886 UNIF GIFT (TRANSFERS) MIN ACT — _____ Custodian _____

887 (Cust) (Minor)

888 under Uniform Gifts (Transfers) to Minors

889 Act

890

891

892

(State)

893

894

Additional abbreviations may also be used though not listed above.

895

896

The Bond Registrar's Certificate of Authentication on the Bonds shall be in

897

substantially the following form:

898

899

CERTIFICATE OF AUTHENTICATION

900

901

This is one of the Sewer Revenue [and Refunding] Bonds, 20___, of King

902

County, Washington, dated _____ 1, 2001, described in the within mentioned Bond

903

Ordinance.

904

905

WASHINGTON STATE FISCAL

906

AGENCY, as Bond Registrar

907

908

909

By _____

910

911

Authorized Signatory

912

913
914
915
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935

ASSIGNMENT

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

unto _____

PLEASE INSERT SOCIAL SECURITY OR
TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

(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 s

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.

936

937 SIGNATURE GUARANTEED:

938

939

940

941 NOTICE: Signatures must be guaranteed

942 pursuant to law.

943

944 Section 8. Execution of Bonds. The Bonds shall be executed on behalf of the
945 county with the manual or facsimile signatures of the county executive and the clerk of
946 the county council, and shall have the seal of the county impressed or imprinted thereon.

947 In case either or both of the officers who shall have executed the Bonds shall
948 cease to be an officer or officers of the county before the Bonds so signed shall have been
949 authenticated or delivered by the Bond Registrar, or issued by the county, such Bonds
950 may nevertheless be authenticated, delivered and issued and upon such authentication,
951 delivery and issuance, shall be as binding upon the county as though those who signed
952 the same had continued to be such officers of the county. Any Bond also may be signed
953 and attested on behalf of the county by such persons as at the actual date of execution of
954 such Bond shall be the proper officers of the county although at the original date of such
955 Bond any such person shall not have been such officer of the county.

956 Only such Bonds as shall bear thereon a Certificate of Authentication in the form
957 hereinbefore recited, manually executed by the Bond Registrar, shall be valid or
958 obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate

959 of Authentication shall be conclusive evidence that the Bonds so authenticated have been
960 duly executed, authenticated and delivered hereunder and are entitled to the benefits of
961 this ordinance.

962 Section 9. Mutilated, Lost, or Destroyed Bonds. If any Bond shall become
963 mutilated, the Bond Registrar shall authenticate and deliver a new Bond of like series,
964 amount, date, interest rate and tenor in exchange and substitution for the Bond so
965 mutilated, upon the owner's paying the expenses and charges of the county and the Bond
966 Registrar in connection therewith and upon surrender to the Bond Registrar of the Bond
967 so mutilated. Every mutilated Bond so surrendered shall be canceled and destroyed by
968 the Bond Registrar.

969 In case the Bonds or any of them shall be lost, stolen or destroyed, the Bond
970 Registrar may authenticate and deliver a new Bond or Bonds of like amount, date, and
971 tenor to the registered owner thereof upon the owner's paying the expenses and charges
972 of the county and the Bond Registrar in connection therewith and upon his/her filing with
973 the Bond Registrar evidence satisfactory to the Bond Registrar that such Bond or Bonds
974 were actually lost, stolen or destroyed and of his/her ownership thereof, and upon
975 furnishing the county and Bond Registrar with indemnity satisfactory to the finance
976 director and the Bond Registrar.

977 Section 10. Bond Fund. There has heretofore been created a special fund of
978 the county known as the "Water Quality Revenue Bond Account" (the "Bond Fund").
979 The Bond Fund is at all times completely segregated and set apart from all other funds
980 and accounts of the county and is a trust fund for the security and payment of the
981 principal of and interest and any premium on any Parity Bonds. All money credited to

982 the Bond Fund is pledged and ordered to be used for the sole purpose of paying the
983 principal of and interest and any premium on the Parity Bonds.

984 A. Debt Service Account. A “Debt Service Account” has heretofore been
985 established in the Bond Fund. The county hereby obligates and binds itself to cause to be
986 set aside and paid into said account out of the Revenue of the System amounts sufficient,
987 together with accrued interest received at the time of delivery of the Bonds and Bond
988 Reserve Account and deposited therein, income from the investment of money in the
989 Debt Service Account and Bond Reserve Account and any other money on deposit in the
990 Debt Service Account and legally available, to pay the principal of and interest on
991 outstanding Parity Bonds as the same become due and payable.

992 For each series of the Bonds there is hereby authorized to be created a special
993 subaccount in the Debt Service Account. All money required by this Section 10.A to be
994 deposited into the Debt Service Account for the payment of principal of and interest on
995 such series of the Bonds shall be deposited into the subaccount created for such series.
996 Money in such subaccount shall be treated in all respects as all other money in the Debt
997 Service Account, but shall be accounted for separately for the purpose of calculating any
998 Rebate Amount payable with respect to such series of the Bonds.

999 So long as any of the Series A through Series Z Bonds remain outstanding,
1000 payments on account of the Bonds shall be made out of the Revenue of the System into the
1001 appropriate subaccount in the Debt Service Account on or before the 25th day of each
1002 month in the following amounts:

1003 (1) Beginning with the month of the Closing to and including the month
1004 immediately preceding the first interest payment date for such series of the Bonds, a fraction

1005 of the interest to become due and payable on such first interest payment date, the numerator
1006 of which is one and the denominator of which is the number of months in which such
1007 deposits are required.

1008 (2) Beginning with the month of the first interest payment date and
1009 continuing for as long as any of such series of the Bonds are outstanding and unpaid, one-
1010 sixth of the interest to become due and payable on such Bonds outstanding on the next
1011 interest payment date.

1012 (3) Beginning with the month of January of the year immediately
1013 preceding the first principal payment date of such series of the Bonds, and continuing for as
1014 long as any of such Bonds are outstanding and unpaid, one-twelfth of the principal amount
1015 of the serially maturing Bonds to become due and payable on the next principal payment
1016 date.

1017 From and after such time as no Series A through Series Z Bonds remain
1018 outstanding, payments on account of each series of the Bonds shall be made out of the
1019 Revenue of the System into the applicable debt service subaccount in the Bond Fund on
1020 or before the day each payment of interest on or principal of such Bonds is due.

1021 B. Term Bond Accounts. After making the payments required in paragraph A
1022 above, the county shall deposit to the Term Bond Sinking Fund Account and the Term Bond
1023 Payment Account (collectively, the "Term Bond Accounts"), on or before each annual
1024 Principal Payment Date, out of the Revenue of the System, additional money that together
1025 with available income from the investment of money in the Debt Service Account and Bond
1026 Reserve Account will be sufficient to meet the requirements set forth in this
1027 Subsection 10.B. Any deposit into the Term Bond Accounts shall be applied to the Term

1028 Bond Sinking Fund Account and the Term Bond Payment Account in proportion to the
1029 respective amounts due to be deposited therein on the particular January 1 for which such
1030 deposit is being made.

1031 (1) Term Bond Sinking Fund Account. A Term Bond Sinking Fund
1032 Account has been established in the Bond Fund by Metro Council Resolution No. 3864 for
1033 the purpose of separately accounting for the payments made into the Bond Fund to retire the
1034 Term Bonds of Series A through I inclusive. The additional money required by this
1035 subparagraph B.1 to be deposited in the Term Bond Sinking Fund Account shall, together
1036 with income from the investment of money in such account, be sufficient to retire by
1037 purchase or by redemption pursuant to call Term Bonds of Series A through I inclusive on
1038 or before the dates and in at least the principal amounts set forth in the respective resolutions
1039 authorizing the bonds of each of such series; provided that, if more than the required amount
1040 shall be deposited in any given year, the amount to be deposited in the next succeeding year
1041 or years may be reduced accordingly. The amount so paid into the Term Bond Sinking
1042 Fund Account shall be used for the sole purpose of retiring at maturity or by purchase or
1043 redemption prior to maturity Term Bonds of Series A through I inclusive.

1044 (2) Term Bond Payment Account. A Term Bond Payment Account has
1045 been heretofore established in the Bond Fund by Metro Council Resolution No. 4075 for the
1046 amortization of any Term Bonds of Series M or any Parity Term Bonds issued thereafter.
1047 The money required by this subparagraph B.2 to be deposited in the Term Bond Payment
1048 Account shall, together with income from the investment of money in such account, be
1049 sufficient to retire by purchase or by redemption pursuant to call the Series V Term Bonds,
1050 the Series Z Term Bonds, any of the Bonds that may be Term Bonds, and any future Parity

1051 Term Bonds on or before such payment dates and in at least such principal amounts as shall
1052 be set forth in the resolution or motion authorizing, or the notice of bond sale for, such
1053 bonds. The amounts so paid into the Term Bond Payment Account shall be used for the sole
1054 purpose of purchasing or redeeming the Series V Term Bonds, the Series Z Term Bonds,
1055 any Bonds that are Term Bonds and any future Parity Term Bonds on or before their
1056 respective scheduled payment dates, provided that, if more than the required principal
1057 amount of such Parity Term Bonds shall be retired by such purchase or redemption in any
1058 given year, the amount required to be purchased or redeemed in the next succeeding year or
1059 years may be reduced accordingly.

1060 If the original purchaser of the Bonds designates any Bonds as Term Bonds
1061 pursuant to Section 25 hereof, there is hereby authorized to be created a special
1062 subaccount for the Bonds within the Term Bond Payment Account. All money required
1063 by this Section 10.B.2 to be deposited into the Term Bond Payment Account for the
1064 purchase or redemption of Bonds that are Term Bonds shall be deposited into such
1065 subaccount within the Term Bond Payment Account. Money in such subaccount shall be
1066 treated in all respects as all other money in the Term Bond Payment Account, but shall be
1067 accounted for separately for the purpose of calculating amounts required to be paid to the
1068 federal government pursuant to Section 19 of this ordinance.

1069 C. Bond Reserve Account. A Bond Reserve Account has heretofore been
1070 established in the Bond Fund and the county hereby pledges that it will pay into and
1071 maintain in the Bond Reserve Account an amount that together with other funds in the Bond
1072 Reserve Account will be at least equal to the Reserve Requirement. From and after such
1073 time as no Series A through Series Z Bonds remain outstanding, the county may

1074 substitute Qualified Insurance or a Qualified Letter of Credit for amounts required to be
1075 paid into or maintained in the Bond Reserve Account. Such Qualified Letter of Credit or
1076 Qualified Insurance shall not be cancelable on less than five years notice. In the event of
1077 any cancellation, the Bond Reserve Account shall be funded in accordance with the
1078 provisions of this section providing for payment in the event of a deficiency therein, as if
1079 the Parity Bonds that remain outstanding had been issued on the date of such notice of
1080 cancellation.

1081 An amount sufficient to establish the Reserve Requirement in the Bond Reserve
1082 Account required by the issuance of the Bonds, if any, shall be deposited therein from the
1083 proceeds of Bonds or other funds available therefor on the date of Closing. Within one year
1084 following the issuance of any Future Parity Bonds, the amounts required to be paid into the
1085 Bond Reserve to establish the Reserve Requirement therein shall be paid or provided for by
1086 Qualified Insurance or a Qualified Letter of Credit.

1087 In the event there shall be a deficiency in the Debt Service Account to meet
1088 maturing installments of either principal of or interest on any Parity Bonds, such deficiency
1089 shall be made up from the Bond Reserve Account by the withdrawal of money therefrom
1090 and by the sale or redemption of obligations held in the Bond Reserve Account, if
1091 necessary, in such amounts as will provide cash in the Bond Reserve Account sufficient
1092 to make up any such deficiency, and if a deficiency still exists immediately prior to an
1093 interest payment date and after the withdrawal of cash, the county shall then draw from
1094 any Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility in
1095 sufficient amount to make up the deficiency. Such draw shall be made at such times and
1096 under such conditions as the agreement for such Qualified Letter of Credit or such

1097 Qualified Insurance shall provide. If more than one Qualified Letter of Credit or
1098 Qualified Insurance is available, draws shall be made ratably thereon to make up the
1099 deficiency. Any deficiency created in the Bond Reserve Account by reason of any such
1100 withdrawal shall then be made up from the Revenue of the System that shall be first
1101 available after making the payments required to be made under paragraph "FIRST" through
1102 "FOURTH" of Section 13 hereof.

1103 Income from the investment of money in the Bond Reserve Account shall be
1104 deposited in and become a part of the Bond Fund.

1105 Section 11. Pledge of Sewer Revenues. The amounts covenanted to be paid
1106 out of the Revenue of the System into the Bond Fund and the accounts therein shall
1107 constitute a lien and charge on such revenue superior to all other charges of any kind or
1108 nature except normal Operating and Maintenance Expenses and any other necessary
1109 Operating and Maintenance Expenses for which reserves or other money are not
1110 available, and of equal lien to any charges heretofore or hereafter made upon the Revenue
1111 of the System for the payment of the principal of and interest on any Parity Bonds.

1112 In the event that money and/or investments in the Debt Service Account and the
1113 Bond Reserve Account shall be reduced below the amounts required to pay the principal
1114 and/or interest then due and payable on any Parity Bonds, funds on deposit in any reserve
1115 created in the Revenue Fund not then required for the payment of necessary Operating and
1116 Maintenance Expenses shall be transferred to the Debt Service Account to the extent
1117 required to pay such principal and interest.

1118 Section 12. Revenue Fund. A special fund known as the "Municipality of
1119 Metropolitan Seattle Sewer Revenue Fund" established by Metro has been redesignated

1120 and continued by the county as the Water Quality Operating Fund and is herein referred
1121 to as the "Revenue Fund." All of the Revenue of the System shall be deposited in the
1122 Revenue Fund. All costs of maintaining and operating the System borne by the county
1123 shall be paid out of the Revenue Fund or appropriate reserves therein.

1124 A. Operating Reserve Account. There has heretofore been created in the
1125 Revenue Fund an "Operating Reserve Account," and \$3,740,935 was on deposit therein
1126 as of December 31, 2000. The money in the Operating Reserve Account may be used to
1127 pay necessary expenses of maintenance and operation of the System in the event that
1128 Revenue of the System should at any time be inadequate to pay such expenses. So long
1129 as any of the Series A through Series Z Bonds remain outstanding, if the balance in this
1130 account shall at any time hereafter be reduced below an amount that is the greater of
1131 either \$300,000 or five percent of the total cost of operating and maintaining the System
1132 borne by the county in the immediately preceding calendar year, the county shall deposit
1133 to the credit thereof such sums as may be necessary to restore such amount therein within
1134 six months. Such deposits shall be made from Revenue of the System first available
1135 therefor after payments of Operating and Maintenance Expenses and required payments
1136 into the Bond Fund and the Bond Reserve have been made.

1137 From and after such time as no Series A through Series Z Bonds remain
1138 outstanding, the Operating Reserve Account shall be closed and any money remaining in
1139 such account shall be transferred to the Revenue Fund and applied as provided in
1140 Section 13 hereof.

1141 B. Contingency Reserve Account. A Contingency Reserve Account has
1142 heretofore been created in the Revenue Fund, and \$2,000,000 was on deposit in the

1143 account as of December 31, 2000. The money in the Contingency Reserve may from
1144 time to time be used for the payment of major repairs, renewals, replacements and
1145 maintenance expenses of a type not regularly recurring, and unforeseen capital
1146 improvements required by regulatory authority. So long as any of the Series A through
1147 Series Z Bonds remain outstanding, if the balance in the Contingency Reserve shall at
1148 any time be reduced below the amount required by this ordinance to be maintained
1149 therein, the county shall deposit therein from the Revenue of the System such sums, not
1150 exceeding \$500,000 per year, as may be required to establish and maintain such
1151 minimum required balance. The minimum balance required to be maintained in said
1152 account shall be \$2,000,000.

1153 From and after such time as no Series A through Series Z Bonds remain
1154 outstanding, the Contingency Reserve Account shall be closed and any money remaining
1155 in such account shall be transferred to the Revenue Fund and applied as provided in
1156 Section 13 hereof.

1157 C. Renewal, Extension and Betterment Reserve Account. There has
1158 heretofore been created in the Revenue Fund a Renewal, Extension and Betterment
1159 Reserve Account, and \$5,049,193 was on deposit therein as of December 31, 2000. So
1160 long as any of the Series A through Series Z Bonds remain outstanding, on or before
1161 January 1 of each year there shall be deposited in said account at least \$750,000;
1162 provided, that if money is deposited in the Contingency Reserve in any such year, the
1163 deposits to the Betterment Reserve in such year may be reduced by such amount.
1164 Deposits to the Betterment Reserve shall continue to be made until all of the Series A
1165 through Series Z Bonds shall have been paid or until the Comprehensive Plan shall have

1166 been completed, whichever shall first occur. The money in the Betterment Reserve may
1167 be used from time to time for any necessary renewals and replacements of the System
1168 and for any capital expenditures which the county council shall deem necessary and
1169 appropriate to carry out the Comprehensive Plan or may be transferred to the Parity Bond
1170 Reserve, Contingency Reserve or Operating Reserve to meet any deficiency therein, or
1171 may be pledged in whole or in part for the payment of junior lien bonds or may be
1172 applied to the payment of outstanding Parity Bonds.

1173 From and after such time as no Series A through Series Z Bonds remain
1174 outstanding, the Renewal, Extension and Betterment Reserve Account shall be closed and
1175 any money remaining in such account shall be transferred to the Revenue Fund and
1176 applied as provided in Section 13 hereof.

1177 D. Rate Stabilization Fund. At such time as no Series A through Series Z
1178 Bonds, no 1994A Bonds and no 1995 Bonds remain outstanding, a special fund of the
1179 county to be designated the "Sewer Rate Stabilization Fund" (the "Rate Stabilization
1180 Fund") has heretofore been authorized to be established in anticipation of increases in
1181 revenue requirements of the System. Thereafter, in accordance with the provisions of
1182 Section 13 of this ordinance, the county may from time to time appropriate or budget
1183 amounts in the Revenue Fund for deposit in the Rate Stabilization Fund and may from
1184 time to time withdraw amounts therefrom for deposit in the Revenue Fund to prevent or
1185 mitigate sewer rate increases or for other lawful purposes of the county related to the
1186 System.

1187 Section 13. Sewer Revenue Priorities of Payment. So long as any Bond shall
1188 be outstanding, the Revenue of the System shall be deposited into the Revenue Fund and
1189 used and applied in the following order of priority:

1190 First, to pay all Operating and Maintenance Expenses;

1191 Second, to make all required payments of principal and interest on Parity Bonds
1192 as the same shall become due and payable and, when the provisions of Section 24 hereof
1193 become effective, to make any Payment Agreement Payments with respect to any Parity
1194 Payment Agreements;

1195 Third, to make required deposits for the amortization of Parity Term Bonds;

1196 Fourth, to make all payments required to be made pursuant to a reimbursement
1197 agreement or agreements (or other equivalent documents) in connection with Qualified
1198 Insurance or a Qualified Letter of Credit, provided that if there is not sufficient money to
1199 make all payments under such reimbursement agreements the payments will be made on
1200 a pro rata basis;

1201 Fifth, to establish and maintain the Bond Reserve (including the cost of obtaining
1202 Qualified Insurance or a Qualified Letter of Credit therefor);

1203 Sixth, to establish and maintain the Operating Reserve (so long as any Series A
1204 through Series Z Bonds remain outstanding);

1205 Seventh, to establish and maintain the Contingency Reserve (so long as any Series
1206 A through Series Z Bonds remain outstanding);

1207 Eighth, to establish and maintain the Betterment Reserve (so long as any Series A
1208 through Series Z Bonds remain outstanding);

1209 Ninth, to make all required payments of principal and interest due on the SRF
1210 Loan;

1211 Tenth, to accumulate in the special reserve fund for the 1990 SRF Loan the
1212 amount required by subsection E of Section VI of the 1990 SRF Loan Agreement to be
1213 accumulated therein;

1214 Eleventh, to make all required payments of principal and interest on the Parity
1215 Lien Obligations and Payment Agreement Payments with respect to any Parity Lien
1216 Payment Agreements; and

1217 Twelfth, to make all required payments of principal of and interest on the Junior
1218 Lien Obligations as the same shall become due and payable, to make all Payment
1219 Agreement Payments for any Payment Agreements entered into with respect to Junior
1220 Lien Obligations, to make any payments required to be made to the Bank pursuant to the
1221 Reimbursement Agreement, and to make any payments required to be made to any
1222 provider of credit enhancement for any other Junior Lien Obligations;

1223 Thirteenth, to make all required payments of principal of and interest on the
1224 Commercial Paper Notes, Advances, or Additional Subordinate Lien Obligations as the
1225 same shall become due and payable; and

1226 Fourteenth, to make all required payments of principal and interest on bonds,
1227 notes, warrants and other evidences of indebtedness, the lien and charge against Revenue
1228 of the System of which is junior and inferior to the Commercial Paper Notes, the Bank
1229 Note and Additional Subordinate Lien Obligations, as the same shall become due and
1230 payable.

1231 Fifteenth, to make all required payments of principal and interest due on the 2000
1232 SRF Loan; and

1233 Sixteenth, to accumulate in the special reserve fund for the 2000 SRF Loan the
1234 amount required by subsection G of Section VII of the 2000 SRF Loan Agreement to be
1235 accumulated therein.

1236 Any surplus money that the county may have on hand in the Revenue Fund after
1237 making all required payments set forth above may be used by the county (i) to make
1238 necessary improvements, additions and repairs to and extensions and replacements of the
1239 System, (ii) to purchase or redeem and retire outstanding sewer revenue bonds of the
1240 county, (iii) to make deposits into the Rate Stabilization Fund at such time as it is
1241 authorized to be created pursuant to Section 13.D of Ordinance 12314 of the county, or
1242 (iv) for any other lawful purposes of the county related to the System.

1243 Section 14. Construction Account; Disposition of Bond Proceeds.

1244 A. Construction Account. There has heretofore been established a special
1245 fund of the county known as the “Second Water Quality Construction Account” (the
1246 “Construction Account”). For purposes of separately accounting for investment earnings
1247 on the proceeds of the Bonds to facilitate compliance with the requirements of Section 19
1248 of this ordinance, there is hereby established a special subaccount within the Construction
1249 Account to be designated as the Series 2001 Construction Subaccount (the “2001
1250 Construction Subaccount”).

1251 Money in the 2001 Construction Subaccount shall be held and applied to pay
1252 costs of acquiring, constructing and equipping improvements, additions or betterments to
1253 the System set forth in the Comprehensive Plan and all costs incident thereto, including

1254 but not limited to engineering, architectural, planning, financial, legal, urban design or
1255 any other incidental costs, and to repay any advances heretofore or hereafter made on
1256 account of such costs, provided that if deficiencies exist in the Bond Fund, money in the
1257 2001 Construction Account may be transferred to the Bond Fund in such amounts as shall
1258 be necessary to pay principal and interest on the Bonds.

1259 B. Disposition of Bond Proceeds. The proceeds of the Bonds shall be
1260 deposited as follows:

1261 (1) The amount equal to the interest accruing on each series of the
1262 Bonds from their dated date to the date of their Closing shall be deposited in the
1263 appropriate subaccount for such series created in the Debt Service Account in the Bond
1264 Fund.

1265 (2) Proceeds of each series of the Bonds may be deposited into the
1266 Bond Reserve Account, as shall be provided for in each Sale Motion.

1267 (3) The balance of the proceeds of the Project Bonds shall be
1268 deposited in the 2001 Construction Account in the Construction Fund and applied as
1269 provided in subsection A of this Section 14.

1270 (4) The balance of the proceeds of the Refunding Bonds shall be
1271 deposited into the Refunding Account (as hereinafter defined) and applied as provided in
1272 Section 15 of this ordinance.

1273 Section 15. Refunding Account; Plan of Refunding.

1274 A. Plan of Refunding. There is hereby authorized and established a special
1275 account of the county to be maintained with the Escrow Agent (as hereinafter defined) to
1276 be known as the "King County 2001 Sewer Revenue Bonds Refunding Account" (the

1277 “Refunding Account”), with subaccounts created therein as necessary if the Refunding
1278 Bonds are issued in more than one series. The Refunding Account shall be drawn upon
1279 for the sole purpose of paying the principal of and interest on the Refunded Bonds and of
1280 paying costs related to issuance of the Refunding Bonds and refunding the Refunded
1281 Bonds. The proceeds of sale of the Refunding Bonds shall be deposited into the
1282 Refunding Account to provide for refunding the Refunded Bonds, as authorized by the
1283 ordinances and resolutions authorizing the Refunded Bonds and to pay the costs of
1284 issuance of the Refunding Bonds.

1285 The finance director is authorized to determine, in consultation with the county’s
1286 financial advisors, which of the Refunded Bonds, if any, are to be refunded. The final
1287 plan of refunding and call for redemption of the Refunded Bonds shall be set forth in and
1288 ratified and confirmed by a Sale Motion. Money in the Refunding Account shall be used
1289 immediately upon receipt thereof to defease the Refunded Bonds and discharge the other
1290 obligations of the county relating thereto under the Refunded Bond Ordinances, as
1291 applicable, by providing for the payment of the principal of and interest on the Refunded
1292 Bonds as set forth in a Sale Motion. The county shall defease such bonds and discharge
1293 such obligations by the use of the money in the Refunding Account to purchase certain
1294 “Government Obligations” as such obligations are defined in Chapter 39.53 RCW as now
1295 or hereafter amended (which obligations so purchased, are herein called “Acquired
1296 Obligations”), bearing such interest and maturing as to principal and interest in such
1297 amounts and at such times which, together with any necessary beginning cash balance,
1298 will provide for the payment of the Refunded Bonds, as set forth in the Sale Motion.
1299 Such Acquired Obligations shall be purchased at a yield not greater than the yield

1300 permitted by the Code and regulations relating to acquired obligations in connection with
1301 refunding bond issues.

1302 In connection with the issuance of each series of the Refunding Bonds, to carry
1303 out the refunding and defeasance of the Refunded Bonds, the finance director is hereby
1304 authorized to appoint as escrow agent a bank or trust company qualified by law to
1305 perform the duties described herein and in the form of escrow agreement attached hereto
1306 as Exhibit A (each, an "Escrow Agent"). Any beginning cash balance and the Acquired
1307 Obligations shall be irrevocably deposited with the Escrow Agent in an amount sufficient
1308 to defease the Refunded Bonds in accordance with this Section 17 and a Sale Motion.

1309 The county will take such actions as are found necessary to see that all necessary
1310 and proper fees, compensation and expenses of the Escrow Agent shall be paid when due.
1311 The proper officers and agents of the county are directed to obtain from each Escrow
1312 Agent an agreement setting forth the duties, obligations and responsibilities of such
1313 Escrow Agent in connection with the redemption and retirement of the Refunded Bonds
1314 as provided herein and stating that such provisions for the payment of the fees,
1315 compensation and expenses of such Escrow Agent are satisfactory to it.

1316 To carry out the purposes of this section of this ordinance, the finance director is
1317 authorized and directed to execute and deliver to each Escrow Agent the Escrow
1318 Agreement in substantially the form set forth in Exhibit A attached to this ordinance and
1319 incorporated herein by this reference.

1320 B. Findings of Savings and Defeasance. By a Sale Motion, the council shall
1321 set forth its findings of savings and defeasance with respect to those Refunded Bonds
1322 authorized to be refunded from the proceeds of each series of Refunding Bonds.

1323 Section 16. Due Regard for Expenses of Maintenance and Operation. The
1324 county council hereby declares that, in fixing the amounts to be paid into the Bond Fund
1325 and the accounts therein out of the Revenue of the System, it has exercised due regard for
1326 the necessary Operating and Maintenance Expenses and has not obligated the county to
1327 set aside, pay into and maintain in said fund and accounts a greater amount of the
1328 Revenue of the System than in its judgment will be available over and above such
1329 necessary Operating and Maintenance Expenses.

1330 Section 17. Rate Covenant The county hereby covenants with the owner of
1331 each of the Bonds for so long as any of the same are outstanding that the county will at
1332 all times establish, maintain and collect rates and charges for sewage disposal service that
1333 together with the interest to be earned on investments made of money in any fund created or
1334 designated by Resolution No. 90 of the Metro Council (the Revenue Fund, Bond Fund,
1335 Bond Reserve, Operating Reserve, Contingency Reserve, Betterment Reserve and
1336 Construction Account), will provide in each calendar year Net Revenue in an amount
1337 equal to at least 1.15 times the amounts required to pay (i) the Annual Parity Debt
1338 Service for such calendar year, so long as any of the Series A through Series Z Bonds
1339 remain outstanding, and thereafter (ii) the Annual Parity Debt Service (Cash Basis) for
1340 such calendar year.

1341 At all times and in any event, rates and charges for sewage disposal service shall be
1342 sufficient to provide funds adequate to operate and maintain the System, to make all
1343 payments and to establish and maintain all reserves required by this or any other ordinance
1344 authorizing obligations of the county payable from Revenue of the System, to make up any
1345 deficit in such payments remaining from prior years and to pay all costs incurred in the

1346 construction or acquisition of any portion of the Comprehensive Plan that may be ordered
1347 by the county and for the payment of which sewer revenue bonds (or other obligations
1348 payable from Revenue of the System) are not issued.

1349 For the purpose of meeting the requirement of this Section 17, but only from and
1350 after such time as no Series A through Series Z Bonds, 1994A Bonds and 1995 Bonds
1351 remain outstanding, there may be added to Revenue of the System for any fiscal year any
1352 amount withdrawn from the Rate Stabilization Fund and deposited in the Revenue Fund.
1353 There shall be subtracted from Net Revenue for any fiscal year any amounts in such year
1354 withdrawn from the Revenue Fund and deposited into the Rate Stabilization Fund in such
1355 fiscal year.

1356 Section 18. Certain Other Covenants. The county hereby covenants with the
1357 owner and holder of each of the Bonds for as long as any of the Bonds are outstanding, as
1358 follows:

1359 A. Maintain in Good Order. The county shall cause the System and the
1360 business in connection therewith to be operated in a safe, sound, efficient, and economic
1361 manner in compliance with all health, safety, and environmental laws, regulatory body
1362 rules, regulatory body orders and court orders applicable to the county's operation of the
1363 System, and shall cause to be maintained, preserved, reconstructed, expanded and kept,
1364 with all appurtenances and every part and parcel thereof, in good repair, working order
1365 and condition, and shall from time to time cause to be made, without undue deferral, all
1366 necessary or proper repairs, replacements and renewals, so that all times the operation of
1367 the System shall be properly and advantageously conducted.

1368 B. Sale or Disposition. The county will not sell or voluntarily dispose of all
1369 of the operating properties of the System unless provision is made for payment into the
1370 Bond Fund of a sum sufficient to pay the principal of and interest on all outstanding
1371 Parity Bonds in accordance with the terms thereof, nor, so long as any of the Series A
1372 through Series Z Bonds remain outstanding will the county sell or voluntarily dispose of
1373 any part of the operating properties of the System unless provision is made for payment
1374 into the Bond Fund of an amount that will bear at least the same proportion to the amount
1375 of the outstanding Parity Bonds that the estimated amount of any resulting reduction in
1376 the Revenue of the System for the twelve months following such sale or disposition bears
1377 to the Revenue of the System that would have been realized if such sale or disposition
1378 had not been made. Such estimate shall be made by an independent licensed professional
1379 engineer or firm of licensed professional engineers approved by the Trustee. Any money
1380 so paid into the Bond Fund shall be used to retire outstanding Parity Bonds as provided
1381 herein at the earliest possible date.

1382 From and after such time as no Series A through Series Z Bonds remain
1383 outstanding, notwithstanding any other provision of this subsection B to the contrary, the
1384 county may sell or otherwise dispose of any of the works, plant, properties and facilities
1385 of the System or any real or personal property comprising a part of the System with a
1386 value of less than 5% of the net utility plant of the System or which shall have become
1387 unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or
1388 no longer necessary, material to or useful in such operation, without making any deposit
1389 into the Bond Fund.

1390 C. Books and Records. The county will cause proper books of record and
1391 accounts of operation of the System to be kept, including an annual financial report, and,
1392 so long as any of the Series A through Series Z Bonds remain outstanding, the county
1393 shall cause a quarterly financial and operating statement to be prepared as soon as may be
1394 practicable following each quarterly period for the preceding quarter's business and
1395 operation of the System. Said statement shall be filed promptly upon its completion with
1396 the county council and the Trustee and shall be sent to the Registered Owner of any
1397 Parity Bonds upon written request being made therefor. From and after such time as no
1398 Series A through Series Z Bonds remain outstanding, this requirement for a quarterly
1399 report shall terminate.

1400 D. Annual Audit. Not later than 120 days after the end of each fiscal year of
1401 the county, so long as any of the Series A through Series Z Bonds remain outstanding, the
1402 county will cause an annual audit of the accounts and records of the System to be made
1403 by Certified Public Accountants with experience in municipal utility accounting. Such
1404 audit shall certify as to the compliance or noncompliance by the county with the financial
1405 covenants of this ordinance and shall accurately and completely reflect the financial
1406 condition of the System. The audit shall be delivered to the clerk of the county council
1407 and to the Trustee, shall be paid for by the county and shall be made available to the
1408 owner or holder of any Parity Bond upon written request being made therefor. From and
1409 after such time as no Series A through Series Z Bonds remain outstanding, this
1410 requirement for an annual audit shall terminate.

1411 The county shall cause its books of accounts, including its annual financial report,
1412 to be audited annually by the State auditor's office or other State department or agency as

1413 may be authorized and directed by law to make such audits, or if such an audit shall not
1414 be made for twelve months after the close of any fiscal year of the county, by a Certified
1415 Public Accountant. The county will furnish such audit to the owner or holder of any
1416 Parity Bond upon written request therefor.

1417 E. Insurance. The county will at all times carry fire and extended coverage
1418 and such other forms of insurance on such of the buildings, equipment, facilities and
1419 properties of the Sewer System as under good practice are ordinarily carried on such
1420 buildings, equipment, facilities and properties by municipal or privately owned utilities
1421 engaged in the operation of sewer systems and will also carry adequate public liability
1422 insurance at all times, provided that the county may, if deemed advisable by the county
1423 council, institute or continue a self insurance program with respect to any or all of the
1424 aforementioned risks.

1425 F. Construction. The county shall cause the construction of any duly
1426 authorized and ordered portions of the Comprehensive Plan to be performed and
1427 completed within a reasonable time and at the lowest reasonable cost.

1428 G. Collection of Revenue. The county shall so operate and maintain the
1429 System and conduct its affairs as to entitle it at all times to receive and enforce payment
1430 to it of sewage disposal charges payable under any Service Agreement that the county has
1431 now or may hereafter enter into and to entitle the county to collect all revenues derived
1432 from the operation of the System. The county shall not release the obligations of any
1433 person, corporation or political subdivision under such Service Agreements and shall at
1434 all times, to the extent permitted by law, defend, enforce, preserve and protect the rights

1435 and privileges of the county and of the holders of the Parity Bonds under or with respect
1436 to such agreements.

1437 H. Annual Report. Not later than 120 days after the end of each calendar
1438 year, so long as any of the Series A through Series Z Bonds remain outstanding, the
1439 county will cause an annual report regarding the System to be prepared by its consulting
1440 engineers or by an independent consulting engineer or engineering firm experienced in
1441 the design, construction and operation of municipal utilities who shall examine the
1442 System and state whether the county has maintained same in good repair, working order
1443 and condition and has operated the business in connection therewith in an efficient
1444 manner, whether all required insurance is being maintained, and whether repairs,
1445 renewals or replacements should be made to the System to insure its continued
1446 satisfactory working order. The engineer's report shall be delivered to the Clerk of the
1447 county council, shall be paid for by the county and shall be made available to the
1448 Registered Owner or holder of any Parity Bonds upon written request being made
1449 therefor.

1450 From and after such time as no Series A through Series Z Bonds remain
1451 outstanding, this requirement for an annual report shall terminate.

1452 Section 19. Tax-Exemption. The county shall comply with the provisions of
1453 this section unless, in the written opinion of nationally recognized bond counsel to the
1454 county, such compliance is not required in order to maintain the exemption of the interest
1455 on the Bonds from federal income taxation.

1456 The county hereby covenants that it will not make any use of the proceeds from
1457 the sale of the Bonds or any other funds of the county that may be deemed to be proceeds

1458 of such Bonds pursuant to Section 148 of the Code and the applicable regulations
1459 thereunder that will cause the Bonds to be “arbitrage bonds” within the meaning of said
1460 section and said regulations. The county will comply with the applicable requirements of
1461 Section 148 of the Code (or any successor provision thereof applicable to the Bonds) and
1462 the applicable regulations thereunder throughout the term of the Bonds. The county will
1463 pay the Rebate Amount, if any, to the United States of America at the times and in the
1464 amounts necessary to meet the requirements of the Code to maintain the federal income
1465 tax exemption for interest payments on the Bonds, in accordance with the Arbitrage and
1466 Tax Certification.

1467 The county further covenants that it will not take any action or permit any action
1468 to be taken that would cause the Bonds to constitute “private activity bonds” under
1469 Section 141 of the Code.

1470 Section 20. Trustee for Bondowners.

1471 A. Standby Trustee. U.S. Bank Trust National Association of Seattle,
1472 Washington, has been appointed to act as Standby Trustee for the owners and holders of all
1473 Parity Bonds, so long as any of the Series A through Series Z Bonds remain outstanding,
1474 and such bank has accepted such appointment upon the terms and conditions set forth in
1475 Resolution No. 90 of the Metro Council and this ordinance. Unless otherwise provided by
1476 contract with the Standby Trustee, the county shall pay to the Standby Trustee from time to
1477 time reasonable compensation for all services rendered by it hereunder and all reasonable
1478 expenses, charges, counsel fees or out-of-pocket disbursements incurred in the performance
1479 of its powers and duties hereunder.

1480 From and after such time as no Series A through Series Z Bonds remain
1481 outstanding, the appointment of the Standby Trustee shall terminate, and the Standby
1482 Trustee shall deliver to the finance director copies of all records maintained by the
1483 Standby Trustee.

1484 B. Bondowners' Trustee. From and after such time as no Series A through
1485 Series Z Bonds remain outstanding, upon the occurrence of any "event of default"
1486 described in Section 21.A of this ordinance, the owners of a majority in principal amount
1487 of the outstanding Parity Bonds may appoint a Bondowners' Trustee by an instrument or
1488 concurrent instruments in writing signed and acknowledged by such Bondowners or by
1489 their attorneys-in-fact duly authorized and delivered to such Bondowners' Trustee,
1490 notification thereof being given to the county. Any appointment of a Bondowners'
1491 Trustee under the provisions of this subsection shall be a bank or trust company
1492 organized under the laws of the State of Washington or the State of New York or a
1493 national banking association. The fees and expenses of a Bondowners' Trustee shall be
1494 borne by the Bondowners and not by the county. The bank or trust company acting as a
1495 Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee
1496 may be appointed by the owners of a majority in principal amount of the outstanding
1497 Parity Bonds, by an instrument or concurrent instruments in writing signed and
1498 acknowledged by such Bondowners or by their attorneys-in-fact duly authorized.

1499 The Bondowners' Trustee appointed in the manner herein provided, and each
1500 successor thereto, is hereby declared to be a trustee for the owners of all the Parity Bonds
1501 and is empowered to exercise all the rights and powers herein conferred on a Trustee.

1502 C. Certain Rights and Obligations of Trustee. The Trustee shall not be
1503 responsible for recitals in any resolution, ordinance or in the Parity Bonds, or for the validity
1504 of said bonds, nor shall the Trustee be responsible for insuring the System or for collecting
1505 any insurance money or for the title to any of the property of the System.

1506 The Trustee shall be protected in acting upon any notice, request, consent,
1507 certificate, order, affidavit, letter, telegram or other paper or document believed by it to be
1508 genuine and correct and to have been signed, sent or delivered by the person or persons by
1509 whom such paper or document shall purport to have been signed, sent or delivered.

1510 The Trustee shall not be answerable for any neglect or default of any person, firm or
1511 corporation employed and selected by it with reasonable care.

1512 The Trustee will permit the owner or holder of any Parity Bonds to inspect any
1513 instrument, opinion or certificate filed with the Trustee by the county or by any person, firm
1514 or corporation acting for the county.

1515 The Trustee shall not be bound to recognize any person as a owner or holder of any
1516 Parity Bond until his, her or its title thereto, if disputed, shall have been established to its
1517 reasonable satisfaction.

1518 The Trustee may consult with counsel and the opinion of such counsel shall be full
1519 and complete authorization and protection in respect of any action taken or suffered by it
1520 hereunder in good faith and in accordance with the opinion of such counsel.

1521 Section 21. Events of Default; Powers and Duties of Trustee.

1522 A. Events of Default. The occurrence of one or more of the following events
1523 shall be "events of default" under this ordinance:

1524 (i) default in the payment of principal of or interest on any Parity Bonds
1525 when the same shall become due or in the deposit of amounts into the Term Bond Accounts
1526 by the required dates for such deposits, and in the case of payment of interest or deposits
1527 into the Term Bond Sinking Fund Account such default continues for a period of thirty days;
1528 or

1529 (ii) default in the observance or performance of any of the other
1530 covenants herein contained, and such default continues for a period of six months after
1531 written notice to the county from a bondholder or from the Standby Trustee, if any,
1532 specifying such default and requiring the same to be remedied.

1533 B. Powers of Trustee. The Trustee in its own name and on behalf of and for the
1534 benefit and protection of the holders and owners of all Parity Bonds may proceed, and upon
1535 the written request of the holders and owners of not less than 25% in principal amount of the
1536 Parity Bonds then outstanding shall proceed, to protect and enforce any rights of the Trustee
1537 and, to the full extent that owners or holders of Parity Bonds themselves might do, the rights
1538 of such owners and holders of Parity Bonds under the laws of the State of Washington or
1539 under the resolutions or ordinances providing for the issuance of such bonds, by such suits,
1540 actions or proceedings in equity or at law, either for the specific performance of any
1541 covenant contained herein or in aid or execution of any power herein granted or for any
1542 proper legal or equitable remedy as the Trustee shall deem most effectual to protect and
1543 enforce the rights of the Trustee and the holders and owners of Parity Bonds. In the
1544 enforcement of any such rights under this or any other resolution or ordinance of the county,
1545 the Trustee shall be entitled to sue for, to enforce payment of and to receive any and all
1546 amounts due from the county for principal, interest or otherwise under any of the provisions

1547 of such resolution or ordinance, with interest on overdue payments at the rate or rates set
1548 forth in such bond or bonds, together with any and all costs and expenses of collection and
1549 of all proceedings taken by the Trustee without prejudice to any other right or remedy of the
1550 Trustee or of the bondholders.

1551 In the event that default shall be made in the payment of principal of any Parity
1552 Bond and such default shall continue for a period of thirty days, the Trustee shall be entitled
1553 to declare all outstanding Parity Bonds immediately due and payable and may proceed to
1554 enforce payment thereof as hereinabove provided. In the event any default shall, in the sole
1555 judgment of the Trustee, be cured and the Trustee shall furnish the county a certificate so
1556 stating, such default shall be conclusively deemed to be cured and the county, Trustee and
1557 owners and holders of Parity Bonds shall be restored to the same rights and position they
1558 would have held if no event of default had occurred.

1559 C. Actions in Name of Trustee. All rights of action under this ordinance, or
1560 upon any of the Parity Bonds or coupons, enforceable by the Trustee may be enforced by
1561 the Trustee without the possession of any of such bonds or coupons or the production
1562 thereof on the trial or other proceedings relative thereto, and any such suit, action or
1563 proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the
1564 holders of said bonds and coupons, subject to the provisions of this ordinance.

1565 D. Procedure by Bond Owners.

1566 (1) So long as any of the Series A and Series Z Bonds remain
1567 outstanding and the Standby Trustee remains duly appointed and acting, no holder or owner
1568 of any Parity Bond or coupon shall have any right to institute any proceeding in equity or at
1569 law for the enforcement of the provisions of this or any other ordinance or resolution

1570 providing for the issuance of Parity Bonds or for the execution of any trust hereunder or for
1571 any other remedy hereunder, unless such holder or owner previously shall have given to the
1572 Standby Trustee written notice of the event of default on account of which such suit, action
1573 or proceeding is to be instituted, nor unless also the holders and owners of 25% in principal
1574 amount of the Parity Bonds then outstanding, after the occurrence of such event of default,
1575 shall have made written request of the Standby Trustee and shall have afforded the Standby
1576 Trustee a reasonable opportunity to institute such suit, action or proceeding, nor unless, also,
1577 there shall have been offered to the Standby Trustee security and indemnity satisfactory to it
1578 against the costs, expenses and liabilities to be incurred therein or thereby, and the Standby
1579 Trustee shall have refused or neglected to comply with such request within a reasonable
1580 time, and no holder or owner of any Parity Bond or coupon shall have any right in any
1581 manner whatever by his action to affect, disturb or prejudice the pledge of Revenue of the
1582 System or to enforce any right hereunder, except in the manner herein provided.

1583 (2) From and after such time as no Series A through Series Z Bonds
1584 remain outstanding and the Standby Trustee's appointment has terminated, no owner of
1585 any one or more of the Bonds shall have any right to institute any action, suit or
1586 proceedings at law or in equity for the enforcement of the same or coupons appertaining
1587 thereto, unless an event of default has occurred, and unless no Bondowners' Trustee has
1588 been appointed as herein provided, but any remedy herein authorized to be exercised by a
1589 Bondowners' Trustee may be exercised individually by any Bondowner, in his own name
1590 and on his own behalf or for the benefit of all Bondowners, in the event no Bondowners'
1591 Trustee has been appointed, or with the consent of the Bondowners' Trustee if such
1592 Bondowners' Trustee has been appointed.

1593 E. Application of Money Collected by Trustee. Any money collected by the
1594 Trustee at any time pursuant to this section shall be applied, first, to the payment of its
1595 charges, expenses, advances and compensation and the charges, expenses, counsel fees,
1596 disbursements and compensation of its agents and attorneys, and, second, toward payment
1597 of the amount then due and unpaid upon the Parity Bonds and coupons, ratably and without
1598 preference or priority of any kind not expressly provided in this ordinance, according to the
1599 amounts due and payable upon such bonds and coupons respectively at the date fixed by the
1600 Trustee for the distribution of such money, upon presentation of the several bonds and
1601 coupons and upon causing such payment to be stamped thereon, if partly paid, and upon
1602 surrender thereof, if fully paid.

1603 Section 22. Future Parity Bonds. The county further covenants and agrees with
1604 the owners and holders of the Parity Bonds for as long as the same are outstanding that it
1605 will not create any special fund for the payment of the principal of and interest on any
1606 revenue bonds that will rank on a parity with or have any priority over the payments out of
1607 the Revenue of the System required to be made into the Bond Fund and the accounts therein
1608 to pay or secure the payment of the outstanding Parity Bonds, except that it reserves the
1609 right for

1610 (1) the purpose of acquiring, constructing and installing any
1611 portion of the Comprehensive Plan, or

1612 (2) the purpose of acquiring, constructing and installing any
1613 necessary renewals or replacements of the System, or

1614 (3) the purpose of refunding or purchasing and retiring at or prior
1615 to their maturity any outstanding obligations of the county payable from Revenue of the

1616 System, to issue additional or refunding bonds and to make payments into the Bond Fund
1617 out of the Revenue Fund that will be sufficient to pay the principal of and interest on said
1618 additional or refunding bonds and to maintain required reserves, which such payments out
1619 of the Revenue Fund may rank equally with the payments out of the Revenue Fund required
1620 to be made into the Bond Fund and the accounts therein for the payment of the principal of
1621 and interest on outstanding Parity Bonds only upon compliance with the following
1622 conditions:

1623 A. At the time of the issuance of any Future Parity Bonds there shall not
1624 be any deficiency in the Bond Fund or any account therein.

1625 B. Each ordinance providing for the issuance of any Future Parity
1626 Bonds that are refunding bonds shall require that all money held in any fund or account of
1627 the county created for the purpose of paying the principal of and interest on the bonds being
1628 refunded either be used to pay the principal of and interest on such bonds or be transferred
1629 or paid into the Bond Fund.

1630 C. Each ordinance providing for the issuance of Future Parity Bonds
1631 shall provide for the payment of the principal thereof and interest thereon out of the Bond
1632 Fund. The Future Parity Bonds may bear such date of issue and shall mature in such year or
1633 years as the county council may determine, but the principal thereof shall be payable on the
1634 Principal Payment Date and the interest thereon shall be payable on the Interest Payment
1635 Dates. Each such ordinance shall further provide that within one year following the
1636 issuance of such Future Parity Bonds the county will pay into the Bond Reserve an amount
1637 that will be sufficient to establish at least the amounts required to be established and
1638 maintained therein by any resolution or ordinance providing for the issuance of Parity Bonds

1639 that are then outstanding or, when permitted by the provisions of Section 10.C hereof,
1640 provide at Closing Qualified Insurance or a Qualified Letter of Credit to satisfy such Bond
1641 Reserve requirement.

1642 D. (1) So long as any of the Series A through Series Z Bonds
1643 remain outstanding, at the time of the issuance of any Future Parity Bonds, the county shall
1644 have on file a certificate from a licensed professional engineer experienced in the design,
1645 construction and operation of municipal utilities of scope similar to the System (the
1646 certificate may not be dated more than 90 days prior to the date of delivery of such Future
1647 Parity Bonds) showing that in his or her professional opinion the “annual income available
1648 for revenue bond debt service” for each year during the life of such Future Parity Bonds
1649 shall be at least equal to 1.25 times the amount required in each such year to pay the Annual
1650 Parity Debt Service (Cash Basis) for such year.

1651 (2) From and after such time as no Series A through Series Z Bonds
1652 remain outstanding, at the time of the issuance of any Future Parity Bonds, the county shall
1653 have on file a certificate from a licensed professional engineer, a Certified Public
1654 Accountant, or other independent person(s) or firm(s) selected by the county having a
1655 favorable reputation for skill and experience with sewer systems of comparable size and
1656 character to the System in such areas as are relevant to the purposes for which they are
1657 retained (the certificate may not be dated more than 90 days prior to the date of delivery of
1658 such Future Parity Bonds), showing that in his or her professional opinion the “annual
1659 income available for revenue bond debt service” for each year during the life of such Future
1660 Parity Bonds shall be at least equal to 1.25 times the amount required in each such year to
1661 pay the Annual Parity Debt Service for such year.

1662 (3) Such “annual income available for revenue bond debt service”
1663 shall be determined as follows for each year following the proposed date of issue of such
1664 Future Parity Bonds:

1665 (i) The Revenue of the System shall be determined for a
1666 period of any 12 consecutive months out of the 18 months immediately preceding the
1667 delivery of the Future Parity Bonds being issued.

1668 (ii) Such revenue shall be adjusted to give effect on a 12-month
1669 basis to the rates in effect on the date of such certificate.

1670 (iii) If there were any Customers added to the System during
1671 such 12-month period or thereafter and prior to the date of the engineer’s certificate, such
1672 revenue shall be further adjusted on the basis that added Customers were Customers of
1673 the System during the entire 12-month period.

1674 (iv) There shall be deducted from such revenue the amount
1675 expended for Operating and Maintenance Expenses during such period.

1676 (v) For each year following the proposed date of issuance of
1677 such Future Parity Bonds the engineer shall add to the annual revenue determined in the
1678 preceding four paragraphs an estimate of the income to be received in each such year
1679 from the investment of money in the Bond Fund and any account therein, and the
1680 Construction Fund, which will be determined by and in the sole discretion of a firm of
1681 nationally recognized financial consultants selected by the county.

1682 (vi) Beginning with the second year following the proposed
1683 date of issue of such Future Parity Bonds and for each year thereafter the engineer shall
1684 add to the annual revenue determined in the preceding five paragraphs his or her estimate

1685 of any additional annual revenue to be received from anticipated growth in the number of
1686 Customers within the area served by the System on the date of such certificate, after
1687 deducting therefrom any increased Operating and Maintenance Expenses estimated to be
1688 incurred as a result of such growth; provided that the engineer's estimate of the number
1689 of Customers served shall not assume a growth of more than 1/4 of 1% over and above
1690 the number of Customers served or estimated to be served during the preceding year.

1691 (vii) If extensions of or additions to the System are in the
1692 process of construction at the time of such certificate, or if the proceeds of the Future
1693 Parity Bonds being issued are to be used to acquire or construct extensions of or additions
1694 to the System, there shall be added to the annual net revenue as above determined any
1695 revenue not included in the preceding paragraphs that will be derived from such additions
1696 and extensions after deducting therefrom the estimated additional Operating and
1697 Maintenance Expenses to be incurred as a result of such additions and extensions;
1698 provided that such estimated annual revenue shall be based upon 75% of any estimated
1699 Customer growth in the four years following the first full year in which such additional
1700 revenue is to be collected and thereafter the estimated Customer growth shall not exceed
1701 1/4 of 1% per year over and above such reduced estimate.

1702 E. From and after such time as no Series A through Series Z Bonds
1703 remain outstanding, instead of the certificate described in subsection D(2) above, the
1704 county may elect instead to have on file a certificate of the finance director demonstrating
1705 that during any 12 consecutive calendar months out of the immediately preceding
1706 18 calendar months Revenue of the System, less Operating and Maintenance Expenses
1707 for such period, was at least equal to 1.25 times the amount required to pay, in each year

1708 that such Future Parity Bonds would be outstanding:, the Annual Parity Debt Service for
1709 such year.

1710 F. From and after such time as no Series A through Series Z Bonds
1711 remain outstanding, the county may at any time for the purpose of refunding at or prior to
1712 their maturity any outstanding Parity Bonds or any bonds or other obligations of the
1713 county payable from Revenue of the System issue Future Parity Bonds without
1714 complying with the provisions of subsection D or E hereof; provided, however, that the
1715 county shall not issue Future Parity Bonds for such purpose under this subsection F
1716 unless the finance director certifies that upon the issuance of such Future Parity Bonds
1717 (i) total debt service required for all Parity Bonds (including the refunding bonds but not
1718 including the bonds to be refunded thereby) shall decrease and (ii) the annual debt service
1719 for each year that any Parity Bonds (including the refunding bonds proposed to be issued)
1720 are then outstanding shall not be increased by more than \$5,000 by reason of the issuance
1721 of such Future Parity Bonds.

1722 The principal amount of Future Parity Bonds issued pursuant to this subsection G
1723 may include amounts necessary to pay the principal of the Parity Bonds or other
1724 obligations to be refunded, interest thereon to the date of payment or redemption thereof,
1725 any premium payable thereon upon such payment or redemption and the costs of issuance
1726 of such Future Parity Bonds, and if there shall have been provided a Payment Agreement
1727 with respect to the obligations to be refunded, may include amounts necessary to make
1728 the payment of all amounts, if any, due and payable by the county under such Payment
1729 Agreement. The proceeds of such Future Parity Bonds shall be held and applied in such
1730 manner as is provided for in the resolution or ordinance authorizing the issuance of the

1731 Parity Bonds or other obligations to be refunded, so that upon the delivery of such Future
1732 Parity Bonds, the Parity Bonds or other obligations to be refunded thereby shall be
1733 deemed to be no longer outstanding in accordance with the resolution or ordinance
1734 authorizing their issuance.

1735 G. Nothing contained in this ordinance shall prevent the county from
1736 issuing revenue bonds that are a charge upon the Revenue of the System and money in the
1737 Revenue Fund junior or inferior to the payments required to be made therefrom into the
1738 Bond Fund and any account therein, nor shall anything herein contained prevent the county
1739 from issuing Future Parity Bonds to refund maturing Parity Bonds for the payment of which
1740 money is not otherwise available.

1741 Section 23. Reimbursement Obligations. If the county elects to secure any
1742 Parity Bonds with a Credit Facility, the county may contract with the entity providing
1743 such Credit Facility that the reimbursement obligation, if any, to such entity is a Parity
1744 Bond.

1745 Section 24. Parity Payment Agreements.

1746 A. General. From and after such time as no Series A through Series Z Bonds
1747 remain outstanding, to the extent and for the purposes permitted from time to time by
1748 Chapter 39.96 RCW and other applicable provisions of State law, the county may enter
1749 into Parity Payment Agreements, subject to the conditions set forth in this section and in
1750 other provisions of this ordinance.

1751 B. Manner and Schedule of Payments. Each Parity Payment Agreement shall
1752 set forth the manner in which the Payment Agreement Payments and the Payment
1753 Agreement Receipts shall be calculated and a schedule of payment dates.

1754 C. Authorizing Ordinance. Prior to entering into a Parity Payment
1755 Agreement, the county council shall pass an ordinance authorizing such agreement and
1756 setting forth such provisions as the county deems necessary or desirable and are not
1757 inconsistent with the provisions of this ordinance.

1758 D. Calculation of Payment Agreement Payments and Debt Service on Parity
1759 Bonds with Respect to which a Payment Agreement is in Force. It is the intent of the
1760 county, for purposes of Sections 17 or 22 of this ordinance, that debt service on Parity
1761 Bonds with respect to which a Parity Payment Agreement is in force shall be calculated
1762 to reflect the net economic effect on the county intended to be produced by the terms of
1763 the Parity Bonds and the terms of the Parity Payment Agreement. In calculating such
1764 amounts, the county shall be guided by the following requirements.

1765 (i) The amount of interest deemed to be payable on any Parity Bonds
1766 with respect to which a Parity Payment Agreement is in force shall be an amount equal to
1767 the amount of interest that would be payable at the rate or rates stated in those Parity
1768 Bonds plus Payment Agreement Payments minus Payment Agreement Receipts.

1769 (ii) For any period during which Payment Agreement Payments are
1770 not taken into account in calculating interest on any outstanding Parity Bonds because the
1771 Parity Payment Agreement is not then related to any outstanding Parity Bonds, Payment
1772 Agreement Payments on that Parity Payment Agreement shall be calculated based upon
1773 the following assumptions:

1774 (a) County Obligated to Make Payments Based on Fixed Rate.
1775 If the county is obligated to make Payment Agreement Payments based on a fixed rate
1776 and the Qualified Counterparty is obligated to make payments based on a variable rate

1777 index, payments by the county will be based on the assumed fixed payor rate, and
1778 payments by the Qualified Counterparty will be based on a rate equal to the average rate
1779 determined by the variable rate index specified by the Parity Payment Agreement during
1780 the fiscal quarter preceding the quarter in which the calculation is made; and

1781 (b) County Obligated to Make Payments Based on Variable
1782 Rate Index. If the county is obligated to make Payment Agreement Payments based on a
1783 variable rate index and the Qualified Counterparty is obligated to make payments based
1784 on a fixed rate, payments by the county will be based on a rate equal to the average rate
1785 determined by the variable rate index specified by the Parity Payment Agreement during
1786 the fiscal quarter preceding the quarter in which the calculation is made, and the
1787 Qualified Counterparty will make payments based on the fixed rate specified by the
1788 Parity Payment Agreement.

1789 E. Prior Notice to Moody's and Standard & Poor's. The county shall give
1790 notice to Moody's Investors Service and Standard & Poor's Ratings Services, a Division
1791 of The McGraw-Hill Companies, thirty days prior to the date it intends to enter into a
1792 Parity Payment Agreement.

1793 Section 25. Sale of Bonds.

1794 A. Determination by Finance Director. The finance director shall
1795 determine, in consultation with the county's financial advisors, which of the Refunding
1796 Candidates shall be refunded, whether the Refunding Bonds and Project Bonds shall be
1797 sold separately or sold in a combined series, and whether each such series of the Bonds
1798 shall be sold by negotiated sale or by competitive bid. The authority to issue any of the

1799 Bonds authorized hereunder shall terminate one year from the effective date of this
1800 ordinance.

1801 In determining which of the Refunding Candidates, if any, should be advance
1802 refunded under the authority of this ordinance, the council intends that that finance
1803 director adhere to a refunding guideline that the present value of the savings achieved by
1804 any advance refunding exceed a minimum level of approximately 5% of the principal
1805 amount of Refunded Bonds that are advance refunded. This requirement does not apply
1806 to the current refunding of any Refunded Bonds, i.e. the redemption of such Refunded
1807 Bonds paid for with proceeds of Bonds issued no earlier than six months prior to such
1808 date fixed for redemption.

1809 B. Procedure for Negotiated Sale. If the finance director determines
1810 that any series of the Bonds shall be sold by negotiated sale, the finance director shall, in
1811 accordance with applicable county procurement procedures, solicit one or more
1812 underwriting firms with which to negotiate the sale of the Bonds. The purchase contract
1813 for the Bonds shall establish the date, interest rates, maturity schedule and redemption
1814 provisions of the Bonds. The county council by the Sale Motion shall ratify and approve
1815 the bond purchase contract and terms for the Bonds established therein.

1816 C. Procedure for Sale by Competitive Bid. If the finance director
1817 determines that any series of the Bonds shall be sold by competitive bid, bids for the
1818 purchase of such Bonds shall be received at such time or place and by such means as the
1819 Finance Director shall direct. The finance director is authorized to prepare a notice of
1820 sale for such Bonds, establishing in such notice the date, principal amount, interest
1821 payment dates, maturity schedule and redemption provisions for such Bonds. The

1822 official notice of sale or an abridged form thereof shall be published in such newspapers
1823 or financial journals as may be deemed desirable or appropriate by the financial advisors
1824 to the county.

1825 Upon the date and time established for the receipt of bids for any series of the
1826 Bonds, the finance director or his designee shall open the bids, shall cause the bids to be
1827 mathematically verified and shall report to the county council regarding the bids
1828 received. Such bids shall then be considered and acted upon by the county council in an
1829 open public meeting. The county council reserves the right to reject any and all bids for
1830 such Bonds. The county council by the Sale Motion shall approve the sale of such Bonds
1831 and establish the date, interest rates, maturity schedule and redemption provisions of such
1832 Bonds.

1833 Section 26. Delivery of Bonds. Following the sale of any series of the Bonds,
1834 the county shall cause definitive Bonds of such series to be prepared, executed and
1835 delivered, which Bonds shall be typewritten, lithographed or printed with engraved or
1836 lithographed borders, or in such other form acceptable to DTC as initial depository for
1837 such Bonds.

1838 If definitive Bonds are not ready for delivery by the date established for Closing,
1839 then the finance director, upon the approval of the purchasers, may cause to be issued and
1840 delivered to the purchasers one or more temporary Bonds with appropriate omissions,
1841 changes and additions. Any temporary Bond or Bonds shall be entitled and subject to the
1842 same benefits and provisions of this ordinance with respect to the payment, security and
1843 obligation thereof as definitive Bonds authorized thereby. Such temporary Bond or

1844 Bonds shall be exchangeable without cost to the owners thereof for definitive Bonds
1845 when the latter are ready for delivery.

1846 Section 27. Official Statement. The county hereby authorizes and directs the
1847 finance director: (i) to review and approve the information contained in the preliminary
1848 official statement (the "Preliminary Official Statement") prepared in connection with the
1849 sale of any series of the Bonds; and (ii) for the sole purpose of the Bond purchasers'
1850 compliance with Section (b)(1) of the Rule, to "deem final" that Preliminary Official
1851 Statement as of its date, except for the omission of information on offering prices, interest
1852 rates, selling compensation, delivery dates, any other terms or provisions required by the
1853 county to be specified in a competitive bid, ratings, other terms of such Bonds dependent
1854 on such matters, and the identity of the Bond purchaser. After the Preliminary Official
1855 Statement has been reviewed and approved in accordance with the provisions of this
1856 section, the county hereby authorizes distribution of the Preliminary Official Statement to
1857 prospective purchasers of such Bonds.

1858 Following the sale of any series of the Bonds in accordance with Section 25 of
1859 this ordinance, the finance director is hereby authorized to review and approve on behalf
1860 of the county a final official statement with respect to such Bonds. The county agrees to
1861 cooperate with the purchaser of such Bonds to deliver or cause to be delivered, within
1862 seven business days from the date of the Sale Motion and in sufficient time to accompany
1863 any confirmation that requests payment from any customer of the purchaser, copies of the
1864 final official statement in sufficient quantity to comply with paragraph (b)(4) of the Rule
1865 and the rules of the Municipal Securities Rulemaking Board ("MSRB").

1866 Section 28. Undertaking to Provide Ongoing Disclosure. In each Sale Motion,
1867 the county council will set forth an undertaking for ongoing disclosure with respect to
1868 each series of the Bonds, as required by Section (b)(5) of the Rule.

1869 Section 29. General Authorization. The appropriate county officials, agents
1870 and representatives are hereby authorized and directed to do everything necessary for the
1871 prompt sale, issuance, execution and delivery of the Bonds, and for the proper use and
1872 application of the proceeds of the sale thereof.

1873 Section 30. Investment of Funds and Accounts.

1874 A. So long as any Series A through Series Z Bonds remain outstanding,
1875 money in the Revenue Fund shall be invested in direct obligations of the United States
1876 Government maturing or having a guaranteed redemption price payable within the
1877 following periods:

1878 1. For investments of money in the Bond Reserve Account not more
1879 than five years from date of purchase;

1880 2. For investments of other money in the Bond Fund not more than one
1881 year from date of purchase and in any event not later than the time such money is required
1882 for payment of principal and interest;

1883 3. For investments of money in the Contingency Reserve not more than
1884 three years from date of purchase;

1885 4. For investments of money in the Operating Reserve not more than
1886 ninety-one days from date of purchase;

1887 5. For investments of other money in the Revenue Fund not more than
1888 two years from date of purchase;

1889 6. For investments of money in the Construction Fund not more than
1890 two years from date of purchase.

1891 B. From and after such time as no Series A through Series Z Bonds remain
1892 outstanding, money in the Bond Fund, Bond Reserve Account, and other accounts
1893 described in subsection A above may be invested in any investments permitted for funds
1894 of the county.

1895 C. Obligations purchased as an investment of money in the Revenue Fund,
1896 Bond Fund and Construction Fund and accounts or subaccounts therein shall be deemed
1897 at all times to be a part of such respective fund, account or subaccount and the income or
1898 interest earned, profits realized or losses suffered by a fund, account or subaccount due to
1899 the investment thereof shall be retained in, credited or charged, as the case may be, to
1900 such fund or account.

1901 D. In computing the amount in any fund or account under the provisions of
1902 this ordinance, obligations purchased as an investment of money therein shall be valued
1903 at the cost or market price thereof, whichever is lower, inclusive of accrued interest.

1904 Section 31. Defeasance. In the event that money and/or noncallable
1905 Government Obligations maturing at such time or times and bearing interest to be earned
1906 thereon in amounts (together with such money, if necessary) sufficient to redeem and
1907 retire, refund or defease part or all of the Bonds in accordance with their terms, are set
1908 aside in a special account of the county to effect such redemption and retirement, and
1909 such money and the principal of and interest on such Government Obligations are
1910 irrevocably set aside and pledged for such purpose, then no further payments need be
1911 made into the Bond Fund for the payment of the principal of and interest on the Bonds so

1912 provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of
1913 this ordinance except the right to receive the money so set aside and pledged, and such
1914 Bonds shall be deemed not to be outstanding hereunder.

1915 Within 30 days of the defeasance of any of the Bonds, the Bond Registrar shall
1916 provide notice of defeasance of such Bonds to the registered owners of the Bonds and to
1917 each NRMSIR and SID, if any, in accordance with the ongoing disclosure provision to be
1918 adopted by the Sale Motion.

1919 Section 32. Amending Description of Rate Covenant in Ordinances 13468 and
1920 13650. The County wishes to correct defective descriptions in Ordinances 13468 and
1921 13650 of the rate covenants applicable to the 1999 Bonds and the 1999 (2nd) Bonds.
1922 Section 16 of Ordinance 13468 is hereby amended as follows (additions are underscored
1923 and deletions are stricken):

1924 ~~A. Coverage. Subject to the provisions of subsection B of this~~
1925 ~~Section 16, †~~The county hereby covenants with the owner of each of the
1926 Bonds for so long as any of the same are outstanding that the county will
1927 at all times establish, maintain and collect rates and charges for sewage
1928 disposal service that together with the interest to be earned on investments
1929 made of money in any fund created or designated by Resolution No. 90 of
1930 the Metro Council (the Revenue Fund, Bond Fund, Bond Reserve, Operating
1931 Reserve, Contingency Reserve, Betterment Reserve and Construction
1932 Account), will provide in each calendar year Net Revenue ~~of the System~~ in
1933 an amount equal to at least 1.15 times the amounts required to pay the
1934 Annual Parity Debt Service for such calendar year.

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At all times and in any event, rates and charges for sewage disposal service shall be sufficient to provide funds adequate to operate and maintain the System, to make all payments and to establish and maintain all reserves required by this or any other ordinance authorizing obligations of the county payable from Revenue of the System, to make up any deficit in such payments remaining from prior years and to pay all costs incurred in the construction or acquisition of any portion of the Comprehensive Plan that may be ordered by the county and for the payment of which sewer revenue bonds (or other obligations payable from Revenue of the System) are not issued.

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For the purpose of meeting the requirement of this Section 16, but only from and after such time as no Series A through Series Z Bonds, 1994A Bonds and 1995 Bonds remain outstanding, there may be added to Revenue of the System for any fiscal year any amount withdrawn from the Rate Stabilization Fund and deposited in the Revenue Fund. There shall be subtracted from Net Revenue for any fiscal year any amounts in such year withdrawn from the Revenue Fund and deposited into the Rate Stabilization Fund in such fiscal year.

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Section 16 of Ordinance 13650 is hereby amended as follows (additions are underscored and deletions are stricken):

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1958 A. ~~Coverage.~~ Subject to the provisions of subsection B of this
1959 ~~Section 16,~~ The county hereby covenants with the owner of each of the
1960 Bonds for so long as any of the same are outstanding that the county will
1961 at all times establish, maintain and collect rates and charges for sewage
1962 disposal service that together with the interest to be earned on investments
1963 made of money in any fund created or designated by Resolution No. 90 of
1964 the Metro Council (the Revenue Fund, Bond Fund, Bond Reserve, Operating
1965 Reserve, Contingency Reserve, Betterment Reserve and Construction
1966 Account), will provide in each calendar year Net Revenue of the System in
1967 an amount equal to at least 1.15 times the amounts required to pay the
1968 Annual Parity Debt Service for such calendar year.

1969
1970 At all times and in any event, rates and charges for sewage disposal
1971 service shall be sufficient to provide funds adequate to operate and maintain
1972 the System, to make all payments and to establish and maintain all reserves
1973 required by this or any other ordinance authorizing obligations of the county
1974 payable from Revenue of the System, to make up any deficit in such
1975 payments remaining from prior years and to pay all costs incurred in the
1976 construction or acquisition of any portion of the Comprehensive Plan that
1977 may be ordered by the county and for the payment of which sewer revenue
1978 bonds (or other obligations payable from Revenue of the System) are not
1979 issued.

1980

1981 For the purpose of meeting the requirement of this Section 16, but
1982 only from and after such time as no Series A through Series Z Bonds,
1983 1994A Bonds and 1995 Bonds remain outstanding, there may be added to
1984 Revenue of the System for any fiscal year any amount withdrawn from the
1985 Rate Stabilization Fund and deposited in the Revenue Fund. There shall
1986 be subtracted from Net Revenue for any fiscal year any amounts in such
1987 year withdrawn from the Revenue Fund and deposited into the Rate
1988 Stabilization Fund in such fiscal year.

1989
1990 Section 33. Supplemental Ordinances. The county council from time to time
1991 and at any time may adopt an ordinance or ordinances supplemental to this ordinance
1992 which supplemental ordinance or ordinances thereafter shall become a part of this
1993 ordinance, for any one or more of the following purposes:

1994 A. To add to the covenants and agreements of the county in this ordinance
1995 such other covenants and agreements thereafter to be observed, which shall not adversely
1996 affect the interests of the holds and owners of any Parity Bonds, or to surrender any right
1997 or power herein reserved to or conferred upon the county.

1998 B. To make such provisions for the purpose of curing any ambiguities or of
1999 curing, correcting or supplementing any defective provision contained in this ordinance
2000 or any ordinance authorizing Future Parity Bonds in regard to matters or questions arising
2001 under such ordinances as the county council may deem necessary or desirable and not
2002 inconsistent with such ordinances and which shall not adversely affect the interest of the
2003 holders and owners of Parity Bonds.

2004 Section 34. Severability. The covenants contained in this ordinance shall
2005 constitute a contract between the county and the owners of each and every Bond. If any
2006 one or more of the covenants or agreements provided in this ordinance to be performed
2007 on the part of the county by any court of competent jurisdiction to be contrary to law,
2008 then such covenant or covenants, agreement or agreements, shall be null and void and
2009 shall be deemed separable from the remaining

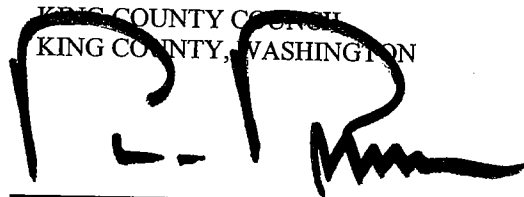
2010 covenants and agreements of this ordinance and shall in no way affect the validity of the
2011 other provisions of this ordinance or of the Bonds.

2012 Section 35. Effective Date. This ordinance shall be effective 10 days after its
2013 enactment, in accordance with Article II of the county charter.

2014

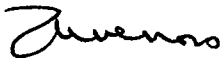
Ordinance 14225 was introduced on 9/10/01 and passed as amended by the Metropolitan King County Council on 10/8/01, by the following vote:

Yes: 11 - Mr. von Reichbauer, Ms. Fimia, Mr. Phillips, Mr. McKenna, Ms. Sullivan, Mr. Nickels, Mr. Pullen, Mr. Gossett, Ms. Hague, Mr. Thomas and Mr. Irons
No: 0
Excused: 2 - Ms. Miller and Mr. Pelz

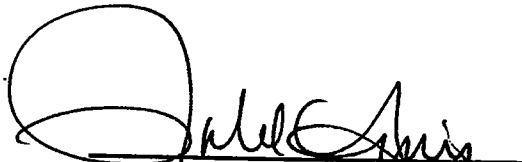
KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Pete von Reichbauer, Chair

ATTEST:



Anne Noris, Clerk of the Council
APPROVED this 15 day of October 2001.


Ron Sims, County Executive

Attachments None

