



# KING COUNTY

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

## Signature Report

December 11, 2012

### Ordinance 17495

Proposed No. 2012-0449.1

Sponsors McDermott

1 AN ORDINANCE authorizing the issuance and sale of  
2 junior lien variable rate demand sewer revenue bonds in the  
3 principal amount of \$100,000,000 to finance capital  
4 improvements to the county's sewer system; authorizing the  
5 form, terms, maturity, and interest rate modes for the  
6 bonds; authorizing the covenants and conditions under  
7 which the bonds will be issued; and approving an  
8 agreement to sell the bonds to Wells Fargo Municipal  
9 Capital Strategies, LLC.

10 PREAMBLE:

11 The county owns and operates facilities for conveying and treating sewage  
12 and controlling combined sewer overflows, including but not limited to  
13 wastewater treatment plants, interceptor and trunk sewers, pumping  
14 stations, regulator stations, outfall sewers, storm sewers to divert  
15 stormwater from sanitary sewers, lands for application of biosolids,  
16 property rights, and buildings and other structures (collectively the "Sewer  
17 System" or the "System"), all in accordance with a comprehensive plan for  
18 metropolitan water pollution abatement under the authority of chapters  
19 36.56 and 35.58 of the Revised Code of Washington ("RCW").

20 Long term service agreements with participating municipalities and other  
 21 entities (the "Participants") obligate the county to treat and dispose of  
 22 sewage collected by the Participants. The Participants must pay the costs  
 23 of such services including debt service on bonds payable from sewer  
 24 revenues, including the bonds authorized herein, and other indebtedness  
 25 payable from and secured by sewer revenues. Comparable rates and  
 26 charges have been established for customers who deliver sewage to the  
 27 System but are not subject to a contract with the county for such service.  
 28 In accordance with RCW 35.58.200(3), the county has declared that the  
 29 health, safety and welfare of people within the metropolitan area require  
 30 that certain Participants discharge sewage collected by those Participants  
 31 into facilities of the System.  
 32 The county has issued the following series of sewer revenue bonds with a  
 33 senior lien on revenues of the Sewer System (the "Parity Bonds"):

<b>Designation</b>	<b>Ordinance</b>	<b>Date of Issue</b>	<b>Original Principal</b>	<b>Outstanding Principal (As of 9/30/2012)</b>
2003A Bonds	14406	4/24/2003	96,470,000	89,380,000
2004B Bonds	14753	3/18/2004	61,760,000	53,095,000
2006 Bonds	15385	5/16/2006	124,070,000	102,970,000
2006 (2nd) Bonds	15385	11/30/2006	193,435,000	179,870,000
2007 Bonds	15758	6/26/2007	250,000,000	250,000,000

2008 Bonds	16133	8/14/2008	350,000,000	350,000,000
2009 Bonds	16133	8/12/2009	250,000,000	250,000,000
2010 Bonds	16868	7/29/2010	334,365,000	334,215,000
2011 Bonds	16868	1/25/2011	175,000,000	175,000,000
2011B Bonds	17111	10/5/2011	494,270,000	490,660,000
2011C Bonds	17111	11/1/2011	32,445,000	32,445,000
2012 Bonds	17111	4/18/2012	104,445,000	104,445,000
2012B Bonds	17111	8/2/2012	64,260,000	64,260,000
2012C Bonds	17111	9/19/2012	65,415,000	65,415,000

34 The county has issued the following series of limited tax general  
 35 obligation bonds additionally secured by a lien on revenues of the Sewer  
 36 System junior and subordinate to the lien thereon of the Parity Bonds (the  
 37 "Parity Lien Obligations"):

<b>Designation</b>	<b>Ordinance</b>	<b>Date of Issue</b>	<b>Original Principal</b>	<b>Outstanding Principal (As of 9/30/2012)</b>
Series 2005	15033	4/21/2005	\$ 200,000,000	\$ 28,925,000
Series 2008	15779	2/12/2008	236,950,000	225,155,000
Series 2009	16133	4/8/2009	300,000,000	300,000,000
Series 2012	17111	4/18/2012	68,395,000	68,395,000
Series 2012B	17111	8/2/2012	41,725,000	41,725,000
Series 2012C	17111	9/19/2012	53,405,000	53,405,000

38 The county has issued the following series of sewer revenue bonds with a  
 39 lien on revenues of the Sewer System junior and subordinate to the lien  
 40 thereon of the Parity Bonds and the Parity Lien Obligations (the "Junior  
 41 Lien Obligations"):

<b>Designation</b>	<b>Ordinance</b>	<b>Date of Issue</b>	<b>Original Principal</b>	<b>Outstanding Principal (As of 9/30/2012)</b>
Series 2001A	14171, 16719	4/15/2001	\$ 50,000,000	\$ 50,000,000
Series 2001B	14172, 16720	4/15/2001	50,000,000	50,000,000
Series 2011	17202	10/26/2011	100,000,000	100,000,000

42 The county has issued the following series of limited tax general  
 43 obligation bonds additionally secured by a lien on revenues of the Sewer  
 44 System junior and subordinate to the lien thereon of the Parity Bonds, the  
 45 Parity Lien Obligations and the Junior Lien Obligations (the "Multi-Modal  
 46 LTGO/Sewer Revenue Bonds"):

<b>Designation</b>	<b>Ordinance</b>	<b>Date of Issue</b>	<b>Original Principal</b>	<b>Outstanding Principal (As of 9/30/2012)</b>
Series 2010A	16721	1/21/2010	\$ 50,000,000	\$ 50,000,000
Series 2010B	16722	1/21/2010	50,000,000	50,000,000

47 The county has issued its Sewer Revenue Anticipation Notes, Commercial  
 48 Paper Series A, in the aggregate principal amount of \$100,000,000 at any  
 49 time outstanding (the "Commercial Paper Notes"), with a lien on revenues

50 of the Sewer System junior and subordinate to the lien thereon of the  
51 Parity Bonds, the Parity Lien Obligations, the Junior Lien Obligations and  
52 the Multi-Modal LTGO/Sewer Revenue Bonds, pursuant to Ordinance No.  
53 12057, as amended.

54 The ordinances authorizing the issuance of the currently outstanding  
55 obligations of the System permit additional Junior Lien Obligations to be  
56 issued on the terms and conditions set forth in the ordinances authorizing  
57 the currently outstanding Junior Lien Obligations. The county wishes to  
58 issue not to exceed \$100,000,000 in additional Junior Lien Obligations  
59 (the "Bonds") as provided in this ordinance. The county has received an  
60 offer from Wells Fargo Municipal Capital Strategies, LLC ("Wells  
61 Fargo") to purchase the Bonds on the terms set forth in this ordinance and  
62 in its proposed continuing covenant agreement, and the council wishes to  
63 accept Wells Fargo's offer and approve the continuing covenant  
64 agreement, as provided in this ordinance.

65 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

66 **ARTICLE I**

67 **DEFINITIONS AND INTERPRETATION**

68 SECTION 1.1. Certain Definitions. As used in this ordinance, the following  
69 terms and phrases shall have the meanings set forth in this Section unless the context  
70 clearly indicates that another meaning is intended (singular definitions herein shall be  
71 deemed to include the plural thereof and vice versa):

72           **"Account"** means each Remarketing Proceeds Account, County Purchase  
73 Account and Liquidity Facility Purchase Account established within the Purchase Fund.

74           **"Accreted Value"** means with respect to any Capital Appreciation Bonds, as of  
75 any date of calculation, the sum of the amounts set forth in the ordinance, resolution or  
76 motion authorizing such bonds as the amounts representing the initial principal amount of  
77 such bonds plus the interest accumulated, compounded and unpaid thereon as of the most  
78 recent compounding date, as provided in the ordinance, resolution or motion authorizing  
79 the issuance of such bonds; provided that if such calculation is not made as of a  
80 compounding date, such amount shall be determined by straight-line interpolation as of  
81 the immediately preceding and the immediately succeeding compounding dates.

82           **"Additional Junior Lien Obligations"** means those revenue bonds or other  
83 revenue obligations that may be issued by the county after the issuance of the Bonds with  
84 a lien on Revenue of the System equal to the lien thereon of the Junior Lien Obligations.

85           **"Additional Subordinate Lien Obligations"** means those revenue bonds or other  
86 revenue obligations that may be issued by the county with a lien on Revenue of the  
87 System equal to the lien thereon of the Commercial Paper Notes and the Commercial  
88 Paper Bank Note.

89           **"Affiliate"** means, with respect to a specified Person, another Person that directly,  
90 or indirectly through one or more intermediaries, controls, or is controlled by or is under  
91 common control with, the specified Person.

92           **"Agency Customer"** means any city, town, water-sewer district or other political  
93 subdivision, person, firm or private corporation that collects sewage from customers and

94 disposes of any portion of that sewage into the Metropolitan Sewerage System and is not  
95 a Participant.

96        "**Agreement**" means, during the Initial Period, the Continuing Covenant  
97 Agreement between the county and Wells Fargo, dated the Closing Date, as the same  
98 may be amended, supplemented, restated or otherwise modified from time to time, and  
99 during any Index Rate Period other than the Initial Period, means any agreement  
100 designated as such between the county and the Bank.

101        "**Alternate Credit Enhancement**" or "**Alternate Liquidity Facility**" means a  
102 letter of credit, insurance policy, line of credit, surety bond, standby purchase agreement  
103 or other security or liquidity instrument, as the case may be, issued in accordance with  
104 the terms hereof as a replacement or substitute for any Credit Enhancement or Liquidity  
105 Facility, as applicable, then in effect.

106        "**Alternate Rate**" means, on any Rate Determination Date, for any Interest Rate  
107 Mode, a rate per annum equal to 110% of (a) the SIFMA Municipal Swap Index of  
108 Municipal Market Data most recently available as of the date of determination, or (b) if  
109 such index is no longer available, or if the SIFMA Municipal Swap Index is no longer  
110 published, the S&P Weekly High Grade Index (formerly the J.J. Kenny Index), or if  
111 neither the SIFMA Municipal Swap Index nor the S&P Weekly High Grade Index is  
112 published, the index determined to equal the prevailing rate determined by the  
113 Remarketing Agent for tax-exempt state and local government bonds meeting criteria  
114 determined in good faith by the Remarketing Agent to be comparable under the  
115 circumstances to the criteria used by the Securities Industry and Financial Markets  
116 Association to determine the SIFMA Municipal Swap Index just prior to when the

117 Securities and Financial Markets Association stopped publishing the SIFMA Municipal  
118 Swap Index. The Registrar shall make the determinations required by this definition,  
119 upon notification from the county, if there is no Remarketing Agent, if the Remarketing  
120 Agent fails to make any such determination or if the Remarketing Agent has suspended  
121 its remarketing efforts in accordance with the Remarketing Agreement; provided,  
122 however, that if neither the SIFMA Municipal Swap Index nor the S&P Weekly High  
123 Grade Index is available, the county shall designate in writing the index for the Registrar  
124 to use.

125 "Annual Debt Service" means, for designated obligations of the System, with  
126 respect to any calendar year, the sum of the following:

127 (1) The interest on such designated obligations due (i) on all interest payment  
128 dates (other than January 1) in such calendar year, and (ii) on January 1 of the next  
129 succeeding year, plus any Payment Agreement Payments due on such dates in respect of  
130 Payment Agreements for such obligations and minus any Payment Agreement Receipts  
131 due in such period in respect of Payment Agreements for such obligations.

132 (i) For purposes of calculating the amounts required to pay interest on  
133 such designated obligations, capitalized interest and accrued interest paid to the county  
134 upon the issuance of such obligations, and Debt Service Offsets pledged to the payment  
135 of such designated obligations will be excluded.

136 (ii) The amount of interest deemed to be payable on any such  
137 obligations bearing interest at a variable rate shall be calculated on the assumption that  
138 the interest rate on such obligations would be equal to the rate (the "assumed RBI rate")  
139 that is 90% of the average Bond Buyer Revenue Bond Index or comparable index during



140 the fiscal quarter preceding the quarter in which the calculation is made; provided,  
141 however, that for purposes of determining actual compliance in any past calendar year  
142 with the rate covenants made in Section 5.1 of this ordinance, the actual amount of  
143 interest paid on any issue of variable rate obligations shall be taken into account.

144 (2) The principal due (at maturity or upon the mandatory redemption of Term  
145 Bonds prior to their maturity) for such designated obligations (i) on all principal payment  
146 dates (other than January 1) of such calendar year and (ii) on January 1 of the next  
147 succeeding year.

148 (3) An amount for assumed payments of principal of any of such designated  
149 obligations that are Balloon Maturity Bonds calculated for the applicable calendar year  
150 by amortizing the then outstanding principal amount of such obligations in accordance  
151 with a maturity schedule not exceeding 30 years from the date of issuance of such  
152 Balloon Maturity Bonds and resulting in approximately level debt service based on their  
153 actual interest rates (if such obligations bear interest at fixed rates) or on the assumed  
154 interest rate calculated as provided in Paragraph (1)(ii) of this definition (if such  
155 obligations bear interest at a variable rate).

156 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or  
157 upon the mandatory redemption of Term Bonds that are Capital Appreciation Bonds shall  
158 be included in the calculation of Annual Debt Service, and references in this ordinance to  
159 principal of Parity Bonds shall include the Accreted Value due at maturity or upon the  
160 mandatory redemption of any Capital Appreciation Bonds.

161 Notwithstanding the foregoing, debt service on bonds with respect to which a  
162 Payment Agreement is in force shall be calculated by the county to reflect the net

163 economic effect of the terms of the bonds and the applicable Payment Agreement, in  
164 accordance with the requirements set forth in the ordinances applicable to such bonds.

165 **"Applicable Factor"** means (i) during the Initial Period, 70%, and (ii) during any  
166 subsequent Index Rate Period during which the Bonds bear interest at the LIBOR Index  
167 Rate, 70%, or such other percentage as may be established as the Applicable Factor for  
168 that Index Rate Period pursuant to an Agreement.

169 **"Applicable Spread"** means

170 (i) During the Initial Period, 65 basis points, which Applicable Spread is  
171 subject to the maintenance of the ratings assigned to the unenhanced Junior Lien  
172 Obligations (the "JLO Ratings") by each Rating Agency, currently A1 by Moody's and  
173 AA- by S&P. If any JLO Rating is changed, the Applicable Spread will be determined as  
174 set forth in the following schedule; *provided* that if the county maintains a JLO Rating  
175 from both S&P and Moody's and there is a split between such ratings, the lower rating  
176 will prevail for purposes of determining the Applicable Spread:

<b>Credit Rating</b>		<b>Applicable Spread</b>
<b>S&amp;P</b> (to the extent that S&P then maintains a Rating)	<b>Moody's</b> (to the extent that Moody's then maintains a Rating)	
A+ or higher or	A1 or higher	65
A or	A2	80
A- or	A3	95

BBB+ or	Baa1	120
BBB or	Baa2	155

177 If neither S&P nor Moody's then maintains a JLO Rating, the Applicable Spread  
 178 will be subject to the ratings assigned to unenhanced Parity Bonds (the "PB Ratings") by  
 179 each Rating Agency, currently Aa2 by Moody's and AA+ by S&P. If any PB Rating  
 180 changes, the Applicable Spread will be determined as set forth in the following schedule;  
 181 provided that if the county maintains a PB Rating from both S&P and Moody's and there  
 182 is a split between those ratings, the lower rating will prevail for purposes of determining  
 183 the Applicable Spread:

<b>Parity Bond Credit Rating</b>		<b>Applicable Spread</b>
<b>S&amp;P</b> (to the extent that S&P then maintains a Rating)	<b>Moody's</b> (to the extent that Moody's then maintains a Rating)	
AA or higher or	Aa2 or higher	65
AA- or	Aa3	80
A+ or	A1	95
A or	A2	120
A- or	A3	155

184 References in this definition of Applicable Spread are to rating categories used by  
 185 the Rating Agencies as of the date of issuance of the Bonds, and in the event of the

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186 adoption of any new or changed rating system, including, without limitation, any  
187 recalibration or realignment of the rating of the unenhanced Junior Lien Obligations or  
188 the unenhanced Parity Bonds in connection with the adoption of a "global" rating scale,  
189 the rating categories referred to above shall be deemed to refer to the rating categories  
190 under the new rating system that most closely approximates the requirements set forth  
191 herein.

192 Any change in the Applicable Spread shall apply to the Index Rate for the  
193 immediately succeeding Index Interest Period after any applicable JLO Rating or PB  
194 Rating change occurs.

195 (ii) During any Index Rate Period other than the Initial Period, (A) the number  
196 of basis points determined by the Market Agent on or before the first day of such Index  
197 Rate Period and designated by the county in accordance with Section 2.10(a)(i) (which  
198 may include a schedule for the Applicable Spread based upon the Ratings as described in  
199 clause (i) in this definition) that, when added to (x) the SIFMA Index (and multiplied by  
200 the Margin Rate Factor) or (y) the product of the LIBOR Index multiplied by the  
201 Applicable Factor (and multiplied by the Margin Rate Factor), as applicable, would equal  
202 the minimum interest rate per annum that would enable the Bonds to be sold on such date  
203 at a price equal to the principal amount thereof (without regard to accrued interest, if any,  
204 thereon), or (B) the number of basis points or schedule of basis points set forth in the  
205 applicable Agreement approved by the Finance Director pursuant to Section 8.2 of this  
206 ordinance.

207 "**Authorized Denominations**" means (i) with respect to Bonds in an Index Rate  
208 Mode, \$250,000 and any integral multiple of \$5,000 in excess thereof, (ii) with respect to

209 Bonds in a Daily Mode, or Weekly Mode, \$100,000 and any integral multiple of \$5,000  
210 in excess thereof, (iii) with respect to Bonds in a Flexible Mode, \$100,000 and any  
211 integral multiple of \$1,000 in excess thereof, and (iv) with respect to Bonds in a Term  
212 Rate Mode or a Fixed Rate Mode, \$5,000 and any integral multiple thereof.

213 **"Automatic Termination Event"** means an event of default set forth in a  
214 Reimbursement Agreement between the county and a Liquidity Provider that would  
215 result in the immediate and automatic termination or suspension of the Liquidity Facility  
216 prior to its stated expiration date without prior notice from the Liquidity Provider to the  
217 Tender Agent

218 **"Available Amount"** means the amount available under any Credit Enhancement  
219 or Liquidity Facility, as applicable, to pay the principal of and interest on the Bonds  
220 and/or the Purchase Price of the Bonds, as applicable.

221 **"Balloon Maturity Bonds"** means any obligations of the System, other than  
222 Term Bonds, the entire principal amount of which is due at maturity without serial bond  
223 payments or sinking fund redemption payments, including the Bonds.

224 **"Bank"** means (i) during the Initial Period, Wells Fargo Municipal Capital  
225 Strategies, LLC, a wholly-owned subsidiary of Wells Fargo Bank, National Association,  
226 as "Purchaser" under the Agreement and (ii) during any other Index Rate Period, the  
227 Owner of the Bonds that is designated as the Bank in an Agreement during any  
228 subsequent Index Interest Rate Period.

229 **"Bank Purchase Date"** means, during any Index Rate Period, (i) the Initial Bank  
230 Purchase Date, (ii) during any Index Rate Period other than the Initial Period, the date  
231 designated by the county pursuant to Section 2.10(a)(i) hereof, and (iii) the date that is

232 seven calendar days (or if that seventh calendar day is not a Business Day, the next  
233 Business Day) after the date on which the Registrar receives written notice from the Bank  
234 under an Agreement advising the Registrar of the occurrence and continuance of an  
235 "Event of Default" under and as defined in the Agreement and directing the Registrar to  
236 cause a mandatory tender of the Bonds (including any Unremarketed Index Rate Bonds)  
237 by reason of the "Event of Default."

238       **"Beneficial Owner"** means, when the Bonds are held in a Book-Entry System,  
239 any Person who acquires a beneficial ownership interest in a Bond held by the Securities  
240 Depository. When the Bonds are not held in a Book-Entry System, Beneficial Owner  
241 means Owner for purposes of this ordinance.

242       **"Bond Counsel"** means any firm of nationally recognized municipal bond  
243 attorneys selected by the county and experienced in the issuance of municipal bonds and  
244 matters relating to the exclusion of the interest thereon from gross income for Federal  
245 income tax purposes.

246       **"Bond Register"** means the registration books maintained by the Registrar for  
247 purposes of identifying ownership of the Bonds.

248       **"Bondowners' Trustee"** means the bank or financial institution selected by the  
249 Owners of the Bonds pursuant to Section 6.2 of this ordinance.

250       **"Bonds"** means the King County, Washington, Junior Lien Variable Rate  
251 Demand Sewer Revenue Bonds, Series 2012, authorized to be issued in the aggregate  
252 principal amount of not to exceed \$100,000,000 pursuant to Section 2.1 of this ordinance.

253       **"Book-Entry System"** means the system maintained by a Securities Depository  
254 described in Article II of this ordinance.

255           **"Business Day"** means any business day other than (i) a Saturday or Sunday or  
256 (ii) a day on which the Bank, the Calculation Agent, the Registrar, the Paying Agent, the  
257 Tender Agent, or the Remarketing Agent, if any, are required or authorized to be closed  
258 or (iii) a day on which the office of the Credit Provider or Liquidity Provider at which it  
259 will pay draws or advances are required or authorized to be closed, or (iv) a day on which  
260 The New York Stock Exchange is closed.

261           **"Calculation Agent"** means, during the Initial Period, Wells Fargo Bank,  
262 National Association, and for any other Index Rate Period means the Bank, or the  
263 Registrar or any other Person appointed by the county, with the Bank's consent, to serve  
264 as Calculation Agent for the Bonds.

265           **"Capital Appreciation Bonds"** means any Parity Bonds the interest on which is  
266 compounded, accumulated and payable only upon redemption or on the maturity date of  
267 such Parity Bonds; provided, however, that Parity Bonds may be deemed to be Capital  
268 Appreciation Bonds for only a portion of their term pursuant to the ordinance, resolution  
269 or motion authorizing their issuance. On the date on which Parity Bonds no longer are  
270 Capital Appreciation Bonds, they shall be deemed outstanding in a principal amount  
271 equal to their Accreted Value.

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

275           **"Closing Date"** means the date of delivery of the Bonds to the Bank as the initial  
276 purchaser thereof.

277           **"Commercial Paper Bank Note"** means the bank note authorized to be issued by  
278 Ordinance No. 12057 of the county, as amended, to secure payment of the Commercial  
279 Paper Notes.

280           **"Commercial Paper Notes"** means the King County, Washington, Sewer  
281 Revenue Bond Anticipation Notes, Commercial Paper Series A, authorized, issued, and  
282 outstanding from time to time pursuant to Ordinance No. 12057 of the county passed on  
283 December 11, 1995, as amended.

284           **"Comprehensive Plan"** means the county's comprehensive water pollution  
285 abatement plan authorized by RCW 35.58.200 and defined in King County Code  
286 ("K.C.C.") 28.82.150 as the Comprehensive Sewage Disposal Plan adopted by  
287 Resolution No. 23 of the Metro Council on April 22, 1959, and all amendments thereto,  
288 together with any amendments hereafter approved by ordinance of the county.

289           **"Conversion Date"** means with respect to the Bonds in a particular Interest Rate  
290 Mode, the day on which another Interest Rate Mode for the Bonds begins.

291           **"Conversion Notice"** means the notice from the county to the other Notice Parties  
292 of the county's intention to change the Interest Rate Mode with respect to the Bonds.

293           **"County Bonds"** means Bonds held by the Registrar for and on behalf of the  
294 county or any nominee for (or any Person who owns such Bonds for the sole benefit of)  
295 the county pursuant to Section 3.14(c) of this ordinance.

296           **"County Purchase Account"** means each account with that name established  
297 within the Bond Purchase Fund pursuant to Section 3.14 of this ordinance.



298           **"Credit Enhancement"** means any letter of credit, insurance policy, surety bond,  
299 line of credit or other instrument, if any, that secures or guarantees the payment of  
300 principal of and interest on the Bonds.

301           **"Credit Provider"** means any bank, insurance company, pension fund or other  
302 financial institution that provides a Credit Enhancement or Alternate Credit Enhancement  
303 for the Bonds.

304           **"Current Mode"** shall have the meaning specified in Section 2.10(a)(i) of this  
305 ordinance.

306           **"Daily Mode"** means the Interest Rate Mode during which the Bonds bear interest  
307 at the Daily Rate.

308           **"Daily Rate"** means the per annum interest rate on any Bond in the Daily Mode  
309 determined pursuant to Section 2.6(a) of this ordinance.

310           **"Daily Rate Period"** means the period during which a Bond in the Daily Mode  
311 bears interest at a Daily Rate, which shall be from the Business Day upon which a Daily  
312 Rate is set to but not including the next succeeding Business Day.

313           **"Debt Service Offset"** means receipts of the county that are (i) legally available  
314 to pay debt service on obligations payable from Revenue of the System, including  
315 without limitation federal interest subsidy payments, and (ii) pledged to the payment of  
316 obligations payable from Revenue of the System.

317           **"Default"** means any of the events or conditions set forth in Section 6.1 of this  
318 ordinance.

319           **"Default Rate"** has the meaning set forth in the Agreement.

320           **"Delayed Remarketing Period"** has the meaning specified in Section 3.15(b) of  
321 this ordinance.

322           **"Determination of Taxability"** means and shall be deemed to have occurred on  
323 the first to occur of the following:

324           (i)     on that date when the county files any statement, supplemental statement  
325 or other tax schedule, return or document that discloses that an Event of Taxability has in  
326 fact occurred;

327           (ii)    on the date when any current or former Owner or Beneficial Owner  
328 notifies the County that it has received a written opinion by a nationally recognized firm  
329 of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the  
330 effect that an Event of Taxability has occurred (the "*Notification Date*"), unless (x) within  
331 90 days after the Notification Date, the County delivers to such Owner or Beneficial  
332 Owner written evidence that the County has requested a ruling or determination letter  
333 from the Commissioner or any District Director of the Internal Revenue Service (or any  
334 other governmental official exercising the same or a substantially similar function from  
335 time to time) to the effect that, after taking into consideration such facts as form the basis  
336 for the opinion that an Event of Taxability has occurred, an Event of Taxability has not  
337 occurred, and (y) not later than 270 days after the Notification Date, the Issuer delivers to  
338 such Owner or Beneficial Owner such ruling or determination letter to that effect;

339           (iii)   on the date when the county is advised in writing by the Commissioner or  
340 any District Director of the Internal Revenue Service (or any other government official or  
341 agent exercising the same or a substantially similar function from time to time) that,

342 based upon filings of the county, or upon any review or audit of the county or upon any  
343 other ground whatsoever, an Event of Taxability has occurred; or

344 (iv) on that date when the county receives notice from any current or former  
345 Owner or Beneficial Owner of a Bond that the Internal Revenue Service (or any other  
346 government official or agency exercising the same or a substantially similar function  
347 from time to time) has assessed as includable in the gross income of such current or  
348 former Owner or Beneficial Owner the interest on the Bond due to the occurrence of an  
349 Event of Taxability;

350 provided, however, that no Determination of Taxability shall occur under subparagraph  
351 (iii) or (iv) above unless the county has been afforded the opportunity, at its expense, to  
352 contest any such assessment, and, further, no Determination of Taxability shall occur  
353 until such contest, if made, has been finally determined; provided further, however, that  
354 upon demand from the current or former Owner or Beneficial Owner, the county shall  
355 promptly reimburse such Owner or Beneficial Owner for any payments, including any  
356 taxes, interest, penalties or other charges, that such Owner or Beneficial Owner has been  
357 obligated to make as a result of the Determination of Taxability.

358 "DTC" means The Depository Trust Company, a limited purpose trust company  
359 organized under the laws of the State of New York, and any successor thereto.

360 "DTC Participants" means those broker-dealers, banks and other financial  
361 institutions for which DTC holds bonds or other securities as securities depository.

362 "Electronic Means" means telecopy, facsimile transmission, e-mail transmission  
363 or other similar electronic means of communication providing evidence of transmission.

364           **"Event of Taxability"** means (i) a change in law or fact or the interpretation  
365 thereof, or the occurrence or existence of any fact, event or circumstance (including,  
366 without limitation, any action of the county, or the county's failure to act, or the county's  
367 making any misrepresentation herein or in any certificate required to be given in  
368 connection with the issuance, sale or delivery of the Bonds) that has the effect of causing  
369 interest paid or payable on the Bonds to become included, in whole or in part, in the gross  
370 income of the current or former Owner or Beneficial Owner for federal income tax  
371 purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction,  
372 or the taking of any official action by the Internal Revenue Service or the Department of  
373 the Treasury, which decree, judgment or action is final under applicable procedural law  
374 and has the effect of causing interest paid or payable on the Bonds to become includable,  
375 in whole or in part, in the gross income of a current or former Owner or Beneficial Owner  
376 of a Bond for federal income tax purposes with respect to the Bonds.

377           **"Excess Interest"** has the meaning set forth in Section 2.9(e)(iv) hereof.

378           **"Expiration Date"** means the stated expiration date of any Credit Enhancement  
379 or Liquidity Facility, as it may be extended from time to time as provided in the Credit  
380 Enhancement or in the Liquidity Facility or Reimbursement Agreement, as applicable, or  
381 any earlier date on which the Credit Enhancement or the Liquidity Facility may terminate  
382 at the direction of the county, expire or be cancelled.

383           **"Favorable Opinion of Bond Counsel"** means, with respect to any action the  
384 occurrence of which requires such an opinion, an unqualified Opinion of Counsel, which  
385 shall be a Bond Counsel, to the effect that such action is permitted under this ordinance  
386 and will not adversely affect the exclusion of interest on the Bonds from gross income for

387 purposes of federal income taxation (subject to the inclusion of any exceptions contained  
388 in the opinion delivered upon original issuance of the Bonds).

389       **"Finance Director"** means the director of the finance and business operations  
390 division of the county or his or her designee, or the successor to the duties of that office.

391       **"Fiscal Agency Agreement"** means the agreement of that name dated February 1,  
392 2007, as amended, between the State of Washington and The Bank of New York Mellon,  
393 and any amendments and supplements thereto and replacements thereof.

394       **"Fixed Rate"** means the per annum interest rate on any Bond in the Fixed Rate  
395 Mode determined pursuant to Section 2.7(b) of this ordinance.

396       **"Fixed Rate Bond"** means a Bond in the Fixed Rate Mode.

397       **"Fixed Rate Mode"** means the Interest Rate Mode during which the Bonds bear  
398 interest at the Fixed Rate.

399       **"Fixed Rate Period"** means for the Bonds in the Fixed Rate Mode, the period  
400 from the Conversion Date upon which the Bonds were converted to the Fixed Rate Mode  
401 to but not including the Maturity Date for the Bonds.

402       **"Flexible Mode"** means the Interest Rate Mode during which the Bonds bear  
403 interest at the Flexible Rate.

404       **"Flexible Rate"** means the per annum interest rate on a Bond in the Flexible  
405 Mode determined for such Bond pursuant to Section 2.5 of this ordinance. The Bonds in  
406 the Flexible Mode may bear interest at different Flexible Rates.

407       **"Flexible Rate Bond"** means a Bond in the Flexible Mode.

408       **"Flexible Rate Period"** means the period of from one to 270 calendar days  
409 (which period must end on a day preceding a Business Day) during which a Flexible Rate

410 Bond shall bear interest at a Flexible Rate, as established by the Remarketing Agent  
411 pursuant to Section 2.5 of this ordinance. The Bonds in the Flexible Mode may be in  
412 different Flexible Rate Periods.

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

415 **"Government Obligations"** means those obligations now or hereafter defined as  
416 such in Chapter 39.53 of the Revised Code of Washington, as such chapter may be  
417 hereafter amended or restated.

418 **"Index Interest Period"** means (i) for an Index Rate Period during which the  
419 Bonds bear interest at the LIBOR Interest Rate, each LIBOR Interest Period during such  
420 Index Rate Period, and (ii) for an Index Rate Period during which the Bonds bear interest  
421 at the SIFMA Index Interest Rate, each SIFMA Index Interest Period during such Index  
422 Rate Period.

423 **"Index Rate"** means the LIBOR Index Rate or the SIFMA Index Rate, as  
424 applicable.

425 **"Index Rate Bonds"** means Bonds that bear interest at an Index Rate.

426 **"Index Rate Conversion Date"** means (a) the date on which the Bonds begin to  
427 bear interest at an Index Rate or, (b) if the Bonds have previously borne interest at an  
428 Index Rate during an Index Rate Period then ending, the Bank Purchase Date occurring at  
429 the end of the then ending Index Rate Period.

430 **"Index Rate Mode"** means the Interest Rate Mode during which the Bonds bear  
431 interest at an Index Rate.

432           **"Index Rate Period"** means (a) the Initial Period and (b) each period thereafter  
433 from and including an Index Rate Conversion Date to but excluding the earlier of (i) the  
434 immediately succeeding Bank Purchase Date, (ii) the immediately succeeding  
435 Conversion Date, and (iii) the Maturity Date.

436           **"Initial Bank Purchase Date"** means the Interest Payment Date immediately  
437 preceding the date that is four years after the Closing Date.

438           **"Initial Period"** means the initial Index Rate Period commencing on the Closing  
439 Date and ending on the first to occur of (i) the Initial Bank Purchase Date, (ii) the  
440 Conversion Date next succeeding the Closing Date (provided that the Bank shall have  
441 consented thereto in writing), (iii) the Maturity Date, or (iv) a Bank Purchase Date of the  
442 type described in clause (iii) of the definition of Bank Purchase Date.

443           **"Interest Accrual Period"** means the period during which a Bond accrues  
444 interest payable on the next Interest Payment Date applicable thereto. Each Interest  
445 Accrual Period shall commence on (and include) the last Interest Payment Date to which  
446 interest has been paid (or, if no interest has been paid, from the Closing Date) to, but not  
447 including, the Interest Payment Date on which interest is to be paid. If, at the time of  
448 authentication of any Bond, interest is in default or overdue on the Bonds, such Bond  
449 shall bear interest from the date to which interest has previously been paid in full or made  
450 available for payment in full on Outstanding Bonds.

451           **"Interest Payment Date"** means each date on which interest is to be paid and is:  
452 (i) with respect to the Bonds in the Flexible Mode, each Mandatory Purchase Date  
453 applicable thereto; (ii) with respect to the Bonds in the Daily Mode, Weekly Mode or  
454 Index Rate Mode, the first Business Day of each month; (iii) with respect to the Bonds in

455 a Term Rate Mode or a Fixed Rate Mode, the first day of the sixth calendar month  
456 following the month in which such Term Rate Mode or a Fixed Rate Mode takes effect,  
457 and the first day of each sixth calendar month thereafter or, upon the receipt by the  
458 Registrar of a Favorable Opinion of Bond Counsel, any other six-month interval chosen  
459 by the county (beginning with the first such day which is at least three months after the  
460 Conversion Date) and, with respect to a Term Rate Period, the final day of the current  
461 Interest Period if other than a regular six-month interval; (iv) with respect to  
462 Unremarketed Index Rate Bonds, means the dates set forth in the Agreement for the  
463 payment of interest on Unremarketed Index Rate Bonds; (v) (without duplication as to  
464 any Interest Payment Date listed above) each Maturity Date; and (vi) with respect to any  
465 Liquidity Provider Bonds, the dates set forth in the Reimbursement Agreement.

466       **"Interest Period"** means, for the Bonds in a particular Interest Rate Mode, the  
467 period of time that the Bonds bear interest at the rate (per annum) that becomes effective  
468 at the beginning of such period, and includes a Flexible Rate Period, a Daily Rate Period,  
469 a Weekly Rate Period, an Index Rate Period, a Term Rate Period, and a Fixed Rate  
470 Period.

471       **"Interest Rate Mode"** means, as the context may require, the Flexible Mode, the  
472 Daily Mode, the Weekly Mode, the Index Rate Mode, the Term Rate Mode, or the Fixed  
473 Rate Mode.

474       **"Junior Lien Bond Fund"** means the "King County, Washington, Junior Lien  
475 Obligation Redemption Fund" created pursuant to Section 5.01 of Ordinance 14171.

476       **"Junior Lien Obligations"** means the bonds identified as such in the Preamble to  
477 this ordinance, together with the Bonds and any Additional Junior Lien Obligations.



478 "Junior Lien Obligations" include any obligations owed by the county under any  
479 Reimbursement Agreement.

480        **"Letter of Representations"** means the Blanket Issuer Letter of Representations  
481 heretofore entered into by the county with DTC, or any similar agreement or document  
482 relating to a successor to DTC as Securities Depository.

483        **"LIBOR Index"** means the London interbank offered rate for U.S. dollar deposits  
484 for a one-month period, which rate appears on the display designated Reuters Screen  
485 LIBOR01 Page (or such other page as may replace Reuters Screen LIBOR01 Page or  
486 such other service or services nominated by the British Bankers' Association for the  
487 purposes of displaying London interbank offered rates for United States dollar deposits),  
488 determined as of approximately 11:00 a.m., London time, on each Rate Determination  
489 Date for effect on the next succeeding Interest Payment Date, or if that rate is not  
490 available, another rate determined by the Calculation Agent of which the county has  
491 received written notice.

492        **"LIBOR Index Rate"** means a per annum rate of interest, calculated on each Rate  
493 Determination Date, equal to the product of (a) the sum of (i) the Applicable Spread plus  
494 (ii) the product of (x) the LIBOR Index multiplied by (y) the Applicable Factor  
495 multiplied by (b) the Margin Rate Factor.

496        **"LIBOR Interest Period"** means, (i) for the Initial Period, the period from (and  
497 including) the Closing Date to but not including the next succeeding Interest Payment  
498 Date and thereafter each period from (and including) an Interest Payment Date to but not  
499 including the following Interest Payment Date and (ii) for any subsequent Index Rate  
500 Period during which the Bonds bear interest at the LIBOR Index Rate, the period from

501 (and including) the Index Rate Conversion Date to but not including the next succeeding  
502 Interest Payment Date and thereafter each period from (and including) an Interest  
503 Payment Date to but not including the following Interest Payment Date.

504 **"Liquidity Facility"** means any letter of credit, line of credit, standby purchase  
505 agreement or other instrument then in effect that provides for the payment of the purchase  
506 price of Bonds upon the tender thereof if remarketing proceeds are insufficient therefor.

507 **"Liquidity Facility Purchase Account"** means the account by that name created  
508 pursuant to Section 3.14 of this ordinance.

509 **"Liquidity Provider"** means any bank, insurance company, pension fund or other  
510 financial institution that provides a Liquidity Facility or Alternate Liquidity Facility for  
511 the Bonds.

512 **"Liquidity Provider Bonds"** means any Bonds purchased by a Liquidity Provider  
513 with funds drawn on or advanced under a Liquidity Facility.

514 **"London Business Day"** means any Business Day on which commercial banks  
515 are open for business in London, England.

516 **"Long-Term Mode"** means an Index Rate Mode, a Term Rate Mode or a Fixed  
517 Rate Mode.

518 **"Mandatory Purchase Date"** means: (i) for a Flexible Rate Bond, the first  
519 Business Day following the last day of each Flexible Rate Period for that Bond; (ii) for  
520 Bonds in the Term Rate Mode, the first Business Day following the last day of each Term  
521 Rate Period; (iii) any Conversion Date; (iv) any Substitution Date; (v) the fifth Business  
522 Day prior to any Expiration Date (other than as a result of an Automatic Termination  
523 Event); (vi) the date specified by the Registrar following the occurrence of an event of

524 default (other than an Automatic Termination Event) under the Reimbursement  
525 Agreement, which date shall be a Business Day not more than 25 nor less than 20 days  
526 after the Registrar's receipt of written notice of such event of default from the Credit  
527 Provider or the Liquidity Provider and in no event later than the day preceding the  
528 termination date specified by the Credit Provider or the Liquidity Provider; (vii) the date  
529 specified by the Registrar following receipt of notice by the Registrar from the Credit  
530 Provider that the Credit Enhancement will not be reinstated following a drawing to pay  
531 interest on the Bonds (other than interest on Bonds no longer Outstanding after such  
532 drawing), which date shall be a Business Day not more than five days after the Registrar's  
533 receipt of such notice; (viii) for Bonds in the Daily Mode or Weekly Mode, any Business  
534 Day specified by the county not less than 20 days after the Registrar's receipt of such  
535 notice and in no event later than the day preceding the Expiration Date; and (ix) a Bank  
536 Purchase Date.

537       **"Margin Rate Factor"** means the greater of (i) 1.0 or (ii) (A) 1.0 minus the  
538 Maximum Federal Corporate Tax Rate multiplied by (B) 1.53846. The effective date of  
539 any change in the Margin Rate Factor is the effective date of the decrease or increase (as  
540 applicable) in the Maximum Federal Corporate Tax Rate resulting in that change.

541       **"Market Agent"** means any Person appointed by the county to serve as market  
542 agent in connection with a conversion to an Index Rate Period.

543       **"Maturity Date"** means January 1, 2043, and, if established pursuant to Section  
544 2.10(b)(v) of this ordinance upon a change to the Fixed Rate Mode, any Serial Maturity  
545 Date.

546           **"Maximum Federal Corporate Tax Rate"** means the maximum rate of income  
547 taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect from  
548 time to time (or, if as a result of a change in the Code, the rate of income taxation  
549 imposed on corporations generally is not applicable to the Bank, the maximum statutory  
550 rate of federal income taxation that could apply to the Bank).

551           **"Maximum Rate"** means (i) with respect to all Bonds other than Liquidity  
552 Provider Bonds, Index Rate Bonds, Unremarketed Bonds and Unremarketed Index Rate  
553 Bonds, a rate of interest equal to the lesser of (a) 15% per annum or (b) the per annum  
554 interest rate used to calculate the Available Amount under the Liquidity Facility, (ii) with  
555 respect to Liquidity Provider Bonds, the rate specified in the Reimbursement Agreement,  
556 and (iii) with respect to Index Rate Bonds and Unremarketed Index Rate Bonds, the rate  
557 specified as the "Maximum Interest Rate" in the applicable Agreement. In no event shall  
558 such rate(s) exceed the highest rate allowed by law.

559           **"Moody's"** means Moody's Investors Service, a corporation duly organized and  
560 existing under and by virtue of the laws of the State of Delaware, and its successors and  
561 assigns, except that if such corporation shall be dissolved or liquidated or shall no longer  
562 perform the functions of a securities rating agency, then the term "Moody's" shall be  
563 deemed to refer to any other nationally recognized securities rating agency selected by  
564 the county after consultation with the Remarketing Agent.

565           **"MSRB"** means the Municipal Securities Rulemaking Board or any successors to  
566 its functions.

567           **"Multi-Modal LTGO/Sewer Revenue Bonds"** means the county's Multi-Modal  
568 Limited Tax General Obligation Bonds (Payable from Sewer Revenue), Series 2010A

569 and Series 2010B, and any additional limited tax general obligation bonds of the county  
570 payable from Revenue of the System and having the same lien on such revenue as those  
571 bonds.

572        **"Net Revenue"** means Revenue of the System less Operating and Maintenance  
573 Expenses.

574        **"New Mode"** shall have the meaning specified in Section 2.10(a) of this  
575 ordinance.

576        **"Notice Parties"** means the county, the Bank, if any, the Registrar, the Paying  
577 Agent, the Tender Agent, the Remarketing Agent, if any, the Credit Provider, if any, and  
578 the Liquidity Provider, if any.

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

584        **"Opinion of Counsel"** means a written legal opinion from a firm of attorneys  
585 experienced in the matters to be covered in the opinion.

586        **"Outstanding,"** when used as of a particular time with reference to Bonds, means  
587 all Bonds delivered hereunder except:

588        (a) Bonds cancelled by the Registrar or surrendered to the Registrar for  
589 cancellation;

590        (b) Bonds paid or deemed to have been paid within the meaning of this  
591 ordinance; and

592 (c) Bonds in lieu of or in substitution for which replacement Bonds have been  
593 executed by the county and delivered by the Registrar hereunder.

594 Notwithstanding the foregoing, Liquidity Provider Bonds shall remain  
595 Outstanding until the Liquidity Provider is paid all amounts due on such Bonds.

596 "**Owner**" means, with respect to any Bond, the registered owner of such Bond,  
597 including the Securities Depository, if any, or its nominee.

598 "**Parity Bond Fund**" means the "Water Quality Revenue Bond Account"  
599 designated pursuant to Section 30 of Ordinance No. 12076 of the county for the purpose  
600 of paying and securing the payment of the Parity Bonds.

601 "**Parity Bond Reserve Account**" means the bond reserve account in the Parity  
602 Bond Fund securing the payment of the Parity Bonds.

603 "**Parity Bonds**" means the bonds identified as such in the Preamble to this  
604 ordinance, together with any Future Parity Bonds. "Parity Bonds" include any Parity  
605 Payment Agreements and parity reimbursement agreements entered into with the  
606 provider of a Credit Facility securing any Parity Bonds.

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

610 "**Parity Lien Obligation Payment Agreement**" means a Payment Agreement  
611 under which the county's payment obligations are expressly stated to constitute a charge  
612 and lien on the Revenue of the System equal in rank with the charge and lien upon such  
613 revenue securing amounts required to be paid into the Parity Lien Obligation Bond Fund  
614 to pay and secure the payment of principal of and interest on the Parity Lien Obligations.

615           **"Parity Lien Obligations"** means bonds identified as such in the Preamble to this  
616 ordinance and any additional Parity Lien Obligations. "Parity Lien Obligations" include  
617 any Parity Lien Obligation Payment Agreements and parity reimbursement agreements  
618 entered into with the provider of a Credit Facility securing any Parity Lien Obligations.

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

624           **"Participant"** means each city, town, county, water-sewer district, municipal  
625 corporation, person, firm or private corporation that disposes of any portion of its sanitary  
626 sewage into the Sewer System and has entered into a Service Agreement with the county.

627           **"Paying Agent"** means the Registrar or such other or additional Paying Agent  
628 designated from time to time pursuant to Section 7.1 of this ordinance.

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

638           **"Payment Agreement Payments"** means the amounts periodically required to be  
639 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The  
640 term "Payment Agreement Payments" does not include any termination payment required  
641 to be paid with respect to a Payment Agreement.

642           **"Payment Agreement Receipts"** means the amounts periodically required to be  
643 paid by the Qualified Counterparty to the county pursuant to a Payment Agreement.

644           **"Person"** means a corporation, association, partnership, limited liability company,  
645 joint venture, trust, organization, business, individual or government or any governmental  
646 agency or political subdivision thereof.

647           **"Principal Office"** means, with respect to the Registrar and Paying Agent, the  
648 designated office of the Registrar indicated in Section 10.3 of this ordinance; or such  
649 other or additional offices as may be specified to the county by the Registrar or Paying  
650 Agent.

651           **"Principal Payment Date"** means any date upon which the principal amount of  
652 Bonds is due hereunder, including the Maturity Date, any Serial Maturity Date, any  
653 Redemption Date, or the date the maturity of any Bond is accelerated pursuant to the  
654 terms hereof or otherwise.

655           **"Professional Utility Consultant"** means a licensed professional engineer, a  
656 Certified Public Accountant, or other independent person(s) or firm(s) selected by the  
657 county having a favorable reputation for skill and experience with sewer systems of  
658 comparable size and character to the System in such areas as are relevant to the purposes  
659 for which they are retained.



660           **"Public Works Trust Fund Loans"** means loans to the county by the State of  
661 Washington Department of Community, Trade and Economic Development under the  
662 Public Works Trust Fund loan program pursuant to loan agreements in effect as of the  
663 date of this ordinance and any loan agreements hereafter entered into by the county under  
664 the Public Works Trust Fund loan program, the repayment obligations of which are  
665 secured by a lien on Revenue of the System equal to the lien thereon established by such  
666 loan agreements.

667           **"Purchase Date"** means (i) for a Bond in the Daily Mode or the Weekly Mode,  
668 any Business Day selected by the Beneficial Owner of said Bond pursuant to the  
669 provisions of Section 3.6 of this ordinance, and (ii) any Mandatory Purchase Date.

670           **"Purchase Fund"** means the fund by that name created in Section 3.14 of this  
671 ordinance.

672           **"Purchase Price"** means an amount equal to the principal amount of any Bonds  
673 purchased on any Purchase Date, plus accrued interest to the Purchase Date (unless the  
674 Purchase Date is an Interest Payment Date, in which case the Purchase Price shall not  
675 include accrued interest, which shall be paid in the normal course).

676           **"Purchaser Rate"** has the meaning set forth in the Agreement.

677           **"Qualified Counterparty"** means with respect to a Payment Agreement an entity  
678 (i) whose senior long term debt obligations, other senior unsecured long term obligations  
679 or claims paying ability or whose payment obligations under a Payment Agreement are  
680 guaranteed by an entity whose senior long term debt obligations, other senior unsecured  
681 long term obligations or claims paying ability are rated (at the time the Payment  
682 Agreement is entered into) at least as high as A3 by Moody's and A- by S&P, or the

683 equivalent thereof by any successor thereto, and (ii) who is otherwise qualified to act as  
684 the other party to a Payment Agreement under any applicable laws of the State.

685       **"Rate Determination Date"** means any date on which the interest rate on Bonds  
686 is determined, which, (i) in the case of the Flexible Mode, shall be the first day of an  
687 Interest Period; (ii) in the case of the Daily Mode, shall be each Business Day  
688 commencing with the first day (which must be a Business Day) the Bonds become  
689 subject to the Daily Mode; (iii) in the case of the Weekly Mode, (A) initially, each  
690 Tuesday or, if Tuesday is not a Business Day, then the Business Day next succeeding  
691 such Tuesday or such other day as may be established pursuant to Section 2.6(c) of this  
692 ordinance, and (B) not later than the Business Day preceding a Conversion Date, a  
693 Substitution Date or a Mandatory Purchase Date specified in clause (viii) of the definition  
694 of Mandatory Purchase Date; (iv) in the case of the Term Rate Mode, shall be a Business  
695 Day no earlier than 15 Business Days and no later than the Business Day next preceding  
696 the first day of an Interest Period, as determined by the Remarketing Agent; (v) in the  
697 case of the Index Rate Mode, shall be, (A) for Bonds bearing interest at the LIBOR Index  
698 Rate, the second London Business Day before the first day of each LIBOR Interest  
699 Period, except as provided in Section 2.1(a), and (B) for Bonds bearing interest at the  
700 SIFMA Index Rate, the Wednesday preceding each SIFMA Index Interest Period, unless  
701 Wednesday is not a Business Day and then the preceding Business Day, and (vi) in the  
702 case of the Fixed Rate Mode, shall be a date determined by the Remarketing Agent which  
703 shall be at least one Business Day prior to the Conversion Date.

704       **"Rate Stabilization Fund"** means the fund of that name created pursuant to  
705 Section 13.D of Ordinance 12314 of the county.

706           **"Rating Agency"** means Moody's or Standard & Poor's or, if either Moody's or  
707 Standard & Poor's does not furnish a rating on the Bonds, then each such nationally  
708 recognized rating agency then rating the Bonds.

709           **"Rating Confirmation Notice"** means a notice from Moody's or S&P, as  
710 appropriate, confirming that the rating on the Bonds will not be lowered or withdrawn  
711 (other than a withdrawal of a short-term rating upon a change to a Long-Term Mode) as a  
712 result of the action proposed to be taken.

713           **"Record Date"** means (i) with respect to Bonds in a Short-Term Mode or Index  
714 Rate Mode, the last Business Day before an Interest Payment Date; and (ii) with respect  
715 to Bonds in a Long-Term Mode (excepting in an Index Rate Mode), the 15th day  
716 (whether or not a Business Day) of the month next preceding each Interest Payment Date.

717           **"Redemption Date"** means the date fixed for redemption of Bonds subject to  
718 redemption in any notice of redemption given in accordance with the terms hereof.

719           **"Redemption Price"** means an amount equal to the principal of and premium, if  
720 any, and accrued interest, if any, on the Bonds to be paid on the Redemption Date.

721           **"Registrar"** means initially, the fiscal agency of the State of Washington in New  
722 York, New York, or any successor Registrar appointed pursuant to Section 7.1 of this  
723 ordinance. The Registrar's duties include registering and authenticating the Bonds,  
724 maintaining the Bond Register, registering the transfer of Bonds, paying interest on and  
725 principal of the Bonds, paying the Purchase Price of tendered Bonds, and holding the  
726 Credit Enhancement and Liquidity Facility.

727           **"Reimbursement Agreement"** means any reimbursement agreement, credit  
728 agreement, line of credit agreement, standby purchase agreement or other agreement, by  
729 and between the county and a Credit Provider or Liquidity Provider.

730           **"Remarketing Agent"** means any investment banking firm appointed as provided  
731 in Section 7.2 of this ordinance.

732           **"Remarketing Agreement"** means any agreement between the county and a  
733 Remarketing Agent, as it may be amended or supplemented from time to time in  
734 accordance with its terms.

735           **"Remarketing Proceeds Account"** means the account by that name created  
736 pursuant to Section 3.14 of this ordinance.

737           **"Revenue Fund"** means the "Water Quality Operating Account" as designated by  
738 Section 30 of Ordinance No. 12076 of the county.

739           **"Revenue of the System"** means all the earnings, revenues and money received  
740 by the county from or on account of the operations of the Sewer System and the income  
741 from the investment of money in the Revenue Fund or any account within such fund, but  
742 does not include (i) any money collected pursuant to the Service Agreements applicable  
743 to administrative costs of the county other than costs of administration of the System and  
744 (ii) any Debt Service Offsets.

745           **"Rule"** means the Securities and Exchange Commission's Rule 15c2-12 under the  
746 Securities Exchange Act of 1934, as amended.

747           **"S&P"** means Standard & Poor's Ratings Services and its successors and assigns,  
748 except that if such corporation shall be dissolved or liquidated or shall no longer perform  
749 the functions of a securities rating agency, then the term "S&P" shall be deemed to refer

750 to any other nationally recognized securities rating agency selected by the county after  
751 consultation with the Remarketing Agent, if any.

752        **"S&P Weekly High Grade Index"** means for a Rate Determination Date, the  
753 level of the "S&P Weekly High Grade Index" (formerly known as the J.J. Kenny Index)  
754 maintained by Standard and Poor's Securities Evaluations Inc. for a one-week maturity as  
755 published each Wednesday, or if any Wednesday is not a Business Day, on the next  
756 succeeding Business Day.

757        **"Securities Depository"** means DTC or such other securities depository as the  
758 county may designate in a certificate of the county delivered to the Registrar if the Bonds  
759 are to be held in a Book-Entry System.

760        **"Senior Lien Payments"** means, for any calendar year, the sum of the following:

761        (1)     Annual Debt Service for that year for then outstanding Parity Bonds and  
762 Parity Lien Obligations; and

763        (2)     any other payments described in Paragraphs Second through Fifth of  
764 Section 4.2 of this ordinance required to be made during that year.

765        **"Serial Bonds"** means the Bonds maturing on the Serial Maturity Dates, as  
766 determined pursuant to Section 2.10(b) of this ordinance.

767        **"Serial Maturity Dates"** means the dates on which the Serial Bonds mature, as  
768 determined pursuant to Section 2.10(b) of this ordinance.

769        **"Serial Payments"** means the payments to be made in payment of the principal of  
770 the Serial Bonds on the Serial Maturity Dates.

771        **"Service Agreements"** means the sewage disposal agreements entered into  
772 between the county and municipal corporations, persons, firms, private corporations, or

773 governmental agencies providing for the disposal by the county of sewage collected from  
774 such contracting parties.

775         **"Short-Term Mode"** means the Daily Mode, the Weekly Mode or the Flexible  
776 Mode.

777         **"SIFMA"** means the Securities Industry & Financial Markets Association  
778 (formerly the Bond Market Association).

779         **"SIFMA Index"** means, for any day, the most recently published level of the  
780 index that SIFMA (i) compiles from the weekly interest rate resets of tax-exempt variable  
781 rate issues included in a database maintained by Municipal Market Data, which issues  
782 meet specific criteria that SIFMA establishes from time to time, and (ii) publishes on  
783 Wednesday of each week, or if any Wednesday is not a Business Day, the next  
784 succeeding Business Day. If the SIFMA Index is no longer published, then "SIFMA  
785 Index" shall mean the S&P Weekly High Grade Index. If the S&P Weekly High Grade  
786 Index is no longer published, then "SIFMA Index" shall mean the prevailing rate  
787 determined by the Calculation Agent for tax-exempt state and local government bonds  
788 meeting criteria determined in good faith by the Calculation Agent to be comparable  
789 under the circumstances to the criteria used by SIFMA to determine the SIFMA Index  
790 immediately prior to the date on which SIFMA ceased publication of the SIFMA Index or  
791 Standard & Poor's Securities Evaluations Inc. ceased publication of the S&P Weekly  
792 High Grade Index, as applicable.

793         **"SIFMA Index Interest Period"** means, for any Index Rate Period during which  
794 the Bonds bear interest at the SIFMA Index Rate, the period from (and including) the

795 Index Rate Conversion Date to but not including the next succeeding Thursday and  
796 thereafter each period from Thursday to but not including the following Thursday.

797        "**SIFMA Index Rate**" means a per annum rate of interest, calculated on each Rate  
798 Determination Date, equal to the product of (a) the sum of (i) the Applicable Spread plus  
799 (ii) the SIFMA Index, multiplied by (b) the Margin Rate Factor.

800        "**SRF Loans**" means loans to the county by the State of Washington Department  
801 of Ecology pursuant to loan agreements in effect as of the date of this ordinance and any  
802 loans and loan agreements hereafter entered into by the county under the State of  
803 Washington water pollution control revolving fund loan program, the repayment  
804 obligations of which are secured by a lien on Revenue of the System equal to the lien  
805 thereon established by such loan agreements.

806        "**Subordinate Lien Obligations**" means the Commercial Paper Notes, the  
807 Commercial Paper Bank Note and any Additional Subordinate Lien Obligations.

808        "**Substitution Date**" means the date upon which an Alternate Credit  
809 Enhancement or Alternate Liquidity Facility is scheduled to be substituted for the Credit  
810 Enhancement or Liquidity Facility then in effect.

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

814        "**Taxable Date**" means the date as of which interest on the Bonds is first included  
815 in gross income of the Owner or Beneficial Owner of the Bond (including, without  
816 limitation, any previous Owner or Beneficial Owner) thereof as a result of an Event of  
817 Taxability as such a date is established pursuant to a Determination of Taxability.

818           **"Taxable Rate"** means an interest rate per annum at all times equal to the product  
819 of the Index Rate or the Purchaser Rate, as applicable, then in effect multiplied by 1.54.

820           **"Tax Certificate"** means the federal tax certificate with respect to certain federal  
821 tax matters executed on behalf of the county upon the issuance of the Bonds.

822           **"Tender Agent"** means the Registrar or such other or additional Tender Agent  
823 designated from time to time.

824           **"Tender Notice"** means a notice delivered by Electronic Means or in writing that  
825 states (i) the principal amount of Bonds to be purchased pursuant to Section 3.6 of this  
826 ordinance, (ii) the Purchase Date on which those Bonds are to be purchased, (iii)  
827 applicable payment instructions with respect to the Bonds being tendered for purchase,  
828 and (iv) an irrevocable demand for such purchase.

829           **"Tender Notice Deadline"** means (i) during the Daily Mode, 11:00 A.M. on any  
830 Business Day and (ii) during the Weekly Mode, 5:00 P.M. on the Business Day seven  
831 days prior to the applicable Purchase Date.

832           **"Term Rate"** means the per annum interest rate for the Bonds in the Term Rate  
833 Mode determined pursuant to Section 2.7(a) of this ordinance.

834           **"Term Rate Mode"** means the Interest Rate Mode during which the Bonds bear  
835 interest at the Term Rate.

836           **"Term Rate Period"** means the period from (and including) the Conversion Date  
837 or the date of initial issuance of the Bonds, as applicable, to (but excluding) the last day  
838 of the first period that the Bonds shall be in the Term Rate Mode as established by the  
839 county for the Bonds pursuant to Section 2.10(a)(i) of this ordinance and, thereafter, the  
840 period from (and including) the beginning date of each successive Interest Period selected



841 for the Bonds by the county pursuant to Section 2.7(a) of this ordinance while it is in the  
842 Term Rate Mode to (but excluding) the commencement date of the next succeeding  
843 Interest Period, including another Term Rate Period. Except as otherwise provided in  
844 this ordinance, an Interest Period for the Bonds in the Term Rate Mode must be at least  
845 180 days in length.

846 **"Unremarketed Bonds"** means Bonds other than Index Rate Bonds that cannot  
847 be remarketed on a Mandatory Purchase Date.

848 **"Unremarketed Bonds Rate"** means the Maximum Rate, provided that in no  
849 event shall this rate exceed the highest rate allowed by law.

850 **"Unremarketed Index Rate Bonds"** means Index Rate Bonds that on the  
851 applicable Bank Purchase Date have not been successfully converted to another Interest  
852 Rate Mode or remarketed to a Person other than the Bank.

853 **"Variable Rate Mode"** means the Short-Term Mode or the Term Rate Mode.

854 **"Variable Rate Parity Bonds"** and **"Variable Rate Parity Lien Obligations"**  
855 mean Parity Bonds and Parity Lien Obligations bearing interest at a variable rate of  
856 interest provided that at least one of the following conditions is met: (i) at the time of  
857 issuance the county has entered into a Payment Agreement with respect to such Parity  
858 Bonds or Parity Lien Obligations, as applicable, which Agreement converts the effective  
859 interest rate to the county on such bonds from a variable interest rate to a fixed interest  
860 rate, or (ii) the Parity Bonds or Parity Lien Obligations bear interest at a variable rate but  
861 are issued concurrently in equal par amounts with other Parity Bonds or Parity Lien  
862 Obligations bearing interest at a variable rate and that are required to remain outstanding

863 in equal amounts at all times, if the net effect of such equal par amounts and variable  
864 rates at all times is a fixed rate of interest to the county.

865 **"Weekly Mode"** means the Interest Rate Mode during which the Bonds bear  
866 interest at the Weekly Rate.

867 **"Weekly Rate"** means the per annum interest rate on the Bonds in the Weekly  
868 Mode determined pursuant to Section 2.6(b) of this ordinance.

869 **"Weekly Rate Period"** means the period during which a Bond in the Weekly  
870 Mode bears a Weekly Rate, which shall be the period commencing on the day following  
871 the Rate Determination Date of each week to and including the Rate Determination Date  
872 of the following week, except (i) in connection with a conversion to the Weekly Rate, in  
873 which case the first Weekly Rate Period shall be from the Conversion Date to and  
874 including the Rate Determination Date of the following week, (ii) in the case of a  
875 Substitution Date or Mandatory Purchase Date specified in clause (viii) of the definition  
876 of Mandatory Purchase Date, in which case the Weekly Rate Period prior to the  
877 Substitution Date or such Mandatory Purchase Date shall end on the day before the  
878 Substitution Date or such Mandatory Purchase Date and a new Weekly Rate Period shall  
879 commence on the Substitution Date or such Mandatory Purchase Date and end on the  
880 Rate Determination Date of the following week and (iii) in connection with a conversion  
881 from the Weekly Mode, the last Weekly Rate Period shall end on the day next preceding  
882 the Conversion Date.

883 **"Wells Fargo"** means Wells Fargo Municipal Capital Strategies, LLC.

884 SECTION 1.2. Interpretation.

885           (a)     All references to Section numbers or Article numbers that do not specify  
886 the document to which such Section numbers or Article numbers relate shall be deemed  
887 to refer to Section numbers or Article numbers in this ordinance.

888           (b)     Whenever in this ordinance there is specified a time of day at or by which  
889 a certain action must be taken, such time shall be local time in New York City, except as  
890 otherwise specifically provided in this ordinance.

891           (c)     If the date for making any payment or the last day for the performance of  
892 any act or the exercise of any right provided in this ordinance is not a Business Day, the  
893 payment may be made or act performed or right exercised on the next succeeding  
894 Business Day with the same force and effect as if done on the nominal date provided in  
895 this ordinance, except as otherwise specifically provided herein.

896 **ARTICLE II**

897 **AUTHORIZATION, ISSUANCE AND MODES OF THE BONDS**

898 SECTION 2.1. Authorization, Delivery and Registration.

899 (a) Authorization; Initial Mode. To finance a portion of the cost of capital  
900 improvements to the System, the county will issue a series of Junior Lien Obligations in  
901 the aggregate principal amount of not to exceed \$100,000,000 designated as the "King  
902 County, Washington, Junior Lien Variable Rate Demand Sewer Revenue Bonds, Series  
903 2012" (the "Bonds"). The Bonds will be dated the date of their authentication and  
904 delivery to the Bank and will bear interest at the applicable rate or rates during each  
905 applicable Interest Accrual Period until the entire principal amount of the Bonds has been  
906 paid.

907 The Bonds will be issued initially in the Index Rate Mode and shall bear interest  
908 at the LIBOR Index Rate from (and including) the Closing Date to but not including the  
909 Initial Bank Purchase Date and may be converted to another Interest Rate Mode  
910 (including a subsequent Index Rate Mode) as provided herein. The initial LIBOR Index  
911 Rate on the Bonds shall be determined on the second London Business Day before the  
912 Closing Date by the Calculation Agent with notice to the county. Thereafter the interest  
913 rate to be applicable to the Bonds shall be determined as provided in Section 2.9(b) and  
914 (e) of this ordinance until the Interest Rate Mode for the Bonds is changed, as provided  
915 herein.

916 (b) Registration Covenant; Registrar. The county covenants that, until all  
917 Bonds have been surrendered and canceled, it will maintain a system for recording the  
918 ownership of each Bond that complies with the provisions of Section 149 of the Code. In

919 accordance with K.C.C. Chapter 4.84, the county hereby adopts for the Bonds the system  
920 of registration specified and approved by the Washington State Finance Committee,  
921 which utilizes the fiscal agency of the State of Washington in New York City as registrar,  
922 authenticating agent, paying agent and transfer agent for the Bonds (the "Registrar"). The  
923 Registrar shall keep, or cause to be kept, at its corporate trust office, sufficient books for  
924 the registration and transfer of the Bonds, which shall at all times be open to inspection  
925 by the county (the "Bond Register"). So long as any Bonds remain Outstanding, the  
926 Registrar shall make all necessary provisions to permit the exchange or registration of  
927 transfer of Bonds at its principal corporate trust office. The Registrar is authorized, on  
928 behalf of the county, to authenticate and deliver Bonds transferred or exchanged in  
929 accordance with the provisions of the Bonds and this ordinance and to carry out all of the  
930 Registrar's powers and duties under this ordinance. The Registrar shall be responsible for  
931 its representations contained in the Certificate of Authentication on the Bonds.

932 (c) Initial Registration. The Bonds shall be registered initially in the name of  
933 the Bank, with one Bond in a denomination corresponding to the total principal amount  
934 of the Bonds designated to mature on the Maturity Date. While the Bonds are in the  
935 Index Rate Mode, they must be held in certificated form and may not be held in a Book-  
936 Entry System.

937 (d) Transfer or Exchange of Certificated Bonds. So long as the Bonds are not  
938 held in a Book-Entry System, the transfer of ownership of any Bond may be registered  
939 and such Bonds may be exchanged, but no transfer of any Bond will be valid unless it is  
940 surrendered to the Registrar with the assignment form appearing on the Bond duly  
941 executed by the Owner or the Owner's duly authorized agent in a manner satisfactory to

942 the Registrar. Upon surrender, the Registrar will cancel the surrendered Bond and  
943 authenticate and deliver, without charge to the Owner or transferee therefor, a new Bond  
944 (or Bonds at the option of the new Owner) of the same date and Maturity Date and for the  
945 same aggregate principal amount in any Authorized Denomination, naming as Owner the  
946 person or persons listed as the assignee on the assignment form appearing on the  
947 surrendered Bond, in exchange for the surrendered and canceled Bond. Any Bond may  
948 be surrendered to the Registrar and exchanged, without charge, for an equal aggregate  
949 principal amount of Bonds of the same date and Maturity Date in any Authorized  
950 Denomination. Other than in connection with an optional or mandatory tender for  
951 purchase, the Registrar is not obligated to transfer or exchange any Bond during the 15-  
952 day period prior to the selection of Bonds for redemption or the Maturity Date or  
953 following any publication of notice of redemption. No charge will be imposed upon  
954 Owners in connection with any transfer or exchange, except for taxes or governmental  
955 charges related thereto.

956 Notwithstanding the foregoing, (1) for so long as the Bonds are held under a Book  
957 Entry System, transfers of beneficial ownership will be effected pursuant to rules and  
958 procedures established by the Securities Depository, and (2) transfers of Index Rate  
959 Bonds and Unremarketed Index Rate Bonds are restricted, as provided in Section 2.9(g)  
960 and in the Agreement. Bonds in the Index Rate Mode and Unremarketed Index Rate  
961 Bonds shall contain a legend describing such restrictions upon the transfer thereof.

962 (e) Securities Depository. To facilitate conversion of the Bonds to an Interest  
963 Rate Mode other than the Index Rate Mode, the county may provide for the Bonds other  
964 than Index Rate Bonds to be held by DTC or by another Securities Depository in fully

965 immobilized form in a Book-Entry System. The Finance Director will notify the  
966 Registrar in writing of the appointment of any Securities Depository.

967         If DTC is appointed as Securities Depository, the provisions of the Letter of  
968 Representations heretofore executed by the county and delivered to DTC shall govern the  
969 arrangements for registering, paying and transferring interests in the Bonds. The county,  
970 the Registrar, and the Paying Agent will have no responsibility or obligation to DTC  
971 Participants or the persons for whom they act as nominees with respect to the accuracy of  
972 any records maintained by DTC or any DTC Participant as to the Bonds, the payment by  
973 DTC or any DTC Participant of any amount in respect of the principal or redemption  
974 price of or interest on the Bonds, any notice that is permitted or required to be given to  
975 Owners under this ordinance (except any such notices as must be given by the county to  
976 the Registrar, the Paying Agent, or to DTC), the selection by DTC or by any DTC  
977 Participant of any person to receive payment in the event of a partial redemption of the  
978 Bonds, or any consent given or other action taken by DTC as the Owner of the Bonds.

979         While the Bonds are held by DTC in a Book-Entry System, purchases of the  
980 Bonds, in Authorized Denominations, may be made through brokers and dealers, who  
981 must be or act through DTC Participants. Registered ownership of such immobilized  
982 Bonds, or any portions thereof, may not thereafter be transferred except (i) to any  
983 successor Securities Depository or its nominee, provided that any such successor must be  
984 qualified under any applicable laws to provide the service proposed to be provided by it;  
985 (ii) to any substitute Securities Depository appointed by the county pursuant to subsection  
986 (f) of this Section 2.1; or (iii) to any person as provided in subsection (h) of this Section  
987 2.1.

988           (f)     Substitute Depository. Upon the resignation of DTC or its successor (or  
989 any substitute depository or its successor) from its functions as depository or a  
990 determination by the county that it is no longer in the best interests of owners of  
991 beneficial interests in the Bonds to continue the system of book-entry transfers through  
992 DTC or its successor (or any substitute depository or its successor), the county may  
993 appoint a substitute depository or terminate the use of a depository. Any such substitute  
994 depository must be qualified under any applicable laws to provide the services proposed  
995 to be provided by it.

996           (g)     Issuance of New Bonds to Successor/Substitute Depository. In the case of  
997 any transfer pursuant to clause (i) or (ii) of subsection (e) of this Section 2.1, the  
998 Registrar will, upon receipt of all Outstanding Bonds, together with a written request on  
999 behalf of the county, issue a single new Bond registered in the name of such successor or  
1000 such substitute depository, or its nominee, as the case may be, all as specified in the  
1001 written request of the county.

1002           (h)     Termination of Book-Entry System. If (i) a Securities Depository resigns  
1003 and no substitute Securities Depository can be obtained, or (ii) the Finance Director  
1004 determines that it is in the best interests of the county or the Beneficial Owners of the  
1005 Bonds that they be able to obtain bond certificates, the ownership of the Bonds may then  
1006 be transferred to any person or entity as herein provided, and the Bonds will no longer be  
1007 held in a Book-Entry System. The county will deliver a written request to the Registrar,  
1008 together with a supply of definitive Bonds, to issue Bonds as herein provided in any  
1009 Authorized Denomination. Upon receipt of all then Outstanding Bonds by the Registrar,  
1010 together with a written request on behalf of the county to the Registrar, new Bonds will



1011 be issued in such denominations and registered in the names of such persons as are  
1012 specified in such written request.

1013 **SECTION 2.2. Denominations, Method of Payment, Authentication, and**  
1014 **Form of Bonds.**

1015 (a) Registered Ownership. The Bonds shall be issued in the form of fully  
1016 registered Bonds in Authorized Denominations. Except as may be specifically set forth  
1017 herein, the Registrar, the Remarketing Agent, if any, and the county may treat the Owner  
1018 (including a Securities Depository or its nominee, if the Bonds are held in a Book-Entry  
1019 System) of a Bond as the absolute owner thereof for all purposes, whether or not such  
1020 Bond shall be overdue, and the county, Registrar, and Remarketing Agent, if any, will not  
1021 be affected by any knowledge or notice to the contrary; and payment of the principal of  
1022 and premium, if any, and interest on such Bond will be made only to such Owner, which  
1023 payments shall be valid and effectual to satisfy and discharge the liability of such Bond to  
1024 the extent of the sum or sums so paid. All Bonds at maturity or on earlier redemption  
1025 paid pursuant to the provisions of this Section shall be cancelled by the Registrar.

1026 (b) Method of Payment of Bonds. The principal of and premium, if any, and  
1027 interest on the Bonds shall be payable in lawful money of the United States of America.  
1028 Unless otherwise provided in any writing with or from the Securities Depository, if any,  
1029 the interest on the Bonds shall be paid by the Paying Agent on the Interest Payment Dates  
1030 by wire transfer of immediately available funds to an account specified by the Owner in a  
1031 writing delivered to the Paying Agent. Any such specified account shall remain in effect  
1032 until revised by such Owner by an instrument in writing delivered to the Paying Agent.

1033 The principal of and premium, if any, on each Bond shall be payable on the Principal  
1034 Payment Date, upon surrender thereof at the Principal Office of the Paying Agent.

1035 (c) Form of Bonds; Execution. The Bonds shall each be in substantially the  
1036 form set forth on Attachment A to this ordinance, with appropriate or necessary  
1037 insertions, depending upon the omissions and variations as permitted or required hereby.

1038 The Bonds shall be executed on behalf of the county by the manual or facsimile  
1039 signatures of the county executive and the clerk of the county council, and the official  
1040 seal of the county shall be reproduced thereon. The validity of any Bond so executed will  
1041 not be affected by the fact that one or more of the officers whose signatures appear on  
1042 that Bond have ceased to hold office at the time of issuance or authentication or at any  
1043 time thereafter.

1044 (d) Authentication. No Bond shall be valid for any purpose hereunder until  
1045 the certificate of authentication printed thereon is duly executed by the manual signature  
1046 of an authorized signatory of the Registrar. Such authentication shall be proof that the  
1047 Owner is entitled to the benefit of the trusts hereby created.

1048 (e) Lost, Mutilated or Destroyed Bonds. If any Bond becomes mutilated, the  
1049 Registrar shall authenticate and deliver a new Bond of like amount, date, interest rate and  
1050 tenor in exchange and substitution for the Bond so mutilated, upon the owner's paying the  
1051 expenses and charges of the county and the Registrar in connection therewith and upon  
1052 surrender to the Registrar of the Bond so mutilated. Every mutilated Bond so  
1053 surrendered shall be canceled and destroyed by the Registrar.

1054 If any Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver  
1055 a new Bond of like amount, date, and tenor to the Owner thereof upon the Owner's

1056 paying the expenses and charges of the county and the Registrar in connection therewith  
1057 and upon filing with the Registrar evidence satisfactory to the Registrar that the Bond  
1058 was actually lost, stolen or destroyed and of his or her ownership thereof, and upon  
1059 furnishing the county and Registrar with indemnity satisfactory to the Finance Director  
1060 and the Registrar.

1061           SECTION 2.3. Payment of Principal of and Interest on Bonds; Acceptance of  
1062 **Terms and Conditions.**

1063           (a)     The interest on the Bonds shall become due and payable on the Interest  
1064 Payment Dates in each year to and including the Maturity Date, and on each Redemption  
1065 Date. The principal of the Bonds shall become due and payable on the Principal Payment  
1066 Dates.

1067           (b)     By the acceptance of its Bond, the Owner and each Beneficial Owner  
1068 thereof will be deemed to have agreed to all the terms and provisions of such Bond as  
1069 specified in such Bond and this ordinance including, without limitation, the applicable  
1070 Interest Periods, interest rates (including any applicable Alternate Rate), Purchase Dates,  
1071 Mandatory Purchase Dates, Purchase Prices, mandatory and optional purchase and  
1072 redemption provisions applicable to such Bond, method and timing of purchase,  
1073 redemption, payment, etc. Such Owner and each Beneficial Owner further agree that if,  
1074 on any date upon which one of its Bonds is to be purchased, redeemed or paid at maturity  
1075 or earlier due date, funds are on deposit with the Paying Agent or the Registrar to pay the  
1076 full amount due on such Bond, then such Owner or Beneficial Owner shall have no rights  
1077 under this ordinance other than to receive such full amount due with respect to such Bond  
1078 and that interest on such Bond shall cease to accrue as of such date.

1079 (c) While any Bonds are Liquidity Provider Bonds, they will bear interest and  
1080 be payable at the times and in the amounts required under the Liquidity Facility.

1081 (d) While any Bonds are Unremarketed Index Rate Bonds, they will bear  
1082 interest at the Purchaser Rate and be payable at the times, in the amounts, and in the  
1083 manner required under the Agreement.

1084 **SECTION 2.4. Calculation and Payment of Interest; Change in Interest Rate**  
1085 **Mode; Maximum Rate.**

1086 (a) When a Short-Term Mode is in effect, interest will be calculated on the  
1087 basis of a 365/366-day year for the actual number of days elapsed. When a LIBOR Index  
1088 Rate is in effect, interest will be calculated on the basis of a 360-day year for the actual  
1089 number of days elapsed. When a SIFMA Index Rate is in effect, interest will be  
1090 calculated on the basis of a year of 365/366-day year for the actual number of days  
1091 elapsed. When a Term Rate Mode or Fixed Rate Mode is in effect, interest will be  
1092 calculated on the basis of a 360-day year comprised of twelve 30-day months. Payment  
1093 of interest on each Bond will be made on each Interest Payment Date for that Bond for  
1094 unpaid interest accrued during the Interest Accrual Period to the Owner of record of that  
1095 Bond on the applicable Record Date.

1096 (b) Bonds in any Interest Rate Mode, other than a Fixed Rate Mode, may be  
1097 changed to any other Interest Rate Mode at the times and in the manner hereinafter  
1098 provided. After any such change in Interest Rate Mode (other than a change to a Fixed  
1099 Rate Mode), the Bonds may again be changed to a different Interest Rate Mode at the  
1100 times and in the manner hereinafter provided. A Fixed Rate Mode must be in effect until  
1101 the Maturity Date and may not be changed to any other Interest Rate Mode.

1102 (c) No Bonds may bear interest at an interest rate higher than the Maximum  
1103 Rate.

1104 (d) In the absence of manifest error, the determination of interest rates  
1105 (including any determination of rates in connection with a New Mode) and interest  
1106 periods by the Remarketing Agent and the record of interest rates maintained by the  
1107 Paying Agent shall be conclusive and binding upon the Remarketing Agent, the Paying  
1108 Agent, the Registrar, the county, the Owners and the Beneficial Owners.

1109 **SECTION 2.5. Determination of Flexible Rates and Interest Periods During**  
1110 **Flexible Mode.** An Interest Period for the Bonds in the Flexible Mode shall be of such  
1111 duration of from one to 270 calendar days, ending on a day preceding a Business Day or  
1112 the Maturity Date, as the Remarketing Agent shall determine in accordance with the  
1113 provisions of this Section. A Flexible Rate Bond can have an Interest Period, and bear  
1114 interest at a Flexible Rate, different from another Flexible Rate Bond. In making the  
1115 determinations with respect to Interest Periods, subject to limitations imposed by the  
1116 second preceding sentence and in Section 2.4 of this ordinance, on each Rate  
1117 Determination Date for a Flexible Rate Bond, the Remarketing Agent shall select for  
1118 such Bond the Interest Period that would result in the Remarketing Agent's being able to  
1119 remarket such Bond at par in the secondary market at the lowest average interest cost for  
1120 all Flexible Rate Bonds; provided, however, that if the Remarketing Agent has received  
1121 notice from the county that the Bonds are to be changed from the Flexible Mode to any  
1122 other Interest Rate Mode, the Remarketing Agent shall select Interest Periods that do not  
1123 extend beyond the resulting applicable Mandatory Purchase Date of the Bonds.

1124 Except while the Bonds are registered in a Book-Entry System, in order to receive  
1125 payment of the Purchase Price the Owner of any Bond in the Flexible Mode must present  
1126 such Bond to the Paying Agent, by 12:00 noon on the Rate Determination Date, in which  
1127 case, the Paying Agent shall pay the Purchase Price to such Owner by 3:00 P.M. on the  
1128 same day.

1129 By 1:00 P.M. on each Rate Determination Date, the Remarketing Agent, with  
1130 respect to each Bond in the Flexible Mode that is subject to adjustment on such date,  
1131 shall determine the Flexible Rate(s) for the Interest Periods then selected for such Bond  
1132 and shall give notice by Electronic Means to the Paying Agent and the county of the  
1133 Interest Periods, the Purchase Date(s) and the Flexible Rate(s). The Remarketing Agent  
1134 shall make the Flexible Rate and Interest Period available after 2:00 P.M. on each Rate  
1135 Determination Date by telephone or Electronic Means to any Beneficial Owner or Notice  
1136 Party requesting such information.

1137 **SECTION 2.6. Determination of Interest Rates During the Daily Mode and**  
1138 **the Weekly Mode.** The interest rate for the Bonds in the Daily Mode or Weekly Mode  
1139 shall be the rate of interest per annum determined by the Remarketing Agent on and as of  
1140 the applicable Rate Determination Date as the minimum rate of interest that, in the  
1141 opinion of the Remarketing Agent under then-existing market conditions, would result in  
1142 the sale of the Bonds in the Daily Rate Period or Weekly Rate Period, as applicable, at a  
1143 price equal to the principal amount thereof, plus interest, if any, accrued through the Rate  
1144 Determination Date during the then current Interest Accrual Period.

1145 (a) During the Daily Mode, the Remarketing Agent shall establish the Daily  
1146 Rate by 10:00 A.M. on each Rate Determination Date. The Daily Rate for any day

1147 during the Daily Mode which is not a Business Day shall be the Daily Rate established on  
1148 the immediately preceding Rate Determination Date. The Remarketing Agent shall make  
1149 the Daily Rate available no less frequently than once each week by Electronic Means to  
1150 each Notice Party requesting such rate.

1151 (b) During the Weekly Mode, the Remarketing Agent shall establish the  
1152 Weekly Rate by 4:00 P.M. on each Rate Determination Date. The Weekly Rate shall be  
1153 in effect during the applicable Weekly Rate Period. The Remarketing Agent shall make  
1154 the Weekly Rate available no later than 5:00 P.M. on the Business Day following the  
1155 Rate Determination Date by Electronic Means to each Notice Party requesting such rate.

1156 (c) During the Weekly Mode, if permitted by the applicable Remarketing  
1157 Agreement, the county may change the day of the week specified in clause (iii) (A) of the  
1158 definition of "Rate Determination Date" for the Bonds, subject to the approval of the  
1159 Remarketing Agent. The Remarketing Agent shall give 30 days' notice of any such  
1160 change to the Notice Parties.

1161 **SECTION 2.7. Determination of Term Rates and Fixed Rates.**

1162 (a) Term Rates. Except as provided in Section 2.8 of this ordinance, once the  
1163 Bonds are changed to the Term Rate Mode, the Bonds shall continue in the Term Rate  
1164 Mode until changed to another Interest Rate Mode in accordance with Section 2.10 of  
1165 this ordinance. The Term Rate shall be determined by the Remarketing Agent not later  
1166 than 4:00 P.M. on the Rate Determination Date, and the Remarketing Agent shall make  
1167 the Term Rate available by telephone or by Electronic Means to any Notice Party  
1168 requesting such rate. The Term Rate shall be the minimum rate which, in the sole  
1169 judgment of the Remarketing Agent, would result in a sale of the Bonds at a price equal

1170 to the principal amount thereof on the Rate Determination Date for the Interest Period  
1171 selected by the county in writing delivered to the Remarketing Agent before such Rate  
1172 Determination Date. If a new Interest Period is not selected by the county prior to a Rate  
1173 Determination Date, the new Interest Period shall be the same length as the current  
1174 Interest Period (or such lesser period as shall be necessary to comply with the last  
1175 sentence of this paragraph). The Remarketing Agent shall make the Term Rate available  
1176 by telephone or Electronic Means after 5:00 P.M. on the Rate Determination Date to any  
1177 Notice Party requesting such Term Rate. Upon request of any Notice Party the Paying  
1178 Agent shall give notice of such rate by Electronic Means. No Interest Period in the Term  
1179 Rate Mode may extend beyond the applicable Maturity Date.

1180 (b) Fixed Rates. The Remarketing Agent shall determine the Fixed Rate for  
1181 the Bonds being converted to the Fixed Rate Mode in the manner and at the times as  
1182 follows: not later than 4:00 P.M. on the applicable Rate Determination Date, the  
1183 Remarketing Agent shall determine the Fixed Rate (or Rates, if the Bonds will have  
1184 Serial Maturity Dates in accordance with Section 2.10(b)(v) of this ordinance). Except as  
1185 set forth in Section 2.10(b)(v) of this ordinance, the Fixed Rate shall be the minimum  
1186 interest rate which, in the sole judgment of the Remarketing Agent, will result in a sale of  
1187 the Bonds at a price equal to the principal amount thereof on the Rate Determination  
1188 Date. The Remarketing Agent shall make the Fixed Rate available by telephone or by  
1189 Electronic Means after 5:00 P.M. on the Rate Determination Date to any Notice Party  
1190 requesting such Fixed Rate. Upon request of any Notice Party the Paying Agent shall  
1191 give notice of such rate by Electronic Means. Subject to Section 2.10(b)(v) of this



1192 ordinance, the Fixed Rate so established shall remain in effect until the Maturity Date of  
1193 such Bonds.

1194       SECTION 2.8. Alternate Rates. The following provisions shall apply if (i) the  
1195 Remarketing Agent fails or is unable to determine the interest rate or Interest Period for  
1196 the Bonds other than when the Bonds are in the Index Rate Mode, (ii) the method by  
1197 which the Remarketing Agent determines the interest rate or Interest Period with respect  
1198 to the Bonds (or the selection by the county of the Interest Periods for Bonds in the Term  
1199 Rate Mode) shall be held to be unenforceable by a court of law of competent jurisdiction  
1200 or (iii) if the Remarketing Agent suspends its remarketing effort in accordance with the  
1201 Remarketing Agreement. These provisions shall continue to apply until such time as the  
1202 Remarketing Agent (or the county if applicable) again makes such determinations. In the  
1203 case of clause (ii) above, the Remarketing Agent (or the county, if applicable) shall again  
1204 make such determination at such time as there is delivered to the Remarketing Agent and  
1205 the county an opinion of Bond Counsel to the effect that there are no longer any legal  
1206 prohibitions against such determinations. The following shall be the methods by which  
1207 the interest rates and, in the case of the Flexible and Term Rate Modes, the Interest  
1208 Periods, shall be determined for the Bonds as to which any of the events described in  
1209 clauses (i), (ii) or (iii) shall be applicable. Such methods shall be applicable from and  
1210 after the date any of the events described in clauses (i), (ii) or (iii) first become applicable  
1211 to the Bonds until such time as the events described in clauses (i), (ii) or (iii) are no  
1212 longer applicable to the Bonds. These provisions shall not apply if the county fails to  
1213 select an Interest Period for the Bonds in the Term Rate Mode for a reason other than as  
1214 described in clause (ii) above.

1215 (a) For Flexible Rate Bonds, the next Interest Period shall be from, and  
1216 including, the first day following the last day of the current Interest Period for the Bonds  
1217 to, but excluding, the next succeeding Business Day and thereafter shall commence on  
1218 each Business Day and extend to, but exclude, the next succeeding Business Day. For  
1219 each such Interest Period, the interest rate for the Bonds shall be the applicable Alternate  
1220 Rate in effect on the Business Day that begins an Interest Period.

1221 (b) If the Bonds are in the Daily Mode or the Weekly Mode, then the Bonds  
1222 shall bear interest during each subsequent Interest Period at the Alternate Rate in effect  
1223 on the first day of such Interest Period.

1224 If the Bonds are then in the Term Rate Mode, then the Bonds shall automatically  
1225 convert to Flexible Rate Bonds, with an Interest Period commencing on the first day  
1226 following the last day of the current Interest Period for the Bonds to, but excluding, the  
1227 next succeeding Business Day and thereafter shall commence on each Business Day and  
1228 extend to, but exclude, the next succeeding Business Day. For each such Interest Period,  
1229 the interest rate for the Bonds shall be the applicable Alternate Rate in effect at the  
1230 beginning of each such Interest Period.

1231 **SECTION 2.9. Index Rate Mode.**

1232 (a) **Index Interest Rate Options.** During each Index Rate Period, the Bonds  
1233 shall bear interest at either the LIBOR Index Rate (subject to adjustment as provided in  
1234 Section 2.9(e)) or the SIFMA Index Rate (subject to adjustment as provided in Section  
1235 2.9(e)), as shall be established in the Agreement. During an Index Rate Period, no  
1236 conversion is permitted from the LIBOR Index Rate to the SIFMA Index Rate or from  
1237 the SIFMA Index Rate to the LIBOR Index Rate.

1238           (b)     Determining Index Interest Rates. The Calculation Agent shall determine  
1239 the Index Interest Rate on each Rate Determination Date during an Index Rate Period,  
1240 and that rate shall become effective on the first day of the Index Interest Period next  
1241 succeeding the Rate Determination Date and remain in effect from that first day of the  
1242 Index Interest Period through and including the last day of that Index Interest Period.

1243           The LIBOR Index Rate shall be rounded upward to the fifth decimal place. The  
1244 SIFMA Index Rate shall be rounded upward to the second decimal place.

1245           If the Index Interest Rate is not determined by the Calculation Agent on a Rate  
1246 Determination Date, the rate of interest born on the Index Rate Bonds shall be the rate in  
1247 effect during the immediately preceding Index Interest Period until the Calculation Agent  
1248 next determines the Index Interest Rate as required hereunder.

1249           (c)     Notice of Rates. Promptly following the determination of any Index  
1250 Interest Rate, the Calculation Agent shall give notice thereof to the Paying Agent. The  
1251 county and any Owner or Beneficial Owner may obtain any interest rate on or after the  
1252 applicable Rate Determination Date upon request to the Calculation Agent.

1253           (d)     Determination of Rate Conclusive. The determination of any Index  
1254 Interest Rate by the Calculation Agent shall be conclusive and binding upon the county,  
1255 the Paying Agent and the Owners or Beneficial Owners absent manifest error.

1256           (e)     Adjustments to Index Interest Rates.

1257                   (i) *Unremarketed Index Rate Bonds.* Notwithstanding any other provision  
1258 of this ordinance to the contrary, each Unremarketed Index Rate Bond shall bear interest  
1259 for each day it is an Unremarketed Index Rate Bond at a rate per annum equal to the  
1260 Purchaser Rate for that day.

1261                   (ii) *Taxable Rate.* From and after any Taxable Date, the interest rate on  
1262 Index Rate Bonds and Unremarketed Index Rate Bonds shall be established at a rate at all  
1263 times equal to the Taxable Rate.

1264                   (iii) *Default Rate.* Notwithstanding the foregoing provisions of this  
1265 Section 2.9 but subject to the interest rate limitations of Section 2.4(c), upon the  
1266 occurrence and continuation of a Default, from and after the effective date of that  
1267 Default, the interest rate for Index Rate Bonds and Unremarketed Index Rate Bonds shall  
1268 be established at a rate at all times equal to the greater of (A) the Default Rate or (B) the  
1269 interest rate that otherwise would be applicable to such Bonds but for the provisions of  
1270 this paragraph, payable on demand to the Bank.

1271                   (iv) *Excess Interest.* Notwithstanding anything in this ordinance to the  
1272 contrary, if the rate of interest payable on Index Rate Bonds or on Unremarketed Index  
1273 Rate Bonds exceeds the Maximum Rate for any Interest Period, then (i) those Bonds shall  
1274 bear interest at the Maximum Rate during that period and (ii) interest on the Bonds at the  
1275 rate equal to the difference between (A) the rate of interest borne by the Bonds without  
1276 regard to the Maximum Rate and (B) the Maximum Rate (the "Excess Interest") will be  
1277 deferred until the date that the rate of interest borne by those Bonds without regard to the  
1278 Maximum Rate ceases to exceed the Maximum Rate, at which time that portion of the  
1279 deferred Excess Interest will be payable with respect to those Bonds as will cause the rate  
1280 of interest then paid thereon to equal the Maximum Rate, which payments of deferred  
1281 Excess Interest will continue to apply until all deferred Excess Interest with respect to  
1282 those Bonds is fully paid.

1283 (f) Redemption or Conversion. The county may by written notice to the  
1284 Bank, at least 60 days prior to the Initial Bank Purchase Date or any subsequent Bank  
1285 Purchase Date, elect to optionally redeem or convert the Bonds to another Interest Rate  
1286 Mode (including conversion to a new Index Interest Rate) to be effective on any interest  
1287 payment date prior to the Initial Bank Purchase Date or subsequent Bank Purchase Date  
1288 upon compliance with the applicable provisions hereof. At least 60 days prior to the  
1289 Initial Bank Purchase Date or any subsequent Bank Purchase Date, the county may  
1290 request that (i) the Bank continue holding the Bonds following the Initial Bank Purchase  
1291 Date or subsequent Bank Purchase Date, as applicable, or (ii) provide liquidity or credit  
1292 enhancement necessary to facilitate the conversion of the Bonds to such new Interest  
1293 Rate Mode, and the Bank will respond to such request within 60 days after receipt such  
1294 request from the county. The Bank may, in its sole and absolute discretion, decide to  
1295 accept or reject any such request, and no consent shall become effective unless the Bank  
1296 has consented thereto in writing. If the Bank rejects such request or fails to definitively  
1297 respond to such request within such 60-day period, the Bank shall be deemed to have  
1298 refused to grant such request and the county shall be required to repurchase the Bonds on  
1299 the Initial Bank Purchase Date or subsequent Bank Purchase Date (unless the Bonds are  
1300 converted to Unremarketed Index Rate Bonds in accordance with the terms of the  
1301 applicable Agreement) for a purchase price of 100% of the par amount plus accrued  
1302 interest to the Initial Bank Purchase Date or subsequent Bank Purchase Date, as  
1303 applicable. The consent of the Bank, if granted, shall be conditioned upon the  
1304 preparation, execution and delivery of documentation in form and substance satisfactory  
1305 to the Bank.

1306 (g) Limitations on Transfer. Ownership of Index Rate Bonds and  
1307 Unremarketed Index Rate Bonds may be transferred only as provided in the Agreement.

1308 SECTION 2.10. Changes in Interest Rate Mode. Subject to the provisions of  
1309 this Section, and with respect to Index Rate Bonds, subject also to the terms of the  
1310 applicable Agreement, the county may effect a change in Interest Rate Mode with respect  
1311 to the Bonds by following the procedures set forth in this Section. If a change in Interest  
1312 Rate Mode will make the Bonds subject to Rule 15c2-12 promulgated under the  
1313 Securities Exchange Act of 1934, as amended, it shall be a condition to the conversion  
1314 that the county shall have executed a continuing disclosure undertaking satisfying the  
1315 requirements of such Rule and shall cooperate with the Remarketing Agent, if any, and  
1316 any Underwriter (as defined in the Rule) in satisfying the requirements of the Rule.

1317 (a) Changes to Interest Rate Modes other than to Fixed Rate Mode. All or a  
1318 portion of the Bonds (other than Bonds in the Fixed Rate Mode) may be changed from  
1319 one Interest Rate Mode to another Interest Rate Mode (other than the Fixed Rate Mode)  
1320 as follows (provided that, as set forth in Section 2.10(a)(iii)(D) hereof, no less than all of  
1321 the Bonds bearing interest at an Index Rate may be converted to a new Interest Rate  
1322 Mode):

1323 (i) *Conversion Notice; Notice to Owners*. No later than a Business Day  
1324 that is at least seven (7) Business Days prior to the date on which the Tender Agent is  
1325 required to notify the registered owners (or such shorter time as may be agreed to by the  
1326 county, the Registrar, the Tender Agent and the Remarketing Agent) preceding the  
1327 proposed Conversion Date, the county shall give written notice to the Notice Parties of its  
1328 intention to effect a change in the Interest Rate Mode from the Interest Rate Mode then

1329 prevailing (for purposes of this Section, the "Current Mode") to another Interest Rate  
1330 Mode (for purposes of this Section, the "New Mode") specified in such written notice,  
1331 and, if the change is to a Term Rate Mode, the length of the initial Interest Period as set  
1332 by the county. Such notice shall be accompanied by a form of a Favorable Opinion of  
1333 Bond Counsel. In the case of a change to a Term Rate Mode or from one Term Rate  
1334 Mode to another Term Rate Mode, the notice to the Notice Parties will also state whether  
1335 a Liquidity Facility or Credit Enhancement will be in effect with respect to the Bonds  
1336 following such change and the identity of any provider of such Liquidity Facility or  
1337 Credit Enhancement. Notice of the proposed change in Interest Rate Mode will be given  
1338 by the Tender Agent to the Owners of the Bonds not later than the 20th day next  
1339 preceding the Conversion Date; provided, however, that no notice need be given for a  
1340 Conversion Date occurring on the first Business Day following the last day of a Flexible  
1341 Rate Period or Term Rate Mode or on a Substitution Date. Such notice shall state: (1)  
1342 the Interest Rate Mode to which the conversion will be made and the Conversion Date;  
1343 (2) in the case of a change from any Interest Rate Mode that the Bonds will be subject to  
1344 mandatory purchase on the Conversion Date (regardless of whether all of the conditions  
1345 to the change in the Interest Rate Mode are satisfied) and the Purchase Price of the  
1346 Bonds; and (3) information with respect to required delivery of bond certificates and  
1347 payment of Purchase Price, unless a Book-Entry System is in effect. In addition, if an  
1348 Index Rate is to be in effect immediately following such Conversion Date, such notice  
1349 shall also state whether such Index Rate shall be a SIFMA Index Rate or a LIBOR Index  
1350 Rate, the new Bank Purchase Date, the new Applicable Factor, if applicable, and the new  
1351 Applicable Spread. In addition, if an Index Rate is to be in effect immediately following

1352 such Conversion Date, the county shall provide a copy of such notice to the Calculation  
1353 Agent contemporaneously with the Registrar.

1354           (ii) *Determination of Interest Rates.* The New Mode shall commence on  
1355 the Conversion Date and the interest rate(s) (together, in the case of a change to the  
1356 Flexible Mode, with the Interest Period(s)) shall be determined by the Remarketing  
1357 Agent or, if applicable, the Market Agent (or the county in the case of the Interest Period  
1358 for the Bonds converted to the Term Rate Mode) in the manner provided in Sections 2.5,  
1359 2.6, 2.7, and 2.10(a)(i) of this ordinance, as applicable. Such determination shall be  
1360 conclusive and binding upon the county, the Registrar, and the Owners of the Bonds to  
1361 which such rate will be applicable.

1362           (iii) *Conditions Precedent:*

1363           (A) The Conversion Date shall be:

1364           (1) in the case of a change from the Flexible Mode to another Interest  
1365 Rate Mode, the next Mandatory Purchase Date for all of the Flexible Rate Bonds;

1366           (2) in the case of a change from the Daily, Weekly Mode or the Index  
1367 Rate Mode to another Interest Rate Mode (other than to the Daily or Weekly Mode), any  
1368 Interest Payment Date and in the case of a change from the Daily or Weekly Mode to the  
1369 Daily or Weekly Mode, any Business Day; and

1370           (3) in the case of a change from the Term Rate Mode to another Interest  
1371 Rate Mode, or from a Term Rate Period to a Term Rate Period of a different duration, or  
1372 from an Index Rate Mode to another Interest Rate Mode, the Conversion Date shall be  
1373 limited to any Interest Payment Date on which the Bonds are subject to optional  
1374 redemption or to the last Interest Payment Date of the current Term Rate Period, as the



1375 case may be. Such Bonds shall be purchased on that Conversion Date at a Purchase Price  
1376 equal to 100% of the principal amount thereof, provided that if such Bonds would  
1377 otherwise be subject to optional redemption on such Conversion Date at a Redemption  
1378 Price of more than 100% of the principal amount thereof, such Bonds shall be purchased  
1379 at a Purchase Price equal to that Redemption Price.

1380 (B) If the Bonds to be converted are in the Flexible Mode, no Interest  
1381 Period set after delivery by the county to the Remarketing Agent of the notice of the  
1382 intention to effect a change in Interest Rate Mode shall extend beyond the day preceding  
1383 the proposed Conversion Date.

1384 (C) The following items shall have been delivered to the Registrar, the  
1385 Paying Agent, and the Remarketing Agent, if any, on or prior to each Conversion Date:

1386 (1) a Favorable Opinion of Bond Counsel dated the Conversion Date and  
1387 addressed to the Notice Parties;

1388 (2) if there is to be a Liquidity Facility or an Alternate Liquidity Facility  
1389 or a Credit Enhancement or an Alternate Credit Enhancement delivered in connection  
1390 with such change, the items required by Section 3.13(d) of this ordinance; and

1391 (3) if the Bonds are then rated, a Rating Confirmation Notice, or if the  
1392 Conversion Date is a Mandatory Purchase Date, a notice from the Rating Agencies of the  
1393 rating(s) to be assigned the Bonds on such Conversion Date.

1394 (D) It is a condition to the conversion of the Bonds from the Index Rate  
1395 Mode that all Bonds being converted be remarketed on the Conversion Date.

1396 (b) Change to Fixed Rate Mode. At the option of the county, all or any  
1397 portion of the Bonds bearing interest at a Daily Rate, a Weekly Rate, Index Rate or a

1398 Flexible Rate (in an amount that is an Authorized Denomination for the new Rate Period)  
1399 may be changed to the Fixed Rate Mode, as provided in this Section 2.10(b) provided  
1400 that, as set forth in Section 2.10(a)(iii)(D) hereof, all of the Bonds bearing interest at an  
1401 Index Rate must be converted to a new Interest Rate Mode). On any Business Day which  
1402 is at least seven (7) Business Days prior to the date on which the Paying Agent is  
1403 required to notify the registered owners (or such shorter time as may be agreed to by the  
1404 county, the Registrar and the Remarketing Agent, but in any event not less than the 20th  
1405 day next preceding the Conversion Date) before the proposed Conversion Date, the  
1406 county shall give written notice to the Notice Parties stating that the Interest Rate Mode  
1407 will be changed to the Fixed Rate Mode and setting forth the proposed Conversion Date.  
1408 Such notice shall also state whether or not there shall be Credit Enhancement with respect  
1409 to the Bonds following such change and, if so, the identity of the Credit Provider. In  
1410 addition, such notice shall state whether some or all of the Bonds to be converted shall be  
1411 converted to Serial Bonds and, if so, the applicable Serial Maturity Dates and Serial  
1412 Payments, all as determined pursuant to subsection (v) of this subsection (b). Such notice  
1413 shall be accompanied by a Favorable Opinion of Bond Counsel. Any such change in  
1414 Interest Rate Mode shall be made as follows:

- 1415 (i) *Conversion Date*. The Conversion Date shall be:
- 1416 (A) in the case of a change from the Flexible Mode, the next Mandatory  
1417 Purchase Date for the Flexible Rate Bonds;
- 1418 (B) in the case of a change from the Daily or Weekly Mode or Index Rate  
1419 Mode, any Interest Payment Date; and

1420 (C) in the case of a change from the Term Rate Mode or the Index Rate  
1421 Mode, the Conversion Date shall be limited to any Interest Payment Date on which the  
1422 Bonds are subject to optional redemption or to the next Mandatory Purchase Date for the  
1423 Term Rate Bonds, as the case may be. Such Bonds shall be purchased on such  
1424 Conversion Date at a Purchase Price equal to 100% of the principal amount thereof;  
1425 provided, however, that if such Bonds would otherwise be subject to optional redemption  
1426 on such Conversion Date at a Redemption Price of more than 100% of the principal  
1427 amount thereof, such Bonds shall be purchased at a Purchase Price equal to such  
1428 Redemption Price.

1429 (ii) *Notice to Owners.* Not later than the 20th day next preceding the  
1430 Conversion Date, the Paying Agent shall mail, in the name of the county, a notice of such  
1431 proposed change to the Owners of the Bonds stating that the Interest Rate Mode will be  
1432 changed to the Fixed Rate Mode and the proposed Conversion Date. Such notice shall  
1433 also state that such Owner is required to tender such Owner's Bonds for purchase on such  
1434 proposed Conversion Date regardless of whether all of the conditions to the change to the  
1435 Fixed Rate Mode are satisfied.

1436 (iii) *General Provisions Applying to Change to Fixed Rate Mode.* The  
1437 change to the Fixed Rate Mode shall not occur unless the following items shall have been  
1438 delivered to the county, the Registrar, the Credit Provider, if any, and the Remarketing  
1439 Agent, if any, on or prior to the Conversion Date:

1440 (A) a Favorable Opinion of Bond Counsel dated the Conversion Date and  
1441 addressed to the county, the Registrar and the Remarketing Agent, if any;

1442 (B) if there is to be Credit Enhancement delivered in connection with  
1443 such change, the items required by Section 3.13(d) of this ordinance in connection with  
1444 the delivery of an Alternate Credit Enhancement, and

1445 (C) notice from the Rating Agencies of the rating(s) to be assigned the  
1446 Bonds on such Conversion Date.

1447 (iv) *Determination of Interest Rate.* The Fixed Rate (or rates in the case  
1448 of Serial Bonds) for the Bonds to be converted to the Fixed Rate Mode shall be  
1449 established by the Remarketing Agent on the Rate Determination Date applicable thereto  
1450 pursuant to the provisions of Section 2.7(b) of this ordinance. Such Rate shall remain in  
1451 effect until the Maturity Date of the Bonds.

1452 Such determination shall be conclusive and binding upon the county, the  
1453 Registrar, the Credit Provider, if any, and the Owners of the Bonds to which such rate  
1454 will be applicable. Not later than 5:00 P.M. on the date of determination of the Fixed  
1455 Rate, the Remarketing Agent shall provide notice of such rate to the Registrar by  
1456 Electronic Means and to the Credit Provider and the county by telephone.

1457 (v) *Serialization and Sinking Fund; Price.* Upon conversion of the Bonds  
1458 to the Fixed Rate Mode, the Bonds shall be remarketed at par, shall mature on the same  
1459 Maturity Date(s) and be subject to the same mandatory sinking fund redemption, if any,  
1460 and special redemption provisions, if any, as set forth in this ordinance for any prior  
1461 Interest Rate Mode; provided, however, that if the county shall deliver to the Registrar a  
1462 Favorable Opinion of Bond Counsel, the county may elect to (1) have some of the Bonds  
1463 be Serial Bonds and some subject to sinking fund redemption even if such Bonds were  
1464 not Serial Bonds or subject to mandatory sinking fund redemption prior to such change,

1465 (2) change the optional redemption dates and/or premiums set forth in Section 3.3(b) of  
1466 this ordinance, and/or (3) sell some or all of the Bonds at a premium or a discount to par.

1467 (c) Failure to Satisfy Conditions Precedent to an Interest Rate Conversion. If  
1468 the conditions described above in subsections (a) or (b) of this Section 2.10, as  
1469 applicable, have not been satisfied by the applicable Conversion Date, then the New  
1470 Mode will not take effect (although, except in the case of a failed conversion from the  
1471 Index Rate Mode, any mandatory purchase will be made on such date if notice has been  
1472 sent to the Owners stating that such Bonds would be subject to mandatory purchase on  
1473 such date). If the failed change in Interest Rate Mode was from the Flexible Mode, the  
1474 Bonds shall remain in the Flexible Mode with interest rates and Interest Periods to be  
1475 established by the Remarketing Agent on the failed Conversion Date in accordance with  
1476 Section 2.5 of this ordinance. If the failed change in Interest Rate Mode was from the  
1477 Daily Mode, the Bonds shall remain in the Daily Mode, and if the failed change in  
1478 Interest Rate Mode was from the Weekly Mode, the Bonds shall remain in the Weekly  
1479 Mode, in each case with interest rates established in accordance with the applicable  
1480 provisions of Section 2.6 of this ordinance on and as of the failed Conversion Date. If the  
1481 failed change in Interest Rate Mode was from the Term Rate Mode, then the Bonds shall  
1482 stay in the Term Rate Mode for an Interest Period ending on the following Interest  
1483 Payment Date for the Bonds in the Term Rate Mode, and the interest rate shall be  
1484 established by the Remarketing Agent on the failed Conversion Date in accordance with  
1485 Section 2.7(a) of this ordinance. If the failed change in Interest Rate Mode was from the  
1486 Index Rate Mode, then the Bonds will not be subject to mandatory tender, and the Bonds  
1487 will remain in the Index Rate Mode, with interest rates established in accordance with the

1488 applicable provisions of Section 2.9 of this ordinance on and as of the failed Conversion  
1489 Date.

1490 (d) Rescission of Election. Notwithstanding anything herein to the contrary,  
1491 the county may rescind any election by it to change an Interest Rate Mode as described  
1492 above prior to the Conversion Date by giving written notice thereof to the Notice Parties  
1493 prior to 10:00 A.M. on the Business Day preceding such Conversion Date. If the Tender  
1494 Agent receives notice of such rescission prior to the time the Tender Agent has given  
1495 notice to the Owners of the Bonds, then such notice of change in Interest Rate Mode shall  
1496 be of no force and effect. If the Tender Agent receives notice from the county of  
1497 rescission of an Interest Rate Mode change after the Tender Agent has given notice  
1498 thereof to the Owners of the Bonds, then if the proposed Conversion Date would have  
1499 been a Mandatory Purchase Date, such date shall continue to be a Mandatory Purchase  
1500 Date except if the conversion is from the Index Rate Mode. If the proposed change in  
1501 Interest Rate Mode was from the Flexible Mode, the Bonds shall remain in the Flexible  
1502 Mode with interest rates and Interest Periods to be established by the Remarketing Agent  
1503 on the proposed Conversion Date in accordance with Section 2.5 of this ordinance. If the  
1504 proposed change in Interest Rate Mode was from the Daily Mode, the Bonds shall remain  
1505 in the Daily Mode, and if the proposed change in Interest Rate Mode was from the  
1506 Weekly Mode, the Bonds shall remain in the Weekly Mode, in each case with interest  
1507 rates established in accordance with the applicable provisions of Section 2.6 of this  
1508 ordinance on and as of the proposed Conversion Date. If the proposed change in Interest  
1509 Rate Mode was from the Term Rate Mode, then the Bonds shall stay in the Term Rate  
1510 Mode for an Interest Period ending on the following Interest Payment Date for the Bonds

1511 in the Term Rate Mode, and the interest rate shall be established by the Remarketing  
1512 Agent on the proposed Conversion Date in accordance with Section 2.7(a) of this  
1513 ordinance. If the Remarketing Agent is unable to determine the interest rate on the  
1514 proposed Conversion Date, the provisions of Section 2.8 of this ordinance shall apply in  
1515 effect at the beginning of each such Interest Period. If the proposed change in Interest  
1516 Rate Mode was from the Index Rate Mode, the Bonds shall remain in the Index Rate  
1517 Mode, with interest rates established in accordance with the applicable provisions of  
1518 Section 2.9 of this ordinance on and as of the proposed Conversion Date.

1519 **ARTICLE III**

1520 **REDEMPTION AND PURCHASE OF BONDS BEFORE MATURITY**

1521 SECTION 3.1. **Optional Redemption of Flexible Rate Bonds.** Bonds in the  
1522 Flexible Mode are not subject to optional redemption prior to their respective Purchase  
1523 Dates. Bonds in the Flexible Mode shall be subject to redemption at the option of the  
1524 county in whole or in part on their respective Purchase Dates at a redemption price equal  
1525 to the principal amount thereof.

1526 SECTION 3.2. **Optional Redemption of Bonds in the Daily Mode or the**  
1527 **Weekly Mode.** Bonds in the Daily Mode or the Weekly Mode are subject to optional  
1528 redemption by the county, in whole or in part (and if in part, with any Liquidity Provider  
1529 Bonds redeemed first), in Authorized Denominations on any Business Day, at a  
1530 redemption price equal to the principal amount thereof, plus, accrued interest, if any, to  
1531 the Redemption Date. Liquidity Provider Bonds shall be redeemed in accordance with  
1532 the applicable Reimbursement Agreement. So long as a Credit Enhancement is in effect  
1533 for Bonds in the Daily Mode or Weekly Mode, no optional redemption of such Bonds

1534 shall be permitted without (i) the prior written consent of the Credit Provider or (ii) the  
1535 deposit by the county with the Registrar on or prior to the Redemption Date of funds  
1536 sufficient to reimburse the Credit Provider for the draw on the Credit Enhancement to pay  
1537 the Redemption Price for such Bonds.

1538           SECTION 3.3. Optional Redemption of Bonds in the Term Rate or the Fixed  
1539 **Rate Mode.**

1540           (a)     Bonds in a Term Rate Mode shall be subject to redemption, in whole or in  
1541 part, on their individual Mandatory Purchase Dates, at the option of the county at a  
1542 redemption price equal to the principal amount thereof.

1543           (b)     The county, in connection with a change to a Long-Term Mode, may  
1544 establish the redemption provisions for any such Bonds so changed to a Long-Term  
1545 Mode at any time without premium; provided that notice describing such provisions shall  
1546 be submitted to the Paying Agent, the Registrar and the Remarketing Agent, together  
1547 with a Favorable Opinion of Bond Counsel, addressed to them.

1548           SECTION 3.4. Redemption of Index Rate Bonds.

1549           (a)     Optional Redemption. Bonds in the Index Rate Mode are subject to  
1550 redemption prior to their stated maturity, at the option of the county, in whole or in part,  
1551 at a redemption price equal to the principal amount thereof, in such amounts as may be  
1552 specified by the county on any Interest Payment Date, subject to any limitations or  
1553 conditions set forth in the applicable Agreement.

1554           (b)     Mandatory Redemption of Unremarketed Index Rate Bonds.  
1555 Unremarketed Index Rate Bonds shall be redeemed on the dates, at the prices, and in the  
1556 amounts set forth in the applicable Agreement.



1557            **SECTION 3.5. Notice and Effect of Redemption.**

1558            (a)    Timing of Notice. The county shall give the Registrar sufficient notice of  
1559 any redemption of Bonds to permit the Registrar to give notice to the Securities  
1560 Depository at least 30 days prior to the proposed Redemption Date for Bonds in any  
1561 Long-Term Mode and at least 15 days prior to the proposed Redemption Date for Bonds  
1562 in any Short-Term Mode. While the Bonds are in certificated form, the Registrar will  
1563 give written notice of any redemption of Bonds by first class mail, postage prepaid, not  
1564 less than 30 days (for Bonds in any Long-Term Mode) or not less than 15 days (for  
1565 Bonds in any Short-Term Mode) nor more than 60 days before the proposed Redemption  
1566 Date to the registered owners of Bonds that are to be redeemed at their last addresses  
1567 shown on the Bond Register. While the Bonds are held in a Book Entry-System, notice  
1568 of any redemption will be provided in accordance with the operational arrangements of  
1569 the Securities Depository referred to in the Letter of Representations, and, except as  
1570 provided in an undertaking to provide continuing disclosure under the Rule, the county  
1571 will provide no additional published or other notice.

1572            (b)    Contents of Notice. Each notice of redemption shall state: (1) the  
1573 Redemption Date, (2) the Redemption Price, (3) the CUSIP numbers of the Bonds being  
1574 redeemed, (4) if less than all outstanding Bonds are to be redeemed, identification  
1575 information and principal amounts of the Bonds to be redeemed, (5) the dated date of the  
1576 Bonds, (6) the rate of interest for each Bond being redeemed, (7) that the Bonds are to be  
1577 surrendered for payment at the principal office of the Registrar, (8) any condition to such  
1578 redemption, (9) that on the Redemption Date, upon the satisfaction of any such condition,  
1579 the Redemption Price will become due and payable upon each Bond or portion called for

1580 redemption and interest shall cease to accrue from the Redemption Date, (10) the date of  
1581 the notice, and (11) any other information needed to identify the Bonds being redeemed.  
1582 The requirements of this Section are deemed complied with when notice is mailed,  
1583 whether or not it is actually received by the owner.

1584 (c) Notice of Redemption on Mandatory Purchase Date. Notwithstanding  
1585 anything herein to the contrary, no notice of redemption is required to be given for a  
1586 redemption occurring on a Mandatory Purchase Date.

1587 (d) Effect of Redemption. Unless any condition for redemption is not  
1588 satisfied, the county will provide funds to the Registrar that, in addition to other money, if  
1589 any, held by the Registrar, will be sufficient to redeem on the Redemption Date all Bonds  
1590 to be redeemed. From the Redemption Date, interest on all such paid and redeemed  
1591 Bonds will cease to accrue.

1592 **SECTION 3.6. Optional Tenders of Bonds in the Daily Mode or the Weekly**  
1593 **Mode.** Subject to Section 3.11 of this ordinance, the Beneficial Owners of Bonds in a  
1594 Daily Mode or a Weekly Mode may elect to have their Bonds (or portions of those Bonds  
1595 in amounts equal to an Authorized Denominations) purchased on any Business Day at a  
1596 price equal to the Purchase Price, upon delivery of a Tender Notice to the Tender Agent  
1597 by the Tender Notice Deadline. Immediately upon receipt of a Tender Notice, the Tender  
1598 Agent shall notify the Remarketing Agent and provide the Remarketing Agent with a  
1599 copy of such Tender Notice.

1600 **SECTION 3.7. Mandatory Purchase on Mandatory Purchase Date.** The  
1601 Bonds shall be subject to mandatory purchase on each Mandatory Purchase Date. The  
1602 Tender Agent shall give notice of such mandatory purchase by mail to the Owners of the

1603 Bonds subject to mandatory purchase no less than 20 days prior to the Mandatory  
1604 Purchase Date described in clauses (iii), (iv), (v), (vi), and (viii) of the definition of  
1605 Mandatory Purchase Date and no less than 3 days prior to the Mandatory Purchase Dates  
1606 described in clauses (vii) and (ix) of the definition of Mandatory Purchase Date. No  
1607 notice shall be given of the Mandatory Purchase Date at the end of each Interest Period  
1608 for Flexible Rate Bonds or at the end of Term Rate Period for Bonds in the Term Rate  
1609 Mode. Any notice shall state the Mandatory Purchase Date, the Purchase Price, the  
1610 numbers of the Bonds to be purchased if less than all of the Bonds owned by such Owner  
1611 are to be purchased, and that interest on Bonds subject to mandatory purchase shall cease  
1612 to accrue from and after the Mandatory Purchase Date. The failure to mail such notice  
1613 with respect to any Bond shall not affect the validity of the mandatory purchase of any  
1614 other Bond with respect to which notice was so mailed. Any notice mailed will be  
1615 conclusively presumed to have been given, whether or not actually received by any  
1616 Owner or Beneficial Owner. The Tender Agent shall also give a copy of such notice to  
1617 the Rating Agencies.

1618 **SECTION 3.8. Remarketing of Bonds; Notices.**

1619 (a) Remarketing of Bonds. The Remarketing Agent shall use its best efforts  
1620 pursuant to the terms and conditions of the Remarketing Agreement to offer for sale at  
1621 par up to the Maximum Rate:

1622 (i) all Bonds or portions thereof as to which notice of tender pursuant to  
1623 Section 3.6 of this ordinance has been given;

1624 (ii) all Bonds required to be purchased on a Mandatory Purchase Date  
1625 described in clauses (i), (ii), (iii), (iv), (v), (vii), (viii), or (ix) of the definition thereof;

1626 (iii) any Liquidity Provider Bonds (A) purchased on a Purchase Date  
1627 described in clause (i) or (ii) above, (B) with respect to which the Liquidity Provider has  
1628 provided notice to the Registrar and the Remarketing Agent that it has reinstated the  
1629 Available Amount, (C) with respect to which an Alternate Liquidity Facility and  
1630 Alternate Credit Enhancement is in effect (if such bonds were secured by a Credit  
1631 Enhancement prior to becoming Liquidity Provider Bonds which Credit Enhancement is  
1632 no longer in effect), or (D) that are being marketed as Fixed Rate Bonds; and

1633 (iv) any County Bonds; provided, however, that the Remarketing Agent  
1634 will not remarket Bonds held by or for the account of the county, or any affiliate of the  
1635 county, without a Favorable Opinion of Bond Counsel addressed to the county, the  
1636 Registrar and the Remarketing Agent. In connection with the remarketing of any Bonds  
1637 with respect to which notice of redemption or notice of mandatory purchase has been  
1638 given, the Remarketing Agent will notify each person to which such Bonds are  
1639 remarketed of such notice of redemption or notice of mandatory purchase.

1640 (b) Notice of Remarketing; Registration Instructions; New Bonds. On each  
1641 date on which a Bond is to be purchased:

1642 (i) the Remarketing Agent shall notify by Electronic Means the Tender  
1643 Agent by 12:00 noon of the principal amount of tendered Bonds it has remarketed;

1644 (ii) unless the Remarketing Agent has delivered the notice described in  
1645 clause (i) above, the Remarketing Agent shall notify the Tender Agent by Electronic  
1646 Means not later than 1:00 P.M. of such information as may be necessary to register and  
1647 deliver Bonds remarketed with respect thereto;

1648 (iii) the Remarketing Agent shall cause the proceeds of the remarketing  
1649 by such Remarketing Agent of tendered Bonds to be paid to the Tender Agent in  
1650 immediately available funds not later than 12:15 P.M. on the Purchase Date for such  
1651 Bonds; and

1652 (iv) if the Bonds are no longer in the Book-Entry System, the Tender  
1653 Agent shall authenticate new Bonds for the respective purchasers thereof, which shall be  
1654 available for pick-up by the Remarketing Agent not later than 2:30 P.M.

1655 (c) Draw on Liquidity Facility. On each date on which a Bond is to be  
1656 purchased, (i) if the Remarketing Agent has given notice to the Tender Agent pursuant to  
1657 clause (b)(i) above that it has been unable to remarket any of the Bonds or (ii) if the  
1658 Tender Agent has not received from the Remarketing Agent an amount sufficient to pay  
1659 the Purchase Price of tendered Bonds, by 12:00 Noon on the Purchase Date, then the  
1660 Tender Agent shall direct the Registrar (if the two are separate entities) to draw on the  
1661 Liquidity Facility (or if no Liquidity Facility is in effect, request funds from the county)  
1662 by 12:00 Noon in an amount equal to the Purchase Price of all such Bonds that have not  
1663 been successfully remarketed, requesting payment not later than 2:30 P.M. on the  
1664 Purchase Date. If a Liquidity Facility is in effect, the Registrar shall also give the county  
1665 notice by 2:30 P.M. on the Purchase Date if it does not have funds in the Remarketing  
1666 Proceeds Account and the Liquidity Facility Purchase Account sufficient to pay the  
1667 Purchase Price of Bonds tendered on such Purchase Date. Any draw on a Liquidity  
1668 Facility to be made on a Substitution Date shall be on the Liquidity Facility being  
1669 replaced. In no event shall the Liquidity Facility be drawn on to purchase any Liquidity  
1670 Provider Bonds or any County Bonds.

1671            **SECTION 3.9. Source of Funds for Purchase of Bonds.** By 3:00 P.M. on the  
1672 date on which a Bond is to be purchased, and except as set forth in Section 3.11(b)(ii) of  
1673 this ordinance, the Tender Agent shall purchase tendered Bonds from the tendering  
1674 Owners at the applicable Purchase Price by wire transfer in immediately available funds.  
1675 Funds for the payment of such Purchase Price shall be derived solely from the following  
1676 sources (delivered by the Registrar to the Tender Agent, if the two are separate entities)  
1677 in the order of priority indicated and none of the Tender Agent, the Registrar nor the  
1678 Remarketing Agent shall be obligated to provide funds from any other source:

1679            (a)      immediately available funds on deposit in the Remarketing Proceeds  
1680 Account;

1681            (b)      immediately available funds on deposit in the Liquidity Facility Purchase  
1682 Account; and

1683            (c)      money of the county on deposit in the County Purchase Account.

1684            If no Liquidity Facility is in effect, then the county shall be obligated to deposit  
1685 amounts into the County Purchase Account sufficient to pay the Purchase Price to the  
1686 extent that amounts on deposit in the Remarketing Proceeds Account are insufficient  
1687 therefor. If a Liquidity Facility is in effect, then the county may, but is not obligated to,  
1688 deposit amounts into the County Purchase Account sufficient to pay the Purchase Price to  
1689 the extent that amounts on deposit in the Remarketing Proceeds Account and the  
1690 Liquidity Facility Purchase Account are insufficient therefor. For purposes of this  
1691 paragraph, a Liquidity Facility shall be deemed to be in effect so long as the Liquidity  
1692 Provider is contractually obligated to honor future draws on the Liquidity Facility  
1693 pursuant to Section 3.8(c) of this ordinance, even if the Liquidity Provider in fact has

1694 failed to honor past draws on the Liquidity Facility and has declared its intent not to  
1695 honor future draws on the Liquidity Facility or otherwise is in breach of its obligations  
1696 under the Liquidity Facility.

1697        SECTION 3.10. Delivery of Bonds. On each date on which a Bond is to be  
1698 purchased, such Bond shall be delivered as follows:

1699        (a) Bonds sold by the Remarketing Agent and described in Section 3.9(a) of  
1700 this ordinance shall be delivered by the Remarketing Agent to the purchasers of such  
1701 Bonds by 3:00 P.M.;

1702        (b) Bonds purchased by the Tender Agent with money described in Section  
1703 3.9(b) of this ordinance shall be registered immediately in the name of the Liquidity  
1704 Provider or its nominee (which may be the Securities Depository) on or before 3:00 P.M.;

1705 and

1706        (c) Bonds purchased by the county with money described in Section 3.9(c) of  
1707 this ordinance shall be registered, immediately in the name of the county or its nominee  
1708 on or before 3:00 P.M. Bonds so owned by the county shall continue to be Outstanding  
1709 under the terms of this ordinance and be subject to all of the terms and conditions of this  
1710 ordinance and shall be subject to remarketing by the Remarketing Agent.

1711        SECTION 3.11. Book-Entry Tenders.

1712        (a) Notwithstanding any other provision of this Article III to the contrary, all  
1713 tenders for purchase during any period in which the Bonds are registered in the name of  
1714 Cede & Co. (or the nominee of any successor Securities Depository) shall be subject to  
1715 the terms and conditions set forth in the Letter of Representations and to any regulations  
1716 promulgated by DTC (or any successor Securities Depository). For so long as the Bonds

1717 are registered in the name of Cede & Co., as nominee for DTC, the tender option rights of  
1718 Owners of Bonds may be exercised only by DTC by giving notice of its election to tender  
1719 Bonds or portions thereof at the times and in the manner described above. Beneficial  
1720 Owners will not have any rights to tender Bonds directly to the Tender Agent.  
1721 Procedures under which a Beneficial Owner may direct a Direct DTC Participant or  
1722 DTC, or an Indirect DTC Participant acting through a Direct DTC Participant, to exercise  
1723 a tender option right in respect of Bonds or portions thereof in an amount equal to all or a  
1724 portion of such Beneficial Owner's beneficial ownership interest therein shall be  
1725 governed by standing instructions and customary practices determined by such Direct  
1726 DTC Participant or Indirect DTC Participant. For so long as the Bonds are registered in  
1727 the name of Cede & Co., as nominee for DTC, delivery of Bonds required to be tendered  
1728 for purchase shall be effected by the transfer on the applicable Purchase Date of a book-  
1729 entry credit to the account of the Tender Agent of a beneficial interest in such Bonds.

1730 (b) Notwithstanding anything expressed or implied herein to the contrary, so  
1731 long as the Book-Entry System for the Bonds is maintained:

1732 (i) there shall be no requirement of physical delivery to or by the Tender  
1733 Agent, the Remarketing Agent or the Registrar of:

1734 (A) any Bonds subject to mandatory or optional purchase as a condition  
1735 to the payment of the Purchase Price therefor;

1736 (B) any Bonds that have become Liquidity Provider Bonds; or

1737 (C) any remarketing proceeds of such Bonds or Liquidity Provider Bonds;

1738 and



1739 (ii) except as provided in subsection (b)(iii) below, none of the Registrar,  
1740 the Tender Agent nor the Paying Agent shall have any responsibility for paying the  
1741 Purchase Price of any tendered Bond or for remitting remarketing proceeds to any  
1742 person; and

1743 (iii) the Tender Agent's sole responsibilities in connection with the  
1744 purchase and remarketing of a tendered Bond shall be to:

1745 (A) draw upon the applicable Liquidity Facility if the Remarketing Agent  
1746 notifies the Tender Agent as provided herein that such Bond has not been remarketed on  
1747 or before the Purchase Date therefor, which draw shall be in an amount equal to the  
1748 difference between such Purchase Price and any remarketing proceeds received by the  
1749 Remarketing Agent in connection with a partial remarketing of such Bond, and to remit  
1750 the amount so drawn to or upon the order of the Securities Depository for the benefit of  
1751 the tendering Beneficial Owners; and

1752 (B) remit any proceeds derived from the remarketing of a Liquidity  
1753 Provider Bond to the Liquidity Provider.

1754 SECTION 3.12. No Book-Entry System. When the Bonds are not held in a  
1755 Book-Entry System, the following procedures shall be followed:

1756 (a) Bonds shall be delivered (with all necessary endorsements) at or before  
1757 12:00 noon on the Purchase Date at the Principal Office of the Paying Agent; provided,  
1758 however, that payment of the Purchase Price shall be made pursuant to this Section only  
1759 if the Bond so delivered to the Paying Agent conforms in all respects to the description  
1760 thereof in the notice described in this Section. Payment of the Purchase Price with  
1761 respect to purchases under this Section shall be made to the Owners of tendered Bonds by

1762 wire transfer in immediately available funds by the Paying Agent by 3:00 P.M. on the  
1763 Purchase Date.

1764 (b) If a Bond to be purchased is not delivered by the Owner to the Paying  
1765 Agent by 12:00 noon on the date on which that Bond is to be purchased, the Paying  
1766 Agent shall hold any funds received for the purchase of those Bonds in the Purchase  
1767 Fund in trust and shall pay such funds to the former Owners of the Bonds upon  
1768 presentation of the Bonds. Such undelivered Bonds shall cease to accrue interest as to the  
1769 former Owners on such purchase date and money representing the Purchase Price shall be  
1770 available against delivery of those Bonds at the Principal Office of the Paying Agent;  
1771 provided, however, that any funds which shall be so held by the Paying Agent and which  
1772 remain unclaimed by the former Owner of a Bond not presented for purchase for a period  
1773 of three years after delivery of such funds to the Paying Agent, shall, to the extent  
1774 permitted by law, upon request in writing by the county and the furnishing of security or  
1775 indemnity to the Paying Agent's satisfaction, be paid to the county free of any trust or lien  
1776 and thereafter the former Owner of such Bond shall look only to the county and then only  
1777 to the extent of the amounts so received by the county without any interest thereon, and  
1778 the Paying Agent shall have no further responsibility with respect to such money or  
1779 payment of the purchase price of such Bonds. The Paying Agent shall authenticate a  
1780 replacement Bond for any undelivered Bond that may then be remarketed by the  
1781 Remarketing Agent.

1782 (c) The Paying Agent shall hold all Bonds properly tendered to it for purchase  
1783 hereunder as agent and bailee of, and in escrow for the benefit of, the respective Owners  
1784 of the Bonds which shall have so tendered such Bonds until money representing the

1785 Purchase Price of such Bonds shall have been delivered to or for the account of or to the  
1786 order of such Owners.

1787 SECTION 3.13. Credit Enhancement and Liquidity Facility.

1788 (a) A Credit Enhancement will not initially be provided for the Bonds. From  
1789 time to time while the Bonds remain outstanding, the county may elect to provide a  
1790 Credit Enhancement with respect to the Bonds (but not during an Index Rate Period or  
1791 Fixed Rate Period). While a Credit Enhancement is in effect with respect to the Bonds,  
1792 the Registrar shall, on the Business Day preceding each Interest Payment Date and  
1793 Principal Payment Date, before 4:00 P.M. on such day, draw on the Credit Enhancement  
1794 in accordance with the terms thereof so as to receive thereunder by 1:00 P.M. on said  
1795 Interest Payment Date and Principal Payment Date, an amount, in immediately available  
1796 funds, equal to the amount of interest and principal payable on the Bonds on such Interest  
1797 Payment Date and Principal Payment Date. The proceeds of such draws shall be applied  
1798 to pay principal of and interest on the Bonds prior to the application of any other funds  
1799 held by the Registrar therefor. Such amounts shall be held uninvested and separate and  
1800 apart from all other funds.

1801 From time to time while the Bonds remain outstanding, upon delivery to the  
1802 Registrar of a Favorable Opinion of Bond Counsel, the county may elect to terminate a  
1803 Credit Enhancement with respect to the Bonds without obtaining an Alternate Credit  
1804 Enhancement, and such Bonds would then be subject to mandatory tender on the  
1805 Mandatory Purchase Date described in clause (v) of the definition of Mandatory Purchase  
1806 Date.

1807 (b) A Liquidity Facility will not initially be provided for the Bonds. While a  
1808 Liquidity Facility is in effect with respect to the Bonds, on each date on which a Bond is  
1809 to be purchased, the Tender Agent, by demand given by Electronic Means before 12:00  
1810 Noon, shall draw on the Liquidity Facility in accordance with the terms thereof so as to  
1811 receive thereunder by 2:30 P.M. on such date an amount, in immediately available funds,  
1812 sufficient, together with the proceeds of the remarketing of Bonds on such date, to enable  
1813 the Tender Agent to pay the Purchase Price in connection therewith. The proceeds of  
1814 such draw shall be paid to the Tender Agent, who shall deposit said proceeds in the  
1815 Liquidity Facility Purchase Account pursuant to Section 3.14(b) of this ordinance.

1816 From time to time while the Bonds remain outstanding, upon delivery to the  
1817 Registrar of a Favorable Opinion of Bond Counsel, the county may elect to terminate a  
1818 Liquidity Facility with respect to the Bonds without obtaining an Alternate Liquidity  
1819 Facility, and such Bonds would then be subject to mandatory tender on the Mandatory  
1820 Purchase Date described in clause (v) of the definition of Mandatory Purchase Date.

1821 (c) Notwithstanding the foregoing paragraphs of this Section, if a Credit  
1822 Provider and Liquidity Provider are the same entity, the Registrar shall not draw on the  
1823 Credit Enhancement with respect to any payments due or made in connection with  
1824 Liquidity Provider Bonds. In no event shall the Registrar draw on the Credit  
1825 Enhancement with respect to any payments made or made in connection with Bonds not  
1826 covered by the Credit Enhancement or Bonds listed on the Bond Register as owned by  
1827 the county.

1828 (d) The county may provide an Alternate Credit Enhancement or Alternate  
1829 Liquidity Facility on any day on which the Bonds could otherwise be subject to

1830 redemption at par not later than the fifth (5th) Business Day prior to the Expiration Date  
1831 of the Credit Enhancement or Liquidity Facility then in effect. The county shall give the  
1832 Notice Parties written notice of the proposed substitution of an Alternate Credit  
1833 Enhancement or Alternate Liquidity Facility no less than 2 Business Days prior to the  
1834 date on which the Registrar is required to provide notice of the proposed substitution to  
1835 the Owners of the Bonds. The Registrar shall give notice of such Substitution Date in  
1836 accordance with Section 3.7 of this ordinance. On or before the Substitution Date there  
1837 shall be delivered to the Registrar or the Tender Agent, as applicable (i) the Alternate  
1838 Credit Enhancement or the Alternate Liquidity Facility in substitution for the Credit  
1839 Enhancement or Liquidity Facility then in effect, (ii) a Favorable Opinion of Bond  
1840 Counsel, (iii) a written Opinion of Counsel for the provider of the Alternate Credit  
1841 Enhancement or Alternate Liquidity Facility, as applicable, to the effect that such  
1842 Alternate Credit Enhancement or Alternate Liquidity Facility is a valid, legal and binding  
1843 obligation of the provider thereof, and (iv) unless waived by such entity in a writing  
1844 delivered to the Registrar or the Tender Agent, as applicable, written evidence  
1845 satisfactory to the Credit Provider and the Liquidity Provider of the provision for  
1846 purchase from the Liquidity Provider of all Liquidity Provider Bonds, at a price equal to  
1847 the principal amount thereof plus accrued and unpaid interest, and payment of all  
1848 amounts due to the Credit Provider and the Liquidity Provider under the Reimbursement  
1849 Agreement(s) on or before the effective date of such Alternate Letter of Credit or  
1850 Alternate Liquidity Facility. Upon the satisfaction of the conditions described in the  
1851 preceding sentence, the Registrar shall accept such Alternate Credit Enhancement or  
1852 Alternate Liquidity Facility on the close of business on the Substitution Date and shall

1853 surrender the Credit Enhancement or Liquidity Facility then in effect to the provider  
1854 thereof on the Substitution Date; provided, however, that the Registrar shall not surrender  
1855 the Credit Enhancement or Liquidity Facility then in effect unless and until the Registrar  
1856 has received all amounts drawn thereunder. As provided in Section 3.8(c) of this  
1857 ordinance, any draw on a Liquidity Facility to be made on a Substitution Date shall be on  
1858 the Liquidity Facility being replaced. If any condition to the substitution is not satisfied,  
1859 the substitution shall not occur but the Bonds shall remain subject to mandatory purchase  
1860 on the proposed Substitution Date.

1861 (e) In the event of an extension of the Expiration Date, the county will give to  
1862 the Notice Parties and Owners of the affected Bonds a written notice of the new  
1863 Expiration Date at least 21 days prior to the fifth Business Day prior to the Expiration  
1864 Date in effect prior to the extension.

1865 (f) The references to "Liquidity Facility" and "Liquidity Provider" will be  
1866 disregarded during any period during which a Liquidity Facility is not in effect. The  
1867 references to "Credit Enhancement" and "Credit Provider" will be disregarded during any  
1868 period during which a Credit Enhancement is not in effect.

1869 (g) Any claim by the Registrar or the Tender Agent on any amounts drawn  
1870 under the Credit Enhancement or the Liquidity Facility or on any amounts on deposit in  
1871 the account described in subsection (a) of this Section 3.13 in which proceeds of draws  
1872 on the Credit Enhancement are deposited or the Liquidity Facility Purchase Account shall  
1873 be subordinate to the lien thereon of the Bonds.

1874 SECTION 3.14. Purchase Fund. There is hereby established and there shall be  
1875 maintained with the Tender Agent, as agent for the Registrar, a separate fund to be

1876 known as the "Purchase Fund." The Tender Agent shall further establish separate  
1877 accounts within the Purchase Fund to be known as the "Liquidity Facility Purchase  
1878 Account" and the "Remarketing Proceeds Account" and the "County Purchase Account."  
1879 All funds in any account within the Purchase Fund shall be held solely for the benefit of  
1880 Owners of the Bonds.

1881 (a) Remarketing Proceeds Account. Upon receipt of the proceeds of a  
1882 remarketing of a Bond on the date such Bond is to be purchased, the Tender Agent will  
1883 deposit those proceeds in the Remarketing Proceeds Account for application to the  
1884 Purchase Price of that Bond. Notwithstanding the foregoing, upon the receipt of the  
1885 proceeds of a remarketing of Liquidity Provider Bonds, the Tender Agent will  
1886 immediately pay such proceeds to the Liquidity Provider to the extent of any amount  
1887 owing to the Liquidity Provider.

1888 (b) Liquidity Facility Purchase Account. Upon receipt from the Registrar of  
1889 the immediately available funds transferred to the Tender Agent pursuant to Section  
1890 3.9(b) of this ordinance, the Tender Agent will deposit such money in the Liquidity  
1891 Facility Purchase Account for application to the Purchase Price of the Bonds to the extent  
1892 that the money on deposit in the Remarketing Proceeds Account is not sufficient. Any  
1893 amounts deposited in the Liquidity Facility Purchase Account and not needed with  
1894 respect to the Purchase Price for any Bonds will be immediately returned to the Liquidity  
1895 Provider.

1896 (c) County Purchase Account. Upon receipt of funds from the county  
1897 pursuant to Section 3.9(c) of this ordinance, the Tender Agent shall deposit those funds in  
1898 the County Purchase Account for application to the Purchase Price of the Bonds. Any

1899 amounts deposited in the County Purchase Account and not needed with respect to the  
1900 Purchase Price for any Bonds will be immediately refunded to the county.

1901 (d) Investment. Amounts held in the Liquidity Facility Purchase Accounts  
1902 and the Remarketing Proceeds Accounts by the Paying Agent shall be held uninvested  
1903 and separate and apart from all other funds and accounts.

1904 SECTION 3.15. Insufficient Funds for Tenders.

1905 (a) If money sufficient to pay the Purchase Price of all tendered Bonds to be  
1906 purchased on any Purchase Date is not available (1) no purchase shall be consummated  
1907 on such Purchase Date, (2) all tendered Bonds shall be returned to the Owners thereof,  
1908 and (3) all remarketing proceeds shall be returned to the Remarketing Agent for return to  
1909 the Persons providing such money.

1910 (b) All Unremarketed Bonds shall bear interest at the Unremarketed Bonds  
1911 Rate during the period of time from and including the applicable Purchase Date to (but  
1912 not including) the date that all such tendered Bonds are successfully remarketed (the  
1913 "Delayed Remarketing Period").

1914 (c) The county may direct the conversion of the tendered Bonds to a different  
1915 Interest Rate Mode during the Delayed Remarketing Period in accordance with Section  
1916 2.10 of this ordinance; provided that the county is not required to comply with the notice  
1917 requirements described in Section 2.10 of this ordinance.

1918 (d) Subject to the terms of the Remarketing Agreement, the Remarketing  
1919 Agent shall continue to use its best efforts to remarket all of the tendered Bonds.

1920 (e) During the Delayed Remarketing Period, the Registrar may, upon written  
1921 direction of the county, apply funds provided by the county to the redemption of such



1922 tendered Bonds, as a whole or in part on any Business Day during the Delayed  
1923 Remarketing Period, at a redemption price equal to the principal amount thereof, together  
1924 with interest accrued thereon to the date fixed for redemption, without premium. The  
1925 Registrar shall give five Business Days' notice of such redemption to the Owners of the  
1926 Bonds to be redeemed.

1927 (f) During the Delayed Remarketing Period, interest on such tendered Bonds  
1928 shall be paid to the Owners thereof (i) on the first Business Day of each calendar month  
1929 occurring during the Delayed Remarketing Period and (ii) on the last day of the Delayed  
1930 Remarketing Period.

1931 SECTION 3.16. Amendments on Mandatory Purchase Date. The Owner of a  
1932 Bond shall be deemed to have consented to any amendment proposed to become effective  
1933 on any Mandatory Purchase Date for such Bond so long as the Purchase Price is paid in  
1934 full on such Mandatory Purchase Date.

1935 SECTION 3.17. No Defeasance in Short-Term Mode. Bonds in any Short-  
1936 Term Mode may not be defeased. Any defeasance of Bonds in any Long-Term Mode  
1937 must be in accordance with the defeasance provisions set forth in Section 4.4 of this  
1938 ordinance.

1939 **ARTICLE IV**

1940 **SECURITY FOR THE BONDS**

1941 SECTION 4.1. Junior Lien Bond Fund. A special fund of the county  
1942 designated the "King County, Washington, Junior Lien Obligation Redemption Fund"  
1943 (the "Junior Lien Bond Fund") has been created for the purpose of paying Junior Lien  
1944 Obligations. The Junior Lien Bond Fund shall be held separate and apart from all other

1945 funds and accounts of the county and shall be a trust fund for the owners of Junior Lien  
1946 Obligations.

1947           The county hereby irrevocably obligates and binds itself for as long as any Bonds  
1948 remain Outstanding to set aside and pay into the Junior Lien Bond Fund from Revenue of  
1949 the System, on or prior to the respective dates the same become due (and if such payment  
1950 is made on the due date, such payment shall be made in immediately available funds):

1951           (1) Such amounts as are required to pay the interest scheduled to become due on  
1952 Outstanding Bonds (including all Liquidity Provider Bonds at the rate provided under the  
1953 applicable Reimbursement Agreement and Unremarketed Index Rate Bonds at the rate  
1954 provided under the applicable Agreement); and

1955           (2) Such amounts with respect to Outstanding Bonds as are required (A) to pay  
1956 maturing principal, (B) to make any required sinking fund payments, and (C) to redeem  
1957 Outstanding Bonds in accordance with any mandatory redemption provisions (including  
1958 all Liquidity Provider Bonds and Unremarketed Bonds on the dates and in the amounts  
1959 set forth in the applicable Agreement).

1960           (3) Other amounts due under the applicable Agreement.

1961           So long as the county maintains any Credit Enhancement, the payment  
1962 requirements of this Section 4.1 shall be deemed satisfied by draws on the Credit  
1963 Enhancement; provided, however, that the Credit Enhancement must not be drawn upon  
1964 to make any payments of principal of or interest on Liquidity Provider Bonds.

1965           SECTION 4.2. Revenue Fund. All Revenue of the System shall be deposited in  
1966 the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from  
1967 all other funds and accounts of the county, and the Revenue of the System deposited

1968 therein shall be used only for the following purposes and in the following order of  
1969 priority:

1970 First, to pay all Operating and Maintenance Expenses;

1971 Second, to make all required deposits into the debt service account in the Parity  
1972 Bond Fund to provide for the payment of principal of and interest on Parity Bonds as the  
1973 same become due and payable and to make any Payment Agreement Payments with  
1974 respect to any Parity Payment Agreements;

1975 Third, to make all payments required to be made pursuant to a reimbursement  
1976 agreement or agreements (or other equivalent documents) with the providers of any debt  
1977 service reserve insurance, sureties or letters of credit securing Parity Bonds, provided that  
1978 if there is not sufficient money to make all payments under such reimbursement  
1979 agreements the payments will be made on a pro rata basis;

1980 Fourth, to establish and maintain the Parity Bond Reserve Account (including  
1981 making deposits into such account and paying the costs of obtaining debt service reserve  
1982 insurance, sureties or letters of credit);

1983 Fifth, to make all required payments of principal of and interest on the Parity Lien  
1984 Obligations as the same become due and payable and to make Payment Agreement  
1985 Payments with respect to any Parity Lien Obligation Payment Agreements;

1986 Sixth, to make all required payments of principal of and interest on Junior Lien  
1987 Obligations as the same become due and payable, to make all Payment Agreement  
1988 Payments for any Payment Agreements entered into with respect to Junior Lien  
1989 Obligations, to make any payments required to be made to the Bank pursuant to the

1990 Agreement, and to make any payments required to be made to any providers of any credit  
1991 enhancements or liquidity facilities for Junior Lien Obligations;

1992 Seventh, to make all required payments of principal of and interest on Multi-  
1993 Modal LTGO/Sewer Revenue Bonds as the same become due and payable, to make all  
1994 Payment Agreement Payments for any Payment Agreements entered into with respect to  
1995 Multi-Modal LTGO/Sewer Revenue Bonds, and to make any payments required to be  
1996 made to providers of any credit enhancements or liquidity facilities for Multi-Modal  
1997 LTGO/Sewer Revenue Bonds;

1998 Eighth, to make all required payments of principal of and interest on the  
1999 Subordinate Lien Obligations as the same become due and payable;

2000 Ninth, to make all required payments of principal and interest on bonds, notes,  
2001 warrants and other evidences of indebtedness, the lien and charge against Revenue of the  
2002 System of which is junior and inferior to the Subordinate Lien Obligations, as the same  
2003 shall become due and payable;

2004 Tenth, to make all required payments of principal and interest due on the SRF  
2005 Loans and the Public Works Trust Fund Loans as the same become due and payable; and

2006 Any surplus money that the county may have on hand in the Revenue Fund after  
2007 making all required payments set forth above may be used by the county (i) to make  
2008 necessary improvements, additions and repairs to and extensions and replacements of the  
2009 System, (ii) to purchase or redeem and retire outstanding sewer revenue bonds of the  
2010 county, (iii) to make deposits into the Rate Stabilization Fund, (iv) to make any  
2011 termination payment required to be paid with respect to a Payment Agreement, or (v) for  
2012 any other lawful purposes of the county related to the System.

2013            **SECTION 4.3. Pledge of Revenue.**

2014            (a)    Lien on Revenue of the System. The Bonds and the lien thereof created  
2015 and established hereunder shall be obligations only of the Junior Lien Bond Fund. The  
2016 Bonds shall be payable solely from and secured solely by Revenue of the System and by  
2017 drawings under the Credit Enhancement or the Liquidity Facility, if any; *provided,*  
2018 *however,* that any series of Additional Junior Lien Obligations also may be payable from  
2019 and secured by a separate credit or liquidity facility pledged specifically to or provided  
2020 for that series of Additional Junior Lien Obligations, and such separate credit or liquidity  
2021 facility shall not secure payment of the Bonds. No Additional Junior Lien Obligations  
2022 shall be secured by the Credit Enhancement or the Liquidity Facility unless the Credit  
2023 Provider or the Liquidity Provider, as the case may be, shall amend the Credit  
2024 Enhancement or increase the Available Amount under the Liquidity Facility, as the case  
2025 may be, to account for such Additional Junior Lien Obligations. Unless the Credit  
2026 Enhancement is so amended or the Available Amount is so increased, funds drawn under  
2027 the Credit Enhancement or the Liquidity Facility must be held separately and are not  
2028 available for payments with respect to any other Junior Lien Obligations.

2029            From and after the time of issuance and delivery of the Bonds and so long  
2030 thereafter as any of the same remain Outstanding, the county hereby irrevocably obligates  
2031 and binds itself to set aside and pay into the Junior Lien Bond Fund out of Revenue of the  
2032 System, on or prior to the date on which the interest on, premium, if any, or principal of  
2033 and interest on the Bonds shall become due, the amount necessary to pay such interest,  
2034 premium, or principal and interest coming due on the Bonds.

2035           The amounts herein covenanted to be paid out of the Revenue of the System and  
2036 deposited into the Junior Lien Bond Fund shall constitute and the county hereby grants  
2037 and pledges to the owners of the Bonds and to the Bank with respect to obligations owed  
2038 to it under an Agreement, and to any Credit Provider and Liquidity Provider with respect  
2039 to obligations owed to them under a Reimbursement Agreement, a lien and charge on  
2040 such Revenue junior, subordinate and inferior to Operating and Maintenance Expenses;  
2041 junior, subordinate and inferior to the lien and charge on such Revenue for the payments  
2042 required to be made into the Parity Bond Fund and the accounts therein; junior,  
2043 subordinate and inferior to the lien and charge on such Revenue of the payments required  
2044 to be made into the Parity Lien Obligation Bond Fund and the accounts therein; equal to  
2045 the lien and charge on such Revenue to pay and secure the payment of the outstanding  
2046 Junior Lien Obligations and any Additional Junior Lien Obligations; and superior to all  
2047 other liens and charges of any kind or nature, including, *inter alia*, the lien and charge on  
2048 such Revenue to pay and secure the payment of the Commercial Paper Notes, the  
2049 Commercial Paper Bank Note and any Additional Subordinate Lien Obligations, and the  
2050 SRF Loans and Public Works Trust Fund Loans.

2051           The Bonds shall not be deemed to constitute a general obligation or a pledge of  
2052 the faith and credit of the county, or a debt or a pledge of the faith and credit of the State  
2053 of Washington or any other municipal corporation or political subdivision thereof.  
2054 Neither the State of Washington nor any other municipal corporation or political  
2055 subdivision thereof shall be obligated to pay the principal of or interest on the Bonds, and  
2056 neither the faith and credit nor the taxing power of the county, the State of Washington or

2057 any other municipal corporation or political subdivision thereof is pledged to the payment  
2058 of the principal of or interest on the Bonds.

2059 (b) Due Regard for Expenses of Maintenance and Operation. The county  
2060 council hereby declares that, in fixing the amounts to be paid into the Junior Lien Bond  
2061 Fund and the accounts therein out of the Revenue of the System, it has exercised due  
2062 regard for the necessary Operating and Maintenance Expenses and has not obligated the  
2063 county to set aside, pay into and maintain in said fund and accounts a greater amount of  
2064 the Revenue of the System than in its judgment will be available over and above such  
2065 necessary Operating and Maintenance Expenses.

2066 SECTION 4.4. Defeasance. If money and/or noncallable Government  
2067 Obligations maturing at such time or times and bearing interest to be earned thereon in  
2068 amounts (together with such money, if necessary) sufficient to redeem and retire, refund  
2069 or defease part or all of Bonds in a Long-Term Mode in accordance with their terms, are  
2070 set aside in a special account of the county to effect such redemption and retirement, and  
2071 such money and the principal of and interest on such Government Obligations are  
2072 irrevocably set aside and pledged for such purpose, then no further payments need be  
2073 made into the Bond Fund for the payment of the principal of and interest on the Bonds so  
2074 provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of  
2075 this ordinance except the right to receive the money so set aside and pledged, and such  
2076 Bonds shall be deemed not to be outstanding hereunder. Bonds in any Short-Term Mode  
2077 may not be defeased.

2078 **ARTICLE V**

2079 **COVENANTS OF THE COUNTY**

2080 SECTION 5.1. Rate Covenants. The county hereby makes the following  
2081 covenants and agrees with the Owners of the Bonds for as long as any of the same remain  
2082 Outstanding.

2083 (a) General Rate Covenant. The county shall establish, maintain and collect  
2084 rates and charges for sewage disposal service for each calendar year that shall be fair and  
2085 nondiscriminatory and adequate to provide the county with Revenue of the System  
2086 sufficient (1) to pay all Operating and Maintenance Expenses during that calendar year;  
2087 (2) to pay punctually all amounts described in Paragraphs Second through Tenth in  
2088 Section 4.2 of this ordinance due during that calendar year; and (3) to pay any and all  
2089 amounts that the county is now or may hereafter become obligated by law or contract to  
2090 pay during that calendar year from the Revenue of the System.

2091 (b) Coverage Requirement.

2092 (i) Subject to the provisions of subparagraph (ii) of this Section 5.1(b), the  
2093 county hereby covenants with the owners of the Bonds for so long as any of the same are  
2094 Outstanding that the county will at all times establish, maintain and collect rates and  
2095 charges for sewage disposal service that, together with the interest to be earned on  
2096 investments made of money in the Revenue Fund, Parity Bond Fund, Parity Lien  
2097 Obligation Bond Fund, Junior Lien Bond Fund, and Construction Account will provide in  
2098 each calendar year Net Revenue, after deducting therefrom amounts required in that year  
2099 to pay Annual Debt Service on Parity Bonds and Parity Lien Obligations, in an amount



2100 equal to at least 1.10 times the amounts required to pay Annual Debt Service for all  
2101 Junior Lien Obligations for that year.

2102 (ii) There shall be added to Revenue of the System for any calendar year  
2103 any amount withdrawn from the Rate Stabilization Fund and deposited in the Revenue  
2104 Fund. There shall be subtracted from Revenue of the System for any year any amounts  
2105 withdrawn from the Revenue Fund and deposited into the Rate Stabilization Fund in such  
2106 year.

2107 SECTION 5.2. Other Covenants. The county hereby makes the following  
2108 additional covenants and agrees with the Owners of the Bonds for as long as any of the  
2109 Bonds remain Outstanding.

2110 (a) Maintain in Good Order. The county will cause the System and the  
2111 business in connection therewith to be operated in a safe, sound, efficient, and economic  
2112 manner in compliance with all health, safety, and environmental laws, regulatory body  
2113 rules, regulatory body orders and court orders applicable to the county's operation of the  
2114 System, and shall cause to be maintained, preserved, reconstructed, expanded and kept,  
2115 with all appurtenances and every part and parcel thereof, in good repair, working order  
2116 and condition, and shall from time to time cause to be made, without undue deferral, all  
2117 necessary or proper repairs, replacements and renewals, so that all times the operation of  
2118 the System shall be properly and advantageously conducted.

2119 (b) Books and Records. The county will cause proper books of record and  
2120 accounts of operation of the System to be kept, including an annual financial report.

2121 (c) Annual Audit. The county shall cause its books of accounts, including its  
2122 annual financial report, to be audited annually by the State auditor's office or other State

2123 department or agency as may be authorized and directed by law to make such audits, or  
2124 by a Certified Public Accountant. The county will furnish such audit to the owner or  
2125 holder of any Bond upon written request therefor.

2126 (d) Insurance. The county will at all times carry fire and extended coverage  
2127 and such other forms of insurance on such of the buildings, equipment, facilities and  
2128 properties of the Sewer System as under good practice are ordinarily carried on such  
2129 buildings, equipment, facilities and properties by municipal or privately owned utilities  
2130 engaged in the operation of sewer systems and will also carry adequate public liability  
2131 insurance at all times, provided that the county may, if deemed advisable by the county  
2132 council, institute or continue a self insurance program with respect to any or all of the  
2133 aforementioned risks.

2134 (e) Construction. The county will cause the construction of any duly  
2135 authorized and ordered portions of the Comprehensive Plan to be performed and  
2136 completed within a reasonable time and at the lowest reasonable cost.

2137 (f) Collection of Revenue. The county will so operate and maintain the  
2138 System and conduct its affairs as to entitle it at all times to receive and enforce payment  
2139 to it of sewage disposal charges payable (i) pursuant to the ordinance or ordinances  
2140 establishing a tariff of rates and charges for sewage disposal services and (ii) under any  
2141 Service Agreement that the county has now or may hereafter enter into and to entitle the  
2142 county to collect all revenues derived from the operation of the System. The county shall  
2143 not release the obligations of any person, corporation or political subdivision under such  
2144 tariff of rates and charges or the Service Agreements and shall at all times, to the extent

2145 permitted by law, defend, enforce, preserve and protect the rights and privileges of the  
2146 county and of the holders of the Bonds under or with respect thereto.

2147 In accordance with RCW 35.58.200(3), the county will require any county, city,  
2148 special district or other political subdivision to discharge to the System all sewage  
2149 collected by such entity from any portion of the Seattle metropolitan area that can drain  
2150 by gravity flow into facilities of the System that serve such areas if the county council  
2151 declares that the health, safety or welfare of the people within the metropolitan area  
2152 require such action.

2153 (g) Legal Authority. The county has full legal right, power and authority to  
2154 adopt this ordinance, to sell, issue and deliver Bonds as provided herein, and to carry out  
2155 and consummate all other transactions contemplated by this ordinance.

2156 (h) Due Authorization. By all necessary official action prior to or  
2157 concurrently herewith, the county has duly authorized and approved the execution and  
2158 delivery of, and the performance by the county of its obligations contained in, the Bonds  
2159 and in this ordinance and the consummation by it of all other transactions necessary to  
2160 effectuate this ordinance in connection with the issuance of Bonds, and such  
2161 authorizations and approvals are in full force and effect and have not been amended,  
2162 modified or supplemented in any material respect.

2163 (i) Binding Obligation. This ordinance constitutes a legal, valid and binding  
2164 obligation of the county.

2165 (j) No Conflict. The adoption of this ordinance, and compliance on the  
2166 county's part with the provisions contained herein, will not conflict with or constitute a  
2167 breach of or default under any constitutional provisions, law, administrative regulation,

2168 judgment, decree, loan agreement, indenture, bond, note, resolution, ordinance, motion,  
2169 agreement or other instrument to which the county is a party or to which the county or  
2170 any of its property or assets are otherwise subject, nor will any such adoption, execution,  
2171 delivery, sale, issuance or compliance result in the creation or imposition of any lien,  
2172 charge or other security interest or encumbrance of any nature whatsoever upon any of  
2173 the property or assets of the county or under the terms of any such law, regulation or  
2174 instrument, except as may be provided by this ordinance.

2175 (k) Performance Under Ordinance. None of the proceeds of the Bonds will be  
2176 used for any purpose other than as provided in this ordinance, and the county shall not  
2177 suffer any amendment or supplement to this ordinance, or any departure from the due  
2178 performance of the obligations of the county hereunder, that might materially adversely  
2179 affect the rights of the owners from time to time of the Bonds.

2180 (l) Sale or Disposition. The county will not sell or voluntarily dispose of all  
2181 of the operating properties of the System unless provision is made for payment into the  
2182 appropriate bond funds of a sum sufficient to pay the principal of and interest on all  
2183 outstanding Parity Bonds, Parity Lien Obligations and Junior Lien Obligations, in  
2184 accordance with the terms thereof, nor will the county sell or voluntarily dispose of any  
2185 part of the operating properties of the System unless the county has first complied with  
2186 any applicable covenants of the Parity Bonds and Parity Lien Obligations.

2187 SECTION 5.3. Tax Covenants.

2188 (a) General. The county intends that interest on the Bonds be excludable  
2189 from gross income for federal income tax purposes pursuant to sections 103 and 141  
2190 through 150 of the Code, and the applicable regulations. The county covenants not to

2191 take any action, or knowingly to omit to take any action within its control, that if taken or  
2192 omitted would cause the interest on the Bonds to be includable in gross income, as  
2193 defined in section 61 of the Code, for federal income tax purposes.

2194 (b) Tax Certificate. Upon the issuance of the Bonds, the Finance Director is  
2195 authorized to execute a federal tax certificate (the "Tax Certificate"), which will certify to  
2196 various facts and representations concerning the Bonds, based on the facts and estimates  
2197 known or reasonably expected on the date of issuance of the Bonds, and make certain  
2198 covenants with respect to the Bonds, including but not limited to the following:

2199 (i) *No Private Activity Bonds*. The proceeds of the Bonds will not be used  
2200 in a manner that would cause the Bonds to be "private activity bonds" within the meaning  
2201 of the Code, as further described in the Tax Certificate. Moreover, the county covenants  
2202 that it will use the proceeds of such Bonds (including interest or other investment income  
2203 derived from Bond proceeds), regulate the use of property financed or refinanced,  
2204 directly or indirectly, with such proceeds, and take such other and further action as may  
2205 be required so that such Bonds will not be "private activity bonds."

2206 (ii) *No Federal Guarantee*. The county has not and will not take any  
2207 action, and has not knowingly omitted and will not knowingly omit to take any action  
2208 within its control, that, if taken or omitted would cause such Bonds to be "federally  
2209 guaranteed" within the meaning of the Code, as further described in the Tax Certificate.

2210 (iii) *No Arbitrage Bonds*. The county reasonably expects that the  
2211 proceeds of such Bonds will not be used in a manner that would cause such Bonds to be  
2212 "arbitrage bonds" within the meaning of the Code, as further described in the Tax  
2213 Certificate.

2214 (iv) *No Hedge Bonds*. The county reasonably expects that at least 85%  
2215 percent of the proceeds of such Bonds will be spent within three years of the date such  
2216 Bonds are issued to carry out the governmental purposes of such Bonds.

2217 The county covenants that it will comply with the Tax Certificate unless it  
2218 receives advice from nationally recognized bond counsel or the Internal Revenue Service  
2219 that certain provisions have been amended or no longer apply to the Bonds.

2220 (c) Arbitrage Rebate. If the county does not qualify for an exception to the  
2221 requirements of Section 148(f) of the Code relating to the payment of arbitrage rebate to  
2222 the United States, the county will take all necessary steps to comply with the requirement  
2223 that certain amounts earned by the county on the investment of the "gross proceeds" of  
2224 the Bonds (within the meaning of the Code) be rebated.

2225 **SECTION 5.4. Additional Obligations of the Sewer System.**

2226 (a) Senior Lien Bonds. The county reserves the right to issue additional  
2227 Parity Bonds and Parity Lien Obligations on the terms and conditions set forth in the  
2228 ordinances authorizing issuance of the Parity Bonds and the Parity Lien Obligations. At  
2229 the time of issuing any additional Parity Bonds or Parity Lien Obligations, the county  
2230 shall provide the Bank with a certificate of the Finance Director showing that Net  
2231 Revenue in any 12 consecutive months out of the most recent 18 months preceding the  
2232 issuance of such additional Parity Bonds or Parity Lien Obligations, based on financial  
2233 statements of the System prepared by the county is at least equal to 1.0 times the Annual  
2234 Debt Service for the proposed additional Parity Bonds or Parity Lien Obligations and all  
2235 then outstanding obligations of the System secured by a lien on Revenue of the System,

2236 including, without limitation, Public Works Trust Fund Loans and SRF Loans, in each  
2237 year during the life of such additional Parity Bonds or Parity Lien Obligations.

2238 (b) Additional Junior Lien Obligations. The county also reserves the right to  
2239 issue Additional Junior Lien Obligations, but only if such Junior Lien Obligations are  
2240 issued (i) for the purpose of refunding any then outstanding Junior Lien Obligations or  
2241 (ii) for any lawful purpose of the county related to the System and the following  
2242 conditions are met:

2243 (A) At the time of issuing such Additional Junior Lien Obligations, there  
2244 shall be no default in the payment of the principal of or interest on any Parity Bonds,  
2245 Parity Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, the  
2246 Public Works Trust Fund Loans or the SRF Loans.

2247 (B) The county shall have on file one of the following certificates:

2248 (1) certificate of the Finance Director showing that Net Revenue in any  
2249 12 consecutive months out of the most recent 18 months preceding the issuance of such  
2250 Additional Junior Lien Obligations, based on financial statements of the System prepared  
2251 by the county and after deducting therefrom the Senior Lien Payments required in each  
2252 calendar year during the life of such Additional Junior Lien Obligations, shall be at least  
2253 equal to 1.10 times the Annual Debt Service for the proposed Additional Junior Lien  
2254 Obligations and all then outstanding Junior Lien Obligations in each year during the life  
2255 of such Additional Junior Lien Obligations; or

2256 (2) A certificate from a Professional Utility Consultant (which certificate  
2257 may not be dated more than 90 days prior to the date of delivery of such Additional  
2258 Junior Lien Obligations) showing that in his or her professional opinion the Net Revenue,

2259 estimated on the basis of all factors as he or she may consider reasonable, for each of the  
2260 five calendar years next following the year in which such Additional Junior Lien  
2261 Obligations are to be issued, after deducting therefrom Senior Lien Payments for each  
2262 such year, shall be at least equal to 1.10 times the Annual Debt Service for the proposed  
2263 Additional Junior Lien Obligations and all then outstanding Junior Lien Obligations in  
2264 each of those five years.

2265 (c) Obligations with Inferior Lien. Nothing herein contained shall prevent the  
2266 county from issuing revenue bonds, notes or other obligations that are a charge upon the  
2267 Revenue of the System junior or inferior to the payments required to be made therefrom  
2268 into the Junior Lien Bond Fund to pay and secure the payment of any Junior Lien  
2269 Obligations; provided, however, that the county may issue (x) additional bonds or other  
2270 obligations having a lien on Revenue of the System equal to the lien thereon of the Multi-  
2271 Modal LTGO/Sewer Revenue Bonds and (y) Additional Subordinate Lien Obligations,  
2272 only if such bonds or obligations are issued:

2273 (i) for the purpose of refunding any bonds or obligations of the county  
2274 payable from Revenue of the System, or

2275 (ii) for any lawful purpose of the county related to the System and the  
2276 following conditions are met:

2277 (A) At the time of issuing such bonds or obligations, there must be no  
2278 default in the payment of the principal of or interest on any bonds or other obligations of  
2279 the county payable from Revenue of the System.

2280 (B) The county must have on file one of the following certificates:



2281 (1) certificate of the Finance Director showing that Net Revenue  
2282 in any 12 consecutive months out of the most recent 18 months preceding the issuance of  
2283 such bonds or obligations, based on financial statements of the System prepared by the  
2284 county and after deducting therefrom the Senior Lien Payments required in each calendar  
2285 year during the life of such additional bonds or obligations, shall be at least equal to 1.0  
2286 times the Annual Debt Service for the proposed additional bonds or obligations and all  
2287 then outstanding Junior Lien Obligations, bonds or other obligations having a lien on  
2288 Revenue of the System equal to the lien thereon of the Multi-Modal LTGO/Sewer  
2289 Revenue Bonds, Subordinate Lien Obligations, and any SRF Loans and Public Works  
2290 Trust Fund Loans in each year during the life of such additional bonds or other  
2291 obligations; or

2292 (2) A certificate from a Professional Utility Consultant (which  
2293 certificate may not be dated more than 90 days prior to the date of delivery of such  
2294 additional bonds or other obligations) showing that in his or her professional opinion the  
2295 Net Revenue, estimated on the basis of all factors as he or she may consider reasonable,  
2296 for each of the five calendar years next following the year in which such additional bonds  
2297 or other obligations are to be issued, after deducting therefrom Senior Lien Payments for  
2298 each such year, shall be at least equal to 1.0 times the Annual Debt Service for the  
2299 proposed additional bonds or obligations and all then outstanding Junior Lien  
2300 Obligations, bonds or other obligations having a lien on Revenue of the System equal to  
2301 the lien thereon of the Multi-Modal LTGO/Sewer Revenue Bonds, Subordinate Lien  
2302 Obligations, and any SRF Loans and Public Works Trust Fund Loans in each year during  
2303 the life of such additional bonds or other obligations.

2304 (d) Additional SRF Loans and Public Works Trust Fund Loans. The county  
2305 may from time to time enter into additional SRF Loans and Public Works Trust Fund  
2306 Loans for any lawful purpose of the county related to the System.

2307 SECTION 5.5. Payment Agreements.

2308 (a) General. To the extent and for the purposes permitted from time to time  
2309 by Chapter 39.96 RCW and other applicable provisions of State law, the county may  
2310 enter into Payment Agreements with respect to any Junior Lien Obligations, subject to  
2311 the conditions set forth in this Section and in other provisions of this ordinance.

2312 (b) Manner and Schedule of Payments. Each Payment Agreement shall set  
2313 forth the manner in which the Payment Agreement Payments and the Payment  
2314 Agreement Receipts shall be calculated and a schedule of payment dates.

2315 (c) Authorizing Ordinance. Prior to entering into a Payment Agreement, the  
2316 county council shall pass an ordinance authorizing such agreement and setting forth such  
2317 provisions as the county deems necessary or desirable and are not inconsistent with the  
2318 provisions of this ordinance.

2319 (d) Calculation of Payment Agreement Payments and Debt Service on Junior  
2320 Lien Obligations with Respect to which a Payment Agreement is in Force. It is the intent  
2321 of the county, for purposes of Sections 5.1(b) and 5.4(b) of this ordinance, that debt  
2322 service on Junior Lien Obligations with respect to which a Payment Agreement is in  
2323 force shall be calculated to reflect the net economic effect on the county intended to be  
2324 produced by the terms of the Junior Lien Obligations and the terms of the Payment  
2325 Agreement. In calculating such amounts, the county shall be guided by the following  
2326 requirements.

2327 (i) The amount of interest deemed to be payable on any Junior Lien  
2328 Obligations with respect to which a Payment Agreement is in force shall be an amount  
2329 equal to the amount of interest that would be payable at the rate or rates stated in those  
2330 Junior Lien Obligations plus Payment Agreement Payments minus Payment Agreement  
2331 Receipts.

2332 (ii) For any period during which Payment Agreement Payments are not  
2333 taken into account in calculating interest on any outstanding Junior Lien Obligations  
2334 because the Payment Agreement is not then related to any outstanding Junior Lien  
2335 Obligations, Payment Agreement Payments on that Payment Agreement shall be  
2336 calculated based upon the following assumptions:

2337 (A) County Obligated to Make Payments Based on Fixed Rate. If the  
2338 county is obligated to make Payment Agreement Payments based on a fixed rate and the  
2339 Qualified Counterparty is obligated to make payments based on a variable rate index,  
2340 payments by the county will be based on the assumed fixed payor rate, and payments by  
2341 the Qualified Counterparty will be based on a rate equal to the average rate determined  
2342 by the variable rate index specified by the Payment Agreement during the fiscal quarter  
2343 preceding the quarter in which the calculation is made; and

2344 (B) County Obligated to Make Payments Based on Variable Rate Index.  
2345 If the county is obligated to make Payment Agreement Payments based on a variable rate  
2346 index and the Qualified Counterparty is obligated to make payments based on a fixed  
2347 rate, payments by the county will be based on a rate equal to the average rate determined  
2348 by the variable rate index specified by the Payment Agreement during the fiscal quarter

2349 preceding the quarter in which the calculation is made, and the Qualified Counterparty  
2350 will make payments based on the fixed rate specified by the Payment Agreement.

2351 (e) Prior Notice to Rating Agencies. The county shall give notice to each  
2352 Rating Agency 30 days prior to the date it intends to enter into a Payment Agreement  
2353 with respect to any Junior Lien Obligations.

2354 **ARTICLE VI**

2355 **EVENTS OF DEFAULT**

2356 SECTION 6.1. Defaults. The county hereby finds and determines that the failure  
2357 or refusal of the county or any of its officers to perform the covenants and obligations of  
2358 this ordinance will endanger the operation of the System and the application of Revenue  
2359 of the System and such other money, funds and securities to the purposes herein set forth.

2360 Any one or more of the following constitute a Default under this ordinance:

2361 (a) The county fails to make payment of the principal of any Bonds when the  
2362 same become due and payable whether by maturity or scheduled redemption prior to  
2363 maturity;

2364 (b) At any time the Bonds bear interest at an Index Rate, the county fails to  
2365 make payment of the Purchase Price of the Bonds when the same becomes due and  
2366 payable.

2367 (c) The county fails to make payment of any installment of interest on any  
2368 Bonds when the same becomes due and payable;

2369 (d) The county fails to perform any other covenant, condition, or agreement  
2370 on the part of the county contained in this ordinance, and such failure continues for a  
2371 period of 30 days;

2372 (e) The county (i) admits in writing its inability to pay its debts generally as  
2373 they become due; (ii) files a petition in bankruptcy or seeking a composition of  
2374 indebtedness under any state or federal bankruptcy or insolvency law; (iii) makes an  
2375 assignment for the benefit of its creditors; (iv) consents to the appointment of a receiver  
2376 of the whole or any substantial part of the System; or (v) consents to the assumption by  
2377 any court of competent jurisdiction under the provisions of any other law for the relief or  
2378 aid of debtors of custody or control of the county or of the whole or any substantial part  
2379 of the System; or

2380 (f) An event of default occurs under the applicable Agreement.

2381 (g) At any time during the Initial Period a default occurs under that certain  
2382 Line of Credit Agreement dated December 20, 1995, among the county, Bayerische  
2383 Landesbank (formerly known as Bayerische Landesbank Girozentrale), acting through its  
2384 New York Branch (the "*Line of Credit Bank*") and The Bank of New York, as Issuing  
2385 and Paying Agent, as amended, supplemented or otherwise modified, that results in the  
2386 acceleration of any amounts owed thereunder to the Line of Credit Bank.

2387 (h) At any time during the Initial Period a default occurs under any Ordinance  
2388 authorizing Parity Bonds that results in the acceleration of any amounts owed thereunder.

2389 SECTION 6.2. Remedies.

2390 (a) Control by Bank. So long as the Bank is sole Owner of the Bonds, upon  
2391 the occurrence and continuation of a Default, the Bank will be entitled to exercise any of  
2392 the remedies provided under this Section without the necessity of appointing a  
2393 Bondowners' Trustee. Upon the occurrence of a Default under Section 6.1(g) or 6.1(h),

2394 the Bonds will be automatically accelerated and the principal of and interest on the Bonds  
2395 will be immediately due and payable.

2396 (b) Control by Credit Provider. Upon the occurrence and continuation of a  
2397 Default, the Credit Provider, if any, shall be entitled to exercise, on behalf of the  
2398 Bondowners, any of the remedies provided under this Section and, for as long as the  
2399 Credit Provider is not in default of its obligations under the Credit Enhancement, the  
2400 Credit Provider shall be the only party entitled to exercise the remedies provided under  
2401 this Section.

2402 (c) Bondowners' Trustee. Upon the occurrence of a Default and so long as  
2403 such Default has not been remedied, and subject to the rights of the Bank and the Credit  
2404 Provider as provided in subsections (a) and (b) above, a Bondowners' Trustee may be  
2405 appointed for the Bonds by the owners of 51% in principal amount of the Outstanding  
2406 Bonds by an instrument or concurrent instruments in writing signed and acknowledged  
2407 by such Bondowners or by their attorneys-in-fact duly authorized and delivered to such  
2408 Bondowners' Trustee, notification thereof being given to the county. Any Bondowners'  
2409 Trustee appointed under the provisions of this Section shall be a bank or trust company  
2410 organized under the laws of a state or a national banking association. The fees and  
2411 expenses of a Bondowners' Trustee shall be borne by the Bondowners and not by the  
2412 county. The bank or trust company acting as a Bondowners' Trustee may be removed at  
2413 any time, and a successor Bondowners' Trustee may be appointed, by the owners of 51%  
2414 in principal amount of the Bonds Outstanding, by an instrument or concurrent  
2415 instruments in writing signed and acknowledged by such Bondowners or by their  
2416 attorneys-in-fact duly authorized. The Bondowners' Trustee may resign upon 60 days'

2417 notice and a new Bondowners' Trustee appointed by the owners of at least 51% in  
2418 principal amount of Bonds; provided, however, that no such resignation or removal shall  
2419 be effective until a successor Bondowners' Trustee shall have been appointed and shall  
2420 have delivered a written instrument of acceptance of the duties and responsibilities of the  
2421 Bondowners' Trustee under this ordinance to the county and the Owners of the Bonds  
2422 then Outstanding.

2423           The Bondowners' Trustee appointed in the manner herein provided, and each  
2424 successor thereto, is hereby declared to be a trustee for the owners of all Bonds then  
2425 Outstanding and is empowered to exercise all the rights and powers herein conferred on  
2426 the Bondowners' Trustee.

2427           (d)   Legal Action by Bondowners' Trustee. Subject to the rights of the Credit  
2428 Provider, upon the happening of a Default and during the continuation thereof, the  
2429 Bondowners' Trustee may, and upon the written request of the Owners of not less than  
2430 25% in principal amount of Bonds then Outstanding shall, take such steps and institute  
2431 such suits, actions or other proceedings, all as it may deem appropriate for the protection  
2432 and enforcement of the rights of Bondowners to collect any amounts due and owing to or  
2433 from the county, or to obtain other appropriate relief, and may enforce the specific  
2434 performance of any covenant, agreement or condition contained in this ordinance or the  
2435 Bonds. Any action, suit or other proceedings instituted by a Bondowners' Trustee  
2436 hereunder shall be brought in its name as trustee for the Bondowners, and all such rights  
2437 of action upon or under any of the Bonds or the provisions of this ordinance may be  
2438 enforced by a Bondowners' Trustee without the possession of any of said Bonds, and  
2439 without the production of the same at any trial or proceedings relating thereto except

2440 where otherwise required by law. Any such suit or proceeding instituted by the  
2441 Bondowners' Trustee shall be brought for the ratable benefit of all Owners of the Bonds,  
2442 subject to the provisions of this ordinance. The respective owners of said Bonds by  
2443 taking and holding the same, shall be conclusively deemed irrevocably to appoint a  
2444 Bondowners' Trustee the true and lawful trustee of the respective Owners of said Bonds,  
2445 with authority to institute any such action, suit or proceeding; to receive as trustee and  
2446 deposit in trust any sums that become distributable on account of said Bonds; to execute  
2447 any paper or documents for the receipt of such money, and to do all acts with respect  
2448 thereto that the Bondowner himself might have done. Nothing herein shall be deemed to  
2449 authorize or empower any Bondowners' Trustee to consent to accept or adopt, on behalf  
2450 of any Owner of said Bonds, any plan of reorganization or adjustment affecting the said  
2451 Bonds or any right of any Owner thereof, or to authorize or empower the Bondowners'  
2452 Trustee to vote the claims of the Owners thereof in any receivership, insolvency,  
2453 liquidation, bankruptcy, reorganization or other proceeding to which the county shall be a  
2454 party.

2455 (e) Restrictions on Legal Action by Individual Bondowners. Except as  
2456 provided in Section 6.2(a), no Owner or Beneficial Owner of any Bonds shall have any  
2457 right to institute any action, suit or proceedings at law or in equity for the enforcement of  
2458 the same unless:

- 2459 (i) a Default shall have happened and be continuing; and
- 2460 (ii) a Bondowners' Trustee has been appointed as herein provided, and
- 2461 (iii) such owner previously has given to the Bondowners' Trustee written  
2462 notice of the Default as to which such suit, action or proceeding is to be instituted; and



2463 (iv) the Owners of 25% in principal amount of the Bonds then Outstanding,  
2464 after the occurrence of such Default, have made written request of the Bondowners'  
2465 Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute  
2466 such suit, action or proceedings; and

2467 (v) the Bondowners' Trustee has been offered security and indemnity  
2468 satisfactory to it against the costs, expenses and liabilities to be incurred therein or  
2469 thereby; and

2470 (vi) the Bondowners' Trustee has refused or neglected to comply with such  
2471 request within a reasonable time.

2472 No Owner or Beneficial Owner of any Bond shall have any right in any manner  
2473 whatever by his or her action to affect or impair the obligation of the county, which is  
2474 absolute and unconditional, to pay from Revenue of the System or draws on the Credit  
2475 Enhancement or Liquidity Facility the principal of and interest on said Bonds to the  
2476 respective Owners thereof when due.

2477 (f) Waivers of Default; Remedies not Exclusive. The remedies herein  
2478 conferred upon or reserved to the Owners of the Bonds and to a Bondowners' Trustee are  
2479 not intended to be exclusive of any other remedy or remedies, and each and every such  
2480 remedy shall be cumulative and shall be in addition to every other remedy given  
2481 hereunder or now or hereafter existing at law or in equity or by statute. The privileges  
2482 herein granted shall be exercised from time to time and continued so long as and as often  
2483 as the occasion therefor may arise.

2484 The Credit Provider may on behalf of the Owners of all Bonds then Outstanding  
2485 waive any past Default and its consequences, except a default in the payment of the

2486 principal of, premium, if any, or interest on any of the Bonds. No such waiver shall  
2487 extend to or shall affect any subsequent Default or shall impair any rights or remedies  
2488 consequent thereon. No delay or omission of the Credit Provider to exercise any right or  
2489 power accruing upon any default shall impair any such right or power or shall be  
2490 construed to be a waiver of any such Default or acquiescence therein.

2491 **ARTICLE VII**

2492 **REGISTRAR, PAYING AGENT AND TENDER AGENT FUNCTIONS;**

2493 **APPOINTMENT OF REMARKETING AGENT**

2494 **SECTION 7.1. Duties of Registrar.**

2495 (a) Registrar as Initial Paying Agent and Tender Agent. The Registrar shall  
2496 be the Paying Agent and Tender Agent for the Bonds. The county may at any time  
2497 appoint an additional or successor Paying Agent or Tender Agent. Any appointment of  
2498 an additional or successor Paying Agent or Tender Agent shall be made by written  
2499 instrument executed by the Finance Director and shall be effective immediately after the  
2500 Registrar shall have consented to such appointment in writing and such paying agent or  
2501 tender agent shall have accepted its obligations under this ordinance by delivery of a  
2502 written instrument to that effect to the county and the Registrar.

2503 (b) Fiscal Agency Agreement. Registrar shall perform its duties as Registrar,  
2504 Paying Agent and Tender Agent hereunder in accordance with the Fiscal Agency  
2505 Agreement. Unless the county exercises its right under Section 7.1(c) of this ordinance to  
2506 remove the Registrar, any successor fiscal agent under the Fiscal Agency Agreement  
2507 shall serve as Registrar under this ordinance. Notwithstanding anything to the contrary in  
2508 the Fiscal Agency Agreement, the Registrar shall not seek any indemnity or other

2509 security as a condition precedent to drawing on any Liquidity Facility or Credit  
2510 Enhancement, making any payment of principal of, interest on or the Purchase Price for  
2511 any Bonds, or effecting any mandatory purchase or redemption of any Bonds.

2512 (c) Removal of Registrar. The county may remove the Registrar at any time  
2513 at the option of the Finance Director upon prior notice to the Notice Parties and  
2514 appointment by the Finance Director on behalf of the county of a successor Registrar on  
2515 terms and conditions to be set forth in a written agreement between the county and such  
2516 successor Registrar. Any successor Registrar must be a trust company or commercial  
2517 bank with trust powers. No resignation or removal of the Registrar shall be effective  
2518 until a successor is appointed and the successor Registrar accepts the duties of the  
2519 Registrar hereunder and receives the Credit Enhancement and Liquidity Facility, together  
2520 with all other funds then held by the Registrar, Paying Agent and Tender Agent.

2521 **SECTION 7.2. Appointment of Remarketing Agent.**

2522 (a) Finance Director to Appoint Remarketing Agent. If necessary or desirable  
2523 to comply with provisions of this ordinance, the Finance Director may appoint a  
2524 Remarketing Agent to remarket Bonds and perform other duties of the Remarketing  
2525 Agent described in this ordinance. Any Remarketing Agent must be a member of the  
2526 Financial Industry Regulatory Authority, have a capitalization of at least \$50,000,000, be  
2527 authorized by law to perform all the duties set forth in this ordinance and be acceptable to  
2528 the Credit Provider and Liquidity Provider, if any. The Finance Director is authorized to  
2529 execute and deliver a Remarketing Agreement with the Remarketing Agent on behalf of  
2530 the county. The council authorizes and directs the Finance Director and all other proper  
2531 officers, agents, attorneys and employees of the county to cooperate with the

2532 Remarketing Agent in preparing and executing such additional agreements, certificates,  
2533 and other documentation on behalf of the county as shall be necessary or advisable in  
2534 providing for appointment of the Remarketing Agent. The Remarketing Agent shall keep  
2535 such books and records as are consistent with prudent industry practice and make such  
2536 books and records available for inspection by the Notice Parties at all reasonable times.

2537 (b) Removal or Resignation of Remarketing Agent. The Remarketing Agent  
2538 may at any time resign and be discharged of the duties and obligations with respect to the  
2539 Bonds created by this ordinance as set forth in the Remarketing Agreement. The  
2540 Remarketing Agent may suspend its remarketing efforts as set forth in the Remarketing  
2541 Agreement. The county council authorizes the Finance Director to remove the  
2542 Remarketing Agent at any time, in accordance with the Remarketing Agreement, when  
2543 the Finance Director, in consultation with the county's financial advisors, determines that  
2544 such removal is necessary or beneficial to the county. Any successor Remarketing Agent  
2545 shall be appointed by the Finance Director, shall be a member of the Financial Industry  
2546 Regulatory Authority, shall have a capitalization of at least \$50,000,000, shall be  
2547 authorized by law to perform all the duties set forth in this ordinance and shall be  
2548 acceptable to the Credit Provider and Liquidity Provider, if any. The council authorizes  
2549 and directs the Finance Director and all other proper officers, agents, attorneys and  
2550 employees of the county to cooperate with any successor Remarketing Agent in preparing  
2551 and executing such additional agreements, certificates, and other documentation on  
2552 behalf of the county as shall be necessary or advisable in providing for replacement of the  
2553 Remarketing Agent.

2554           The delivery to the Registrar of a certificate of the Finance Director setting forth  
2555 the effective date of the appointment of a successor Remarketing Agent and the name of  
2556 such successor shall be conclusive evidence that (i) if applicable, the predecessor  
2557 Remarketing Agent has been removed in accordance with the provisions of this ordinance  
2558 and (ii) such successor has been appointed and is qualified to act as Remarketing Agent  
2559 under the terms of this ordinance.

2560           (c)    Merger or Consolidation. If the Remarketing Agent consolidates with,  
2561 merges or converts into, or transfers all or substantially all of its assets (or, in the case of  
2562 a bank, national banking association or trust company, its corporate assets) to, another  
2563 corporation, the resulting, surviving or transferee corporation without any further act  
2564 shall be the successor Remarketing Agent.

2565   **ARTICLE VIII**

2566   **SALE OF BONDS; EXTENSION OF AGREEMENT; CREDIT ENHANCEMENT**  
2567   **AND LIQUIDITY FACILITY**

2568           SECTION 8.1. **Sale of Bonds**. The Bonds shall be sold by negotiated sale to the  
2569 Bank pursuant to the Agreement set forth as Attachment B to this ordinance. The council  
2570 authorizes the Finance Director to execute and deliver the Agreement on behalf of the  
2571 county, with such changes as may be consistent with this ordinance and approved by  
2572 counsel to the county. The Finance Director and all other proper officers, agents,  
2573 attorneys and employees of the county are hereby authorized and directed to do  
2574 everything necessary for the prompt execution and delivery of the Bonds to the Bank and  
2575 for the proper application and use of the proceeds of sale thereof, all in accordance with  
2576 the Agreement and this ordinance.

2577            **SECTION 8.2. Extension or Replacement of Agreement.** The Finance  
2578 Director is hereby authorized to negotiate (i) one or more extensions of the Agreement or  
2579 (ii) the purchase of the Bonds by an Owner other than the Bank pursuant to a subsequent  
2580 Agreement with that Owner, on terms and conditions acceptable to the Finance Director  
2581 and approved by counsel to the county.

2582            **SECTION 8.3. Credit Enhancement and Liquidity Facility.** The county  
2583 council authorizes the Finance Director to obtain a Credit Enhancement or Liquidity  
2584 Facility or to obtain an Alternate Credit Enhancement or Alternate Liquidity Facility at  
2585 any time and from time to time when the Finance Director, in consultation with the  
2586 county's financial advisors, determines that obtaining any such instruments is necessary  
2587 or beneficial to the county. The council authorizes and directs the Finance Director and  
2588 all other proper officers, agents, attorneys and employees of the county to cooperate with  
2589 any such Credit Provider or Liquidity Provider, or the providers of any Alternate Credit  
2590 Enhancement or Alternate Liquidity Facility, in preparing and executing such  
2591 agreements, certificates, and other documentation on behalf of the county as shall be  
2592 necessary or advisable in providing for any such instrument.

2593 **ARTICLE IX**

2594 **AMENDMENTS**

2595            **SECTION 9.1. Amendments without Owners' Consent.** This ordinance may  
2596 be amended or supplemented from time to time, without the consent of the Owners by a  
2597 supplemental ordinance passed by the county council for one or more of the following  
2598 purposes:

- 2599           (a)     to add additional covenants of the county or to surrender any right or  
2600 power herein conferred upon the county; or
- 2601           (b)     to cure any ambiguity or to cure, correct or supplement any defective  
2602 (whether because of any inconsistency with any other provision hereof or otherwise)  
2603 provision of this ordinance or to make any other provisions with respect to matters or  
2604 questions arising under this ordinance, provided such action shall not impair the security  
2605 hereof or adversely affect the interests of the Owners; or
- 2606           (c)     to provide or modify procedures permitting the Bonds to be held in a  
2607 Book-Entry System or Owners to utilize a certificated system of registration for Bonds;  
2608 or
- 2609           (d)     to modify, alter, amend, supplement or restate this ordinance in any and all  
2610 respects necessary, desirable or appropriate in connection with the delivery of an  
2611 Alternate Credit Enhancement or Alternate Liquidity Facility (other than modifying  
2612 notice provisions to Owners of the Bonds); or
- 2613           (e)     to modify, alter, amend, supplement or restate this ordinance in any and all  
2614 respects necessary, desirable or appropriate to satisfy the requirements of any Rating  
2615 Agency to obtain or retain a rating on the Bonds as the county deems necessary, provided  
2616 that such action shall not impair the security hereof or materially adversely affect the  
2617 interests of the Owners; or
- 2618           (f)     for any purpose, (i) on any Mandatory Purchase Date and (ii) at any time  
2619 during the Daily Mode or the Weekly Mode, provided that notice of such amendment is  
2620 given by first class mail to each Owner of Bonds at least 30 days prior to the effective  
2621 date of such amendment.

2622            **SECTION 9.2. Amendments with Owners' Consent.** This ordinance may be  
2623 amended from time to time by a supplemental ordinance; provided, that (a) no  
2624 amendment shall be made that affects the rights of some but fewer than all of the Owners  
2625 of the Outstanding Bonds without the consent of the Owners of 51% in aggregate  
2626 principal amount of the Bonds so affected, and (b) without the consent of the Owners of  
2627 all Outstanding Bonds affected thereby, no amendment shall be made that alters the  
2628 interest rates or premium on or principal amount of any Bonds, the Maturity Date,  
2629 Interest Payment Dates, purchase upon tender or redemption provisions of any Bonds or  
2630 this Section 9.2. Notwithstanding any provision of this Section 9.2 to the contrary, so  
2631 long as no event of default has occurred under the Credit Enhancement, any provision of  
2632 this ordinance may be amended with the consent solely of the Credit Provider for such  
2633 Credit Enhancement.

2634            **SECTION 9.3. Consent of Credit Provider and Liquidity Provider Required.**  
2635 Any amendment or supplement to this ordinance shall require the prior written consent of  
2636 the Credit Provider and Liquidity Provider if the rights of the Credit Provider or the  
2637 Liquidity Provider, as the case may be, will be adversely affected thereby.

2638 **ARTICLE X**

2639 **MISCELLANEOUS**

2640            **SECTION 10.1. Specific Authorization.** In addition to the authority granted to  
2641 the Finance Director elsewhere in this ordinance, the Finance Director may, in his or her  
2642 discretion, without further action by the county council, (a) authorize conversions from  
2643 one Mode to another and execute agreements and certificates as necessary or desirable to



2644 effect such conversions, and (b) execute a continuing disclosure undertaking on behalf of  
2645 the county when necessary to comply with the Rule.

2646        SECTION 10.2. Acts of Owners. Any action to be taken by Owners may be  
2647 evidenced by one or more concurrent written instruments of similar tenor signed or  
2648 executed by such Owners in person or by an agent appointed in writing. The fact and  
2649 date of the execution by any Person of any such instrument may be proved by  
2650 acknowledgment before a notary public or other officer empowered to take  
2651 acknowledgments or by an affidavit of a witness to such execution or by any other  
2652 method satisfactory to the Registrar. Any action by the Owner of any Bond shall bind all  
2653 future Owners of the same Bond or of any Bond issued upon the exchange or registration  
2654 of transfer thereof in respect of anything done or suffered by the county or the Registrar  
2655 in pursuance thereof.

2656        SECTION 10.3. Notices to Notice Parties. Except as otherwise specifically  
2657 provided for in this ordinance, all notices required by the terms hereof to be given to the  
2658 Registrar, the county or the Owners of the Bonds shall be deemed given, if given in  
2659 writing and mailed by first-class mail, postage prepaid, and

2660        (a) if to the Registrar, addressed to The Bank of New York Mellon, at 101  
2661 Barclay Street, 7W, New York, NY 10286, Attention: Corporate Trust Registrar  
2662 Administration;

2663        (b) if to the county, addressed to King County, Office of the Director, Finance  
2664 and Business Operations Division, at 500 Fourth Avenue, Room 600, Seattle, WA 98104,  
2665 Attention: Treasury Services;

2666 (c) if to the Credit Provider, addressed to it at the address set forth in the  
2667 Reimbursement Agreement;

2668 (d) if to the Liquidity Provider, addressed to it at the address set forth in the  
2669 Reimbursement Agreement;

2670 (e) if to the Remarketing Agent, addressed to it at the address set forth in the  
2671 Remarketing Agreement;

2672 (f) if to the Bank, addressed to it at the address set forth in the Agreement;

2673 and

2674 (g) if to any owner of a Bond, addressed to such owner at the address set forth  
2675 in the Bond Register; or, as to the county or the Registrar, as any of them shall from time  
2676 to time designate by notice in writing to the others.

2677 **SECTION 10.4. Notice to Rating Agencies.** So long as the Bonds bear a rating  
2678 from any Rating Agency, at such time as there is a change in the Registrar, Tender Agent,  
2679 Paying Agent, Remarketing Agent, Credit Provider, or Liquidity Provider, or any  
2680 successors thereto, any amendment is made to this ordinance, or a Credit Enhancement or  
2681 Liquidity Facility expires or terminates or is extended or replaced, or whenever there is  
2682 (i) a conversion of the Bonds from one Interest Rate Mode to another, (ii) a redemption  
2683 or defeasance of the Bonds, or (iii) a mandatory tender for purchase of the Bonds in the  
2684 event of nonreinstatement of interest after an interest drawing on the Credit Enhancement  
2685 or Liquidity Facility, the county shall give written notice of the same to Moody's at 7  
2686 World Trade Center, 250 Greenwich Street, New York, NY 10007, Attention: Public  
2687 Finance Group - Full Support Group; and to Standard & Poor's, 55 Water Street, New  
2688 York, NY 10041, Attention: Municipal Structured Finance Group. In addition, so long

2689 as the Bonds bear a rating from any Rating Agency, copies of all notices required to be  
2690 given under this ordinance shall likewise be given to such Rating Agency at the addresses  
2691 set forth in the preceding sentence, and the county shall provide to any Rating Agency  
2692 any other information reasonably requested by the Rating Agency to maintain the ratings  
2693 of the Bonds.

2694         SECTION 10.5. Legal Investments. The county reserves the right to purchase  
2695 Bonds at any time as a legal investment for funds of the county including but not limited  
2696 to funds held by the county for the investment pool established pursuant to K.C.C.  
2697 Chapter 4.10.

2698         SECTION 10.6. Severability. In case any one or more of the provisions of this  
2699 ordinance or of the Bonds shall, for any reason, be held to be illegal or invalid, such  
2700 illegality or invalidity shall not affect any other provisions of this ordinance or of such  
2701 Bonds, and this ordinance and the Bonds shall be construed and enforced to the end that  
2702 the transactions contemplated hereby be effected and the obligations contemplated hereby  
2703 be enforced as if such illegal or invalid provisions had not been contained therein.

2704            SECTION 10.7. Effective Date. This ordinance shall be effective 10 days after  
2705 its enactment, in accordance with Article II of the county charter.  
2706


Ordinance 17495 was introduced on 11/13/2012 and passed by the Metropolitan King County Council on 12/10/2012, by the following vote:

Yes: 8 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,  
Ms. Patterson, Ms. Lambert, Mr. Dunn and Mr. McDermott  
No: 0  
Excused: 1 - Mr. Ferguson

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

  
Larry Gossett, Chair

ATTEST:

  
\_\_\_\_\_  
Anne Noris, Clerk of the Council

RECEIVED  
2012 DEC 13 PM 3:31  
KING COUNTY COUNCIL

APPROVED this 13 day of DECEMBER, 2012.

  
\_\_\_\_\_  
Dow Constantine, County Executive

**Attachments:** A. King County Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012,  
B. Continuing Covenant Agreement

R-1

\$100,000,000

**THE TRANSFERABILITY OF THIS BOND IS RESTRICTED AS DESCRIBED IN THE BOND ORDINANCE**

**STATE OF WASHINGTON**

**KING COUNTY  
JUNIOR LIEN VARIABLE RATE DEMAND  
SEWER REVENUE BOND, SERIES 2012**

MATURITY DATE: January 1, 2043  
ISSUE DATE: \_\_\_\_\_  
REGISTERED OWNER: WELLS FARGO MUNICIPAL CAPITAL STRATEGIES, LLC  
375 Park Avenue  
New York, NY 10152  
TAX IDENTIFICATION NUMBER: 45-2541449  
PRINCIPAL AMOUNT: ONE HUNDRED MILLION AND NO/100 DOLLARS  
INTEREST RATE: VARIABLE, AS DESCRIBED HEREIN

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 from the date hereof, or the most recent date to which interest has been paid or duly provided for, until payment of this Bond at the variable interest rate determined as provided in the Bond Ordinance (hereinafter identified), payable on each Interest Payment Date.

Both principal of and interest on this Bond are payable in lawful money of the United States of America. Principal of this Bond is payable to the Registered Owner upon presentation and surrender of this Bond at the office of the fiscal agency of the State of Washington in New York, New York (the "Registrar"), and interest shall be paid by check or draft of the Registrar mailed by first-class mail to the Registered Owner at the address as it appears on the registration books maintained by the Registrar. Notwithstanding the foregoing, so long as this Bond is held by Wells Fargo Municipal Capital Strategies, LLC ("Wells Fargo"), or its successor or permitted assigns under the Continuing Covenant Agreement dated as of December 1, 2012, between the County and Wells Fargo (the "Agreement"), payments of principal of and interest on this Bond will be made in accordance with the Bond Ordinance and the Agreement.

This Bond is the duly authorized "King County, Washington, Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012" (the "Bond"). The Bond is issued in the principal amount of \$100,000,000 under the authority of and in full compliance with the Constitution and statutes of the State of Washington, and pursuant to Ordinance \_\_\_\_\_ passed by the King County Council on \_\_\_\_\_, 2012 (the "Bond Ordinance"). Capitalized terms used herein and not otherwise defined have the meanings given them in the Bond Ordinance, unless the context otherwise requires.

The Bond is issued by the County to finance a portion of the cost of capital improvements to the County's sewer system (the "System").

The Bond is subject to optional and mandatory tender for purchase and redemption prior to maturity as provided in the Bond Ordinance and the Agreement. This Bond may be transferred and exchanged as provided in the Bond Ordinance and the Agreement.

The Bond is a special limited obligation of the County and is not an obligation 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 the Bond.

The County hereby covenants and agrees with the owner 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 Revenue of the System and

Attachment A to Ordinance

17495

to pay into the Junior Lien Bond Fund the various amounts required by the Bond Ordinance to be paid into said fund, all within the times provided by the Bond Ordinance.

The amounts covenanted to be paid out of the Revenue of the System and deposited into the Junior Lien Bond Fund shall constitute a lien and charge on such revenue junior, subordinate and inferior to Operating and Maintenance Expenses; junior, subordinate and inferior to the lien and charge on such revenue for the payments required to be made into the Parity Bond Fund and the accounts therein; junior, subordinate and inferior to the lien and charge on such revenue of the payments required to be made into the Parity Lien Obligation Bond Fund and the accounts therein; equal to the lien and charge on such revenue to pay and secure the payment of the outstanding Junior Lien Obligations and any Additional Junior Lien Obligations; and superior to all other liens and charges of any kind or nature, including, *inter alia*, the lien and charge on such revenue to pay and secure the payment of the Subordinate Lien Obligations, and the SRF Loans and Public Works Trust Fund Loans.

The pledge of revenues and other obligations of the County under the Bond Ordinance may be discharged prior to maturity of the Bond 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 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 does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the County may incur.

IN WITNESS WHEREOF, King County, Washington, has caused this Bond to be executed with the manual or facsimile signatures of the County Executive and Clerk of the County Council and caused a facsimile of the official seal of the County to be reproduced hereon.



KING COUNTY, WASHINGTON

By David Condit  
County Executive

ATTEST:

By [Signature]  
Clerk of the County Council

AUTHENTICATION CERTIFICATE

This is the King County, Washington, Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, described in the within-mentioned Bond Ordinance.

WASHINGTON STATE FISCAL AGENCY,  
as Registrar

By \_\_\_\_\_  
Authorized Signatory

Date of Authentication: \_\_\_\_\_

ASSIGNMENT

The following abbreviations, when used in the inscription on the face of the within-mentioned bond and in the assignment below, 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 MIN ACT \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned registered bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_, attorney, to transfer the same on the books of the Registrar with full power of substitution in the premises.

Dated: \_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution.

---

CONTINUING COVENANT AGREEMENT

dated December \_\_, 2012,

between

KING COUNTY, WASHINGTON

and

WELLS FARGO MUNICIPAL CAPITAL STRATEGIES, LLC

Relating to

\$100,000,000  
KING COUNTY WASHINGTON  
JUNIOR LIEN VARIABLE RATE DEMAND  
SEWER REVENUE BONDS, SERIES 2012

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**EXHIBITS**

- EXHIBIT A – FORM OF NO DEFAULT CERTIFICATE  
EXHIBIT B – FORM OF INVESTOR LETTER

## CONTINUING COVENANT AGREEMENT

THIS CONTINUING COVENANT AGREEMENT, dated December \_\_, 2012 (as amended, modified or restated from time to time, this "*Agreement*"), between King County, Washington (the "*County*"), and WELLS FARGO MUNICIPAL CAPITAL STRATEGIES, LLC.

### RECITALS

WHEREAS, the County has issued its King County, Washington, Junior Lien Variable Rate Demand Sewer Revenue Bonds, Series 2012 (the "*Bonds*") pursuant to that certain Ordinance [ ] of the County passed on [November \_\_, 2012] (as the same may be amended, modified or restated in accordance with the terms thereof and hereof, the "*Ordinance*"); and

WHEREAS, the Purchaser has agreed to purchase the Bonds, and as a condition to such purchase, the Purchaser has required the County to enter into this Agreement.

NOW, THEREFORE, to induce the Purchaser to purchase the Bonds, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the County and the Purchaser hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

*Section 1.01. Certain Defined Terms.* In addition to the terms defined in the recitals and elsewhere in this Agreement and Ordinance, the following terms shall have the following meanings:

"*Act*" means chapters 35.58 and 36.56 of the Revised Code of Washington.

"*Affiliate*" means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

"*Agreement*" has the meaning set forth in the introductory paragraph hereof.

"*Amortization End Date*" means the earliest to occur of (a) the third (3rd) anniversary of the Mandatory Tender Date, (b) the date on which the interest rate on all of the Bonds have been converted to an interest rate other than the Index Rate and (c) the date on which all Bonds are redeemed, repaid, prepaid or cancelled in accordance with the terms of the Ordinance.

"*Amortization Payment*" has the meaning set forth in Section 3.01(b) hereof.

*“Amortization Payment Date”* means (a) the Initial Amortization Payment Date and each third month anniversary of the Initial Amortization Payment Date occurring thereafter which occurs prior to the Amortization End Date and (b) the Amortization End Date.

*“Amortization Period”* has the meaning set forth in Section 3.01(b) hereof.

*“Anti-Terrorism Laws”* has the meaning set forth in Section 5.27 hereof.

*“Applicable Spread”* has the meaning set forth in the Ordinance.

*“Bank Agreement”* means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertakes to make or provide funds to make payment of, or to purchase or provide credit enhancement for bonds or notes of the County secured by or payable from Revenue of the System on a parity with or subordinate to the Bonds.

*“Base Rate”* means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate in effect at such time *plus* one percent (1.0%), (ii) the Federal Funds Rate in effect at such time *plus* two percent (2.0%), and (iii) seven percent (7.0%).

*“Bond Counsel”* means K&L Gates LLP, or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the County.

*“Bondholder”* means the Purchaser and each Purchaser Transferee or Non-Purchaser Transferee pursuant to Section 9.12 hereof so long as such Purchaser Transferee or Non-Purchaser Transferee is an owner of Bonds.

*“Bonds”* has the meaning set forth in the recitals hereof.

*“Business Day”* has the meaning set forth in the Indenture.

*“Calculation Agent”* has the meaning assigned to such term in the Ordinance.

*“Change in Law”* means the occurrence, after the Effective Date, of any of the following: (a) the adoption or taking effect of any law, rule, regulation, Risk-Based Capital Guideline or treaty, (b) any change in any law, rule, regulation, Risk-Based Capital Guideline or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to

Basel III, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“*Code*” means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

“*Controlled Group*” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the County, are treated as a single employer under Section 414 of the Code.

“*County*” has the meaning set forth in the introductory paragraph hereof.

“*County Representative*” means any person authorized from time to time in writing by the County, or its successors and assigns, to perform a designated act or execute a designated document.

“*Credit Protection Provider*” means, collectively, (i) any party, including a Bondholder, who issues a letter of credit or provides other credit protection with respect to the Bonds and (ii) any party that participates in any such credit protection.

“*Debt*” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, (f) all Guarantees by such Person of Debt of other Persons and (g) all obligations of such Person under any Swap Agreement.

“*Default*” means any event or condition which, with notice, the passage of time or any combination of the foregoing, would constitute an Event of Default.

“*Default Rate*” means, for any day, a rate of interest per annum equal to the sum of the Base Rate in effect on such day plus three percent (3.0%).

“*Determination of Taxability*” means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the County files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when the Bondholder or any former Bondholder notifies the County that it has received a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability has occurred (the “*Notification Date*”) unless (x) within ninety

(90) days after the Notification Date, the County shall deliver to the Bondholder or former Bondholder written evidence that the County has requested a ruling or determination letter from the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability has not occurred and (y) not later than two hundred seventy (270) days after the Notification Date, the Issuer shall deliver to such Bondholder or former Bondholder such ruling or determination letter to that effect;

(iii) on the date when the County shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the County, or upon any review or audit of the County or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on the date when the County shall receive notice from the Bondholder or any former Bondholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Bondholder or such former Bondholder the interest on the Bonds due to the occurrence of an Event of Taxability;

*provided, however*, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the County has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; *provided further, however*, that upon demand from the Bondholder or former Bondholder, the County shall promptly reimburse, but solely from payments made by the County, such Bondholder or former Bondholder for any payments, including any taxes, interest, penalties or other charges, such Bondholder (or former Bondholder) shall be obligated to make as a result of the Determination of Taxability.

“*Effective Date*” means [December \_\_, 2012], subject to the satisfaction or waiver by the Purchaser of the conditions precedent set forth in Article IV hereof.

“*Environmental Law*” means any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA shall be construed also to refer to any successor Sections.

“*Event of Default*” with respect to this Agreement has the meaning set forth in Section 7.01 of this Agreement and, with respect to any Related Document, has the meaning assigned therein.

“*Event of Taxability*” means a (i) change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the County, or the failure to take any action by the County, or the making by the County of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Bonds) which has the effect of causing interest paid or payable on the Bonds to become includable, in whole or in part, in the gross income of the Bondholder or any former Bondholder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on the Bonds to become includable, in whole or in part, in the gross income of the Bondholder or any former Bondholder for federal income tax purposes with respect to the Bonds.

“*Excess Interest Amount*” has the meaning set forth in Section 3.02(g) hereof.

“*Executive Order*” has the meaning set forth in Section 5.27 hereof.

“*Federal Funds Rate*” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that: (a) if such day is not a Business Day, then the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day; and (b) if no such rate is so published on such next succeeding Business Day, then the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one-hundredth of one percent) charged to the Purchaser on such day on such transactions as determined by the Purchaser.

“*Fiscal Agency Agreement*” means that certain Agreement for Fiscal Agency Services dated February 1, 2007, as amended and restated by that Certain Amended and Restated Agreement for Fiscal Agency Services dated February 1, 2011, each between the State of Washington and The Bank of New York Mellon, as the same may be further amended, modified or restated in accordance with the terms thereof.

“*Fiscal Year*” means the twelve month period from January 1 through the following December 31.



“*Fitch*” means Fitch, Inc., and any successor rating agency.

“*FRB*” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

“*Generally Accepted Accounting Principles*” or “*GAAP*” means generally accepted accounting principles in effect from time to time in the United States applicable to governmental entities in the State such as the County.

“*Governmental Approval*” means an authorization, consent, approval, license, or exemption of, registration or filing with, or report to any Governmental Authority.

“*Governmental Authority*” means any federal, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity (including any zoning authority, the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind a party at law.

“*Guarantee*” means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable or performable by another Person (the “*primary obligor*”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment or performance of such Debt or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Debt or other obligation of any other Person, whether or not such Debt or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “*Guarantee*” as a verb has a corresponding meaning.

“*Indemnatee*” has the meaning set forth in Section 8.01 hereof.

“*Index Rate*” has the meaning set forth in the Ordinance.

“*Index Rate Period*” has the meaning set forth in the Ordinance.

*“Initial Amortization Payment Date”* means the first Business Day of the third (3rd full calendar month following the Mandatory Tender Date.

*“Initial Period”* has the meaning set forth in the Ordinance.

*“Interest Payment Date”* shall mean with respect to the Bonds (i) the first Business Day of each calendar month and (ii) any date on which all of the Bonds are redeemed.

*“Investment Policy”* means the investment policy of the County delivered to the Purchaser, pursuant to Section 4.01(a)(iii) hereof.

*“Investor Letter”* means an investor letter substantially in the form of Exhibit B hereto.

*“Junior Lien Obligations”* has the meaning set forth in the Ordinance.

*“Laws”* means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

*“Liabilities”* has the meaning set forth in Section 8.01 hereof.

*“Lien”* means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

*“Line of Credit”* means that certain Line of Credit Agreement dated December 20, 1995, among the County, Bayerische Landesbank (formerly known as Bayerische Landesbank Girozentrale), acting through its New York Branch and The Bank of New York, as Issuing and Paying Agent, as amended, supplemented or otherwise modified.

*“Mandatory Tender Date”* means the date on which the Bonds are subject to mandatory tender for purchase on the last day of the Initial Period pursuant to Section 3.7 of the Ordinance.

*“Mandatory Tender Purchase Price”* means an amount equal to 100% of the principal amount of the Bonds subject to mandatory tender for purchase on the Mandatory Tender Date and accrued interest thereon, if applicable.

*“Margin Stock”* has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

*“Material Adverse Effect”* means, as to the County, (A) any material adverse change in or effect on (i) the ability of the County to issue the Bonds or otherwise consummate the transactions contemplated by this Agreement or the Ordinance, (ii) the ability of the County to perform any of its obligations under the Bonds, this Agreement or the Ordinance, taken as a whole, or (iii) the legality, validity, binding effect or enforceability against the County of the Bonds, this Agreement or the Ordinance, or (B) any material reduction in the Revenue of the System from the most recently delivered annual audited financial statements of the System.

*“Maximum Interest Rate”* means with respect to all Obligations of the County payable to the Purchaser, including without limitation, the Bonds (including Unremarketed Bonds) the lesser of (i) the maximum rate of interest on the relevant obligation permitted by applicable law and (ii) twenty percent (20%) per annum.

*“Moody’s”* means Moody’s Investors Service, Inc. and any successor rating agency.

*“Multi-Modal LTGO/Sewer Revenue Bonds”* has the meaning set forth in the Ordinance.

*“1933 Act”* has the meaning set forth in Section 9.12(b) hereof.

*“No Default Certificate”* means a certificate substantially in form of Exhibit A hereto.

*“Non-Purchaser Transferee”* has the meaning set forth in Section 9.12(c) hereof.

*“Obligations”* means all amounts payable by the County, and all other obligations to be performed by the County, pursuant to this Agreement and the other Related Documents (including any amounts to reimburse the Purchaser for any advances or expenditures by it under any of such documents).

*“OFAC”* has the meaning set forth in Section 5.27 hereof.

*“Ordinance”* has the meaning set forth in the recitals hereof.

*“Outstanding”* has the meaning set forth in the Ordinance.

*“Parity Bond Ordinance”* means, collectively, each ordinance of the County authorizing the issuance of Parity Bonds.

*“Parity Bonds”* has the meaning set forth in the Ordinance.

*“Parity Lien Obligations”* has the meaning set forth in the Ordinance.

*“Patriot Act”* means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001).

*“PBGC”* means the Pension Benefit Guaranty Corporation or any successor thereto.

“*Person*” means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

“*Plan*” means, with respect to the County at any time, an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained by a member of the Controlled Group for employees of a member of the Controlled Group of which the County is a part, (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group of which the County is a part is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“*Prime Rate*” means on any day, the rate of interest per annum then most recently established by Wells Fargo Bank, National Association as its “prime rate.” Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by Wells Fargo Bank, National Association to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that Wells Fargo Bank, National Association may make various business or other loans at rates of interest having no relationship to such rate. If Wells Fargo Bank, National Association ceases to exist or to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in *The Wall Street Journal* (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

“*Property*” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“*Purchase Price*” has the meaning set forth in Section 2.01(a) hereof.

“*Purchaser*” means, initially, Wells Fargo Municipal Capital Strategies, LLC, a wholly-owned subsidiary of Wells Fargo Bank, National Association and its successors and assigns.

“*Purchaser Affiliate*” means the Purchaser and any Affiliate of the Purchaser, and includes, without limitation, Wells Fargo Bank, National Association and Wells Fargo Securities (a trade name).

“*Purchaser Rate*” means a fluctuating interest rate per annum which, for each day, shall equal (i) for the period from and including the Mandatory Tender Date to and including the one hundred eightieth (180th) day immediately succeeding the Mandatory Tender Date, the Base Rate from time to time in effect and (ii) from the period from and after the one hundred eighty-first (181st) day immediately succeeding the Mandatory Tender Date, the Base Rate from

time to time in effect *plus* one percent (1.0%)%; *provided that* if an Event of Default has occurred and is continuing, the Purchaser Rate shall equal the Default Rate.

“*Purchaser Transferee*” has the meaning set forth in Section 9.12(b) hereof.

“*Rating Agency*” means any of S&P, Moody’s and Fitch, as applicable.

“*Registrar*” means the Registrar appointed pursuant to the terms of the Ordinance and successor thereto appointed in accordance with the terms of the Ordinance and this Agreement.

“*Related Documents*” means this Agreement, the Ordinance, the Bonds, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

“*Revenue of the System*” has the meaning set forth in the Ordinance.

“*Risk-Based Capital Guidelines*” means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations adopted prior to the Effective Date.

“*S&P*” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and any successor rating agency.

“*State*” means the State of Washington.

“*Subordinate Lien Obligations*” has the meaning set forth in the Ordinance.

“*Swap Agreement*” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*System*” has the meaning set forth in the Ordinance.

“*Taxable Date*” means the date on which interest on the Bonds is first includable in gross income of the Bondholder (including, without limitation, any previous Bondholder) thereof as a result of an Event of Taxability as such a date is established pursuant to a Determination of Taxability.

“*Taxable Period*” has the meaning set forth in Section 3.02(e) hereof.

“*Taxable Rate*” means, with respect to a Taxable Period, the product of (i) the average interest rate on the Bonds during such period and (ii) 1.54.

“*Unremarketed Bonds*” means Bonds with respect to which the Purchaser has not received payment of the Mandatory Tender Purchase Price, if any, on the Mandatory Tender Date.

*Section 1.02. Computation of Time Periods.* In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

*Section 1.03. Construction.* Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, to the singular include the plural and to the part include the whole. The word “including” shall be deemed to mean “including but not limited to,” and “or” has the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereunder” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The Section headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified.

*Section 1.04. Accounting Terms and Determinations.* Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP. If, after the Effective Date, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Sections 6.05 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement including, without limitation, a recharacterization of operating leases to the effect that certain operating leases are to be treated as capital leases, either the County or the Purchaser may by notice to the other party hereto, require that the Purchaser and the County negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the County shall be the same as if such change had not been made. No delay by the County or the Purchaser in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 1.05, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles.

*Section 1.05. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference.* (a) Nothing in this Agreement shall be deemed to amend, or relieve the County of its obligations under, any Related Document to which it is a party. Conversely, to the extent that the provisions of any Related Document allow the County to take certain actions, or not to take certain actions, with regard for example to permitted liens, transfers of assets, maintenance of financial ratios and similar matters, the County nevertheless shall be fully bound by the provisions of this Agreement.

(b) Except as provided in subsection (c) of this Section 1.05, all references to other documents shall be deemed to include all amendments, modifications and supplements thereto to the extent such amendment, modification or supplement is made in accordance with the provisions of such document and this Agreement.

(c) All provisions of this Agreement making reference to specific Sections of any Related Document shall be deemed to incorporate such Sections into this Agreement by reference as though specifically set forth herein (with such changes and modifications as may be herein provided) and shall continue in full force and effect with respect to this Agreement notwithstanding payment of all amounts due under or secured by the Related Documents, the termination or defeasance thereof or any amendment thereto or any waiver given in connection therewith, so long as this Agreement is in effect and until all Obligations are paid in full. No amendment, modification, consent, waiver or termination with respect to any of such Sections shall be effective as to this Agreement until specifically agreed to in writing by the parties hereto with specific reference to this Agreement.

## **ARTICLE II**

### **PURCHASE OF BONDS**

*Section 2.01. Purchase of Bonds.* (a) *Purchase Price.* Upon the conditions set forth in Article IV hereof and based on the representations, warranties and covenants of the County set forth herein, the Purchaser hereby agrees to purchase from the County and the County hereby agrees to sell to the Purchaser, all of the Bonds at the purchase price of \$100,000,000 representing the aggregate principal amount of the Bonds (the "*Purchase Price*").

(b) *Closing.* On the Effective Date, the County shall deliver to the Purchaser the documents described in Article IV hereof. Upon delivery of such documents, the Purchaser will pay the full Purchase Price for the Bonds in immediately available federal funds payable to the County. One fully registered Bond, in the aggregate principal amount equal to the Purchase Price, shall be issued to and registered in the name of the Purchaser, or as otherwise directed by the Purchaser. The Bonds shall be so issued and registered to and held by the Purchaser, or as otherwise directed by the Purchaser.

## ARTICLE III

### THE COUNTY'S OBLIGATIONS

*Section 3.01. Payment Obligations.* (a) The County hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of all payment obligations owed to the Purchaser under the Related Documents and to pay any other Obligations owing to the Purchaser whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents and under such Obligations.

(b) In the event the Purchaser has not received the Mandatory Tender Purchase Price on the Mandatory Tender Date, the County shall cause the Unremarketed Bonds to be redeemed on the Mandatory Tender Date; *provided* that, if the County is required to redeem Unremarketed Bonds as set forth above and (i) no Default or Event of Default shall have occurred and be continuing and (ii) the representations and warranties set forth in Article V shall be true and correct on the Mandatory Tender Date, then the County shall cause the principal amount of such Bonds to be redeemed in installments payable on each Amortization Payment Date (each such payment, an "*Amortization Payment*"), with the final installment in an amount equal to the entire then-outstanding principal amount of such Bonds to be redeemed on the Amortization End Date (the period commencing on the Mandatory Tender Date and ending on the Amortization End Date is herein referred to as the "*Amortization Period*"). Each Amortization Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Amortization Payments over the Amortization Period. During the Amortization Period, interest on Unremarketed Bonds shall accrue at the Purchaser Rate and be payable monthly in arrears on the first Business Day of each calendar month.

(c) The County shall pay within thirty (30) days after demand:

(i) if an Event of Default shall have occurred, all costs and expenses of the Purchaser in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights under this Agreement, the other Related Documents and such other documents which may be delivered in connection therewith;

(ii) a fee for each amendment to this Agreement or any other Related Document or any consent or waiver by the Purchaser with respect to any Related Document, in each case, in a minimum amount of \$2,500 plus the reasonable fees and expenses of counsel to the Purchaser;

(iii) the reasonable fees and out-of-pocket expenses for counsel or other reasonably required consultants to the Purchaser in connection with advising the Purchaser as to its rights and responsibilities under this Agreement and the other Related Documents or in connection with responding to requests from the County for approvals, consents and waivers; and



(iv) any amounts advanced by or on behalf of the Purchaser to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate.

In addition, if at any time any Governmental Authority shall require revenue or other documentary stamps or any other tax in connection with the execution or delivery of this Agreement or other Related Documents, then, if the County lawfully may pay for such stamps, taxes or fees, the County shall pay, when due and payable, for all such stamps, taxes and fees, including interest and penalties thereon, and the County agrees to save the Purchaser harmless from and against any and all liabilities with respect to or resulting from any delay of the County in paying, or omission of the County to pay, such stamps, taxes and fees hereunder.

*Section 3.02. Increased Payments.*

(a) *Increased Costs Generally.* The County agrees that if because of any Change in Law:

(i) any Bondholder or Credit Protection Provider, with respect to this Agreement, the Bonds or any transaction hereunder, becomes subject to any tax, charge, fee, deduction or withholding of any kind whatsoever, or

(ii) increased insurance premiums, reserve requirements, or changes in levels of reserves, deposits, insurance or capital (including any allocation of capital requirements or conditions), are imposed on any Bondholder or Credit Protection Provider with respect to this Agreement, the Bonds or any transactions hereunder or thereunder, and if any of the above-mentioned measures, results in (A) any increase in the cost to any Bondholder or Credit Protection Provider of owning the Bonds or any transaction under this Agreement, or (B) any reduction in the amount of principal, interest or any fee receivable by any Bondholder or Credit Protection Provider in respect of the Bonds or this Agreement or of any transaction under this Agreement or (C) any reduction in the yield or rate of return of any Bondholder or Credit Protection Provider on the Bonds, to a level below that which such Bondholder or such Credit Protection Provider could have achieved but for the adoption or modification of any such requirements,

and the result of any of the foregoing shall be to increase the cost to such Bondholder or Credit Protection Provider of holding the Bonds, or to reduce the amount of any sum received or receivable by such Bondholder or Credit Protection Provider hereunder or under any Related Document then, upon written request of such Bondholder or Credit Protection Provider as set forth in clause (c) of this Section, the County shall promptly pay to such Bondholder or Credit Protection Provider, as the case may be, such additional amount or amounts as will compensate such Bondholder or Credit Protection Provider, as the case may be, for such additional costs incurred or reduction suffered, subject to the limitation on reimbursement set forth in clause (c) of this Section.

(b) *Capital Requirements.* If any Bondholder or Credit Protection Provider determines that any Change in Law affecting such Bondholder or Credit Protection Provider or such Bondholder's or Credit Protection Provider's holding company, if any, regarding capital requirements, has or would have the effect of reducing the rate of return on such Bondholder's or Credit Protection Provider's capital or on the capital of such Bondholder's or Credit Protection Provider's holding company, if any, as a consequence of this Agreement or any Related Document to a level below that which such Bondholder or Credit Protection Provider or such Bondholder's or Credit Protection Provider's holding company could have achieved but for such Change in Law (taking into consideration such Bondholder's or Credit Protection Provider's policies and the policies of such Bondholder's or Credit Protection Provider's holding company with respect to capital adequacy), then from time to time upon written request of such Bondholder or Credit Protection Provider as set forth in clause (c) of this Section, the County shall promptly pay to such Bondholder or Credit Protection Provider, as the case may be, such additional amount or amounts as will compensate such Bondholder or Credit Protection Provider or such Bondholder's or Credit Protection Provider's holding company for any such reduction suffered, subject to the limitation on reimbursement set forth in clause (c) of this Section.

(c) *Certificates for Reimbursement.* A certificate of a Bondholder or Credit Protection Provider setting forth the amount or amounts necessary to compensate such Bondholder or Credit Protection Provider or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the County, shall be conclusive absent manifest error. The County shall pay such Bondholder or Credit Protection Provider, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof. Notwithstanding the foregoing, in no event shall the County be required to pay any Bondholder or Credit Protection Provider, any amount pursuant to Section 3.02(a) or (b) hereof in excess of the amount the County would have paid to Wells Fargo Bank, National Association if the Purchaser had not assigned, sold, transferred or granted a participation in the Bonds pursuant to Section 9.12 hereof.

(d) *Delay in Requests.* Failure or delay on the part of any Bondholder or Credit Protection Provider to demand compensation pursuant to this Section shall not constitute a waiver of such Bondholder's or Credit Protection Provider's right to demand such compensation; *provided that* the County shall not be required to compensate a Bondholder or Credit Protection Provider pursuant to this Section for any increased costs incurred or reductions suffered more than ninety (90) days prior to the date that such Bondholder or Credit Protection Provider, as the case may be, notifies the County of the Change in Law giving rise to such increased costs or reductions, and of such Bondholder's or Credit Protection Provider's intention to claim compensation therefor (except that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 90-day month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) *Determination of Taxability.* (i) In the event a Determination of Taxability occurs, to the extent not payable to each Bondholder (or to the Purchaser for the period that it was the Bondholder of any of the Bonds) under the terms of the Ordinance and the Bonds, the County hereby agrees to pay to each Bondholder (or, if applicable, the Purchaser) on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been

paid to such Bondholder (or, if applicable, the Purchaser) on the Bonds during the period for which interest on the Bonds is included in the gross income of such Bondholder (or, if applicable, the Purchaser) if the Bonds had borne interest at the Taxable Rate, beginning on the Taxable Date (the "*Taxable Period*"), and (B) the amount of interest actually paid to the Bondholder (or, if applicable, the Purchaser) during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by such Bondholder (or, if applicable, the Purchaser) as a result of interest on the Bonds becoming included in the gross income of such Bondholder (or, if applicable, the Purchaser), together with any and all attorneys' fees, court costs, or other out-of-pocket costs incurred by such Bondholder (or, if applicable, the Purchaser) in connection therewith;

(ii) Subject to the provisions of clauses (iii) and (iv) below, such Bondholder (or, if applicable, the Purchaser) shall afford the County the opportunity, at the County's sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on the Bonds to be included in the gross income of such Bondholder (or, if applicable, the Purchaser) or (2) any challenge to the validity of the tax exemption with respect to the interest on the Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); and

(iii) As a condition precedent to the exercise by the County of its right to contest set forth in clause (ii) above, the County shall, on demand, immediately reimburse such Bondholder (or, if applicable, the Purchaser) for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by such Bondholder (or, if applicable, the Purchaser) in its sole discretion) that may be incurred by the Bondholder (or, if applicable, the Purchaser) in connection with any such contest, and shall, on demand, immediately reimburse the Bondholder (or, if applicable, the Purchaser) for any and all penalties or other charges payable by such Bondholder (or, if applicable, the Purchaser) for failure to include such interest in its gross income.

(f) *Default Rate.* Upon the occurrence and during the continuance of an Event of Default, the Obligations shall bear interest at the Default Rate, which shall be payable by the County to each Bondholder (or, if applicable, the Purchaser) upon demand therefor.

(g) *Maximum Interest Rate.* (i) If the amount of interest payable for any period in accordance with the terms hereof or the Bonds exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate.

(ii) Any interest that would have been due and payable for any period but for the operation of the immediately preceding subclause (i) shall accrue and be payable as provided in this subclause (ii) and shall, less interest actually paid to each Bondholder for such period, constitute the "Excess Interest Amount." If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to each Bondholder of the entire Excess Interest Amount.

(iii) Notwithstanding the foregoing, on the date on which no principal amount with respect to the Bonds remains unpaid, the County shall pay to each Bondholder a fee equal to any accrued and unpaid Excess Interest Amount.

(h) *Survival.* The obligations of the County under clauses (a), (b), (c), (d) and (e) of this Section 3.02 shall survive the termination of this Agreement and the redemption or other payment in full of the Bonds.

*Section 3.03. Obligations Absolute.* The payment obligations of the County under this Agreement shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of the Ordinance and this Agreement under all circumstances, including without limitation the following:

(a) any lack of validity or enforceability of this Agreement, the Bonds or any of the other Related Documents;

(b) any amendment or waiver of or any consent to departure from all or any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right which the County may have at any time against the Purchaser, any other Bondholder or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or

(d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Notwithstanding this Section, the Purchaser acknowledges the County may have the right to bring a collateral action with respect to one or more of the foregoing circumstances. The County's payment obligations shall remain in full force and effect pending the final disposition of any such action. All fees payable pursuant to this Agreement shall be deemed to be fully earned when due and non-refundable when paid.

*Section 3.04. Funding Indemnity.* In the event the Purchaser shall incur any loss, cost, or expense (including, without limitation, any loss, cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired or contracted to be acquired by the Purchaser to purchase or hold the Bonds or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to the Purchaser) as a result of any redemption or conversion of the Bonds on a date other than an Interest Payment Date for any reason, whether before or after default, and whether or not such payment is required by any provision of this Agreement or the Ordinance, then upon the demand of the Purchaser, the County shall pay to the Purchaser a redemption or conversion premium, as applicable, in such amount as will reimburse the Purchaser for such loss, cost, or expense. If the Purchaser requests such redemption or conversion premium, as applicable, it shall provide to the County a certificate setting forth the computation of the loss, cost, or expense giving rise to the request for such redemption or

conversion premium, as applicable, in reasonable detail and such certificate shall be conclusive if reasonably determined.

*Section 3.05. Optional Redemption or Conversion Fee.* The County shall pay to the Purchaser an optional redemption or conversion fee in connection with each optional redemption of all or any portion of the Bonds or each conversion of the interest rate on all or any portion of the Bonds from the Index Rate prior to the first anniversary of the Effective Date, in an amount equal to the product of (A) the Applicable Spread in effect on the date of optional redemption or conversion, as applicable, (B) the principal amount of the Bonds to be optionally redeemed or converted to an interest rate other than the Index Rate, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such optional redemption or conversion, as applicable, to and including the first anniversary of the Effective Date, and the denominator of which is 365, payable on the date that all or any portion of the Bonds are optionally redeemed or the date on which the interest rate on all or any portion of the Bonds are converted to bear interest at a rate other than the Index Rate.

*Section 3.06. Purchaser Consent to Subsequent Index Rate Period.* (a) So long as the Purchaser is the Bondholder, on or before the date one hundred twenty (120) days prior to the end of the Initial Period, the County may provide written notice to the Purchaser of its desire to change the interest rate mode of the Bonds (including conversion to a new Index Rate Period) and requesting the Purchaser to purchase such Bonds in such new Index Rate Period or provide the liquidity or credit enhancement necessary to facilitate the conversion of the Bonds to such new interest rate mode. The Purchaser will make reasonable efforts to respond to such request within forty-five (45) days after receipt of all information necessary, in the Purchaser's reasonable judgment, to permit the Purchaser to make an informed credit decision. The Purchaser may, in its sole and absolute discretion, decide to accept or reject any such request and no consent shall become effective unless the Purchaser shall have consented thereto in writing. In the event the Purchaser fails to definitively respond to such request within such forty-five (45) day period, the Purchaser shall be deemed to have refused to grant such request. The consent of the Purchaser, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance satisfactory to the Purchaser (which may include, but not be limited to the delivery of a "no adverse effect opinion" of Bond Counsel to the Purchaser with respect to the tax-exempt status of the Bonds as a result of such conversion and interest rate setting). In the event the County and the Purchaser fail to document in writing their agreement of the proposed rate(s) and terms of the succeeding period(s), the County shall continue to be required to repurchase the Bonds on the Mandatory Tender Date for a purchase price of 100% of the par amount plus accrued interest to the Mandatory Tender Date.

## ARTICLE IV

### CONDITIONS PRECEDENT TO PURCHASE OF BONDS

*Section 4.01. Documentary Requirements.* The obligation of the Purchaser to purchase the Bonds is subject to the conditions precedent that the Purchaser shall have received, on or before the Effective Date, the items listed below in this Section, each dated and in form and substance as is satisfactory to the Purchaser.

(a) The following County documents:

(i) copies of the ordinances or motions of the governing body of the County approving the execution and delivery of the Related Documents and the other matters contemplated hereby, certified by a County Representative as being true and complete and in full force and effect on the Effective Date;

(ii) the audited annual financial statements of the County for the Fiscal Year ended December 31, 2011, together with internally prepared financial statements of the County for each fiscal quarter(s) ended since the end of such Fiscal Year;

(iii) a copy of the County's Investment Policy in effect as of the Effective Date; and

(iv) a certificate dated the Effective Date and executed by a County Representative certifying the names and signatures of the persons authorized to sign, on behalf of the County, the Related Documents to which it is a party and the other documents to be delivered by it hereunder or thereunder.

(b) The following financing documents:

(i) an executed original of this Agreement, the Bond and the Ordinance; and

(ii) copies of all documentation relating to any Swap Agreement relating to the Bonds.

(c) The following opinions, dated the Effective Date and addressed to the Purchaser or on which the Purchaser is otherwise expressly authorized to rely:

(i) from counsel to the County, opinions as to the due authorization, execution, delivery and enforceability of the Related Documents to which the County is a party, and such other customary matters as the Purchaser may reasonably request; and

(ii) from Bond Counsel, opinions to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes and such other customary matters as the Purchaser may reasonable request.

(d) The following documents and other information:

(i) a certificate dated the Effective Date and executed by a County Representative certifying (A) that there has been no event or circumstance since December 31, 2011, that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (B) that the representations and warranties contained in Article V hereof and the other Related Documents are true and correct in all material respects on the Effective Date and (C) no event has occurred and is continuing, or would result from entry into this Agreement, which would constitute a Default or Event of Default;

(ii) a certificate dated the Effective Date and executed by a County Representative, certifying that the County is in compliance with the covenants set forth in Section 5.1(b) of the Ordinance;

(iii) true and correct copies of all Governmental Approvals, if any, necessary for the County to execute, deliver and perform the Related Documents to which it is a party;

(iv) recent evidence that the unenhanced long-term debt rating assigned by Moody's and S&P to any currently outstanding Junior Lien Obligations is at least "A1" and "AA-" respectively; and

(v) evidence that a CUSIP number has been obtained and reserved from Standard & Poor's CUSIP Service for the Bond.

*Section 4.02. Litigation.* The Purchaser shall have received a written description of all actions, suits or proceedings pending or threatened against the County in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a Material Adverse Effect, if any, and such other statements, certificates, agreements, documents and information with respect thereto as the Purchaser may reasonably request.

*Section 4.03. Other Matters.* All other legal matters pertaining to the execution and delivery of this Agreement and the Related Documents shall be satisfactory to the Purchaser and its counsel, and the Purchaser shall have received such other statements, certificates, agreements, documents and information with respect to the County and the other parties to the Related Documents and matters contemplated by this Agreement as the Purchaser may reasonably request.

*Section 4.04. Payment of Fees and Expenses.* On or prior to the Effective Date, the Purchaser shall have received reimbursement of the Purchaser's fees and expenses (including the legal fees and expenses of Chapman and Cutler LLP) and any other fees incurred in connection with the transaction contemplated by the Related Documents.

*Section 4.05. No Bond Rating; DTC.* The Bonds shall not be (i) assigned a separate rating by any Rating Agency, (ii) registered with The Depository Trust Company or any other securities depository or (iii) issued pursuant to any type of offering document or official statement.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

The County makes the following representations and warranties to each Bondholder:

*Section 5.01. Existence and Standing.* The County is (i) duly established and validly existing under the laws of the State in accordance with applicable law and has the power and authority granted under such law, and (ii) has all material governmental licenses, authorizations, consents and approvals required to execute, deliver and perform this Agreement, the Bonds and the Ordinance.

*Section 5.02. Authorization, No Contravention.* The issuance of the Bonds and the execution, delivery and performance by the County of this Agreement and the Ordinance are or were, as applicable, within the County's powers, have been duly authorized by all necessary action, require no action by or in respect of, or filing with, any Governmental Authority. The issuance of the Bonds and the execution, delivery and performance by the County of this Agreement and the Ordinance did not, do not and will not (a) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award as currently in effect to which the County is subject including, without limitation, the Act or any order or decree of any Governmental Authority that relates to the System; (b) result in a breach of or constitute a default under the provisions of the charter of the County or any resolution, indenture, loan or credit agreement or any other agreement, lease or instrument to which the County may be or is subject or by which the System is bound, that would reasonably be expected to result in a Material Adverse Effect; or (c) result in, or require, the creation or imposition of any mortgage, deed of trust, assignment, pledge, lien, security interest or other charge or encumbrance of any nature or with respect to System other than as provided herein and in the Ordinance; and the County is not in default under any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any such resolution, indenture, agreement, lease or instrument including, without limitation, the Act and any Environmental Laws to which the System is subject, that would reasonably be expected to result in a Material Adverse Effect.

*Section 5.03. Due Execution and Delivery; Binding Effect.* (i) This Agreement, the Bonds and the Ordinance have been duly adopted or executed and delivered, as applicable, to the Purchaser by an officer of the County who has been duly authorized to perform such acts; and (ii) (a) this Agreement, the Bonds and the Ordinance constitute legal, valid and binding obligations of the County, enforceable against the County in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws or equitable principles relating to or limiting creditors' rights generally, (b) the Bonds have been duly and validly issued under the Ordinance and entitled to



the benefits thereof and (c) the Ordinance is or will be on the Effective Date in full force and effect.

*Section 5.04. Financial Condition.* The audited financial statements of the System as of December 31, 2011, and the unaudited quarterly financial summary of the System as of June 30, 2012, with a certification by an authorized financial officer of the County, delivered herewith to the Purchaser, are true and accurate and fairly present the financial condition and results of operations of the System as of the Effective Date and have been prepared in accordance with GAAP. There are no material liabilities, direct or indirect, fixed or contingent, of the System for which the System is not substantially insured as of the date of the System's financial statements so delivered which are not reflected therein or in the notes thereto or have been otherwise disclosed in writing to the Purchaser prior to the Effective Date. Since December 31, 2011, there has been no material adverse change in the business, financial position, results of operations or prospects of the System.

*Section 5.05. Securities Act.* No registration of the Bonds is required under the 1933 Act, and the Ordinance is not required to be qualified under the Trust Indenture Act of 1939, as amended.

*Section 5.06. Litigation.* There is no action, suit, litigation, investigation or other proceeding pending, or to the knowledge of the County, threatened against the County which, if decided adversely against the County, would affect the issuance of the Bonds or the transactions contemplated hereby and by the Ordinance or would reasonably be expected to have a Material Adverse Effect.

*Section 5.07. Employee Benefit Plans, Etc.* The County is not subject to Title I reporting and disclosure requirements, Title II or Title IV of ERISA and has no obligation or liability under or in respect of any "employee benefit plan" within the meaning of Section 3(3) of ERISA or any other form of bonus, incentive compensation, deferred compensation or other similar plan or arrangement.

*Section 5.08. Environmental Laws.* Except as disclosed in writing by the County to the Purchaser prior to the Effective Date, the County has not received notice to the effect that the operations of the System are not in compliance with any of the requirements of applicable federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action would reasonably be expected to have a Material Adverse Effect.

*Section 5.09. Status of Bonds.* The Bonds have been duly issued under the Ordinance and are entitled to the benefits thereof and payable as set forth therein and in this Agreement.

*Section 5.10. Disclosure.* All information heretofore furnished by the County to the Purchaser for purposes of or in connection with this Agreement or any transaction contemplated hereby (and the ability of the County to perform its obligations under the Bonds, this Agreement or Ordinance) is, and all such information hereafter furnished by the County to the Purchaser will

be, true, accurate and complete in all material respects or based on reasonable estimates on the date as of which such information is stated or certified and such information does not omit to state a material fact necessary to make such statements and information, in light of the circumstances under which they were made, not misleading in any material respect. Furthermore, the representations, warranties or other statements made by the County in or pursuant to this Agreement or the Ordinance or any other document or financial statement provided by the County to the Purchaser in connection with the purchase of the Bonds, this Agreement or the Ordinance are true and correct. The County has disclosed to the Purchaser in writing any and all facts which materially and adversely affect or may affect (to the extent the County can now reasonably foresee), the business, operations, prospects or condition, financial or otherwise, of the System, or the ability of the County to perform its obligations under the Bonds, this Agreement or the Ordinance.

*Section 5.11. Status of Obligations.* The principal of and interest on the Bonds and the Obligations constitute a limited obligation of the County. As provided in the Ordinance, the principal of and interest on the Bonds and the Obligations shall be payable from and secured by a Lien on the Revenue of the System. Other than Parity Bonds and Parity Lien Obligations, the Ordinance does not permit the issuance of Debt secured by a pledge of the Revenue of the System to rank senior to the Lien on the Revenue of the System securing the payment of the principal of and interest on the Bonds, the Obligations and other Junior Lien Obligations. No filing, registering, recording of the Ordinance or any other instrument is required to establish the pledge or perfect, protect or maintain the Lien created thereby on the Revenue of the System.

*Section 5.12. Incorporated Representations.* The County makes each of the representations, warranties and covenants contained in the Ordinance to, and for the benefit of, the Purchaser as if the same were set forth at length herein together with all applicable definitions thereto. No amendment, modification, termination or replacement of any such representations, warranties, covenants and definitions contained in the Ordinance shall be effective to amend, modify, terminate or replace the representations, warranties, covenants and definitions incorporated herein by this reference, without the prior written consent of the Purchaser. The representations and warranties of the County in all of the Ordinance are true and correct in all material respects.

*Section 5.13. Defaults.* The County is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions in the Ordinance or other ordinance, agreement or instrument to which it is a party which would reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred or is occurring.

*Section 5.14. Sovereign Immunity.* The County does not enjoy any rights of immunity on the grounds of sovereign immunity with respect to its Obligations under this Agreement, the Bonds or the Ordinance.

*Section 5.15. Senior Debt.* With the exception of Outstanding Parity Bonds and Parity Lien Obligations, the County has not issued, incurred, assumed or Guaranteed any Debt which is outstanding and is (i) payable from any source from which any payment may be made on the Bonds and (ii) senior, as to the priority of payment or security, to the Bonds or the Obligations.

The Bonds, the Obligations and the other Junior Lien Obligations are on a parity as to priority of payment and security as provided in Section 4.3 of the Ordinance.

*Section 5.16. No Maximum Rate.* The interest rate payable on the County's obligations to the Purchaser hereunder and on the Bonds is not subject to any limitation under the laws or Constitution of the State which would result in the Maximum Interest Rate being less than 20% per annum or otherwise cause the amounts payable to the Purchaser pursuant to this Agreement and with respect to the Bonds to be in violation of any such limitation.

*Section 5.17. Legal Changes.* There is no amendment, or to the knowledge of the County, proposed amendment certified for placement on a statewide ballot, to the Constitution or any law of the State or any published administrative interpretation of any law of the State, or any legislation that has passed both houses of the State legislature, or any published judicial decision interpreting any of the foregoing, which would reasonably be expected to have a Material Adverse Effect.

*Section 5.18. Certificates of the County.* All statements contained in any certificate or other instrument delivered by or on behalf of the County pursuant to or in connection with this Agreement (including, but not limited to, any such statements made in or in connection with any amendment hereto) shall constitute representations and warranties made under this Agreement.

*Section 5.19. Permitted Investments.* The County has neither made any investment nor entered into any agreements for the purpose of effecting any investment of amounts maintained under the Ordinance which are not permitted pursuant to the Ordinance and the Investment Policy.

*Section 5.20. Regulations U and X.* The County is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

*Section 5.21. Tax-Exempt Status of Bonds.* The County has not taken any action or omitted to take any action, and knows of no action taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

*Section 5.22. Taxes.* The County has filed any Federal, state and other material tax returns and reports required to be filed, and has paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP, if any. There is no proposed tax assessment against the County that would, if made, have a Material Adverse Effect.

*Section 5.23. Casualty.* Neither the business nor the Property of the System is currently affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance), which could have a Material Adverse Effect.

*Section 5.24. Swap Termination Payments; Cash Collateral.* In no event shall (i) any lien on the Revenue of the System securing any termination payments pursuant to a Swap Agreement be prior in priority to the lien on the Revenue of the System securing the Bonds or the Obligations or (ii) the County enter into any Swap Agreement which requires the County to post cash collateral to secure its obligations thereunder.

*Section 5.25. No Acceleration.* Except as set forth in the Line of Credit and in certain Parity Bond Ordinances, no credit provider, liquidity provider, bond insurer, bond purchaser or any other Person is permitted to accelerate or otherwise cause the maturity of any Debt of the County secured by a Lien on Revenue of the System to become due prior to its respective scheduled terms.

*Section 5.26. Compliance with Laws.* The County is in compliance with all Laws, ordinances, orders, rules and regulations applicable to the System (including, without limitation, ERISA), except to the extent noncompliance would not reasonably be expected to result in a Material Adverse Effect.

*Section 5.27. Anti-Terrorism Laws.* The County is not in violation of any Laws relating to terrorism or money laundering ("*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), and the Patriot Act;

(a) The County is not any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with which the Purchaser is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(v) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control ("*OFAC*") or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list; and

(b) The County does not (i) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (a)(ii) above, (ii) deal in, or otherwise engage in any transaction relating to, any

property or interests in property blocked pursuant to the Executive Order or (iii) engage in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

## ARTICLE VI

### COVENANTS OF THE COUNTY

The County covenants and agrees, until the full and final payment and satisfaction of all of the Obligations, except in any instance in which the Purchaser specially agrees in writing to any performance or noncompliance, that:

*Section 6.01. Financial Information of County.* The County shall maintain a standard system of accounting and provide the Purchaser with the following:

(a) as soon as available and, in any event, within one hundred eighty (180) days after the end of each Fiscal Year, an electronic copy of the annual audited financial statements of the System;

(b) as soon as available and, in any event, within eight (8) months after the end of each Fiscal Year, written notice that the County's Comprehensive Annual Financial Report (CAFR) is available on the County's website (currently [www.kingcounty.gov](http://www.kingcounty.gov));

(c) as soon as available and, in any event, within sixty (60) days after the end of each quarterly accounting period of each Fiscal Year, an electronic copy of the unaudited financial status report of the System, such financial summary to be as of the end of such quarter, in each case, subject to audit and year-end adjustments;

(d) as soon as available and, in any event, within sixty (60) days after the beginning of the Fiscal Year being budgeted, written notice that the County's budget for the new Fiscal Year is available on the County's website (currently [www.kingcounty.gov](http://www.kingcounty.gov));

(e) together with the audited financial statements referred to in paragraph (a) above, a No Default Certificate executed by a County Representative (A) stating whether, to the best of his knowledge after diligent inquiry, any Default or Event of Default has occurred and, if so, stating the facts with respect thereto, (B) stating that, to the best of his knowledge after diligent inquiry, the representations and warranties of the County contained in Article V hereof are true with the same effect as though such representations and warranties had been made at and as of the date of such certificate, (C) certifying that the County remains in compliance with the terms and provisions of the Ordinance, and (D) setting forth the financial data and computations evidencing the County's current compliance with the covenants set forth in Section 5.1(b) of the Ordinance;

(f) promptly upon the availability thereof, a copy of any official statement, offering memorandum or other disclosure documents relating to the offering of any Parity Bonds;

(g) promptly after obtaining knowledge thereof, written notice of any change in the long-term unenhanced ratings assigned by any Rating Agency to any Parity Bonds, Parity Lien Obligations or Junior Lien Obligations;

(h) promptly after obtaining knowledge thereof, written notice of litigation served against the County and related to the System and all proceedings before any Governmental Authority related to the System which could reasonably be expected to result in a Material Adverse Effect;

(i) as soon as available to the County, copies of all enacted legislation of the County which, to the best knowledge of the County, relates to, in any material way, or impacts upon the Bonds, this Agreement or the Ordinance or the ability of the County to perform its obligations in connection herewith or therewith; and

(j) from time to time such additional information regarding the financial position, operations, business or prospects for the System as the Purchaser may reasonably request.

*Section 6.02. Notices of Certain Events.* The County shall give prompt notice in writing to the Purchaser upon becoming aware of the occurrence of (i) a Default or an Event of Default, (ii) any default or “Event of Default” under the Ordinance, (iii) any development, financial or otherwise, which the County reasonably expects would result in a Material Adverse Effect, (iv) notice of the failure by the Registrar to perform any of its obligations under the Ordinance or this Agreement, and (v) such further financial and other information with respect to the County and its affairs as the Purchaser may reasonably request from time to time.

*Section 6.03. Existence.* The County shall maintain its existence as a political subdivision of the State.

*Section 6.04. Payment of Taxes and Other Obligations.* The County shall pay all taxes, assessments, and governmental charges or levies imposed upon it or upon or against the System and all lawful claims which, if unpaid, might become a lien or charge upon any of the properties of the System; except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been proposed in accordance with GAAP.

*Section 6.05. Insurance.* The County shall maintain or cause to be maintained insurance or self-insurance covering such casualties and contingencies, of such types as are presently covered and in such amounts as required by the Ordinance.

*Section 6.06. Compliance with Laws.* The County shall comply with all laws, ordinances, orders, rules and regulations that are applicable to the System if the failure to comply would reasonably be expected to have a Material Adverse Effect.

*Section 6.07. Incorporation of Covenants.* From and after the date hereof and so long as this Agreement is in effect, except to the extent compliance in any case or cases is waived in writing by the Purchaser, the County agrees that it will, for the benefit of the Purchaser, comply with, abide by, and be restricted by all the agreements, covenants, obligations and undertakings contained in the provisions of the Ordinance, regardless of whether any indebtedness is now or hereafter remains outstanding thereunder, together with the related definitions, exhibits and ancillary provisions, all of which are incorporated herein by reference, *mutatis mutandis*, and made a part hereof to the same extent and with the same force and effect as if the same had been herein set forth in their entirety, and no amendment, modification or waiver to any of the foregoing shall in any manner constitute an amendment, modification or waiver of the provisions thereof as incorporated herein unless consented to in writing by the Purchaser.

*Section 6.08. Maintenance of Tax-Exempt Status of the Bonds.* The County shall not take any action or omit to take any action which, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

*Section 6.09. Maintenance of Property.* The County shall maintain, preserve and keep all of the Properties of the System in accordance with the terms of the Ordinance.

*Section 6.10. Books and Records.* The County shall keep accurate and complete books, accounts, and records in which complete entries shall be made in accordance with the Budget Accounting and Reporting System ("BARS") prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute), reflecting all financial transactions and will permit representatives of the Purchaser at the Purchaser's expense (unless a Default or Event of Default shall have occurred and, in such case, at the expense of the County) to visit and inspect any of its properties, to examine and make abstracts from any of its books and records and to discuss its affairs, finances and accounts with its officers, employees and independent public accountants, all at such reasonable times and as often as may reasonably be desired.

*Section 6.11. Maintenance of Approvals, Filings and Registrations.* At all times maintain in effect, renew and comply with all the terms and conditions of all consents, licenses, approvals and authorizations as may be necessary or appropriate under any applicable law or regulation for the execution, delivery and performance of this Agreement, the Bonds and the Ordinance, and to make such agreements legal, valid, binding and enforceable.

*Section 6.12. Liens.* The County shall not create or suffer to exist any Lien upon or with respect to any of the funds or accounts created under the Ordinance except the Liens specifically permitted under the Ordinance.

*Section 6.13. Margin Stock.* The County shall not use the proceeds of the Bonds to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

*Section 6.14. Swap Agreements.* The Issuer shall not enter into any Swap Agreement relating to Debt secured by a pledge of the Revenue of the System (i) wherein any termination payments thereunder are senior to or on parity with the payment of the Bonds (including Unremarketed Bonds) or the other Obligations or (ii) which requires the Issuer to post cash collateral to secure its obligations thereunder.

*Section 6.15. No Partial Conversion.* The County shall not convert or permit the conversion of the interest rate on less than all the Bonds to any other interest rate mode other than the Index Rate applicable during the Initial Period under the Ordinance without the prior written consent of the Purchaser.

*Section 6.16. Conversions and Redemptions.* (a) The County shall provide sixty (60) days written notice to the Purchaser prior to the date of any proposed (i) conversion of the interest rate on the Bonds to a rate of interest other than the Index Rate or (ii) optional redemption or purchase in lieu of redemption of the Bonds pursuant to Section 3.4 of the Ordinance.

*Section 6.17. Maintenance of Ratings.* The County shall at all times maintain at least one long-term unenhanced rating on either Parity Bonds or Junior Lien Obligations from at least one Rating Agency.

*Section 6.18. Bond Proceeds.* The County shall use the proceeds of the Bonds for the purposes set forth in the Ordinance.

*Section 6.19. Use of Purchaser's Name.* The County shall not include any information concerning the Purchaser in any offering document for the Bonds that is not supplied in writing, or otherwise approved, by the Purchaser expressly for inclusion therein.

*Section 6.20. Environmental Laws.* The County shall comply with all applicable Environmental Laws relating to the Property of the System and cure any defect thereto (or cause other Persons to effect any such cure) to the extent necessary to bring such real property owned, leased, occupied or operated by the County back into compliance with Environmental Laws and to comply with any cleanup orders issued by a Governmental Authority having jurisdiction thereover. The County shall at all times use commercially reasonable efforts to render or maintain any real property owned, leased, occupied or operated by the County and relating to the System safe and fit for its intended uses. The County shall also immediately notify the Purchaser of any actual or alleged material failure to so comply with or perform, or any material breach, violation or default under any Environmental Law.

*Section 6.21. Appointment of Successors and Replacements.* The duly appointed and acting Registrar is initially the fiscal agent of the State of Washington (currently The Bank of New York Mellon). The County shall not appoint a Registrar other than the fiscal agency of the State of Washington without the prior written consent of the Purchaser.

*Section 6.22. No Immunity.* The County agrees to the extent that the County has or hereafter may acquire under any applicable law any right to immunity from legal proceedings on



the grounds of sovereignty, the County hereby irrevocably waives such rights to immunity for itself in respect of its obligations arising under or related to this Agreement, the Bonds or the Ordinance.

*Section 6.23. Ordinance.* The County agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by the County in the Ordinance and in each case such provisions, together with the related definitions of terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety.

*Section 6.24. Amendments.* The County shall not amend, modify, terminate or grant, or permit the amendment, modification, termination or grant of, any waiver under, or consent to, or permit or suffer to occur any action or omission which results in, or is equivalent to, an amendment, termination, modification, or grant of a waiver under the Ordinance if such amendment, termination, modification or grant of a waiver would adversely affect the rights, security or interests of the Purchaser, with respect to the Bonds or in connection with this Agreement or the Ordinance, in each case, without the prior written consent of the Purchaser.

*Section 6.25. Credit Facilities.* In the event that the County shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement (i) in which the County agrees to indemnify or reimburse such lender, credit enhancer, liquidity provider or bond purchaser (each a "Provider") for any claims, damages, losses, liabilities, costs or expenses caused by the gross negligence of a Provider or (ii) which provides a Provider with more restrictive covenants, additional or different events of default and/or greater rights and remedies upon the occurrence of a default thereunder (including, without limitation, acceleration) than are provided in this Agreement, in each such case, the County shall provide the Purchaser with a copy of such Bank Agreement and (x) the "gross negligence" standard of care or (y) such more restrictive covenants, additional or different events of default and/or greater rights and remedies upon the occurrence of a default thereunder shall automatically be deemed to be incorporated into this Agreement and the Purchaser shall have the benefit of such "gross negligence" standard of care or more restrictive covenants, additional or different events of default and/or such greater rights and remedies as if specifically set forth herein. Upon the request of the Purchaser, the County shall promptly enter into an amendment to this Agreement to include such "gross negligence" standard of care or more restrictive covenants and/or greater rights or remedies; *provided* that the Purchaser shall maintain the benefit of such "gross negligence" standard of care or more restrictive covenants, additional or different events of default and/or greater rights and remedies even if the County fails to provide such amendment.

*Section 6.26. Acceleration.* (a) In the event a default occurs under the Line of Credit that results in the acceleration of any amounts owed thereunder, (i) the County shall immediately give notice of such event to the Purchaser and (ii) the Bonds shall be automatically accelerated pursuant to Section 6.2(a) of the Ordinance.

(b) In the event a default occurs under any Parity Bond Ordinance that results in the acceleration of the related Parity Bonds, (i) the County shall immediately give notice of such

event to the Purchaser and (ii) the Bonds shall be automatically accelerated pursuant to Section 6.2(a) of the Ordinance.

## ARTICLE VII

### EVENTS OF DEFAULT

*Section 7.01. Events of Default.* The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an "Event of Default" hereunder, unless waived in writing by Purchaser:

(a) the County shall fail to pay the principal of or interest on any Bond (including any Unremarketed Bond) when due;

(b) the County shall fail to pay any Obligation (other than the obligation to pay the principal of or interest on the Bonds or Unremarketed Bonds) when due and such failure shall continue for five (5) days;

(c) any representation or warranty made by or on behalf of the County in this Agreement or in any other Related Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(d) the County shall default in the due performance or observance of any of the covenants set forth in Section 6.01(a), 6.01(b), 6.01(c), 6.01(d), 6.03, 6.08, 6.12, 6.14, 6.15, 6.22, 6.24 or 6.26 hereof; or

(e) the County shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Related Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof;

(f) the County shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to

contest in good faith any appointment or proceeding described in Section 7.01(g) of this Agreement;

(g) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the County or any substantial part of the System, or a proceeding described in Section 7.01(g)(v) shall be instituted against the County and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of thirty (30) or more days;

(h) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed by the County or any Governmental Authority with appropriate jurisdiction on the repayment when due and payable of the principal of or interest on any Debt of the County secured by a pledge of the Revenue of the System;

(i) (i) any provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Bonds (including Unremarketed Bonds) or any other Junior Lien Obligations or (B) the validity or enforceability of the pledge of the Revenue of the System or any other pledge or security interest created by the Ordinance shall at any time for any reason cease to be valid and binding on the County as a result of a finding or ruling by a court or Governmental Authority with competent jurisdiction, or shall be declared, in a final nonappealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable; or

(ii) the validity or enforceability of any material provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Bonds (including Unremarketed Bonds) or any other Junior Lien Obligations, or (B) the validity or enforceability of the pledge of the Revenue of the System or any other pledge or security interest created by the Ordinance shall be publicly contested by the County; or

(iii) any other material provision of this Agreement or any other Related Document, other than a provision described in clause (i) above, shall at any time for any reason cease to be valid and binding on the County as a result of a ruling or finding by a court or a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the County;

(j) dissolution or termination of the existence of the County;

(k) the County shall (i) default on the payment of the principal of or interest on any Junior Lien Obligations, Parity Lien Obligations or Parity Bonds beyond the period of grace, if any, provided in the instrument or agreement under which such Junior Lien Obligations, Parity Lien Obligations or Parity Bonds was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Junior Lien Obligations, Parity Lien Obligations or Parity Bonds or contained in any

instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to cause (determined without regard to whether any notice is required) any such Junior Lien Obligations, Parity Lien Obligations or Parity Bonds to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Junior Lien Obligations, Parity Lien Obligations or Parity Bonds;

(l) the County shall (i) default on the payment of the principal of or interest on any Multi-Model LTGO/Sewer Revenue Bonds or Subordinate Lien Obligations aggregating in excess of \$5,000,000, beyond the period of grace, if any, provided in the instrument or agreement under which such Multi-Model LTGO/Sewer Revenue Bonds or Subordinate Lien Obligations were created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Multi-Model LTGO/Sewer Revenue Bonds or Subordinate Lien Obligations aggregating in excess of \$5,000,000, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Multi-Model LTGO/Sewer Revenue Bonds or Subordinate Lien Obligations to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Multi-Model LTGO/Sewer Revenue Bonds or Subordinate Lien Obligations;

(m) any final non-appealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, which are not covered in full by insurance (which may include the County's program of self-insurance), with written acknowledgement of such coverage having been provided to the Purchaser by the provider of such insurance coverage (or by the County, if self-insured), in an aggregate amount not less than \$10,000,000 shall be entered or filed against the System or against any of its Property and remain unvacated, unbonded or unstayed for a period of thirty (30) days;

(n) any "event of default" under any Related Document (as defined respectively therein) shall have occurred; or

(o) any of Fitch, Moody's and S&P shall have downgraded its long-term unenhanced rating of any Parity Bonds, Parity Lien Obligations or Junior Lien Obligations (to the extent any such Rating Agency then maintains such rating) to below "BBB" (or its equivalent), "Baa2" (or its equivalent), or "BBB" (or its equivalent) respectively, or suspended or withdrawn its rating of the same for credit-related reasons.

*Section 7.02. Consequences of an Event of Default.* If an Event of Default specified in Section 7.01 hereof shall occur and be continuing, the Purchaser may take one or more of the following actions at any time and from time to time (regardless of whether the actions are taken at the same or different times):

(a) (i) by written notice to the County, declare the outstanding amount of the Obligations under this Agreement to be immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue;

(ii) deliver a written notice to the County that an Event of Default has occurred and is continuing and direct the County, as applicable, to cause a mandatory tender of the Bonds or take such other remedial action as is provided for in the Ordinance;

(iii) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the County under the Related Documents, whether for specific performance of any agreement or covenant of the County or in aid of the execution of any power granted to the Purchaser in the Related Documents;

(iv) cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however,* that the Purchaser shall have no obligation to effect such a cure; and

(v) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents (other than as provided for in clause (ii) of this Section 7.02(a)) and as otherwise available at law and at equity.

(b) Notwithstanding the provisions of Section 7.02(a)(i) or 7.02(a)(ii), (x) the Purchaser shall not cause a mandatory tender of the Bonds as described in Section 7.02(a)(i) or 7.02(a)(ii) until seven (7) days after the occurrence of an Event of Default specified in Section 7.01(a), 7.01(f), 7.01(g), 7.01(h), 7.01(i)(i), 7.01(i)(ii), 7.01(j) or 7.01(k) and (y) the Purchaser shall notify the County of a mandatory tender at least thirty (30) days prior thereto in the case of any Event of Default not specified in the immediately preceding clause (x). Notwithstanding the foregoing sentence of this Section 7.02(b), if any other holder or credit enhancer of Debt secured by a pledge of Revenue of the System or any counterparty under any Swap Agreement related thereto causes any such Debt to become immediately due and payable, the Purchaser may immediately, without notice, avail itself of the remedies set forth in Section 7.02(a)(i) or 7.02(a)(ii) hereof and/or declare or cause to be declared the unpaid principal amount of all outstanding Bonds, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder to be immediately due and payable.

*Section 7.03. Remedies Cumulative; Solely for the Benefit of Purchaser.* To the extent permitted by, and subject to the mandatory requirements of, applicable Law, each and every right, power and remedy herein specifically given to the Purchaser in the Related Documents shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically herein given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Purchaser, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

The rights and remedies of the Purchaser specified herein are for the sole and exclusive benefit, use and protection of the Purchaser, and the Purchaser is entitled, but shall have no duty or obligation to the County, the Registrar or any other Person or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Purchaser hereunder or under any of the other Related Documents.

*Section 7.04. Waivers or Omissions.* No delay or omission by the Purchaser in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Purchaser or to be acquiescence therein. No express or implied waiver by the Purchaser of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default.

*Section 7.05. Discontinuance of Proceedings.* In case the Purchaser shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Purchaser shall have the unqualified right so to do and, in such event, the County and the Purchaser shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Purchaser hereunder shall continue as if the same had never been invoked.

## ARTICLE VIII

### INDEMNIFICATION

*Section 8.01. Indemnification.* In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the County hereby agrees (to the extent permitted by law) to indemnify and hold harmless each Bondholder or Credit Protection Provider and its officers, directors and agents (each, an "Indemnatee") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys' fees) which may incur or which may be claimed against an Indemnatee by any Person or entity whatsoever (collectively, the "Liabilities") by reason of or in connection with (a) the execution and delivery or transfer of, or payment or failure to pay under, any Related Document; (b) the issuance and sale of the Bonds; and (c) the use of the proceeds of the Bonds; *provided* that the County shall not be required to indemnify an Indemnatee for any claims, damages, losses, liabilities, costs or expenses to the

extent, but only to the extent, caused by the willful misconduct or negligence of such Indemnitee. If any proceeding shall be brought or threatened against an Indemnitee by reason of or in connection with the events described in clause (a), (b) or (c) as a condition of indemnity hereunder each Indemnitee shall promptly notify the County in writing and the County shall assume the defense thereof, including the employment of counsel satisfactory to such Indemnitee and the payment of all reasonable costs of litigation. Notwithstanding the preceding sentence, each Indemnitee shall have the right to employ its own counsel and to determine its own defense of such action in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnitee unless (i) the employment of such counsel shall have been authorized in writing by the County, or (ii) the County, after due notice of the action, shall not have employed counsel satisfactory to such Indemnitee to have charge of such defense, in either of which events the reasonable fees and expenses of counsel for such Indemnitee shall be borne by the County. The County shall not be liable for any settlement of any such action effected without its consent. Notwithstanding the foregoing, in no event shall the County be required to pay any subsequent Bondholder or Credit Protection Provider, any amount pursuant to this Section 8.01 in excess of the amount the County would have paid to the Purchaser if the Purchaser had not assigned, sold, transferred or granted a participation in the Bonds pursuant to Section 9.12 hereof. Nothing under this Section 8.01 is intended to limit the County's payment of the Obligations.

*Section 8.02. Survival.* The obligations of the County under this Article VIII shall survive the payment of the Bonds and the termination of this Agreement.

## ARTICLE IX

### MISCELLANEOUS

*Section 9.01. Patriot Act Notice.* The Purchaser hereby notifies the County that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the County, which information includes the name and address of the County and other information that will allow the Purchaser to identify the County in accordance with the Patriot Act. The County hereby agrees that it shall promptly provide such information upon request by the Purchaser.

*Section 9.02. Further Assurances.* From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its rights hereunder or thereunder. At any time, and from time to time, upon request by the Purchaser, the County will, at the County's expense, correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents. Upon any failure by the County to do so, the Purchaser may make, execute and record any and all such instruments, certificates and other documents for and in the name of the County, all at the sole expense of the County, and the County hereby appoints the Purchaser, the agent and attorney-in-fact of the County to do so, this appointment being coupled with an interest and being irrevocable. In addition, at any time, and from time to time, upon request by the Purchaser, the County will, at

the County's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Purchaser, be necessary or desirable in order to verify the County's identity and background in a manner satisfactory to the Purchaser, as the case may be.

*Section 9.03. Amendments and Waivers; Enforcement.* The Purchaser and the County may from time to time enter into agreements amending, modifying or supplementing this Agreement or the other Related Documents or changing the rights of the Purchaser or the County hereunder or thereunder, and the Purchaser may from time to time grant waivers or consents to a departure from the due performance of the obligations of the County hereunder or thereunder. Any such agreement, waiver or consent must be in writing and shall be effective only to the extent specifically set forth in such writing. In the case of any such waiver or consent relating to any provision hereof, any Default or Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Default or Event of Default or impair any right consequent thereto.

*Section 9.04. No Implied Waiver; Cumulative Remedies.* No course of dealing and no delay or failure of the Purchaser in exercising any right, power or privilege under this Agreement or the other Related Documents shall affect any other or future exercise thereof or exercise of any right, power or privilege; nor shall any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies of the Purchaser under this Agreement are cumulative and not exclusive of any rights or remedies which the Purchaser would otherwise have under any Related Document, at law or in equity.

*Section 9.05. Notices.* All notices, requests, demands, directions and other communications (collectively "notices") under the provisions of this Agreement shall be in writing (including facsimile communication), unless otherwise expressly permitted hereunder, and shall be sent by first-class mail or overnight delivery and shall be deemed received as follows: (i) if by first class mail, five (5) days after mailing; (ii) if by overnight delivery, on the next Business Day; (iii) if by telephone, when given to a person who confirms such receipt; and (iv) if by facsimile, when confirmation of receipt is obtained. All notices shall be sent to the applicable party at the following address or in accordance with the last unrevoked written direction from such party to the other parties hereto:

The County:

King County  
Department of Finance  
500 Fourth Avenue, 6th Floor  
Seattle, Washington 98104-1598  
Attention: Nigel Lewis  
Facsimile: (206) 296-7345  
Telephone: (206) 296-1168



The Purchaser: Wells Fargo Municipal Capital Strategies, LLC  
375 Park Avenue  
New York, New York 10152  
Attention: Adam Joseph  
Telephone: (212) 214-5502

with a copy to: Wells Fargo Bank, National Association  
999 3rd Avenue, 47th Floor  
Seattle, Washington 98104-4019  
Attention: Brennan Church  
Facsimile: (855) 207-1921  
Telephone: (206) 292-3365

with a further copy to: Wells Fargo Bank, National Association  
999 3rd Avenue, 47th Floor  
Seattle, Washington 98104-4019  
Attention: Mitchell Kodama  
Facsimile: (206) 292-3468  
Telephone: (206) 292-3653

The Registrar: The Bank of New York Mellon  
101 Barclay Street, 7W  
New York, New York 10286  
Attention: Corporate Trust Registrar Administration  
Facsimile: ( ) -  
Telephone: ( ) -

The Purchaser may rely on any notice (including telephone communication) purportedly made by or on behalf of the other, and shall have no duty to verify the identity or authority of the Person giving such notice, unless such actions or omissions would amount to gross negligence or intentional misconduct.

*Section 9.06. No Third-Party Rights.* Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto and the Bondholders any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

*Section 9.07. Severability.* The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

*Section 9.08. Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.*

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS (OTHER THAN NEW YORK GENERAL OBLIGATIONS LAWS 5-1401 AND 5-1402); *PROVIDED, HOWEVER*, THE DUTIES, OBLIGATIONS AND AUTHORITY OF THE COUNTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF WASHINGTON.

(b) EACH PARTY HERETO CONSENTS TO AND SUBMITS TO IN PERSONAM JURISDICTION AND VENUE IN THE STATE OF WASHINGTON AND IN THE FEDERAL DISTRICT COURT FOR THE WESTERN DISTRICT OF WASHINGTON, WHICH ARE LOCATED IN KING COUNTY, WASHINGTON. EACH PARTY ASSERTS THAT IT HAS PURPOSEFULLY AVAILED ITSELF OF THE BENEFITS OF THE LAWS OF THE STATE OF WASHINGTON AND WAIVES ANY OBJECTION TO IN PERSONAM JURISDICTION ON THE GROUNDS OF MINIMUM CONTACTS, WAIVES ANY OBJECTION TO VENUE, AND WAIVES ANY PLEA OF FORUM NON CONVENIENS. THIS CONSENT TO AND SUBMISSION TO JURISDICTION IS WITH REGARD TO ANY ACTION RELATED TO THIS AGREEMENT. REGARDLESS OF WHETHER THE PARTY'S ACTIONS TOOK PLACE IN THE STATE OF WASHINGTON OR ELSEWHERE IN THE UNITED STATES, THIS SUBMISSION TO JURISDICTION IS NONEXCLUSIVE, AND DOES NOT PRECLUDE EITHER PARTY FROM OBTAINING JURISDICTION OVER THE OTHER IN ANY COURT OTHERWISE HAVING JURISDICTION.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE RELATED DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

(d) The covenants and waivers made pursuant to this Section 9.08 shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

*Section 9.09. Prior Understandings.* This Agreement and the other Related Documents supersede all other prior understandings and agreements, whether written or oral, among the parties hereto relating to the transactions provided for herein and therein.

*Section 9.10. Duration.* All representations and warranties of the County contained herein or made in connection herewith shall survive the making of and shall not be waived by the execution and delivery of this Agreement or the other Related Documents. All covenants and agreements of the County contained herein shall continue in full force and effect from and after the date hereof until the Obligations have been fully discharged.

*Section 9.11. Counterparts.* This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

Section 9.12. *Successors and Assigns.*

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the County, its successors, transferees and assigns and shall inure to the benefit of the Bondholders and their respective permitted successors, transferees and assigns. The County may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Purchaser. Each Bondholder may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Bonds and the Related Documents in accordance with the provisions of paragraph (b) or (c) of this Section. Each Bondholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Bondholder may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section. Wells Fargo Municipal Capital Strategies, LLC shall be the Purchaser hereunder notwithstanding the sale or transfer of any Bond to a Non-Purchaser Transferee as herein provided.

(b) *Sales and Transfers by Bondholder to a Purchaser Transferee.* Without limitation of the foregoing paragraph (a), a Bondholder may at any time sell or otherwise transfer to one or more transferees all or a portion of the Bonds to a Person that is (i) a Purchaser Affiliate or (ii) a trust or other custodial arrangement established by the Purchaser or a Purchaser Affiliate, the owners of any beneficial interest in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “1933 Act”) (each, a “Purchaser Transferee”). From and after the date of such sale or transfer, Wells Fargo Municipal Capital Strategies, LLC (and its successors) shall continue to have all of the rights of the Purchaser hereunder and under the other Related Documents as if no such transfer or sale had occurred; *provided, however,* that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Purchaser hereunder, (B) the County and the Registrar shall be required to deal only with the Purchaser with respect to any matters under this Agreement and (C) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Purchaser shall be entitled to enforce the provisions of this Agreement against the County.

(c) *Sales and Transfers by Bondholder to a Non-Purchaser Transferee.* Without limitation of the foregoing paragraphs (a) or (b), a Bondholder may at any time sell or otherwise transfer to one or more transferees which are not Purchaser Transferees but each of which constitutes (i) a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act and (ii) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, determined as of the date of any transfer pursuant to this clause (c), of not less than \$5,000,000,000 (each a “Non-Purchaser Transferee”) all or a portion of the Bonds if (A) written notice of such sale or transfer, including that such sale or transfer is to a Non-Purchaser Transferee, together with addresses and related information with respect to the Non-Purchaser Transferee, shall have been given to the County, the Registrar and the Purchaser (if different from the Bondholder) by such selling Bondholder and Non-Purchaser Transferee,

and (B) the Non-Purchaser Transferee shall have delivered to the County, the Registrar and the selling Bondholder, an Investor Letter.

From and after the date the County, the Registrar and the selling Bondholder have received written notice and an executed Investor Letter, (A) the Non-Purchaser Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Bondholder hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Purchaser Transferee, and any reference to the assigning Bondholder hereunder and under the other Related Documents shall thereafter refer to such transferring Bondholder and to the Non-Purchaser Transferee to the extent of their respective interests, and (B) if the transferring Bondholder no longer owns any Bonds, then it shall relinquish its rights and be released from its obligations under this Agreement and the other Related Documents; *provided, however*, that (1) the County and the Registrar shall be required to deal only with the Purchaser with respect to any matters under this Agreement; (2) only the Purchaser shall be entitled to enforce the provisions of this Agreement against the County and (3) in the event the Purchaser, any Purchaser Transferee or any combination thereof ceases to be the owner of a majority of the aggregate principal amount of the Bonds, no Non-Purchaser Transferee shall constitute a Bondholder hereunder or have the benefits of the terms and provisions of this Agreement except to the extent necessary to give meaning and effect to the provisions of the Ordinance.

(d) *Participations.* The Purchaser shall have the right to grant participations in all or a portion of the Purchaser's interest in the Bonds, this Agreement and the other Related Documents to one or more other banking institutions; *provided, however*, that (i) no such participation by any such participant shall in any way affect the obligations of the Purchaser hereunder and (ii) the County and the Registrar shall be required to deal only with the Purchaser, with respect to any matters under this Agreement, the Bonds and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the County.

(e) *Certain Pledges.* The Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under the Bonds, this Agreement and the Related Documents to secure obligations of the Purchaser, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or assignee for the Purchaser as a party hereto.

*Section 9.13. Headings.* Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

*Section 9.14. Acknowledge and Appointment as the Calculation Agent.* The Purchaser hereby acknowledges and accepts its appointment as Calculation Agent during the Initial Period pursuant to the Ordinance and acknowledges, accepts and agrees to all the duties and obligations of the Calculation Agent set forth in the Ordinance.

*Section 9.15. Electronic Signatures.* The parties agree that any electronically signed document (other than this Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the Effective Date.

WELLS FARGO MUNICIPAL CAPITAL  
STRATEGIES, LLC

By \_\_\_\_\_  
Name: Kristina Eng  
Title: Vice President

KING COUNTY, WASHINGTON

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT A

### FORM OF NO DEFAULT CERTIFICATE

This No Default Certificate (this "*Certificate*") is furnished to Wells Fargo Municipal Capital Strategies, LLC (the "*Purchaser*") pursuant to that certain Continuing Covenant Agreement dated December \_\_, 2012 (the "*Agreement*"), between King County, Washington (the "*County*") and Purchaser. Unless otherwise defined herein, the terms used in this Certificate shall have the meanings assigned thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly appointed \_\_\_\_\_ of the County;

2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the County during the accounting period covered by the attached financial statements;

3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or the occurrence of any event which constitutes a Default or an Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below;

4. The representations and warranties of the County contained in the Agreement are true, complete and correct as of the date of this certificate, as if made on the date of this certificate;

5. The County is in compliance with the terms and provisions of the Ordinance; and

6. The Attachment hereto sets forth financial data and computations evidencing the County's current compliance with the covenants set forth in Section 5.1(b) of the Ordinance all of which data and computations are, to the best of my knowledge, true, complete and correct and have been made in accordance with the relevant Sections and definitions of the Ordinance.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the County has taken, is taking, or proposes to take with respect to each such condition or event:

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The foregoing certifications and the financial statements delivered with this Certificate in support hereof, are made and delivered this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

KING COUNTY, WASHINGTON

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**ATTACHMENT TO NO DEFAULT CERTIFICATE**

**COMPLIANCE CALCULATIONS FOR CONTINUING COVENANT AGREEMENT**

Dated as of December \_\_, 2012

Calculations as of \_\_\_\_\_, 20\_\_

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## EXHIBIT B

### FORM OF INVESTOR LETTER

December \_\_, 2012

King County, Washington  
Department of Finance  
500 Fourth Avenue, 6th Floor  
Seattle, Washington 98104-1598

Re: \$100,000,000  
King County, Washington  
Junior Lien Variable Rate Demand  
Sewer Revenue Bonds, Series 2012

Ladies and Gentlemen:

This letter is to provide you with certain representations and agreements with respect to our purchase of all of the above-referenced bonds (the "*Bonds*"), dated their date of issuance. The Bonds were issued by King County, Washington (the "*County*") under and secured in the manner set forth pursuant to Ordinance [\_\_\_] passed on [November \_\_, 2012] (as the same may be amended, modified or restated, the "*Ordinance*"). Wells Fargo Municipal Capital Strategies, LLC (the "*Purchaser*," the "*undersigned*," "*us*" or "*we*," as applicable) is purchasing the Bonds pursuant to a Continuing Covenant Agreement dated December \_\_, 2012, between the County and the Purchaser. We hereby represent and warrant to you and agree with you as follows:

1. We understand that the Bonds have not been registered pursuant to the Securities Act of 1933, as amended (the "*1933 Act*"), the securities laws of any state nor has the Ordinance been qualified pursuant to the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions set forth therein. We acknowledge that the Bonds (i) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (ii) will not be listed on any securities exchange, and (iii) will not carry a rating from any rating service.

2. We have not offered, offered to sell, offered for sale or sold any of the Bonds by means of any form of general solicitation or general advertising, and we are not an underwriter of the Bonds within the meaning of Section 2(11) of the 1933 Act.

3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Bonds.

4. We have authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the purchaser in connection with the purchase of the Bonds.

5. The undersigned is a duly appointed, qualified and acting representative of the Purchaser and is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

6. The Purchaser is a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act.

7. The undersigned understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to the Bonds. The undersigned has made its own inquiry and analysis with respect to the County, the Bonds and the security therefor, and other material factors affecting the security for and payment of the Bonds.

8. The undersigned understands that the Bonds are exempt from the ongoing disclosure requirements of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

9. The undersigned acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, regarding the County, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the County, the Bonds and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase the Bonds.

10. The Bonds are being acquired by the Purchaser for investment for its own account and not with a present view toward resale or distribution; *provided, however*, that the Purchaser reserves the right to sell, transfer or redistribute the Bonds, but agrees that any such sale, transfer or distribution by the Purchaser shall be to a Person:

(a) that is an affiliate of the Purchaser;

(b) that is a trust or other custodial arrangement established by the Purchaser or one of its affiliates, the owners of any beneficial interest in which are limited to qualified institution buyers; or

(c) that the Purchaser reasonably believes to be a qualified institutional buyer and a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any case, having a combined capital and

surplus of not less than \$5,000,000,000 as of the date of such sale, transfer or distribution who executes an investor letter substantially in the form of this letter.

Very truly yours,

WELLS FARGO MUNICIPAL CAPITAL  
STRATEGIES, LLC

By: \_\_\_\_\_

Name: Kristina Eng

Title: Vice President