



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 9, 2002

Ordinance 14406

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Proposed No. 2002-0222.1

Sponsors Phillips

AN ORDINANCE authorizing the issuance of sewer revenue bonds of the county in the aggregate principal amount of not to exceed \$725,000,000 to provide funds for constructing improvements to the sewer system of the county and for refunding certain outstanding sewer revenue bonds of the county; providing for the form, terms, covenants and other provisions of such bonds; providing for the sale of the bonds and for a plan of refunding; establishing funds for the receipt and expenditure of bond proceeds and for the payment of the bonds; and pledging sewer revenues to pay the principal of and interest on the bonds.

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56 PREAMBLE:

57 The Municipality of Metropolitan Seattle (“Metro”) was created by public
58 vote in 1958 to exercise the powers conferred by Chapter 35.58 Revised Code of
59 Washington (“RCW”) related to water pollution abatement. RCW 35.58.200
60 confers specific powers to prepare and implement a comprehensive water
61 pollution abatement plan including provisions for waterborne pollutant removal,
62 water quality improvement, sewage disposal and storm water drainage. In the
63 exercise of those powers, the metropolitan council adopted a comprehensive
64 water pollution abatement plan for the Seattle metropolitan area. This plan has
65 been implemented in stages and has included facilities for the conveyance and
66 treatment of sewage and control of combined sewer overflows that include, but
67 are not necessarily limited to, wastewater treatment plants, interceptor and trunk
68 sewers, pumping stations, regulator stations, outfall sewers, storm sewers to divert
69 stormwater from sanitary sewers, lands for application of biosolids, property
70 rights, buildings and other structures.

71 To provide funds to acquire, construct, install, develop and operate the
72 facilities required to carry out this plan, Metro issued its sewer revenue bonds in
73 Series A through Series Z. Long term service agreements with participating
74 municipalities (the “Participants”) obligate Metro, and now the county as its
75 successor, to treat and dispose of sewage collected by the Participants. The
76 Participants must pay the costs of such services including debt service on sewer
77 revenue bonds and other such indebtedness payable from and secured by sewer
78 revenues, including the bonds authorized herein.

79 The following series of sewer revenue bonds (the "Series A through
80 Series Z Bonds") dated as of the following dates were issued in the following
81 original principal amounts and are now outstanding in the following principal
82 amounts:

83			Original Principal	Principal Amount
84	<u>Series</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Outstanding</u>
85	Series A	July 1, 1961	\$ 20,000,000	\$ -0-
86	Series B	April 1, 1962	16,000,000	-0-
87	Series C	January 1, 1963	15,000,000	-0-
88	Series D	October 1, 1963	15,000,000	-0-
89	Series E	April 1, 1964	15,000,000	-0-
90	Series F	October 1, 1964	15,000,000	-0-
91	Series G	April 1, 1965	15,000,000	-0-
92	Series H	October 1, 1965	10,000,000	-0-
93	Series I	October 1, 1966	15,000,000	-0-
94	Series J	January 1, 1969	9,000,000	-0-
95	Series K	January 1, 1971	20,000,000	-0-
96	Series L	May 1, 1982	35,000,000	-0-
97	Series M	February 1, 1983	44,000,000	-0-
98	Series N	October 1, 1984	45,000,000	-0-
99	Series O	September 1, 1985	35,000,000	-0-
100	Series P	April 1, 1986	150,000,000	-0-
101	Series Q	March 1, 1987	135,000,000	-0-
102	Series R	September 1, 1988	48,000,000	-0-
103	Series S	August 1, 1990	100,000,000	-0-
104	Series T	May 1, 1991	100,000,000	-0-
105	Series U	February 1, 1992	90,000,000	-0-
106	Series V	August 1, 1992	119,580,000	-0-
107	Series W	January 1, 1993	90,000,000	-0-
108	Series X	March 1, 1993	136,305,000	129,615,000
109	Series Y	April 1, 1993	122,455,000	107,155,000
110	Series Z	July 1, 1993	127,100,000	123,720,000

111
112 Pursuant to the authority of Chapter 36.56 of the Revised Code of
113 Washington ("RCW") and a special county election held November 3, 1992, the
114 county on January 1, 1994 assumed the rights, powers, functions and obligations
115 of Metro, including operation of Metro's metropolitan sewer system (the "Sewer
116 System") to carry out the functions of metropolitan water pollution abatement in

117 accordance with a comprehensive plan as authorized by Chapter 35.58 RCW.
 118 The county has assumed and agreed to provide for the payment and retirement of
 119 outstanding bonds of Metro, including the Series A through Series Z Bonds.

120 The county has issued the following series of sewer revenue bonds on a
 121 parity of lien with the Series A through Series Z Bonds. (The Series A through
 122 Series Z Bonds together with the following described bonds are hereinafter
 123 sometimes referred to collectively as the "Parity Bonds").

124			Original Principal	Principal Amount
125	<u>Series</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Outstanding</u>
126	1999	June 1, 1999	\$ 80,000,000	\$ 80,000,000
127	1999 (2 nd)	November 1, 1999	\$ 60,000,000	\$ 60,000,000
128	2001	November 28, 2001	\$ 270,060,000	\$ 266,290,000

130 The county has issued the following series of limited tax general
 131 obligation bonds additionally secured by a junior lien pledge of revenues of the
 132 Sewer System (the "Parity Lien Obligations") dated as of the following dates in
 133 the following original principal amounts and now outstanding in the following
 134 principal amounts:

135			Original Principal	Principal Amount
136	<u>Series</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Outstanding</u>
137	1994A	April 1, 1994	\$ 170,000,000	\$ 4,200,000
138	1995	May 1, 1995	\$ 90,000,000	\$ 88,365,000
139	1996	December 15, 1996	\$ 130,965,000	\$ 105,160,000
140	1998	September 15, 1998	\$ 261,625,000	\$ 259,350,000

142 The county may have opportunities to refund the callable portions of
 143 certain of the Parity Bonds and the Parity Lien Obligations (as defined herein, the
 144 "Refunding Candidates") and realize savings to the county and ratepayers of the
 145 Sewer System. It is deemed necessary and advisable that the county now issue
 146 and sell not to exceed \$550,000,000 principal amount of its sewer revenue bonds

147 to refund all or a portion of such bonds, as provided herein (the “Refunding
148 Bonds”).

149 It is deemed necessary and desirable that the county also now sell and
150 issue its sewer revenue bonds in the aggregate principal amount of \$175,000,000
151 (the “Project Bonds”) to carry out portions of the comprehensive plan.

152 To maximize the savings from refunding any of the Refunding
153 Candidates, it is in the best interest of the county to delegate to the county Finance
154 Manager authority to sell the Refunding Bonds and the Project Bonds in one or
155 more series; provided, however, that the aggregate principal amount of the Project
156 Bonds shall not exceed \$175,000,000 and the aggregate principal amount of the
157 Refunding Bonds shall not exceed \$550,000,000.

158 The resolutions and ordinance authorizing the issuance of the outstanding
159 Parity Bonds and the ordinances authorizing the issuance of the outstanding Parity
160 Lien Obligations all provide that the county may issue additional sewer revenue
161 bonds on a parity with the outstanding Parity Bonds if certain conditions are met.
162 The county council has found and determined that such parity conditions have
163 been met, and therefore the pledge of revenues of the Sewer System to secure
164 such bonds shall be on a parity with the pledge of such revenues to secure the
165 outstanding Parity Bonds.

166 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

170 “Additional Subordinate Lien Obligations” means those revenue bonds or other revenue
171 obligations that may be issued by the county in the future with a lien on Revenue of the System
172 equal to the lien thereon of the Commercial Paper Notes and the Bank Note.

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

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

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

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

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

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

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

203 Notwithstanding the foregoing, debt service on Parity Bonds with respect to which a
204 Payment Agreement is in force shall be calculated by the county to reflect the net economic
205 effect on the county intended to be produced by the terms of the Parity Bonds and the terms of
206 the Payment Agreement, in accordance with the requirements set forth in Section 23 of this
207 ordinance.

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

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

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

216 (ii) The amount of interest deemed to be payable on any issue of Variable
217 Rate Parity Bonds shall be calculated on the assumption that the interest rate on those bonds
218 would be equal to the rate (the "assumed RBI rate") that is 90% of the average Bond Buyer
219 Revenue Bond Index or comparable index during the fiscal quarter preceding the quarter in
220 which the calculation is made; provided, however, that for purposes of determining actual
221 compliance in any past calendar year with the rate covenant made in Section 16 of this
222 ordinance, the actual amount of interest paid on any issue of Variable Rate Parity Bonds shall be
223 taken into account.

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

226 (3) The amounts required to be paid into the Bond Fund during such calendar year for
227 interest on and amortization of principal of Parity Term Bonds. For purposes of this paragraph
228 (3), "amounts required to be paid" means the amount to be deposited or accumulated in the Term
229 Bond Payment Account on or before such dates for outstanding Parity Term Bonds irrespective
230 of the date or dates such amount, or any portion thereof, is actually deposited into such fund or
231 account.

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

237 "Arbitrage and Tax Certification" means the certificate executed by the Finance Manager
238 pertaining to the calculation and payment of any Rebate Amount with respect to the Bonds.

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

241 "Betterment Reserve" or "Betterment Reserve Account" means the Renewal, Extension
242 and Betterment Reserve Account created in the Revenue Fund by Section 8 of Resolution No. 90
243 of the Metro Council.

244 "Bond Fund" means the "Municipality of Metropolitan Seattle Sewer Revenue Bond
245 Fund" created by Section 10 of Resolution No. 90 of the Metro Council and redesignated and
246 continued by the county as the "Water Quality Revenue Bond Account" pursuant to Section 30
247 of Ordinance 12076 of the county.

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

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

254 "Bond Reserve" or "Bond Reserve Account" means the bond reserve account in the Bond
255 Fund.

256 "Bondowners' Trustee" means a trustee for the Parity Bonds authorized by this ordinance
257 to be appointed from and after such time as no Series A through Series Z Bonds remain
258 outstanding.

259 "Bonds" means all or a portion of the Project Bonds and the Refunding Bonds authorized
260 to be issued in one or more series pursuant to this ordinance.

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

264 "Closing" means the delivery of a series of the Bonds to, and payment of the purchase
265 price therefor by, the initial purchasers of such series of the Bonds.

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

270 "Commercial Paper Notes" means the King County, Washington, Sewer Revenue Bond
271 Anticipation Notes, Commercial Paper Series A, authorized, issued, and outstanding from time
272 to time pursuant to Ordinance 12057 of the county, as amended.

273 "Commission" means the Securities and Exchange Commission.

274 "Comprehensive Plan" means the county's comprehensive water pollution abatement
275 plan authorized by RCW 35.58.200 and defined in Section 28.82.150 of the King County Code
276 as the Comprehensive Sewage Disposal Plan adopted by Resolution No. 23 of the Metro Council
277 on April 22, 1959, and all amendments thereto, including those amendments approved by the
278 following resolutions of the Metro Council: Resolution No. 74 adopted February 16, 1961,
279 Resolution No. 152 adopted April 19, 1962, Resolution No. 261 adopted March 7, 1963,
280 Resolution No. 441 adopted August 20, 1964, Resolution No. 477 adopted November 19, 1964,
281 Resolution No. 795 adopted November 3, 1966, Resolution No. 928 adopted June 1, 1967,
282 Resolution No. 1011 adopted November 16, 1967, Resolution No. 1024 adopted December 7,
283 1967, Resolution No. 1052 adopted March 21, 1968, Resolution No. 1257 adopted July 3, 1969,

284 Resolution No. 1330 adopted December 18, 1969, Resolution No. 1829 adopted March 1, 1973,
285 Resolution No. 2025 adopted February 21, 1974, Resolution No. 3135 adopted March 15, 1979,
286 Resolution No. 3781 adopted November 5, 1981, Resolution No. 4217 adopted December 15,
287 1983, Resolution No. 4234 adopted October 20, 1983, Resolution No. 4339 adopted April 5,
288 1984, Resolution No. 4780 adopted July 17, 1986, Resolution No. 5332 adopted May 19, 1988,
289 Resolution No. 5371 adopted April 21, 1988, Resolution No. 5449 adopted July 21, 1988,
290 Resolution No. 5902 adopted June 21, 1990, Resolution No. 6107 adopted March 21, 1991, and
291 Resolution No. 6378 adopted June 4, 1992, together with any amendments hereafter approved by
292 ordinance of the county.

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

297 "Contingency Reserve" or "Contingency Reserve Account" means the Contingency
298 Reserve Account created in the Revenue Fund by Section 7 of Resolution No. 90 of the Metro
299 Council.

300 "Credit Facility" means any letter of credit, standby bond purchase agreement, line of
301 credit, surety bond, insurance policy or other insurance commitment or similar agreement (but
302 not including a Payment Agreement), satisfactory to the county, that is provided by a commercial
303 bank, insurance company or other financial institution with a current long term rating (or whose
304 obligations thereunder are guaranteed by a financial institution with a long term rating) from
305 Moody's Investors Service and Standard & Poor's Ratings Group not lower than the credit rating
306 of any series of Parity Bonds, to provide support for a series of Parity Bonds, and shall include

284 Resolution No. 1330 adopted December 18, 1969, Resolution No. 1829 adopted March 1, 1973,
285 Resolution No. 2025 adopted February 21, 1974, Resolution No. 3135 adopted March 15, 1979,
286 Resolution No. 3781 adopted November 5, 1981, Resolution No. 4217 adopted December 15,
287 1983, Resolution No. 4234 adopted October 20, 1983, Resolution No. 4339 adopted April 5,
288 1984, Resolution No. 4780 adopted July 17, 1986, Resolution No. 5332 adopted May 19, 1988,
289 Resolution No. 5371 adopted April 21, 1988, Resolution No. 5449 adopted July 21, 1988,
290 Resolution No. 5902 adopted June 21, 1990, Resolution No. 6107 adopted March 21, 1991, and
291 Resolution No. 6378 adopted June 4, 1992, together with any amendments hereafter approved by
292 ordinance of the county.

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

297 "Contingency Reserve" or "Contingency Reserve Account" means the Contingency
298 Reserve Account created in the Revenue Fund by Section 7 of Resolution No. 90 of the Metro
299 Council.

300 "Credit Facility" means any letter of credit, standby bond purchase agreement, line of
301 credit, surety bond, insurance policy or other insurance commitment or similar agreement (but
302 not including a Payment Agreement), satisfactory to the county, that is provided by a commercial
303 bank, insurance company or other financial institution with a current long term rating (or whose
304 obligations thereunder are guaranteed by a financial institution with a long term rating) from
305 Moody's Investors Service and Standard & Poor's Ratings Group not lower than the credit rating
306 of any series of Parity Bonds, to provide support for a series of Parity Bonds, and shall include

307 any substitute therefor in accordance with the provisions of the ordinance providing for the
308 issuance of Parity Bonds supported by a Credit Facility.

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

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

312 "Finance Manager" means the manager of finance and business operations of the
313 county's or his or her designee.

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

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

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

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

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

327 "MSRB" means the Municipal Securities Rulemaking Board or any successor to its
328 functions.

329 "1994A Bonds" means the county's Limited Tax General Obligation Bonds (Payable
330 from Sewer Revenues), 1994 Series A, issued under date of April 1, 1994, in the initial principal
331 amount of \$170,000,000 as authorized by Ordinance Nos. 11241 and 11252 of the county.

332 "1995 Bonds" means the county's Limited Tax General Obligation Bonds (Payable from
333 Sewer Revenues), 1995, issued under date of May 1, 1995, in the initial principal amount of
334 \$90,000,000 as authorized by Ordinance 11763 of the county.

335 "1996 Bonds" means the county's Limited Tax General Obligation Refunding Bonds
336 (Payable from Sewer Revenues), 1996 Series C, issued under date of December 15, 1996, in the
337 initial principal amount of \$130,965,000 as authorized by Ordinance 12314 of the county.

338 "1998 Bonds" means the county's Limited Tax General Obligation Refunding Bonds
339 (Payable from Sewer Revenues), 1998 Series B, issued under date of September 15, 1998, in the
340 initial principal amount of \$261,625,000 as authorized by Ordinance 13256 of the county passed
341 on August 31, 1998 and Motion No. 15060 of the county council passed on September 28, 1998.

342 "1999 Bonds" means the county's Sewer Revenue Bonds, 1999, issued under date of
343 June 1, 1999, in the initial principal amount of \$80,000,000 as authorized by Ordinance 13468 of
344 the county passed on April 19, 1999 and Motion No. 10694 of the county council passed on
345 June 7, 1999.

346 "1999 (2nd) Bonds" means the county's Sewer Revenue Bonds, 1999 (Second Series),
347 issued under date of November 1, 1999, in the principal amount of \$60,000,000, as authorized by
348 Ordinance 13650 of the county passed on October 4, 1999, and Motion No. 10799 of the county
349 council passed on October 25, 1999.

350 "2001 Bonds" means the county's Sewer Revenue and Refunding Bonds, 2001, issued
351 under date of November 28, 2001, in the principal amount of \$270,060,000, as authorized by

352 Ordinance 14225 of the county passed on October 8, 2001, and Motion 11330 of the county
353 council passed on November 13, 2001.

354 "Net Revenue" means Revenue of the System less Operating and Maintenance Expenses.

355 "NRMSIR" means a nationally recognized municipal securities information repository.

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

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

362 "Parity Bonds" means the Series A through Series Z Bonds, the 1999 Bonds, the 1999
363 (2nd) Bonds, the 2001 Bonds, the Bonds, and any and all sewer revenue bonds of the county, the
364 payment of which constitutes a lien and charge upon the Revenue of the System equal in rank
365 with the lien and charge upon such revenue for the payments required to pay or to secure the
366 payment of the Series A through Series Z Bonds, the 1999 Bonds, the 1999(2nd) Bonds, the 2001
367 Bonds, and the Bonds. At such time as the provisions of Section 23 hereof become effective,
368 "Parity Bonds" shall include any Parity Payment Agreements and parity reimbursement
369 agreements entered into with the provider of a Credit Facility.

370 "Parity Lien Obligation Bond Fund" means the Water Quality Limited Tax General
371 Obligation Bond Redemption Fund, established pursuant to Section 8 of Ordinance 11241 of the
372 county, to provide for payment of Parity Lien Obligations.

373 "Parity Lien Obligations" means the 1994A Bonds, the 1995 Bonds, the 1996 Bonds and
374 the 1998 Bonds and all bonds, notes or other evidences of indebtedness payable in whole or in

375 part from Revenue of the System and secured by a lien on such Revenue on a parity of lien with
376 the lien of the 1994A Bonds, the 1995 Bonds, the 1996 Bonds and the 1998 Bonds. "Parity Lien
377 Obligations" include any Parity Lien Payment Agreements and parity reimbursement agreements
378 entered into with the provider of a Credit Facility.

379 "Parity Lien Obligation Payment Agreement" means a Payment Agreement under which
380 the 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 Parity Lien Obligation Bond Fund to pay and secure the
383 payment of principal of and interest on the Parity Lien Obligations.

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

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

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

398 “Payment Agreement Payments” means the amounts periodically required to be paid by
399 the county to the Qualified Counterparty pursuant to a Payment Agreement. The term “Payment
400 Agreement Payments” does not include any termination payment required to be paid with respect
401 to a Payment Agreement.

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

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

407 “Project Bonds” means the \$175,000,000 aggregate principal amount of sewer revenue
408 bonds of the county authorized to be issued hereunder to pay costs of constructing and installing
409 portions of the Comprehensive Plan and for acquiring, constructing and installing necessary
410 renewals or replacements of the System.

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

419 “Qualified Insurance” means any unconditional municipal bond insurance policy or
420 surety bond issued by any insurance company licensed to conduct an insurance business in any

421 state of the United States or by a service corporation acting on behalf of one or more such
422 insurance companies, which insurance company or service corporation is rated in one of the two
423 highest rating categories by Moody's Investors Service, Standard & Poor's Ratings Services, and
424 any other rating agency then maintaining a rating on the Bonds, provided, that, as of the time of
425 issuance of such policy or surety bond, such insurance company or companies maintain a policy
426 owner's surplus in excess of \$500,000,000.

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

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

435 "RCW" means the Revised Code of Washington.

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

439 "Refunded Bonds" means with respect to each series of Refunding Bonds, those
440 Refunding Candidates that shall be refunded from proceeds of such series of Refunding Bonds,
441 as determined by the Finance Manager pursuant to Section 25 hereof and set forth in a Sale
442 Motion in accordance with Section 24 hereof.

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

444	Potential	Earliest Possible
445	<u>Refunded Bond</u>	<u>Date of Redemption</u>
446 447	Series X Bonds maturing on and after January 1, 2004	January 1, 2003
448 449	Series Y Bonds maturing on and after January 1, 2004	January 1, 2003
450 451	Series Z Bonds maturing on and after January 1, 2004	January 1, 2003
452 453	1995 Bonds maturing on and after January 1, 2006	January 1, 2005
454 455	1999 (2 nd) Bonds maturing on and after January 1, 2010	January 1, 2009

456
457 “Refunding Account” means any account authorized to be created pursuant to Section 14
458 hereof to provide for the refunding of any Refunded Bonds.

459 “Refunding Bonds” means not to exceed \$550,000,000 of the sewer revenue bonds
460 authorized to be issued in one or more series by this ordinance to refund the Refunded Bonds.

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

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

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

444	Potential	Earliest Possible
445	<u>Refunded Bond</u>	<u>Date of Redemption</u>
446 447	Series X Bonds maturing on and after January 1, 2004	January 1, 2003
448 449	Series Y Bonds maturing on and after January 1, 2004	January 1, 2003
450 451	Series Z Bonds maturing on and after January 1, 2004	January 1, 2003
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460 authorized to be issued in one or more series by this ordinance to refund the Refunded Bonds.

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

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

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

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

478 “Rule” means the Commission’s Rule 15c2-12 under the Securities and Exchange Act of
479 1934, as the same may be amended from time to time.

480 “Sale Motion” means a motion of the county council approving each sale of a series of
481 the Bonds and ratifying and confirming each plan of refunding any Refunded Bonds, in
482 accordance with Section 24 hereof.

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

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

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

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

494 “State” means the State of Washington.

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

498 “2000 SRF Loan” means the State Revolving Fund loan to the county by the State of
499 Washington Department of Ecology pursuant to the 2000 SRF Loan Agreement and any other
500 State Revolving Fund loans to the county having a lien and charge against Revenue of the
501 System on a parity with the lien and charge of the 2000 SRF Loan.

502 “2000 SRF Loan Agreement” means the Washington State Water Pollution Control State
503 Revolving Fund (SRF) Loan Agreement between the State of Washington Department of
504 Ecology and King County Department of Natural Resources Wastewater Treatment Division
505 effective as of June 1, 2000, as amended from time to time.

506 “Term Bond Payment Account” means the account of that name established in the Bond
507 Fund pursuant to Resolution No. 4075 of the Metro Council for the amortization of Parity Term
508 Bonds.

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

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

514 “Variable Rate Parity Bonds” means Parity Bonds bearing interest at a variable rate of
515 interest provided that at least one of the following conditions is met: (i) at the time of issuance
516 the county has entered into a Payment Agreement with respect to such Parity Bonds, which
517 Agreement converts the effective interest rate to the county on the Variable Rate Parity Bonds

518 from a variable interest rate to a fixed interest rate, or (ii) the Parity Bonds bear interest at a
519 variable rate but are issued concurrently in equal par amounts with other Parity Bonds bearing
520 interest at a variable rate and which are required to remain outstanding in equal amounts at all
521 times, if the net effect of such equal par amounts and variable rates at all times is a fixed rate of
522 interest to the county.

523 **SECTION 2. Findings.**

524 A. The county may be able to realize significant debt service savings by
525 refunding all or some of the Refunding Candidates. Because market conditions may change the
526 council finds that it is in the best interests of the county and ratepayers of the System that a plan
527 of refunding and the sale of the bonds in one or more series by competitive bid or negotiated
528 sale, for current or future delivery, be determined by the Finance Manager, in consultation with
529 the county's financial advisors. Each plan of refunding and sale of a series of Bonds will be
530 ratified and confirmed by the council in a Sale Motion.

531 B. In accordance with the provisions of the resolutions and ordinances
532 authorizing the issuance of the currently outstanding Parity Bonds, which permit the issuance of
533 additional Parity Bonds upon compliance with the conditions set forth therein (the "Parity
534 Conditions"), the county council hereby finds and determines, as follows:

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

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

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

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

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

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

562 **SECTION 3. Authorization of Bonds.** To provide funds necessary to pay costs of
563 acquiring, constructing and equipping improvements, additions or betterments to the System set

564 forth in the Comprehensive Plan, the county shall issue the Project Bonds in the aggregate
565 principal amount of \$175,000,000. To provide funds to refund the Refunded Bonds, the county
566 shall issue the Refunding Bonds in an aggregate principal amount to be established as provided
567 in Section 24 hereof and in any event not to exceed \$550,000,000. The Refunding Bonds and the
568 Project Bonds may be issued and sold in one or more series, each series to be designated as
569 “King County, Washington, Sewer Revenue [and/or Refunding] Bonds” with an applicable year
570 and series designation to be established as provided in Section 24 hereof. The Bonds shall be
571 fully registered as to both principal and interest, shall be in the denomination of \$5,000 each or
572 any integral multiple thereof (but no Bond shall represent more than one maturity), shall be
573 numbered separately in such manner and with any additional designation as the Bond Registrar
574 deems necessary for purposes of identification, and shall be dated as of such date and shall
575 mature on the dates, in the years and the amounts established as provided in Section 24 hereof.

576 Each series of the Bonds shall bear interest (computed on the basis of a 360-day year of
577 twelve 30-day months) from their date or from the most recent interest payment date for which
578 interest has been paid or duly provided for, whichever is later, payable on semiannual interest
579 payment dates to be established as provided in Section 24 hereof, at the rate or rates established
580 as provided in Section 24 hereof and accepted by a Sale Motion.

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

582 A. Registrar/Bond Register. In accordance with KCC 4.84, the county
583 hereby adopts for the Bonds the system of registration specified and approved by the Washington
584 State Finance Committee, which utilizes the fiscal agencies of the State of Washington in Seattle,
585 Washington, and New York, New York, as registrar, authenticating agent, paying agent and
586 transfer agent (collectively, the “Bond Registrar”). The Bond Registrar shall keep, or cause to be

587 kept, at its principal corporate trust office, sufficient books for the registration and transfer of the
588 Bonds, which shall at all times be open to inspection by the county. The Bond Registrar is
589 authorized, on behalf of the county, to authenticate and deliver the Bonds transferred or
590 exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out
591 all of the Bond Registrar's powers and duties under this ordinance.

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

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

608 C. DTC Acceptance/Letters of Representations. The Bonds initially issued
609 shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept

610 the Bonds as eligible for deposit at DTC, the county has heretofore executed and delivered to
611 DTC a Blanket Issuer Letter of Representations.

612 Neither the county nor the Bond Registrar will have any responsibility or obligation to
613 DTC participants or the persons for whom they act as nominees with respect to the Bonds in
614 respect of the accuracy of any records maintained by DTC or any DTC participant, the payment
615 by DTC or any DTC participant of any amount in respect of the principal of or interest on the
616 Bonds, any notice which is permitted or required to be given to Registered Owners under this
617 ordinance (except such notices as shall be required to be given by the county to the Bond
618 Registrar or to DTC), or any consent given or other action taken by DTC as the Registered
619 Owner. For so long as any Bonds are held in fully immobilized form hereunder, DTC or its
620 successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and
621 all references herein to the Registered Owners shall mean DTC or its nominee and shall not
622 mean the owners of any beneficial interest in the Bonds.

623 D. Use of Depository.

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

633 (2) Upon the resignation of DTC or its successor (or any substitute
634 depository or its successor) from its functions as depository or a determination by the
635 county council to discontinue the system of book entry transfers through DTC or its
636 successor (or any substitute depository or its successor), the county council may hereafter
637 appoint a substitute depository. Any such substitute depository shall be qualified under
638 any applicable laws to provided the services proposed to be provided by it.

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

645 (4) In the event that (i) DTC or its successor (or substitute depository
646 or its successor) resigns from its functions as depository, and no substitute depository can
647 be obtained, or (ii) the county council determines that it is in the best interest of the
648 beneficial owners of any of the Bonds that they be able to obtain such Bonds in the form
649 of bond certificates, the ownership of Bonds may then be transferred to any person or
650 entity as herein provided, and the Bonds shall no longer be held in fully immobilized
651 form. The county council shall deliver a written request to the Bond Registrar, together
652 with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized
653 denomination. Upon receipt of all then outstanding Bonds by the Bond Registrar
654 together with a written request on behalf of the county council to the Bond Registrar, new

655 Bonds shall be issued in such denominations and registered in the names of such persons
656 as are requested in such written request.

657 E. Transfer or Exchange of Registered Ownership; Change in
658 Denominations. The registered ownership of any Bond may be transferred or exchanged, but no
659 transfer of any Bond shall be valid unless it is surrendered to the Bond Registrar with the
660 assignment form appearing on such Bond duly executed by the Registered Owner or such
661 Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon
662 such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and
663 deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at
664 the option of the new Registered Owner) of the same series, date, maturity and interest rate and
665 for the same aggregate principal amount in any authorized denomination, naming as Registered
666 Owner the person or persons listed as the assignee on the assignment form appearing on the
667 surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be
668 surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate
669 principal amount of Bonds of the same date, maturity and interest rate, in any authorized
670 denomination. The Bond Registrar shall not be obligated to transfer or exchange any Bond
671 during a period beginning at the opening of business on the 15th day of the month next preceding
672 any interest payment date and ending at the close of business on such interest payment date, or,
673 in the case of any proposed redemption of the Bonds, after the mailing of notice of the call of
674 such Bonds for redemption.

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

678 G. Place and Medium of Payment. Both principal of and interest on the
679 Bonds shall be payable in lawful money of the United States of America. For so long as all
680 Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as
681 provided in accordance with the operational arrangements of DTC referred to in the Letter of
682 Representations. In the event that the Bonds are no longer in fully immobilized form, interest on
683 the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for
684 such Registered Owners appearing on the Bond Register on the 15th day of the month preceding
685 the interest payment date, and principal of the Bonds shall be payable upon presentation and
686 surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar.

687 **SECTION 5. Redemption of Bonds; Open Market Purchases.** The county may
688 reserve the right to redeem outstanding Bonds prior to their maturity on the dates and at the
689 prices established as provided in Section 24 hereof and ratified and confirmed by a Sale Motion.
690 Portions of the principal amount of any Bond, in increments of \$5,000 or any integral multiple of
691 \$5,000, may be redeemed.

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

697 If less than all of the principal amount of any Bond is redeemed, upon surrender of such
698 Bond at the principal office of the Bond Registrar there shall be issued to the registered owner,
699 without charge therefor, for the then unredeemed balance of the principal amount thereof, a new

700 Bond or Bonds, at the option of the registered owner, of like maturity and interest rate in any
701 denomination authorized by this ordinance.

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

704 **SECTION 6. Notice and Effect of Redemption.**

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

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

715 Each notice of redemption shall contain the following information: (1) the redemption
716 date, (2) the redemption price, (3) if less than all outstanding Bonds are to be redeemed, the
717 identification (and, in the case of partial redemption, the principal amounts) of the Bonds to be
718 redeemed, (4) that on the redemption date the redemption price will become due and payable
719 upon each Bond or portion called for redemption, and that interest shall cease to accrue from the
720 redemption date, (5) that the Bonds are to be surrendered for payment at the principal office of
721 the Registrar, (6) the CUSIP numbers of all Bonds being redeemed, (7) the dated date of the

722 Bonds, (8) the rate of interest for each Bond being redeemed, (9) the date of the notice, and
723 (10) any other information needed to identify the Bonds being redeemed.

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

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

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

737 SECTION 7. Form of Bonds; Execution of Bonds. The Bonds shall be in
738 substantially the form set forth in Exhibit A of this ordinance. The Bonds shall be executed on
739 behalf of the county with the manual or facsimile signatures of the county executive and the
740 clerk of the county council, and shall have the seal of the county impressed or imprinted thereon.

741 In case either or both of the officers who shall have executed the Bonds shall cease to be
742 an officer or officers of the county before the Bonds so signed shall have been authenticated or
743 delivered by the Bond Registrar, or issued by the county, such Bonds may nevertheless be
744 authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be

745 as binding upon the county as though those who signed the same had continued to be such
746 officers of the county. Any Bond also may be signed and attested on behalf of the county by
747 such persons as at the actual date of execution of such Bond shall be the proper officers of the
748 county although at the original date of such Bond any such person shall not have been such
749 officer of the county.

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

755 **SECTION 8. Mutilated, Lost, or Destroyed Bonds.** If any Bond shall become
756 mutilated, the Bond Registrar shall authenticate and deliver a new Bond of like series, amount,
757 date, interest rate and tenor in exchange and substitution for the Bond so mutilated, upon the
758 owner's paying the expenses and charges of the county and the Bond Registrar in connection
759 therewith and upon surrender to the Bond Registrar of the Bond so mutilated. Every mutilated
760 Bond so surrendered shall be canceled and destroyed by the Bond Registrar.

761 In case the Bonds or any of them shall be lost, stolen or destroyed, the Bond Registrar
762 may authenticate and deliver a new Bond or Bonds of like series, amount, date, interest rate, and
763 tenor to the registered owner thereof upon the owner's paying the expenses and charges of the
764 county and the Bond Registrar in connection therewith and upon his/her filing with the Bond
765 Registrar evidence satisfactory to the Bond Registrar that such Bond or Bonds were actually lost,
766 stolen or destroyed and of his/her ownership thereof, and upon furnishing the county and Bond
767 Registrar with indemnity satisfactory to the Finance Manager and the Bond Registrar.

768 SECTION 9. Bond Fund. There has heretofore been created a special fund of the
769 county known as the “Water Quality Revenue Bond Account” (the “Bond Fund”). The Bond
770 Fund is at all times completely segregated and set apart from all other funds and accounts of the
771 county and is a trust fund for the security and payment of the principal of and interest and any
772 premium on any Parity Bonds. All money credited to the Bond Fund is pledged and ordered to
773 be used for the sole purpose of paying the principal of and interest and any premium on the
774 Parity Bonds.

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

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

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

794 (1) Beginning with the month of the Closing to and including the month
795 immediately preceding the first interest payment date for such series of the Bonds, a fraction of the
796 interest to become due and payable on such first interest payment date, the numerator of which is
797 one and the denominator of which is the number of months in which such deposits are required.

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

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

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

810 B. Term Bond Payment Account. A Term Bond Payment Account has
811 heretofore been established in the Bond Fund, pursuant to Metro Council Resolution No. 4075, for
812 the amortization of Parity Term Bonds. After making the payments required in paragraph A above,

813 the county shall deposit to the Term Bond Payment Account, on or before each annual Principal
814 Payment Date, out of the Revenue of the System, additional money that together with available
815 income from the investment of money in the Debt Service Account and Bond Reserve Account will
816 be sufficient to retire by purchase or by redemption pursuant to call any Parity Term Bonds on or
817 before such payment dates and in at least such principal amounts as shall be set forth in the
818 ordinance, resolution or motion authorizing, or the notice of bond sale for, such bonds. The
819 amounts so paid into the Term Bond Payment Account shall be used for the sole purpose of
820 purchasing or redeeming Parity Term Bonds on or before their respective scheduled payment dates,
821 provided that, if more than the required principal amount of such Parity Term Bonds shall be retired
822 by such purchase or redemption in any given year, the amount required to be purchased or
823 redeemed in the next succeeding year or years may be reduced accordingly.

824 If the original purchaser of any series of the Bonds designates any Bonds as Term Bonds
825 pursuant to Section 24 hereof, there is hereby authorized to be created a special subaccount for
826 such series of Bonds within the Term Bond Payment Account. All money required by this
827 Section 9.B to be deposited into the Term Bond Payment Account for the purchase or
828 redemption of such series of Bonds that are Term Bonds shall be deposited into such subaccount
829 within the Term Bond Payment Account. Money in such subaccount shall be treated in all
830 respects as all other money in the Term Bond Payment Account, but shall be accounted for
831 separately for the purpose of calculating amounts required to be paid to the federal government
832 pursuant to Section 19 of this ordinance.

833 C. Bond Reserve Account. A Bond Reserve Account has heretofore been
834 established in the Bond Fund and the county hereby pledges that it will pay into and maintain in the
835 Bond Reserve Account an amount that together with other funds in the Bond Reserve Account will

836 be at least equal to the Reserve Requirement. From and after such time as no Series A through
837 Series Z Bonds remain outstanding, the county may substitute Qualified Insurance or a Qualified
838 Letter of Credit for amounts required to be paid into or maintained in the Bond Reserve Account.
839 Such Qualified Letter of Credit or Qualified Insurance shall not be cancelable on less than five
840 years notice. In the event of any cancellation, the Bond Reserve Account shall be funded in
841 accordance with the provisions of this section providing for payment in the event of a deficiency
842 therein, as if the Parity Bonds that remain outstanding had been issued on the date of such notice
843 of cancellation.

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

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

859 Credit or such Qualified Insurance shall provide. If more than one Qualified Letter of Credit or
860 Qualified Insurance is available, draws shall be made ratably thereon to make up the deficiency.
861 Any deficiency created in the Bond Reserve Account by reason of any such withdrawal shall then
862 be made up from the Revenue of the System that shall be first available after making the payments
863 required to be made under paragraph "FIRST" through "FOURTH" of Section 12 hereof.

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

866 **SECTION 10. Pledge of Sewer Revenues.** The amounts covenanted to be paid out of
867 the Revenue of the System into the Bond Fund and the accounts therein shall constitute a lien
868 and charge on such revenue superior to all other charges of any kind or nature except normal
869 Operating and Maintenance Expenses and any other necessary Operating and Maintenance
870 Expenses for which reserves or other money are not available, and of equal lien to any charges
871 heretofore or hereafter made upon the Revenue of the System for the payment of the principal of
872 and interest on any Parity Bonds.

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

878 **SECTION 11. Revenue Fund.** A special fund known as the "Municipality of
879 Metropolitan Seattle Sewer Revenue Fund" established by Metro has been redesignated and
880 continued by the county as the Water Quality Operating Fund and is herein referred to as the
881 "Revenue Fund." All of the Revenue of the System shall be deposited in the Revenue Fund. All

882 costs of maintaining and operating the System borne by the county shall be paid out of the
883 Revenue Fund or appropriate reserves therein.

884 A. Operating Reserve Account. There has heretofore been created in the
885 Revenue Fund an "Operating Reserve Account," and \$4,139,000 was on deposit therein as of
886 December 31, 2001. The money in the Operating Reserve Account may be used to pay
887 necessary expenses of maintenance and operation of the System in the event that Revenue of the
888 System should at any time be inadequate to pay such expenses. So long as any of the Series A
889 through Series Z Bonds remain outstanding, if the balance in this account shall at any time
890 hereafter be reduced below an amount that is the greater of either \$300,000 or five percent of the
891 total cost of operating and maintaining the System borne by the county in the immediately
892 preceding calendar year, the county shall deposit to the credit thereof such sums as may be
893 necessary to restore such amount therein within six months. Such deposits shall be made from
894 Revenue of the System first available therefor after payments of Operating and Maintenance
895 Expenses and required payments into the Bond Fund and the Bond Reserve have been made.

896 From and after such time as no Series A through Series Z Bonds remain outstanding, the
897 Operating Reserve Account shall be closed and any money remaining in such account shall be
898 transferred to the Revenue Fund and applied as provided in Section 12 hereof.

899 B. Contingency Reserve Account. A Contingency Reserve Account has
900 heretofore been created in the Revenue Fund, and \$2,000,000 was on deposit in the account as of
901 December 31, 2001. The money in the Contingency Reserve may from time to time be used for
902 the payment of major repairs, renewals, replacements and maintenance expenses of a type not
903 regularly recurring, and unforeseen capital improvements required by regulatory authority. So
904 long as any of the Series A through Series Z Bonds remain outstanding, if the balance in the

905 Contingency Reserve shall at any time be reduced below the amount required by this ordinance
906 to be maintained therein, the county shall deposit therein from the Revenue of the System such
907 sums, not exceeding \$500,000 per year, as may be required to establish and maintain such
908 minimum required balance. The minimum balance required to be maintained in said account
909 shall be \$2,000,000.

910 From and after such time as no Series A through Series Z Bonds remain outstanding, the
911 Contingency Reserve Account shall be closed and any money remaining in such account shall be
912 transferred to the Revenue Fund and applied as provided in Section 12 hereof.

913 C. Renewal, Extension and Betterment Reserve Account. There has
914 heretofore been created in the Revenue Fund a Renewal, Extension and Betterment Reserve
915 Account, and \$5,900,811 was on deposit therein as of December 31, 2001. So long as any of the
916 Series A through Series Z Bonds remain outstanding, on or before January 1 of each year there
917 shall be deposited in said account at least \$750,000; provided, that if money is deposited in the
918 Contingency Reserve in any such year, the deposits to the Betterment Reserve in such year may
919 be reduced by such amount. Deposits to the Betterment Reserve shall continue to be made until
920 all of the Series A through Series Z Bonds shall have been paid or until the Comprehensive Plan
921 shall have been completed, whichever shall first occur. The money in the Betterment Reserve
922 may be used from time to time for any necessary renewals and replacements of the System and
923 for any capital expenditures which the county council shall deem necessary and appropriate to
924 carry out the Comprehensive Plan or may be transferred to the Parity Bond Reserve,
925 Contingency Reserve or Operating Reserve to meet any deficiency therein, or may be pledged in
926 whole or in part for the payment of junior lien bonds or may be applied to the payment of
927 outstanding Parity Bonds.

928 From and after such time as no Series A through Series Z Bonds remain outstanding, the
929 Renewal, Extension and Betterment Reserve Account shall be closed and any money remaining
930 in such account shall be transferred to the Revenue Fund and applied as provided in Section 12
931 hereof.

932 D. Rate Stabilization Fund. At such time as no Series A through Series Z
933 Bonds, no 1994A Bonds and no 1995 Bonds remain outstanding, a special fund of the county to
934 be designated the "Sewer Rate Stabilization Fund" (the "Rate Stabilization Fund") has heretofore
935 been authorized to be established in anticipation of increases in revenue requirements of the
936 System. Thereafter, in accordance with the provisions of Section 12 of this ordinance, the
937 county may from time to time appropriate or budget amounts in the Revenue Fund for deposit in
938 the Rate Stabilization Fund and may from time to time withdraw amounts therefrom for deposit
939 in the Revenue Fund to prevent or mitigate sewer rate increases or for other lawful purposes of
940 the county related to the System.

941 SECTION 12. Sewer Revenue Priorities of Payment. So long as any Bond shall be
942 outstanding, the Revenue of the System shall be deposited into the Revenue Fund and used and
943 applied in the following order of priority:

944 First, to pay all Operating and Maintenance Expenses;

945 Second, to make all required payments of principal and interest on Parity Bonds as the
946 same shall become due and payable and, when the provisions of Section 23 hereof become
947 effective, to make any Payment Agreement Payments with respect to any Parity Payment
948 Agreements;

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

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

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

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

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

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

962 Ninth, to make all required payments of principal and interest on the Parity Lien
963 Obligations and Payment Agreement Payments with respect to any Parity Lien Payment
964 Agreements; and

965 Tenth, to make all required payments of principal of and interest on the Junior Lien
966 Obligations as the same shall become due and payable, to make all Payment Agreement
967 Payments for any Payment Agreements entered into with respect to Junior Lien Obligations, to
968 make any payments required to be made to the Bank pursuant to the Reimbursement Agreement,
969 and to make any payments required to be made to any provider of credit enhancement for any
970 other Junior Lien Obligations;

971 Eleventh, to make all required payments of principal of and interest on the Commercial
972 Paper Notes, Advances, or Additional Subordinate Lien Obligations as the same shall become
973 due and payable;

974 Twelfth, to make all required payments of principal and interest on bonds, notes, warrants
975 and other evidences of indebtedness, the lien and charge against Revenue of the System of which
976 is junior and inferior to the Commercial Paper Notes, the Bank Note and Additional Subordinate
977 Lien Obligations, as the same shall become due and payable;

978 Thirteenth, to make all required payments of principal and interest due on the 2000 SRF
979 Loan; and

980 Fourteenth, to accumulate in the special reserve fund for the 2000 SRF Loan the amount
981 required by subsection G of Section VII of the 2000 SRF Loan Agreement to be accumulated
982 therein.

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

990 **SECTION 13. Construction Account; Disposition of Bond Proceeds.**

991 A. Construction Account. There has heretofore been established a special
992 fund of the county known as the "Second Water Quality Construction Account" (the
993 "Construction Account"). For purposes of separately accounting for investment earnings on the

994 proceeds of the Project Bonds to facilitate compliance with the requirements of Section 18 of this
995 ordinance, there is hereby established for each series of Project Bonds issued hereunder a special
996 subaccount within the Construction Account to be designated as the Series [applicable year
997 designation] Construction Subaccount (each a "Construction Subaccount").

998 Money in each Construction Subaccount shall be held and applied to pay costs of
999 acquiring, constructing and equipping improvements, additions or betterments to the System set
1000 forth in the Comprehensive Plan and all costs incident thereto, including but not limited to
1001 engineering, architectural, planning, financial, legal, urban design or any other incidental costs,
1002 and to repay any advances heretofore or hereafter made on account of such costs, provided that if
1003 deficiencies exist in the Bond Fund, money in any Construction Subaccount may be transferred
1004 to the Bond Fund in such amounts as shall be necessary to pay principal and interest on the
1005 Bonds.

1006 B. Disposition of Bond Proceeds. The proceeds of the Bonds shall be
1007 deposited as follows:

1008 (1) The amount equal to the interest accruing on each series of the
1009 Bonds from their dated date to the date of their Closing shall be deposited in the appropriate
1010 subaccount for such series created in the Debt Service Account in the Bond Fund.

1011 (2) Proceeds of each series of the Bonds may be deposited into the
1012 Bond Reserve Account, as shall be provided for in each Sale Motion.

1013 (3) The balance of the proceeds of any Project Bonds shall be
1014 deposited in the appropriate Construction Subaccount in the Construction Fund and applied as
1015 provided in subsection A of this Section 13.

1016 (4) The balance of the proceeds of any Refunding Bonds shall be
1017 deposited into the appropriate Refunding Account (as hereinafter defined) and applied as
1018 provided in Section 14 of this ordinance.

1019 **SECTION 14. Refunding Account; Plan of Refunding.**

1020 A. **Plan of Refunding.** There is hereby authorized and established one or
1021 more special accounts of the county to be maintained with the Escrow Agent (as hereinafter
1022 defined) each to be known as the “King County [appropriate year and series designation] Sewer
1023 Revenue Bonds Refunding Account” (each a “Refunding Account”). Each Refunding Account
1024 shall be drawn upon for the sole purpose of paying the principal of and interest on the applicable
1025 Refunded Bonds and of paying costs related to issuance of such series of Refunding Bonds and
1026 to refunding the applicable Refunded Bonds. The proceeds of sale of any Refunding Bonds shall
1027 be deposited into each Refunding Account to provide for refunding Refunded Bonds, as
1028 authorized by the ordinances and resolutions authorizing the Refunded Bonds and to pay the
1029 costs of issuance of such Refunding Bonds.

1030 The Finance Manager is authorized to determine, in consultation with the county’s
1031 financial advisors, which of the Refunded Bonds, if any, are to be refunded. Each plan of
1032 refunding and call for redemption of Refunded Bonds shall be set forth in and ratified and
1033 confirmed by a Sale Motion. Money in each Refunding Account shall be used immediately upon
1034 receipt thereof to defease the applicable Refunded Bonds and discharge the other obligations of
1035 the county relating thereto under the resolutions or ordinances that authorized such Refunded
1036 Bonds, by providing for the payment of the principal of and interest on such Refunded Bonds as
1037 set forth in a Sale Motion. The county shall defease such bonds and discharge such obligations
1038 by the use of the money in each Refunding Account to purchase certain “Government

1039 Obligations” as such obligations are defined in Chapter 39.53 RCW as now or hereafter amended
1040 (which obligations so purchased, are herein called “Acquired Obligations”), bearing such interest
1041 and maturing as to principal and interest in such amounts and at such times that, together with
1042 any necessary beginning cash balance, will provide for the payment of such Refunded Bonds, as
1043 set forth in the Sale Motion. Such Acquired Obligations shall be purchased at a yield not greater
1044 than the yield permitted by the Code and regulations relating to acquired obligations in
1045 connection with refunding bond issues.

1046 In connection with the issuance of each series of the Refunding Bonds, to carry out the
1047 refunding and defeasance of Refunded Bonds, the Finance Manager is hereby authorized to
1048 appoint as escrow agent a bank or trust company qualified by law to perform the duties described
1049 herein (each, an “Escrow Agent”). Any beginning cash balance and the Acquired Obligations
1050 shall be irrevocably deposited with the Escrow Agent in an amount sufficient to defease the
1051 Refunded Bonds in accordance with this Section 14 and a Sale Motion.

1052 The county will take such actions as are found necessary to see that all necessary and
1053 proper fees, compensation and expenses of the Escrow Agent shall be paid when due. The
1054 proper officers and agents of the county are directed to obtain from each Escrow Agent an
1055 agreement setting forth the duties, obligations and responsibilities of such Escrow Agent in
1056 connection with the redemption and retirement of the Refunded Bonds as provided herein and
1057 stating that such provisions for the payment of the fees, compensation and expenses of such
1058 Escrow Agent are satisfactory to it. To carry out the purposes of this section of this ordinance,
1059 the Finance Manager is authorized and directed to execute and deliver to each Escrow Agent an
1060 escrow agreement in form approved by the country’s bond counsel.

1061 B. Findings of Savings and Defeasance. By a Sale Motion, the council shall
1062 set forth its findings of savings and defeasance with respect to those Refunded Bonds authorized
1063 to be refunded from the proceeds of each series of Refunding Bonds.

1064 SECTION 15. Due Regard for Expenses of Maintenance and Operation. The county
1065 council hereby declares that, in fixing the amounts to be paid into the Bond Fund and the
1066 accounts therein out of the Revenue of the System, it has exercised due regard for the necessary
1067 Operating and Maintenance Expenses and has not obligated the county to set aside, pay into and
1068 maintain in said fund and accounts a greater amount of the Revenue of the System than in its
1069 judgment will be available over and above such necessary Operating and Maintenance Expenses.

1070 SECTION 16. Rate Covenant. The county hereby covenants with the owner of each of
1071 the Bonds for so long as any of the same are outstanding that the county will at all times
1072 establish, maintain and collect rates and charges for sewage disposal service that together with
1073 the interest to be earned on investments made of money in any fund created or designated by
1074 Resolution No. 90 of the Metro Council (the Revenue Fund, Bond Fund, Bond Reserve, Operating
1075 Reserve, Contingency Reserve, Betterment Reserve and Construction Account), will provide in
1076 each calendar year Net Revenue in an amount equal to at least 1.15 times the amounts required to
1077 pay the Annual Parity Debt Service for such calendar year.

1078 At all times and in any event, rates and charges for sewage disposal service shall be
1079 sufficient to provide funds adequate to operate and maintain the System, to make all payments and
1080 to establish and maintain all reserves required by this or any other ordinance authorizing obligations
1081 of the county payable from Revenue of the System, to make up any deficit in such payments
1082 remaining from prior years and to pay all costs incurred in the construction or acquisition of any

1083 portion of the Comprehensive Plan that may be ordered by the county and for the payment of which
1084 sewer revenue bonds (or other obligations payable from Revenue of the System) are not issued.

1085 For the purpose of meeting the requirement of this Section 17, but only from and after
1086 such time as no Series A through Series Z Bonds, 1994A Bonds and 1995 Bonds remain
1087 outstanding, there may be added to Revenue of the System for any fiscal year any amount
1088 withdrawn from the Rate Stabilization Fund and deposited in the Revenue Fund. There shall be
1089 subtracted from Net Revenue for any fiscal year any amounts in such year withdrawn from the
1090 Revenue Fund and deposited into the Rate Stabilization Fund in such fiscal year.

1091 **SECTION 17. Certain Other Covenants.** The county hereby covenants with the owner
1092 and holder of each of the Bonds for as long as any of the Bonds are outstanding, as follows:

1093 A. **Maintain in Good Order.** The county shall cause the System and the
1094 business in connection therewith to be operated in a safe, sound, efficient, and economic manner
1095 in compliance with all health, safety, and environmental laws, regulatory body rules, regulatory
1096 body orders and court orders applicable to the county's operation of the System, and shall cause
1097 to be maintained, preserved, reconstructed, expanded and kept, with all appurtenances and every
1098 part and parcel thereof, in good repair, working order and condition, and shall from time to time
1099 cause to be made, without undue deferral, all necessary or proper repairs, replacements and
1100 renewals, so that all times the operation of the System shall be properly and advantageously
1101 conducted.

1102 B. **Sale or Disposition.** The county will not sell or voluntarily dispose of all
1103 of the operating properties of the System unless provision is made for payment into the Bond
1104 Fund of a sum sufficient to pay the principal of and interest on all outstanding Parity Bonds in
1105 accordance with the terms thereof, nor, so long as any of the Series A through Series Z Bonds

1106 remain outstanding will the county sell or voluntarily dispose of any part of the operating
1107 properties of the System unless provision is made for payment into the Bond Fund of an amount
1108 that will bear at least the same proportion to the amount of the outstanding Parity Bonds that the
1109 estimated amount of any resulting reduction in the Revenue of the System for the twelve months
1110 following such sale or disposition bears to the Revenue of the System that would have been
1111 realized if such sale or disposition had not been made. Such estimate shall be made by an
1112 independent licensed professional engineer or firm of licensed professional engineers approved
1113 by the Trustee. Any money so paid into the Bond Fund shall be used to retire outstanding Parity
1114 Bonds as provided herein at the earliest possible date.

1115 From and after such time as no Series A through Series Z Bonds remain outstanding,
1116 notwithstanding any other provision of this subsection B to the contrary, the county may sell or
1117 otherwise dispose of any of the works, plant, properties and facilities of the System or any real or
1118 personal property comprising a part of the System with a value of less than 5% of the net utility
1119 plant of the System or which shall have become unserviceable, inadequate, obsolete or unfit to
1120 be used in the operation of the System, or no longer necessary, material to or useful in such
1121 operation, without making any deposit into the Bond Fund.

1122 C. Books and Records. The county will cause proper books of record and
1123 accounts of operation of the System to be kept, including an annual financial report, and, so long
1124 as any of the Series A through Series Z Bonds remain outstanding, the county shall cause a
1125 quarterly financial and operating statement to be prepared as soon as may be practicable
1126 following each quarterly period for the preceding quarter's business and operation of the System.
1127 Said statement shall be filed promptly upon its completion with the county council and the
1128 Trustee and shall be sent to the Registered Owner of any Parity Bonds upon written request

1129 being made therefor. From and after such time as no Series A through Series Z Bonds remain
1130 outstanding, this requirement for a quarterly report shall terminate.

1131 D. Annual Audit. Not later than 120 days after the end of each fiscal year of
1132 the county, so long as any of the Series A through Series Z Bonds remain outstanding, the county
1133 will cause an annual audit of the accounts and records of the System to be made by Certified
1134 Public Accountants with experience in municipal utility accounting. Such audit shall certify as
1135 to the compliance or noncompliance by the county with the financial covenants of this ordinance
1136 and shall accurately and completely reflect the financial condition of the System. The audit shall
1137 be delivered to the clerk of the county council and to the Trustee, shall be paid for by the county
1138 and shall be made available to the owner or holder of any Parity Bond upon written request being
1139 made therefor. From and after such time as no Series A through Series Z Bonds remain
1140 outstanding, this requirement for an annual audit shall terminate.

1141 The county shall cause its books of accounts, including its annual financial report, to be
1142 audited annually by the State auditor's office or other State department or agency as may be
1143 authorized and directed by law to make such audits, or if such an audit shall not be made for
1144 twelve months after the close of any fiscal year of the county, by a Certified Public Accountant.
1145 The county will furnish such audit to the owner or holder of any Parity Bond upon written
1146 request therefor.

1147 E. Insurance. The county will at all times carry fire and extended coverage
1148 and such other forms of insurance on such of the buildings, equipment, facilities and properties
1149 of the Sewer System as under good practice are ordinarily carried on such buildings, equipment,
1150 facilities and properties by municipal or privately owned utilities engaged in the operation of
1151 sewer systems and will also carry adequate public liability insurance at all times, provided that

1152 the county may, if deemed advisable by the county council, institute or continue a self insurance
1153 program with respect to any or all of the aforementioned risks.

1154 F. Construction. The county shall cause the construction of any duly
1155 authorized and ordered portions of the Comprehensive Plan to be performed and completed
1156 within a reasonable time and at the lowest reasonable cost.

1157 G. Collection of Revenue. The county shall so operate and maintain the
1158 System and conduct its affairs as to entitle it at all times to receive and enforce payment to it of
1159 sewage disposal charges payable under any Service Agreement that the county has now or may
1160 hereafter enter into and to entitle the county to collect all revenues derived from the operation of
1161 the System. The county shall not release the obligations of any person, corporation or political
1162 subdivision under such Service Agreements and shall at all times, to the extent permitted by law,
1163 defend, enforce, preserve and protect the rights and privileges of the county and of the holders of
1164 the Parity Bonds under or with respect to such agreements.

1165 H. Annual Report. Not later than 120 days after the end of each calendar
1166 year, so long as any of the Series A through Series Z Bonds remain outstanding, the county will
1167 cause an annual report regarding the System to be prepared by its consulting engineers or by an
1168 independent consulting engineer or engineering firm experienced in the design, construction and
1169 operation of municipal utilities who shall examine the System and state whether the county has
1170 maintained same in good repair, working order and condition and has operated the business in
1171 connection therewith in an efficient manner, whether all required insurance is being maintained,
1172 and whether repairs, renewals or replacements should be made to the System to insure its
1173 continued satisfactory working order. The engineer's report shall be delivered to the Clerk of the

1174 county council, shall be paid for by the county and shall be made available to the Registered
1175 Owner or holder of any Parity Bonds upon written request being made therefor.

1176 From and after such time as no Series A through Series Z Bonds remain outstanding, this
1177 requirement for an annual report shall terminate.

1178 SECTION 18. Tax-Exemption. The county shall comply with the provisions of this
1179 section unless, in the written opinion of nationally recognized bond counsel to the county, such
1180 compliance is not required in order to maintain the exemption of the interest on the Bonds from
1181 federal income taxation.

1182 The county hereby covenants that it will not make any use of the proceeds from the sale
1183 of the Bonds or any other funds of the county that may be deemed to be proceeds of such Bonds
1184 pursuant to Section 148 of the Code and the applicable regulations thereunder that will cause the
1185 Bonds to be "arbitrage bonds" within the meaning of said section and said regulations. The
1186 county will comply with the applicable requirements of Section 148 of the Code (or any
1187 successor provision thereof applicable to the Bonds) and the applicable regulations thereunder
1188 throughout the term of the Bonds. The county will pay the Rebate Amount, if any, to the United
1189 States of America at the times and in the amounts necessary to meet the requirements of the
1190 Code to maintain the federal income tax exemption for interest payments on the Bonds, in
1191 accordance with the Arbitrage and Tax Certification.

1192 The county further covenants that it will not take any action or permit any action to be
1193 taken that would cause the Bonds to constitute "private activity bonds" under Section 141 of the
1194 Code.

1195 **SECTION 19. Trustee for Bondowners.**

1196 A. Standby Trustee. U.S. Bank Trust National Association of Seattle,
1197 Washington, has been appointed to act as Standby Trustee for the owners and holders of all Parity
1198 Bonds, so long as any of the Series A through Series Z Bonds remain outstanding, and such bank
1199 has accepted such appointment upon the terms and conditions set forth in Resolution No. 90 of the
1200 Metro Council and this ordinance. Unless otherwise provided by contract with the Standby Trustee,
1201 the county shall pay to the Standby Trustee from time to time reasonable compensation for all
1202 services rendered by it hereunder and all reasonable expenses, charges, counsel fees or out-of-
1203 pocket disbursements incurred in the performance of its powers and duties hereunder.

1204 From and after such time as no Series A through Series Z Bonds remain outstanding, the
1205 appointment of the Standby Trustee shall terminate, and the Standby Trustee shall deliver to the
1206 Finance Manager copies of all records maintained by the Standby Trustee.

1207 B. Bondowners' Trustee. From and after such time as no Series A through
1208 Series Z Bonds remain outstanding, upon the occurrence of any "event of default" described in
1209 Section 21.A of this ordinance, the owners of a majority in principal amount of the outstanding
1210 Parity Bonds may appoint a Bondowners' Trustee by an instrument or concurrent instruments in
1211 writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly
1212 authorized and delivered to such Bondowners' Trustee, notification thereof being given to the
1213 county. Any appointment of a Bondowners' Trustee under the provisions of this subsection shall
1214 be a bank or trust company organized under the laws of the State of Washington or the State of
1215 New York or a national banking association. The fees and expenses of a Bondowners' Trustee
1216 shall be borne by the Bondowners and not by the county. The bank or trust company acting as a
1217 Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may

1218 be appointed by the owners of a majority in principal amount of the outstanding Parity Bonds, by
1219 an instrument or concurrent instruments in writing signed and acknowledged by such
1220 Bondowners or by their attorneys-in-fact duly authorized.

1221 The Bondowners' Trustee appointed in the manner herein provided, and each successor
1222 thereto, is hereby declared to be a trustee for the owners of all the Parity Bonds and is
1223 empowered to exercise all the rights and powers herein conferred on a Trustee.

1224 C. Certain Rights and Obligations of Trustee. The Trustee shall not be
1225 responsible for recitals in any resolution, ordinance or in the Parity Bonds, or for the validity of said
1226 bonds, nor shall the Trustee be responsible for insuring the System or for collecting any insurance
1227 money or for the title to any of the property of the System.

1228 The Trustee shall be protected in acting upon any notice, request, consent, certificate, order,
1229 affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to
1230 have been signed, sent or delivered by the person or persons by whom such paper or document shall
1231 purport to have been signed, sent or delivered.

1232 The Trustee shall not be answerable for any neglect or default of any person, firm or
1233 corporation employed and selected by it with reasonable care.

1234 The Trustee will permit the owner or holder of any Parity Bonds to inspect any instrument,
1235 opinion or certificate filed with the Trustee by the county or by any person, firm or corporation
1236 acting for the county.

1237 The Trustee shall not be bound to recognize any person as a owner or holder of any Parity
1238 Bond until his, her or its title thereto, if disputed, shall have been established to its reasonable
1239 satisfaction.

1240 The Trustee may consult with counsel and the opinion of such counsel shall be full and
1241 complete authorization and protection in respect of any action taken or suffered by it hereunder in
1242 good faith and in accordance with the opinion of such counsel.

1243 **SECTION 20. Events of Default; Powers and Duties of Trustee.**

1244 A. Events of Default. The occurrence of one or more of the following events
1245 shall be “events of default” under this ordinance:

1246 (i) default in the payment of principal of or interest on any Parity Bonds
1247 when the same shall become due or in the deposit of amounts into the Term Bond Payment Account
1248 by the required dates for such deposits; or

1249 (ii) default in the observance or performance of any of the other
1250 covenants herein contained, and such default continues for a period of six months after written
1251 notice to the county from a bondholder or from the Standby Trustee, if any, specifying such default
1252 and requiring the same to be remedied.

1253 B. Powers of Trustee. The Trustee in its own name and on behalf of and for the
1254 benefit and protection of the holders and owners of all Parity Bonds may proceed, and upon the
1255 written request of the holders and owners of not less than 25% in principal amount of the Parity
1256 Bonds then outstanding shall proceed, to protect and enforce any rights of the Trustee and, to the
1257 full extent that owners or holders of Parity Bonds themselves might do, the rights of such owners
1258 and holders of Parity Bonds under the laws of the State of Washington or under the resolutions or
1259 ordinances providing for the issuance of such bonds, by such suits, actions or proceedings in equity
1260 or at law, either for the specific performance of any covenant contained herein or in aid or execution
1261 of any power herein granted or for any proper legal or equitable remedy as the Trustee shall deem
1262 most effectual to protect and enforce the rights of the Trustee and the holders and owners of Parity

1263 Bonds. In the enforcement of any such rights under this or any other resolution or ordinance of the
1264 county, the Trustee shall be entitled to sue for, to enforce payment of and to receive any and all
1265 amounts due from the county for principal, interest or otherwise under any of the provisions of such
1266 resolution or ordinance, with interest on overdue payments at the rate or rates set forth in such bond
1267 or bonds, together with any and all costs and expenses of collection and of all proceedings taken by
1268 the Trustee without prejudice to any other right or remedy of the Trustee or of the bondholders.

1269 In the event that default shall be made in the payment of principal of any Parity Bond and
1270 such default shall continue for a period of thirty days, the Trustee shall be entitled to declare all
1271 outstanding Parity Bonds immediately due and payable and may proceed to enforce payment
1272 thereof as hereinabove provided. In the event any default shall, in the sole judgment of the Trustee,
1273 be cured and the Trustee shall furnish the county a certificate so stating, such default shall be
1274 conclusively deemed to be cured and the county, Trustee and owners and holders of Parity Bonds
1275 shall be restored to the same rights and position they would have held if no event of default had
1276 occurred.

1277 C. Actions in Name of Trustee. All rights of action under this ordinance, or
1278 upon any of the Parity Bonds or coupons, enforceable by the Trustee may be enforced by the
1279 Trustee without the possession of any of such bonds or coupons or the production thereof on the
1280 trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the
1281 Trustee shall be brought in its name for the ratable benefit of the holders of said bonds and coupons,
1282 subject to the provisions of this ordinance.

1283 D. Procedure by Bond Owners.

1284 (1) So long as any of the Series A and Series Z Bonds remain
1285 outstanding and the Standby Trustee remains duly appointed and acting, no holder or owner of any

1286 Parity Bond or coupon shall have any right to institute any proceeding in equity or at law for the
1287 enforcement of the provisions of this or any other ordinance or resolution providing for the issuance
1288 of Parity Bonds or for the execution of any trust hereunder or for any other remedy hereunder,
1289 unless such holder or owner previously shall have given to the Standby Trustee written notice of the
1290 event of default on account of which such suit, action or proceeding is to be instituted, nor unless
1291 also the holders and owners of 25% in principal amount of the Parity Bonds then outstanding, after
1292 the occurrence of such event of default, shall have made written request of the Standby Trustee and
1293 shall have afforded the Standby Trustee a reasonable opportunity to institute such suit, action or
1294 proceeding, nor unless, also, there shall have been offered to the Standby Trustee security and
1295 indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or
1296 thereby, and the Standby Trustee shall have refused or neglected to comply with such request within
1297 a reasonable time, and no holder or owner of any Parity Bond or coupon shall have any right in any
1298 manner whatever by his action to affect, disturb or prejudice the pledge of Revenue of the System or
1299 to enforce any right hereunder, except in the manner herein provided.

1300 (2) From and after such time as no Series A through Series Z Bonds
1301 remain outstanding and the Standby Trustee's appointment has terminated, no owner of any one
1302 or more of the Bonds shall have any right to institute any action, suit or proceedings at law or in
1303 equity for the enforcement of the same or coupons appertaining thereto, unless an event of
1304 default has occurred, and unless no Bondowners' Trustee has been appointed as herein provided,
1305 but any remedy herein authorized to be exercised by a Bondowners' Trustee may be exercised
1306 individually by any Bondowner, in his own name and on his own behalf or for the benefit of all
1307 Bondowners, in the event no Bondowners' Trustee has been appointed, or with the consent of the
1308 Bondowners' Trustee if such Bondowners' Trustee has been appointed.

1309 E. Application of Money Collected by Trustee. Any money collected by the
1310 Trustee at any time pursuant to this section shall be applied, first, to the payment of its charges,
1311 expenses, advances and compensation and the charges, expenses, counsel fees, disbursements and
1312 compensation of its agents and attorneys, and, second, toward payment of the amount then due and
1313 unpaid upon the Parity Bonds and coupons, ratably and without preference or priority of any kind
1314 not expressly provided in this ordinance, according to the amounts due and payable upon such
1315 bonds and coupons respectively at the date fixed by the Trustee for the distribution of such money,
1316 upon presentation of the several bonds and coupons and upon causing such payment to be stamped
1317 thereon, if partly paid, and upon surrender thereof, if fully paid.

1318 SECTION 21. Future Parity Bonds. The county further covenants and agrees with the
1319 owners and holders of the Parity Bonds for as long as the same are outstanding that it will not create
1320 any special fund for the payment of the principal of and interest on any revenue bonds that will rank
1321 on a parity with or have any priority over the payments out of the Revenue of the System required to
1322 be made into the Bond Fund and the accounts therein to pay or secure the payment of the
1323 outstanding Parity Bonds, except that it reserves the right for

1324 (1) the purpose of acquiring, constructing and installing any portion of the
1325 Comprehensive Plan, or

1326 (2) the purpose of acquiring, constructing and installing any necessary renewals
1327 or replacements of the System, or

1328 (3) the purpose of refunding or purchasing and retiring at or prior to their
1329 maturity any outstanding obligations of the county payable from Revenue of the System, to issue
1330 additional or refunding bonds and to make payments into the Bond Fund out of the Revenue Fund
1331 that will be sufficient to pay the principal of and interest on said additional or refunding bonds and

1332 to maintain required reserves, which such payments out of the Revenue Fund may rank equally with
1333 the payments out of the Revenue Fund required to be made into the Bond Fund and the accounts
1334 therein for the payment of the principal of and interest on outstanding Parity Bonds only upon
1335 compliance with the following conditions:

1336 A. At the time of the issuance of any Future Parity Bonds there shall not be any
1337 deficiency in the Bond Fund or any account therein.

1338 B. Each ordinance providing for the issuance of any Future Parity Bonds that
1339 are refunding bonds shall require that all money held in any fund or account of the county created
1340 for the purpose of paying the principal of and interest on the bonds being refunded either be used to
1341 pay the principal of and interest on such bonds or be transferred or paid into the Bond Fund.

1342 C. Each ordinance providing for the issuance of Future Parity Bonds shall
1343 provide for the payment of the principal thereof and interest thereon out of the Bond Fund. The
1344 Future Parity Bonds may bear such date of issue and shall mature in such year or years as the county
1345 council may determine, but the principal thereof shall be payable on the Principal Payment Date and
1346 the interest thereon shall be payable on the Interest Payment Dates. Each such ordinance shall
1347 further provide that within one year following the issuance of such Future Parity Bonds the county
1348 will pay into the Bond Reserve an amount that will be sufficient to establish at least the amounts
1349 required to be established and maintained therein by any resolution or ordinance providing for the
1350 issuance of Parity Bonds that are then outstanding or, when permitted by the provisions of
1351 Section 10.C hereof, provide at Closing Qualified Insurance or a Qualified Letter of Credit to satisfy
1352 such Bond Reserve requirement.

1353 D. (1) So long as any of the Series A through Series Z Bonds remain
1354 outstanding, at the time of the issuance of any Future Parity Bonds, the county shall have on file a

1355 certificate from a licensed professional engineer experienced in the design, construction and
1356 operation of municipal utilities of scope similar to the System (the certificate may not be dated more
1357 than 90 days prior to the date of delivery of such Future Parity Bonds) showing that in his or her
1358 professional opinion the “annual income available for revenue bond debt service” for each year
1359 during the life of such Future Parity Bonds shall be at least equal to 1.25 times the amount required
1360 in each such year to pay the Annual Parity Debt Service (Cash Basis) for such year.

1361 (2) From and after such time as no Series A through Series Z Bonds
1362 remain outstanding, at the time of the issuance of any Future Parity Bonds, the county shall have on
1363 file a certificate from a licensed professional engineer, a Certified Public Accountant, or other
1364 independent person(s) or firm(s) selected by the county having a favorable reputation for skill and
1365 experience with sewer systems of comparable size and character to the System in such areas as are
1366 relevant to the purposes for which they are retained (the certificate may not be dated more than
1367 90 days prior to the date of delivery of such Future Parity Bonds), showing that in his or her
1368 professional opinion the “annual income available for revenue bond debt service” for each year
1369 during the life of such Future Parity Bonds shall be at least equal to 1.25 times the amount required
1370 in each such year to pay the Annual Parity Debt Service for such year.

1371 (3) Such “annual income available for revenue bond debt service”
1372 shall be determined as follows for each year following the proposed date of issue of such Future
1373 Parity Bonds:

1374 (i) The Revenue of the System shall be determined for a
1375 period of any 12 consecutive months out of the 18 months immediately preceding the delivery of
1376 the Future Parity Bonds being issued.

1377 (ii) Such revenue shall be adjusted to give effect on a 12-month
1378 basis to the rates in effect on the date of such certificate.

1379 (iii) If there were any Customers added to the System during
1380 such 12-month period or thereafter and prior to the date of the engineer's certificate, such
1381 revenue shall be further adjusted on the basis that added Customers were Customers of the
1382 System during the entire 12-month period.

1383 (iv) There shall be deducted from such revenue the amount
1384 expended for Operating and Maintenance Expenses during such period.

1385 (v) For each year following the proposed date of issuance of
1386 such Future Parity Bonds the engineer shall add to the annual revenue determined in the
1387 preceding four paragraphs an estimate of the income to be received in each such year from the
1388 investment of money in the Bond Fund and any account therein, and the Construction Fund,
1389 which will be determined by and in the sole discretion of a firm of nationally recognized
1390 financial consultants selected by the county.

1391 (vi) Beginning with the second year following the proposed
1392 date of issue of such Future Parity Bonds and for each year thereafter the engineer shall add to
1393 the annual revenue determined in the preceding five paragraphs his or her estimate of any
1394 additional annual revenue to be received from anticipated growth in the number of Customers
1395 within the area served by the System on the date of such certificate, after deducting therefrom
1396 any increased Operating and Maintenance Expenses estimated to be incurred as a result of such
1397 growth; provided that the engineer's estimate of the number of Customers served shall not
1398 assume a growth of more than 1/4 of 1% over and above the number of Customers served or
1399 estimated to be served during the preceding year.

1400 (vii) If extensions of or additions to the System are in the
1401 process of construction at the time of such certificate, or if the proceeds of the Future Parity
1402 Bonds being issued are to be used to acquire or construct extensions of or additions to the
1403 System, there shall be added to the annual net revenue as above determined any revenue not
1404 included in the preceding paragraphs that will be derived from such additions and extensions
1405 after deducting therefrom the estimated additional Operating and Maintenance Expenses to be
1406 incurred as a result of such additions and extensions; provided that such estimated annual
1407 revenue shall be based upon 75% of any estimated Customer growth in the four years following
1408 the first full year in which such additional revenue is to be collected and thereafter the estimated
1409 Customer growth shall not exceed 1/4 of 1% per year over and above such reduced estimate.

1410 E. From and after such time as no Series A through Series Z Bonds remain
1411 outstanding, instead of the certificate described in subsection D(2) above, the county may elect
1412 instead to have on file a certificate of the Finance Manager demonstrating that during any
1413 12 consecutive calendar months out of the immediately preceding 18 calendar months Revenue
1414 of the System, less Operating and Maintenance Expenses for such period, was at least equal to
1415 1.25 times the amount required to pay, in each year that such Future Parity Bonds would be
1416 outstanding, the Annual Parity Debt Service for such year.

1417 F. From and after such time as no Series A through Series Z Bonds remain
1418 outstanding, the county may at any time for the purpose of refunding at or prior to their maturity
1419 any outstanding Parity Bonds or any bonds or other obligations of the county payable from
1420 Revenue of the System issue Future Parity Bonds without complying with the provisions of
1421 subsection D or E hereof; provided, however, that the county shall not issue Future Parity Bonds
1422 for such purpose under this subsection F unless the Finance Manager certifies that upon the

1423 issuance of such Future Parity Bonds (i) total debt service required for all Parity Bonds
1424 (including the refunding bonds but not including the bonds to be refunded thereby) shall decrease
1425 and (ii) the annual debt service for each year that any Parity Bonds (including the refunding
1426 bonds proposed to be issued) are then outstanding shall not be increased by more than \$5,000 by
1427 reason of the issuance of such Future Parity Bonds.

1428 The principal amount of Future Parity Bonds issued pursuant to this subsection G may
1429 include amounts necessary to pay the principal of the Parity Bonds or other obligations to be
1430 refunded, interest thereon to the date of payment or redemption thereof, any premium payable
1431 thereon upon such payment or redemption and the costs of issuance of such Future Parity Bonds,
1432 and if there shall have been provided a Payment Agreement with respect to the obligations to be
1433 refunded, may include amounts necessary to make the payment of all amounts, if any, due and
1434 payable by the county under such Payment Agreement. The proceeds of such Future Parity
1435 Bonds shall be held and applied in such manner as is provided for in the resolution or ordinance
1436 authorizing the issuance of the Parity Bonds or other obligations to be refunded, so that upon the
1437 delivery of such Future Parity Bonds, the Parity Bonds or other obligations to be refunded
1438 thereby shall be deemed to be no longer outstanding in accordance with the resolution or
1439 ordinance authorizing their issuance.

1440 G. Nothing contained in this ordinance shall prevent the county from issuing
1441 revenue bonds that are a charge upon the Revenue of the System and money in the Revenue Fund
1442 junior or inferior to the payments required to be made therefrom into the Bond Fund and any
1443 account therein, nor shall anything herein contained prevent the county from issuing Future Parity
1444 Bonds to refund maturing Parity Bonds for the payment of which money is not otherwise available.

1445 **SECTION 22. Reimbursement Obligations.** If the county elects to secure any Parity
1446 Bonds with a Credit Facility, the county may contract with the entity providing such Credit
1447 Facility that the reimbursement obligation, if any, to such entity is a Parity Bond.

1448 **SECTION 23. Parity Payment Agreements.**

1449 A. **General.** From and after such time as no Series A through Series Z Bonds
1450 remain outstanding, to the extent and for the purposes permitted from time to time by
1451 Chapter 39.96 RCW and other applicable provisions of State law, the county may enter into
1452 Parity Payment Agreements, subject to the conditions set forth in this section and in other
1453 provisions of this ordinance.

1454 B. **Manner and Schedule of Payments.** Each Parity Payment Agreement shall
1455 set forth the manner in which the Payment Agreement Payments and the Payment Agreement
1456 Receipts shall be calculated and a schedule of payment dates.

1457 C. **Authorizing Ordinance.** Prior to entering into a Parity Payment
1458 Agreement, the county council shall pass an ordinance authorizing such agreement and setting
1459 forth such provisions as the county deems necessary or desirable and are not inconsistent with
1460 the provisions of this ordinance.

1461 D. **Calculation of Payment Agreement Payments and Debt Service on Parity**
1462 **Bonds with Respect to which a Payment Agreement is in Force.** It is the intent of the county, for
1463 purposes of Sections 16 or 21 of this ordinance, that debt service on Parity Bonds with respect to
1464 which a Parity Payment Agreement is in force shall be calculated to reflect the net economic
1465 effect on the county intended to be produced by the terms of the Parity Bonds and the terms of
1466 the Parity Payment Agreement. In calculating such amounts, the county shall be guided by the
1467 following requirements.

1468 (i) The amount of interest deemed to be payable on any Parity Bonds
1469 with respect to which a Parity Payment Agreement is in force shall be an amount equal to the
1470 amount of interest that would be payable at the rate or rates stated in those Parity Bonds plus
1471 Payment Agreement Payments minus Payment Agreement Receipts.

1472 (ii) For any period during which Payment Agreement Payments are
1473 not taken into account in calculating interest on any outstanding Parity Bonds because the Parity
1474 Payment Agreement is not then related to any outstanding Parity Bonds, Payment Agreement
1475 Payments on that Parity Payment Agreement shall be calculated based upon the following
1476 assumptions:

1477 (a) County Obligated to Make Payments Based on Fixed Rate.

1478 If the county is obligated to make Payment Agreement Payments based on a fixed rate and the
1479 Qualified Counterparty is obligated to make payments based on a variable rate index, payments
1480 by the county will be based on the assumed fixed payor rate, and payments by the Qualified
1481 Counterparty will be based on a rate equal to the average rate determined by the variable rate
1482 index specified by the Parity Payment Agreement during the fiscal quarter preceding the quarter
1483 in which the calculation is made; and

1484 (b) County Obligated to Make Payments Based on Variable

1485 Rate Index. If the county is obligated to make Payment Agreement Payments based on a
1486 variable rate index and the Qualified Counterparty is obligated to make payments based on a
1487 fixed rate, payments by the county will be based on a rate equal to the average rate determined
1488 by the variable rate index specified by the Parity Payment Agreement during the fiscal quarter
1489 preceding the quarter in which the calculation is made, and the Qualified Counterparty will make
1490 payments based on the fixed rate specified by the Parity Payment Agreement.

1491 E. Prior Notice to Moody's and Standard & Poor's. The county shall give
1492 notice to Moody's Investors Service and Standard & Poor's Ratings Services, a Division of The
1493 McGraw-Hill Companies, thirty days prior to the date it intends to enter into a Parity Payment
1494 Agreement.

1495 SECTION 24. Sale of Bonds.

1496 A. Determination by Finance Manager. The Finance Manager shall
1497 determine, in consultation with the county's financial advisors, which of the Refunding
1498 Candidates shall be refunded, whether the Refunding Bonds and Project Bonds shall be sold
1499 separately or sold in a combined series, and whether each such series of the Bonds shall be sold
1500 by negotiated sale or by competitive bid and by current or future delivery. The authority to sell
1501 any of the Bonds authorized hereunder shall terminate one year from the effective date of this
1502 ordinance.

1503 In determining which of the Refunding Candidates, if any, should be advance refunded
1504 under the authority of this ordinance, the council intends that that Finance Manager adhere to a
1505 refunding guideline that the present value of the savings achieved by any advance refunding
1506 exceed a minimum level of approximately 5% of the principal amount of Refunded Bonds that
1507 are advance refunded. This requirement does not apply to the current refunding of any Refunded
1508 Bonds, i.e. the redemption of such Refunded Bonds paid for with proceeds of Bonds issued no
1509 earlier than 90 days prior to such date fixed for redemption.

1510 B. Procedure for Negotiated Sale. If the Finance Manager determines that
1511 any series of the Bonds shall be sold by negotiated sale, the Finance Manager shall, in
1512 accordance with applicable county procurement procedures, solicit one or more underwriting
1513 firms with which to negotiate the sale of the Bonds. The purchase contract for any series of

1514 Bonds shall establish the date, principal amount, interest rates, maturity schedule, redemption
1515 provisions, and delivery date of the Bonds. The county council by a Sale Motion shall ratify and
1516 approve the bond purchase contract and terms for the series of Bonds established therein.

1517 C. Procedure for Sale by Competitive Bid. If the Finance Manager
1518 determines that any series of the Bonds shall be sold by competitive bid, bids for the purchase of
1519 such Bonds shall be received at such time or place and by such means as the Finance Manager
1520 shall direct. The Finance Manager is authorized to prepare a notice of sale for such Bonds,
1521 establishing in such notice the date, principal amount, interest payment dates, maturity schedule
1522 and redemption provisions for such Bonds. The official notice of sale or an abridged form
1523 thereof shall be published in such newspapers or financial journals as may be deemed desirable
1524 or appropriate by the financial advisors to the county.

1525 Upon the date and time established for the receipt of bids for any series of the Bonds, the
1526 Finance Manager or his designee shall review the bids, shall cause the bids to be mathematically
1527 verified and shall report to the county council regarding the bids received. Such bids shall then
1528 be considered and acted upon by the county council in an open public meeting. The county
1529 council reserves the right to reject any and all bids for such Bonds. The county council by a Sale
1530 Motion shall approve the sale of such Bonds and establish the date, interest rates, maturity
1531 schedule and redemption provisions of such Bonds.

1532 SECTION 25. Delivery of Bonds. Following the sale of any series of the Bonds, the
1533 county shall cause definitive Bonds of such series to be prepared, executed and delivered, which
1534 Bonds shall be typewritten, lithographed or printed with engraved or lithographed borders, or in
1535 such other form acceptable to DTC as initial depository for such Bonds.

1536 If definitive Bonds are not ready for delivery by the date established for Closing, then the
1537 Finance Manager, upon the approval of the purchasers, may cause to be issued and delivered to
1538 the purchasers one or more temporary Bonds with appropriate omissions, changes and additions.
1539 Any temporary Bond or Bonds shall be entitled and subject to the same benefits and provisions
1540 of this ordinance with respect to the payment, security and obligation thereof as definitive Bonds
1541 authorized thereby. Such temporary Bond or Bonds shall be exchangeable without cost to the
1542 owners thereof for definitive Bonds when the latter are ready for delivery.

1543 SECTION 26. Official Statement. The county hereby authorizes and directs the Finance
1544 Manager: (i) to review and approve the information contained in the preliminary official
1545 statement (the "Preliminary Official Statement") prepared in connection with the sale of any
1546 series of the Bonds; and (ii) for the sole purpose of the Bond purchasers' compliance with
1547 Section (b)(1) of the Rule, to "deem final" that Preliminary Official Statement as of its date,
1548 except for the omission of information on offering prices, interest rates, selling compensation,
1549 delivery dates, any other terms or provisions required by the county to be specified in a
1550 competitive bid, ratings, other terms of such Bonds dependent on such matters, and the identity
1551 of the Bond purchaser. After a Preliminary Official Statement has been reviewed and approved
1552 in accordance with the provisions of this section, the county hereby authorizes distribution of the
1553 Preliminary Official Statement to prospective purchasers of such series of Bonds.

1554 Following the sale of any series of the Bonds in accordance with Section 24 of this
1555 ordinance, the Finance Manager is hereby authorized to review and approve on behalf of the
1556 county a final official statement with respect to such Bonds. The county agrees to cooperate
1557 with the purchaser of such Bonds to deliver or cause to be delivered, within seven business days
1558 from the date of the Sale Motion and in sufficient time to accompany any confirmation that

1559 requests payment from any customer of the purchaser, copies of the final official statement in
1560 sufficient quantity to comply with paragraph (b)(4) of the Rule and the rules of the Municipal
1561 Securities Rulemaking Board (“MSRB”).

1562 **SECTION 27. Undertaking to Provide Ongoing Disclosure.** In each Sale Motion, the
1563 county council will set forth an undertaking for ongoing disclosure with respect to each series of
1564 the Bonds, as required by Section (b)(5) of the Rule.

1565 **SECTION 28. General Authorization.** The appropriate county officials, agents and
1566 representatives are hereby authorized and directed to do everything necessary for the prompt
1567 sale, issuance, execution and delivery of the Bonds, and for the proper use and application of the
1568 proceeds of the sale thereof.

1569 **SECTION 29. Investment of Funds and Accounts.**

1570 A. So long as any Series A through Series Z Bonds remain outstanding,
1571 money in the Revenue Fund shall be invested in direct obligations of the United States
1572 Government maturing or having a guaranteed redemption price payable within the following
1573 periods:

1574 1. For investments of money in the Bond Reserve Account not more
1575 than five years from date of purchase;

1576 2. For investments of other money in the Bond Fund not more than one
1577 year from date of purchase and in any event not later than the time such money is required for
1578 payment of principal and interest;

1579 3. For investments of money in the Contingency Reserve not more than
1580 three years from date of purchase;

1581 4. For investments of money in the Operating Reserve not more than
1582 ninety-one days from date of purchase;

1583 5. For investments of other money in the Revenue Fund not more than
1584 two years from date of purchase;

1585 6. For investments of money in the Construction Fund not more than
1586 two years from date of purchase.

1587 B. From and after such time as no Series A through Series Z Bonds remain
1588 outstanding, money in the Bond Fund, Bond Reserve Account, and other accounts described in
1589 subsection A above may be invested in any investments permitted for funds of the county.

1590 C. Obligations purchased as an investment of money in the Revenue Fund,
1591 Bond Fund and Construction Fund and accounts or subaccounts therein shall be deemed at all
1592 times to be a part of such respective fund, account or subaccount and the income or interest
1593 earned, profits realized or losses suffered by a fund, account or subaccount due to the investment
1594 thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

1595 D. In computing the amount in any fund or account under the provisions of
1596 this ordinance, obligations purchased as an investment of money therein shall be valued at the
1597 cost or market price thereof, whichever is lower, inclusive of accrued interest.

1598 SECTION 30. Defeasance. In the event that money and/or noncallable Government
1599 Obligations maturing at such time or times and bearing interest to be earned thereon in amounts
1600 (together with such money, if necessary) sufficient to redeem and retire, refund or defease part or
1601 all of the Bonds in accordance with their terms, are set aside in a special account of the county to
1602 effect such redemption and retirement, and such money and the principal of and interest on such
1603 Government Obligations are irrevocably set aside and pledged for such purpose, then no further

1604 payments need be made into the Bond Fund for the payment of the principal of and interest on
1605 the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or
1606 security of this ordinance except the right to receive the money so set aside and pledged, and
1607 such Bonds shall be deemed not to be outstanding hereunder.

1608 Within 30 days of the defeasance of any of the Bonds, the Bond Registrar shall provide
1609 notice of defeasance of such Bonds to the registered owners of the Bonds and to each NRMSIR
1610 and SID, if any, in accordance with the ongoing disclosure provisions to be adopted by the Sale
1611 Motion.

1612 SECTION 31. Supplemental Ordinances. The county council from time to time and at
1613 any time may adopt an ordinance or ordinances supplemental to this ordinance which
1614 supplemental ordinance or ordinances thereafter shall become a part of this ordinance, for any
1615 one or more of the following purposes:

1616 A. To add to the covenants and agreements of the county in this ordinance
1617 such other covenants and agreements thereafter to be observed, which shall not adversely affect
1618 the interests of the holds and owners of any Parity Bonds, or to surrender any right or power
1619 herein reserved to or conferred upon the county.

1620 B. To make such provisions for the purpose of curing any ambiguities or of
1621 curing, correcting or supplementing any defective provision contained in this ordinance or any
1622 ordinance authorizing Future Parity Bonds in regard to matters or questions arising under such
1623 ordinances as the county council may deem necessary or desirable and not inconsistent with such
1624 ordinances and which shall not adversely affect the interest of the holders and owners of Parity
1625 Bonds.

1626 SECTION 32. Amending Description of Rate Covenant in Ordinance 14225. The
1627 county wishes to correct a defective description in Ordinance 14225 of the rate covenant
1628 applicable to the 2001 Bonds. The first paragraph of Section 17 of Ordinance 14225 is hereby
1629 amended as follows (additions are underscored and deletions are stricken):

1630 The county hereby covenants with the owner of each of the Bonds for so long as
1631 any of the same are outstanding that the county will at all times establish,
1632 maintain and collect rates and charges for sewage disposal service that together
1633 with the interest to be earned on investments made of money in any fund created or
1634 designated by Resolution No. 90 of the Metro Council (the Revenue Fund, Bond
1635 Fund, Bond Reserve, Operating Reserve, Contingency Reserve, Betterment Reserve
1636 and Construction Account), will provide in each calendar year Net Revenue in an
1637 amount equal to at least 1.15 times the amounts required to pay ~~(i) the Annual~~
1638 ~~Parity Debt Service for such calendar year, so long as any of the Series A through~~
1639 ~~Series Z Bonds remain outstanding, and thereafter (ii) the Annual Parity Debt~~
1640 ~~Service (Cash Basis) for such calendar year.~~

1641 SECTION 33. Severability. The covenants contained in this ordinance shall constitute a
1642 contract between the county and the owners of each and every Bond. If any one or more of the
1643 covenants or agreements provided in this ordinance to be performed on the part of the county by
1644 any court of competent jurisdiction to be contrary to law, then such covenant or covenants,
1645 agreement or agreements, shall be null and void and shall be deemed separable from the
1646 remaining covenants and agreements of this ordinance and shall in no way affect the validity of
1647 the other provisions of this ordinance or of the Bonds.

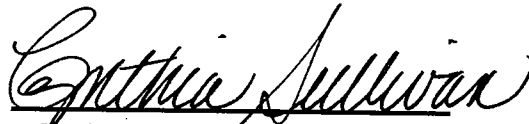
1648 SECTION 34. Effective Date. This ordinance shall be effective 10 days after its
1649 enactment, in accordance with Article II of the county charter.

1650

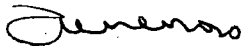
Ordinance 14406 was introduced on 5/28/2002 and passed by the Metropolitan King
County Council on 7/8/2002, by the following vote:

Yes: 13 - Ms. Sullivan, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr.
Phillips, Mr. Pelz, Mr. McKenna, Mr. Constantine, Mr. Pullen, Mr. Gossett,
Ms. Hague, Mr. Irons and Ms. Patterson
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

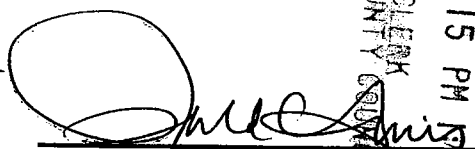

Cynthia Sullivan

ATTEST:



Anne Noris

APPROVED this 11 day of July, 2002


Ron Sims

RECEIVED
2002 JUL 15 PM 12
KING COUNTY CLERK
KING COUNTY GOVERNMENT

Attachments A. EXHIBIT A

EXHIBIT A
FORM OF BOND

NO. _____
\$ _____

UNITED STATES OF AMERICA
STATE OF WASHINGTON

KING COUNTY

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

INTEREST RATE:

MATURITY DATE:

CUSIP NO.:

Registered Owner:

Principal Amount:

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

Both principal of and interest on this bond are payable in lawful money of the United States of America. While bonds are held in an immobilized "book entry" system of registration, the principal of this bond is payable to the order of the Registered Owner in same day funds received by the Registered Owner on the maturity date of this bond, and the interest on this bond is payable to the order of the Registered Owner in same day funds received by the Registered Owner on each interest payment date. When bonds are no longer held in an immobilized "book entry" registration system, the principal shall be paid to the Registered Owner or nominee of such owner upon presentation and surrender of this bond at either of the principal offices of the fiscal agency of the State of Washington in either Seattle, Washington or New York, New York (collectively the "Bond Registrar"), and the interest shall be paid by mailing a check or draft (on the date such interest is due) to the Registered Owner or nominee of such owner at the address shown on the registration books maintained by the Bond Registrar (the "Bond Register") as of the 15th day of the month prior to the interest payment date; provided, however, that

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

This bond is one of an authorized issue of bonds of like series, date and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of \$PAMT (the "Bonds"), issued pursuant to Ordinance _____ of the County and Motion No. _____ of the County Council (together, the "Bond Ordinance"), all payable solely from the special fund of the County known as the Water Quality Revenue Bond Account (the "Bond Fund").

The Bonds are issued to provide funds [for capital improvements to the sewer system of the County (the "System")] [to refund certain outstanding sewer revenue bonds of the county]. The Bonds are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington, the County Charter and applicable ordinances duly adopted by the County. Capitalized terms used in this bond and not defined herein shall have the meanings given such terms in the Bond Ordinance.

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

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

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

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

The County has further pledged that it will cause the Sewer System to be maintained in good condition and repair and to be operated in an efficient manner and at a reasonable cost. The County has further pledged that it will at all times establish,

maintain and collect adequate rates and charges for sewage disposal service as provided in the Bond Ordinance. Reference to the Bond Ordinance is made for a description of the nature and extent of the security for the Bonds, the funds or revenues pledged, and the terms and conditions upon which the Bonds are issued.

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

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

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

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

KING COUNTY, WASHINGTON

By _____ /s/ _____

King County Executive

ATTEST:

_____/s/_____
Clerk of the County Council

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

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

UNIF GIFT (TRANSFERS) MIN ACT — _____ Custodian _____

(Cust)

(Minor)

under Uniform Gifts (Transfers) to Minors Act

(State)

Additional abbreviations may also be used though not listed above.

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

CERTIFICATE OF AUTHENTICATION

This is one of the Sewer Revenue [and Refunding] Bonds, 20__, of King County, Washington, dated _____ 1, 2002, described in the within mentioned Bond Ordinance.

WASHINGTON STATE FISCAL AGENCY, as Bond Registrar

By _____

Authorized Signatory

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

[Empty rectangular box for Social Security or Taxpayer ID number]

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

the within bond and does hereby irrevocably constitute and appoint of _____, or its 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.

SIGNATURE GUARANTEED:

NOTICE: Signatures must be guaranteed
pursuant to law.