



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

Ordinance 19112

Proposed No. 2020-0171.2

Sponsors Kohl-Welles

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 \$825,000,000 to provide funds for acquiring and
7 constructing improvements to the sewer system;
8 authorizing the issuance of sewer revenue bonds and
9 limited tax general obligation bonds (payable from sewer
10 revenues) of the county for refunding outstanding
11 obligations of the county payable from sewer revenues;
12 providing for the form, terms and covenants of such bonds;
13 providing for the sale of the bonds in one or more series;
14 establishing funds for the receipt and expenditure of bond
15 proceeds and for the payment of the bonds; pledging sewer
16 revenues to pay the principal of and interest on sewer
17 revenue bonds issued under this ordinance; and pledging
18 the annual levy of taxes and an additional pledge of sewer
19 revenues to pay the principal of and interest on limited tax

Ordinance 19112

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

22 **PREAMBLE:**

23 The county owns and operates facilities for the conveyance and treatment
24 of sewage and control of combined sewer overflows that include
25 wastewater treatment plants, interceptor and trunk sewers, pumping
26 stations, regulator stations, outfall sewers, storm sewers to divert
27 stormwater from sanitary sewers, lands for application of biosolids,
28 property rights, and buildings and other structures and equipment
29 (collectively "the System"), all in accordance with a comprehensive plan
30 for metropolitan water pollution abatement under the authority of chapters
31 36.56 and 35.58 of the Revised Code of 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 charges 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

Ordinance 19112

43 that certain Participants discharge sewage collected by those Participants
44 into facilities of the System.

45 The county has issued the series of sewer revenue bonds with a senior lien
46 on Revenue of the System set forth in Attachment A to this ordinance
47 ("the Parity Bonds").

48 The county has issued the series of limited tax general obligation bonds
49 additionally secured by a lien on Revenue of the System junior and
50 subordinate to the lien thereon of the Parity Bonds set forth in Attachment
51 B to this ordinance ("the Parity Lien Obligations").

52 The county has issued its sewer revenue bonds with a lien on Revenue of the
53 System junior and subordinate to the lien thereon of the Parity Lien Obligations
54 (as further defined herein, the "Junior Lien Obligations").

55 The county has issued its limited tax general obligation bonds additionally
56 secured by a lien on Revenue of the System junior and subordinate to the lien
57 thereon of the Junior Lien Obligations (as further defined herein, "the Multi-
58 Modal LTGO/Sewer Revenue Bonds").

59 The county has reserved the right to issue certain revenue bonds or other revenue
60 obligations with a lien on Revenue of the System junior and inferior to the lien
61 thereon of the Multi-Modal LTGO/Sewer Revenue Bonds (as further defined
62 herein, "the Subordinate Lien Obligations").

63 The county may have opportunities to refund all or portions of its currently
64 outstanding Parity Bonds, Parity Lien Obligations, Junior Lien Obligations, and
65 Multi-Modal LTGO/Sewer Revenue Bonds, and any Future Parity Bonds, Future

Ordinance 19112

66 Parity Lien Obligations, Future Junior Lien Obligations, Future Multi-Modal
67 LTGO/Sewer Revenue Bonds and Subordinate Lien Obligations, in each case to
68 effect a saving to the county and ratepayers of the System or when necessary or in
69 the best interest of the county and ratepayers of the System to modify debt service
70 or reserve requirements, sources of payment, covenants or other terms of the
71 obligations to be refunded. It is deemed necessary and desirable that the county
72 authorize the issuance and sale of its bonds payable from sewer revenue ("the
73 Refunding Bonds") for such refunding opportunities, as provided in this
74 ordinance.

75 It is deemed necessary and desirable that the county also authorize the
76 issuance and sale of its bonds payable from sewer revenues in an
77 aggregate principal amount not to exceed \$825,000,000 ("the Project
78 Bonds") to pay costs of capital improvements to the System, in accordance
79 with the Comprehensive Plan and the Capital Improvement Budget.

80 Since market conditions can change quickly, it is in the best interest of the
81 county to delegate to the county's Finance Director authority to sell the
82 Project Bonds and the Refunding Bonds in one or more series, as either
83 Parity Bonds or Parity Lien Obligations, or a combination thereof, by
84 competitive bid, negotiated sale or to the federal government or another
85 purchaser, as provided in this ordinance, so long, in the case of Project
86 Bonds, as the aggregate principal amount of Project Bonds does not
87 exceed \$825,000,000. The sale of any series of the Bonds shall be ratified
88 and confirmed by motion of the council, as provided in this ordinance.

Ordinance 19112

89 The ordinances authorizing the issuance of the outstanding Parity Bonds
90 and Parity Lien Obligations all provide that the county may issue
91 additional Parity Bonds and additional Parity Lien Obligations if certain
92 conditions are met. By each Sale Motion the council must find that the
93 applicable parity conditions have been or shall be met for each series of
94 Bonds issued under this ordinance.

95 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

96 **SECTION 1. Definitions; Interpretation.**

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

100 "Accreted Value" means for any Parity Bonds that are Capital Appreciation
101 Bonds, as of any date of calculation, the sum of the amounts set forth in the ordinance,
102 resolution or motion authorizing such bonds as the amounts representing the initial
103 principal amount of such bonds plus the interest accumulated, compounded and unpaid
104 thereon as of the most recent compounding date, as provided in the ordinance, resolution
105 or motion authorizing the issuance of such bonds; provided, that if such calculation is not
106 made as of a compounding date, such amount shall be determined by straight-line
107 interpolation as of the immediately preceding and the immediately succeeding
108 compounding dates.

109 "Agency Customer" means any city, town, water-sewer district or other political
110 subdivision, person, firm, private corporation or other entity that collects sewage from
111 customers and disposes of any portion of that sewage into the System and is not a

Ordinance 19112

112 Participant.

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

114 1. The interest due on all outstanding Parity Bonds and Parity Lien
115 Obligations: (a) on all interest payment dates (other than January 1) in such calendar
116 year; and (b) on January 1 of the next succeeding year, and any Payment Agreement
117 Payments due on such dates in respect of any Parity Payment Agreements and Parity Lien
118 Obligation Payment Agreements, minus any Payment Agreement Receipts due in such
119 period in respect of any Parity Payment Agreements and Parity Lien Obligation Payment
120 Agreements.

121 a. For purposes of calculating the amounts required to pay
122 interest on Parity Bonds or Parity Lien Obligations, capitalized interest and accrued
123 interest paid to the county upon the issuance of Parity Bonds or Parity Lien Obligations
124 shall be excluded and, on and after the Second Springing Amendment Date (Parity Lien
125 Obligations), interest on any Balloon Maturity shall also be excluded.

126 b. Prior to the Second Springing Amendment Date (Parity
127 Lien Obligations), the amount of interest deemed to be payable on any issue of Variable
128 Rate Parity Bonds or Variable Rate Parity Lien Obligations shall be calculated on the
129 assumption that the interest rate on those bonds would be equal to the rate ("the assumed
130 RBI rate") that is 90% of the average Bond Buyer Revenue Bond Index or comparable
131 index during the fiscal quarter preceding the quarter in which the calculation is made;
132 provided, that for purposes of determining actual compliance in any past calendar year
133 with the rate covenant made in Section 18 of this ordinance, the actual amount of interest
134 paid on any issue of Variable Rate Parity Bonds or Parity Lien Obligations shall be taken

Ordinance 19112

135 into account. On and after the Second Springing Amendment Date (Parity Lien
136 Obligations), the amount of interest deemed to be payable on any issue of Variable Rate
137 Parity Bonds or Variable Rate Parity Lien Obligations shall be calculated on the
138 assumption that the interest rate on those bonds would be equal to the rate ("the assumed
139 variable rate") that is the average of the SIFMA Municipal Swap Index over the 10
140 calendar years preceding the quarter in which the calculation is made; provided, that for
141 purposes of determining actual compliance in any past calendar year with the rate
142 covenant made in Section 18 of this ordinance, the actual amount of interest paid on any
143 issue of Variable Rate Parity Bonds or Parity Lien Obligations shall be taken into
144 account.

145 2. Prior to the Second Springing Amendment Date (Parity Lien
146 Obligations), the principal due (at maturity or upon the mandatory redemption of Term
147 Bonds prior to their maturity) for all outstanding Parity Bonds and Parity Lien
148 Obligations: (a) on all principal payment dates (other than January 1) of such calendar
149 year; and (b) on January 1 of the next succeeding year. On and after the Second
150 Springing Amendment Date (Parity Lien Obligations), the principal due (at maturity or
151 upon the mandatory redemption of Term Bonds prior to their maturity) for all outstanding
152 Parity Bonds and Parity Lien Obligations other than any Balloon Maturity: (a) on all
153 principal payment dates (other than January 1) of such calendar year; and (b) on January
154 1 of the next succeeding year.

155 3. On and after the Second Springing Amendment Date (Parity Lien
156 Obligations), the Assumed Debt Service for any Balloon Maturity of a Parity Bond or
157 Parity Lien Obligation for that calendar year.

Ordinance 19112

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

163 Notwithstanding the foregoing, debt service on Parity Bonds or Parity Lien
164 Obligations with respect to which a Payment Agreement is in force shall be calculated by
165 the county to reflect the net economic effect on the county intended to be produced by the
166 terms of the Parity Bonds or Parity Lien Obligations and the terms of the applicable
167 Payment Agreement, in accordance with the requirements for Payment Agreements set
168 forth in Section 27 of this ordinance and any other applicable requirements from the
169 ordinances authorizing issuance of such Parity Bonds or Parity Lien Obligations.

170 From and after the First Springing Amendment Date (Parity Lien Obligations), for
171 purposes of satisfying the rate covenant in Section 18.B. of this ordinance and the tests
172 for the issuance of additional Parity Lien Obligations in Section 25 of this ordinance,
173 Annual Debt Service for any fiscal year or calendar year shall exclude any Debt Service
174 Offsets (e.g., any Debt Service Offsets shall be deducted from Annual Debt Service).

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

177 1. The interest due on all outstanding Parity Bonds: (a) on all interest
178 payment dates (other than January 1) in such calendar year; and (b) on January 1 of the
179 next succeeding year, and any Payment Agreement Payments due on such dates in
180 respect of Parity Payment Agreements, minus any Payment Agreement Receipts due in

Ordinance 19112

181 such period in respect of such Parity Payment Agreements.

182 a. For purposes of calculating the amounts required to pay
183 interest on Parity Bonds, capitalized interest and accrued interest paid to the county upon
184 the issuance of Parity Bonds shall be excluded and, on and after the Second Springing
185 Amendment Date (Parity Bonds), interest on any Balloon Maturity shall also be
186 excluded.

187 b. Prior to the Second Springing Amendment Date (Parity
188 Bonds), the amount of interest deemed to be payable on any issue of Variable Rate Parity
189 Bonds shall be calculated on the assumption that the interest rate on those bonds would
190 be equal to the rate ("the assumed RBI rate") that is 90% of the average Bond Buyer
191 Revenue Bond Index or comparable index during the fiscal quarter preceding the quarter
192 in which the calculation is made; provided, that for purposes of determining actual
193 compliance in any past calendar year with the rate covenant made in Section 18 of this
194 ordinance, the actual amount of interest paid on any issue of Variable Rate Parity Bonds
195 shall be taken into account. On and after the Second Springing Amendment Date (Parity
196 Bonds), the amount of interest deemed to be payable on any issue of Variable Rate Parity
197 Bonds shall be calculated on the assumption that the interest rate on those bonds would
198 be equal to the rate ("the assumed variable rate") that is the average of the SIFMA
199 Municipal Swap Index over the 10 calendar years preceding the quarter in which the
200 calculation is made; provided, that for purposes of determining actual compliance in any
201 past calendar year with the rate covenant made in Section 18 of this ordinance, the actual
202 amount of interest paid on any issue of Variable Rate Parity Bonds shall be taken into
203 account.

Ordinance 19112

204 2. Prior to the Second Springing Amendment Date (Parity Bonds),
205 the principal due (at maturity or upon the mandatory redemption of Term Bonds prior to
206 their maturity) for all outstanding Parity Bonds; (a) on all principal payment dates (other
207 than January 1) of such calendar year; and (b) on January 1 of the next succeeding year.

208 On and after the Second Springing Amendment Date (Parity Bonds), the principal due (at
209 maturity or upon the mandatory redemption of Term Bonds prior to their maturity) for all
210 outstanding Parity Bonds other than any Balloon Maturity: (a) on all principal payment
211 dates (other than January 1) of such calendar year; and (b) on January 1 of the next
212 succeeding year.

213 3. On and after the Second Springing Amendment Date (Parity
214 Bonds), the Assumed Debt Service for any Balloon Maturity of a Parity Bond for that
215 calendar year.

216 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or
217 upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation
218 Bonds shall be included in the calculation of Annual Debt Service, and references in this
219 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or
220 upon the mandatory redemption of any Capital Appreciation Bonds.

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

Ordinance 19112

227 For purposes of calculating the Reserve Requirement and satisfying the rate
228 covenant in Section 18.A. of this ordinance and the tests for the issuance of Future Parity
229 Bonds in Section 24 of this ordinance, Annual Parity Debt Service for any fiscal year or
230 calendar year shall exclude any Debt Service Offsets (e.g., any Debt Service Offsets shall
231 be deducted from Annual Parity Debt Service).

232 "Assumed Amortization Period" means an assumed amortization period for a
233 Balloon Maturity as specified in the Sale Motion designating the Balloon Maturity. An
234 Assumed Amortization Period may not be longer than the lesser of: (a) the useful life, as
235 of the date of designation, of the assets being financed; and (b) 75 years. The Assumed
236 Amortization Period for a Balloon Maturity applies (e.g., is not reset) until the Balloon
237 Maturity, and any Balloon Maturity issued to refund that Balloon Maturity, is no longer
238 outstanding.

239 "Assumed Debt Service" for any Balloon Maturity for any calendar year means an
240 amount equals to the principal and interest that would be payable in each calendar year if
241 that Balloon Maturity were amortized over the Assumed Amortization Period on a
242 substantially level debt service basis, calculated based on the actual interest rate on the
243 Balloon Maturity, if fixed, and based on the average of the SIFMA Municipal Swap
244 Index over the 10 calendar years preceding the quarter in which the calculation is made,
245 if variable.

246 "Balloon Maturity" means any scheduled principal maturity of any Series of
247 Parity Bonds or Parity Lien Obligations that the county designates in the Sale Motion for
248 that Series to be a Balloon Maturity for the purposes of the definitions of Annual Debt
249 Service and Annual Parity Debt Service. Any Balloon Maturity includes any

Ordinance 19112

250 corresponding scheduled principal maturity of Parity Bonds or Parity Lien Obligations
251 issued to refund such Balloon Maturity unless the Balloon Maturity designation is
252 rescinded in the Sale Motion approving the refunding.

253 "Beneficial Owner" means, with respect to a Bond, the owner of the beneficial
254 interest in that Bond.

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

257 "Bonds" means the Project Bonds of the county in an aggregate principal amount
258 not to exceed \$825,000,000 authorized to be issued under this ordinance to pay costs of
259 acquiring and constructing improvements to the System and the Refunding Bonds
260 authorized to be issued under this ordinance to refund outstanding obligations of the
261 county. The Bonds may be issued in one or more Series of Parity Bonds or Parity Lien
262 Obligations, as provided in this ordinance.

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

270 "Capital Improvement Budget" means the capital improvement budget of the
271 county in effect from time to time, as such budget may have been amended or
272 supplemented.

Ordinance 19112

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

276 "Closing" means the delivery of a Series of the Bonds to, and payment of the
277 purchase price therefor by, the initial purchasers of that Series of Bonds.

278 "Code" means the Internal Revenue Code of 1986 as in effect on the date of
279 issuance of a Series of Parity Bonds or Parity Lien Obligations or (except as otherwise
280 referenced herein) as it may be amended to apply to obligations issued on the date of
281 issuance of the Tax-Exempt Obligations, together with applicable proposed, temporary
282 and final regulations promulgated, and applicable official public guidance published,
283 under the Code.

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

289 "Construction Account" means the "Second Water Quality Construction
290 Account," as designated by Ordinance 12076, Section 30.

291 "Council" means the Metropolitan King County Council.

292 "Credit Facility" means any letter of credit, standby bond purchase agreement,
293 line of credit, surety bond, insurance policy or other insurance commitment or similar
294 agreement (but not including a Payment Agreement), satisfactory to the county, that is
295 provided by a commercial bank, insurance company or other financial institution with a

Ordinance 19112

296 current long-term rating (or whose obligations thereunder are guaranteed by a financial
297 institution with a long-term rating): (a) from Moody's and S&P not lower, when issued,
298 than the credit rating of any Series of Parity Bonds, to provide support for a Series of
299 Parity Bonds, and shall include any substitute therefor in accordance with the provisions
300 of the ordinance providing for the issuance of Parity Bonds supported by a Credit
301 Facility; or (b) from Fitch, Moody's and S&P not lower, when issued, than the credit
302 rating of any Series of Parity Lien Obligations, to provide support for a Series of Parity
303 Lien Obligations (including Variable Rate Parity Lien Obligations), and shall include any
304 substitute therefor in accordance with the provisions of the ordinance providing for the
305 issuance of Parity Lien Obligations supported by a Credit Facility.

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

308 "Debt Service Offset" means receipts of the county, including federal interest
309 subsidy payments, designated as such by the county that are not included in Revenue of
310 the System and that are legally available to pay debt service on Parity Bonds, Parity Lien
311 Obligations or other obligations of the county payable from and secured by a pledge of
312 Revenue of the System.

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

314 "Fair Market Value" means the price at which a willing buyer would purchase an
315 investment from a willing seller in a bona fide, arm's-length transaction, except for
316 specified investments as described in Treasury Regulation §1.148-5(d)(6), including
317 United States Treasury obligations, certificates of deposit, guaranteed investment
318 contracts, and investments for yield-restricted defeasance escrows. Fair Market Value is

Ordinance 19112

319 generally determined on the date on which a contract to purchase or sell an investment
320 becomes binding, and, to the extent required by the applicable regulations under the
321 Code, the term "investment" will include a hedge.

322 "Finance Director" means the director of the finance and business operations
323 division of the department of executive services of the county or any other county officer
324 who succeeds to the duties now delegated to that office, or the designee of such officer.

325 "First Springing Amendment Date (Parity Bonds) " means the date when the
326 Registered owners of at least 51% in aggregate principal amount of all outstanding Parity
327 Bonds have consented to the adoption of an ordinance or ordinances amending the
328 definition of Reserve Requirement; establishing one or more separate Reserve
329 Requirements for one or more Series of Parity Bonds, including each Series of the Bonds
330 issued as Parity Bonds; reducing any Reserve Requirement, including the Reserve
331 Requirement for each Series of the Bonds issued as Parity Bonds, to an amount less than
332 maximum Annual Parity Debt Service in any calendar year, including to zero; or
333 establishing one or more separate subaccounts within the Parity Bond Reserve Account to
334 secure one or more Series of Parity Bonds, including each Series of the Bonds issued as
335 Parity Bonds, with other Series of Parity Bonds not being secured by such separate
336 subaccounts, as set forth in Ordinance 18588, Section 34.C., and Section 35.C. of this
337 ordinance.

338 "First Springing Amendment Date (Parity Lien Obligations) " means the date
339 when no Parity Lien Obligations designated as Series 2008 Bonds remain outstanding.

340 "Fitch" means Fitch Ratings, and its successors and assigns, except that if that
341 entity is dissolved or liquidated or no longer performs the functions of a securities rating

Ordinance 19112

342 agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized
343 securities rating agency selected by the county.

344 "Future Junior Lien Obligations" means any sewer revenue bonds, warrants or
345 other obligations that may be issued in the future with a lien on Revenue of the System
346 equal to the lien thereon of the currently outstanding Junior Lien Obligations.

347 "Future Multi-Modal LTGO/Sewer Revenue Bonds" means any limited tax
348 general obligation bonds that may be issued in the future that are additionally secured by
349 a lien on Revenue of the System on a parity with the lien thereon of the currently
350 outstanding Multi-Modal LTGO/Sewer Revenue Bonds.

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

354 "Future Parity Lien Obligations" means any limited tax general obligation bonds
355 that may be issued in the future that are additionally secured by a lien on Revenue of the
356 System on a parity with the lien thereon of the currently outstanding Parity Lien
357 Obligations.

358 "Government Obligations" means direct obligations of, or obligations the
359 principal of and interest on which are unconditionally guaranteed by, the United States of
360 America.

361 "Junior Lien Obligations" means the county's: (a) Junior Lien Variable Rate
362 Demand Sewer Revenue Bonds, Series 2001A and Series 2001B, dated August 15, 2001,
363 authorized by Ordinances 14171 and 14172 , respectively; (b) Junior Lien Variable Rate
364 Demand Sewer Revenue Bond, Series 2011, dated October 26, 2011, authorized by

Ordinance 19112

365 Ordinance 17202 (c) Junior Lien Variable Rate Demand Sewer Revenue Bond, Series
366 2012, dated December 27, 2012, authorized by Ordinance 17495 and (d) any Future
367 Junior Lien Obligations.

368 "Letter of Representations" means the Blanket Issuer Letter of Representations
369 dated May 1, 1995, by and between the county and DTC, as it may be amended from
370 time to time, and any successor or substitute letter relating to the operational procedures
371 of the Securities Depository.

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

378 "MSRB" means the Municipal Securities Rulemaking Board or any successor to
379 its functions.

380 "Multi-Modal LTGO/Sewer Revenue Bonds" means the county's: (a) Multi-
381 Modal Limited Tax General Obligation Refunding Bonds (Payable from Sewer
382 Revenue), Series 2017A and Series 2017B, dated October 26, 2017, authorized by
383 Ordinance 18581 ; (b) Multi-Modal Limited Tax General Obligation Refunding Bonds
384 (Payable from Sewer Revenues), Series 2019A and Series 2019B, dated June 27, 2019,
385 authorized by Ordinance 18898 and (c) any Future Multi-Modal LTGO/Sewer Revenue
386 Bonds.

387 "Net Revenue" means Revenue of the System less Operating and Maintenance

Ordinance 19112

388 Expenses.

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

394 "Owner" means, with respect to a Bond, without distinction, the Beneficial Owner
395 or the Registered Owner.

396 "Parity Bond Fund" means the "Water Quality Revenue Bond Account"
397 designated pursuant to Ordinance 12076, Section 30, and continued pursuant to Section 9
398 of this ordinance for the purpose of paying and securing the payment of the Parity Bonds.

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

401 "Parity Bonds" means the bonds identified as such in the Preamble to this
402 ordinance, together with: (a) any Bonds issued under this ordinance with a lien on
403 Revenue of the System equal to the lien thereon of those bonds; and (b) any Future Parity
404 Bonds. "Parity Bonds" include any Parity Payment Agreements and parity
405 reimbursement agreements entered into with the provider of a Credit Facility securing
406 any Parity Bonds.

407 "Parity Lien Obligation Bond Fund" means the "Water Quality Limited Tax
408 General Obligation Bond Redemption Fund" established pursuant to Ordinance 11241,
409 Section 8, and continued pursuant to Section 10 of this ordinance, to provide for payment
410 of Parity Lien Obligations.

Ordinance 19112

411 "Parity Lien Obligation Payment Agreement" means a Payment Agreement under
412 which the county's payment obligations are expressly stated to constitute a charge and
413 lien on Revenue of the System equal in rank with the charge and lien on Revenue of the
414 System securing amounts required to be paid into the Parity Lien Obligation Bond Fund
415 to pay and secure the payment of principal of and interest on the Parity Lien Obligations.

416 "Parity Lien Obligation Term Bonds" means Parity Lien Obligations that are
417 Term Bonds.

418 "Parity Lien Obligations" means bonds identified as such in the Preamble to this
419 ordinance, together with: (a) any Bonds issued under this ordinance with a lien on
420 Revenue of the System equal to the lien thereon of those bonds; and (b) any Future Parity
421 Lien Obligations. "Parity Lien Obligations" include any Parity Lien Obligation Payment
422 Agreements and parity reimbursement agreements entered into with the provider of a
423 Credit Facility securing any Parity Lien Obligations.

424 "Parity Payment Agreement" means a Payment Agreement under which the
425 county's payment obligations are expressly stated to constitute a charge and lien on
426 Revenue of the System equal in rank with the charge and lien on Revenue of the System
427 securing amounts required to be paid into the Parity Bond Fund to pay and secure the
428 payment of principal of and interest on the Parity Bonds.

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

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

Ordinance 19112

434 "Payment Agreement" means, to the extent permitted from time to time by
435 applicable law, a written agreement entered into by the county: (a) in connection with or
436 incidental to the issuance, incurring or carrying of bonds or other obligations of the
437 county secured in whole or in part by a lien on Revenue of the System; (b) for the
438 purpose of managing or reducing the county's exposure to fluctuations or levels of
439 interest rates, currencies or commodities or for other interest rate, investment, asset or
440 liability management purposes; (c) with a Qualified Counterparty; and (d) which
441 provides, on either a current or forward basis, for an exchange of payments determined in
442 accordance with a formula specified therein.

443 "Payment Agreement Payments" means the amounts periodically required to be
444 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The
445 term "Payment Agreement Payments" does not include any termination payment required
446 to be paid with respect to a Payment Agreement.

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

449 "Permitted Investments" means any investment permitted by law, but only to the
450 extent that the same are acquired at Fair Market Value.

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

456 "Project Bonds" mean the not to exceed \$825,000,000 aggregate principal amount

Ordinance 19112

457 of bonds of the county authorized to be issued under this ordinance to pay costs of
458 acquiring and constructing improvements to the System. The Project Bonds may be
459 issued in one or more Series of Parity Bonds or Parity Lien Obligations, as provided in
460 this ordinance.

461 "Public Works Trust Fund Loans" means loans to the county by the State
462 Department of Commerce under the Public Works Trust Fund loan program pursuant to
463 loan agreements in effect as of the date of this ordinance and any loan agreements
464 hereafter entered into by the county under the Public Works Trust Fund loan program, the
465 repayment obligations of which are secured by a lien on Revenue of the System equal to
466 the lien thereon established by such loan agreements in effect as of the date of this
467 ordinance.

468 "Qualified Counterparty" means with respect to a Payment Agreement an entity:
469 (a) whose senior long-term debt obligations, other senior unsecured long-term obligations
470 or claims paying ability, or whose payment obligations under a Payment Agreement are
471 guaranteed by an entity whose senior long-term debt obligations, other senior unsecured
472 long-term obligations or claims paying ability, are rated (at the time the Payment
473 Agreement is entered into) at least as high as A3 by Moody's and A- by S&P (and A- by
474 Fitch for any Parity Lien Obligation Payment Agreement), or the equivalent thereof by
475 any successor thereto; and (b) who is otherwise qualified to act as the other party to a
476 Payment Agreement under any applicable laws of the State.

477 "Qualified Insurance" means any unconditional municipal bond insurance policy
478 or surety bond issued by any insurance company licensed to conduct an insurance
479 business in any state of the United States or by a service corporation acting on behalf of

Ordinance 19112

480 one or more such insurance companies, which insurance company or service corporation,
481 as of the time of issuance of such policy or surety bond, is then rated in one of the two
482 highest rating categories by Moody's, S&P, and any other rating agency then maintaining
483 a rating on the Parity Bonds and maintains a policy owner's surplus in excess of
484 \$500,000,000.

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

491 "Rate Stabilization Fund" means the fund of that name created pursuant to
492 Ordinance 12314, Section 13.D., and continued pursuant to Section 13.B. of this
493 ordinance.

494 "RCW" means the Revised Code of Washington.

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

498 "Record Date" means, with respect to a Bond, unless otherwise provided in the
499 Sale Motion, the Registrar's close of business on the 15th day of the month preceding an
500 interest payment date. With respect to redemption of a Bond prior to its maturity,
501 "Record Date" means the Registrar's close of business on the date on which the Registrar
502 sends notice of the redemption.

Ordinance 19112

503 "Refunded Bonds" mean, for each Series of Refunding Bonds the Refunding
504 Candidates that will be refunded from proceeds of that Series of Bonds, as determined by
505 the Finance Director pursuant to Sections 16 and 28 of this ordinance and set forth in the
506 Sale Motion in accordance with Sections 16 and 28 of this ordinance.

507 "Refunding Account" means any account authorized to be created pursuant to
508 Section 16 of this ordinance to provide for the refunding of any Refunded Bonds.

509 "Refunding Bonds" mean the bonds authorized to be issued in one or more series
510 by this ordinance and to refund the Refunded Bonds. The Refunding Bonds may be
511 issued in one or more series of Parity Bonds or Parity Lien Obligations, as provided in
512 this ordinance.

513 "Refunding Candidates" mean the currently outstanding Parity Bonds, Parity Lien
514 Obligations, Junior Lien Obligations and Multi-Modal LTGO/Sewer Revenue Bonds, the
515 Bonds, and any other obligations issued after the effective date of this ordinance that are
516 Future Parity Bonds, Future Parity Lien Obligations, Future Junior Lien Obligations,
517 Future Multi-Modal LTGO/Sewer Revenue Bonds or Subordinate Lien Obligations.

518 "Refunding Trustee" means each corporate trustee chosen pursuant to the
519 provisions of Section 16 of this ordinance to serve as refunding trustee or escrow agent in
520 connection with the refunding of Refunded Bonds upon the issuances of any Series of
521 Bonds.

522 "Registered Owner" means, with respect to a Bond, the person in whose name
523 that Bond is registered on the Bond Register.

524 "Registrar" means, unless otherwise designated in the Sale Motion, the fiscal
525 agent of the State (as the same may be designated by the State from time to time) for the

Ordinance 19112

526 purposes of registering and authenticating the Bonds, maintaining the Bond Register,
527 effecting the transfer of ownership of the Bonds and paying principal of and premium, if
528 any, and interest on the Bonds.

529 "Reserve Requirement" means maximum Annual Parity Debt Service with respect
530 to any calendar year; provided that on and after the First Springing Amendment Date
531 (Parity Bonds), Reserve Requirement shall have the meaning set forth in any ordinance or
532 ordinances amending the definition of Reserve Requirement pursuant to Ordinance
533 18588, Section 34.C., and Section 35.C. of this ordinance.

534 "Revenue Fund" means the "Water Quality Operating Account" as designated by
535 Ordinance 12076, Section 30.

536 "Revenue of the System" means all the earnings, revenues and money received by
537 the county from or on account of the operations of the System and the income from the
538 investment of money in the Revenue Fund or any account within such fund, but shall not
539 include any money collected pursuant to the Service Agreements applicable to
540 administrative costs of the county other than costs of administration of the System. For
541 certain purposes described in Section 13.B. of this ordinance, deposits from the Rate
542 Stabilization Fund into the Revenue Fund may be included in calculations of "Revenue of
543 the System."

544 "Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the
545 Securities and Exchange Act of 1934, as the same may be amended from time to time.

546 "S&P" means S&P Global Ratings and its successors and assigns, except that if
547 that entity is dissolved or liquidated or no longer performs the functions of a securities
548 rating agency, then the term "S&P" will be deemed to refer to any other nationally

Ordinance 19112

549 recognized securities rating agency selected by the county.

550 "Sale Motion" means, with respect to each Series of the Bonds, the motion of the
551 council approving a bond purchase contract (if the Bonds are sold by negotiated sale),
552 accepting a bid (if the Bonds are sold by competitive bid) or approving a loan or other
553 agreement with the federal government or other purchaser, for the purchase of the Bonds
554 and ratifying the sale of the Bonds, all in accordance with Section 28 of this ordinance.

555 "SEC" means the United States Securities and Exchange Commission.

556 "Second Springing Amendment Date (Parity Bonds) " means the date when the
557 Registered Owners of at least 51% in aggregate principal amount of all outstanding Parity
558 Bonds have consented to the definitions of Assumed Amortization Period, Assumed Debt
559 Service, Balloon Maturity, and Annual Parity Debt Service set forth in this ordinance
560 (including all springing amendments set forth herein). All Registered Owners of Parity
561 Bonds issued after the effective date of this ordinance are deemed to have consented to
562 the definitions of Assumed Amortization Period, Assumed Debt Service, Balloon
563 Maturity, and Annual Parity Debt Service set forth in this ordinance (including all
564 springing amendments set forth herein) by their purchase of such Parity Bonds.

565 "Second Springing Amendment Date (Parity Lien Obligations) " means the date
566 when: (a) the First Springing Amendment Date (Parity Lien Obligations) has occurred;
567 and (b) the Registered Owners of at least 51% in aggregate principal amount of all
568 outstanding Parity Lien Obligations have consented to the definitions of Assumed
569 Amortization Period, Assumed Debt Service, Balloon Maturity, and Annual Debt Service
570 set forth in this ordinance (including all springing amendments set forth herein). All
571 Registered Owners of Parity Lien Obligations issued after the effective date of this

Ordinance 19112

572 ordinance are deemed to have consented to the definitions of Assumed Amortization
573 Period, Assumed Debt Service, Balloon Maturity and Annual Debt Service set forth in
574 this ordinance (including all springing amendments set forth herein) by their purchase of
575 such Parity Lien Obligations.

576 "Securities Depository" means DTC, any successor thereto, any substitute
577 securities depository selected by the county that is qualified under applicable laws and
578 regulations to provide the services proposed to be provided by it, or the nominee of any
579 of the foregoing.

580 "Series" means any series of Parity Bonds or Parity Lien Obligations.

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

585 "SRF Loans" means loans to the county by the State Department of Ecology
586 pursuant to loan agreements in effect as of the date of this ordinance and any loans and
587 loan agreements hereafter entered into by the county under the State water pollution
588 control revolving fund loan program, the repayment obligations of which are secured by a
589 lien on Revenue of the System equal to the lien thereon established by such loan
590 agreements in effect as of the date of this ordinance.

591 "State" means the State of Washington.

592 "Subordinate Lien Obligations" means those revenue bonds or other revenue
593 obligations that may be issued by the county in the future with a lien on Revenue of the
594 System junior and inferior to the lien thereon of the Multi-Modal LTGO/Sewer Revenue

Ordinance 19112

595 Bonds, and payable from Revenue of the System that is available after first making the
596 payments required to be made under paragraph "First" through "Seventh" but before
597 making the payments required to be made under paragraph "Ninth" of Section 14 of this
598 ordinance.

599 "System" means the sewers and sewage disposal facilities now or hereafter
600 acquired, constructed, used or operated by the county for the purpose of carrying out the
601 Comprehensive Plan.

602 "Tax Certificate" means the Federal Tax Certificate regarding certain federal tax
603 matters executed on behalf of the county upon the issuance of each Series of Tax-Exempt
604 Obligations.

605 "Tax-Exempt Obligations" means Parity Bonds or Parity Lien Obligations the
606 interest on which the county intends to be excludable from gross income for federal
607 income tax purposes and also includes taxable direct pay or other Parity Bonds or Parity
608 Lien Obligations that are subject to the requirements applicable to Tax-Exempt
609 Obligations.

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

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

615 "Undertaking" means an undertaking for ongoing disclosure to be entered into by
616 the county for each Series of Bonds, if and to the extent required by Rule 15c2-12, as
617 authorized by a Sale Motion.

Ordinance 19112

618 "Variable Rate Parity Bonds" means Parity Bonds bearing interest at a variable
619 rate of interest, provided that at least one of the following conditions is met: (a) at the
620 time of issuance the county has entered into a Payment Agreement with respect to such
621 Parity Bonds, which Payment Agreement converts the effective interest rate to the county
622 on the Variable Rate Parity Bonds from a variable interest rate to a fixed interest rate; or
623 (b) the Parity Bonds bear interest at a variable rate but are issued concurrently in equal
624 par amounts with other Parity Bonds bearing interest at a variable rate and are required to
625 remain outstanding in equal amounts at all times, if the net effect of such equal par
626 amounts and variable rates at all times is a fixed rate of interest to the county.

627 "Variable Rate Parity Lien Obligations" means Parity Lien Obligations bearing
628 interest at a variable rate of interest, provided that at least one of the following conditions
629 is met: (a) at the time of issuance the county has entered into a Payment Agreement with
630 respect to such Parity Lien Obligations, which Payment Agreement converts the effective
631 interest rate to the county on the Variable Rate Parity Lien Obligations from a variable
632 interest rate to a fixed interest rate; or (b) the Parity Lien Obligations bear interest at a
633 variable rate but are issued concurrently in equal par amounts with other Parity Lien
634 Obligations bearing interest at a variable rate and which are required to remain
635 outstanding in equal amounts at all times, if the net effect of such equal par amounts and
636 variable rates at all times is a fixed rate of interest to the county.

637 **B. Rules of Interpretation.** As used in this ordinance, unless the context
638 otherwise requires:

639 1. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and
640 any similar terms refer to this ordinance as a whole and not to any particular section,

Ordinance 19112

641 subsection, paragraph or clause of this ordinance.

642 2. Unless the context otherwise indicates, words expressed in the
643 singular may include the plural and vice versa.

644 3. Any headings preceding the text of the various sections and
645 subsections of this ordinance, and any table of contents or marginal notes appended to
646 copies of this ordinance, are solely for convenience of reference and do not constitute a
647 part of this ordinance, nor shall they affect its meaning, construction or effect.

648 4. All references in this ordinance to "sections," "subsections,"
649 "paragraphs" and "clauses" are to the corresponding sections, subsections, paragraphs or
650 clauses of this ordinance as originally adopted.

651 5. The term "including" means "including without limitation."

652 SECTION 2. Findings. Because conditions in the capital markets are volatile,
653 the council finds that it is in the best interests of the county and ratepayers of the System
654 that the county retain the flexibility to issue the Bonds in one or more Series, as Parity
655 Bonds or Parity Lien Obligations, to maximize interest rate savings and, where possible,
656 to achieve further savings by refunding all or some of the Refunding Candidates. To
657 achieve this flexibility, the council further finds that it is in the best interests of the
658 county and ratepayers of the System that a plan of refunding and the sale of Bonds in one
659 or more Series, as Parity Bonds or Parity Lien Obligations, as Tax-Exempt Obligations or
660 otherwise, by competitive bid, negotiated sale or sale to the federal government or other
661 purchaser, for current or future delivery, be determined by the Finance Director, in
662 consultation with the county's financial advisors.

663 SECTION 3. Authorization of Bonds. To provide funds necessary to pay costs

Ordinance 19112

664 of acquiring, constructing and equipping improvements, additions or betterments to the
665 System as set forth in the Comprehensive Plan and the Capital Improvement Budget, the
666 county is authorized to issue one or more Series of Project Bonds in an aggregate
667 principal amount not to exceed \$825,000,000.

668 To provide funds to refund the Refunded Bonds, the county is authorized to issue
669 one or more Series of Refunding Bonds in principal amounts to be established as
670 provided in Sections 16 and 28.

671 Each sale of a Series of Bonds and plan of refunding, if any, will be ratified and
672 confirmed by the council in a Sale Motion. The Refunding Bonds and Project Bonds
673 may be issued in one or more Series of Parity Bonds or Parity Lien Obligations, as
674 provided in Section 28 of this ordinance, each such Series of Parity Bonds to be
675 designated as "King County, Washington, Sewer Revenue [and Refunding] Bonds" with
676 an applicable year and Series designation, and each such Series of Parity Lien
677 Obligations to be designated as "King County Limited Tax General Obligation [and
678 Refunding] Bonds (Payable from Sewer Revenues)" with an applicable year and Series
679 designation. The Bonds shall be fully registered as to both principal and interest; shall be
680 in the denomination of \$5,000 or any integral multiple thereof within a single Series,
681 maturity and interest rate; shall be numbered separately in such manner and with any
682 additional designation as the Registrar deems necessary for purposes of identification;
683 and shall be dated the date and mature on the dates, in the years and in the amounts
684 established as provided in Section 28 of this ordinance.

685 Each Series of Bonds shall bear interest (computed, unless otherwise provided in
686 the Sale Motion, on the basis of a 360-day year of twelve 30-day months) from their

Ordinance 19112

687 dated date or from the most recent interest payment date for which interest has been paid
688 or duly provided for, whichever is later, payable on interest payment dates and at the rate
689 or rates established as provided in Section 28 of this ordinance and ratified and confirmed
690 by a Sale Motion. The Accreted Values of any Bonds that are Capital Appreciation
691 Bonds shall be set forth in a Sale Motion.

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

693 A. **Registrar/Bond Register.** Unless otherwise specified in the Sale Motion,
694 the county, in accordance with K.C.C chapter 4.84, adopts for the Bonds the system of
695 registration specified and approved by the Washington State Finance Committee, which
696 utilizes the fiscal agent of the State as registrar, authenticating agent, paying agent and
697 transfer agent ("the Registrar"). The Registrar shall keep, or cause to be kept, at its
698 designated corporate trust office, sufficient books for the registration and transfer of the
699 Bonds ("the Bond Register"), which shall be open to inspection by the county at all times.
700 The Bond Register shall contain the name and mailing address of the Registered Owner
701 of each Bond and the principal amount and number of each of the Bonds held by each
702 Registered Owner. The Registrar is authorized, on behalf of the county, to authenticate
703 and deliver Bonds transferred or exchanged in accordance with the provisions of the
704 Bonds and this ordinance, to serve as the county's paying agent for the Bonds and to carry
705 out all of the Registrar's powers and duties under this ordinance.

706 The Registrar shall be responsible for the representations contained in its
707 Certificate of Authentication on the Bonds. The Registrar may become the Owner of
708 Bonds with the same rights it would have if it were not the Registrar and, to the extent
709 permitted by law, may act as depository for and permit any of its officers or directors to

Ordinance 19112

710 act as members of, or in any other capacity with respect to, any committee formed to
711 protect the rights of Owners.

712 B. **Registered Ownership.** The Bonds shall be issued only in registered
713 form as to both principal and interest and shall be recorded on the Bond Register. The
714 county and the Registrar, each in its discretion, may deem and treat the Registered Owner
715 of each Bond as the absolute owner thereof for all purposes, and neither the county nor
716 the Registrar shall be affected by any notice to the contrary. Payment of each Bond shall
717 be made as described in Section 4.E. of this ordinance, but registration of ownership of
718 each Bond may be transferred as provided herein. All payments made as described in
719 Section 4.E. of this ordinance shall be valid and shall satisfy and discharge the liability of
720 the county upon such Bond to the extent of the amount or amounts so paid.

721 C. **Use of Depository.** Unless otherwise specified in the Sale Motion, the
722 Bonds initially shall be registered in the name of Cede & Co., as the nominee of DTC.
723 Each Bond registered in the name of the Securities Depository shall be held fully
724 immobilized in book-entry only form by the Securities Depository in accordance with the
725 provisions of the Letter of Representations. Neither the county nor the Registrar shall
726 have any obligation to participants of any Securities Depository or the persons for whom
727 they act as nominees regarding the accuracy of any records maintained by the Securities
728 Depository or its participants. Neither the county nor the Registrar shall be responsible
729 for any notice that is permitted or required to be given to the Registered Owner of any
730 Bond registered in the name of the Securities Depository except such notice as is required
731 to be given by the Registrar to the Securities Depository.

732 For so long as the Bonds are registered in the name of the Securities Depository,

Ordinance 19112

733 the Securities Depository shall be deemed to be the Registered Owner for all purposes
734 hereunder, and all references to Registered Owners shall mean the Securities Depository
735 and shall not mean the Beneficial Owners. Registered ownership of any Bond registered
736 in the name of the Securities Depository may not be transferred except: (a) to any
737 successor Securities Depository; (b) to any substitute Securities Depository appointed by
738 the county; or (c) to any person if the Bond is no longer to be held by a Securities
739 Depository.

740 Upon the resignation of the Securities Depository, or upon a termination of the
741 services of the Securities Depository by the county, the county may appoint a substitute
742 Securities Depository. If: (a) the Securities Depository resigns and the county does not
743 appoint a substitute Securities Depository, or (b) the county terminates the services of the
744 Securities Depository, the Bonds no longer shall be held in book-entry only form and the
745 registered ownership of each Bond may be transferred to any person as provided in this
746 ordinance.

747 D. **Registration Covenant.** The county covenants that, until all Tax-Exempt
748 Obligations have been surrendered and canceled, it will maintain a system for recording
749 the ownership of each Bond that complies with the provisions of Section 149 of the Code.

750 E. **Place and Medium of Payment.** Principal of and premium, if any, and
751 interest on the Bonds are payable in lawful money of the United States of America.
752 Principal of and premium, if any, and interest on each Bond registered in the name of the
753 Securities Depository are payable in the manner set forth in the Letter of Representations.
754 Unless otherwise specified in the Sale Motion, interest on each Bond not registered in the
755 name of the Securities Depository is payable by electronic transfer on the interest

Ordinance 19112

756 payment date, or by check or draft of the Registrar mailed on the interest payment date to
757 the Registered Owner at the address appearing on the Bond Register on the Record Date.
758 The county is not required to make electronic transfers except pursuant to a request by a
759 Registered Owner in writing received on or prior to the Record Date and at the sole
760 expense of the Registered Owner. Unless otherwise specified in the Sale Motion,
761 principal of and premium, if any, on each Bond not registered in the name of the
762 Securities Depository are payable upon presentation and surrender of the Bond by the
763 Registered Owner to the Registrar at maturity or upon prior redemption in full.

764 F. **Transfer or Exchange of Registered Ownership; Change in**
765 **Denominations.** The registered ownership of any Bond may be transferred or
766 exchanged, but no transfer of any Bond shall be valid unless it is surrendered to the
767 Registrar with the assignment form appearing on such Bond duly executed by the
768 Registered Owner or such Registered Owner's duly authorized agent in a manner
769 satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the
770 surrendered Bond and shall authenticate and deliver, without charge to the Registered
771 Owner or transferee therefor, a new Bond (or Bonds, at the option of the new Registered
772 Owner) of the same Series, date, maturity and interest rate and for the same aggregate
773 principal amount in any authorized denomination, naming as Registered Owner the
774 person or persons listed as the assignee on the assignment form appearing on the
775 surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may
776 be surrendered to the Registrar and exchanged, without charge, for an equal aggregate
777 principal amount of Bonds of the same Series, date, maturity and interest rate, in any
778 authorized denomination. The Registrar shall not be obligated to exchange or transfer

Ordinance 19112

779 any Bond during the 15 days preceding any principal payment or redemption date, or, in
780 the case of any proposed redemption of a Bond, after mailing of notice of the call of the
781 Bond for redemption.

782 **SECTION 5. Redemption Provisions; Purchase of Bonds.**

783 A. **Optional Redemption.** All or some of the Bonds may be subject to
784 redemption prior to their stated maturity dates at the option of the county at the times and
785 on the terms set forth in the Sale Motion.

786 B. **Mandatory Redemption.** The county shall redeem any Term Bonds, if
787 not redeemed under the optional redemption provisions set forth in the Sale Motion or
788 purchased under the provisions set forth herein, randomly (or in such other manner as set
789 forth in the Sale Motion or as the Registrar shall determine) at par plus accrued interest
790 on the dates and in the years and principal amounts as set forth in the Sale Motion.

791 If the county redeems Term Bonds under the optional redemption provisions set
792 forth in the Sale Motion or purchases for cancellation or defeases Term Bonds, the Term
793 Bonds so redeemed, purchased or defeased (irrespective of their redemption or purchase
794 prices) shall, unless otherwise provided in the Sale Motion, be credited against one or
795 more scheduled mandatory redemption amounts for those Term Bonds. The county shall
796 determine the manner in which the credit is to be allocated and shall notify the Registrar
797 in writing of its allocation at least 60 days prior to the earliest mandatory redemption date
798 for the maturity of Term Bonds for which notice of redemption has not already been
799 given.

800 C. **Partial Redemption.** Whenever less than all of the Bonds of a single
801 maturity of a Series are to be redeemed, the Securities Depository shall select the Bonds

Ordinance 19112

802 registered in the name of the Securities Depository to be redeemed in accordance with the
803 Letter of Representations, and the Registrar shall select all other Bonds to be redeemed
804 randomly, or in such other manner set forth in the Sale Motion or as the Registrar shall
805 determine.

806 Portions of the principal amount of any Bond, in integral amounts of \$5,000
807 within a Series and maturity, may be redeemed, unless otherwise provided in the Sale
808 Motion. If less than all of the principal amount of any Bond is redeemed, upon surrender
809 of that Bond to the Registrar, there shall be issued to the Registered Owner, without
810 charge therefor, a new Bond (or Bonds, at the option of the Registered Owner) of the
811 same Series, maturity and interest rate in any authorized denomination in the aggregate
812 total principal amount remaining outstanding.

813 D. **Purchase.** The county reserves the right and option to purchase any or all
814 of the Bonds offered to the county at any time at any price acceptable to the county plus
815 accrued interest to the date of purchase.

816 SECTION 6. Notice and Effect of Redemption. Notice of redemption of each
817 Bond registered in the name of the Securities Depository shall be given in accordance
818 with the Letter of Representations. Notice of redemption of each other Bond, unless
819 waived by the Registered Owner, shall be given by the Registrar not less than 20 nor
820 more than 60 days prior to the date fixed for redemption by first-class mail, postage
821 prepaid, to the Registered Owner at the address appearing on the Bond Register on the
822 Record Date, except as otherwise set forth in the Sale Motion. The requirements of the
823 preceding sentences shall be deemed to have been fulfilled when notice has been mailed
824 as so provided, whether or not it is actually received by any Owner. Notice of

Ordinance 19112

825 redemption shall also be mailed or sent electronically within the same period to the
826 MSRB, to any nationally recognized rating agency then maintaining a rating on the
827 Bonds at the request of the county, and to such other persons and with such additional
828 information as the Finance Director shall determine, but such further notice shall not be a
829 condition precedent to the redemption of any Bond.

830 In the case of an optional redemption, the notice of redemption may state that the
831 county retains the right to rescind the redemption notice and the redemption by giving a
832 notice of rescission to the affected Registered Owners at any time on or prior to the date
833 fixed for redemption. Any notice of optional redemption that is so rescinded shall be of
834 no effect, and each Bond for which a notice of optional redemption has been rescinded
835 shall remain outstanding.

836 Interest on each Bond called for redemption shall cease to accrue on the date fixed
837 for redemption, unless either the notice of optional redemption is rescinded as set forth
838 above, or money sufficient to effect such redemption is not on deposit in the Parity Bond
839 Fund or the Parity Lien Obligation Bond Fund, as applicable, or in a trust account
840 established to refund or defease the Bond.

841 SECTION 7. Form and Execution of Bonds. Bonds issued as Parity Bonds
842 shall be in substantially the form set forth in Attachment C to this ordinance. Bonds
843 issued as Parity Lien Obligations shall be in substantially the form set forth in
844 Attachment D to this ordinance. The Bonds shall be signed by the county executive and
845 the clerk of the council, either or both of whose signatures may be manual or in facsimile,
846 and the seal of the county or a facsimile reproduction thereof shall be impressed or
847 printed thereon.

Ordinance 19112

848 Only a Bond bearing a Certificate of Authentication in the form set forth in
849 Attachment C or Attachment D to this ordinance, as applicable, manually signed by the
850 Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this
851 ordinance. The authorized signing of a Certificate of Authentication shall be conclusive
852 evidence that the Bond so authenticated has been duly executed, authenticated and
853 delivered and is entitled to the benefits of this ordinance.

854 If any officer whose manual or facsimile signature appears on a Bond ceases to be
855 an officer of the county authorized to sign bonds before the Bond bearing the officer's
856 manual or facsimile signature is authenticated by the Registrar or issued or delivered by
857 the county, that Bond nevertheless may be authenticated, issued and delivered and, when
858 authenticated, issued and delivered, shall be as binding on the county as though that
859 person had continued to be an officer of the county authorized to sign bonds. Any Bond
860 also may be signed on behalf of the county by any person who, on the actual date of
861 signing of the Bond, is an officer of the county authorized to sign bonds, although such
862 officer did not hold the required office on the dated date of the Bond.

863 SECTION 8. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond
864 becomes mutilated, the Registrar may authenticate and deliver a new Bond or Bonds of
865 like amount, date, Series, interest rate and tenor to the Registered Owner thereof upon the
866 Registered Owner's paying the expenses and charges of the county and the Registrar in
867 connection therewith and upon surrender to the Registrar of the Bond so mutilated.
868 Every mutilated Bond so surrendered shall be canceled and destroyed by the Registrar.

869 If any Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver
870 a new Bond or Bonds of like amount, date, Series, interest rate and tenor to the

Ordinance 19112

871 Registered Owner thereof upon the Registered Owner's paying the expenses and charges
872 of the county and the Registrar in connection therewith and upon filing with the Registrar
873 evidence satisfactory to the Registrar that such Bond was actually lost, stolen or
874 destroyed and of registered ownership thereof, and upon furnishing the county and the
875 Registrar with indemnity satisfactory to the Finance Director and the Registrar.

876 SECTION 9. Parity Bond Fund. A special fund of the county known as the
877 "Water Quality Revenue Bond Account" ("the Parity Bond Fund") has heretofore been
878 created and is hereby continued, along with the accounts therein described in this section.
879 The Parity Bond Fund is at all times completely segregated and set apart from all other
880 funds and accounts of the county and is a trust fund for the security and payment of
881 principal of and premium, if any, and interest on Parity Bonds. All money credited to the
882 Parity Bond Fund is pledged and ordered to be used for the sole purpose of paying the
883 principal of and premium, if any, and interest on Parity Bonds.

884 A. **Debt Service Account.** A "Debt Service Account" has heretofore been
885 established in the Parity Bond Fund. The county hereby obligates and binds itself to set
886 aside and pay into that account out of Revenue of the System amounts sufficient, together
887 with accrued interest, if any, received at the time of delivery of any Series of Bonds that
888 are Parity Bonds and deposited therein, income from the investment of money in the Debt
889 Service Account and Parity Bond Reserve Account, and any other money on deposit in
890 the Debt Service Account and legally available, to pay the principal of and interest on
891 outstanding Parity Bonds as the same become due and payable.

892 For each Series of the Bonds that are Parity Bonds there is hereby authorized to
893 be created a special subaccount in the Debt Service Account. All money required by this

Ordinance 19112

894 subsection A. to be deposited into the Debt Service Account for the payment of principal
895 of and interest on that Series of the Bonds shall be deposited into the subaccount created
896 for the Series, and the county hereby covenants to budget for each such payment of
897 principal and interest when due. Money in the subaccount will be treated in all respects
898 as all other money in the Debt Service Account, but will be accounted for separately for
899 the purpose of calculating any Rebate Amount payable with respect to that Series of the
900 Bonds.

901 Payments on account of each Series of the Bonds that are Parity Bonds will be
902 made out of Revenue of the System into the applicable debt service subaccount in the
903 Parity Bond Fund on or before the day each payment of interest on or principal of those
904 Bonds is due.

905 **B. Term Bond Provisions.** If any Bonds issued as Parity Bonds are
906 designated as Term Bonds pursuant to Section 28 of this ordinance, the Sale Motion for
907 that Series of Bonds shall set forth a mandatory redemption schedule to amortize the
908 principal of those Parity Term Bonds. Payments of principal of Parity Term Bonds under
909 any such mandatory redemption schedule shall be made from the Debt Service Account,
910 as provided in subsection A. of this section, to the extent not credited pursuant to Section
911 5.B. of this ordinance.

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

Ordinance 19112

917 C. **Parity Bond Reserve Account.** A Parity Bond Reserve Account has
918 heretofore been established in the Parity Bond Fund. The county hereby pledges that it
919 will pay into and maintain in the Parity Bond Reserve Account, an amount that, together
920 with other funds in the Parity Bond Reserve Account, will be at least equal to the Reserve
921 Requirement. The county may substitute Qualified Insurance or a Qualified Letter of
922 Credit for amounts required to be paid into or maintained in the Parity Bond Reserve
923 Account. The Qualified Letter of Credit or Qualified Insurance must not be cancelable
924 on less than five years' notice. In the event of any cancellation, the Parity Bond Reserve
925 Account will be funded in accordance with the provisions of this section providing for
926 payment in the event of a deficiency therein, as if the Parity Bonds that remain
927 outstanding had been issued on the date of such notice of cancellation.

928 On the date of Closing of a Series of Bonds that are Parity Bonds, an amount
929 sufficient to satisfy the Reserve Requirement in the Parity Bond Reserve Account
930 required by the issuance of that Series of Bonds must be deposited therein from the
931 proceeds of Parity Bonds or other funds available therefor or provided for by Qualified
932 Insurance or a Qualified Letter of Credit, as herein permitted.

933 If there is a deficiency in the Debt Service Account to make any payment when
934 due of either principal of or interest on any Parity Bonds, the deficiency will be made up
935 from the Parity Bond Reserve Account by the withdrawal of money therefrom and by the
936 sale or redemption of obligations held in the Parity Bond Reserve Account, if necessary,
937 in such amounts as will provide cash in the Parity Bond Reserve Account sufficient to
938 make up any such deficiency. If a deficiency still exists immediately prior to an interest
939 payment date and after the withdrawal of cash, the county will then draw from any

Ordinance 19112

940 Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility in
941 sufficient amount to make up the deficiency. The draw will be made at such times and
942 under such conditions as the agreement for the Qualified Letter of Credit or Qualified
943 Insurance provides. If more than one Qualified Letter of Credit or Qualified Insurance is
944 available, draws will be made ratably thereon to make up the deficiency. Any deficiency
945 created in the Parity Bond Reserve Account by reason of any such withdrawal must then
946 be made up from Revenue of the System that is available after first making the payments
947 required to be made under paragraph "First" through "Third" of Section 14 of this
948 ordinance.

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

951 **SECTION 10. Parity Lien Obligation Bond Fund.** A special fund of the county
952 known as the "Water Quality Limited Tax General Obligation Bond Redemption Fund"
953 ("the Parity Lien Obligation Bond Fund") has heretofore been created and is hereby
954 continued, along with the accounts therein described in this section. The Parity Lien
955 Obligation Bond Fund is at all times completely segregated and set apart from all other
956 funds and accounts of the county and is a trust fund for the security and payment of
957 principal of and premium, if any, and interest on Parity Lien Obligations. All money
958 credited to the Parity Lien Obligation Bond Fund is pledged and ordered to be used for
959 the sole purpose of paying principal of and premium, if any, and interest on Parity Lien
960 Obligations.

961 A. **Debt Service Account.** A "Debt Service Account" has heretofore been
962 established in the Parity Lien Obligation Bond Fund. The county hereby obligates and

Ordinance 19112

963 binds itself to set aside and pay into that account out of Revenue of the System amounts
964 sufficient, together with accrued interest, if any, received at the time of delivery of any
965 Series of Bonds issued as Parity Lien Obligations and deposited therein, income from the
966 investment of money in the Debt Service Account and any other money on deposit in the
967 Debt Service Account and legally available, to pay the principal of and interest on
968 outstanding Parity Lien Obligations as the same become due and payable.

969 For each Series of the Bonds issued as Parity Lien Obligations, there is hereby
970 authorized to be created a special subaccount in the Debt Service Account. All money
971 required by this subsection A. to be deposited into the Debt Service Account for the
972 payment of principal of and interest on that Series of the Bonds will be deposited into the
973 subaccount created for the Series, and the county hereby covenants to budget for each
974 such payment of principal and interest when due. Money in that subaccount will be
975 treated in all respects as all other money in the Debt Service Account, but will be
976 accounted for separately for the purpose of calculating any Rebate Amount payable with
977 respect to that Series of the Bonds.

978 Payments on account of each Series of the Bonds issued as Parity Lien
979 Obligations will be made out of Revenue of the System into the applicable debt service
980 subaccount in the Parity Lien Obligation Bond Fund on or before the day each payment
981 of interest on or principal of those Bonds is due.

982 B. **Term Bond Provisions.** If any Bonds issued as Parity Lien Obligations
983 are designated as Term Bonds pursuant to Section 28 of this ordinance, the Sale Motion
984 for that Series of Bonds shall set forth a mandatory redemption schedule to amortize the
985 principal of those Parity Lien Obligation Term Bonds. Payments of principal of Parity

Ordinance 19112

986 Lien Obligation Term Bonds under any such mandatory redemption schedule will be
987 made from the Debt Service Account, as provided in subsection A. of this section, to the
988 extent not credited pursuant to Section 5.B. of this ordinance.

989 The county covenants that if it issues any Future Parity Lien Obligations as Term
990 Bonds, it will identify those Parity Lien Obligations as Term Bonds in the proceedings
991 authorizing their issuance and establish a schedule of mandatory redemptions, payable
992 from the Debt Service Account, to amortize the principal of those Parity Lien Obligation
993 Term Bonds prior to their maturity.

994 SECTION 11. Pledge of Taxation and Credit. The county hereby irrevocably
995 covenants and agrees for as long as any Bonds issued as Parity Lien Obligations are
996 outstanding and unpaid, that each year it will include in its budget and levy an ad valorem
997 tax upon all the property within the county subject to taxation in an amount that will be
998 sufficient, together with all other revenues and money of the county legally available for
999 such purposes, to pay the principal of and interest on those Bonds issued as Parity Lien
1000 Obligations as the same become due. All of the taxes so collected will be paid into the
1001 Parity Lien Obligation Bond Fund no later than the date those funds are required for the
1002 payment of principal of and interest on the Bonds issued as Parity Lien Obligations.

1003 The county hereby irrevocably pledges that the annual tax herein authorized to be
1004 levied for the payment of such principal and interest shall be within and a part of the tax
1005 levy permitted to counties without a vote of the people, and that a sufficient portion of the
1006 taxes to be levied and collected annually by the county prior to the full payment of the
1007 principal of and interest on the Bonds issued as Parity Lien Obligations will be and is
1008 hereby irrevocably set aside and pledged for the payment of the principal of and interest

Ordinance 19112

1009 on those Bonds, and the county hereby covenants to budget for each such payment of
1010 principal and interest when due.

1011 The full faith, credit and resources of the county are hereby irrevocably pledged
1012 for the annual levy and collection of those taxes and for the prompt payment of the
1013 principal of and interest on those Bonds issued as Parity Lien Obligations as the same
1014 become due.

1015 Any Bonds issued hereunder as Parity Bonds are not general obligations of the
1016 county, and neither the full faith and credit nor the taxing power of the county are
1017 pledged to pay or secure the payment of Bonds issued as Parity Bonds hereunder.

1018 **SECTION 12. Pledge of Sewer Revenues.**

1019 A. **Parity Bonds.** The amounts covenanted to be paid out of Revenue of the
1020 System into the Parity Bond Fund and the accounts therein shall constitute a lien and
1021 charge on Revenue of the System superior to all other charges of any kind or nature
1022 except Operating and Maintenance Expenses, and of equal lien to any charges heretofore
1023 or hereafter made on Revenue of the System for the payment of the principal of and
1024 interest on any Parity Bonds.

1025 If money and investments in the Debt Service Account of the Parity Bond Fund
1026 and the Parity Bond Reserve Account are reduced below the amounts required to pay the
1027 principal and/or interest then due and payable on any Parity Bonds, funds on deposit in
1028 any reserve created in the Revenue Fund not then required for the payment of necessary
1029 Operating and Maintenance Expenses will be transferred to the Debt Service Account of
1030 the Parity Bond Fund to the extent required to pay that principal and interest.

1031 B. **Parity Lien Obligations.** The amounts covenanted to be paid out of

Ordinance 19112

1032 Revenue of the System into the Parity Lien Obligation Bond Fund and the accounts
1033 therein shall constitute a lien and charge on Revenue of the System subject to Operating
1034 and Maintenance Expenses, and junior, subordinate and inferior to the lien and charge on
1035 Revenue of the System for the payments required by the ordinances authorizing the
1036 Parity Bonds to be made into the Parity Bond Fund and the accounts therein, and equal to
1037 the lien and charge on Revenue of the System for the payments required to be made by
1038 the ordinances authorizing the issuance of the outstanding Parity Lien Obligations and
1039 any additional Parity Lien Obligations, and superior to all other liens and charges on
1040 Revenue of the System whatsoever.

1041 **SECTION 13. Revenue Fund; Rate Stabilization Fund.**

1042 A. **Revenue Fund.** A special fund of the county known as the "Water
1043 Quality Operating Account" ("the Revenue Fund") has heretofore been created and is
1044 hereby continued. All Revenue of the System will be deposited in the Revenue Fund.
1045 All Operating and Maintenance Expenses will be paid out of the Revenue Fund or
1046 appropriate reserves therein.

1047 B. **Rate Stabilization Fund.** In anticipation of increases in revenue
1048 requirements of the System, a special fund of the county designated as the "Sewer Rate
1049 Stabilization Fund" ("the Rate Stabilization Fund") has heretofore been established and is
1050 hereby continued. The county may from time to time appropriate or budget amounts in
1051 the Revenue Fund for deposit in the Rate Stabilization Fund, as provided in Section 14 of
1052 this ordinance, and may from time to time withdraw amounts therefrom for deposit in the
1053 Revenue Fund to prevent or mitigate sewer rate increases or for other lawful purposes of
1054 the county related to the System, including calculations of "Net Revenue" and "Revenue

Ordinance 19112

1055 of the System" for the purposes of satisfying requirements of Sections 18, 24 and 25 of
1056 this ordinance.

1057 For any fiscal year: (a) amounts withdrawn from the Revenue Fund and
1058 deposited into the Rate Stabilization Fund for that fiscal year must be subtracted from Net
1059 Revenue for that fiscal year; and (b) amounts withdrawn from the Rate Stabilization Fund
1060 and deposited in the Revenue Fund for that fiscal year may be added to Revenue of the
1061 System for that fiscal year.

1062 **SECTION 14. Sewer Revenue Priorities of Payment.** So long as any Bond is
1063 outstanding, all Revenue of the System will be deposited into the Revenue Fund and used
1064 and applied in the following order of priority:

1065 **First**, to pay all Operating and Maintenance Expenses;

1066 **Second**, to make all required deposits into the Debt Service Account in the Parity
1067 Bond Fund to provide for the payment of principal of and interest on Parity Bonds as the
1068 same become due and payable and to make any Payment Agreement Payments with
1069 respect to any Parity Payment Agreements;

1070 **Third**, to make all payments required to be made pursuant to a reimbursement
1071 agreement or agreements (or other equivalent documents) in connection with Qualified
1072 Insurance or a Qualified Letter of Credit; provided, that if there is not sufficient money to
1073 make all payments under such reimbursement agreements, the payments will be made on
1074 a pro rata basis;

1075 **Fourth**, to establish and maintain the Parity Bond Reserve Account (including
1076 making deposits into such account and paying the costs of obtaining Qualified Insurance
1077 or a Qualified Letter of Credit therefor);

Ordinance 19112

1078 **Fifth**, to make all required payments of principal and interest on the Parity Lien
1079 Obligations and to make any Payment Agreement Payments with respect to any Parity
1080 Lien Obligation Payment Agreements;

1081 **Sixth**, to make all required payments of principal of and interest on the Junior
1082 Lien Obligations as the same become due and payable, to make all Payment Agreement
1083 Payments with respect to any Payment Agreements entered into with respect to Junior
1084 Lien Obligations, and to make any payments required to be made to providers of any
1085 credit enhancements or liquidity facilities for Junior Lien Obligations;

1086 **Seventh**, to make all required payments of principal of and interest on the Multi-
1087 Modal LTGO/Sewer Revenue Bonds as the same become due and payable, to make all
1088 Payment Agreement Payments for any Payment Agreements entered into with respect to
1089 Multi-Modal LTGO/Sewer Revenue Bonds, and to make any payments required to be
1090 made to providers of credit enhancements or liquidity facilities for any Multi-Modal
1091 LTGO/Sewer Revenue Bonds;

1092 **Eighth**, to make all required payments of principal of and interest on the
1093 Subordinate Lien Obligations as the same become due and payable;

1094 **Ninth**, to make all required payments of principal of and interest on bonds, notes,
1095 warrants and other evidences of indebtedness, the lien and charge on Revenue of the
1096 System of which are junior and inferior to the Subordinate Lien Obligations, as the same
1097 become due and payable; and

1098 **Tenth**, to make all required payments of principal of and interest due on the SRF
1099 Loans and the Public Works Trust Fund Loans.

1100 Any surplus money that the county may have on hand in the Revenue Fund after

Ordinance 19112

1101 making all required payments set forth above may be used by the county: (a) to make
1102 necessary improvements, additions and repairs to and extensions and replacements of the
1103 System; (b) to purchase or redeem and retire outstanding sewer revenue bonds of the
1104 county; (c) to make deposits into the Rate Stabilization Fund; or (d) for any other lawful
1105 purposes of the county related to the System.

1106 **SECTION 15. Construction Account; Disposition of Bond Proceeds.**

1107 A. **Construction Account.** There has heretofore been created a special fund
1108 of the county known as the "Second Water Quality Construction Account" ("the
1109 Construction Account"). For purposes of separately accounting for investment earnings
1110 on the proceeds of the Project Bonds to facilitate compliance with the requirements of
1111 Section 21 of this ordinance, there is hereby established for each Series of Project Bonds
1112 issued hereunder a special subaccount within the Construction Account to be designated
1113 as the "Series [applicable year designation] Construction Subaccount" (each a
1114 "Construction Subaccount").

1115 Money in each Construction Subaccount will be held and applied to pay costs of
1116 acquiring, constructing and equipping improvements, additions or betterments to the
1117 System as set forth in the Comprehensive Plan and the Capital Improvement Budget and
1118 all costs incidental thereto, including engineering, architectural, planning, financial, legal,
1119 urban design or any other incidental costs, and to repay any advances heretofore or
1120 hereafter made on account of such costs, provided that if deficiencies exist in the Parity
1121 Bond Fund or Parity Lien Obligation Bond Fund, money in any Construction Subaccount
1122 may be transferred to such fund in any amounts necessary to pay principal of and interest
1123 on Parity Bonds or Parity Lien Obligations, as applicable. Pursuant to a Sale Motion,

Ordinance 19112

1124 proceeds of a Series of Project Bonds may be designated to pay capitalized interest on
1125 those Project Bonds and may be held in the applicable Construction Subaccount or in a
1126 trust account to be established with an escrow agent or refunding trustee appointed by the
1127 Finance Director, as provided in the Sale Motion.

1128 B. **Disposition of Bond Proceeds.** The proceeds of the Bonds will be
1129 deposited as follows:

1130 1. The amount equal to the interest, if any, accruing on each Series of
1131 the Bonds from their dated date to the date of their Closing will be deposited in the
1132 appropriate subaccount for the Series created in the Debt Service Account in the Parity
1133 Bond Fund or Parity Lien Obligation Bond Fund, as applicable.

1134 2. Proceeds of each Series of the Bonds issued as Parity Bonds may
1135 be deposited into the Parity Bond Reserve Account, as will be provided for in each Sale
1136 Motion for any Bonds issued as Parity Bonds.

1137 3. The balance of the proceeds of any Series of Project Bonds will be
1138 deposited in the appropriate Construction Subaccount (including an escrow account that
1139 may be established for capitalized interest) as provided in subsection A. of this section
1140 and applied as provided in subsection A. of this section.

1141 4. The balance of the proceeds of any Series of Refunding Bonds will
1142 be deposited into the appropriate Refunding Account and applied as provided in Section
1143 16 of this ordinance.

1144 **SECTION 16. Refunding Account; Plan of Refunding.**

1145 A. **Refunding Account; Guidelines for Refunding.** There is hereby
1146 authorized to be established one or more special accounts of the county to be maintained

Ordinance 19112

1147 with the Refunding Trustee, each to be known as a "King County [year and Series
1148 designation] Sewer Revenue Bonds Refunding Account" (each a "Refunding Account").
1149 Each Refunding Account will be drawn upon for the purpose of paying the principal of
1150 and premium, if any, and interest on the applicable Refunded Bonds and of paying costs
1151 related to the issuance of that Series of Refunding Bonds and to refunding the applicable
1152 Refunded Bonds. Proceeds of the sale of any Refunding Bonds, together with other
1153 county funds that may be designated for that purpose, will be deposited into each
1154 Refunding Account to provide for refunding the applicable Refunded Bonds in
1155 accordance with the ordinances authorizing the Refunded Bonds and to pay the costs of
1156 issuance of the Refunding Bonds.

1157 The Finance Director is authorized to determine, in consultation with the county's
1158 financial advisors, which of the Refunding Candidates, if any, are to be refunded. In
1159 determining which of the Refunding Candidates, if any, should be advance refunded
1160 under this ordinance in order to effect a saving to the county and ratepayers of the
1161 System, the council intends that the Finance Director adhere to a refunding guideline that
1162 the present value of the savings achieved by such an advance refunding meet or exceed a
1163 minimum level of 5% of the principal amount of Refunded Bonds that are advance
1164 refunded. This requirement does not apply to the current refunding of any Refunded
1165 Bonds, i.e., the redemption of Refunded Bonds paid for with proceeds of Refunding
1166 Bonds issued no earlier than 90 days prior to the date fixed for redemption of the
1167 Refunded Bonds, or to the refunding of any Refunded Bonds when necessary or in the
1168 best interest of the county and ratepayers of the System to modify debt service or reserve
1169 requirements, sources of payment, covenants or other terms of the Refunded Bonds.

Ordinance 19112

1170 B. **Plan of Refunding.** Each plan of refunding and call for redemption of
1171 Refunded Bonds shall be set forth in and ratified and confirmed by a Sale Motion. Money
1172 in each Refunding Account shall be used immediately upon receipt thereof to defease the
1173 applicable Refunded Bonds and discharge the other obligations of the county relating
1174 thereto under the ordinances that authorized the Refunded Bonds, by providing for the
1175 payment of the principal of and premium, if any, and interest on the Refunded Bonds as
1176 set forth in a Sale Motion. The county will defease such bonds and discharge such
1177 obligations by the use of the money in each Refunding Account to purchase Government
1178 Obligations (such obligations so purchased, "Acquired Obligations") bearing interest and
1179 maturing as to principal and interest in such amounts and at such times that, together with
1180 any necessary beginning cash balance, will provide for the payment of such Refunded
1181 Bonds, as set forth in the Sale Motion. Such Acquired Obligations shall be purchased at
1182 a yield not greater than the yield permitted by the Code and regulations relating to the
1183 obligations acquired in connection with refunding bond issues.

1184 In connection with the issuance of each Series of Refunding Bonds, to carry out
1185 the refunding and defeasance of Refunded Bonds, the Finance Director is hereby
1186 authorized to appoint a Refunding Trustee qualified by law to perform the duties
1187 described herein. Any beginning cash balance and the Acquired Obligations will be
1188 irrevocably deposited with the Refunding Trustee in an amount sufficient to defease the
1189 Refunding Bonds in accordance with this section and the applicable Sale Motion.

1190 The county will take such actions as are found necessary to see that all necessary
1191 and proper fees, compensation and expenses of the Refunding Trustee are paid when due.
1192 The proper officers and agents of the county are directed to negotiate an agreement with

Ordinance 19112

1193 each Refunding Trustee setting forth the duties, obligations and responsibilities of the
1194 Refunding Trustee in connection with the redemption and retirement of the Refunded
1195 Bonds as provided herein and setting forth provisions for the payment of the fees,
1196 compensation and expenses of the Refunding Trustee as are satisfactory to it. To carry
1197 out the purposes of this section, the Finance Director is authorized and directed to
1198 execute and deliver to each Refunding Trustee a refunding trust agreement and, if
1199 requested, a costs of issuance agreement, in forms approved by the county's bond
1200 counsel.

1201 C. **Required Findings.** By a Sale Motion, the council shall set forth its
1202 findings of either:

- 1203 1. savings and defeasance regarding the Refunded Bonds authorized
1204 to be refunded from the proceeds of each Series of Refunding Bonds; or
- 1205 2. the best interest of the county and ratepayers of the System from
1206 modifying debt service or reserve requirements, sources of payment, covenants or other
1207 terms of the Refunded Bonds authorized to be refunded from the proceeds of each Series
1208 of Refunding Bonds.

1209 **SECTION 17. Due Regard for Expenses and Sewer Revenues Pledged.** The
1210 council hereby declares that, in fixing the amounts to be paid into the Parity Bond Fund
1211 and Parity Lien Obligation Bond Fund, as applicable, and the accounts therein, out of
1212 Revenue of the System, it has exercised due regard for the Operating and Maintenance
1213 Expenses and has not obligated the county to set aside in such funds and accounts a
1214 greater amount of Revenue of the System than in its judgment will be available over and
1215 above the Operating and Maintenance Expenses and Revenue of the System previously

1216 pledged.

1217 **SECTION 18. Rate Covenants.**

1218 A. **Parity Bonds.** The county hereby covenants with the Registered Owner
1219 of each of the Bonds issued as Parity Bonds that, for so long as any of the same are
1220 outstanding, the county will at all times establish, maintain and collect rates and charges
1221 for sewage disposal service that will provide in each calendar year Net Revenue in an
1222 amount that, together with the interest earned during that calendar year on investments of
1223 money in the Parity Bond Fund, Parity Bond Reserve Account and Construction Account,
1224 will equal or exceed 1.15 times the amount required to pay the Annual Parity Debt
1225 Service for such calendar year.

1226 At all times and in any event, rates and charges for sewage disposal service will
1227 be sufficient to provide funds adequate to operate and maintain the System, to make all
1228 payments and to establish and maintain all reserves required by this or any other
1229 ordinance authorizing obligations of the county payable from Revenue of the System, to
1230 make up any deficit in such payments remaining from prior years and to pay all costs
1231 incurred in the construction or acquisition of any portion of the Comprehensive Plan that
1232 may be ordered by the county and for the payment of which sewer revenue bonds (or
1233 other obligations payable from Revenue of the System) are not issued.

1234 B. **Parity Lien Obligations.** The county hereby covenants with the
1235 Registered Owner of each of the Bonds issued as Parity Lien Obligations that, for so long
1236 as any of the same are outstanding, the county will at all times establish, maintain and
1237 collect rates and charges for sewage disposal service that will be fair and
1238 nondiscriminatory and adequate to provide Revenue of the System sufficient for the

Ordinance 19112

1239 proper operation and maintenance of the System; for the punctual payment of the
1240 principal of and interest on all outstanding Parity Bonds for which payment has not
1241 otherwise been provided and all amounts that the county is obligated to set aside in the
1242 Parity Bond Fund securing the Parity Bonds; for the punctual payment of the principal of
1243 and interest on all outstanding Parity Lien Obligations and for all amounts that the county
1244 is obligated to set aside in the Parity Lien Obligation Bond Fund; and for the payment of
1245 any and all other amounts that the county is now or may hereafter become obligated to
1246 pay from Revenue of the System.

1247 The county hereby further covenants with the Registered Owner of each of the
1248 Bonds issued as Parity Lien Obligations for so long as any of the same are outstanding
1249 that the county will at all times establish, maintain and collect rates and charges for
1250 sewage disposal service that will provide in each calendar year Net Revenue in an
1251 amount that, together with the interest earned during that calendar year on investments
1252 made of money in the Parity Bond Fund, Parity Bond Reserve Account, Parity Lien
1253 Obligation Bond Fund and Construction Account, is equal to at least 1.15 times the
1254 amounts required to pay the Annual Debt Service for such calendar year.

1255 C. **Rate Stabilization Fund.** In determining compliance with the
1256 requirements of this section, Revenue of the System and Net Revenue shall be calculated
1257 by taking into account deposits and withdrawals from the Rate Stabilization Fund as
1258 provided in Section 13.B. of this ordinance.

1259 SECTION 19. Certain Other Covenants of the County Regarding the Bonds.

1260 The county hereby covenants with the Registered Owner of each of the Bonds for as long
1261 as any of the Bonds are outstanding, as follows:

Ordinance 19112

1262 A. **Maintain in Good Order.** The county will cause the System and the
1263 business in connection therewith to be operated in a safe, sound, efficient, and economic
1264 manner in compliance with all health, safety, and environmental laws, regulatory body
1265 rules, regulatory body orders and court orders applicable to the county's operation of the
1266 System, and will cause the System to be maintained, preserved, reconstructed, expanded
1267 and kept, with all appurtenances and every part and parcel thereof, in good repair,
1268 working order and condition, and will from time to time cause to be made, without undue
1269 deferral, all necessary or proper repairs, replacements and renewals, so that at all times
1270 the operation of the System will be properly and advantageously conducted.

1271 B. **Books and Records.** The county will cause proper books of record and
1272 accounts of operation of the System to be kept, including an annual financial report.

1273 C. **Annual Audit.** The county will cause its books of accounts, including its
1274 annual financial report, to be audited annually by the State auditor's office or other State
1275 department or agency as may be authorized and directed by law to make such audits, or if
1276 such an audit is not made for twelve months after the close of any fiscal year of the
1277 county, by a Certified Public Accountant. The county will furnish the audit to the Owner
1278 of any Bond upon written request therefor.

1279 D. **Insurance.** The county will at all times carry fire and extended coverage
1280 and such other forms of insurance on such of the buildings, equipment, facilities and
1281 properties of the System as under good practice are ordinarily carried on such buildings,
1282 equipment, facilities and properties by municipal or privately owned utilities engaged in
1283 the operation of sewer systems and will also carry adequate public liability insurance at
1284 all times, provided that the county may, if deemed advisable by the council, institute or

Ordinance 19112

1285 continue a self-insurance program for any or all of the aforementioned risks.

1286 E. **Construction.** The county will cause the construction of any duly
1287 authorized and ordered portions of the Comprehensive Plan to be performed and
1288 completed within a reasonable time and at the lowest reasonable cost.

1289 F. **Collection of Revenue.** The county will operate and maintain the System
1290 and conduct its affairs so as to entitle it at all times to receive and enforce payment to it
1291 of sewage disposal charges payable: (a) pursuant to the ordinance or ordinances
1292 establishing a tariff of rates and charges for sewage disposal services; and (b) under any
1293 Service Agreement that the county has now or may hereafter enter into and to entitle the
1294 county to collect all revenues derived from the operation of the System. The county shall
1295 not release the obligations of any person, corporation or political subdivision under such
1296 tariff of rates and charges or the Service Agreements and shall at all times, to the extent
1297 permitted by law, defend, enforce, preserve and protect the rights and privileges of the
1298 county and of the registered owners of the Parity Bonds and Parity Lien Obligations
1299 under or with respect thereto.

1300 In accordance with RCW 35.58.200(3), the county shall require any county, city,
1301 special district or other political subdivision to discharge to the System all sewage
1302 collected by that entity from any portion of the Seattle metropolitan area that can drain by
1303 gravity flow into facilities of the System that serve such areas if the council declares that
1304 the health, safety or welfare of the people within the metropolitan area require such
1305 action.

1306 G. **Legal Authority.** The county has full legal right, power and authority to
1307 adopt this ordinance, to sell, issue and deliver the Bonds as provided herein, and to carry

Ordinance 19112

1308 out and consummate all other transactions contemplated by this ordinance.

1309 H. **Due Authorization.** By all necessary official action prior to or
1310 concurrently herewith, the county has duly authorized and approved the execution and
1311 delivery of, and the performance by the county of its obligations contained in, the Bonds
1312 and this ordinance and the consummation by it of all other transactions necessary to
1313 effectuate this ordinance in connection with the issuance of Bonds, and such
1314 authorizations and approvals are in full force and effect and have not been amended,
1315 modified or supplemented in any material respect.

1316 I. **Binding Obligation.** This ordinance constitutes a legal, valid and binding
1317 obligation of the county.

1318 J. **No Conflict.** The county's adoption of this ordinance and its compliance
1319 with the provisions contained herein will not conflict with or constitute a breach of or
1320 default under any constitutional provision, law, administrative regulation, judgment,
1321 decree, loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement
1322 or other instrument to which the county is a party or to which the county or any of its
1323 property or assets are otherwise subject, nor will any such adoption or compliance result
1324 in the creation or imposition of any lien, charge or other security interest or encumbrance
1325 of any nature whatsoever upon any of the property or assets of the county or under the
1326 terms of any such law, regulation or instrument, except as permitted by this ordinance
1327 and the ordinances authorizing the issuance of other Parity Bonds and Parity Lien
1328 Obligations.

1329 K. **Performance under Ordinance.** None of the proceeds of the Bonds will
1330 be used for any purpose other than as provided in this ordinance, and except as otherwise

Ordinance 19112

1331 expressly provided herein, the county shall not suffer any amendment or supplement to
1332 this ordinance, or any departure from the due performance of the obligations of the
1333 county hereunder, that might materially adversely affect the rights of the Registered
1334 Owners from time to time of the Bonds.

1335 L. **Sale or Disposition.** The county will not sell or voluntarily dispose of all
1336 of the operating properties of the System unless provision is made for payment into the
1337 Parity Bond Fund and the Parity Lien Obligation Bond Fund of a sum sufficient to pay
1338 the principal of and interest on all outstanding Parity Bonds and Parity Lien Obligations
1339 in accordance with the terms thereof, nor will the county sell or voluntarily dispose of
1340 any part of the operating properties of the System unless provision is made: (a) for
1341 payment into the Parity Bond Fund of an amount that will bear at least the same
1342 proportion to the amount of the outstanding Parity Bonds that the estimated amount of
1343 any resulting reduction in Revenue of the System for the twelve months following such
1344 sale or disposition bears to the Revenue of the System that would have been realized if
1345 such sale or disposition had not been made; and (b) for payment into the Parity Lien
1346 Obligation Bond Fund of an amount that will bear at least the same proportion to the
1347 amount of the outstanding Parity Lien Obligations that the estimated amount of any
1348 resulting reduction in Revenue of the System for the twelve months following such sale
1349 or disposition bears to the Revenue of the System that would have been realized if such
1350 sale or disposition had not been made. Those estimates must be made by a Professional
1351 Utility Consultant. Any money so paid into the Parity Bond Fund and the Parity Lien
1352 Obligation Bond Fund must be used to retire outstanding Parity Bonds and Parity Lien
1353 Obligations as provided herein at the earliest possible date; provided, however, that the

Ordinance 19112

1354 county may sell or otherwise dispose of any of the works, plant, properties and facilities
1355 of the System or any real or personal property comprising a part of the System with a
1356 value of less than 5% of the net utility plant of the System or that have become
1357 unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or
1358 no longer necessary, material to or useful in such operation, without making any deposit
1359 into the Parity Bond Fund or Parity Lien Obligation Bond Fund.

1360 **SECTION 20. Certain Other Covenants of the County Regarding the Bonds**

1361 **Issued as Parity Lien Obligations.** The county makes the following covenants and
1362 warranties to the Registered Owner of each of the Bonds issued as Parity Lien
1363 Obligations:

1364 A. The Bonds issued as Parity Lien Obligations, when issued, sold,
1365 authenticated and delivered, will constitute legal, valid and binding general obligations of
1366 the county.

1367 B. The county covenants that the Bonds issued as Parity Lien Obligations
1368 will be issued within all statutory and constitutional debt limitations applicable to the
1369 county.

1370 **SECTION 21. Tax Covenants.** The county will take all actions necessary to
1371 assure the exclusion of interest on any Tax-Exempt Obligations from the gross income of
1372 the Owners of such Tax-Exempt Obligations to the same extent as such interest is
1373 permitted to be excluded from gross income under the Code as in effect on the date of
1374 issuance of such Tax-Exempt Obligations, including but not limited to the following:

1375 A. **Private Activity Bond Limitation.** The county will assure that the
1376 proceeds of the Tax-Exempt Obligations are not so used as to cause the Tax-Exempt

Ordinance 19112

1377 Obligations to satisfy the private business tests of Section 141(b) of the Code or the
1378 private loan financing test of Section 141(c) of the Code, as applicable.

1379 **B. Limitations on Disposition of Project.** The county will not sell or
1380 otherwise transfer or dispose of: (a) any personal property components of the project
1381 financed or refinanced with Tax-Exempt Obligations other than in the ordinary course of
1382 an established government program under Treasury Regulation 1.141-2(d)(4); or (b) any
1383 real property components of the project financed or refinanced with Tax-Exempt
1384 Obligations, unless it has received an opinion of nationally recognized bond counsel to
1385 the effect that such disposition will not adversely affect the treatment of interest on the
1386 Tax-Exempt Obligations as excludable from gross income for federal income tax
1387 purposes.

1388 **C. Federal Guarantee Prohibition.** The county will not take any action or
1389 permit or suffer any action to be taken if the result of such action would be to cause any
1390 of the Tax-Exempt Obligations to be "federally guaranteed" within the meaning of
1391 Section 149(b) of the Code.

1392 **D. Rebate Requirement.** The county will take any and all actions necessary
1393 to assure compliance with Section 148(f) of the Code, relating to the rebate of excess
1394 investment earnings, if any, to the federal government, to the extent that such section is
1395 applicable to the Tax-Exempt Obligations.

1396 **E. No Arbitrage.** The county will not take, or permit or suffer to be taken,
1397 any action with respect to the proceeds of the Tax-Exempt Obligations which, if such
1398 action had been reasonably expected to have been taken, or had been deliberately and
1399 intentionally taken, on the date of issuance of the Tax-Exempt Obligations would have

Ordinance 19112

1400 caused the Tax-Exempt Obligations to be "arbitrage bonds" within the meaning of
1401 Section 148 of the Code, as applicable.

1402 F. **Registration Covenant.** The county will maintain a system for recording
1403 the ownership of each Bond that complies with the provisions of Section 149 of the Code
1404 until all Tax-Exempt Obligations have been surrendered and canceled.

1405 G. **Record Retention.** The county will retain its records of all accounting and
1406 monitoring it carries out with respect to the Tax-Exempt Obligations for at least three
1407 years after the Tax-Exempt Obligations mature or are redeemed (whichever is earlier);
1408 however, if the Tax-Exempt Obligations are redeemed and refunded, the county will
1409 retain its records of accounting and monitoring at least three years after the earlier of the
1410 maturity or redemption of the obligations that refunded the Tax-Exempt Obligations.

1411 H. **Compliance with Tax Certificate.** The county will comply with the
1412 provisions of the Tax Certificate with respect to the Tax-Exempt Obligations, which are
1413 incorporated herein as if fully set forth herein. In the event of any conflict between this
1414 Section and the Tax Certificate, the provisions of the Tax Certificate will prevail.
1415 Additional tax covenants as necessary or desirable for any Series of Bonds may be set
1416 forth in the Sale Motion or Tax Certificate for that Series of Bonds.

1417 The covenants of this Section will survive payment in full or defeasance of the
1418 Tax-Exempt Obligations.

1419 **SECTION 22. Trustee for Registered Owners of Parity Bonds.**

1420 A. **Appointment of Trustee.** Upon the occurrence of any "event of default"
1421 described in Section 23.A. of this ordinance, the Registered Owners of a majority in
1422 principal amount of the outstanding Parity Bonds may appoint a Trustee by an instrument

Ordinance 19112

1423 or concurrent instruments in writing signed and acknowledged by such Registered
1424 Owners or by their attorneys-in-fact duly authorized and delivered to the Trustee,
1425 notification thereof being given to the county. Any appointment of a Trustee under the
1426 provisions of this subsection A. must be a bank or trust company organized under the
1427 laws of the State or the State of New York or a national banking association. The fees
1428 and expenses of a Trustee must be borne by the owners of the Parity Bonds and not by
1429 the county. The bank or trust company acting as a Trustee may be removed at any time
1430 and a successor Trustee may be appointed by the Registered Owners of a majority in
1431 principal amount of the outstanding Parity Bonds, by an instrument or concurrent
1432 instruments in writing signed and acknowledged by such Registered Owners or by their
1433 attorneys-in-fact duly authorized.

1434 The Trustee appointed in the manner herein provided, and each successor thereto,
1435 is hereby declared to be a trustee for the Registered Owners of all the Parity Bonds and is
1436 empowered to exercise all rights and powers herein conferred on the Trustee.

1437 **B. Certain Rights and Obligations of Trustee.** The Trustee will not be
1438 responsible for recitals in any ordinance or in the Parity Bonds, or for the validity of any
1439 Parity Bonds, nor will the Trustee be responsible for insuring the System or for collecting
1440 any insurance money or for the title to any property of the System.

1441 The Trustee will be protected in acting upon any notice, request, consent,
1442 certificate, order, affidavit, letter or other paper or document believed by it to be genuine
1443 and correct and to have been signed, sent or delivered by the person or persons by whom
1444 such paper or document is purported to have been signed, sent or delivered.

1445 The Trustee will not be answerable for any neglect or default of any person, firm

Ordinance 19112

1446 or corporation employed and selected by it with reasonable care.

1447 The Trustee will permit the owner of any Parity Bonds to inspect any instrument,
1448 opinion or certificate filed with the Trustee by the county or by any person, firm or
1449 corporation acting for the county.

1450 The Trustee will not be bound to recognize any person as an owner of any Parity
1451 Bond until such person's title thereto, if disputed, has been established to the Trustee's
1452 reasonable satisfaction.

1453 The Trustee may consult with counsel, and the opinion of such counsel will be
1454 full and complete authorization and protection in respect of any action taken or suffered
1455 by it hereunder in good faith and in accordance with the opinion of such counsel.

1456 **SECTION 23. Events of Default for Parity Bonds; Powers and Duties of**
1457 **Trustee.**

1458 A. **Events of Default.** The occurrence of one or more of the following is an
1459 "event of default" with respect to any Bonds issued as Parity Bonds under this ordinance:

1460 1. default in the payment of principal of or interest on any Parity
1461 Bonds when the same becomes due; or

1462 2. default in the observance or performance of any of the other
1463 covenants applicable to Parity Bonds herein contained, and the default continues for a
1464 period of six months after written notice to the county from the registered owner of a
1465 Parity Bond specifying the default and requiring that it be remedied.

1466 B. **Powers of Trustee.** The Trustee in its own name and on behalf of and for
1467 the benefit and protection of the registered owners of all Parity Bonds may proceed, and
1468 upon the written request of the Registered Owners of not less than 25% in principal

Ordinance 19112

1469 amount of the Parity Bonds then outstanding must proceed, to protect and enforce any
1470 rights of the Trustee and, to the full extent that Registered Owners of Parity Bonds
1471 themselves might do, the rights of such Registered Owners of Parity Bonds under the
1472 laws of the State or under the ordinances providing for the issuance of the Parity Bonds,
1473 by such suits, actions or proceedings in equity or at law, either for the specific
1474 performance of any covenant contained herein or in aid or execution of any power herein
1475 granted or for any proper legal or equitable remedy as the Trustee may deem most
1476 effectual to protect and enforce the rights of the Trustee and the Registered Owners of
1477 Parity Bonds. In the enforcement of any such rights under this or any other ordinance of
1478 the county, the Trustee is entitled to sue for, to enforce payment of and to receive any and
1479 all amounts due from the county for principal, interest or otherwise under any of the
1480 provisions of such ordinance, with interest on overdue payments at the rate or rates set
1481 forth in such Parity Bond or Parity Bonds, together with any and all costs and expenses of
1482 collection and of all proceedings taken by the Trustee without prejudice to any other right
1483 or remedy of the Trustee or of the owners of the Parity Bonds.

1484 If default is made in the payment of principal of any Parity Bond and the default
1485 continues for a period of 30 days, the Trustee may not accelerate payment of any Parity
1486 Bonds but may proceed to enforce payment thereof as hereinabove provided. If, in the
1487 sole judgment of the Trustee, any default is cured and the Trustee furnishes the county a
1488 certificate so stating, that default is conclusively deemed to be cured, and the county,
1489 Trustee and owners of Parity Bonds will be restored to the same rights and position they
1490 would have held if no event of default had occurred.

1491 **C. Actions in Name of Trustee.** All rights of action under this ordinance or

Ordinance 19112

1492 upon any of the Parity Bonds enforceable by the Trustee may be enforced by the Trustee
1493 without the possession of any Parity Bonds or the production thereof in the trial or other
1494 proceedings relative thereto, and any such suit, action or proceeding instituted by the
1495 Trustee will be brought in its name for the ratable benefit of the Registered Owners of all
1496 Parity Bonds, subject to the provisions of this ordinance.

1497 **D. Procedure by Bond Owners.** No owner of any one or more of the Parity
1498 Bonds has any right to institute any action, suit or proceedings at law or in equity for the
1499 enforcement of the same, unless an event of default occurs and no Trustee has been
1500 appointed as herein provided, but any remedy herein authorized to be exercised by a
1501 Trustee may be exercised individually by any registered owner of a Parity Bond, in such
1502 Registered Owner's own name and on such Registered Owner's own behalf or for the
1503 benefit of all registered owners of Parity Bonds, if no Trustee is appointed, or with the
1504 consent of the Trustee if such Trustee has been appointed.

1505 **E. Application of Money Collected by Trustee.** Any money collected by
1506 the Trustee at any time pursuant to this section will be applied, first, to the payment of its
1507 charges, expenses, advances and compensation and the charges, expenses, counsel fees,
1508 disbursements and compensation of its agents and attorneys, and, second, toward
1509 payment of the amount then due and unpaid upon the Parity Bonds, ratably and without
1510 preference or priority of any kind not expressly provided in this ordinance, according to
1511 the amounts due and payable on the Parity Bonds at the date fixed by the Trustee for the
1512 distribution of such money, upon presentation of the several Parity Bonds and upon
1513 causing such payment to be stamped thereon, if partly paid, and upon surrender thereof, if
1514 fully paid.

1515 **SECTION 24. Future Parity Bonds.** The county further covenants and agrees
1516 with the Registered Owner of each of the Bonds issued as Parity Bonds for as long as the
1517 same are outstanding that it will not create any special fund for the payment of the
1518 principal of and interest on any revenue bonds that will rank on a parity with or have any
1519 priority over the payments out of Revenue of the System required to be made into the
1520 Parity Bond Fund and the accounts therein to pay or secure the payment of the
1521 outstanding Parity Bonds. The county reserves the right for: (a) the purpose of
1522 acquiring, constructing and installing any portion of the Comprehensive Plan; (b) the
1523 purpose of acquiring, constructing and installing any necessary renewals or replacements
1524 of the System; or (c) the purpose of refunding or purchasing and retiring at or prior to
1525 their maturity any outstanding obligations of the county payable from Revenue of the
1526 System, to issue additional or refunding Parity Bonds (including Variable Rate Parity
1527 Bonds) and to make payments into the Parity Bond Fund out of the Revenue Fund that
1528 will be sufficient to pay the principal of and interest on those additional or refunding
1529 Parity Bonds and to maintain required reserves, such payments out of the Revenue Fund
1530 to rank equally with the payments out of the Revenue Fund required to be made into the
1531 Parity Bond Fund and the accounts therein for the payment of the principal of and interest
1532 on outstanding Parity Bonds, but only upon compliance with the following conditions:

1533 A. At the time of the issuance of any Future Parity Bonds there is no
1534 deficiency in the Parity Bond Fund or any account therein.

1535 B. Each ordinance providing for the issuance of any Future Parity Bonds that
1536 are refunding bonds must require that all money held in any fund or account of the county
1537 created for the purpose of paying the principal of and interest on the bonds being

Ordinance 19112

1538 refunded either be used to pay the principal of and interest on such bonds or be
1539 transferred or paid into the Parity Bond Fund.

1540 C. Each ordinance providing for the issuance of Future Parity Bonds must
1541 provide for the payment of the principal thereof and interest thereon out of the Parity
1542 Bond Fund. The Future Parity Bonds may bear such date of issue, interest payment
1543 dates, and principal payment dates, and may mature in such year or years, as the council
1544 provides. Each such ordinance will further provide that upon the issuance of any Future
1545 Parity Bonds, the county will pay into the Parity Bond Reserve Account an amount that
1546 will be sufficient to satisfy the Reserve Requirement then applicable or provide Qualified
1547 Insurance or a Qualified Letter of Credit to satisfy the Reserve Requirement.

1548 D. At the time of the issuance of any Future Parity Bonds, the county must
1549 have on file a certificate from a Professional Utility Consultant (dated no more than 90
1550 days prior to the date of delivery of such Future Parity Bonds) showing that, in the
1551 Professional Utility Consultant's professional opinion, the "annual income available for
1552 debt service on Parity Bonds" for each year during the life of such Future Parity Bonds
1553 shall be at least equal to 1.25 times the amount required in each such year to pay the
1554 Annual Parity Debt Service for such year. Such "annual income available for debt
1555 service on Parity Bonds" must be determined as follows for each year following the
1556 proposed date of issue of such Future Parity Bonds:

1557 1. The Revenue of the System must be determined for a period of any
1558 12 consecutive months out of the 18 months immediately preceding the delivery of the
1559 Future Parity Bonds being issued.

1560 2. Such revenue may be adjusted to give effect on a 12-month basis

Ordinance 19112

1561 to the rates in effect on the date of such certificate.

1562 3. If there were any Customers added to the System during such 12-
1563 month period or thereafter and prior to the date of the Professional Utility Consultant's
1564 certificate, such revenue may be further adjusted on the basis that added Customers were
1565 Customers of the System during the entire 12-month period.

1566 4. There will be deducted from such revenue the amount expended
1567 for Operating and Maintenance Expenses during such period.

1568 5. For each year following the proposed date of issuance of such
1569 Future Parity Bonds the Professional Utility Consultant may add to the annual revenue
1570 determined in subsection D.1. through 4. of this section an estimate of the income to be
1571 received in each such year from the investment of money in the Parity Bond Fund and
1572 any account therein, and the Construction Account, which is to be determined by and in
1573 the sole discretion of a firm of nationally recognized financial consultants selected by the
1574 county.

1575 6. Beginning with the second year following the proposed date of
1576 issue of such Future Parity Bonds and for each year thereafter, the Professional Utility
1577 Consultant may add to the annual revenue determined in subsection D.1. through 5. of
1578 this section the Professional Utility Consultant's estimate of any additional annual
1579 revenue to be received from anticipated growth in the number of Customers within the
1580 area served by the System on the date of such certificate, after deducting therefrom any
1581 increased Operating and Maintenance Expenses estimated to be incurred as a result of
1582 such growth; provided, that the Professional Utility Consultant's estimate of the number
1583 of Customers served may not assume growth of more than 1/4 of 1% over and above the

Ordinance 19112

1584 number of Customers served or estimated to be served during the preceding year.

1585 7. If extensions of or additions to the System are in the process of
1586 construction at the time of such certificate, or if the proceeds of the Future Parity Bonds
1587 being issued are to be used to acquire or construct extensions of or additions to the
1588 System, there may be added to the annual net revenue as above determined any revenue
1589 not included in subsection D.1. through 6. of this section that will be derived from such
1590 additions and extensions after deducting therefrom the estimated additional Operating
1591 and Maintenance Expenses to be incurred as a result of such additions and extensions;
1592 provided, that such estimated annual revenue will be based upon 75% of any estimated
1593 Customer growth in the four years following the first full year in which such additional
1594 revenue is to be collected and thereafter the estimated Customer growth may not exceed
1595 1/4 of 1% per year over and above such reduced estimate.

1596 E. Instead of the certificate described in subsection D. of this section, the
1597 county may elect to have on file a certificate of the Finance Director demonstrating that
1598 during any 12 consecutive calendar months out of the immediately preceding 18 calendar
1599 months Net Revenue was at least equal to 1.25 times the amount required to pay, in each
1600 year that such Future Parity Bonds would be outstanding, the Annual Parity Debt Service
1601 for such year.

1602 F. For the purpose of refunding at or prior to their maturity any outstanding
1603 Parity Bonds or any bonds or other obligations of the county payable from Revenue of
1604 the System, the county may at any time issue Future Parity Bonds without complying
1605 with the provisions of subsection D. or E. of this section; provided, that the county may
1606 not issue Future Parity Bonds for such purpose under this subsection F. unless the

Ordinance 19112

1607 Finance Director certifies that upon the issuance of such Future Parity Bonds: (a) total
1608 debt service required for all Parity Bonds (including the refunding bonds and not
1609 including the bonds to be refunded thereby) will decrease; and (b) the Annual Parity Debt
1610 Service for each year that any Parity Bonds (including the refunding bonds and not
1611 including the bonds to be refunded thereby) are then outstanding will not be increased by
1612 more than \$5,000 by reason of the issuance of such Future Parity Bonds.

1613 The principal amount of Future Parity Bonds issued pursuant to this subsection F.
1614 may include amounts necessary to pay the principal of the Parity Bonds or other
1615 obligations to be refunded, interest thereon to the date of payment or redemption thereof,
1616 any premium payable thereon upon such payment or redemption and the costs of issuance
1617 of such Future Parity Bonds, and if a Payment Agreement has been provided with respect
1618 to the obligations to be refunded, may include amounts necessary to make the payment of
1619 all amounts, if any, due and payable by the county under such Payment Agreement. The
1620 proceeds of such Future Parity Bonds will be held and applied in such manner as is
1621 provided for in the ordinance authorizing the issuance of the Parity Bonds or other
1622 obligations to be refunded, so that upon the delivery of such Future Parity Bonds, the
1623 Parity Bonds or other obligations to be refunded thereby will be deemed no longer
1624 outstanding in accordance with the ordinance authorizing their issuance.

1625 G. Nothing contained in this ordinance prevents the county from
1626 issuing revenue bonds that are a charge on Revenue of the System and money in the
1627 Revenue Fund junior or inferior to the payments required to be made therefrom into the
1628 Parity Bond Fund and any account therein, nor shall anything herein contained prevent
1629 the county from issuing Future Parity Bonds to refund maturing Parity Bonds for the

1630 payment of which money is not otherwise available.

1631 **SECTION 25. Additional Parity Lien Obligations.** The county expressly
1632 reserves the right to issue additional Parity Bonds in accordance with the ordinances,
1633 including this ordinance, authorizing the Parity Bonds. Subject to this reservation of
1634 rights with respect to Parity Bonds, the county hereby covenants and agrees with the
1635 Registered Owner of each of the Bonds issued as Parity Lien Obligations, so long as such
1636 Bonds are outstanding, that it will not issue or incur any other additional indebtedness
1637 secured in whole or in part by a lien on Revenue of the System superior to the lien of
1638 such Bonds issued as Parity Lien Obligations.

1639 A. **Parity Lien Obligations Other Than Refunding Bonds.** The county
1640 expressly reserves the right to issue or enter into additional Parity Lien Obligations
1641 (including Variable Rate Parity Lien Obligations as defined herein) for any lawful
1642 purpose of the county related to the System if at the time of issuing or entering into such
1643 Parity Lien Obligations:

1644 1. There is no deficiency in the Parity Bond Fund, the Parity Lien
1645 Obligation Bond Fund or any other bond fund or account securing Parity Lien
1646 Obligations.

1647 2. The county has on file a certificate from a Professional Utility
1648 Consultant (dated no more than 90 days prior to the date of delivery of such Parity Lien
1649 Obligations) showing that, in the Professional Utility Consultant's professional opinion,
1650 the "annual income available for debt service on Parity Bonds and Parity Lien
1651 Obligations" for each year during the life of such Parity Lien Obligations is at least equal
1652 to 1.25 times the amount required to pay Annual Debt Service in each such year. Such

Ordinance 19112

1653 "annual income available for debt service on Parity Bonds and Parity Lien Obligations"
1654 shall be determined as follows for each year following the proposed date of issue of such
1655 additional Parity Lien Obligations:

1656 a. The Revenue of the System must be determined for a
1657 period of any 12 consecutive months out of the 18 months immediately preceding the
1658 delivery of the Parity Lien Obligations being issued.

1659 b. Such revenue may be adjusted to give effect on a 12-month
1660 basis to the rates in effect on the date of such certificate.

1661 c. If there were any Customers added to the System during
1662 such 12-month period or thereafter and prior to the date of the Professional Utility
1663 Consultant's certificate, such revenue may be further adjusted on the basis that added
1664 Customers were Customers of the System during the entire 12-month period.

1665 d. There will be deducted from such revenue the amount
1666 expended for Operating and Maintenance Expenses during such period.

1667 e. For each year following the proposed date of issuance of
1668 such Parity Lien Obligations the Professional Utility Consultant may add to the annual
1669 revenue determined in clauses a through d of this paragraph 2 an estimate of the income
1670 to be received in each such year from the investment of money in the Parity Bond Fund,
1671 the Parity Lien Obligation Bond Fund and the Construction Account, which is to be
1672 determined by and in the sole discretion of a firm of nationally recognized financial
1673 consultants selected by the county.

1674 f. Beginning with the second year following the proposed
1675 date of issue of such Parity Lien Obligations and for each year thereafter the Professional

Ordinance 19112

1676 Utility Consultant may add to the annual revenue determined in clauses a through e of
1677 this paragraph 2 the Professional Utility Consultant's estimate of any additional annual
1678 revenue to be received from anticipated growth in the number of Customers within the
1679 area served by the System on the date of such certificate, after deducting therefrom any
1680 increased Operating and Maintenance Expenses estimated to be incurred as a result of
1681 such growth; provided, that the Professional Utility Consultant's estimate of the number
1682 of customers served may not assume a growth of more than 1/4 of 1% over and above the
1683 number of customers served or estimated to be served during the preceding year.

1684 g. If extensions of or additions to the System are in the
1685 process of construction at the time of such certificate, or if the proceeds of the Parity Lien
1686 Obligations being issued are to be used to acquire or construct extensions of or additions
1687 to the System, there may be added to the annual net revenue as above determined any
1688 revenue not included in clauses a through f of this paragraph 2 that will be derived from
1689 such additions and extensions after deducting therefrom the estimated additional
1690 Operating and Maintenance Expenses to be incurred as a result of such additions and
1691 extensions; provided, that such estimated annual revenue must be based upon 75% of any
1692 estimated Customer growth in the four years following the first full year in which such
1693 additional revenue is to be collected and thereafter the estimated Customer growth may
1694 not exceed 1/4 of 1% per year over and above such reduced estimate.

1695 3. Instead of the certificate described in subsection A.2. of this
1696 section, the county may elect to have on file a certificate of the Finance Director
1697 demonstrating that during any 12 consecutive calendar months out of the immediately
1698 preceding 18 calendar months Net Revenue was at least equal to 1.25 times the amount

Ordinance 19112

1699 required to pay, in each year that such Parity Lien Obligations would be outstanding, the
1700 Annual Debt Service for such year.

1701 **B. Parity Lien Obligations That Are Refunding Bonds.**

1702 1. The county may at any time, for the purpose of refunding at or
1703 prior to their maturity any outstanding Parity Lien Obligations, Parity Bonds, or any
1704 bonds or other obligations of the county payable from Revenue of the System, issue
1705 additional Parity Lien Obligations without complying with the provisions of subsection
1706 A.2. and 3. of this section if there is filed with the clerk of the council a certificate of the
1707 Finance Director stating that upon the issuance of such additional Parity Lien
1708 Obligations: (a) total debt service on all Parity Bonds and Parity Lien Obligations
1709 (including the refunding bonds but not including the bonds to be refunded thereby) will
1710 decrease; and (b) the Annual Debt Service for each year that any Parity Bonds and any
1711 Parity Lien Obligations (including the refunding bonds but not including the bonds to be
1712 refunded thereby) are then outstanding will not be increased by more than \$5,000 by
1713 reason of the issuance of such additional Parity Lien Obligations.

1714 2. The principal amount of such Parity Lien Obligations may include
1715 amounts necessary to pay the principal of the bonds or other obligations to be refunded,
1716 interest thereon to the date of payment or redemption thereof and any premium payable
1717 thereon upon such payment or redemption and the costs of issuance of such Parity Lien
1718 Obligations and, if a Payment Agreement has been provided with respect to the
1719 obligations to be refunded, may include amounts necessary to make the payment of all
1720 amounts, if any, due and payable by the county under such Payment Agreement. The
1721 proceeds of such Parity Lien Obligations will be held and applied as provided in the

Ordinance 19112

1722 ordinance authorizing the issuance of such Parity Lien Obligations, so that upon the
1723 delivery of such Parity Lien Obligations, the bonds or other obligations to be refunded
1724 thereby will be deemed no longer outstanding in accordance with the ordinance
1725 authorizing their issuance.

1726 3. At the election of the county, the provisions of this subsection B.
1727 need not apply to the refunding at one time of all the Parity Lien Obligations then
1728 outstanding.

1729 4. Nothing contained in this ordinance prohibits or prevents, or will
1730 be deemed or construed to prohibit or prevent, the county from issuing Parity Lien
1731 Obligations to refund maturing Parity Lien Obligations of the county for the payment of
1732 which money is not otherwise available.

1733 C. **Subordinate Obligations.** Nothing in this ordinance prohibits, or will be
1734 deemed or construed to prohibit, the county from authorizing and issuing bonds, notes or
1735 other evidences of indebtedness for any purpose of the county related to the System
1736 payable in whole or in part from Revenue of the System and secured by a lien on
1737 Revenue of the System that is junior, subordinate and inferior to the lien of any Bonds
1738 issued as Parity Lien Obligations.

1739 SECTION 26. Reimbursement Obligations. If the county elects to secure any
1740 Bonds with a Credit Facility, the county may contract with the entity providing the Credit
1741 Facility that the reimbursement obligation, if any, to that entity will be a Parity Bond or
1742 Parity Lien Obligation, as applicable.

1743 SECTION 27. Payment Agreements.

1744 A. **General.** To the extent and for the purposes permitted from time to time

Ordinance 19112

1745 by chapter 39.96 RCW, as it may be amended, and other applicable provisions of State
1746 law, the county may enter into Payment Agreements, subject to the conditions set forth in
1747 this section and in other provisions of this ordinance.

1748 **B. Manner and Schedule of Payments.** Each Payment Agreement must set
1749 forth the manner in which the Payment Agreement Payments and the Payment
1750 Agreement Receipts will be calculated and a schedule of payment dates.

1751 **C. Authorizing Ordinance.** Prior to entering into a Payment Agreement, the
1752 council must adopt an ordinance authorizing such agreement and setting forth such
1753 provisions as the county deems necessary or desirable and are not inconsistent with the
1754 provisions of this ordinance.

1755 **D. Calculation of Payment Agreement Payments and Debt Service on**
1756 **Bonds with Respect to which a Payment Agreement is in Force.** It is the intent of the
1757 county, for purposes of Section 18, 24 or 25 of this ordinance, that debt service on Parity
1758 Bonds with respect to which a Parity Payment Agreement is in force will be calculated to
1759 reflect the net economic effect on the county intended to be produced by the terms of
1760 such Parity Bonds and Parity Payment Agreement and that debt service on Parity Lien
1761 Obligation Bonds with respect to which a Parity Lien Obligation Payment Agreement is
1762 in force will be calculated to reflect the net economic effect on the county intended to be
1763 produced by the terms of such Parity Lien Obligation Bonds and Parity Lien Obligation
1764 Payment Agreement. In calculating such amounts, the county will be guided by the
1765 following requirements.

1766 1. The amount of interest deemed to be payable on any Bonds with
1767 respect to which a Payment Agreement is in force will be an amount equal to the amount

Ordinance 19112

1768 of interest that would be payable at the rate or rates stated in those Bonds plus Payment
1769 Agreement Payments minus Payment Agreement Receipts.

1770 2. For any period during which Payment Agreement Payments are
1771 not taken into account in calculating interest on any outstanding Bonds because the
1772 Payment Agreement is not then related to any outstanding Bonds, Payment Agreement
1773 Payments on that Parity Payment Agreement will be calculated based upon the following
1774 assumptions:

1775 a. **County Obligated to Make Payments Based on Fixed**
1776 **Rate.** If the county is obligated to make Payment Agreement Payments based on a fixed
1777 rate and the Qualified Counterparty is obligated to make payments based on a variable
1778 rate index, payments by the county will be based on the assumed fixed payor rate, and
1779 payments by the Qualified Counterparty will be based on a rate equal to the average rate
1780 determined by the variable rate index specified by the Payment Agreement during the
1781 fiscal quarter preceding the quarter in which the calculation is made; and

1782 b. **County Obligated to Make Payments Based on Variable**
1783 **Rate Index.** If the county is obligated to make Payment Agreement Payments based on a
1784 variable rate index and the Qualified Counterparty is obligated to make payments based
1785 on a fixed rate, payments by the county will be based on a rate equal to the average rate
1786 determined by the variable rate index specified by the Payment Agreement during the
1787 fiscal quarter preceding the quarter in which the calculation is made, and the Qualified
1788 Counterparty will make payments based on the fixed rate specified by the Payment
1789 Agreement.

1790 E. **Prior Notice to Rating Agencies.** The county will give notice to Moody's

Ordinance 19112

1791 and S&P 30 days prior to the date it intends to enter into a Parity Payment Agreement
1792 and will give notice to Fitch, Moody's and S&P 30 days prior to the date it intends to
1793 enter into a Parity Lien Obligation Payment Agreement.

1794 **SECTION 28. Sale of Bonds.**

1795 **A. Determination by Finance Director.** The Finance Director shall
1796 determine, in consultation with the county's financial advisors, the principal amount of
1797 each Series of the Project Bonds, which of the Refunding Candidates will be refunded,
1798 whether any Series of Project Bonds or Refunding Bonds will be sold separately or in one
1799 or more combined Series, whether each Series of Bonds will be structured as Tax-Exempt
1800 Obligations or otherwise, and whether each Series of Bonds will be sold by negotiated
1801 sale, competitive bid or to the federal government or another purchaser, and for current or
1802 future delivery. The Finance Director is authorized to designate any or all of a Series of
1803 Bonds as "green bonds" or any similar designation indicating the purpose for which the
1804 proceeds of the Bonds are to be used. The authority to sell (e.g., enter into a purchase
1805 contract, accept a bid for or enter into a loan or other agreement for) any of the Bonds
1806 authorized hereunder will terminate December 31, 2022, but all other provisions of this
1807 ordinance will remain in full force and effect. The authority of the county to sell (e.g.,
1808 enter into a bond purchase contract, accept a bid to sell any Bonds or enter into a loan or
1809 other agreement for the sale of the Bonds) any of the Bonds, as defined in and pursuant to
1810 Ordinance 18587 and Ordinance 18588, will terminate on the effective date of this
1811 ordinance, but all other provisions of Ordinance 18587 and Ordinance 18588 will remain
1812 in full force and effect.

1813 **B. Satisfaction of Additional Bonds Tests.** The Finance Director will

Ordinance 19112

1814 provide or cause to be provided by a Professional Utility Consultant any certifications
1815 required to comply with the tests established in prior ordinances of the county for the
1816 issuance of additional Parity Bonds and additional Parity Lien Obligations, as applicable.
1817 In each Sale Motion for a Series of Bonds, the council shall make findings regarding the
1818 satisfaction of the additional bonds tests applicable to that Series of Bonds.

1819 C. **Procedure for Negotiated Sale.** If the Finance Director determines that
1820 any Series of the Bonds will be sold by negotiated sale, the Finance Director shall, in
1821 accordance with applicable county procurement procedures, solicit one or more
1822 underwriting firms with which to negotiate the sale of the Bonds. The purchase contract
1823 for each Series of the Bonds shall establish the year and Series designation, date,
1824 principal amount, interest payment dates, interest rates, maturity schedule and redemption
1825 and bond insurance provisions of such Series of Bonds. The bond purchase contract for a
1826 Series of Bonds shall not be executed and delivered unless and until the council by a Sale
1827 Motion approves the bond purchase contract and ratifies and confirms the terms for the
1828 Series of Bonds established therein.

1829 D. **Procedure for Sale by Competitive Bid.** If the Finance Director
1830 determines that any Series of the Bonds will be sold by competitive bid, bids for the
1831 purchase of such Series of Bonds will be received at such time or place and by such
1832 means as the Finance Director directs. The Finance Director is authorized to prepare an
1833 official notice of bond sale for such Series of Bonds, establishing in such notice the year
1834 and Series designation, date, principal amount, interest payment dates, maturity schedule
1835 and optional redemption and bond insurance provisions of the Bonds. The official notice
1836 of bond sale or an abridged form thereof may be published in such newspapers or

Ordinance 19112

1837 financial journals as the county's financial advisors deem desirable or appropriate.

1838 Upon the date and time established for the receipt of bids for a Series of the
1839 Bonds, the Finance Director or the Finance Director's designee will review the bids,
1840 cause the bids to be mathematically verified and report to the council regarding the bids
1841 received. Such bids will then be considered and acted upon by the council in an open
1842 public meeting. The council reserves the right to reject any and all bids for such Series of
1843 Bonds. The council by a Sale Motion will approve the sale of such Series of Bonds and
1844 ratify and confirm the year and Series designation, date, principal amount, interest
1845 payment dates, interest rates, maturity schedule, redemption and bond insurance
1846 provisions and any other terms of such Series of Bonds.

1847 E. **Other Sales.** If the Finance Director determines that any Series of Bonds
1848 will be sold to the federal government or other purchaser to evidence a loan from that
1849 purchaser, the Finance Director will negotiate the sale of such Bonds and the terms of any
1850 loan or other agreement with the purchaser. The loan agreement or other agreement for
1851 such Series of Bonds will identify the year and any applicable Series designation, date,
1852 principal amounts and maturity dates, interest rates and interest payment dates,
1853 redemption and/or purchase provisions and delivery date for such Series of Bonds. The
1854 county council, by Sale Motion, will approve the loan or other agreement and ratify and
1855 establish the terms for such Series of Bonds identified in such loan or other agreement as
1856 provided in the Sale Motion.

1857 **SECTION 29. Delivery of Bonds.** Following the sale of each Series of the
1858 Bonds, the county will cause definitive Bonds to be prepared, executed and delivered in
1859 accordance with the provisions of this ordinance and in a form acceptable to DTC as

Ordinance 19112

1860 initial depository for the Bonds, with the approving legal opinion of municipal bond
1861 counsel regarding such Series of Bonds.

1862 **SECTION 30. Preliminary Official Statement; Official Statement.** The county
1863 authorizes and directs the Finance Director: (a) to review and approve the information
1864 contained in one or more preliminary official statements (each, a "Preliminary Official
1865 Statement"), if any, prepared in connection with the sale of a Series of the Bonds; and (b)
1866 for the sole purpose of the Bond purchasers' compliance with paragraph (b)(1) of Rule
1867 15c2-12, to deem final that Preliminary Official Statement as of its date, except for the
1868 omission of information permitted to be omitted by Rule 15c2-12. After each
1869 Preliminary Official Statement has been reviewed and approved in accordance with the
1870 provisions of this section, the county hereby authorizes distribution of such Preliminary
1871 Official Statement to prospective purchasers of such Series of Bonds.

1872 Following the sale of each Series of the Bonds in accordance with Section 28 of
1873 this ordinance, the Finance Director is hereby authorized to review and approve on behalf
1874 of the county each final official statement with respect to such Series of Bonds. The
1875 county shall cooperate with the purchaser of each Series of Bonds to deliver or cause to
1876 be delivered, within seven business days after the date of the Sale Motion (or within such
1877 other period as may be required by applicable law) and in sufficient time to accompany
1878 any confirmation that requests payment from any customer of the purchaser, copies of
1879 any final official statement pertaining to such Series of Bonds in sufficient quantity to
1880 comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the MSRB.

1881 **SECTION 31. Undertaking to Provide Ongoing Disclosure.** If and to the
1882 extent required by paragraph (b)(5) of Rule 15c2-12, each Sale Motion will authorize an

Ordinance 19112

1883 Undertaking for the applicable Series of the Bonds.

1884 SECTION 32. General Authorization. The appropriate county officials, agents
1885 and representatives are hereby authorized and directed to do everything necessary for the
1886 prompt sale, issuance, execution and delivery of the Bonds, and for the proper use and
1887 application of the proceeds of the sale thereof.

1888 SECTION 33. Investment of Funds and Accounts. Money in the Parity Bond
1889 Fund, Parity Bond Reserve Account, Parity Lien Obligation Bond Fund, Revenue Fund
1890 and Construction Account may be invested in any Permitted Investments. Obligations
1891 purchased as an investment of money in the Parity Bond Fund, Parity Bond Reserve
1892 Account, Parity Lien Obligation Bond Fund, Revenue Fund and Construction Account
1893 and accounts or subaccounts therein will be deemed at all times to be a part of such
1894 respective fund, account or subaccount, and the income or interest earned and profits
1895 realized or losses suffered by a fund, account or subaccount due to the investment thereof
1896 will be retained in, credited or charged, as the case may be, to such fund or account.

1897 SECTION 34. Refunding or Defeasance of Bonds. The county may issue
1898 refunding obligations pursuant to State law or use money available from any other lawful
1899 source to carry out a refunding or defeasance plan, which may include: (a) paying when
1900 due the principal of and interest on any or all of the Bonds ("the Defeased Bonds"); (b)
1901 redeeming the Defeased Bonds prior to their maturity; and (c) paying the costs of the
1902 refunding or defeasance. If the county sets aside in a special trust fund or escrow account
1903 irrevocably pledged to that redemption or defeasance ("the trust account") money and/or
1904 Government Obligations maturing at a time or times and bearing interest in amounts
1905 sufficient to redeem, refund or defease the Defeased Bonds in accordance with their

Ordinance 19112

1906 terms, then all right and interest of the Owners of the Defeased Bonds in the covenants of
1907 this ordinance and in the funds and accounts obligated to the payment of the Defeased
1908 Bonds shall cease and become void. Thereafter, the Registered Owners of Defeased
1909 Bonds shall have the right to receive payment of the principal of and premium, if any,
1910 and interest on the Defeased Bonds solely from the trust account and the Defeased Bonds
1911 shall be deemed no longer outstanding. In that event, the county may apply money
1912 remaining in any fund or account (other than the trust account) established for the
1913 payment or redemption of the Defeased Bonds to any lawful purpose.

1914 Unless otherwise specified by the county in a refunding or defeasance plan, notice
1915 of refunding or defeasance shall be given, and selection of Bonds for any partial
1916 refunding or defeasance shall be conducted, in the manner prescribed in this ordinance
1917 for the redemption of Bonds.

1918 **SECTION 35. Supplemental Ordinances.**

1919 A. **Without Bondowner Consent.** The council from time to time and at any
1920 time may adopt an ordinance or ordinances supplemental to this ordinance, without the
1921 consent of owners of any of the Bonds, for any one or more of the following purposes:

1922 1. To add to the covenants and agreements of the county in this
1923 ordinance such other covenants and agreements thereafter to be observed that will not
1924 adversely affect the interests of the registered owners of any Parity Bonds or Parity Lien
1925 Obligations, as applicable, or to surrender any right or power herein reserved to or
1926 conferred upon the county.

1927 2. To make such provisions for the purpose of curing any ambiguities
1928 or of curing, correcting or supplementing any defective provision contained in this

Ordinance 19112

1929 ordinance or any ordinance authorizing Parity Bonds or Parity Lien Obligations in regard
1930 to matters or questions arising under such ordinances as the council may deem necessary
1931 or desirable and not inconsistent with such ordinances and that will not adversely affect
1932 the interest of the registered owners of Parity Bonds or Parity Lien Obligations, as
1933 applicable.

1934 **B. With Bondowner Consent.**

1935 1. With the consent of the registered owners of not less than 51% in
1936 aggregate principal amount of all Parity Bonds at the time outstanding, the council may
1937 adopt an ordinance or ordinances supplemental hereto for the purpose of adding any
1938 provisions to or changing in any manner or eliminating any of the provisions of this
1939 ordinance or of any supplemental ordinance applicable to Parity Bonds, except as
1940 described in subsection B.3. of this section.

1941 2. From and after the First Springing Amendment Date (Parity Lien
1942 Obligations), with the consent of the registered owners of not less than 51% in aggregate
1943 principal amount of all Parity Lien Obligations at the time outstanding, the council may
1944 adopt an ordinance or ordinances supplemental hereto for the purpose of adding any
1945 provisions to or changing in any manner or eliminating any of the provisions of this
1946 ordinance or of any supplemental ordinance applicable to Parity Lien Obligations, except
1947 as described in subsection B.3. of this section.

1948 3. No supplemental ordinance entered into pursuant to this subsection
1949 B. may:

1950 a. Extend the fixed maturity of any Parity Bonds or Parity
1951 Lien Obligations, or reduce the rate of interest thereon, or extend the time of payments of

Ordinance 19112

1952 interest from their due date, or reduce the amount of the principal thereof, or reduce any
1953 premium payable on the redemption thereof, without the consent of the registered owner
1954 of each bond so affected; or

1955 b. Reduce the aforesaid percentage of registered owners of
1956 Parity Bonds or Parity Lien Obligations required to approve any such supplemental
1957 ordinance, without the consent of the registered owners of all of such bonds.

1958 4. It is not necessary for the consent of registered owners of bonds
1959 under this subsection B. to approve the particular form of any proposed supplemental
1960 ordinance, but it is sufficient if such consent approves the substance thereof.

1961 C. **Amendments Deemed Approved by Parity Bondowners.** The
1962 Registered Owners from time to time of the Bonds issued as Parity Bonds, by taking and
1963 holding the same, shall be deemed to have consented to the adoption of an ordinance or
1964 ordinances supplemental to this ordinance to amend the definition of Reserve
1965 Requirement. From and after the First Springing Amendment Date (Parity Bonds), such
1966 supplemental ordinance or ordinances may:

1967 1. Establish one or more separate Reserve Requirements for one or
1968 more Series of Parity Bonds, including each Series of the Bonds issued as Parity Bonds;

1969 2. Reduce any Reserve Requirement, including the Reserve
1970 Requirement for each Series of the Bonds issued as Parity Bonds, to an amount less than
1971 maximum Annual Parity Debt Service in any calendar year, including to zero; and

1972 3. Establish one or more separate subaccounts within the Parity Bond
1973 Reserve Account to secure one or more Series of Parity Bonds, including each Series of
1974 the Bonds issued as Parity Bonds, with other Series of Parity Bonds not being secured by

Ordinance 19112

1975 such separate subaccounts.

1976 The adoption of any such supplemental ordinance or ordinances may result in
1977 Bonds issued as Parity Bonds not being secured by any amounts in the Parity Bond
1978 Reserve Account.

1979 SECTION 36. Ordinance a Contract; Severability. The covenants contained in
1980 this ordinance constitute a contract between the county and: (a) the Registered Owner of
1981 each Bond; (b) the Qualified Counterparty to any Payment Agreement entered into with
1982 respect to any Bonds; and (c) the provider of any Credit Facility, Qualified Insurance or
1983 Qualified Letter of Credit with respect to any Bonds. If any court of competent
1984 jurisdiction determines that any covenant or agreement provided in this ordinance to be
1985 performed on the part of the county is contrary to law, then such covenant or agreement
1986 shall be null and void and shall be deemed separable from the remaining covenants and
1987 agreements of this ordinance and shall in no way affect the validity of the other
1988 provisions of this ordinance or of the Bonds.

Ordinance 19112

1989 **SECTION 37. Effective Date.** This ordinance shall be effective 10 days after its
1990 enactment, in accordance with Article II of the county charter.
1991

Ordinance 19112 was introduced on 4/28/2020 and passed as amended by the Metropolitan King County Council on 6/23/2020, by the following vote:

Yes: 9 - Ms. Balducci, Mr. Dembowski, Mr. Dunn, Ms. Kohl-Welles, Ms. Lambert, Mr. McDermott, Mr. Upthegrove, Mr. von Reichbauer and Mr. Zahilay

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

DocuSigned by:
Claudia Balducci
F8830816F1C4427...

Claudia Balducci, Chair

ATTEST:

DocuSigned by:
Melani Pedroza
8DE1BB375AD3422...

Melani Pedroza, Clerk of the Council

APPROVED this 8 day of July, 2020.

DocuSigned by:
Dow Constantine
4FBCAB8196AE4C6...

DocuSigned by:
Dow Constantine
4FBCAB8196AE4C6...

Dow Constantine, County Executive

Attachments: A. Outstanding Parity Bonds, B. Outstanding Parity Lien Obligations, C. Form of Parity Bond, D. Form of Parity Lien Obligation

ATTACHMENT A –

Ordinance 19112

OUTSTANDING PARITY BONDS

Series	Ordinance	Date of Issue	Original Principal	Outstanding Principal (as of 1/2/2020)
2010	16868	7/29/2010	\$ 334,365,000	\$ 31,050,000
2011	16868	1/25/2011	175,000,000	4,175,000
2011B	17111	10/5/2011	494,270,000	29,445,000
2011C	17111	11/1/2011	32,445,000	7,885,000
2012	17111	4/18/2012	104,445,000	89,785,000
2012B	17111	8/2/2012	64,260,000	64,260,000
2012C	17111	9/19/2012	65,415,000	34,625,000
2013A	17111	4/9/2013	122,895,000	99,435,000
2013B	17599	10/29/2013	74,930,000	54,680,000
2014A	17599	7/8/2014	75,000,000	75,000,000
2014B	17599	8/12/2014	192,460,000	181,490,000
2015A	17599	2/18/2015	474,025,000	470,475,000
2015B	18111	11/17/2015	93,345,000	75,985,000
2016A	18116	2/17/2016	281,535,000	273,975,000
2016B	18111	9/12/2016	499,655,000	492,005,000
2017	18587	12/19/2017	149,485,000	127,840,000
2018A ⁽¹⁾	18588	4/19/2018	134,500,000	134,500,000
2018B	18588	11/15/2018	<u>124,455,000</u>	<u>124,455,000</u>
		Total	\$3,492,485,000	\$2,371,065,000

⁽¹⁾ WIFIA loan, authorized but not drawn upon

ATTACHMENT B –

19112

OUTSTANDING PARITY LIEN OBLIGATIONS

Series	Ordinance	Date of Issue	Original Principal	Outstanding Principal (as of 1/2/2020)
2008	15779	2/12/2008	\$ 236,950,000	\$ 21,020,000
2012	17111	4/18/2012	68,695,000	41,360,000
2012B	17111	8/2/2012	41,725,000	30,500,000
2015A	17599	2/18/2015	247,825,000	247,395,000
2017	18116	10/25/2017	154,560,000	139,840,000
2019	18588	10/24/2019	<u>101,035,000</u>	<u>101,035,000</u>
		Total	\$850,790,000	\$581,150,000

**ATTACHMENT C
FORM OF PARITY BOND**

Ordinance 19112

No. R- _____

\$ _____

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the County or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DRC), **ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

SEWER REVENUE [AND] [REFUNDING] BOND, [YEAR], SERIES _____

Interest Rate:
_____ %

Maturity Date:

CUSIP No.:

Registered Owner: **CEDE & CO.**

Principal Amount: _____ **AND NO/100 DOLLARS**

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 the date of this bond, or the most recent date to which interest has been paid or duly provided for, until payment of this bond, at the Interest Rate specified, payable on _____, and semiannually thereafter on each succeeding _____ and _____.

Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as this bond is registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), principal of and premium, if any, and interest on this bond are payable in the manner set forth in the Blanket Issuer Letter of Representations by and between the County and DTC. When this bond is not registered in the name of the Securities Depository, interest on this bond is payable by electronic transfer on the interest payment date, or by check or draft of the fiscal agent of the State of Washington (as the same may be designated by

the State of Washington from time to time, the "Registrar") mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The County is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. When this bond is not registered in the name of the Securities Depository, principal of and premium, if any, on this bond are payable upon presentation and surrender of this bond by the Registered Owner to the Registrar at maturity or upon prior redemption in full.

This bond is one of an authorized issue of bonds of like series, date and tenor, except as to number, amount, rate of interest, options of redemption and date of maturity, in the aggregate principal amount of \$_____ (the "Bonds"), and is issued to provide funds necessary to pay costs of [refunding certain outstanding obligations of the County payable from Revenue of] 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 "State"), the County Charter and applicable ordinances duly adopted by the County, including Ordinance ____ and Motion _____ (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.

The Bonds are special limited obligations of the County, 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 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 or any political subdivision thereof is pledged to the payment of this bond or the Bonds.

The County hereby covenants and agrees with the Registered Owner of this bond that it will keep and perform all the covenants of this bond and of the Bond Legislation to be kept and performed by it. 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. 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 the 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 Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State and the Charter and ordinances of the County to exist and to have happened, have been done and performed precedent to and in the issuance of this bond do exist and 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 the seal of the County to be impressed or imprinted hereon, all as of _____.

KING COUNTY, WASHINGTON

By _____
King County Executive

ATTEST:

Clerk of the County Council

Date of Authentication: _____.

CERTIFICATE OF AUTHENTICATION

This is one of the fully registered Sewer Revenue Bonds, [Year], Series _____, of King County, Washington, dated _____, described in the within mentioned Bond Legislation.

WASHINGTON STATE FISCAL AGENT
as Registrar

By _____
Authorized Signer

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 _____
or its successor, as Registrar to transfer this bond on the books kept for registration thereof with
full power of substation in the premises.

DATED: _____, 20__.

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

SIGNATURE GUARANTEED:

NOTICE: Signatures must be guaranteed
pursuant to law.

**ATTACHMENT D –
FORM OF PARITY LIEN OBLIGATION**

Ordinance 19112

No. R- _____

\$ _____

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the County or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), **ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

**LIMITED TAX GENERAL OBLIGATION [AND] [REFUNDING] BOND
(PAYABLE FROM SEWER REVENUES), [YEAR], SERIES _____**

Interest Rate:
_____ %

Maturity Date:

CUSIP No.:

Registered Owner: **CEDE & Co.**

Principal Amount: _____ **AND NO/100 DOLLARS**

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 the date of this bond, or the most recent date to which interest has been paid or duly provided for, until payment of this bond, at the Interest Rate specified, payable on _____, and semiannually thereafter on each succeeding _____ and _____.

Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as this bond is registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), principal of and premium, if any, and interest on this bond are payable in the manner set forth in the Blanket Issuer Letter of Representations by and between the County and DTC. When this bond is not registered in the name of the of Securities Depositories, interest on this bond is payable by electronic transfer on the interest payment date,

or by check or draft of the fiscal agent of the State of Washington (as the same may be designated by the State of Washington from time to time, the "Registrar") mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The County is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. When this bond is not registered in the name of the Securities Depository, principal of and premium, if any, on this bond are payable upon presentation and surrender of the Bond by the Registered Owner to the Registrar at maturity or upon prior redemption in full.

This bond is one of an authorized issue of bonds of like series, date and tenor, except as to number, amount, rate of interest, options of redemption and date of maturity, in the aggregate principal amount of \$_____ (the "Bonds"), and is issued to provide funds necessary to pay costs of [refunding certain outstanding obligations of the County payable from Revenue of] 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 "State"), the County Charter and applicable ordinances duly adopted by the County, including Ordinance ____ and Motion ____ (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.

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 becomes 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 becomes 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 Revenue of the System subject to Operating and Maintenance Expenses and junior, subordinate and inferior to the lien and charge on Revenue of the System 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 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 Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State and the Charter and ordinances of the County to exist and to have happened, been done and performed precedent to and in the issuance of this bond do exist and have happened, been done and performed and that the issuance of this bond and the Bonds does not violate any constitutional, statutory or other limitations 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 the seal of the County to be impressed or imprinted hereon, all as of _____.

KING COUNTY, WASHINGTON

By _____
King County Executive

ATTEST:

Clerk of the County Council

Date of Authentication: _____.

CERTIFICATE OF AUTHENTICATION

This is one of the fully registered Limited Tax General Obligation Bonds (Payable from Sewer Revenues), [Year], Series ____, of King County, Washington, dated _____, described in the within mentioned Bond Legislation.

WASHINGTON STATE FISCAL AGENT
as Registrar

By _____
Authorized Signer

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 _____
or its successor, as Registrar to transfer this 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.

SIGNATURE GUARANTEED:

NOTICE: Signatures must be guaranteed
pursuant to law.