



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**June 4, 2013**

**Ordinance 17599**

**Proposed No. 2013-0218.1**

**Sponsors McDermott and Phillips**

1           AN ORDINANCE providing long-term financing for  
2           capital needs of the county's sewer system by authorizing  
3           the issuance of sewer revenue bonds and limited tax  
4           general obligation bonds (payable from sewer revenues) of  
5           the county in an aggregate principal amount not to exceed  
6           \$300,000,000 to provide funds for acquiring and  
7           constructing improvements to the sewer system and an  
8           aggregate principal amount not to exceed \$950,000,000 for  
9           refunding outstanding bonds of the county payable from  
10          sewer revenues; providing for the form, terms and  
11          covenants of such bonds; providing for the sale of the  
12          bonds in one or more series and for a plan of refunding;  
13          establishing funds for the receipt and expenditure of bond  
14          proceeds and for the payment of the bonds; pledging sewer  
15          revenues to pay the principal of and interest on any sewer  
16          revenue bonds issued under this ordinance; and pledging  
17          the annual levy of taxes and an additional pledge of sewer  
18          revenues to pay the principal of and interest on any limited

19 tax general obligation bonds (payable from sewer revenues)  
20 issued under this ordinance.

21 PREAMBLE:

22 The county owns and operates facilities for the conveyance and treatment  
23 of sewage and control of combined sewer overflows that include, but are  
24 not limited to, wastewater treatment plants, interceptor and trunk sewers,  
25 pumping stations, regulator stations, outfall sewers, storm sewers to divert  
26 stormwater from sanitary sewers, lands for application of biosolids,  
27 property rights, and buildings and other structures and equipment  
28 (collectively "the Sewer System" or "the System"), all in accordance with  
29 a comprehensive plan for metropolitan water pollution abatement under  
30 the authority of chapters 36.56 and 35.58 of the Revised Code of  
31 Washington ("RCW").

32 Long term service agreements with participating municipalities and other  
33 entities ("the Participants") obligate the county to treat and dispose of  
34 sewage collected by the Participants. The Participants must pay the costs  
35 of these services including debt service on bonds payable from sewer  
36 revenues (including the bonds authorized by this ordinance) and other  
37 indebtedness payable from and secured by sewer revenues. Comparable  
38 rates and charge have been established for customers who deliver sewage  
39 to the System but are not subject to a contract with the county for this  
40 service.

41 In accordance with RCW 35.58.200(3), the county has declared that the  
 42 health, safety and welfare of people within the metropolitan area require  
 43 that certain Participants discharge sewage collected by those Participants  
 44 into facilities of the System.

45 The county has issued the following series of sewer revenue bonds with a  
 46 senior lien on revenues of the Sewer System (the "Parity Bonds"):

<b>Designation</b>	<b>Ord</b>	<b>Date of Issue</b>	<b>Original Principal</b>	<b>Outstanding Principal (as of 5/1/2013)</b>
2004B Bonds	14753	3/18/2004	\$ 61,760,000	\$ 51,035,000
2006 Bonds	15385	5/16/2006	124,070,000	84,520,000
2006 (2nd) Bonds	15385	11/30/2006	193,435,000	176,185,000
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	248,670,000
2010 Bonds	16868	7/29/2010	334,365,000	330,435,000
2011 Bonds	16868	1/25/2011	175,000,000	175,000,000
2011B Bonds	17111	10/5/2011	494,270,000	463,030,000
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
2013A Bonds	17111	4/9/2013	122,895,000	122,895,000

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

<b>Designation</b>	<b>Ord</b>	<b>Date of Issue</b>	<b>Original Principal</b>	<b>Outstanding Principal (as of 5/1/2013)</b>
Series 2008	15779	2/12/2008	\$ 236,950,000	\$ 222,360,000
Series 2009	16133	4/8/2009	300,000,000	300,000,000
Series 2012	17111	4/18/2012	68,395,000	67,755,000
Series 2012B	17111	8/2/2012	41,725,000	41,725,000
Series 2012C	17111	9/19/2012	53,405,000	53,405,000

51 The county may have opportunities to refund all or portions of the  
 52 currently outstanding Parity Bonds and Parity Lien Obligations (the  
 53 "Refunding Candidates") and thereby realize savings to the county and  
 54 ratepayers of the Sewer System. It is deemed necessary and advisable that  
 55 the county authorize the issuance and sale of not to exceed \$950,000,000  
 56 principal amount of its bonds payable from sewer revenues (the

57 "Refunding Bonds") for such refunding opportunities, as provided in this  
58 ordinance.

59 It is deemed necessary and desirable that the county also authorize the  
60 issuance and sale of its bonds payable from sewer revenues in the  
61 aggregate principal amount of \$300,000,000 (the "Project Bonds") to pay  
62 costs of capital improvements to the System, in accordance with the  
63 comprehensive plan.

64 Since market conditions can change quickly, it is in the best interest of the  
65 county to delegate to the county's Finance Director authority to sell the  
66 Refunding Bonds and the Project Bonds in one or more series, as either  
67 Parity Bonds or Parity Lien Obligations, or a combination thereof, by  
68 competitive bid or negotiated sale, as provided in this ordinance, so long  
69 as the aggregate principal amount of Project Bonds does not exceed  
70 \$300,000,000 and the aggregate principal amount of Refunding Bonds  
71 does not exceed \$950,000,000. The sale of any Series of the Bonds will be  
72 ratified and confirmed by motion of the council, as provided in this  
73 ordinance.

74 The ordinances authorizing the issuance of the outstanding Parity Bonds  
75 and Parity Lien Obligations all provide that the county may issue  
76 additional Parity Bonds and additional Parity Lien Obligations if certain  
77 conditions are met. By each Sale Motion the county council must find that  
78 the applicable parity conditions have been or will be met for each series of  
79 Bonds issued under this ordinance.

80 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

81 SECTION 1. Definitions; Interpretation.

82 A. Definitions. The following words and terms as used in this ordinance have  
83 the following meanings for all purposes of this ordinance, unless some other meaning is  
84 plainly intended.

85 "Accreted Value" means for any Parity Bonds that are Capital Appreciation  
86 Bonds, as of any date of calculation, the sum of the amounts set forth in the ordinance,  
87 resolution or motion authorizing such bonds as the amounts representing the initial  
88 principal amount of such bonds plus the interest accumulated, compounded and unpaid  
89 thereon as of the most recent compounding date, as provided in the ordinance, resolution  
90 or motion authorizing the issuance of such bonds; provided that if such calculation is not  
91 made as of a compounding date, such amount shall be determined by straight-line  
92 interpolation as of the immediately preceding and the immediately succeeding  
93 compounding dates.

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

98 "Agency Customer" means any city, town, water-sewer district or other political  
99 subdivision, person, firm, private corporation or other entity that collects sewage from  
100 customers and disposes of any portion of that sewage into the Metropolitan Sewerage  
101 System and is not a Participant.

102 "Annual Debt Service" means, for any calendar year, the sum of the following:

103                   (1)     The interest due for all outstanding Parity Bonds and Parity Lien  
104 Obligations (i) on all interest payment dates (other than January 1) in such calendar year,  
105 and (ii) on January 1 of the next succeeding year, and any Payment Agreement Payments  
106 due on such dates in respect of any Parity Payment Agreements and Parity Lien  
107 Obligation Payment Agreements, minus any Payment Agreement Receipts due in such  
108 period in respect of any Parity Payment Agreements and Parity Lien Obligation Payment  
109 Agreements.

110                                 (i)     For purposes of calculating the amounts required to pay  
111 interest on Parity Bonds or Parity Lien Obligations, capitalized interest and accrued  
112 interest paid to the county upon the issuance of Parity Bonds or Parity Lien Obligations  
113 shall be excluded.

114                                 (ii)    The amount of interest deemed to be payable on any issue  
115 of Variable Rate Parity Bonds or Variable Rate Parity Lien Obligations shall be  
116 calculated on the assumption that the interest rate on those bonds would be equal to the  
117 rate (the "assumed RBI rate") that is 90% of the average Bond Buyer Revenue Bond  
118 Index or comparable index during the fiscal quarter preceding the quarter in which the  
119 calculation is made; provided, however, that for purposes of determining actual  
120 compliance in any past calendar year with the rate covenant made in Section 18 of this  
121 ordinance, the actual amount of interest paid on any issue of Variable Rate Parity Bonds  
122 or Parity Lien Obligations shall be taken into account.

123                   (2)     The principal due (at maturity or upon the mandatory redemption  
124 of Term Bonds prior to their maturity) for all outstanding Parity Bonds and Parity Lien

125 Obligations (i) on all principal payment dates (other than January 1) of such calendar year  
126 and (ii) on January 1 of the next succeeding year.

127 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or  
128 upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation  
129 Bonds shall be included in the calculation of Annual Debt Service, and references in this  
130 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or  
131 upon the mandatory redemption of any Capital Appreciation Bonds.

132 Notwithstanding the foregoing, debt service on Parity Bonds or Parity Lien  
133 Obligations with respect to which a Payment Agreement is in force shall be calculated by  
134 the county to reflect the net economic effect on the county intended to be produced by the  
135 terms of the Parity Bonds or Parity Lien Obligations and the terms of the applicable  
136 Payment Agreement, in accordance with the requirements for Payment Agreements set  
137 forth in Section 27 of this ordinance and any other applicable requirements from the  
138 ordinances authorizing issuance of such Parity Bonds or Parity Lien Obligations.

139 From and after the date when no Series 2008 Bonds or Series 2009 Bonds remain  
140 outstanding, for purposes of satisfying the rate covenant in Section 18.B and the tests for  
141 the issuance of additional Parity Lien Obligations in Section 25, Annual Debt Service for  
142 any Fiscal Year or calendar year shall exclude any Debt Service Offsets.

143 "Annual Parity Debt Service" means, for any calendar year, the sum of the  
144 following:

145 (1) The interest due for all outstanding Parity Bonds (i) on all interest  
146 payment dates (other than January 1) in such calendar year, and (ii) on January 1 of the  
147 next succeeding year, and any Payment Agreement Payments due on such dates in



148 respect of Parity Payment Agreements, minus any Payment Agreement Receipts due in  
149 such period in respect of such Parity Payment Agreements.

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

153 (ii) The amount of interest deemed to be payable on any issue  
154 of Variable Rate Parity Bonds shall be calculated on the assumption that the interest rate  
155 on those bonds would be equal to the rate (the "assumed RBI rate") that is 90% of the  
156 average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter  
157 preceding the quarter in which the calculation is made; provided, however, that for  
158 purposes of determining actual compliance in any past calendar year with the rate  
159 covenant made in Section 18 of this ordinance, the actual amount of interest paid on any  
160 issue of Variable Rate Parity Bonds shall be taken into account.

161 (2) The principal due (at maturity or upon the mandatory redemption  
162 of Term Bonds prior to their maturity) for all outstanding Parity Bonds (i) on all principal  
163 payment dates (other than January 1) of such calendar year and (ii) on January 1 of the  
164 next succeeding year.

165 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or  
166 upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation  
167 Bonds shall be included in the calculation of Annual Debt Service, and references in this  
168 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or  
169 upon the mandatory redemption of any Capital Appreciation Bonds.

170 Notwithstanding the foregoing, debt service on Parity Bonds with respect to  
171 which a Payment Agreement is in force shall be calculated by the county to reflect the net  
172 economic effect of the terms of the Parity Bonds and the applicable Payment Agreement,  
173 in accordance with the requirements set forth in Section 27 of this ordinance and any  
174 other applicable requirements from the ordinances authorizing issuance of such Parity  
175 Bonds.

176 From and after the date when no 2004B Bonds, 2006 Bonds, 2006 (2nd) Bonds,  
177 2007 Bonds, 2008 Bonds, or 2009 Bonds remain outstanding, for purposes of calculating  
178 the Reserve Requirement and satisfying the rate covenant in Section 18.A and the tests  
179 for the issuance of Future Parity Bonds in Section 24, Annual Parity Debt Service for any  
180 Fiscal Year or calendar year shall exclude any Debt Service Offsets.

181 "Bank Note" means the bank note authorized to be issued by Ordinance No.  
182 12057 of the county, as amended, to secure payment of the Commercial Paper Notes.

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

185 "Bond Registrar" means the fiscal agency of the State of Washington in Seattle,  
186 Washington, or New York, New York, for the purposes of registering and authenticating  
187 the Bonds, maintaining the Bond Register, effecting the transfer of ownership of the  
188 Bonds and paying the principal of and interest and redemption premium, if any, on the  
189 Bonds.

190 "Bonds" means all or a portion of the Project Bonds or the Refunding Bonds  
191 issued pursuant to this ordinance.

192 "Capital Appreciation Bonds" means any Parity Bonds the interest on which is  
193 compounded, accumulated and payable only upon redemption or on the maturity date of  
194 such Parity Bonds; provided, however, that Parity Bonds may be deemed to be Capital  
195 Appreciation Bonds for only a portion of their term pursuant to the ordinance, resolution  
196 or motion authorizing their issuance. On the date on which Parity Bonds no longer are  
197 Capital Appreciation Bonds, they shall be deemed outstanding in a principal amount  
198 equal to their Accreted Value.

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

202 "Closing" means the delivery of a series of the Bonds to, and payment of the  
203 purchase price therefor by, the initial purchasers of that series of Bonds.

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

208 "Commercial Paper Notes" means the King County, Washington, Sewer Revenue  
209 Bond Anticipation Notes, Commercial Paper Series A, authorized, issued, and  
210 outstanding from time to time pursuant to Ordinance No. 12057 of the county, as  
211 amended.

212 "Commission" means the United States Securities and Exchange Commission.

213 "Comprehensive Plan" means the county's comprehensive water pollution  
214 abatement plan authorized by RCW 35.58.200 and defined in Section 28.82.150 of the

215 King County Code as the Comprehensive Sewage Disposal Plan adopted by Resolution  
216 No. 23 of the Metro Council on April 22, 1959, and all amendments thereto, together  
217 with any amendments hereafter approved by ordinance of the county.

218 "Construction Account" means the "Second Water Quality Construction  
219 Account," as designated by Section 30 of Ordinance No. 12076 of the county.

220 "Credit Facility" means any letter of credit, standby bond purchase agreement,  
221 line of credit, surety bond, insurance policy or other insurance commitment or similar  
222 agreement (but not including a Payment Agreement), satisfactory to the county, that is  
223 provided by a commercial bank, insurance company or other financial institution with a  
224 current long term rating (or whose obligations thereunder are guaranteed by a financial  
225 institution with a long term rating): (i) from Moody's and S&P not lower, when issued,  
226 than the credit rating of any series of Parity Bonds, to provide support for a series of  
227 Parity Bonds, and shall include any substitute therefor in accordance with the provisions  
228 of the ordinance providing for the issuance of Parity Bonds supported by a Credit  
229 Facility, or (ii) from Fitch, Moody's and S&P not lower, when issued, than the credit  
230 rating of any series of Parity Lien Obligations, to provide support for a series of Parity  
231 Lien Obligations (including Variable Rate Parity Lien Obligations), and shall include any  
232 substitute therefor in accordance with the provisions of the ordinance providing for the  
233 issuance of Parity Lien Obligations supported by a Credit Facility.

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

236 "Debt Service Offset" means receipts of the county, including but not limited to  
237 federal interest subsidy payments, designated as such by the county that are not included

238 in Revenue of the System and that are legally available to pay debt service on Parity  
239 Bonds, Parity Lien Obligations or other obligations of the county payable from and  
240 secured by a pledge of Revenue of the System.

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

242 "Escrow Agent" means each corporate trustee chosen pursuant to the provisions  
243 of section 16 of this ordinance to serve as escrow agent in connection with the refunding  
244 of Refunded Bonds upon the issuance of any series of Refunding Bonds.

245 "Finance Director" means the director of the finance and business operations  
246 division of the county or his or her designee, or the successor to the duties of such office.

247 "Fitch" means Fitch Inc., and its successors and assigns, except that if that  
248 corporation is dissolved or liquidated or no longer performs the functions of a securities  
249 rating agency, then the term "Fitch" shall be deemed to refer to any other nationally  
250 recognized securities rating agency selected by the county.

251 "Future Parity Bonds" means any sewer revenue bonds, warrants or other  
252 obligations that may be issued in the future with a lien on Revenue of the System equal to  
253 the lien thereon of the Parity Bonds.

254 "Government Obligations" means those obligations now or hereafter defined as  
255 such in chapter 39.53 RCW, as now in existence or hereafter amended or restated.

256 "Junior Lien Obligations" means the county's (i) Junior Lien Variable Rate  
257 Demand Sewer Revenue Bonds, Series 2001A and Series 2001B, dated August 15, 2001,  
258 authorized by Ordinances 14171 and 14172, (ii) Junior Lien Variable Rate Demand  
259 Sewer Revenue Bond, Series 2011, dated October 26, 2011, authorized by Ordinance  
260 17202, (iii) Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, dated

261 December 27, 2012, authorized by Ordinance 17495, and (iv) any other revenue bonds or  
262 revenue obligations having a lien on Revenue of the System equal to the lien thereon of  
263 such bonds.

264 "Moody's" means Moody's Investors Service, a corporation duly organized and  
265 existing under and by virtue of the laws of the State of Delaware, and its successors and  
266 assigns, except that if that corporation is dissolved or liquidated or no longer performs the  
267 functions of a securities rating agency, then the term "Moody's" will be deemed to refer  
268 to any other nationally recognized securities rating agency selected by the county.

269 "MSRB" means the Municipal Securities Rulemaking Board or any successor to  
270 its functions.

271 "Multi-Modal LTGO/Sewer Revenue Bonds" means the county's Multi-Modal  
272 Limited Tax General Obligation Bonds (Payable from Sewer Revenue), Series 2010A  
273 and Series 2010B Bonds, and any additional limited tax general obligation bonds of the  
274 county payable from Revenue of the System and having the same lien on that revenue as  
275 those bonds.

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

278 "Operating and Maintenance Expenses" means all normal expenses incurred by  
279 the county in causing the System to be maintained in good repair, working order and  
280 condition and includes payments to any private or governmental agency for the operation  
281 or maintenance of facilities or for the disposal of sewage but excludes any allowance for  
282 depreciation.

283 "Parity Bond Fund" means the "Water Quality Revenue Bond Account"  
284 designated pursuant to Section 30 of Ordinance No. 12076 of the county and continued  
285 pursuant to Section 9 of this ordinance for the purpose of paying and securing the  
286 payment of the Parity Bonds.

287 "Parity Bond Reserve Account" means the bond reserve account in the Parity  
288 Bond Fund securing the payment of the Parity Bonds.

289 "Parity Bonds" means the bonds identified as such in the Preamble to this  
290 ordinance, together with (i) any Bonds issued under this ordinance with a lien on  
291 Revenue of the System equal to the lien thereon of those bonds and (ii) any Future Parity  
292 Bonds. "Parity Bonds" include any Parity Payment Agreements and parity reimbursement  
293 agreements entered into with the provider of a Credit Facility securing any Parity Bonds.

294 "Parity Lien Obligation Bond Fund" means the Water Quality Limited Tax  
295 General Obligation Bond Redemption Fund, established pursuant to Section 8 of  
296 Ordinance 11241 of the county and continued pursuant to Section 10 of this ordinance, to  
297 provide for payment of Parity Lien Obligations.

298 "Parity Lien Obligation Payment Agreement" means a Payment Agreement under  
299 which the county's payment obligations are expressly stated to constitute a charge and  
300 lien on Revenue of the System equal in rank with the charge and lien upon that revenue  
301 securing amounts required to be paid into the Parity Lien Obligation Bond Fund to pay  
302 and secure the payment of principal of and interest on the Parity Lien Obligations.

303 "Parity Lien Obligation Term Bonds" means Parity Lien Obligations that are  
304 Term Bonds.

305 "Parity Lien Obligations" means bonds identified as such in the Preamble to this  
306 ordinance, together with (i) any Bonds issued under this ordinance with a lien on  
307 Revenue of the System equal to the lien thereon of those bonds and (ii) any future Parity  
308 Lien Obligations. "Parity Lien Obligations" include any Parity Lien Obligation Payment  
309 Agreements and parity reimbursement agreements entered into with the provider of a  
310 Credit Facility securing any Parity Lien Obligations.

311 "Parity Payment Agreement" means a Payment Agreement under which the  
312 county's payment obligations are expressly stated to constitute a charge and lien on  
313 Revenue of the System equal in rank with the charge and lien on that revenue securing  
314 amounts required to be paid into the Parity Bond Fund to pay and secure the payment of  
315 principal of and interest on the Parity Bonds.

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

317 "Participant" means each city, town, county, water-sewer district, municipal  
318 corporation, person, firm, private corporation or other entity that disposes of any portion  
319 of its sanitary sewage into the Sewer System and has entered into a Service Agreement  
320 with the county.

321 "Payment Agreement" means, to the extent permitted from time to time by  
322 applicable law, a written agreement entered into by the county (i) in connection with or  
323 incidental to the issuance, incurring or carrying of bonds or other obligations of the  
324 county secured in whole or in part by a lien on Revenue of the System; (ii) for the  
325 purpose of managing or reducing the county's exposure to fluctuations or levels of  
326 interest rates, currencies or commodities or for other interest rate, investment, asset or  
327 liability management purposes; (iii) with a Qualified Counterparty; and (iv) which



328 provides, on either a current or forward basis, for an exchange of payments determined in  
329 accordance with a formula specified therein.

330 "Payment Agreement Payments" means the amounts periodically required to be  
331 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The  
332 term "Payment Agreement Payments" does not include any termination payment required  
333 to be paid with respect to a Payment Agreement.

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

336 "Professional Utility Consultant" means a licensed professional engineer, a  
337 Certified Public Accountant, or other independent person or firm selected by the county  
338 having a favorable reputation for skill and experience with sewer systems of comparable  
339 size and character to the System in such areas as are relevant to the purposes for which  
340 they are retained.

341 "Project Bonds" means the \$300,000,000 aggregate principal amount of bonds of  
342 the county authorized to be issued under this ordinance to pay costs of acquiring and  
343 constructing improvements to the System. The Project Bonds may be issued in one or  
344 more series of Parity Bonds or Parity Lien Obligations, as provided in this ordinance.

345 "Public Works Trust Fund Loans" means loans to the county by the State of  
346 Washington Department of Commerce under the Public Works Trust Fund loan program  
347 pursuant to loan agreements in effect as of the date of this ordinance and any loan  
348 agreements hereafter entered into by the county under the Public Works Trust Fund loan  
349 program, the repayment obligations of which are secured by a lien on Revenue of the  
350 System equal to the lien thereon established by such loan agreements.

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351 "Qualified Counterparty" means with respect to a Payment Agreement an entity  
352 (i) whose senior long term debt obligations, other senior unsecured long term obligations  
353 or claims paying ability or whose payment obligations under a Payment Agreement are  
354 guaranteed by an entity whose senior long term debt obligations, other senior unsecured  
355 long term obligations or claims paying ability are rated (at the time the Payment  
356 Agreement is entered into) at least as high as A3 by Moody's and A- by S&P (and A- by  
357 Fitch for any Parity Lien Obligation Payment Agreement), or the equivalent thereof by  
358 any successor thereto, and (ii) who is otherwise qualified to act as the other party to a  
359 Payment Agreement under any applicable laws of the State.

360 "Qualified Insurance" means (i) so long as any 2004B Bonds, 2006 Bonds, 2006  
361 (2nd) Bonds, 2007 Bonds, 2008 Bonds, or 2009 Bonds remain outstanding, any  
362 unconditional municipal bond insurance policy or surety bond issued by any insurance  
363 company licensed to conduct an insurance business in any state of the United States or by  
364 a service corporation acting on behalf of one or more such insurance companies, which  
365 insurance company or service corporation is rated in one of the two highest rating  
366 categories by Moody's, S&P, and any other rating agency then maintaining a rating on  
367 the Parity Bonds, provided, that, as of the time of issuance of such policy or surety bond,  
368 such insurance company or companies maintain a policy owner's surplus in excess of  
369 \$500,000,000; and (ii) from and after such time as no 2004B Bonds, 2006 Bonds, 2006  
370 (2nd) Bonds, 2007 Bonds, 2008 Bonds, or 2009 Bonds remain outstanding, any  
371 unconditional municipal bond insurance policy or surety bond issued by any insurance  
372 company licensed to conduct an insurance business in any state of the United States or by  
373 a service corporation acting on behalf of one or more such insurance companies, which

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374 insurance company or service corporation, as of the time of issuance of such policy or  
375 surety bond, is then rated in one of the two highest rating categories by Moody's, S&P,  
376 and any other rating agency then maintaining a rating on the Parity Bonds and maintains  
377 a policy owner's surplus in excess of \$500,000,000.

378 "Qualified Letter of Credit" means any irrevocable letter of credit issued by a  
379 bank for the account of the county and for the benefit of the owners of Parity Bonds,  
380 provided that such bank maintains an office, agency or branch in the United States, and  
381 provided further, that, as of the time of issuance of such letter of credit, such bank is  
382 currently rated in one of the two highest rating categories by Moody's, S&P, and any  
383 other rating agency then maintaining a rating on the Parity Bonds.

384 "Rate Stabilization Fund" means the fund of that name created pursuant to  
385 Ordinance 12314, Section 13.D., of the county and continued pursuant to section 13.B of  
386 this ordinance.

387 "RCW" means the Revised Code of Washington.

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

391 "Refunded Bonds" means for each series of Refunding Bonds those Refunding  
392 Candidates that will be refunded from proceeds of that series of Refunding Bonds, as  
393 determined by the Finance Manager pursuant to sections 16 and 28 of this ordinance and  
394 set forth in a Sale Motion in accordance with sections 16 and 28 of this ordinance.

395 "Refunding Candidates" means any of the currently outstanding Parity Bonds and  
396 Parity Lien Obligations.

397 "Refunding Account" means any account authorized to be created pursuant to  
398 Section 16 hereof to provide for the refunding of any Refunded Bonds.

399 "Refunding Bonds" means not to exceed \$950,000,000 principal amount of bonds  
400 authorized to be issued in one or more series by this ordinance to refund the Refunded  
401 Bonds. The Refunding Bonds may be issued in one or more series of Parity Bonds or  
402 Parity Lien Obligations, as provided in this ordinance.

403 "Registered Owner" means any person or entity who is the registered owner of  
404 any Bond.

405 "Reserve Requirement" means maximum Annual Parity Debt Service with respect  
406 to any calendar year.

407 "Revenue Fund" means the "Water Quality Operating Account" as designated by  
408 Ordinance 12076, Section 30, of the county.

409 "Revenue of the System" means all the earnings, revenues and money received by  
410 the county from or on account of the operations of the Sewer System and the income  
411 from the investment of money in the Revenue Fund or any account within such fund, but  
412 shall not include any money collected pursuant to the Service Agreements applicable to  
413 administrative costs of the county other than costs of administration of the System. For  
414 certain purposes described in section 13.B of this ordinance, deposits from the Rate  
415 Stabilization Fund into the Revenue Fund may be included in calculations of "Revenue of  
416 the System."

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

419 "S&P" means Standard and Poor's Ratings Services and its successors and  
420 assigns, except that if that entity is dissolved or liquidated or no longer performs the  
421 functions of a securities rating agency, then the term "S&P" will be deemed to refer to  
422 any other nationally recognized securities rating agency selected by the county.

423 "Sale Motion" means a motion of the county council approving each sale of a  
424 series of the Bonds and ratifying and confirming each plan of refunding any Refunded  
425 Bonds, in accordance with Sections 16 and 28 hereof.

426 "Service Agreements" means the sewage disposal agreements entered into  
427 between the county and municipal corporations, persons, firms, private corporations, or  
428 governmental agencies providing for the disposal by the county of sewage collected from  
429 such contracting parties.

430 "SRF Loans" means loans to the county by the State of Washington Department  
431 of Ecology pursuant to loan agreements in effect as of the date of this ordinance and any  
432 loans and loan agreements hereafter entered into by the county under the State of  
433 Washington water pollution control revolving fund loan program, the repayment  
434 obligations of which are secured by a lien on Revenue of the System equal to the lien  
435 thereon established by such loan agreements.

436 "State" means the State of Washington.

437 "Subordinate Lien Obligations" means the Commercial Paper Notes, the Bank  
438 Note and any Additional Subordinate Lien Obligations.

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

442 "Tax Certificate" means the Federal Tax Certificate regarding certain federal tax  
443 matters executed on behalf of the county upon the issuance of each series of the Bonds.

444 "Tax-Benefited Bonds" means Bonds other than Tax-Exempt Bonds that are  
445 structured so as to confer certain benefits under the Code to the county or to the owners  
446 of such Bonds, as provided in Section 21 of this ordinance and so designated pursuant to  
447 Section 28.A of this ordinance.

448 "Tax-Exempt Bonds" means Bonds the interest on which the county intends to be  
449 excludable from gross income for federal income tax purposes, as provided in Section 21  
450 of this ordinance and so designated pursuant to Section 28.A of this ordinance.

451 "Term Bonds" means those bonds identified as such in the proceedings  
452 authorizing their issuance, the principal of which is amortized by a schedule of  
453 mandatory redemptions, payable from a bond redemption fund, prior to their maturity.

454 "Trustee" means a trustee for the Parity Bonds authorized to be appointed by  
455 owners of Parity Bonds, as provided by this ordinance.

456 "Undertaking" means an undertaking for ongoing disclosure to be entered into by  
457 the county for each series of Bonds, if and to the extent required by the Rule, as  
458 authorized by a Sale Motion.

459 "Variable Rate Parity Bonds" means Parity Bonds bearing interest at a variable  
460 rate of interest, provided that at least one of the following conditions is met: (i) at the  
461 time of issuance the county has entered into a Payment Agreement with respect to such  
462 Parity Bonds, which Agreement converts the effective interest rate to the county on the  
463 Variable Rate Parity Bonds from a variable interest rate to a fixed interest rate, or (ii) the  
464 Parity Bonds bear interest at a variable rate but are issued concurrently in equal par

465 amounts with other Parity Bonds bearing interest at a variable rate and are required to  
466 remain outstanding in equal amounts at all times, if the net effect of such equal par  
467 amounts and variable rates at all times is a fixed rate of interest to the county.

468 "Variable Rate Parity Lien Obligations" means Parity Lien Obligations bearing  
469 interest at a variable rate of interest, provided that at least one of the following conditions  
470 is met: (i) at the time of issuance the county has entered into a Payment Agreement with  
471 respect to such Parity Lien Obligations, which Agreement converts the effective interest  
472 rate to the county on the Variable Rate Parity Lien Obligations from a variable interest  
473 rate to a fixed interest rate or (ii) the Parity Lien Obligations bear interest at a variable  
474 rate but are issued concurrently in equal par amounts with other Parity Lien Obligations  
475 bearing interest at a variable rate and which are required to remain outstanding in equal  
476 amounts at all times, if the net effect of such equal par amounts and variable rates at all  
477 times is a fixed rate of interest to the county.

478 B. Rules of Interpretation. As used in this ordinance, unless the context  
479 otherwise requires:

480 (i) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and  
481 any similar terms refer to this ordinance as a whole and not to any particular section,  
482 subdivision or clause of this ordinance.

483 (ii) Unless the context otherwise indicates, words expressed in the  
484 singular may include the plural and vice versa, and the use of the neuter, masculine, or  
485 feminine gender is for convenience only and is deemed to mean and include the neuter,  
486 masculine or feminine gender, as appropriate.

487                   (iii) Any headings preceding the text of the various sections and  
488 subsections of this ordinance, and any table of contents or marginal notes appended to  
489 copies of this ordinance, are solely for convenience of reference and do not constitute a  
490 part of this ordinance, nor shall they affect its meaning, construction or effect.

491                   (iv) All references in this ordinance to "sections," "subsections," and  
492 other subdivisions, paragraphs or clauses are to the corresponding sections, subsections,  
493 subdivisions, paragraphs or clauses of this ordinance as originally passed.

494                   SECTION 2. Findings. Because conditions in the capital markets are volatile,  
495 the council finds that it is in the best interests of the county and ratepayers of the System  
496 that the county retain the flexibility to issue the Bonds in one or more series, as Parity  
497 Bonds or Parity Lien Obligations, to maximize interest rate savings and, where possible,  
498 to achieve further savings by refunding all or some of the Refunding Candidates. To  
499 achieve this flexibility, the council further finds that it is in the best interests of the  
500 county and ratepayers of the System that a plan of refunding and the sale of Bonds in one  
501 or more series, as Parity Bonds or Parity Lien Obligations, as Tax-Exempt Bonds, Tax  
502 Benefited Bonds or otherwise, by competitive bid or negotiated sale, for current or future  
503 delivery, be determined by the Finance Director, in consultation with the county's  
504 financial advisors. Each sale of a series of Bonds and plan of refunding, if any, will be  
505 ratified and confirmed by the council in a Sale Motion.

506                   SECTION 3. Authorization of Bonds. To provide funds necessary to pay costs  
507 of acquiring, constructing and equipping improvements, additions or betterments to the  
508 System as set forth in the Comprehensive Plan, the county will issue the Project Bonds in  
509 the aggregate principal amount of \$300,000,000.



510 To provide funds to refund the Refunded Bonds, the county will issue one or  
511 more series of Refunding Bonds in principal amounts to be established as provided in  
512 Sections 16 and 28 hereof and in any event not to exceed an aggregate principal amount  
513 of \$950,000,000.

514 The Refunding Bonds and Project Bonds may be issued and sold in one or more  
515 series of Parity Bonds or Parity Lien Obligations, as provided in Section 28, each such  
516 series of Parity Bonds to be designated as "King County, Washington, Sewer Revenue  
517 [and Refunding] Bonds" with an applicable year and series designation, and each such  
518 series of Parity Lien Obligations to be designated as "King County Limited Tax General  
519 Obligation [and Refunding] Bonds (Payable from Sewer Revenues)" with an applicable  
520 year and series designation. The Bonds will be fully registered as to both principal and  
521 interest, will be in the denomination of \$5,000 each or any integral multiple thereof (but  
522 no Bond shall represent more than one maturity), will be numbered separately in such  
523 manner and with any additional designation as the Bond Registrar deems necessary for  
524 purposes of identification, and will be dated as of such date and mature on the dates, in  
525 the years and the amounts established as provided in Section 28 hereof.

526 Each series of the Bonds will bear interest (computed on the basis of a 360-day  
527 year of twelve 30-day months) from their date or from the most recent interest payment  
528 date for which interest has been paid or duly provided for, whichever is later, payable on  
529 interest payment dates and at the rate or rates established as provided in Section 28 hereof  
530 and ratified and confirmed by a Sale Motion. The Accreted Values of any Bonds that are  
531 Capital Appreciation Bonds will be set forth in a Sale Motion.

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

533           A.     Bond Registrar/Bond Register. In accordance with K.C.C. chapter  
534 4.84, the county hereby adopts for the Bonds the system of registration specified and  
535 approved by the Washington State Finance Committee, which utilizes the fiscal agencies  
536 of the State of Washington in Seattle, Washington, and New York, New York, as  
537 registrar, authenticating agent, paying agent and transfer agent (collectively, the "Bond  
538 Registrar"). The Bond Registrar will keep, or cause to be kept, at its principal corporate  
539 trust office, sufficient books for the registration and transfer of the Bonds, which will at  
540 all times be open to inspection by the county. The Bond Registrar is authorized, on behalf  
541 of the county, to authenticate and deliver the Bonds transferred or exchanged in  
542 accordance with the provisions of those Bonds and this ordinance and to carry out all of  
543 the Bond Registrar's powers and duties under this ordinance.

544           The Bond Registrar will be responsible for its representations contained in the  
545 Certificate of Authentication on the Bonds. The Bond Registrar may become the  
546 Registered Owner of Bonds with the same rights it would have if it were not the Bond  
547 Registrar, and to the extent permitted by law may act as depositary for and permit any of  
548 its officers or directors to act as a member of, or in any other capacity with respect to, any  
549 committee formed to protect the rights of Registered Owners.

550           B.     Registered Ownership. The county and the Bond Registrar, each in  
551 its discretion, may deem and treat the Registered Owner of each Bond as the absolute  
552 owner thereof for all purposes, and neither the county nor the Bond Registrar will be  
553 affected by any notice to the contrary. Payment of any Bond will be made only as  
554 described in Section 4.G hereof, but registration of any Bond may be transferred as herein  
555 provided. All payments made as described in Section 4.G will be valid and will satisfy

556 and discharge the liability of the county upon such Bond to the extent of the amount or  
557 amounts so paid. The county and the Bond Registrar are entitled to treat the person in  
558 whose name any Bond is registered as the absolute owner thereof for all purposes of this  
559 ordinance and any applicable laws, notwithstanding any notice to the contrary received  
560 by the Bond Registrar or the county.

561           C.     DTC Acceptance/Letter of Representations. The Bonds will  
562 initially be held in fully immobilized form by DTC acting as depository. To induce DTC  
563 to accept the Bonds as eligible for deposit at DTC, the county has heretofore executed  
564 and delivered to DTC a Blanket Issuer Letter of Representations.

565           Neither the county nor the Bond Registrar will have any responsibility or  
566 obligation to DTC participants or the persons for whom they act as nominees with respect  
567 to the Bonds regarding the accuracy of any records maintained by DTC or any DTC  
568 participant, the payment by DTC or any DTC participant of any amount in respect of the  
569 principal of or interest on the Bonds, any notice that is permitted or required to be given  
570 to Registered Owners under this ordinance (except those notices that are required to be  
571 given by the county to the Bond Registrar or to DTC), or any consent given or other  
572 action taken by DTC as the Registered Owner. For so long as any Bonds are held in fully  
573 immobilized form hereunder, DTC or its successor depository will be deemed to be the  
574 Registered Owner for all purposes hereunder, and all references herein to the Registered  
575 Owners will mean DTC or its nominee and will not mean the owners of any beneficial  
576 interest in the Bonds.

577           D.     Use of Depository.

578                   (1)     The Bonds will be registered initially in the name of "Cede  
579     & Co.," as nominee of DTC, with one Bond of each series maturing on each maturity  
580     date for the Bonds of that series in a denomination corresponding to the total principal  
581     therein designated to mature on that date. Registered ownership of immobilized Bonds, or  
582     any portions thereof, may not thereafter be transferred except (i) to any successor of DTC  
583     or its nominee, provided that any such successor must be qualified under any applicable  
584     laws to provide the service proposed to be provided by it; (ii) to any substitute depository  
585     appointed by the county pursuant to subsection (2) below or such substitute depository's  
586     successor; or (iii) to any person as provided in subsection (4) below.

587                   (2)     Upon the resignation of DTC or its successor (or any  
588     substitute depository or its successor) from its functions as depository or a determination  
589     by the county to discontinue the system of book entry transfers through DTC or its  
590     successor (or any substitute depository or its successor), the county may hereafter appoint  
591     a substitute depository. Any such substitute depository must be qualified under any  
592     applicable laws to provide the services proposed to be provided by it.

593                   (3)     In the case of any transfer pursuant to clause (i) or (ii) of  
594     subsection (1) above, the Bond Registrar will, upon receipt of all outstanding Bonds,  
595     together with a written request on behalf of the county, issue a single new Bond for each  
596     maturity of those Bonds then outstanding, registered in the name of such successor or  
597     such substitute depository, or their nominees, as the case may be, all as specified in such  
598     written request of the county.

599                   (4)     If (i) DTC or its successor (or substitute depository or its  
600     successor) resigns from its functions as depository, and no substitute depository can be

601 obtained, or (ii) the county determines that it is in the best interest of the beneficial  
602 owners of any of the Bonds that they be able to obtain such Bonds in the form of bond  
603 certificates, the ownership of Bonds may then be transferred to any person or entity as  
604 herein provided, and the Bonds will no longer be held in fully immobilized form. The  
605 county will deliver a written request to the Bond Registrar, together with a supply of  
606 definitive Bonds, to issue Bonds as herein provided in any authorized denomination.  
607 Upon receipt of all then outstanding Bonds by the Bond Registrar together with a written  
608 request on behalf of the county to the Bond Registrar, new Bonds will be issued in such  
609 denominations and registered in the names of such persons as are requested in the written  
610 request.

611 E. Transfer or Exchange of Registered Ownership; Change in  
612 Denominations. The registered ownership of any Bond may be transferred or exchanged,  
613 but no transfer of any Bond will be valid unless it is surrendered to the Bond Registrar  
614 with the assignment form appearing on the Bond duly executed by the Registered Owner  
615 or the Registered Owner's duly authorized agent in a manner satisfactory to the Bond  
616 Registrar. Upon that surrender, the Bond Registrar will cancel the surrendered Bond and  
617 will authenticate and deliver, without charge to the Registered Owner or transferee  
618 therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same  
619 series, date, maturity and interest rate and for the same aggregate principal amount in any  
620 authorized denomination, naming as Registered Owner the person or persons listed as the  
621 assignee on the assignment form appearing on the surrendered Bond, in exchange for  
622 such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond  
623 Registrar and exchanged, without charge, for an equal aggregate principal amount of

624 Bonds of the same series, date, maturity and interest rate, in any authorized  
625 denomination. The Bond Registrar is not obligated to transfer or exchange any Bond  
626 during a period beginning at the opening of business on the 15<sup>th</sup> day of the month next  
627 preceding any interest payment date and ending at the close of business on that interest  
628 payment date, or, in the case of any proposed redemption of the Bonds, after the mailing  
629 of notice of redemption for such Bonds.

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

633           G.     Place and Medium of Payment. Both principal of and interest on  
634 the Bonds are payable in lawful money of the United States of America. For so long as all  
635 Bonds are in fully immobilized form, payments of principal thereof and interest thereon  
636 will be made in accordance with the operational arrangements of DTC referred to in the  
637 Letter of Representations. If the Bonds are no longer held in fully immobilized form,  
638 interest on the Bonds will be paid by check or draft mailed to the Registered Owners at  
639 the addresses for such Registered Owners appearing on the Bond Register on the 15<sup>th</sup>  
640 day of the month preceding the interest payment date; provided, however, that if so  
641 requested in writing by the Registered Owner of at least \$1,000,000 principal amount of a  
642 series of Bonds, interest will be paid by wire transfer on the interest payment date to an  
643 account with a bank located within the United States. Principal of the Bonds is payable  
644 upon presentation and surrender of the Bonds by the Registered Owners at the principal  
645 office of the Bond Registrar.

646           **SECTION 5. Redemption of Bonds; Purchases.** The county may reserve the  
647 right to redeem outstanding Bonds prior to their maturity on the dates and at the prices  
648 established as provided in Section 28 of this ordinance and ratified and confirmed by a  
649 Sale Motion. Portions of the principal amount of any Bond, in increments of \$5,000 or  
650 any integral multiple of \$5,000, may be redeemed.

651           If less than all of the Bonds subject to optional redemption are called for  
652 redemption, the county may choose the maturities to be redeemed. If less than a whole of  
653 a maturity is called for redemption, the Bonds to be redeemed will be chosen randomly or  
654 by a method to be established in connection with the sale of each series of the Bonds in  
655 accordance with section 28 of this ordinance.

656           If less than all of the principal amount of any Bond is redeemed, upon surrender  
657 of that Bond at the principal office of the Bond Registrar there will be issued to the  
658 Registered Owner, without charge therefor, for the then unredeemed balance of the  
659 principal amount thereof, a new Bond or Bonds, at the option of the Registered Owner, of  
660 like series, maturity and interest rate in any denomination authorized by this ordinance.

661           Any optional redemption of Bonds may be subject to conditions, including but not  
662 limited to the receipt of refunding bond proceeds, that the county may set forth in the  
663 notice of redemption, as provided in Section 6 of this ordinance.

664           The county reserves the right to purchase any or all of the Bonds at any time at  
665 any price.

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

667           A.    Notice of Redemption. Written notice of any redemption of Bonds  
668 will be given by the Bond Registrar on behalf of the county by first class mail, postage

669 prepaid, not less than 20 days nor more than 60 days before the redemption date to the  
670 Registered Owners of Bonds that are to be redeemed at their last addresses shown on the  
671 Bond Register. So long as the Bonds are in book-entry form, notice of redemption will be  
672 given as provided in the Letter of Representations. The Bond Registrar will provide  
673 additional notice of redemption to the MSRB in accordance with the applicable  
674 Undertaking.

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

677         Each notice of redemption will contain the following information: (1) the  
678 redemption date, (2) the redemption price, (3) any condition to the redemption (including,  
679 but not limited, to the receipt of proceeds of refunding bonds), (4) if less than all  
680 outstanding Bonds are to be redeemed, the identification (and, in the case of partial  
681 redemption, the principal amounts) of the Bonds to be redeemed, (5) that on the  
682 redemption date, upon the satisfaction of any conditions, the redemption price will  
683 become due and payable upon each Bond or portion called for redemption, and that  
684 interest will cease to accrue from the redemption date, (6) that the Bonds are to be  
685 surrendered for payment at the principal office of the Bond Registrar, (7) the CUSIP  
686 numbers of all Bonds being redeemed, (8) the dated date of the Bonds, (9) the rate of  
687 interest for each Bond being redeemed, (10) the date of the notice, (11) information  
688 regarding the county's right to rescind an optional redemption prior to the designated  
689 redemption date by giving notice of such rescission, and (12) any other information  
690 relating to the redemption or identifying the Bonds being redeemed.



691           Upon the payment of the redemption price of Bonds being redeemed, each check  
692 or other transfer of funds issued for that purpose will bear the CUSIP number identifying,  
693 by issue and maturity, the Bonds being redeemed with the proceeds of such check or  
694 other transfer.

695           B.     Conditional Redemption; Rescission of Redemption. Any  
696 redemption of Bonds may be subject to such conditions, including but not limited to the  
697 receipt of proceeds of refunding bonds, as the county may specify in the notice of  
698 redemption. The county may also rescind any notice of an optional redemption of Bonds  
699 by giving written notice of such rescission no later than the business day before the  
700 designated redemption date to all parties who were given notice of redemption in the in  
701 the same manner as such notice was given.

702           C.     Effect of Redemption. Unless the county has rescinded a notice of  
703 redemption or a condition to the redemption has not been satisfied, the county will  
704 transfer to the Bond Registrar amounts that, in addition to other money, if any, held by  
705 the Bond Registrar, will be sufficient to redeem, on the redemption date, all the Bonds to  
706 be redeemed. From the redemption date interest on each Bond to be redeemed will cease  
707 to accrue.

708           D.     Amendment of Notice Provisions. The foregoing notice provisions  
709 of this section, including but not limited to the information to be included in redemption  
710 notices and the persons designated to receive notices, may be amended by additions,  
711 deletions and changes to maintain compliance with duly promulgated regulations and  
712 recommendations regarding notices of redemption of municipal securities.

713            **SECTION 7. Form of Bonds; Execution of Bonds.** Bonds issued as Parity  
714 Bonds will be in substantially the form set forth in Attachment A to this ordinance. Bonds  
715 issued as Parity Lien Obligations will be in substantially the form set forth in Attachment  
716 B this ordinance. The Bonds will be executed on behalf of the county with the manual or  
717 facsimile signature of the county executive, attested by the manual or facsimile signature  
718 of the clerk of the county council, and will have the seal of the county impressed or  
719 imprinted thereon.

720            If any officer who has signed or attested any of the Bonds ceases to be an officer  
721 of the county authorized to sign bonds before the Bonds bearing his or her signature are  
722 authenticated or delivered by the Bond Registrar or issued by the county, those Bonds  
723 nevertheless may be authenticated, issued and delivered and, when authenticated, issued  
724 and delivered, shall be as binding on the county as though that person had continued to be  
725 an officer of the county authorized to sign bonds. Any Bond also may be signed on behalf  
726 of the county by any person who, on the actual date of signing of the Bond, is an officer  
727 of the county authorized to sign bonds, although he or she did not hold the required office  
728 on the date of issuance of the Bonds.

729            Only Bonds that bear a Certificate of Authentication in the form set forth in  
730 Attachment A or B to this ordinance, as applicable, manually executed by the Bond  
731 Registrar, will be valid or obligatory for any purpose or entitled to the benefits of this  
732 ordinance. Such Certificate of Authentication will be conclusive evidence that the Bonds  
733 so authenticated have been duly executed, authenticated and delivered hereunder and are  
734 entitled to the benefits of this ordinance.

735            **SECTION 8. Mutilated, Lost, or Destroyed Bonds.** If any Bond becomes  
736 mutilated, the Bond Registrar will authenticate and deliver a new Bond of like series,  
737 amount, date, interest rate and tenor in exchange and substitution for the Bond so  
738 mutilated, upon the owner's paying the expenses and charges of the county and the Bond  
739 Registrar in connection therewith and upon surrender to the Bond Registrar of the Bond  
740 so mutilated. Every mutilated Bond so surrendered will be canceled and destroyed by the  
741 Bond Registrar.

742            If any Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate  
743 and deliver a new Bond or Bonds of like series, amount, date, and tenor to the Registered  
744 Owner thereof upon the owner's paying the expenses and charges of the county and the  
745 Bond Registrar in connection therewith and upon his or her filing with the Bond Registrar  
746 evidence satisfactory to the Bond Registrar that such Bond or Bonds were actually lost,  
747 stolen or destroyed and of his or her ownership thereof, and upon furnishing the county  
748 and Bond Registrar with indemnity satisfactory to the Finance Director and the Bond  
749 Registrar.

750            **SECTION 9. Parity Bond Fund.** A special fund of the county known as the  
751 "Water Quality Revenue Bond Account" (the "Parity Bond Fund") has heretofore been  
752 created and is hereby continued, along with the accounts therein described in this Section  
753 9. The Parity Bond Fund is at all times completely segregated and set apart from all other  
754 funds and accounts of the county and is a trust fund for the security and payment of the  
755 principal of and interest and any redemption premium on any Parity Bonds. All money  
756 credited to the Parity Bond Fund is pledged and ordered to be used for the sole purpose of  
757 paying the principal of and interest and any redemption premium on the Parity Bonds.

758           A.     Debt Service Account. A "Debt Service Account" has heretofore  
759 been established in the Parity Bond Fund. The county hereby obligates and binds itself to  
760 set aside and pay into that account out of Revenue of the System amounts sufficient,  
761 together with accrued interest, if any, received at the time of delivery of any series of  
762 Bonds that are Parity Bonds and deposited therein, income from the investment of money  
763 in the Debt Service Account and Parity Bond Reserve Account, and any other money on  
764 deposit in the Debt Service Account and legally available, to pay the principal of and  
765 interest on outstanding Parity Bonds as the same become due and payable.

766           For each series of the Bonds that are Parity Bonds there is hereby authorized to be  
767 created a special subaccount in the Debt Service Account. All money required by this  
768 section 9.A. of this ordinance to be deposited into the Debt Service Account for the  
769 payment of principal of and interest on that series of the Bonds will be deposited into the  
770 subaccount created for the series. Money in the subaccount will be treated in all respects  
771 as all other money in the Debt Service Account, but will be accounted for separately for  
772 the purpose of calculating any Rebate Amount payable with respect to that series of the  
773 Bonds.

774           Payments on account of each series of the Bonds that are Parity Bonds will be  
775 made out of Revenue of the System into the applicable debt service subaccount in the  
776 Parity Bond Fund on or before the day each payment of interest on or principal of those  
777 Bonds is due.

778           B.     Term Bond Provisions. If any Bonds issued as Parity Bonds are  
779 designated as Term Bonds pursuant to Section 28 hereof, the Sale Motion for that series  
780 of Bonds will set forth a mandatory redemption schedule to amortize the principal of

781 those Parity Term Bonds. Payments of principal of Parity Term Bonds under any such  
782 mandatory redemption schedule will be made from the Debt Service Account, as  
783 provided in Section 9.A above; provided, however, that if more than the required  
784 principal amount of the Parity Term Bonds of a series is retired by purchase or optional  
785 redemption in any given year, the county may credit those excess purchase amounts or  
786 excess optional redemption amounts to the mandatory redemption schedule for that series  
787 in any manner that the county determines.

788         The county covenants that if it issues any Future Parity Bonds as Term Bonds, it  
789 will identify those Future Parity Bonds as Parity Term Bonds in the proceedings  
790 authorizing their issuance and establish a schedule of mandatory redemptions, payable  
791 from the Debt Service Account, to amortize the principal of the Parity Term Bonds prior  
792 to their maturity.

793             C.     Parity Bond Reserve Account. A Parity Bond Reserve Account has  
794 heretofore been established in the Parity Bond Fund. The county hereby pledges that it  
795 will pay into and maintain in the Parity Bond Reserve Account an amount that together  
796 with other funds in the Parity Bond Reserve Account will be at least equal to the Reserve  
797 Requirement. The county may substitute Qualified Insurance or a Qualified Letter of  
798 Credit for amounts required to be paid into or maintained in the Parity Bond Reserve  
799 Account. The Qualified Letter of Credit or Qualified Insurance must not be cancelable on  
800 less than five years' notice. In the event of any cancellation, the Parity Bond Reserve  
801 Account will be funded in accordance with the provisions of this section providing for  
802 payment in the event of a deficiency therein, as if the Parity Bonds that remain  
803 outstanding had been issued on the date of such notice of cancellation.

804           On the date of Closing of a series of Bonds that are Parity Bonds, an amount  
805 sufficient to satisfy the Reserve Requirement in the Parity Bond Reserve Account  
806 required by the issuance of that series of Bonds must be deposited therein from the  
807 proceeds of Parity Bonds or other funds available therefor or provided for by Qualified  
808 Insurance or a Qualified Letter of Credit, as herein permitted.

809           If there is a deficiency in the Debt Service Account to make any payment when  
810 due of either principal of or interest on any Parity Bonds, the deficiency will be made up  
811 from the Parity Bond Reserve Account by the withdrawal of money therefrom and by the  
812 sale or redemption of obligations held in the Parity Bond Reserve Account, if necessary,  
813 in such amounts as will provide cash in the Parity Bond Reserve Account sufficient to  
814 make up any such deficiency. If a deficiency still exists immediately prior to an interest  
815 payment date and after the withdrawal of cash, the county will then draw from any  
816 Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility in  
817 sufficient amount to make up the deficiency. The draw will be made at such times and  
818 under such conditions as the agreement for the Qualified Letter of Credit or Qualified  
819 Insurance provides. If more than one Qualified Letter of Credit or Qualified Insurance is  
820 available, draws will be made ratably thereon to make up the deficiency. Any deficiency  
821 created in the Parity Bond Reserve Account by reason of any such withdrawal must then  
822 be made up from Revenue of the System that is available after first making the payments  
823 required to be made under paragraph "FIRST" through "THIRD" of Section 14 hereof.

824           Income from the investment of money in the Parity Bond Reserve Account will  
825 be deposited in and become a part of the Parity Bond Fund.

826            **SECTION 10. Parity Lien Obligation Bond Fund.** A special fund of the county  
827 known as the "Water Quality Limited Tax General Obligation Bond Redemption Fund"  
828 (the "Parity Lien Obligation Bond Fund") has heretofore been created and is hereby  
829 continued, along with the accounts therein described in this Section 10. The Parity Lien  
830 Obligation Bond Fund is at all times completely segregated and set apart from all other  
831 funds and accounts of the county and is a trust fund for the security and payment of the  
832 principal of and interest and any redemption premium on the Parity Lien Obligations. All  
833 money credited to the Parity Lien Obligation Bond Fund is pledged and ordered to be  
834 used for the sole purpose of paying the principal of and interest and any redemption  
835 premium on the Parity Lien Obligations.

836            A.        **Debt Service Account.** A "Debt Service Account" has heretofore  
837 been established in the Parity Lien Obligation Bond Fund. The county hereby obligates  
838 and binds itself to set aside and pay into that Account out of Revenue of the System  
839 amounts sufficient, together with accrued interest, if any, received at the time of delivery  
840 of any series of Bonds issued as Parity Lien Obligations and deposited therein, income  
841 from the investment of money in the Debt Service Account and any other money on  
842 deposit in the Debt Service Account and legally available, to pay the principal of and  
843 interest on outstanding Parity Lien Obligations as the same become due and payable.

844            For each series of the Bonds issued as Parity Lien Obligations, there is hereby  
845 authorized to be created a special subaccount in the Debt Service Account. All money  
846 required by this section 10.A, of this ordinance to be deposited into the Debt Service  
847 Account for the payment of principal of and interest on that series of the Bonds will be  
848 deposited into the subaccount created for the series. Money in that subaccount will be

849 treated in all respects as all other money in the Debt Service Account, but will be  
850 accounted for separately for the purpose of calculating any Rebate Amount payable with  
851 respect to that series of the Bonds.

852         Payments on account of each series of the Bonds issued as Parity Lien  
853 Obligations will be made out of Revenue of the System into the applicable debt service  
854 subaccount in the Parity Lien Obligation Bond Fund on or before the day each payment  
855 of interest on or principal of those Bonds is due.

856             B.     Term Bond Provisions. If any Bonds issued as Parity Lien  
857 Obligations are designated as Term Bonds pursuant to section 28 of this ordinance, the  
858 Sale Motion for that series of Bonds will set forth a mandatory redemption schedule to  
859 amortize the principal of those Parity Lien Obligation Term Bonds. Payments of principal  
860 of Parity Lien Obligation Term Bonds under any such mandatory redemption schedule  
861 will be made from the Debt Service Account, as provided in Section 10.A above;  
862 provided, however, that if more than the required principal amount of the Parity Lien  
863 Obligation Term Bonds of a series is retired by purchase or optional redemption in any  
864 given year, the county may credit those excess purchase amounts or excess optional  
865 redemption amounts to the mandatory redemption schedule for that series in any manner  
866 that the county determines.

867         The county covenants that if it issues any additional Parity Lien Obligations as  
868 Term Bonds, it will identify those Parity Lien Obligations as Term Bonds in the  
869 proceedings authorizing their issuance and establish a schedule of mandatory  
870 redemptions, payable from the Debt Service Account, to amortize the principal of those  
871 Parity Lien Obligation Term Bonds prior to their maturity.



872            **SECTION 11. Pledge of Taxation and Credit.** The county hereby irrevocably  
873 covenants and agrees for as long as any Bonds issued as Parity Lien Obligations are  
874 outstanding and unpaid, that each year it will include in its budget and levy an *ad*  
875 *valorem* tax upon all the property within the county subject to taxation in an amount that  
876 will be sufficient, together with all other revenues and money of the county legally  
877 available for such purposes, to pay the principal of and interest on those Bonds issued as  
878 Parity Lien Obligations as the same become due. All of the taxes so collected will be paid  
879 into the Parity Lien Obligation Bond Fund no later than the date those funds are required  
880 for the payment of principal and interest on the Bonds issued as Parity Lien Obligations.

881            The county hereby irrevocably pledges that the annual tax herein authorized to be  
882 levied for the payment of such principal and interest shall be within and a part of the tax  
883 levy permitted to counties without a vote of the people, and that a sufficient portion of the  
884 taxes to be levied and collected annually by the county prior to the full payment of the  
885 principal of and interest on the Bonds issued as Parity Lien Obligations will be and is  
886 hereby irrevocably set aside, pledged and appropriated for the payment of the principal of  
887 and interest on those Bonds.

888            The full faith, credit and resources of the county are hereby irrevocably pledged  
889 for the annual levy and collection of those taxes and for the prompt payment of the  
890 principal of and interest on those Bonds issued as Parity Lien Obligations as the same  
891 become due.

892            Any Bonds issued hereunder as Parity Bonds are not general obligations of the  
893 county, and neither the full faith and credit nor the taxing power of the county are  
894 pledged to pay or secure the payment of Bonds issued as Parity Bonds hereunder.

895            **SECTION 12. Pledge of Sewer Revenues.**

896            A.     Parity Bonds. The amounts covenanted to be paid out of Revenue  
897 of the System into the Parity Bond Fund and the accounts therein shall constitute a lien  
898 and charge on that revenue superior to all other charges of any kind or nature except  
899 Operating and Maintenance Expenses, and of equal lien to any charges heretofore or  
900 hereafter made upon Revenue of the System for the payment of the principal of and  
901 interest on any Parity Bonds.

902            If money and investments in the Debt Service Account of the Parity Bond Fund  
903 and the Parity Bond Reserve Account are reduced below the amounts required to pay the  
904 principal and/or interest then due and payable on any Parity Bonds, funds on deposit in  
905 any reserve created in the Revenue Fund not then required for the payment of necessary  
906 Operating and Maintenance Expenses will be transferred to the Debt Service Account of  
907 the Parity Bond Fund to the extent required to pay that principal and interest.

908            B.     Parity Lien Obligations. The amounts covenanted to be paid out of  
909 Revenue of the System into the Parity Lien Obligation Bond Fund and the accounts  
910 therein shall constitute a lien and charge on that revenue subject to Operating and  
911 Maintenance Expenses, and junior, subordinate and inferior to the lien and charge on that  
912 revenue for the payments required by the ordinances authorizing the Parity Bonds to be  
913 made into the Parity Bond Fund and the accounts therein, and equal to the lien and charge  
914 on that revenue for the payments required to be made by the ordinances authorizing the  
915 issuance of the outstanding Parity Lien Obligations and any additional Parity Lien  
916 Obligations, and superior to all other liens and charges on that revenue whatsoever.

917            **SECTION 13. Revenue Fund; Rate Stabilization Fund.**

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918           A.     Revenue Fund. A special fund of the county known as the "Water  
919   Quality Operating Account" (the "Revenue Fund") has heretofore been created and is  
920   hereby continued. All Revenue of the System will be deposited in the Revenue Fund. All  
921   Operating and Maintenance Expenses will be paid out of the Revenue Fund or  
922   appropriate reserves therein.

923           B.     Rate Stabilization Fund. In anticipation of increases in revenue  
924   requirements of the System, a special fund of the county designated as the "Sewer Rate  
925   Stabilization Fund" (the "Rate Stabilization Fund") has heretofore been established and is  
926   hereby continued. The county may from time to time appropriate or budget amounts in  
927   the Revenue Fund for deposit in the Rate Stabilization Fund, as provided in Section 14 of  
928   this ordinance and may from time to time withdraw amounts therefrom for deposit in the  
929   Revenue Fund to prevent or mitigate sewer rate increases or for other lawful purposes of  
930   the county related to the System including but not limited to calculations of "Net  
931   Revenue" and "Revenue of the System" for the purposes of satisfying requirements of  
932   sections 18, 24 and 25 of this ordinance.

933           For any fiscal year, (i) amounts withdrawn from the Revenue Fund and deposited  
934   into the Rate Stabilization Fund for that fiscal year must be subtracted from Net Revenue  
935   for that fiscal year, and (ii) amounts withdrawn from the Rate Stabilization Fund and  
936   deposited in the Revenue Fund for that fiscal year may be added to Revenue of the  
937   System for that fiscal year.

938           SECTION 14. Sewer Revenue Priorities of Payment. So long as any Bond is  
939   outstanding, all Revenue of the System will be deposited into the Revenue Fund and used  
940   and applied in the following order of priority:

941           First, to pay all Operating and Maintenance Expenses;

942           Second, to make all required deposits into the Debt Service Account in the Parity  
943 Bond Fund to provide for the payment of principal of and interest on Parity Bonds as the  
944 same become due and payable and to make any Payment Agreement Payments with  
945 respect to any Parity Payment Agreements;

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

951           Fourth, to establish and maintain the Parity Bond Reserve Account (including  
952 making deposits into such Account and paying the costs of obtaining Qualified Insurance  
953 or a Qualified Letter of Credit therefor);

954           Fifth, to make all required payments of principal and interest on the Parity Lien  
955 Obligations and to make any Payment Agreement Payments with respect to any Parity  
956 Lien Obligation Payment Agreements; and

957           Sixth, to make all required payments of principal of and interest on the Junior  
958 Lien Obligations as the same become due and payable, to make all Payment Agreement  
959 Payments with respect to any Payment Agreements entered into with respect to Junior  
960 Lien Obligations, and to make any payments required to be made to providers of any  
961 credit enhancements or liquidity facilities for Junior Lien Obligations;

962           Seventh, to make all required payments of principal of and interest on the Multi-  
963 Modal LTGO/Sewer Revenue Lien Obligations as the same become due and payable, to

964 make all Payment Agreement Payments for any Payment Agreements entered into with  
965 respect to Multi-Modal LTGO/Sewer Revenue Bonds, and to make any payments  
966 required to be made to providers of credit enhancements or liquidity facilities for any  
967 Multi-Modal LTGO/Sewer Revenue Bonds;

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

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

974 Tenth, to make all required payments of principal and interest due on the SRF  
975 Loans and the Public Works Trust Fund Loans.

976 Any surplus money that the county may have on hand in the Revenue Fund after  
977 making all required payments set forth above may be used by the county (i) to make  
978 necessary improvements, additions and repairs to and extensions and replacements of the  
979 System, (ii) to purchase or redeem and retire outstanding sewer revenue bonds of the  
980 county, (iii) to make deposits into the Rate Stabilization Fund, or (iv) for any other lawful  
981 purposes of the county related to the System.

982 **SECTION 15. Construction Account; Disposition of Bond Proceeds.**

983 A. Construction Account. There has heretofore been created a special  
984 fund of the county known as the "Second Water Quality Construction Account" (the  
985 "Construction Account"). For purposes of separately accounting for investment earnings  
986 on the proceeds of the Project Bonds to facilitate compliance with the requirements of

987 Section 21 of this ordinance, there is hereby established for each series of Project Bonds  
988 issued hereunder a special subaccount within the Construction Account to be designated  
989 as the "Series [applicable year designation] Construction Subaccount" (each a  
990 "Construction Subaccount").

991 Money in each Construction Subaccount will be held and applied to pay costs of  
992 acquiring, constructing and equipping improvements, additions or betterments to the  
993 System as set forth in the Comprehensive Plan and all costs incidental thereto, including  
994 but not limited to engineering, architectural, planning, financial, legal, urban design or  
995 any other incidental costs, and to repay any advances heretofore or hereafter made on  
996 account of such costs, provided that if deficiencies exist in the Parity Bond Fund or Parity  
997 Lien Obligation Bond Fund, money in any Construction Subaccount may be transferred  
998 to such Fund in any amounts necessary to pay principal of and interest on Parity Bonds or  
999 Parity Lien Obligations, as applicable. Pursuant to a Sale Motion, proceeds of a series of  
1000 Project Bonds may be designated to pay capitalized interest on those Project Bonds and  
1001 may be held in the applicable Construction Subaccount or in a trust account to be  
1002 established with an escrow agent appointed by the Finance Director, as provided in the  
1003 Sale Motion.

1004 B. Disposition of Bond Proceeds. The proceeds of the Bonds will be  
1005 deposited as follows:

1006 (1) The amount equal to the interest, if any, accruing on each  
1007 series of the Bonds from their dated date to the date of their Closing will be deposited in  
1008 the appropriate subaccount for the series created in the Debt Service Account in the  
1009 Parity Bond Fund or Parity Lien Obligation Bond Fund, as applicable.

1010                           (2)     Proceeds of each series of the Bonds issued as Parity Bonds  
1011 may be deposited into the Parity Bond Reserve Account, as will be provided for in each  
1012 Sale Motion for any Bonds issued as Parity Bonds.

1013                           (3)     The balance of the proceeds of any Project Bonds will be  
1014 deposited in the appropriate Construction Subaccount (including an escrow account that  
1015 may be established for capitalized interest) as provided in Subsection A of this Section 15  
1016 and applied as provided in subsection A of this Section 15.

1017                           (4)     The balance of the proceeds of any Refunding Bonds will  
1018 be deposited into the appropriate Refunding Account (as defined in Section 16 of this  
1019 ordinance) and applied as provided in section 16 of this ordinance.

1020                    **SECTION 16. Refunding Account; Plan of Refunding.**

1021                    A.     Refunding Account; Guidelines for Refunding. There is hereby  
1022 authorized to be established one or more special accounts of the county to be maintained  
1023 with the Escrow Agent (as hereinafter defined) each to be known as a "King County  
1024 [appropriate year and series designation] Sewer Revenue Bonds Refunding Account"  
1025 (each a "Refunding Account"). Each Refunding Account will be drawn upon for the sole  
1026 purpose of paying the principal of and interest and redemption premium, if any, on the  
1027 applicable Refunded Bonds and of paying costs related to the issuance of that series of  
1028 Refunding Bonds and to refunding the applicable Refunded Bonds. Proceeds of the sale  
1029 of any Refunding Bonds, together with other county funds that may be designated for that  
1030 purpose, will be deposited into each Refunding Account to provide for refunding the  
1031 applicable Refunded Bonds in accordance with the ordinances authorizing the Refunded  
1032 Bonds and to pay the costs of issuance of the Refunding Bonds.

1033           The Finance Director is authorized to determine, in consultation with the county's  
1034 financial advisors, which of the Refunding Candidates, if any, are to be refunded. In  
1035 determining which of the Refunding Candidates, if any, should be advance refunded  
1036 under this ordinance, the council intends that the Finance Director adhere to a refunding  
1037 guideline that the present value of the savings achieved by any advance refunding meet or  
1038 exceed a minimum level of 5% of the principal amount of Refunded Bonds that are  
1039 advance refunded. This requirement does not apply to the current refunding of any  
1040 Refunded Bonds, i.e., the redemption of Refunded Bonds paid for with proceeds of  
1041 Refunding Bonds issued no earlier than 90 days prior to the date fixed for redemption of  
1042 the Refunded Bonds.

1043           B.     Plan of Refunding. Each plan of refunding and call for redemption  
1044 of Refunded Bonds will be set forth in and ratified and confirmed by a Sale Motion.  
1045 Money in each Refunding Account will be used immediately upon receipt thereof to  
1046 defease the applicable Refunded Bonds and discharge the other obligations of the county  
1047 relating thereto under the ordinances that authorized the Refunded Bonds, by providing  
1048 for the payment of the principal of and interest and redemption premium, if any, on the  
1049 Refunded Bonds as set forth in a Sale Motion. The county will defease such bonds and  
1050 discharge such obligations by the use of the money in each Refunding Account to  
1051 purchase Government Obligations (which obligations so purchased are herein called  
1052 "Escrow Securities") bearing such interest and maturing as to principal and interest in  
1053 such amounts and at such times that, together with any necessary beginning cash balance,  
1054 will provide for the payment of such Refunded Bonds, as set forth in the Sale Motion.  
1055 Such Escrow Securities will be purchased at a yield not greater than the yield permitted



1056 by the Code and regulations relating to obligations acquired in connection with refunding  
1057 bond issues.

1058           In connection with the issuance of each series of Refunding Bonds, to carry out  
1059 the refunding and defeasance of Refunded Bonds, the Finance Director is hereby  
1060 authorized to appoint as escrow agent a bank or trust company qualified by law to  
1061 perform the duties described herein (each, an "Escrow Agent"). Any beginning cash  
1062 balance and the Escrow Securities will be irrevocably deposited with the Escrow Agent  
1063 in an amount sufficient to defease the Refunded Bonds in accordance with this section 16  
1064 and the applicable Sale Motion.

1065           The county will take such actions as are found necessary to see that all necessary  
1066 and proper fees, compensation and expenses of the Escrow Agent are paid when due. The  
1067 proper officers and agents of the county are directed to obtain from each Escrow Agent  
1068 an agreement setting forth the duties, obligations and responsibilities of the Escrow  
1069 Agent in connection with the redemption and retirement of the Refunded Bonds as  
1070 provided herein and setting forth provisions for the payment of the fees, compensation  
1071 and expenses of the Escrow Agent as are satisfactory to it. To carry out the purposes of  
1072 this section, the Finance Director is authorized and directed to execute and deliver to each  
1073 Escrow Agent an escrow agreement and, if requested, a costs of issuance agreement, in  
1074 forms approved by the county's bond counsel.

1075           C.     Findings of Savings and Defeasance. By a Sale Motion, the council  
1076 will set forth its findings of savings and defeasance regarding those Refunded Bonds  
1077 authorized to be refunded from the proceeds of each series of Refunding Bonds.

1078            **SECTION 17. Due Regard for Expenses.** The county council hereby declares  
1079 that, in fixing the amounts to be paid into the Parity Bond Fund and Parity Lien  
1080 Obligation Bond Fund, as applicable, and the accounts therein, out of Revenue of the  
1081 System, it has exercised due regard for the necessary Operating and Maintenance  
1082 Expenses and has not obligated the county to set aside, pay into and maintain in said fund  
1083 and accounts a greater amount of Revenue of the System than in its judgment will be  
1084 available over and above the necessary Operating and Maintenance Expenses.

1085            **SECTION 18. Rate Covenants.**

1086            A.     **Parity Bonds.** The county hereby covenants with the owner of each  
1087 of the Bonds issued as Parity Bonds for so long as any of the same are outstanding that  
1088 the county will at all times establish, maintain and collect rates and charges for sewage  
1089 disposal service that will provide in each calendar year Net Revenue in an amount that,  
1090 together with the interest earned during that calendar year on investments of money in the  
1091 Parity Bond Fund, Parity Bond Reserve Account and Construction Account, will equal or  
1092 exceed 1.15 times the amount required to pay the Annual Parity Debt Service for such  
1093 calendar year.

1094            At all times and in any event, rates and charges for sewage disposal service will  
1095 be sufficient to provide funds adequate to operate and maintain the System, to make all  
1096 payments and to establish and maintain all reserves required by this or any other  
1097 ordinance authorizing obligations of the county payable from Revenue of the System, to  
1098 make up any deficit in such payments remaining from prior years and to pay all costs  
1099 incurred in the construction or acquisition of any portion of the Comprehensive Plan that

1100 may be ordered by the county and for the payment of which sewer revenue bonds (or  
1101 other obligations payable from Revenue of the System) are not issued.

1102           B.     Parity Lien Obligations. The county hereby covenants with the  
1103 owner of each of the Bonds issued as Parity Lien Obligations for so long as any of the  
1104 same are outstanding that the county will at all times establish, maintain and collect rates  
1105 and charges for sewage disposal service that will be fair and nondiscriminatory and  
1106 adequate to provide Revenue of the System sufficient for the proper operation and  
1107 maintenance of the System; for the punctual payment of the principal of and interest on  
1108 all outstanding Parity Bonds for which payment has not otherwise been provided and all  
1109 amounts that the county is obligated to set aside in the Parity Bond Fund securing the  
1110 Parity Bonds; for the punctual payment of the principal of and interest on all outstanding  
1111 Parity Lien Obligations and for all amounts that the county is obligated to set aside in the  
1112 Parity Lien Obligation Bond Fund; and for the payment of any and all other amounts that  
1113 the county is now or may hereafter become obligated to pay from Revenue of the System.

1114           The county hereby further covenants with the owner of each of the Bonds issued  
1115 as Parity Lien Obligations for so long as any of the same are outstanding that the county  
1116 will at all times establish, maintain and collect rates and charges for sewage disposal  
1117 service that will provide in each calendar year Net Revenue in an amount that, together  
1118 with the interest earned during that calendar year on investments made of money in the  
1119 Parity Bond Fund, Parity Bond Reserve Account, the Parity Lien Obligation Bond Fund  
1120 and Construction Account, equal to at least 1.15 times the amounts required to pay the  
1121 Annual Debt Service for such calendar year.

1122           C.     Rate Stabilization Fund. In determining compliance with the  
1123 requirements of this Section 18, Revenue of the System and Net Revenue shall be  
1124 calculated by taking into account deposits and withdrawals from the Rate Stabilization  
1125 Fund as provided in Section 13.B of this ordinance.

1126           SECTION 19. Certain Other Covenants of the Bonds. The county hereby  
1127 covenants with the owner and holder of each of the Bonds for as long as any of the Bonds  
1128 are outstanding, as follows:

1129           A.     Maintain in Good Order. The county will cause the System and the  
1130 business in connection therewith to be operated in a safe, sound, efficient, and economic  
1131 manner in compliance with all health, safety, and environmental laws, regulatory body  
1132 rules, regulatory body orders and court orders applicable to the county's operation of the  
1133 System, and will cause to be maintained, preserved, reconstructed, expanded and kept,  
1134 with all appurtenances and every part and parcel thereof, in good repair, working order  
1135 and condition, and will from time to time cause to be made, without undue deferral, all  
1136 necessary or proper repairs, replacements and renewals, so that all times the operation of  
1137 the System will be properly and advantageously conducted.

1138           B.     Books and Records. The county will cause proper books of record  
1139 and accounts of operation of the System to be kept, including an annual financial report.

1140           C.     Annual Audit. The county will cause its books of accounts,  
1141 including its annual financial report, to be audited annually by the State auditor's office or  
1142 other State department or agency as may be authorized and directed by law to make such  
1143 audits, or if such an audit is not made for twelve months after the close of any fiscal year

1144 of the county, by a Certified Public Accountant. The county will furnish the audit to the  
1145 owner or holder of any Bond upon written request therefor.

1146           D.     Insurance. The county will at all times carry fire and extended  
1147 coverage and such other forms of insurance on such of the buildings, equipment, facilities  
1148 and properties of the Sewer System as under good practice are ordinarily carried on such  
1149 buildings, equipment, facilities and properties by municipal or privately owned utilities  
1150 engaged in the operation of sewer systems and will also carry adequate public liability  
1151 insurance at all times, provided that the county may, if deemed advisable by the county  
1152 council, institute or continue a self insurance program for any or all of the  
1153 aforementioned risks.

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

1157           F.     Collection of Revenue. The county will so operate and maintain  
1158 the System and conduct its affairs as to entitle it at all times to receive and enforce  
1159 payment to it of sewage disposal charges payable (i) pursuant to the ordinance or  
1160 ordinances establishing a tariff of rates and charges for sewage disposal services and (ii)  
1161 under any Service Agreement that the county has now or may hereafter enter into and to  
1162 entitle the county to collect all revenues derived from the operation of the System. The  
1163 county shall not release the obligations of any person, corporation or political subdivision  
1164 under such tariff of rates and charges or the Service Agreements and shall at all times, to  
1165 the extent permitted by law, defend, enforce, preserve and protect the rights and

1166 privileges of the county and of the holders of the Parity Bonds and Parity Lien  
1167 Obligations under or with respect thereto.

1168           In accordance with RCW 35.58.200(3), the county shall require any county, city,  
1169 special district or other political subdivision to discharge to the System all sewage  
1170 collected by that entity from any portion of the Seattle metropolitan area that can drain by  
1171 gravity flow into facilities of the System that serve such areas if the county council  
1172 declares that the health, safety or welfare of the people within the metropolitan area  
1173 require such action.

1174           G.    Legal Authority. The county has full legal right, power and  
1175 authority to adopt this ordinance, to sell, issue and deliver Bonds as provided herein, and  
1176 to carry out and consummate all other transactions contemplated by this ordinance.

1177           H.    Due Authorization. By all necessary official action prior to or  
1178 concurrently herewith, the county has duly authorized and approved the execution and  
1179 delivery of, and the performance by the county of its obligations contained in, the Bonds  
1180 and in this ordinance and the consummation by it of all other transactions necessary to  
1181 effectuate this ordinance in connection with the issuance of Bonds, and such  
1182 authorizations and approvals are in full force and effect and have not been amended,  
1183 modified or supplemented in any material respect.

1184           I.    Binding Obligation. This ordinance constitutes a legal, valid and  
1185 binding obligation of the county.

1186           J.    No Conflict. The county's adoption of this ordinance and its  
1187 compliance with the provisions contained herein will not conflict with or constitute a  
1188 breach of or default under any constitutional provisions, law, administrative regulation,

1189 judgment, decree, loan agreement, indenture, bond, note, resolution, ordinance, motion,  
1190 agreement or other instrument to which the county is a party or to which the county or  
1191 any of its property or assets are otherwise subject, nor will the county's adoption of or  
1192 compliance with this ordinance result in the creation or imposition of any lien, charge or  
1193 other security interest or encumbrance of any nature whatsoever upon any of the property  
1194 or assets of the county or under the terms of any such law, regulation or instrument,  
1195 except as permitted by this ordinance and the ordinances authorizing the issuance of other  
1196 Parity Bonds and Parity Lien Obligations.

1197           K.     Performance Under Ordinance. None of the proceeds of the Bonds  
1198 will be used for any purpose other than as provided in this ordinance, and the county shall  
1199 not suffer any amendment or supplement to this ordinance, or any departure from the due  
1200 performance of the obligations of the county hereunder, that might materially adversely  
1201 affect the rights of the owners from time to time of the Bonds.

1202           L.     Sale or Disposition. The county will not sell or voluntarily dispose  
1203 of all of the operating properties of the System unless provision is made for payment into  
1204 the Parity Bond Fund and the Parity Lien Obligation Bond Fund of a sum sufficient to  
1205 pay the principal of and interest on all outstanding Parity Bonds and Parity Lien  
1206 Obligations in accordance with the terms thereof, nor will the county sell or voluntarily  
1207 dispose of any part of the operating properties of the System unless provision is made (i)  
1208 for payment into the Parity Bond Fund of an amount that will bear at least the same  
1209 proportion to the amount of the outstanding Parity Bonds that the estimated amount of  
1210 any resulting reduction in Revenue of the System for the twelve months following such  
1211 sale or disposition bears to the Revenue of the System that would have been realized if

1212 such sale or disposition had not been made and (ii) for payment into the Parity Lien  
1213 Obligation Bond Fund of an amount that will bear at least the same proportion to the  
1214 amount of the outstanding Parity Lien Obligations that the estimated amount of any  
1215 resulting reduction in Revenue of the System for the twelve months following such sale  
1216 or disposition bears to the Revenue of the System that would have been realized if such  
1217 sale or disposition had not been made. Those estimates must be made by a Professional  
1218 Utility Consultant. Any money so paid into the Parity Bond Fund and the Parity Lien  
1219 Obligation Bond Fund must be used to retire outstanding Parity Bonds and Parity Lien  
1220 Obligations as provided herein at the earliest possible date; provided, however, that the  
1221 county may sell or otherwise dispose of any of the works, plant, properties and facilities  
1222 of the System or any real or personal property comprising a part of the System with a  
1223 value of less than 5% of the net utility plant of the System or that have become  
1224 unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or  
1225 no longer necessary, material to or useful in such operation, without making any deposit  
1226 into the Parity Bond Fund or Parity Lien Obligation Bond Fund.

1227        SECTION 20. Certain Other Covenants of the Parity Lien Obligations. The  
1228 county makes the following covenants and warranties to the owner of each of the Bonds  
1229 issued as Parity Lien Obligations:

1230            A.     The Bonds issued as Parity Lien Obligations, when issued, sold,  
1231 authenticated and delivered, will constitute the legal, valid and binding general  
1232 obligations of the county.



1233                   B.     The county covenants that the Bonds issued as Parity Lien  
1234 Obligations will be issued within all statutory and constitutional debt limitations  
1235 applicable to the county.

1236                   SECTION 21. Tax Covenants.

1237                   A.     General. The county may elect to structure any series of Bonds so  
1238 that interest on that series of Bonds would be taxable or excludable from gross income  
1239 for federal income tax purposes pursuant to sections 103 and 141 through 150 of the  
1240 Code and the applicable regulations (the "Tax-Exempt Bonds") or to confer other benefits  
1241 under the Code to the county or owners of that series of Bonds ("Tax-Benefited Bonds").  
1242 The county covenants not to take any action, or knowingly omit to take any action within  
1243 its control, that if taken or omitted would cause the interest on Tax-Exempt Bonds to be  
1244 includable in gross income, as defined in section 61 of the Code, for federal income tax  
1245 purposes. Additional tax covenants as necessary or desirable for any series of Bonds may  
1246 be set forth in the Sale Motion or Tax Certificate for that series of Bonds.

1247                   B.     Tax Certificate. Upon the issuance of any series of Tax-Exempt  
1248 Bonds or Tax-Benefited Bonds, the Finance Director is authorized to execute a federal  
1249 tax certificate (the "Tax Certificate"), which will certify to various facts and  
1250 representations concerning that series of Bonds, based on the facts and estimates known  
1251 or reasonably expected on the date of their issuance, and make certain covenants with  
1252 respect to that series of Bonds as may be necessary or desirable to obtain or maintain the  
1253 benefits conferred under the Code relating to that series of Tax-Exempt Bonds or Tax-  
1254 Benefited Bonds.

1255           The county covenants that it will comply with the Tax Certificate unless it  
1256 receives advice from nationally recognized bond counsel or the Internal Revenue Service  
1257 that certain provisions have been amended or no longer apply to the Tax-Exempt Bonds  
1258 or Tax-Benefited Bonds, as applicable.

1259           C.     Arbitrage Rebate. If the county does not qualify for an exception to  
1260 the requirements of Section 148(f) of the Code relating to the payment of arbitrage rebate  
1261 to the United States with respect to a series of Bonds, the county will take all necessary  
1262 steps to comply with the requirement that certain amounts earned by the county on the  
1263 investment of the "gross proceeds" of that series of Bonds (within the meaning of the  
1264 Code) be rebated.

1265           **SECTION 22. Trustee for Parity Bondowners.**

1266           A.     Appointment of Trustee. Upon the occurrence of any "event of  
1267 default" described in section 23.A. of this ordinance, the owners of a majority in principal  
1268 amount of the outstanding Parity Bonds may appoint a Trustee by an instrument or  
1269 concurrent instruments in writing signed and acknowledged by such Parity Bondowners  
1270 or by their attorneys-in-fact duly authorized and delivered to the Trustee, notification  
1271 thereof being given to the county. Any appointment of a Trustee under the provisions of  
1272 this subsection must be a bank or trust company organized under the laws of the State of  
1273 Washington or the State of New York or a national banking association. The fees and  
1274 expenses of a Trustee must be borne by the Parity Bondowners and not by the county.  
1275 The bank or trust company acting as a Trustee may be removed at any time and a  
1276 successor Trustee may be appointed by the owners of a majority in principal amount of  
1277 the outstanding Parity Bonds, by an instrument or concurrent instruments in writing

1278 signed and acknowledged by such Parity Bondowners or by their attorneys-in-fact duly  
1279 authorized.

1280           The Trustee appointed in the manner herein provided, and each successor thereto,  
1281 is hereby declared to be a trustee for the owners of all the Parity Bonds and is empowered  
1282 to exercise all rights and powers herein conferred on the Trustee.

1283           B.     Certain Rights and Obligations of Trustee. The Trustee will not be  
1284 responsible for recitals in any ordinance or in the Parity Bonds, or for the validity of any  
1285 Parity Bonds, nor will the Trustee be responsible for insuring the System or for collecting  
1286 any insurance money or for the title to any property of the System.

1287           The Trustee will be protected in acting upon any notice, request, consent,  
1288 certificate, order, affidavit, letter, telegram or other paper or document believed by it to  
1289 be genuine and correct and to have been signed, sent or delivered by the person or  
1290 persons by whom such paper or document is purported to have been signed, sent or  
1291 delivered.

1292           The Trustee will not be answerable for any neglect or default of any person, firm  
1293 or corporation employed and selected by it with reasonable care.

1294           The Trustee will permit the owner or holder of any Parity Bonds to inspect any  
1295 instrument, opinion or certificate filed with the Trustee by the county or by any person,  
1296 firm or corporation acting for the county.

1297           The Trustee will not be bound to recognize any person as an owner or holder of  
1298 any Parity Bond until his, her or its title thereto, if disputed, has been established to the  
1299 Trustee's reasonable satisfaction.

1300           The Trustee may consult with counsel, and the opinion of such counsel will be  
1301 full and complete authorization and protection in respect of any action taken or suffered  
1302 by it hereunder in good faith and in accordance with the opinion of such counsel.

1303           **SECTION 23. Events of Default for Parity Bonds; Powers and Duties of**  
1304 **Parity Bondowners Trustee.**

1305           A.     Events of Default. The occurrence of one or more of the following  
1306 is an "event of default" with respect to any Bonds issued as Parity Bonds under this  
1307 ordinance:

1308                     (i)     default in the payment of principal of or interest on any  
1309 Parity Bonds when the same becomes due; or

1310                     (ii)    default in the observance or performance of any of the  
1311 other covenants applicable to Parity Bonds herein contained, and the default continues for  
1312 a period of six months after written notice to the county from a Parity bondholder  
1313 specifying the default and requiring that it be remedied.

1314           B.     Powers of Trustee. The Trustee in its own name and on behalf of  
1315 and for the benefit and protection of the holders and owners of all Parity Bonds may  
1316 proceed, and upon the written request of the holders and owners of not less than 25% in  
1317 principal amount of the Parity Bonds then outstanding must proceed, to protect and  
1318 enforce any rights of the Trustee and, to the full extent that owners or holders of Parity  
1319 Bonds themselves might do, the rights of such owners and holders of Parity Bonds under  
1320 the laws of the State of Washington or under the ordinances providing for the issuance of  
1321 such bonds, by such suits, actions or proceedings in equity or at law, either for the  
1322 specific performance of any covenant contained herein or in aid or execution of any

1323 power herein granted or for any proper legal or equitable remedy as the Trustee may  
1324 deem most effectual to protect and enforce the rights of the Trustee and the holders and  
1325 owners of Parity Bonds. In the enforcement of any such rights under this or any other  
1326 ordinance of the county, the Trustee is entitled to sue for, to enforce payment of and to  
1327 receive any and all amounts due from the county for principal, interest or otherwise under  
1328 any of the provisions of such ordinance, with interest on overdue payments at the rate or  
1329 rates set forth in such bond or bonds, together with any and all costs and expenses of  
1330 collection and of all proceedings taken by the Trustee without prejudice to any other right  
1331 or remedy of the Trustee or of the bondholders.

1332         If default is made in the payment of principal of any Parity Bond and the default  
1333 continues for a period of 30 days, (i) so long as any of the 2004B Bonds remain  
1334 outstanding, the Trustee shall be entitled to declare all outstanding Parity Bonds  
1335 immediately due and payable and may proceed to enforce payment thereof as  
1336 hereinabove provided, and (ii) after such time as no 2004B Bonds remain outstanding,  
1337 the Trustee may not accelerate payment of any Parity Bonds but may proceed to enforce  
1338 payment thereof as hereinabove provided. If, in the sole judgment of the Trustee, any  
1339 default is cured and the Trustee furnishes the county a certificate so stating, that default is  
1340 conclusively deemed to be cured, and the county, Trustee and owners and holders of  
1341 Parity Bonds will be restored to the same rights and position they would have held if no  
1342 event of default had occurred.

1343         C.     Actions in Name of Trustee. All rights of action under this  
1344 ordinance or upon any of the Parity Bonds enforceable by the Trustee may be enforced  
1345 by the Trustee without the possession of any of such bonds or the production thereof on

1346 the trial or other proceedings relative thereto, and any such suit, action or proceeding  
1347 instituted by the Trustee will be brought in its name for the ratable benefit of the holders  
1348 of all Parity Bonds, subject to the provisions of this ordinance.

1349           D.     Procedure by Bond Owners. No owner of any one or more of the  
1350 Parity Bonds has any right to institute any action, suit or proceedings at law or in equity  
1351 for the enforcement of the same, unless an event of default occurs and unless no Trustee  
1352 is appointed as herein provided, but any remedy herein authorized to be exercised by a  
1353 Trustee may be exercised individually by any Parity Bondowner, in his own name and on  
1354 his own behalf or for the benefit of all Parity Bondowners, if no Trustee is appointed, or  
1355 with the consent of the Trustee if such Trustee has been appointed.

1356           E.     Application of Money Collected by Trustee. Any money collected  
1357 by the Trustee at any time pursuant to this section will be applied, first, to the payment of  
1358 its charges, expenses, advances and compensation and the charges, expenses, counsel  
1359 fees, disbursements and compensation of its agents and attorneys, and, second, toward  
1360 payment of the amount then due and unpaid upon the Parity Bonds, ratably and without  
1361 preference or priority of any kind not expressly provided in this ordinance, according to  
1362 the amounts due and payable upon such bonds at the date fixed by the Trustee for the  
1363 distribution of such money, upon presentation of the several bonds and upon causing such  
1364 payment to be stamped thereon, if partly paid, and upon surrender thereof, if fully paid.

1365           SECTION 24. Future Parity Bonds. The county further covenants and agrees  
1366 with the owners and holders of the Parity Bonds for as long as the same are outstanding  
1367 that it will not create any special fund for the payment of the principal of and interest on  
1368 any revenue bonds that will rank on a parity with or have any priority over the payments

1369 out of Revenue of the System required to be made into the Parity Bond Fund and the  
1370 accounts therein to pay or secure the payment of the outstanding Parity Bonds.

1371 The county reserves the right for:

1372 (1) the purpose of acquiring, constructing and installing any  
1373 portion of the Comprehensive Plan, or

1374 (2) the purpose of acquiring, constructing and installing any  
1375 necessary renewals or replacements of the System, or

1376 (3) the purpose of refunding or purchasing and retiring at or  
1377 prior to their maturity any outstanding obligations of the county payable from Revenue of  
1378 the System,

1379 to issue additional or refunding bonds and to make payments into the Parity Bond Fund  
1380 out of the Revenue Fund that will be sufficient to pay the principal of and interest on  
1381 those additional or refunding bonds and to maintain required reserves, such payments out  
1382 of the Revenue Fund will rank equally with the payments out of the Revenue Fund  
1383 required to be made into the Parity Bond Fund and the accounts therein for the payment  
1384 of the principal of and interest on outstanding Parity Bonds, but only upon compliance  
1385 with the following conditions:

1386 A. At the time of the issuance of any Future Parity Bonds there is no  
1387 deficiency in the Parity Bond Fund or any account therein.

1388 B. Each ordinance providing for the issuance of any Future Parity  
1389 Bonds that are refunding bonds must require that all money held in any fund or account  
1390 of the county created for the purpose of paying the principal of and interest on the bonds

1391 being refunded either be used to pay the principal of and interest on such bonds or be  
1392 transferred or paid into the Parity Bond Fund.

1393           C.     Each ordinance providing for the issuance of Future Parity Bonds  
1394 must provide for the payment of the principal thereof and interest thereon out of the  
1395 Parity Bond Fund. The Future Parity Bonds may bear such date of issue, interest payment  
1396 dates, and principal payment dates, and may mature in such year or years as the county  
1397 council provides. Each such ordinance will further provide that upon the issuance of any  
1398 Future Parity Bonds, the county will pay into the Parity Bond Reserve Account an  
1399 amount that will be sufficient to satisfy the Reserve Requirement then applicable or  
1400 provide Qualified Insurance or a Qualified Letter of Credit to satisfy the Reserve  
1401 Requirement.

1402           D.     (1)    At the time of the issuance of any Future Parity Bonds, the  
1403 county must have on file a certificate from a Professional Utility Consultant (the  
1404 certificate may not be dated more than 90 days prior to the date of delivery of such Future  
1405 Parity Bonds), showing that in his or her professional opinion the "annual income  
1406 available for debt service on Parity Bonds" for each year during the life of such Future  
1407 Parity Bonds shall be at least equal to 1.25 times the amount required in each such year to  
1408 pay the Annual Parity Debt Service for such year.

1409                       (2)    Such "annual income available for debt service on Parity  
1410 Bonds" will be determined as follows for each year following the proposed date of issue  
1411 of such Future Parity Bonds:



1412 (i) The Revenue of the System will be determined for a  
1413 period of any 12 consecutive months out of the 18 months immediately preceding the  
1414 delivery of the Future Parity Bonds being issued.

1415 (ii) Such revenue may be adjusted to give effect on a  
1416 12-month basis to the rates in effect on the date of such certificate.

1417 (iii) If there were any Customers added to the System  
1418 during such 12-month period or thereafter and prior to the date of the Professional Utility  
1419 Consultant's certificate, such revenue may be further adjusted on the basis that added  
1420 Customers were Customers of the System during the entire 12-month period.

1421 (iv) There will be deducted from such revenue the  
1422 amount expended for Operating and Maintenance Expenses during such period.

1423 (v) For each year following the proposed date of  
1424 issuance of such Future Parity Bonds the Professional Utility Consultant may add to the  
1425 annual revenue determined in the preceding four paragraphs an estimate of the income to  
1426 be received in each such year from the investment of money in the Parity Bond Fund and  
1427 any account therein, and the Construction Account, which will be determined by and in  
1428 the sole discretion of a firm of nationally recognized financial consultants selected by the  
1429 county.

1430 (vi) Beginning with the second year following the  
1431 proposed date of issue of such Future Parity Bonds and for each year thereafter, the  
1432 Professional Utility Consultant may add to the annual revenue determined in the  
1433 preceding five paragraphs his or her estimate of any additional annual revenue to be  
1434 received from anticipated growth in the number of Customers within the area served by

1435 the System on the date of such certificate, after deducting therefrom any increased  
1436 Operating and Maintenance Expenses estimated to be incurred as a result of such growth;  
1437 provided that the Professional Utility Consultant's estimate of the number of Customers  
1438 served may not assume growth of more than 1/4 of 1% over and above the number of  
1439 Customers served or estimated to be served during the preceding year.

1440 (vii) If extensions of or additions to the System are in the  
1441 process of construction at the time of such certificate, or if the proceeds of the Future  
1442 Parity Bonds being issued are to be used to acquire or construct extensions of or additions  
1443 to the System, there may be added to the annual net revenue as above determined any  
1444 revenue not included in the preceding paragraphs that will be derived from such additions  
1445 and extensions after deducting therefrom the estimated additional Operating and  
1446 Maintenance Expenses to be incurred as a result of such additions and extensions;  
1447 provided that such estimated annual revenue will be based upon 75% of any estimated  
1448 Customer growth in the four years following the first full year in which such additional  
1449 revenue is to be collected and thereafter the estimated Customer growth may not exceed  
1450 1/4 of 1% per year over and above such reduced estimate.

1451 E. Instead of the certificate described in subsection D above, the  
1452 county may elect instead to have on file a certificate of the Finance Director  
1453 demonstrating that during any 12 consecutive calendar months out of the immediately  
1454 preceding 18 calendar months Net Revenue was at least equal to 1.25 times the amount  
1455 required to pay, in each year that such Future Parity Bonds would be outstanding, the  
1456 Annual Parity Debt Service for such year.

1457           F.       For the purpose of refunding at or prior to their maturity any  
1458 outstanding Parity Bonds or any bonds or other obligations of the county payable from  
1459 Revenue of the System, the county may at any time issue Future Parity Bonds without  
1460 complying with the provisions of subsection D or E hereof; provided, however, that the  
1461 county may not issue Future Parity Bonds for such purpose under this subsection F unless  
1462 the Finance Director certifies that upon the issuance of such Future Parity Bonds that (i)  
1463 total debt service required for all Parity Bonds (including the refunding bonds and not  
1464 including the bonds to be refunded thereby) will decrease, and (ii) the Annual Parity Debt  
1465 Service for each year that any Parity Bonds (including the refunding bonds proposed to  
1466 be issued and not including the bonds to be refunded thereby) are then outstanding will  
1467 not be increased by more than \$5,000 by reason of the issuance of such Future Parity  
1468 Bonds.

1469           The principal amount of Future Parity Bonds issued pursuant to this subsection F  
1470 may include amounts necessary to pay the principal of the Parity Bonds or other  
1471 obligations to be refunded, interest thereon to the date of payment or redemption thereof,  
1472 any premium payable thereon upon such payment or redemption and the costs of issuance  
1473 of such Future Parity Bonds, and if a Payment Agreement has been provided with respect  
1474 to the obligations to be refunded, may include amounts necessary to make the payment of  
1475 all amounts, if any, due and payable by the county under such Payment Agreement. The  
1476 proceeds of such Future Parity Bonds will be held and applied in such manner as is  
1477 provided for in the ordinance authorizing the issuance of the Parity Bonds or other  
1478 obligations to be refunded, so that upon the delivery of such Future Parity Bonds, the

1479 Parity Bonds or other obligations to be refunded thereby will be deemed no longer  
1480 outstanding in accordance with the ordinance authorizing their issuance.

1481 G. At the time of issuing any Future Parity Bonds -- so long as the  
1482 county's Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, remains  
1483 outstanding -- the Finance Director shall provide to the owner of that bond a debt service  
1484 coverage certificate as required by Section 5.4(a) of Ordinance 17495 authorizing the  
1485 issuance of that bond.

1486 H. Nothing contained in this ordinance prevents the county from  
1487 issuing revenue bonds that are a charge upon Revenue of the System and money in the  
1488 Revenue Fund junior or inferior to the payments required to be made therefrom into the  
1489 Parity Bond Fund and any account therein, nor shall anything herein contained prevent  
1490 the county from issuing Future Parity Bonds to refund maturing Parity Bonds for the  
1491 payment of which money is not otherwise available.

1492 **SECTION 25. Additional Parity Lien Obligations.** The county expressly  
1493 reserves the right to issue additional Parity Bonds in accordance with the ordinances,  
1494 including this ordinance, authorizing the Parity Bonds. Subject to this reservation of  
1495 rights with respect to Parity Bonds, the county hereby covenants and agrees with the  
1496 owners of any Bonds issued as Parity Lien Obligations, so long as such Bonds are  
1497 outstanding, that it will not issue or incur any other additional indebtedness secured in  
1498 whole or in part by a lien on Revenue of the System superior to the lien of such Bonds  
1499 issued as Parity Lien Obligations.

1500 A. **Parity Lien Obligations Other Than Refunding Bonds.** The county  
1501 expressly reserves the right to issue or enter into additional Parity Lien Obligations

1502 (including Variable Rate Parity Lien Obligations as defined herein) for any lawful  
1503 purpose of the county related to the System if at the time of issuing or entering into such  
1504 Parity Lien Obligations:

1505 (i) There is no deficiency in the Parity Bond Fund, the Parity  
1506 Lien Obligation Bond Fund or any other bond fund or account securing Parity Lien  
1507 Obligations.

1508 (ii) The county has on file a certificate from a Professional  
1509 Utility Consultant (the certificate may not be dated more than 90 days prior to the date of  
1510 delivery of such Parity Lien Obligations) showing that in his or her professional opinion,  
1511 the "annual income available for debt service on Parity Bonds and Parity Lien  
1512 Obligations" for each year during the life of such Parity Lien Obligations is at least equal  
1513 to 1.25 times the amount required to pay Annual Debt Service in each such year.

1514 (iii) Such "annual income available for debt service on Parity  
1515 Bonds and Parity Lien Obligations" shall be determined as follows for each year  
1516 following the proposed date of issue of such Parity Lien Obligations:

1517 1. The Revenue of the System will be determined for a  
1518 period of any 12 consecutive months out of the 18 months immediately preceding the  
1519 delivery of the Parity Lien Obligations being issued.

1520 2. Such revenue may be adjusted to give effect on a  
1521 12-month basis to the rates in effect on the date of such certificate.

1522 3. If there were any Customers added to the System  
1523 during such 12-month period or thereafter and prior to the date of the Professional Utility

1524 Consultant's certificate, such revenue may be further adjusted on the basis that added  
1525 Customers were Customers of the System during the entire 12-month period.

1526                                   4.       There will be deducted from such revenue the  
1527 amount expended for Operating and Maintenance Expenses during such period.

1528                                   5.       For each year following the proposed date of  
1529 issuance of such Parity Lien Obligations the Professional Utility Consultant may add to  
1530 the annual revenue determined in the preceding four paragraphs an estimate of the  
1531 income to be received in each such year from the investment of money in the Parity Bond  
1532 Fund, the Parity Lien Obligation Bond Fund and the Construction Account, which will be  
1533 determined by and in the sole discretion of a firm of nationally recognized financial  
1534 consultants selected by the county.

1535                                   6.       Beginning with the second year following the  
1536 proposed date of issue of such Parity Lien Obligations and for each year thereafter the  
1537 Professional Utility Consultant may add to the annual revenue determined in the  
1538 preceding five paragraphs his or her estimate of any additional annual revenue to be  
1539 received from anticipated growth in the number of Customers within the area served by  
1540 the System on the date of such certificate, after deducting therefrom any increased  
1541 Operating and Maintenance Expenses estimated to be incurred as a result of such growth;  
1542 provided that the Professional Utility Consultant's estimate of the number of customers  
1543 served may shall not assume a growth of more than 1/4 of 1% over and above the number  
1544 of customers served or estimated to be served during the preceding year.

1545                                   7.       If extensions of or additions to the System are in the  
1546 process of construction at the time of such certificate, or if the proceeds of the Parity Lien

1547 Obligations being issued are to be used to acquire or construct extensions of or additions  
1548 to the System, there may be added to the annual net revenue as above determined any  
1549 revenue not included in the preceding paragraphs which will be derived from such  
1550 additions and extensions after deducting therefrom the estimated additional Operating  
1551 and Maintenance Expenses to be incurred as a result of such additions and extensions;  
1552 provided that such estimated annual revenue must be based upon 75% of any estimated  
1553 Customer growth in the four years following the first full year in which such additional  
1554 revenue is to be collected and thereafter the estimated Customer growth may not exceed  
1555 1/4 of 1% per year over and above such reduced estimate.

1556 (iv) Instead of the certificate described in subsections (ii) and  
1557 (iii) above, the county may elect to have on file a certificate of the Finance Director  
1558 demonstrating that during any 12 consecutive calendar months out of the immediately  
1559 preceding 18 calendar months Net Revenue was at least equal to 1.25 times the amount  
1560 required to pay, in each year that such Parity Lien Obligations would be outstanding, the  
1561 Annual Debt Service for such year.

1562 B. Parity Lien Obligations That Are Refunding Bonds.

1563 (i) The county may at any time for the purpose of refunding at  
1564 or prior to their maturity any outstanding Parity Lien Obligations, Parity Bonds, or any  
1565 bonds or other obligations of the county payable from Revenue of the System issue  
1566 additional Parity Lien Obligations without complying with the provisions of subsections  
1567 (ii)-(iv) of Section 25.A hereof if there is filed with the clerk of the county council a  
1568 certificate of the Finance Director stating that upon the issuance of such additional Parity  
1569 Lien Obligations (i) total debt service on all Parity Bonds and Parity Lien Obligations

1570 (including the refunding bonds but not including the bonds to be refunded thereby) will  
1571 decrease, and (ii) the Annual Debt Service for each year that any Parity Bonds and any  
1572 Parity Lien Obligations (including the refunding bonds proposed to be issued) are then  
1573 outstanding will not be increased by more than \$5,000 by reason of the issuance of such  
1574 additional Parity Lien Obligations.

1575                   (ii)     The principal amount of such Parity Lien Obligations may  
1576 include amounts necessary to pay the principal of the bonds or other obligations to be  
1577 refunded, interest thereon to the date of payment or redemption thereof, any premium  
1578 payable thereon upon such payment or redemption and the costs of issuance of such  
1579 Parity Lien Obligations, and if a Payment Agreement has been provided with respect to  
1580 the obligations to be refunded, may include amounts necessary to make the payment of  
1581 all amounts, if any, due and payable by the county under such Payment Agreement. The  
1582 proceeds of such Parity Lien Obligations will be held and applied as is provided in the  
1583 ordinance authorizing the issuance of such Parity Lien Obligations, so that upon the  
1584 delivery of such Parity Lien Obligations, the bonds or other obligations to be refunded  
1585 thereby will be deemed no longer outstanding in accordance with the ordinance  
1586 authorizing their issuance.

1587                   (iii)    At the election of the county, the provisions of this section  
1588 25.B. need not apply to the refunding at one time of all the Parity Lien Obligations then  
1589 outstanding.

1590                   (iv)     Nothing contained in this ordinance prohibits or prevents,  
1591 or will be deemed or construed to prohibit or prevent, the county from issuing Parity Lien



1592 Obligations to refund maturing Parity Lien Obligations of the county for the payment of  
1593 which money is not otherwise available.

1594 C. Additional Debt Service Coverage Certificate. At the time of  
1595 issuing any additional Parity Lien Obligations -- so long as the county's Junior Lien  
1596 Variable Rate Demand Sewer Revenue Bond, Series 2012, remains outstanding -- the  
1597 Finance Director shall provide to the owner of that bond a debt service coverage  
1598 certificate as required by Ordinance 17495, Section 5.4(a), authorizing the issuance of  
1599 that bond.

1600 D. Subordinate Obligations. Nothing in this ordinance prohibits, or  
1601 will be deemed or construed to prohibit, the county from authorizing and issuing bonds,  
1602 notes or other evidences of indebtedness for any purpose of the county related to the  
1603 System payable in whole or in part from Revenue of the System and secured by a lien on  
1604 that revenue that is junior, subordinate and inferior to the lien of any Bonds issued as  
1605 Parity Lien Obligations.

1606 **SECTION 26. Reimbursement Obligations.** If the county elects to secure any  
1607 Bonds with a Credit Facility, the county may contract with the entity providing the Credit  
1608 Facility that the reimbursement obligation, if any, to that entity will be a Parity Bond or  
1609 Parity Lien Obligation, as applicable.

1610 **SECTION 27. Payment Agreements.**

1611 A. General. To the extent and for the purposes permitted from time to  
1612 time by Chapter 39.96 RCW, as it may be amended, and other applicable provisions of  
1613 State law, the county may enter into Payment Agreements, subject to the conditions set  
1614 forth in this section and in other provisions of this ordinance.

1615           B.     Manner and Schedule of Payments. Each Payment Agreement  
1616 must set forth the manner in which the Payment Agreement Payments and the Payment  
1617 Agreement Receipts will be calculated and a schedule of payment dates.

1618           C.     Authorizing Ordinance. Prior to entering into a Payment  
1619 Agreement, the county council must pass an ordinance authorizing such agreement and  
1620 setting forth such provisions as the county deems necessary or desirable and are not  
1621 inconsistent with the provisions of this ordinance.

1622           D.     Calculation of Payment Agreement Payments and Debt Service on  
1623 Bonds with Respect to which a Payment Agreement is in Force. It is the intent of the  
1624 county, for purposes of section 18, 24 or 25 of this ordinance, that debt service on Parity  
1625 Bonds with respect to which a Parity Payment Agreement is in force will be calculated to  
1626 reflect the net economic effect on the county intended to be produced by the terms of  
1627 such Parity Bonds and Parity Payment Agreement and that debt service on Parity Lien  
1628 Obligation Bonds with respect to which a Parity Lien Obligation Payment Agreement is  
1629 in force will be calculated to reflect the net economic effect on the county intended to be  
1630 produced by the terms of such Parity Lien Obligation Bonds and Parity Lien Obligation  
1631 Payment Agreement. In calculating such amounts, the county will be guided by the  
1632 following requirements.

1633                   (i)     The amount of interest deemed to be payable on any Bonds  
1634 with respect to which a Payment Agreement is in force will be an amount equal to the  
1635 amount of interest that would be payable at the rate or rates stated in those Bonds plus  
1636 Payment Agreement Payments minus Payment Agreement Receipts.

1637 (ii) For any period during which Payment Agreement  
1638 Payments are not taken into account in calculating interest on any outstanding Bonds  
1639 because the Payment Agreement is not then related to any outstanding Bonds, Payment  
1640 Agreement Payments on that Parity Payment Agreement will be calculated based upon  
1641 the following assumptions:

1642 (a) County Obligated to Make Payments Based on  
1643 Fixed Rate. If the county is obligated to make Payment Agreement Payments based on a  
1644 fixed rate and the Qualified Counterparty is obligated to make payments based on a  
1645 variable rate index, payments by the county will be based on the assumed fixed payor  
1646 rate, and payments by the Qualified Counterparty will be based on a rate equal to the  
1647 average rate determined by the variable rate index specified by the Payment Agreement  
1648 during the fiscal quarter preceding the quarter in which the calculation is made; and

1649 (b) County Obligated to Make Payments Based on  
1650 Variable Rate Index. If the county is obligated to make Payment Agreement Payments  
1651 based on a variable rate index and the Qualified Counterparty is obligated to make  
1652 payments based on a fixed rate, payments by the county will be based on a rate equal to  
1653 the average rate determined by the variable rate index specified by the Payment  
1654 Agreement during the fiscal quarter preceding the quarter in which the calculation is  
1655 made, and the Qualified Counterparty will make payments based on the fixed rate  
1656 specified by the Payment Agreement.

1657 E. Prior Notice to Rating Agencies. The county will give notice to  
1658 Moody's and S&P 30 days prior to the date it intends to enter into a Parity Payment

1659 Agreement and will give notice to Fitch, Moody's and S&P 30 days prior to the date it  
1660 intends to enter into a Parity Lien Obligation Payment Agreement.

1661 **SECTION 28. Sale of Bonds.**

1662 A. **Determination by Finance Director.** The Finance Director will  
1663 determine, in consultation with the county's financial advisors, the principal amount of  
1664 each series of the Project Bonds, which of the Refunding Candidates will be refunded,  
1665 whether Project Bonds and Refunding Bonds will be sold separately or in one or more  
1666 combined series, whether each series of Bonds will be structured as Tax-Exempt Bonds,  
1667 Tax-Benefited Bonds or otherwise, and whether each series of Bonds will be sold by  
1668 negotiated sale or competitive bid and by current or future delivery. The authority to sell  
1669 any of the Bonds authorized hereunder will terminate two years from the effective date of  
1670 this ordinance. The authority to sell any bonds pursuant to Ordinance 17111 of the county  
1671 will terminate on the effective date of this ordinance.

1672 B. **Satisfaction of Additional Bonds Tests.** The Finance Director will  
1673 provide or cause to be provided by a Professional Utility Consultant any certifications  
1674 required to comply with the tests established in prior ordinances of the county for the  
1675 issuance of additional Parity Bonds and additional Parity Lien Obligations, as applicable.  
1676 In each Sale Motion for a series of Bonds, the council shall make findings regarding the  
1677 satisfaction of the additional bonds tests applicable to that series of Bonds.

1678 At the time of issuing any Bonds hereunder -- so long as the county's Junior Lien  
1679 Variable Rate Demand Sewer Revenue Bond, Series 2012, remains outstanding -- the  
1680 Finance Director shall provide to the owner of that bond a debt service coverage

1681 certificate as required by Section 5.4(a) of Ordinance 17495 authorizing the issuance of  
1682 that bond.

1683           C.     Procedure for Negotiated Sale. If the Finance Director determines  
1684 that any series of the Bonds will be sold by negotiated sale, the Finance Director will, in  
1685 accordance with applicable county procurement procedures, solicit one or more  
1686 underwriting firms with which to negotiate the sale of the Bonds. The purchase contract  
1687 for any series of Bonds will establish the date, principal amount, interest rates, maturity  
1688 schedule, redemption and bond insurance provisions, and delivery date of the Bonds. The  
1689 county council by a Sale Motion will approve the bond purchase contract and ratify and  
1690 confirm the terms for the series of Bonds established therein.

1691           D.     Procedure for Sale by Competitive Bid. If the Finance Director  
1692 determines that any series of the Bonds will be sold by competitive bid, bids for the  
1693 purchase of such Bonds will be received at such time or place and by such means as the  
1694 Finance Director directs. The Finance Director is authorized to prepare a notice of sale  
1695 for such Bonds, establishing in such notice the date, principal amount, interest payment  
1696 dates, maturity schedule, and redemption and bond insurance provisions for such Bonds.  
1697 The official notice of sale or an abridged form thereof may be published in such  
1698 newspapers or financial journals as the county's financial advisors deem desirable or  
1699 appropriate.

1700           Upon the date and time established for the receipt of bids for any series of the  
1701 Bonds, the Finance Director or his designee will review the bids, cause the bids to be  
1702 mathematically verified and report to the county council regarding the bids received.  
1703 Such bids will then be considered and acted upon by the county council in an open public

1704 meeting. The county council reserves the right to reject any and all bids for such Bonds.  
1705 The county council by a Sale Motion will approve the sale of such Bonds and ratify and  
1706 confirm the date, interest rates, maturity schedule, redemption and bond insurance  
1707 provisions, plan of refunding (if any), and any other terms of such Bonds.

1708        **SECTION 29. Delivery of Bonds.** Following the sale of any series of the Bonds,  
1709 the county will cause definitive Bonds of that series to be prepared, executed and  
1710 delivered, which Bonds will be typewritten, lithographed or printed with engraved or  
1711 lithographed borders, or in such other form acceptable to DTC as initial depository for  
1712 the Bonds.

1713        If definitive Bonds are not ready for delivery by the date established for a  
1714 Closing, then the Finance Director, upon the approval of the purchasers, may cause to be  
1715 issued and delivered to the purchasers one or more temporary Bonds with appropriate  
1716 omissions, changes and additions. Any temporary Bond or Bonds will be entitled and  
1717 subject to the same benefits and provisions of this ordinance with respect to the payment,  
1718 security and obligation thereof as definitive Bonds authorized thereby. Such temporary  
1719 Bond or Bonds will be exchangeable without cost to the owners thereof for definitive  
1720 Bonds when the latter are ready for delivery.

1721        **SECTION 30. Preliminary Official Statement; Official Statement.** The county  
1722 hereby authorizes and directs the Finance Director: (i) to review and approve the  
1723 information contained in the preliminary official statement (the "Preliminary Official  
1724 Statement") prepared in connection with the sale of any series of the Bonds; and (ii) for  
1725 the sole purpose of the Bond purchasers' compliance with Section (b)(1) of the Rule, to  
1726 "deem final" that Preliminary Official Statement as of its date, except for the omission of

1727 information on offering prices, interest rates, selling compensation, delivery dates, bond  
1728 insurance, any other terms or provisions required by the county to be specified in a  
1729 competitive bid or bond purchase contract, ratings, the identity of the Bond purchasers,  
1730 and other terms of that series of Bonds dependent on such matters. After a Preliminary  
1731 Official Statement has been reviewed and approved in accordance with the provisions of  
1732 this section, the county hereby authorizes distribution of the Preliminary Official  
1733 Statement to prospective purchasers of that series of Bonds.

1734           Following the sale of any series of the Bonds in accordance with Section 28 of  
1735 this ordinance, the Finance Director is hereby authorized to review and approve on behalf  
1736 of the county a final official statement for those Bonds. The county agrees to cooperate  
1737 with the purchaser of the Bonds to deliver or cause to be delivered, within seven business  
1738 days from the date of the Sale Motion and in sufficient time to accompany any  
1739 confirmation that requests payment from any customer of the purchaser, copies of the  
1740 final official statement in sufficient quantity to comply with paragraph (b)(4) of the Rule  
1741 and the rules of the Municipal Securities Rulemaking Board ("MSRB").

1742           SECTION 31. Undertaking to Provide Ongoing Disclosure. If and to the  
1743 extent required by Section (b)(5) of the Rule, each Sale Motion will authorize an  
1744 Undertaking for each series of the Bonds.

1745           SECTION 32. General Authorization. The appropriate county officials, agents  
1746 and representatives are hereby authorized and directed to do everything necessary for the  
1747 prompt sale, issuance, execution and delivery of the Bonds, and for the proper use and  
1748 application of the proceeds of the sale thereof.

1749            **SECTION 33. Investment of Funds and Accounts.** Money in the Parity Bond  
1750 Fund, Parity Bond Reserve Account, Parity Lien Obligation Bond Fund, Revenue Fund  
1751 and Construction Account may be invested in any investments permitted for funds of the  
1752 county. Obligations purchased as an investment of money in the Revenue Fund, Parity  
1753 Bond Fund, Parity Lien Obligation Bond Fund, and Construction Account and accounts  
1754 or subaccounts therein will be deemed at all times to be a part of such respective fund,  
1755 account or subaccount, and the income or interest earned, profits realized or losses  
1756 suffered by a fund, account or subaccount due to the investment thereof will be retained  
1757 in, credited or charged, as the case may be, to such fund or account.

1758            In computing the amount in any fund or account under the provisions of this  
1759 ordinance, obligations purchased as an investment of money therein will be valued at the  
1760 cost or market price thereof, whichever is lower, inclusive of accrued interest.

1761            **SECTION 34. Defeasance.** If money or noncallable Government Obligations  
1762 maturing at such time or times and bearing interest to be earned thereon in amounts  
1763 (together with such money, if necessary) sufficient to redeem and retire, refund or  
1764 defease part or all of the Bonds in accordance with their terms, are set aside in a special  
1765 account of the county to effect such redemption and retirement, and such money and the  
1766 principal of and interest on such Government Obligations are irrevocably set aside and  
1767 pledged for such purpose, then no further payments need be made into the applicable  
1768 bond fund for the payment of the principal of and interest on the Bonds so provided for,  
1769 and such Bonds will cease to be entitled to any lien, benefit or security of this ordinance  
1770 except the right to receive the money so set aside and pledged, and such Bonds will be  
1771 deemed not to be outstanding hereunder.



1772           Upon the defeasance of any of the Bonds, the Bond Registrar will provide notice  
1773 of the defeasance to the Registered Owners of the Bonds and to the MSRB in accordance  
1774 with the ongoing disclosure provisions to be adopted by the Sale Motion.

1775           **SECTION 35. Supplemental Ordinances.**

1776           A.     Without Bondowner Consent. The county council from time to  
1777 time and at any time may adopt an ordinance or ordinances supplemental to this  
1778 ordinance which supplemental ordinance or ordinances thereafter will become a part of  
1779 this ordinance, without the consent of owners of any of the Bonds, for any one or more of  
1780 the following purposes:

1781                     (1)    To add to the covenants and agreements of the county in  
1782 this ordinance such other covenants and agreements thereafter to be observed that will  
1783 not adversely affect the interests of the holders and owners of any Parity Bonds or Parity  
1784 Lien Obligations, as applicable, or to surrender any right or power herein reserved to or  
1785 conferred upon the county.

1786                     (2)    To make such provisions for the purpose of curing any  
1787 ambiguities or of curing, correcting or supplementing any defective provision contained  
1788 in this ordinance or any ordinance authorizing Parity Bonds or Parity Lien Obligations in  
1789 regard to matters or questions arising under such ordinances as the county council may  
1790 deem necessary or desirable and not inconsistent with such ordinances and that will not  
1791 adversely affect the interest of the holders and owners of Parity Bonds or Parity Lien  
1792 Obligations, as applicable.

1793           B.     With Bondowner Consent.

1794                           (1)     From and after such time as no 2004B Bonds, 2006 Bonds,  
1795     2006 (2nd) Bonds, 2007 Bonds, 2008 Bonds, or 2009 Bonds remain outstanding, with the  
1796     consent of the owners of not less than 51% in aggregate principal amount of all Parity  
1797     Bonds at the time outstanding, the Council may adopt an ordinance or ordinances  
1798     supplemental hereto for the purpose of adding any provisions to or changing in any  
1799     manner or eliminating any of the provisions of this ordinance or of any supplemental  
1800     ordinance applicable to Parity Bonds, except as described in subsection (3) below.

1801                           (2)     From and after such time as no Series 2008 Bonds or Series  
1802     2009 Bonds, with the consent of the owners of not less than 51% in aggregate principal  
1803     amount of all Parity Lien Obligations at the time outstanding, the Council may adopt an  
1804     ordinance or ordinances supplemental hereto for the purpose of adding any provisions to  
1805     or changing in any manner or eliminating any of the provisions of this ordinance or of  
1806     any supplemental ordinance applicable to Parity Lien Obligations, except as described in  
1807     subsection (3) below.

1808                           (3)     No supplemental ordinance entered into pursuant to this  
1809     subsection B may:

1810                           (i)     Extend the fixed maturity of any Parity Bonds or  
1811     Parity Lien Obligations, or reduce the rate of interest thereon, or extend the time of  
1812     payments of interest from their due date, or reduce the amount of the principal thereof, or  
1813     reduce any premium payable on the redemption thereof, without the consent of the owner  
1814     of each bond so affected; or

1815 (ii) Reduce the aforesaid percentage of owners of Parity  
1816 Bonds or Parity Lien Obligations required to approve any such supplemental ordinance,  
1817 without the consent of the owners of all of such bonds.

1818 (4) It is not necessary for the consent of Bond owners under  
1819 this subsection B to approve the particular form of any proposed supplemental ordinance,  
1820 but it is sufficient if such consent approves the substance thereof.

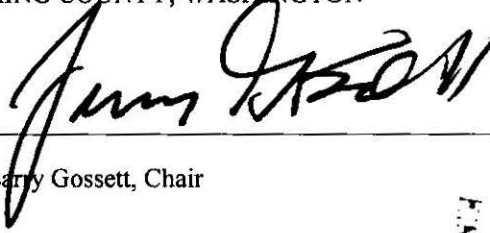
1821 SECTION 36. Ordinance a Contract; Severability. The covenants contained in  
1822 this ordinance constitute a contract between the county and (i) the owners of each and  
1823 every Bond, (ii) the Qualified Counterparty to any Payment Agreement entered into with  
1824 respect to any Bonds, and (iii) the provider of any Credit Facility, Qualified Insurance or  
1825 Qualified Letter of Credit with respect to any Bonds. If any court of competent  
1826 jurisdiction determines that any covenant or agreement provided in this ordinance to be  
1827 performed on the part of the county is contrary to law, then such covenant or agreement  
1828 shall be null and void and shall be deemed separable from the remaining covenants and  
1829 agreements of this ordinance and shall in no way affect the validity of the other  
1830 provisions of this ordinance or of the Bonds.

1831            SECTION 37. Effective Date. This ordinance shall be effective 10 days after its  
1832 enactment, in accordance with Article II of the county charter.  
1833

Ordinance 17599 was introduced on 5/6/2013 and passed by the Metropolitan King  
County Council on 6/3/2013, by the following vote:

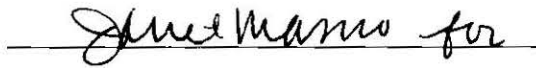
Yes: 9 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,  
Ms. Patterson, Ms. Lambert, Mr. Dunn, Mr. McDermott and Mr.  
Dembowski  
No: 0  
Excused: 0

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



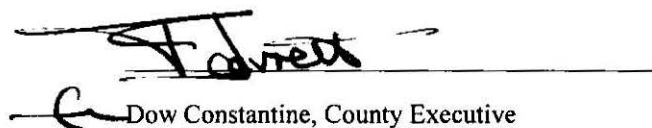
Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 7 day of June, 2013.



Dow Constantine, County Executive

RECEIVED  
2013 JUN -7 PM 3:59  
KING COUNTY COUNCIL

**Attachments:** A. Form of Parity Bond, B. Form of Parity Lien Obligation

**Attachment A**

**FORM OF PARITY BOND**

NO. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

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

INTEREST RATE:

MATURITY DATE:

CUSIP NO.:

Registered Owner:

Principal Amount:

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

Both principal of and interest on this bond are payable in lawful money of the United States of America. While the Bonds are held in an immobilized "book entry" system of registration, payments of principal thereof and interest thereon will be made in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations from the County to DTC. When the Bonds are no longer held in an immobilized "book entry" registration system, principal will be paid to the Registered Owner or nominee of such owner upon presentation and surrender of this bond at either of the principal offices of the fiscal agency of the State of Washington in Seattle, Washington or New York, New York (collectively the "Bond Registrar"), and interest will be paid by mailing a check or draft (on the date such interest is due) to the Registered Owner or nominee of such owner at the address shown on the Bond Register as of the 15th day of the month prior to the interest payment date; provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 par value of the Bonds, interest will be paid by wire transfer on the interest payment date to an account with a bank located in the United States.

This bond is one of an authorized issue of bonds of like series, date and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of \$ \_\_\_\_\_ (the "Bonds"), and is issued to [refund certain obligations of] [provide funds for capital improvements to] the County's sewer system (the "System").

The Bonds are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington, the County Charter and applicable ordinances duly adopted by the County, including Ordinance \_\_\_\_\_ of the County and Motion \_\_\_\_\_ of the County Council (together, the "Bond Legislation"). Capitalized terms used in this bond and not defined herein have the meanings given such terms in the Bond Legislation.

The Bonds are subject to redemption as provided in the Bond Legislation.

This Bonds are special limited obligations of the County, all payable solely from the special fund of the County known as the Water Quality Revenue Bond Account (the "Parity Bond Fund"), and are not obligations of the State of Washington or any political subdivision thereof other than the County, and neither the full faith and credit nor the taxing power of the County or the State of Washington or any political subdivision thereof is pledged to the payment of this bond or the Bonds.

The County hereby covenants and agrees with the holder of this bond that it will keep and perform all the covenants of this bond and of the Bond Legislation to be by it kept and performed. The County has obligated and bound itself to set aside and pay into the Parity Bond Fund out of Revenue of the System the various amounts required by the Bond Legislation to be paid into and maintained in the Parity Bond Fund, all within the times provided by the Bond Legislation.

The amounts so pledged to be paid out of Revenue of the System are hereby declared to be a prior lien and charge thereon superior to all other liens and charges of any kind or nature except Operating and Maintenance Expenses of the System. The amounts so pledged out of Revenue of the System are further declared to be of equal lien to charges that have been or may be made thereon to pay the principal of and interest on outstanding Parity Bonds and any Future Parity Bonds.

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

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

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

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

IN WITNESS WHEREOF, the County has caused this bond to be executed by the manual or facsimile signature of the County Executive, to be attested by the manual or facsimile signature of the Clerk of the County Council, and has caused the seal of the County to be impressed or imprinted hereon, as \_\_\_\_\_, 20\_\_.

KING COUNTY, WASHINGTON

By \_\_\_\_\_ /s/ \_\_\_\_\_  
King County Executive

ATTEST:

\_\_\_\_\_/s/\_\_\_\_\_  
Clerk of the County Council

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

CERTIFICATE OF AUTHENTICATION

This is one of the Sewer Revenue [and Refunding] Bonds, \_\_\_\_\_, of King County, Washington, dated \_\_\_\_\_, 20\_\_, described in the within mentioned Bond Legislation.

WASHINGTON STATE FISCAL  
AGENCY, as Bond Registrar

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

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

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

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

Additional abbreviations may also be used though not listed above.

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

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

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

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

DATED: \_\_\_\_\_, 20\_\_.

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



17599

SIGNATURE GUARANTEED:

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NOTICE: Signatures must be guaranteed  
pursuant to law.

**Attachment B - 17599**

**FORM OF PARITY LIEN OBLIGATION**

NO. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

LIMITED TAX GENERAL OBLIGATION [AND] [REFUNDING] BOND

(PAYABLE FROM SEWER REVENUES), [applicable year] SERIES \_\_\_\_\_

INTEREST RATE:

MATURITY DATE:

CUSIP NO.:

Registered Owner:

Principal Amount:

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

Both principal of and interest on this bond are payable in lawful money of the United States of America. While the Bonds are held in an immobilized "book entry" system of registration, payments of principal thereof and interest thereon will be made in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations from the County to DTC. When the Bonds are no longer held in an immobilized "book entry" registration system, principal will be paid to the Registered Owner or nominee of such owner upon presentation and surrender of this bond at either of the principal offices of the fiscal agency of the State of Washington in Seattle, Washington or New York, New York (collectively the "Bond Registrar"), and interest will be paid by mailing a check or draft (on the date such interest is due) to the Registered Owner or nominee of such owner at the address shown on the Bond Register as of the 15th day of the month prior to the interest payment date; provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 par value of the Bonds, interest will be paid by wire transfer on the interest payment date to an account with a bank located in the United States.

This bond is one of an authorized issue of bonds of like series, date and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds"), and is issued [to refund certain obligations of] [provide funds for capital improvements to] the County's sewer system (the "System").

The Bonds are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington, the County Charter and applicable ordinances duly adopted by the County, including Ordinance \_\_\_\_\_ of the County and Motion \_\_\_\_\_ of the County Council (together, the "Bond Legislation"). Capitalized terms not otherwise defined herein have the meanings given such terms in the Bond Legislation.

The Bonds are subject to redemption as provided in the Bond Legislation.

The Bonds are general obligations of the County. The County has irrevocably covenanted and agreed for as long as any of the Bonds are outstanding and unpaid, that each year it will include in its budget and levy an *ad valorem* tax upon all property within the County subject to taxation in an amount that will be sufficient, together with all other revenues and money of the County legally available for such purposes, to pay the principal of and interest on the Bonds as the same become due. The County has pledged that the annual tax authorized to be levied for the payment of such principal and interest shall be within and a part of the tax levy permitted to counties without a vote of the people. The full faith, credit and resources of the County have been irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of the principal of and interest on the Bonds as the same become due.

The County has further obligated and bound itself to set aside and pay into the Parity Lien Obligation Bond Fund out of Revenue of the System amounts sufficient to pay when due the principal of and interest on the Bonds. The pledge of Revenue of the System constitutes a lien and charge on that revenue subject to Operating and Maintenance Expenses and junior, subordinate and inferior to the lien and charge on that revenue securing the Parity Bonds, equal to the lien and charge securing the outstanding Parity Lien Obligations and any additional Parity Lien Obligations hereafter issued, and superior to any other charges whatsoever. The County has reserved the right to issue additional Parity Lien Obligations on the terms and conditions set forth in the Bond Legislation.

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

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

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

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

IN WITNESS WHEREOF, the County has caused this bond to be executed by the manual or facsimile signature of the County Executive, to be attested by the manual or facsimile signature of the Clerk of the County Council, and has caused the seal of the County to be impressed or imprinted hereon, as of \_\_\_\_\_, 20\_\_.

KING COUNTY, WASHINGTON

By \_\_\_\_\_ /s/  
King County Executive

ATTEST:

\_\_\_\_\_/s/  
Clerk of the County Council

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

CERTIFICATE OF AUTHENTICATION

This is one of the Limited Tax General Obligation [and Refunding] Bonds (Payable from Sewer Revenues), [applicable year] Series \_\_\_\_\_, of King County, Washington, dated \_\_\_\_\_, 20\_\_.

WASHINGTON STATE FISCAL  
AGENCY, as Bond Registrar

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



SIGNATURE GUARANTEED:

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NOTICE: Signatures must be guaranteed pursuant to law.