



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 23, 2017

Ordinance 18589

Proposed No. 2017-0380.1

Sponsors Upthegrove

1 AN ORDINANCE providing long-term financing for
2 capital needs of the county's sewer system by authorizing
3 the issuance of junior lien sewer revenue bonds of the
4 county in an aggregate principal of \$50,000,000 to provide
5 funds for acquiring and constructing improvements to the
6 sewer system; providing for the form, terms and covenants
7 of such bonds; providing for the sale of the bonds;
8 establishing funds for the receipt and expenditure of bond
9 proceeds and for the payment of the bonds; and pledging
10 sewer revenues to pay the principal of and interest on junior
11 lien sewer revenue bonds issued under this ordinance.

12 PREAMBLE:

13 The county owns and operates facilities for the conveyance and treatment
14 of sewage and control of combined sewer overflows that include
15 wastewater treatment plants, interceptor and trunk sewers, pumping
16 stations, regulator stations, outfall sewers, storm sewers to divert
17 stormwater from sanitary sewers, lands for application of biosolids,
18 property rights, and buildings and other structures and equipment
19 (collectively "the System"), all in accordance with a comprehensive plan

20 for metropolitan water pollution abatement under the authority of chapters
21 36.56 and 35.58 of the Revised Code of Washington ("RCW").

22 Long-term service agreements with participating municipalities and other
23 entities ("the Participants") obligate the county to treat and dispose of
24 sewage collected by the Participants. The Participants must pay the costs
25 of these services, including debt service on bonds payable from sewer
26 revenues (including the bonds authorized by this ordinance) and other
27 indebtedness payable from and secured by sewer revenues. Comparable
28 rates and charges have been established for customers who deliver sewage
29 to the System but are not subject to a contract with the county for this
30 service.

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

35 The county has issued the series of sewer revenue bonds with a senior lien
36 on Revenue of the System set forth in Attachment A to this ordinance
37 (together with any sewer revenue bonds, warrants or other obligations that
38 may be issued in the future with a lien on Revenue of the System equal to
39 the lien thereon of such bonds, "the Parity Bonds").

40 The county has issued the series of limited tax general obligation bonds
41 additionally secured by a lien on Revenue of the System junior and
42 subordinate to the lien thereon of the Parity Bonds set forth in Attachment

43 B to this ordinance (together with any sewer revenue bonds, warrants or
44 other obligations that may be issued in the future with a lien on Revenue
45 of the System equal to the lien thereon of such bonds, "the Parity Lien
46 Obligations").

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

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

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

58 The ordinances authorizing the issuance of the currently outstanding
59 obligations payable from Revenue of the System permit additional Junior
60 Lien Obligations to be issued on the terms and conditions set forth in such
61 ordinances.

62 It is deemed necessary and desirable that the county authorize the issuance
63 and sale of its junior lien sewer revenue bonds as Junior Lien Obligations
64 in the aggregate principal amount of \$50,000,000 ("the Bonds") to pay
65 costs of capital improvements to the System, in accordance with the

66 Comprehensive Plan and the Capital Improvement Budget.
67 Since market conditions can change quickly, it is in the best interest of the
68 county to delegate to the county's Finance Director authority to sell the
69 Bonds by negotiated sale, as provided in this ordinance. The sale of the
70 Bonds shall be ratified and confirmed by motion of the council, as
71 provided in this ordinance.

72 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

73 SECTION 1. Definitions; Interpretation.

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

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

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

88 "Agency Customer" means any city, town, water-sewer district or other political

89 subdivision, person, firm, private corporation or other entity that collects sewage from
90 customers and disposes of any portion of that sewage into the System and is not a
91 Participant.

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

94 1. The interest on such designated obligations due (i) on all interest
95 payment dates (other than January 1) in such calendar year, and (ii) on January 1 of the
96 next succeeding calendar year, plus any Payment Agreement Payments due on such dates
97 in respect of Payment Agreements for such designated obligations and minus any
98 Payment Agreement Receipts due in such period in respect of Payment Agreements for
99 such designated obligations.

100 a. For purposes of calculating the amounts required to pay
101 interest on such designated obligations, capitalized interest, accrued interest paid to the
102 county upon the issuance of such designated obligations, and Debt Service Offsets
103 pledged to the payment of such designated obligations will be excluded.

104 b. The amount of interest deemed payable on any such
105 designated obligations bearing interest at a variable rate will be calculated on the
106 assumption that the interest rate on such designated obligations would be equal to the rate
107 that is 90% of the average Bond Buyer Revenue Bond Index or comparable index during
108 the fiscal quarter preceding the quarter in which the calculation is made; provided, that
109 for purposes of determining actual compliance in any past calendar year with the rate
110 covenants made in Section 15 of this ordinance, the actual amount of interest paid on any
111 issue of variable rate obligations will be taken into account.

112 2. The principal due (at maturity or upon mandatory redemption prior
113 to maturity) for such designated obligations (i) on all principal payment dates (other than
114 January 1) of such calendar year and (ii) on January 1 of the next succeeding calendar
115 year.

116 3. An amount for assumed payments of principal of any of such
117 designated obligations that are Balloon Maturity Bonds calculated for the applicable
118 calendar year by amortizing the then outstanding principal amount of such designated
119 obligations in accordance with a maturity schedule not exceeding 30 years from the date
120 of issuance of such Balloon Maturity Bonds and resulting in approximately level debt
121 service based on their actual interest rates (if such designated obligations bear interest at
122 fixed rates) or on the assumed interest rate calculated as provided in paragraph 1.b. of this
123 definition (if such designated obligations bear interest at a variable rate).

124 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or
125 upon mandatory redemption must be included in the calculation of Annual Debt Service,
126 and references in this ordinance to principal include the Accreted Value due at maturity
127 or upon the mandatory redemption of any Capital Appreciation Bonds.

128 Notwithstanding the foregoing, debt service on any such designated obligations
129 with respect to which a Payment Agreement is in force shall be calculated by the county
130 to reflect the net economic effect of the terms of such designated obligations and the
131 applicable Payment Agreement, in accordance with the requirements set forth in the
132 proceedings authorizing the issuance of such designated obligations.

133 "Balloon Maturity Bonds" means any obligations of the System, the entire
134 principal amount of which is due at maturity without serial bond payments or sinking

135 fund redemption payments.

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

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

140 "Bondowners' Trustee" means the bank or financial institution selected by the
141 Registered Owners of the Bonds pursuant to Section 19 of this ordinance.

142 "Bonds" means the \$50,000,000 aggregate principal amount of junior lien sewer
143 revenue bonds of the county authorized to be issued under this ordinance to pay costs of
144 capital improvements to the System, in accordance with the Comprehensive Plan and the
145 Capital Improvement Budget.

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

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

156 "Certified Public Accountant" means an independent certified public accountant
157 (or firm of certified public accountants) selected by the county and having a favorable

158 national reputation.

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

163 "Comprehensive Plan" means the county's comprehensive water pollution
164 abatement plan authorized by RCW 35.58.200 and defined in Section 28.82.150 of the
165 King County Code as the Comprehensive Sewage Disposal Plan adopted by Resolution
166 No. 23 of the Metro Council on April 22, 1959, and all amendments thereto, together
167 with any amendments hereafter approved by ordinance of the county.

168 "Construction Account" means the "Second Water Quality Construction
169 Account," as designated by Ordinance 12076, Section 30, of the county.

170 "Council" means the Metropolitan King County Council.

171 "Credit Enhancement" means any letter of credit, insurance policy, surety bond,
172 line of credit or other instrument then in effect that secures or guarantees the payment of
173 principal of and interest on the Bonds.

174 "Credit Facility" means any letter of credit, standby bond purchase agreement,
175 line of credit, surety bond, insurance policy or other insurance commitment or similar
176 agreement (but not including a Payment Agreement), satisfactory to the county, that is
177 provided by a commercial bank, insurance company or other financial institution with a
178 current long-term rating (or whose obligations thereunder are guaranteed by a financial
179 institution with a long-term rating): (i) from Moody's and S&P not lower, when issued,
180 than the credit rating of any series of Parity Bonds, to provide support for a series of

181 Parity Bonds, and shall include any substitute therefor in accordance with the provisions
182 of the ordinance providing for the issuance of Parity Bonds supported by a Credit
183 Facility, or (ii) from Fitch, Moody's and S&P not lower, when issued, than the credit
184 rating of any series of Parity Lien Obligations, to provide support for a series of Parity
185 Lien Obligations, and shall include any substitute therefor in accordance with the
186 provisions of the ordinance providing for the issuance of Parity Lien Obligations
187 supported by a Credit Facility.

188 "Credit Provider" means any bank, insurance company, pension fund or other
189 financial institution that provides a Credit Enhancement for the Bonds.

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

192 "Debt Service Offset" means receipts of the county that are (i) legally available to
193 pay debt service on obligations payable from Revenue of the System, including federal
194 interest subsidy payments, and (ii) pledged to the payment of obligations payable from
195 Revenue of the System.

196 "Default" means any of the events or conditions set forth in Section 18 of this
197 ordinance.

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

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

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

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

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

209 "Government Obligations" means direct obligations of, or obligations the
210 principal of and interest on which are unconditionally guaranteed by, the United States of
211 America.

212 "Junior Lien Bond Fund" means the "King County, Washington, Junior Lien
213 Obligation Redemption Fund" created pursuant to Ordinance 14171, Section 5.01, of the
214 county for the purpose of paying and securing the payment of the Junior Lien
215 Obligations.

216 "Junior Lien Obligations" means (i) the county's Junior Lien Variable Rate
217 Demand Sewer Revenue Bonds, Series 2001A and Series 2001B, dated August 15, 2001,
218 authorized by Ordinances 14171 and 14172, (ii) the county's Junior Lien Variable Rate
219 Demand Sewer Revenue Bond, Series 2011, dated October 26, 2011, authorized by
220 Ordinance 17202, (iii) the county's Junior Lien Variable Rate Demand Sewer Revenue
221 Bond, Series 2012, dated December 27, 2012, authorized by Ordinance 17495, (iv) the
222 county's Junior Lien Sewer Revenue Bonds, Series 2015A and Series 2015B, dated
223 November 24, 2015, authorized by Ordinance 18141, (v) the Bonds and (vi) any
224 Additional Junior Lien Obligations.

225 "Letter of Representations" means the Blanket Issuer Letter of Representations
226 dated May 1, 1995, by and between the county and DTC, as it may be amended from

227 time to time, and any successor or substitute letter relating to the operational procedures
228 of the Securities Depository.

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

232 "Liquidity Provider" means any bank, insurance company, pension fund or other
233 financial institution that provides a Liquidity Facility.

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

240 "MSRB" means the Municipal Securities Rulemaking Board or any successor to
241 its functions.

242 "Multi-Modal LTGO/Sewer Revenue Bonds" means the county's Multi-Modal
243 Limited Tax General Obligation Bonds (Payable from Sewer Revenue), Series 2010A
244 and Series 2010B, the county's Multi-Modal Limited Tax General Obligation Refunding
245 Bonds (Payable from Sewer Revenue), Series 2017A and Series 2017B, and any
246 additional limited tax general obligation bonds of the county payable from Revenue of
247 the System and having the same lien on Revenue of the System as those bonds.

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

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

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

257 "Parity Bond Fund" means the "Water Quality Revenue Bond Account"
258 designated pursuant to Ordinance 12076, Section 30, of the county for the purpose of
259 paying and securing the payment of the Parity Bonds.

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

262 "Parity Bonds" means the bonds identified as such in the Preamble to this
263 ordinance, together with any Future Parity Bonds. "Parity Bonds" include any Parity
264 Payment Agreements and parity reimbursement agreements entered into with the
265 provider of a Credit Facility securing any Parity Bonds.

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

269 "Parity Lien Obligation Payment Agreement" means a Payment Agreement under
270 which the county's payment obligations are expressly stated to constitute a charge and
271 lien on Revenue of the System equal in rank with the charge and lien on Revenue of the
272 System securing amounts required to be paid into the Parity Lien Obligation Bond Fund

273 to pay and secure the payment of principal of and interest on the Parity Lien Obligations.

274 "Parity Lien Obligations" means bonds identified as such in the Preamble to this
275 ordinance, together with any sewer revenue bonds, warrants or other obligations that may
276 be issued in the future with a lien on Revenue of the System equal to the lien thereon of
277 those bonds. "Parity Lien Obligations" include any Parity Lien Obligation Payment
278 Agreements and parity reimbursement agreements entered into with the provider of a
279 Credit Facility securing any Parity Lien Obligations.

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

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

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

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

298 "Payment Agreement Payments" means the amounts periodically required to be
299 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The
300 term "Payment Agreement Payments" does not include any termination payment required
301 to be paid with respect to a Payment Agreement.

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

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

309 "Public Works Trust Fund Loans" means loans to the county by the State
310 Department of Commerce under the Public Works Trust Fund loan program pursuant to
311 loan agreements in effect as of the date of this ordinance and any loan agreements
312 hereafter entered into by the county under the Public Works Trust Fund loan program, the
313 repayment obligations of which are secured by a lien on Revenue of the System equal to
314 the lien thereon established by such loan agreements.

315 "Qualified Counterparty" means with respect to a Payment Agreement an entity
316 (i) whose senior long-term debt obligations, other senior unsecured long-term obligations
317 or claims-paying ability or whose payment obligations under a Payment Agreement are
318 guaranteed by an entity whose senior long-term debt obligations, other senior unsecured

319 long-term obligations or claims-paying ability are rated (at the time the Payment
320 Agreement is entered into) at least as high as A3 by Moody's and A- by S&P (and A- by
321 Fitch for any Parity Lien Obligation Payment Agreement), or the equivalent thereof by
322 any successor thereto, and (ii) who is otherwise qualified to act as the other party to a
323 Payment Agreement under any applicable laws of the State.

324 "Qualified Insurance" means any unconditional municipal bond insurance policy
325 or surety bond issued by any insurance company licensed to conduct an insurance
326 business in any state of the United States or by a service corporation acting on behalf of
327 one or more such insurance companies, which insurance company or service corporation,
328 as of the time of issuance of such policy or surety bond, is then rated in one of the two
329 highest rating categories by Moody's, S&P, and any other rating agency then maintaining
330 a rating on the Parity Bonds and maintains a policy owner's surplus in excess of
331 \$500,000,000.

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

338 "Rate Stabilization Fund" means the fund of that name created pursuant to
339 Ordinance 12314, Section 13.D., of the county.

340 "RCW" means the Revised Code of Washington.

341 "Rebate Amount" means the amount, if any, determined to be payable with

342 respect to the Bonds by the county to the United States of America in accordance with
343 Section 148(f) of the Code.

344 "Record Date" has the meaning set forth in proceedings of the county authorized
345 under this ordinance.

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

348 "Registrar" means, unless otherwise designated in proceedings of the county
349 authorized under this ordinance, the fiscal agent of the State (as the same may be
350 designated by the State from time to time) for the purposes of registering and
351 authenticating the Bonds, maintaining the Bond Register, effecting the transfer of
352 ownership of the Bonds and paying principal of and premium, if any, and interest on the
353 Bonds.

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

356 "Revenue of the System" means all the earnings, revenues and money received by
357 the county from or on account of the operations of the System and the income from the
358 investment of money in the Revenue Fund or any account within such fund, but shall not
359 include (i) any money collected pursuant to the Service Agreements applicable to
360 administrative costs of the county other than costs of administration of the System or (ii)
361 any Debt Service Offsets. For certain purposes described in Section 11.B. of this
362 ordinance, deposits from the Rate Stabilization Fund into the Revenue Fund may be
363 included in calculations of "Revenue of the System."

364 "Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the

365 Securities and Exchange Act of 1934, as the same may be amended from time to time.

366 "S&P" means S&P Global Ratings and its successors and assigns, except that if
367 that entity is dissolved or liquidated or no longer performs the functions of a securities
368 rating agency, then the term "S&P" will be deemed to refer to any other nationally
369 recognized securities rating agency selected by the county.

370 "Sale Motion" means the motion of the council approving a contract for the initial
371 purchase of the Bonds and ratifying the initial sale of the Bonds, all in accordance with
372 Section 22 of this ordinance.

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

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

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

- 379 .1. Annual Debt Service for such year for the Parity Bonds and Parity
380 Lien Obligations then outstanding; and
381 .2. any other payments described in paragraphs "Second" through
382 "Fifth" of Section 12 of this ordinance required to be made during such year.

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

387 "SRF Loans" means loans to the county by the State Department of Ecology

388 pursuant to loan agreements in effect as of the date of this ordinance and any loans and
389 loan agreements hereafter entered into by the county under the State water pollution
390 control revolving fund loan program, the repayment obligations of which are secured by a
391 lien on Revenue of the System equal to the lien thereon established by such loan
392 agreements.

393 "State" means the State of Washington.

394 "Subordinate Lien Obligations" means those revenue bonds or other revenue
395 obligations that may be issued by the county in the future with a lien on Revenue of the
396 System junior and inferior to the lien thereon of the Multi-Modal LTGO/Sewer Revenue
397 Bonds, and payable from Revenue of the System that is available after first making the
398 payments required to be made under paragraph "First" through "Seventh" but before
399 making the payments required to be made under paragraph "Ninth" of Section 12 of this
400 ordinance.

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

404 "Tax Certificate" means any federal tax certificate regarding certain federal tax
405 matters executed on behalf of the county upon the issuance of the Bonds.

406 "Term Bonds" means those Bonds identified as such in proceedings of the county
407 authorized under this ordinance, the principal of which is amortized by a schedule of
408 mandatory redemptions, payable from the Junior Lien Bond Fund, prior to their maturity.

409 "Undertaking" means an undertaking for ongoing disclosure to be entered into by
410 the county for the Bonds, if and to the extent required by Rule 15c2-12.

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

413 1. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and
414 any similar terms refer to this ordinance as a whole and not to any particular section,
415 subsection, paragraph or clause of this ordinance.

416 2. Unless the context otherwise indicates, words expressed in the
417 singular may include the plural and vice versa, and the use of the neuter, masculine, or
418 feminine gender is for convenience only and is deemed to mean and include the neuter,
419 masculine or feminine gender, as appropriate.

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

424 4. All references in this ordinance to "sections," "subsections,"
425 "paragraphs" and "clauses" are to the corresponding sections, subsections, paragraphs or
426 clauses of this ordinance as originally adopted.

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

428 SECTION 2. Findings. The council finds that it is in the best interests of the
429 county and ratepayers of the System that the county issue the Bonds. The council further
430 finds that it is in the best interests of the county and ratepayers of the System that the sale
431 of Bonds be conducted by negotiated sale, upon terms to be determined by the Finance
432 Director, in consultation with the county's financial advisors.

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

434 capital improvements to the System, in accordance with the Comprehensive Plan and the
435 Capital Improvement Budget, the county is authorized to issue the Bonds in the aggregate
436 principal amount of \$50,000,000.

437 The Bonds shall be designated as "King County, Washington, Junior Lien Sewer
438 Revenue Bonds" with an applicable year and series designation. The Bonds shall be fully
439 registered as to both principal and interest; shall be numbered separately in such manner
440 and with any additional designation as the Registrar deems necessary for purposes of
441 identification; and shall be in the denominations, dated the date and mature on the dates,
442 in the years and in the amounts established as provided in Section 22 of this ordinance.

443 The Bonds shall bear interest (computed as set forth in proceedings of the county
444 authorized under this ordinance) from their dated date or from the most recent date to
445 which interest has been paid or duly provided for, whichever is later, payable on interest
446 payment dates and at the rate or rates established as provided in Section 22 of this
447 ordinance.

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

449 A. **Registrar/Bond Register.** Unless otherwise specified in proceedings of
450 the county authorized under this ordinance, the county, in accordance with KCC 4.84,
451 adopts for the Bonds the system of registration specified and approved by the
452 Washington State Finance Committee, which utilizes the fiscal agent of the State as
453 registrar, authenticating agent, paying agent and transfer agent ("the Registrar"). The
454 Registrar shall keep, or cause to be kept, at its designated corporate trust office, sufficient
455 books for the registration and transfer of the Bonds ("the Bond Register"), which shall be
456 open to inspection by the county at all times. The Bond Register shall contain the name

457 and mailing address of the Registered Owner of each Bond and the principal amount and
458 number of each of the Bonds held by each Registered Owner. The Registrar is
459 authorized, on behalf of the county, to authenticate and deliver Bonds transferred or
460 exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as
461 the county's paying agent for the Bonds and to carry out all of the Registrar's powers and
462 duties under this ordinance.

463 The Registrar shall be responsible for the representations contained in its
464 Certificate of Authentication on the Bonds. The Registrar may become the Owner of
465 Bonds with the same rights it would have if it were not the Registrar and, to the extent
466 permitted by law, may act as depository for and permit any of its officers or directors to
467 act as members of, or in any other capacity with respect to, any committee formed to
468 protect the rights of Owners.

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

478 **C. Use of Depository.** The Bonds initially shall be registered in the name of
479 the initial purchaser thereof. Thereafter, each Bond registered in the name of the

480 Securities Depository shall be held fully immobilized in book-entry only form by the
481 Securities Depository in accordance with the provisions of the Letter of Representations.
482 Neither the county nor the Registrar shall have any obligation to participants of any
483 Securities Depository or the persons for whom they act as nominees regarding accuracy
484 of any records maintained by the Securities Depository or its participants. Neither the
485 county nor the Registrar shall be responsible for any notice that is permitted or required
486 to be given to the Registered Owner of any Bond registered in the name of the Securities
487 Depository except such notice as is required to be given by the Registrar to the Securities
488 Depository.

489 For so long as the Bonds are registered in the name of the Securities Depository,
490 the Securities Depository shall be deemed to be the Registered Owner for all purposes
491 hereunder, and all references to Registered Owners shall mean the Securities Depository
492 and shall not mean the Beneficial Owners. Registered ownership of any Bond registered
493 in the name of the Securities Depository may not be transferred except: (i) to any
494 successor Securities Depository; (ii) to any substitute Securities Depository appointed by
495 the county; or (iii) to any person if the Bond is no longer to be held by a Securities
496 Depository.

497 Upon the resignation of the Securities Depository, or upon a termination of the
498 services of the Securities Depository by the county, the county may appoint a substitute
499 Securities Depository. If (i) the Securities Depository resigns and the county does not
500 appoint a substitute Securities Depository, or (ii) the county terminates the services of the
501 Securities Depository, the Bonds no longer shall be held in book-entry only form and the
502 registered ownership of each Bond may be transferred to any person as provided in this

503 ordinance or as set forth in proceedings of the county authorized under this ordinance.

504 D. **Registration Covenant.** The county covenants that, until all Bonds have
505 been surrendered and canceled, it will maintain a system for recording the ownership of
506 each Bond that complies with the provisions of Section 149 of the Code.

507 E. **Place and Medium of Payment.** Principal of and premium, if any, and
508 interest on the Bonds are payable in lawful money of the United States of America.
509 Principal of and premium, if any, and interest on each Bond registered in the name of the
510 Securities Depository are payable in the manner set forth in the Letter of Representations.
511 Unless otherwise specified in proceedings of the county authorized under this ordinance,
512 interest on each Bond not registered in the name of the Securities Depository is payable
513 by electronic transfer on the interest payment date, or by check or draft of the Registrar
514 mailed on the interest payment date to the Registered Owner at the address appearing on
515 the Bond Register on the Record Date. The county is not required to make electronic
516 transfers except pursuant to a request by a Registered Owner in writing received on or
517 prior to the Record Date and at the sole expense of the Registered Owner. Unless
518 otherwise specified in proceedings of the county authorized under this ordinance, the
519 principal of and premium, if any, on each Bond not registered in the name of the
520 Securities Depository are payable upon presentation and surrender of the Bond by the
521 Registered Owner to the Registrar at maturity or upon prior redemption in full.

522 F. **Transfer or Exchange of Registered Ownership; Change in**
523 **Denominations.** The registered ownership of any Bond may be transferred or
524 exchanged, but no transfer or exchange of any Bond shall be valid unless it is surrendered
525 to the Registrar with the assignment form appearing on such Bond duly executed by the

526 Registered Owner or such Registered Owner's duly authorized agent in a manner
527 satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the
528 surrendered Bond and shall authenticate and deliver, without charge to the Registered
529 Owner or transferee therefor, a new Bond (or Bonds, at the option of the new Registered
530 Owner) of the same date, maturity and interest rate and for the same aggregate principal
531 amount in any authorized denomination, naming as Registered Owner the person or
532 persons listed as the assignee on the assignment form appearing on the surrendered Bond,
533 in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to
534 the Registrar and exchanged, without charge, for an equal aggregate principal amount of
535 Bonds of the same date, maturity and interest rate, in any authorized denomination. The
536 Registrar shall not be obligated to exchange or transfer any Bond during the period
537 between the Record Date and any principal payment or redemption date.

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

539 A. **Optional Redemption.** All or some of the Bonds may be subject to
540 redemption prior to their stated maturity dates at the option of the county at the times and
541 on the terms set forth in proceedings of the county authorized under this ordinance.

542 B. **Mandatory Redemption.** The county shall redeem any Term Bonds, if
543 not redeemed under the optional redemption provisions set forth in proceedings of the
544 county authorized under this ordinance or purchased under the provisions set forth herein,
545 randomly (or in such other manner as set forth in proceedings of the county authorized
546 under this ordinance or as the Registrar shall determine) at par plus accrued interest on
547 the dates and in the years and principal amounts as set forth in proceedings of the county
548 authorized under this ordinance.

549 If the county redeems Term Bonds under the optional redemption provisions set
550 forth in proceedings of the county authorized under this ordinance or purchases for
551 cancellation or defeases Term Bonds, the Term Bonds so redeemed, purchased or
552 defeased (irrespective of their redemption or purchase prices) will, unless otherwise set
553 forth in proceedings of the county authorized under this ordinance, be credited against
554 one or more scheduled mandatory redemption amounts for those Term Bonds. The
555 county shall determine the manner in which the credit is to be allocated and shall notify
556 the Registrar in writing of its allocation at least 60 days prior to the earliest mandatory
557 redemption date for the maturity of Term Bonds for which notice of redemption has not
558 already been given.

559 C. **Partial Redemption.** Whenever less than all of the Bonds of a single
560 maturity are to be redeemed, the Securities Depository shall select the Bonds registered in
561 the name of the Securities Depository to be redeemed in accordance with the Letter of
562 Representations, and the Registrar shall select all other Bonds to be redeemed randomly,
563 or in such other manner set forth in proceedings of the county authorized under this
564 ordinance or as the Registrar shall determine.

565 Portions of the principal amount of any Bond, in authorized denominations, may
566 be redeemed, unless otherwise set forth in proceedings of the county authorized under
567 this ordinance. If less than all of the principal amount of any Bond is redeemed, upon
568 surrender of that Bond to the Registrar, there shall be issued to the Registered Owner,
569 without charge therefor, a new Bond (or Bonds, at the option of the Registered Owner) of
570 the same maturity and interest rate in any authorized denomination in the aggregate total
571 principal amount remaining outstanding.

572 D. **Purchase.** The county reserves the right and option to purchase any or all
573 of the Bonds offered to the county or in the open market at any time at any price
574 acceptable to the county plus accrued interest to the date of purchase.

575 SECTION 6. **Notice and Effect of Redemption.** Notice of redemption of each
576 Bond registered in the name of the Securities Depository shall be given in accordance
577 with the Letter of Representations. Unless otherwise set forth in proceedings of the
578 county authorized under this ordinance, notice of redemption of each other Bond, unless
579 waived by the Registered Owner, shall be given by the Registrar not less than 20 nor
580 more than 60 days prior to the date fixed for redemption by first-class mail, postage
581 prepaid, to the Registered Owner at the address appearing on the Bond Register on the
582 Record Date. The requirements of the preceding sentences shall be deemed to have been
583 fulfilled when notice has been mailed as so provided, whether or not it is actually
584 received by any Owner. Notice of redemption shall also be mailed or sent electronically
585 within the same period to the MSRB, to any nationally recognized rating agency then
586 maintaining a rating on the Bonds at the request of the county, and to such other persons
587 and with such additional information as the Finance Director shall determine, but such
588 further notice shall not be a condition precedent to the redemption of any Bond.

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

595 Interest on each Bond called for redemption shall cease to accrue on the date fixed
596 for redemption, unless either the notice of optional redemption is rescinded as set forth
597 above or money sufficient to effect such redemption is not on deposit in the Junior Lien
598 Bond Fund or in a trust account established to refund or defease the Bond.

599 SECTION 7. Form and Execution of Bonds. The form of the Bonds shall be
600 set forth in proceedings of the county authorized under this ordinance. The Bonds shall
601 be signed by the county executive and the clerk of the council, either or both of whose
602 signatures may be manual or in facsimile, and the seal of the county or a facsimile
603 reproduction thereof shall be impressed or printed thereon.

604 Only a Bond bearing a Certificate of Authentication in the form set forth in
605 proceedings of the county authorized under this ordinance, manually signed by the
606 Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this
607 ordinance. The authorized signing of a Certificate of Authentication shall be conclusive
608 evidence that the Bond so authenticated has been duly executed, authenticated and
609 delivered and is entitled to the benefits of this ordinance.

610 If any officer whose manual or facsimile signature appears on a Bond ceases to be
611 an officer of the county authorized to sign bonds before the Bond bearing his or her
612 manual or facsimile signature is authenticated by the Registrar or issued or delivered by
613 the county, that Bond nevertheless may be authenticated, issued and delivered and, when
614 authenticated, issued and delivered, shall be as binding on the county as though that
615 person had continued to be an officer of the county authorized to sign bonds. Any Bond
616 also may be signed on behalf of the county by any person who, on the actual date of
617 signing of the Bond, is an officer of the county authorized to sign bonds, although he or

618 she did not hold the required office on the dated date of the Bond.

619 **SECTION 8. Mutilated, Lost, Stolen or Destroyed Bonds.** If any Bond
620 becomes mutilated, the Registrar may authenticate and deliver a new Bond or Bonds of
621 like amount, date, interest rate and tenor to the Registered Owner thereof upon the
622 Registered Owner's paying the expenses and charges of the county and the Registrar in
623 connection therewith and upon surrender to the Registrar of the Bond so mutilated.
624 Every mutilated Bond so surrendered shall be canceled and destroyed by the Registrar.

625 If any Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver
626 a new Bond or Bonds of like amount, date, interest rate and tenor to the Registered
627 Owner thereof upon the Registered Owner's paying the expenses and charges of the
628 county and the Registrar in connection therewith and upon filing with the Registrar
629 evidence satisfactory to the Registrar that such Bond was actually lost, stolen or
630 destroyed and of registered ownership thereof, and upon furnishing the county and the
631 Registrar with indemnity satisfactory to the Finance Director and the Registrar.

632 **SECTION 9. Junior Lien Bond Fund.** A special fund of the county designated
633 the "King County, Washington, Junior Lien Obligation Redemption Fund" (the "Junior
634 Lien Bond Fund") has heretofore been created for the purpose of paying Junior Lien
635 Obligations. The Junior Lien Bond Fund shall be held separate and apart from all other
636 funds and accounts of the county and shall be a trust fund for the owners of Junior Lien
637 Obligations.

638 The county hereby irrevocably obligates and binds itself to set aside and pay into
639 the Junior Lien Bond Fund out of Revenue of the System amounts sufficient, together
640 with income from the investment of money in the Junior Lien Bond Fund, and any other

641 money on deposit in the Junior Lien Bond Fund and legally available, to pay the Bonds
642 as the same become due and payable.

643 The Bonds also may be payable from and secured by Credit Enhancement or a
644 Liquidity Facility. The county's payment obligation with respect to Bonds secured by
645 Credit Enhancement shall be deemed satisfied if provided by draws on the Credit
646 Enhancement.

647 There is hereby authorized to be created a special account in the Junior Lien Bond
648 Fund for the Bonds. All money required by this section to be deposited into the Junior
649 Lien Bond Fund for the payment of principal of and interest on the Bonds may be
650 deposited into the account created for the Bonds. Money in the account will be treated in
651 all respects as all other money in the Junior Lien Bond Fund, but will be accounted for
652 separately for the purpose of calculating any Rebate Amount payable with respect to the
653 Bonds.

654 Payments on account of the Bonds will be made out of Revenue of the System
655 into the applicable account in the Junior Lien Bond Fund on or before the day each
656 payment of principal of or interest on the Bonds is due.

657 If any Bonds are designated as Term Bonds pursuant to Section 22 of this
658 ordinance, there shall be set forth in proceedings of the county authorized under this
659 ordinance a mandatory redemption schedule to amortize the principal of those Term
660 Bonds. Payments of principal of Term Bonds under any such mandatory redemption
661 schedule shall be made from the Junior Lien Bond Fund, as provided in this section, to
662 the extent not credited pursuant to Section 5.B. of this ordinance.

663 **SECTION 10. Pledge of Sewer Revenues.** The Bonds are obligations only of the

664 Junior Lien Bond Fund. The amounts covenanted in this ordinance to be paid out of
665 Revenue of the System into the Junior Lien Bond Fund and the accounts therein
666 constitute a lien and charge on Revenue of the System junior, subordinate and inferior to
667 Operating and Maintenance Expenses; junior, subordinate and inferior to the lien and
668 charge on Revenue of the System for the payments required to be made into the Parity
669 Bond Fund and the accounts therein; junior, subordinate and inferior to the lien and
670 charge on Revenue of the System for the payments required to be made into the Parity
671 Lien Obligation Bond Fund and the accounts therein; equal to the lien and charge on
672 Revenue of the System to pay and secure the payment of the outstanding Junior Lien
673 Obligations and any Additional Junior Lien Obligations; and superior to all other liens
674 and charges of any kind or nature, including, inter alia, the lien and charge on Revenue of
675 the System to pay and secure the payment of Multi-Modal LTGO/Sewer Revenue Bonds,
676 Subordinate Lien Obligations, SRF Loans and Public Works Trust Fund Loans.

677 The Bonds are not a general obligation of the county. Neither the full faith and
678 credit nor the taxing power of the county or the state of Washington or any political
679 subdivision thereof is pledged to the payment of the Bonds.

680 **SECTION 11. Revenue Fund; Rate Stabilization Fund.**

681 A. **Revenue Fund.** A special fund of the county known as the "Water
682 Quality Operating Account" ("the Revenue Fund") has heretofore been created and is
683 hereby continued. All Revenue of the System shall be deposited in the Revenue Fund.
684 All Operating and Maintenance Expenses shall be paid out of the Revenue Fund or
685 appropriate reserves therein.

686 B. **Rate Stabilization Fund.** In anticipation of increases in revenue

687 requirements of the System, a special fund of the county designated as the "Sewer Rate
688 Stabilization Fund" ("the Rate Stabilization Fund") has heretofore been established and is
689 hereby continued. The county may from time to time appropriate or budget amounts in
690 the Revenue Fund for deposit in the Rate Stabilization Fund, as provided in Section 12 of
691 this ordinance, and may from time to time withdraw amounts therefrom for deposit in the
692 Revenue Fund to prevent or mitigate sewer rate increases or for other lawful purposes of
693 the county related to the System, including calculations of "Net Revenue" and "Revenue
694 of the System" for the purposes of satisfying requirements of Sections 15 and 20 of this
695 ordinance.

696 For any fiscal year, (i) amounts withdrawn from the Revenue Fund and deposited
697 into the Rate Stabilization Fund for that fiscal year must be subtracted from Net Revenue
698 for that fiscal year, and (ii) amounts withdrawn from the Rate Stabilization Fund and
699 deposited in the Revenue Fund for that fiscal year may be added to Revenue of the
700 System for that fiscal year.

701 SECTION 12. Sewer Revenue Priorities of Payment. All Revenue of the
702 System shall be deposited into the Revenue Fund and used and applied in the following
703 order of priority:

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

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

709 **Third**, to make all payments required to be made pursuant to a reimbursement

710 agreement or agreements (or other equivalent documents) in connection with Qualified
711 Insurance or a Qualified Letter of Credit; provided, that if there is not sufficient money to
712 make all payments under such reimbursement agreements, the payments will be made on
713 a pro rata basis;

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

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

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

725 **Seventh**, to make all required payments of principal of and interest on the Multi-
726 Modal LTGO/Sewer Revenue Bonds as the same become due and payable, to make all
727 Payment Agreement Payments for any Payment Agreements entered into with respect to
728 Multi-Modal LTGO/Sewer Revenue Bonds, and to make any payments required to be
729 made to providers of credit enhancements or liquidity facilities for any Multi-Modal
730 LTGO/Sewer Revenue Bonds;

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

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

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

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

745 **SECTION 13. Disposition of Bond Proceeds.** The proceeds of the Bonds will be
746 deposited as follows:

747 A. There has heretofore been created a special fund of the county known as
748 the "Second Water Quality Construction Account" ("the Construction Account"). For
749 purposes of separately accounting for investment earnings on the proceeds of the Bonds
750 to facilitate compliance with the requirements of Section 17 of this ordinance, there is
751 hereby established for the Bonds a special subaccount within the Construction Account
752 (the "Construction Subaccount"). Money in the Construction Subaccount will be held
753 and applied to pay costs of acquiring, constructing and equipping improvements,
754 additions or betterments to the System as set forth in the Comprehensive Plan and the
755 Capital Improvement Budget and all costs incidental thereto, including engineering,

756 architectural, planning, financial, legal, urban design or any other incidental costs, and to
757 repay any advances heretofore or hereafter made on account of such costs, provided that
758 if deficiencies exist in the Junior Lien Bond Fund, money in the Construction Subaccount
759 may be transferred to such fund in any amounts necessary to pay principal of and interest
760 on the Bonds.

761 B. The amount allocated by the Finance Director to pay the costs of issuing
762 the Bonds will be deposited in the appropriate fund or account of the county (as
763 determined by the Finance Director) and used for such purpose.

764 C. The balance of the proceeds of the Bonds will be deposited in the
765 Construction Subaccount as provided in subsection A. of this section and applied as
766 provided in subsection A. of this section.

767 **SECTION 14. Due Regard for Expenses and Sewer Revenues Pledged.** The
768 council hereby declares that, in fixing the amounts to be paid into the Junior Lien Bond
769 Fund out of Revenue of the System, it has exercised due regard for the Operating and
770 Maintenance Expenses and has not obligated the county to set aside in the Junior Lien
771 Bond Fund a greater amount of Revenue of the System that in its judgment will be
772 available over and above the Operating and Maintenance Expenses and Revenue of the
773 System previously pledged.

774 **SECTION 15. Rate Covenants.**

775 A. **General Rate Covenant.** The county will establish, maintain and collect
776 rates and charges for sewage disposal service for each calendar year that are fair and
777 nondiscriminatory and adequate to provide the county with Revenue of the System
778 sufficient (i) to pay all Operating and Maintenance Expenses during that calendar year;

779 (ii) to pay punctually all amounts described in paragraphs "Second" through "Tenth" in
780 Section 12 of this ordinance due during that calendar year; and (iii) to pay any and all
781 amounts that the county is now or may hereafter become obligated by law or contract to
782 pay during that calendar year from the Revenue of the System.

783 **B. Coverage Covenant.** Subject to the provisions of subsection C. of this
784 section, the county will establish, maintain and collect rates and charges for sewage
785 disposal service that, together with the interest to be earned on investments made of
786 money in the Revenue Fund, Parity Bond Fund, Parity Lien Obligation Bond Fund,
787 Junior Lien Bond Fund and Construction Account will provide in each calendar year Net
788 Revenue, after deducting therefrom amounts required in such year to pay Annual Debt
789 Service on Parity Bonds and Parity Lien Obligations, in an amount equal to at least 1.10
790 times the amounts required to pay Annual Debt Service for all Junior Lien Obligations
791 for that year.

792 **C. Rate Stabilization Fund.** In determining compliance with the
793 requirements of this section, Revenue of the System and Net Revenue shall be calculated
794 by taking into account deposits and withdrawals from the Rate Stabilization Fund as
795 provided in Section 11.B. of this ordinance.

796 **SECTION 16. Certain Other Covenants of the County Regarding the Bonds.**

797 The county hereby covenants with the Registered Owner of each of the Bonds, as
798 follows:

799 **A. Maintain in Good Order.** The county will cause the System and the
800 business in connection therewith to be operated in a safe, sound, efficient, and economic
801 manner in compliance with all health, safety, and environmental laws, regulatory body

802 rules, regulatory body orders and court orders applicable to the county's operation of the
803 System, and will cause the System to be maintained, preserved, reconstructed, expanded
804 and kept, with all appurtenances and every part and parcel thereof, in good repair,
805 working order and condition, and will from time to time cause to be made, without undue
806 deferral, all necessary or proper repairs, replacements and renewals, so that all times the
807 operation of the System will be properly and advantageously conducted.

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

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

816 D. **Insurance.** The county will at all times carry fire and extended coverage
817 and such other forms of insurance on such of the buildings, equipment, facilities and
818 properties of the System as under good practice are ordinarily carried on such buildings,
819 equipment, facilities and properties by municipal or privately owned utilities engaged in
820 the operation of sewer systems and will also carry adequate public liability insurance at
821 all times, provided that the county may, if deemed advisable by the council, institute or
822 continue a self insurance program for any or all of the aforementioned risks.

823 E. **Construction.** The county will cause the construction of any duly
824 authorized and ordered portions of the Comprehensive Plan to be performed and

825 completed within a reasonable time and at the lowest reasonable cost.

826 F. **Collection of Revenue.** The county will operate and maintain the System
827 and conduct its affairs so as to entitle it at all times to receive and enforce payment to it
828 of sewage disposal charges payable (i) pursuant to the ordinance or ordinances
829 establishing a tariff of rates and charges for sewage disposal services and (ii) under any
830 Service Agreement that the county has now or may hereafter enter into and to entitle the
831 county to collect all revenues derived from the operation of the System. The county shall
832 not release the obligations of any person, corporation or political subdivision under such
833 tariff of rates and charges or the Service Agreements and shall at all times, to the extent
834 permitted by law, defend, enforce, preserve and protect the rights and privileges of the
835 county and of the Registered Owners of the Bonds under or with respect thereto.

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

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

845 H. **Due Authorization.** By all necessary official action prior to or
846 concurrently herewith, the county has duly authorized and approved the execution and
847 delivery of, and the performance by the county of its obligations contained in, the Bonds

848 and in this ordinance and the consummation by it of all other transactions necessary to
849 effectuate this ordinance in connection with the issuance of Bonds, and such
850 authorizations and approvals are in full force and effect and have not been amended,
851 modified or supplemented in any material respect.

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

854 J. **No Conflict.** The county's adoption of this ordinance and its compliance
855 with the provisions contained herein will not conflict with or constitute a breach of or
856 default under any constitutional provision, law, administrative regulation, judgment,
857 decree, loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement
858 or other instrument to which the county is a party or to which the county or any of its
859 property or assets are otherwise subject, nor will any such adoption or compliance result
860 in the creation or imposition of any lien, charge or other security interest or encumbrance
861 of any nature whatsoever upon any of the property or assets of the county or under the
862 terms of any such law, regulation or instrument, except as may be provided by this
863 ordinance.

864 K. **Performance Under Ordinance.** None of the proceeds of the Bonds will
865 be used for any purpose other than as provided in this ordinance, and except as otherwise
866 expressly provided herein, the county shall not suffer any amendment or supplement to
867 this ordinance, or any departure from the due performance of the obligations of the
868 county hereunder, that might materially adversely affect the rights of the Registered
869 Owners from time to time of the Bonds.

870 L. **Sale or Disposition.** The county will not sell or voluntarily dispose of all

871 of the operating properties of the System unless provision is made for payment into the
872 applicable debt service funds of a sum sufficient to pay the principal of and interest on all
873 outstanding Parity Bonds, Parity Lien Obligations and Junior Lien Obligations in
874 accordance with the terms thereof, nor will the county sell or voluntarily dispose of any
875 part of the operating properties of the System unless the county has first complied with
876 any applicable covenants of the Parity Bonds and Parity Lien Obligations.

877 SECTION 17. Tax Covenants.

878 A. **General.** The interest on the Bonds shall be excludable from gross
879 income for federal income tax purposes pursuant to Sections 103 and 141 through 150 of
880 the Code and the applicable regulations. The county covenants not to take any action, or
881 knowingly omit to take any action within its control, that if taken or omitted would cause
882 the interest on the Bonds to be includable in gross income, as defined in Section 61 of the
883 Code, for federal income tax purposes. Additional tax covenants as necessary or
884 desirable for the Bonds may be set forth in proceedings of the county authorized under
885 this ordinance.

886 B. **Tax Certificate.** Upon the issuance of the Bonds, the Finance Director is
887 authorized to execute the Tax Certificate, which will certify to various facts and
888 representations concerning the Bonds, based on the facts and estimates known or
889 reasonably expected on the date of their issuance, and make certain covenants with
890 respect to the Bonds as may be necessary or desirable to obtain or maintain the benefits
891 conferred under the Code relating to the Bonds.

892 The county covenants that it will comply with the Tax Certificate unless it
893 receives advice from nationally recognized bond counsel or the Internal Revenue Service

894 that certain provisions have been amended or no longer apply to the Bonds.

895 C. **Arbitrage Rebate.** If the county does not qualify for an exception to the
896 requirements of Section 148(f) of the Code relating to the payment of arbitrage rebate to
897 the United States with respect to the Bonds, the county will take all necessary steps to
898 comply with the requirement that certain amounts earned by the county on the investment
899 of the "gross proceeds" of the Bonds (within the meaning of the Code) be rebated.

900 SECTION 18. Defaults. The county hereby finds and determines that the failure
901 or refusal of the county or any of its officers to perform the covenants and obligations of
902 this ordinance will endanger the operation of the System and the application of Revenue
903 of the System and such other money, funds and securities to the purposes herein set forth.
904 Any one or more of the following will constitute a Default under this ordinance:

905 A. The county fails to make payment of the principal of any Bond when the
906 same becomes due and payable, whether by maturity or scheduled redemption prior to
907 maturity;

908 B. The county fails to make payment of the interest on any Bond when the
909 same becomes due and payable;

910 C. The county defaults in the observance or performance of any other
911 covenant, condition or agreement on the part of the county contained in this ordinance,
912 and such default has continued for a period of 30 days; or

913 D. The county: (i) admits in writing its inability to pay its debts generally as
914 they become due; (ii) files a petition in bankruptcy or seeking a composition of
915 indebtedness under any state or federal bankruptcy or insolvency law; (iii) makes an
916 assignment for the benefit of its creditors; (iv) consents to the appointment of a receiver

917 for the whole or any substantial part of the System; or (v) consents to the assumption by
918 any court of competent jurisdiction under the provisions of any other law for the relief or
919 aid of debtors of custody or control of the county or of the whole or any substantial part
920 of the System.

921 SECTION 19. Remedies.

922 A. **Control by Credit Provider.** Upon the occurrence and continuation of a
923 Default described in Section 18.A. through D. of this ordinance, each Credit Provider will
924 be entitled to exercise, on behalf of the Registered Owners of any Bonds secured by
925 Credit Enhancement provided by the Credit Provider, any of the remedies provided to the
926 Registered Owners of such Bonds under this section and, for so long as the Credit
927 Provider is not in default of its obligations under the Credit Enhancement, the Credit
928 Provider will be the only person entitled to exercise the remedies provided under this
929 section with respect to such Bonds.

930 B. **Appointment of Bondowners' Trustee.** Upon the occurrence of a
931 Default and so long as such Default is not remedied, and subject to the rights of any
932 Credit Provider as provided in subsection A. of this section, a Bondowners' Trustee may
933 be appointed for the Registered Owners of the Bonds by the Registered Owners of a
934 majority in principal amount of the Bonds then outstanding by an instrument or
935 concurrent instruments in writing signed and acknowledged by such Registered Owners
936 or by their attorneys-in-fact duly authorized and delivered to the Bondowners' Trustee,
937 notification thereof having been given to the county. Any Bondowners' Trustee
938 appointed under the provisions of this section must be a bank or trust company organized
939 under the laws of a state or a national banking association. The fees and expenses of the

940 Bondowners' Trustee must be borne by the Registered Owners of the Bonds and not by
941 the county. The bank or trust company acting as the Bondowners' Trustee may be
942 removed at any time, and a successor Bondowners' Trustee may be appointed, by the
943 Registered Owners of a majority in principal amount of the Bonds then outstanding, by
944 an instrument or concurrent instruments in writing signed and acknowledged by such
945 Registered Owners or by their attorneys-in-fact duly authorized. The Bondowners'
946 Trustee may resign upon 60 days' notice and a new Bondowners' Trustee appointed by
947 the Registered Owners of a majority in principal amount of the Bonds then outstanding;
948 provided, that no such resignation or removal will be effective until a successor
949 Bondowners' Trustee has been appointed and has delivered to the county and the
950 Registered Owners of the Bonds then outstanding a written instrument of acceptance of
951 the duties and responsibilities of the Bondowners' Trustee under this ordinance.

952 The Bondowners' Trustee appointed in the manner herein provided, and each
953 successor thereto, is hereby declared to be a trustee for the Registered Owners of all the
954 Bonds then outstanding and is empowered to exercise all the rights and powers herein
955 conferred on the Bondowners' Trustee.

956 **C. Legal Action by Bondowners' Trustee.** Subject to the rights of the
957 Credit Provider, if any, as provided in subsection A. of this section, upon the happening
958 of a Default and during the continuation thereof, the Bondowners' Trustee may, and upon
959 the written request of the Registered Owners of not less than 25% in principal amount of
960 the Bonds then outstanding must, take such steps and institute such suits, actions or other
961 proceedings as it may deem appropriate for the protection and enforcement of the rights
962 of such Registered Owners to collect any amounts due and owing to or from the county,

963 or to obtain other appropriate relief, and may enforce the specific performance of any
964 covenant, agreement or condition contained in this ordinance or in the Bonds. Any
965 action, suit or other proceedings instituted by the Bondowners' Trustee hereunder will be
966 brought in its name as trustee for the Registered Owners of all Bonds, and all such rights
967 of action upon or under any of the Bonds or the provisions of this ordinance may be
968 enforced by the Bondowners' Trustee without the possession of any of the Bonds, and
969 without the production of the same at any trial or proceedings relating thereto except
970 where otherwise required by law. Any such suit or proceeding instituted by the
971 Bondowners' Trustee will be brought for the ratable benefit of all of the Registered
972 Owners of the Bonds, subject to the provisions of this ordinance. The respective
973 Registered Owners of the Bonds, by taking and holding the same, will be conclusively
974 deemed irrevocably to have appointed the Bondowners' Trustee the true and lawful
975 trustee of the respective Registered Owners of the Bonds, with authority to institute any
976 such action, suit or proceeding; to receive as trustee and deposit in trust any sums that
977 become distributable on account of the Bonds; to execute any paper or documents for the
978 receipt of such money; and to do all acts with respect thereto that such registered owners
979 themselves might have done. Nothing herein will be deemed to authorize or empower
980 the Bondowners' Trustee to consent to accept or adopt, on behalf of any Registered
981 Owner of the Bonds, any plan of reorganization or adjustment affecting such Bonds or
982 any right of any Registered Owner thereof, or to authorize or empower the Bondowners'
983 Trustee to vote the claims of the Registered Owners thereof in any receivership,
984 insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the
985 county is a party.

986 D. **Restrictions on Legal Action by Individual Owners.** Subject to the
987 rights of the Credit Provider, if any, as provided in subsection A. of this section, no
988 Registered Owner of any Bonds has any right to institute any action, suit or proceedings
989 at law or in equity for the enforcement of the same unless:

- 990 1. a Default has happened and is continuing; and
- 991 2. a Bondowners' Trustee has been appointed as herein provided; and
- 992 3. such Registered Owner previously has given to the Bondowners'
993 Trustee written notice of the Default as to which such suit, action or proceeding is to be
994 instituted; and
- 995 4. Registered Owners of not less than 25% in principal amount of the
996 Bonds then outstanding, after the occurrence of such Default, have made written request
997 of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable
998 opportunity to institute such suit, action or proceedings; and
- 999 5. the Bondowners' Trustee has been offered security and indemnity
1000 satisfactory to it against the costs, expenses and liabilities to be incurred therein or
1001 thereby; and
- 1002 6. the Bondowners' Trustee has refused or neglected to comply with
1003 such request within a reasonable time.

1004 Notwithstanding any other provision of this ordinance, each Registered Owner of
1005 the Bonds will have the absolute and unconditional right to receive payment of principal
1006 of and premium, if any, and interest on such Bonds on and after the due date thereof, and
1007 to institute suit for the enforcement of any such payment.

1008 E. **Waivers of Default; Remedies not Exclusive.** The remedies herein

1009 conferred upon or reserved to the Registered Owners of the Bonds and to the
1010 Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies,
1011 and each and every such remedy will be cumulative and will be in addition to every other
1012 remedy given hereunder or now or hereafter existing at law or in equity or by statute.

1013 The privileges herein granted may be exercised from time to time and continued so long
1014 as and as often as the occasion therefor may arise.

1015 Subject to the rights of the Credit Provider, if any, as provided in subsection A. of
1016 this section, the Bondowners' Trustee may waive any past Default and its consequences,
1017 except a default in the payment of the principal of or premium, if any, or interest on any
1018 of the Bonds. No such waiver will extend to or affect any subsequent Default or impair
1019 any rights or remedies consequent thereon. No delay or omission of the Credit Provider
1020 or the Bondowners' Trustee to exercise any right or power accruing upon any Default will
1021 impair any such right or power or be construed to be a waiver of any such Default or
1022 acquiescence therein.

1023 SECTION 20. Additional Obligations of the System.

1024 A. **Senior Lien Obligations.** The county reserves the right to issue
1025 additional Parity Bonds and Parity Lien Obligations on the applicable terms and
1026 conditions set forth in the ordinances authorizing issuance of the Parity Bonds and Parity
1027 Lien Obligations then outstanding.

1028 B. **Additional Junior Lien Obligations.** The county reserves the right to
1029 issue Additional Junior Lien Obligations, but only if such Additional Junior Lien
1030 Obligations are issued (i) for the purpose of refunding any Junior Lien Obligations then
1031 outstanding or (ii) for any lawful purpose of the county related to the System and the

1032 following conditions are met:

1033 1. At the time of issuing such Additional Junior Lien Obligations,
1034 there is no default in the payment of the principal of or interest on any Parity Bonds,
1035 Parity Lien Obligations, Junior Lien Obligations, Multi-Modal LTGO/Sewer Revenue
1036 Bonds, Subordinate Lien Obligations, SRF Loans or Public Works Trust Fund Loans.

1037 2. The county has on file one of the following certificates:

1038 a. A certificate of the Finance Director showing that Net
1039 Revenue in any 12 consecutive months out of the most recent 18 months preceding the
1040 issuance of such Additional Junior Lien Obligations, based on financial statements of the
1041 System prepared by the county and after deducting therefrom the Senior Lien Payments
1042 required in each calendar year during the life of such Additional Junior Lien Obligations,
1043 will be at least equal to 1.10 times the Annual Debt Service for the proposed Additional
1044 Junior Lien Obligations and all Junior Lien Obligations then outstanding in each year
1045 during the life of such Additional Junior Lien Obligations; or

1046 b. A certificate from a Professional Utility Consultant (which
1047 certificate may not be dated more than 90 days prior to the date of delivery of such
1048 Additional Junior Lien Obligations) showing that in his or her professional opinion the
1049 Net Revenue, estimated on the basis of all factors as he or she may consider reasonable,
1050 for each of the five calendar years following the year in which such Additional Junior
1051 Lien Obligations are to be issued, after deducting therefrom Senior Lien Payments for
1052 each such year, will be at least equal to 1.10 times the Annual Debt Service for the
1053 proposed Additional Junior Lien Obligations and all Junior Lien Obligations then
1054 outstanding in each of those five years.

1055 C. **Inferior Lien Obligations.** Nothing contained in this ordinance prevents
1056 the county from issuing revenue bonds, notes or other obligations that are a charge on
1057 Revenue of the System junior or inferior to the payments required to be made therefrom
1058 into the Junior Lien Bond Fund to pay and secure the payment of any Junior Lien
1059 Obligations.

1060 **SECTION 21. Payment Agreements.**

1061 A. **General.** To the extent and for the purposes permitted from time to time
1062 by chapter 39.96 RCW, as it may be amended, and other applicable provisions of State
1063 law, the county may enter into Payment Agreements with respect to the Bonds, subject to
1064 the conditions set forth in this section and in other provisions of this ordinance.

1065 B. **Manner and Schedule of Payments.** Each Payment Agreement must set
1066 forth the manner in which the Payment Agreement Payments and the Payment
1067 Agreement Receipts will be calculated and a schedule of payment dates.

1068 C. **Authorizing Ordinance.** Prior to entering into a Payment Agreement, the
1069 council must adopt an ordinance authorizing such agreement and setting forth such
1070 provisions as the county deems necessary or desirable and are not inconsistent with the
1071 provisions of this ordinance.

1072 D. **Calculation of Payment Agreement Payments and Debt Service on**
1073 **Bonds with Respect to which a Payment Agreement is in Force.** It is the intent of the
1074 county, for purposes of Sections 15 or 20 of this ordinance, that debt service on Bonds
1075 with respect to which a Payment Agreement is in force will be calculated to reflect the
1076 net economic effect on the county intended to be produced by the terms of such Bonds
1077 and the Payment Agreement. In calculating such amounts, the county will be guided by

1078 the following requirements.

1079 1. The amount of interest deemed to be payable on any Bonds with
1080 respect to which a Payment Agreement is in force will be an amount equal to the amount
1081 of interest that would be payable at the rate or rates stated in those Bonds plus Payment
1082 Agreement Payments minus Payment Agreement Receipts.

1083 2. For any period during which Payment Agreement Payments are
1084 not taken into account in calculating interest on any outstanding Bonds because the
1085 Payment Agreement is not then related to any outstanding Bonds, Payment Agreement
1086 Payments on that Payment Agreement will be calculated based upon the following
1087 assumptions:

1088 a. **County Obligated to Make Payments Based on Fixed**
1089 **Rate.** If the county is obligated to make Payment Agreement Payments based on a fixed
1090 rate and the Qualified Counterparty is obligated to make payments based on a variable
1091 rate index, payments by the county will be based on the assumed fixed payor rate, and
1092 payments by the Qualified Counterparty will be based on a rate equal to the average rate
1093 determined by the variable rate index specified by the Payment Agreement during the
1094 fiscal quarter preceding the quarter in which the calculation is made; and

1095 b. **County Obligated to Make Payments Based on Variable**
1096 **Rate Index.** If the county is obligated to make Payment Agreement Payments based on a
1097 variable rate index and the Qualified Counterparty is obligated to make payments based
1098 on a fixed rate, payments by the county will be based on a rate equal to the average rate
1099 determined by the variable rate index specified by the Payment Agreement during the
1100 fiscal quarter preceding the quarter in which the calculation is made, and the Qualified

1101 Counterparty will make payments based on the fixed rate specified by the Payment
1102 Agreement.

1103 E. **Prior Notice to Rating Agencies.** The county will give notice to Moody's
1104 and S&P 30 days prior to the date it intends to enter into a Payment Agreement and will
1105 give notice to Moody's and S&P 30 days prior to the date it intends to enter into a
1106 Payment Agreement with respect to any Bonds.

1107 SECTION 22. Sale and Remarketing of Bonds.

1108 A. **Determination by Finance Director.** The Finance Director shall
1109 determine, in consultation with the county's financial advisors, the principal amount of
1110 the Bonds, the terms and conditions upon which the Bonds are to be sold. The Finance
1111 Director is authorized to designate any or all of the Bonds as "green bonds" or any similar
1112 designation indicating the purpose for which the proceeds of the Bonds are to be used.
1113 The authority to sell (but not the authority to remarket) any of the Bonds authorized
1114 hereunder will terminate on June 30, 2020.

1115 B. **Satisfaction of Conditions.** The Finance Director will provide or cause to
1116 be provided by a Professional Utility Consultant any certifications required to satisfy the
1117 conditions established in the ordinances of the county for the issuance of the Bonds as
1118 Junior Lien Obligations. In the Sale Motion, the council shall make findings regarding
1119 the satisfaction of such conditions applicable to the Bonds.

1120 C. **Procedure for Sale.** The Finance Director shall, in accordance with
1121 applicable county procurement procedures, solicit one or more underwriting firms or
1122 other financial institutions with which to negotiate the sale of the Bonds. Unless
1123 otherwise set forth in proceedings of the county authorized under this ordinance, the

1124 purchase contract for the Bonds shall establish the year and series designation, date,
1125 principal amount, interest payment dates, interest rates, price, maturity schedule and
1126 redemption and bond insurance provisions of the Bonds. The purchase contract shall not
1127 be executed and delivered unless and until the council by a Sale Motion approves the
1128 purchase contract and ratifies and confirms the terms for the Bonds established therein.

1129 **D. Multi-Modal Bonds.** The Finance Director is authorized to determine
1130 that the Bonds will be issued with interest to be borne in a daily rate mode, weekly rate
1131 mode, index rate mode, direct purchase mode, flexible rate mode, term rate mode or fixed
1132 rate mode, payable on the dates and at the rates, subject to (i) a minimum rate, maximum
1133 rate, alternate rate and default rate, (ii) conversion between modes, (iii) optional and
1134 mandatory tender for purchase on dates and at prices and (iv) additional provisions
1135 relating to defaults and remedies, all as set forth in proceedings of the county authorized
1136 under this ordinance. In connection with the remarketing of the Bonds, the Finance
1137 Director is authorized, in his or her discretion, without further action by the council, (i) to
1138 issue requests for proposals for purchasers, remarketing agents, tender agents, paying
1139 agents, calculation agents, Credit Providers and Liquidity Providers and to execute and
1140 deliver agreements based on responses received to such requests, including continuing
1141 covenant or purchase agreements, remarketing agent agreements, tender agent
1142 agreements, paying agent agreements, calculation agent agreements, Credit Enhancement
1143 and extensions, replacements and terminations thereof, Liquidity Facilities and
1144 extensions, replacements and terminations thereof, reimbursement agreements and other
1145 agreements evidencing the county's obligations under any such agreements and any
1146 certifications or documentation in connection therewith, (ii) to remarket the Bonds

1147 pursuant to negotiation or pursuant to an official notice of remarketing and receipt of
1148 competitive bids, (iii) to replace the Registrar or Securities Depository, (iv) to cause the
1149 interest rate mode of the Bonds to be converted in accordance with the provisions set
1150 forth in proceedings of the county authorized under this ordinance and (v) to establish
1151 such funds and accounts as are necessary and desirable in connection with such
1152 remarketing in such interest rate mode.

1153 SECTION 23. Delivery of Bonds. Following the sale of each series of the
1154 Bonds, the county will cause definitive Bonds to be prepared, executed and delivered in
1155 accordance with the provisions of this ordinance, with the approving legal opinion of
1156 municipal bond counsel regarding the Bonds.

1157 SECTION 24. Preliminary Official Statement; Official Statement. No
1158 preliminary official statement or official statement shall be delivered in connection with
1159 the initial sale of the Bonds. The county authorizes the Finance Director: (i) to review
1160 and approve the information contained in one or more preliminary official statements
1161 (each, a "Preliminary Official Statement") prepared in connection with any subsequent
1162 remarketing of the Bonds; and (ii) for the sole purpose of the Bond purchasers'
1163 compliance with paragraph (b)(1) of Rule 15c2-12, to deem final that Preliminary
1164 Official Statement as of its date, except for the omission of information permitted to be
1165 omitted by Rule 15c2-12. After each Preliminary Official Statement has been reviewed
1166 and approved in accordance with the provisions of this section, the county hereby
1167 authorizes distribution of such Preliminary Official Statement to prospective purchasers
1168 of the Bonds.

1169 Following the remarketing of the Bonds in accordance with Section 22 of this

1170 ordinance, the Finance Director is hereby authorized to review and approve on behalf of
1171 the county each final official statement with respect to the Bonds. The county shall
1172 cooperate with the purchaser of the Bonds to deliver or cause to be delivered, within
1173 seven business days after the date of the Sale Motion (or within such other period as may
1174 be required by applicable law) and in sufficient time to accompany any confirmation that
1175 requests payment from any customer of the purchaser, copies of the final official
1176 statement pertaining to such Bonds in sufficient quantity to comply with paragraph (b)(4)
1177 of Rule 15c2-12 and the rules of the MSRB.

1178 **SECTION 25. Undertaking to Provide Ongoing Disclosure.** If and to the
1179 extent required by paragraph (b)(5) of Rule 15c2-12, the Finance Director is authorized
1180 and directed to execute and deliver an Undertaking for the Bonds.

1181 **SECTION 26. General Authorization.** The appropriate county officials, agents
1182 and representatives are hereby authorized and directed to do everything necessary for the
1183 prompt sale, issuance, execution, delivery and remarketing of the Bonds, and for the
1184 proper use and application of the proceeds of the sale and remarketing thereof.

1185 **SECTION 27. Investment of Funds and Accounts.** Money in the Revenue Fund
1186 and Junior Lien Bond Fund may be invested in any investments permitted for funds of
1187 the county. Obligations purchased as an investment of money in the Revenue Fund and
1188 Junior Lien Bond Fund and accounts therein will be deemed at all times to be a part of
1189 such respective fund or account, and the income or interest earned, profits realized or
1190 losses suffered by a fund or account due to the investment thereof will be retained in,
1191 credited or charged, as the case may be, to such fund or account.

1192 * In computing the amount in any fund or account under the provisions of this

1193 ordinance, obligations purchased as an investment of money therein will be valued at the
1194 cost or market price thereof, whichever is lower, inclusive of accrued interest.

1195 **SECTION 28. Refunding or Defeasance of Bonds.** The county may issue
1196 refunding obligations pursuant to State law or use money available from any other lawful
1197 source to carry out a refunding or defeasance plan, which may include: (i) paying when
1198 due the principal of and interest on any or all of the Bonds ("the defeased Bonds"); (ii)
1199 redeeming the defeased Bonds prior to their maturity; and (iii) paying the costs of the
1200 refunding or defeasance. If the county sets aside in a special trust fund or escrow account
1201 irrevocably pledged to that redemption or defeasance ("the trust account") money and/or
1202 Government Obligations maturing at a time or times and bearing interest in amounts
1203 sufficient to redeem, refund or defease the defeased Bonds in accordance with their
1204 terms, then all right and interest of the Owners of the defeased Bonds in the covenants of
1205 this ordinance and in the funds and accounts obligated to the payment of the defeased
1206 Bonds shall cease and become void. Thereafter, the Registered Owners of defeased
1207 Bonds shall have the right to receive payment of the principal of and premium, if any,
1208 and interest on the defeased Bonds solely from the trust account and the defeased Bonds
1209 shall be deemed no longer outstanding. In that event, the county may apply money
1210 remaining in any fund or account (other than the trust account) established for the
1211 payment or redemption of the defeased Bonds to any lawful purpose.

1212 Unless otherwise specified by the county in a refunding or defeasance plan, notice
1213 of refunding or defeasance shall be given, and selection of Bonds for any partial
1214 refunding or defeasance shall be conducted, in the manner prescribed in this ordinance
1215 for the redemption of Bonds.

1216 SECTION 29. Supplemental Ordinances.

1217 A. **Without Owner Consent.** The council from time to time and at any time
1218 may adopt an ordinance or ordinances supplemental to this ordinance, without the
1219 consent of Registered Owners of any of the Bonds, for any one or more of the following
1220 purposes:

1221 1. To add to the covenants and agreements of the county in this
1222 ordinance such other covenants and agreements thereafter to be observed that will not
1223 adversely affect the interests of the Registered Owners of any Bonds, or to surrender any
1224 right or power herein reserved to or conferred upon the county;

1225 2. To make such provisions for the purpose of curing any ambiguities
1226 or of curing, correcting or supplementing any defective provision contained in this
1227 ordinance in regard to matters or questions arising under this ordinance as the council
1228 may deem necessary or desirable and not inconsistent with this ordinance and that will
1229 not adversely affect the interest of the Registered Owners of any Bonds;

1230 3. To modify, alter, amend, supplement or restate this ordinance in
1231 any and all respects necessary, desirable or appropriate in connection with the delivery of
1232 Credit Enhancement or a Liquidity Facility (other than modifying notice provisions to
1233 Registered Owners of the Bonds);

1234 4. To modify, alter, amend, supplement or restate this ordinance in
1235 any and all respects necessary, desirable or appropriate to satisfy the requirements of any
1236 rating agency to obtain or maintain a rating on the Bonds as the county deems necessary,
1237 provided that such action does not impair the security hereof or materially adversely
1238 affect the interests of the Registered Owners of the Bonds; or

1239 5. For any purpose, on any date all Bonds are subject to mandatory or
1240 optional tender for purchase, in each case after written notice of such amendment has
1241 been given by first class mail to each Registered Owner of the Bonds not less than 30
1242 days prior to such purchase date.

1243 B. **With Owner Consent.**

1244 1. With the consent of the Registered Owners of not less than a
1245 majority in aggregate principal amount of the Bonds then outstanding, the council may
1246 adopt an ordinance or ordinances supplemental hereto for the purpose of adding any
1247 provisions to or changing in any manner or eliminating any of the provisions of this
1248 ordinance, except as described in subsection B.2. or B.4. of this section.

1249 2. No supplemental ordinance entered into pursuant to this subsection
1250 B. may:

1251 a. Extend the fixed maturity of any Bonds, or reduce the rate
1252 of interest thereon, or extend the time of payments of interest from their due date, or
1253 reduce the amount of the principal thereof, or reduce any premium payable on the
1254 redemption thereof, or amend provisions governing the mandatory or optional tender for
1255 purchase or redemption of Bonds, without the consent of the Registered Owner of each
1256 Bond so affected; or

1257 b. Reduce the aforesaid percentage of Registered Owners of
1258 Bonds required to approve any such supplemental ordinance, without the consent of the
1259 Registered Owners of all Bonds then outstanding.

1260 3. It is not necessary for the consent of the Registered Owners of
1261 Bonds under this subsection B. to approve the particular form of any proposed

1262 supplemental ordinance, but it is sufficient if such consent approves the substance
1263 thereof.

1264 4. Notwithstanding any provision of this subsection B. to the
1265 contrary, the Credit Provider, if any, will be entitled to consent, on behalf of the
1266 Registered Owners of any Bonds secured by Credit Enhancement provided by such
1267 Credit Provider, to the adoption by the council of any ordinance or ordinances
1268 supplemental hereto for the purpose of adding any provisions to or changing in any
1269 manner or eliminating any of the provisions of this ordinance.

1270 C. **Consent of Credit Provider and Liquidity Provider.** Any amendment
1271 or supplement to this ordinance requires the prior written consent of any Credit Provider
1272 and Liquidity Provider if the rights of such Credit Provider or Liquidity Provider, as the
1273 case may be, will be adversely affected thereby.

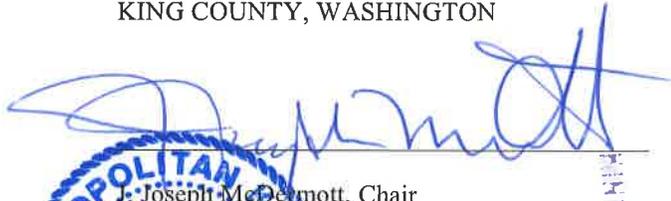
1274 SECTION 30. Ordinance a Contract; Severability. The covenants contained in
1275 this ordinance constitute a contract between the county and (i) the Registered Owner of
1276 each Bond, (ii) the Qualified Counterparty to any Payment Agreement entered into with
1277 respect to any Bonds and (iii) any Credit Provider or Liquidity Provider with respect to
1278 any Bonds. If any court of competent jurisdiction determines that any covenant or
1279 agreement provided in this ordinance to be performed on the part of the county is
1280 contrary to law, then such covenant or agreement shall be null and void and shall be
1281 deemed separable from the remaining covenants and agreements of this ordinance and
1282 shall in no way affect the validity of the other provisions of this ordinance or of the
1283 Bonds.

1284 SECTION 31. Effective Date. This ordinance shall be effective 10 days after its
1285 enactment, in accordance with Article II of the county charter.
1286

Ordinance 18589 was introduced on 9/25/2017 and passed by the Metropolitan King
County Council on 10/23/2017, by the following vote:

Yes: 9 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn,
Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles
and Ms. Balducci
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Joseph McDermott, Chair

ATTEST:



Melani Pedroza, Clerk of the Council



RECEIVED
2017 OCT 26 PM 3:56
KING COUNTY COUNCIL CLERK

APPROVED this 26 day of OCTOBER 2017.



Dow Constantine, County Executive

Attachments: A. Outstanding Parity Bonds, B. Outstanding Parity Lien Obligations

ATTACHMENT A - 18589

OUTSTANDING PARITY BONDS

Series	Ordinance	Date of Issue	Original Principal	Outstanding Principal (as of 7/1/2017)
2010 Bonds	16868	7/29/2010	\$334,365,000	\$102,860,000
2011 Bonds	16868	1/25/2011	175,000,000	63,355,000
2011B Bonds	17111	10/5/2011	494,270,000	240,395,000
2011C Bonds	17111	11/1/2011	32,445,000	16,485,000
2012 Bonds	17111	4/18/2012	104,445,000	104,445,000
2012B Bonds	17111	8/2/2012	64,260,000	64,260,000
2012C Bonds	17111	9/19/2012	65,415,000	65,415,000
2013A Bonds	17111	4/9/2013	122,895,000	111,020,000
2013B Bonds	17599	10/29/2013	74,930,000	61,020,000
2014A Bond	17599	7/8/2014	75,000,000	75,000,000
2014B Bonds	17599	8/12/2014	192,460,000	190,790,000
2015A Bonds	17599	2/18/2015	474,025,000	472,325,000
2015B Bonds	18111	11/17/2015	93,345,000	85,220,000
2016A Bonds	18116	2/17/2016	281,535,000	278,975,000
2016B Bonds	18111	9/12/2016	499,655,000	496,165,000

ATTACHMENT B - 18589

OUTSTANDING PARITY LIEN OBLIGATIONS

Series	Ordinance	Date of Issue	Original Principal	Outstanding Principal (as of 7/1/2017)
2008 Bonds	15779	2/12/2008	\$236,950,000	\$205,245,000
2009 Bonds	16133	4/8/2009	300,000,000	22,125,000
2012 Bonds	17111	4/18/2012	68,395,000	61,640,000
2012B Bonds	17111	8/2/2012	41,725,000	41,725,000
2012C Bonds	17111	9/19/2012	53,405,000	53,405,000
2015A Bonds	17599	2/18/2015	247,825,000	247,620,000