



## Legislation Details (With Text)

|                        |  |                      |  |
|------------------------|--|----------------------|--|
| <b>File #:</b>         | 2016-0268  | <b>Version:</b>      | 1                                      |
| <b>Type:</b>           | Ordinance  | <b>Status:</b>       | Passed                                 |
| <b>File created:</b>   | 5/31/2016  | <b>In control:</b>   | Budget and Fiscal Management Committee |
| <b>On agenda:</b>      |  | <b>Final action:</b> | 9/26/2016                              |
| <b>Enactment date:</b> | 10/7/2016  | <b>Enactment #:</b>  | 18376                                  |
| <b>Title:</b>          | AN ORDINANCE relating to contracting indebtedness; authorizing the issuance and public sale of one or more series of limited tax general obligation refunding bonds of the county for the purpose of paying all or part of the cost of refunding limited tax general obligation bonds of the county and the costs of issuing the refunding bonds; providing for the terms, covenants and manner of sale of the bonds; providing for the disposition of the proceeds of the sale of the bonds; establishing funds for the receipt and expenditure of bond proceeds and for the payment of the bonds; and pledging the annual levy of taxes to pay the principal thereof and interest thereon. |                      |  |
| <b>Sponsors:</b>       | Dave Upthegrove  |                      |  |
| <b>Indexes:</b>        | Bonds, levy  |                      |  |
| <b>Code sections:</b>  |  |                      |  |
| <b>Attachments:</b>    | 1. Ordinance 18376.pdf, 2. 2016-0268 legislative review form.pdf, 3. 2016-0268 fiscal note.xlsx, 4. 2016-0268 transmittal letter.doc, 5. 2016-0268_Bonds_staff report.docx   |                      |  |

| Date      | Ver. | Action By                              | Action                  | Result |
|-----------|------|--|-------------------------|--------|
| 9/26/2016 | 1    | Metropolitan King County Council       | Hearing Held            |        |
| 9/26/2016 | 1    | Metropolitan King County Council       | Passed                  | Pass   |
| 9/14/2016 | 1    | Budget and Fiscal Management Committee | Recommended Do Pass     | Pass   |
| 5/31/2016 | 1    | Metropolitan King County Council       | Introduced and Referred |        |

AN ORDINANCE relating to contracting indebtedness; authorizing the issuance and public sale of one or more series of limited tax general obligation refunding bonds of the county for the purpose of paying all or part of the cost of refunding limited tax general obligation bonds of the county and the costs of issuing the refunding bonds; providing for the terms, covenants and manner of sale of the bonds; providing for the disposition of the proceeds of the sale of the bonds; establishing funds for the receipt and expenditure of bond proceeds and for the payment of the bonds; and pledging the annual levy of taxes to pay the principal thereof and interest thereon.

PREAMBLE:

The county has issued outstanding limited tax general obligation bonds of the county.

The county may have opportunities to refund all or portions of such outstanding limited tax general obligation bonds and/or any limited tax general obligation bonds issued in the future either to effect a savings to the county or when necessary or in the best interest of the county to modify debt service requirements, sources of payment, covenants or other terms of the bonds to be refunded.

It is deemed necessary and advisable that the county authorize the issuance and sale of one or more series of its limited tax general obligation refunding bonds for such refunding opportunities, as provided in this ordinance.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

"Bond Account" means, with respect to each Series of Bonds, the bond redemption account established therefor pursuant to section 13 of this ordinance.

"Bonds" means the limited tax general obligation bonds of the county authorized to be issued in one or more Series by this ordinance to refund the Refunded Bonds and to pay Bond issuance costs. Each Series of Bonds may be issued as Tax-Exempt Bonds or Taxable Bonds, as provided in this ordinance.

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

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

"Escrow Agent" means each corporate trustee chosen pursuant to the provisions of section 14 of this ordinance to serve as escrow agent in connection with the refunding of the Refunded Bonds upon the issuance

of any Series of Bonds.

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

"Government Obligations" means "government obligations," as defined in chapter 39.53 RCW, as now in existence or amended from time to time.

"Letter of Representations" means the Blanket Issuer Letter of Representations, dated May 1, 1995, from the county to DTC, as it may be amended from time to time.

"Official Notice of Bond Sale" means, with respect to each Series of Bonds sold by competitive bid, the official notice of sale therefor prepared pursuant to section 9 of this ordinance.

"RCW" means the Revised Code of Washington.

"Record Date" for an interest or principal payment date or for a maturity date means the 15th day of the calendar month next preceding that date.

"Refunded Bonds" means, for each Series of Bonds, the Refunding Candidates that will be refunded from proceeds of that Series of Bonds, as identified in the related Sale Motion.

"Refunding Account" means any account authorized to be created pursuant to section 14 of this ordinance to provide for the refunding of any Refunded Bonds.

"Refunding Candidates" means any limited tax general obligation bonds of the county, whether currently outstanding or issued after the effective date of this ordinance, including any Series of Bonds issued under this ordinance.

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

"Registrar" means the fiscal agent of the State appointed from time to time by the Washington State Finance Committee pursuant to chapter 43.80 RCW, serving as the registrar, authenticating agent, paying agent

and transfer agent for the Bonds.

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

"Sale Motion" means, with respect to each Series of the Bonds, the motion of the county council accepting a bid (if that Series of Bonds is sold by competitive bid) or approving a bond purchase contract (if that Series of Bonds is sold by negotiated sale) for the purchase of the Bonds, establishing the terms for that Series of Bonds, identifying the related Refunded Bonds and establishing the refunding plan therefor, all in accordance with section 9 of this ordinance.

"Series" or "Series of Bonds" means a series of Bonds issued pursuant to this ordinance.

"State" means the State of Washington.

"Taxable Bonds" means the Bonds of any Series determined to be structured on a taxable basis pursuant to section 9 of this ordinance.

"Tax-Exempt Bonds" means the Bonds of any Series determined to be structured on a tax-exempt basis pursuant to section 9 of this ordinance.

**SECTION 2. Findings.** Because conditions in the capital markets are volatile, the county council finds that it is in the best interests of the county that the county retain the flexibility to refund all or a portion of the Refunding Candidates by issuing the Bonds in one or more Series in order to effect a savings to the county or when necessary or in the best interest of the county to modify debt service requirements, sources of payment, covenants or other terms of the Refunded Bonds. To achieve this flexibility, the county council further finds that it is in the best interests of the county that the sale of Bonds in one or more Series for such purposes, as Tax-Exempt Bonds or Taxable Bonds, by competitive bid or negotiated sale, for current or future delivery, and the identification of the Refunding Candidates proposed to be refunded be determined by the Finance Director, in consultation with the county's financial advisors. Such terms, the sale of each Series of Bonds and the related refunding plan shall be approved, ratified and established by the county council in a Sale Motion.

SECTION 3. Purpose, Authorization and Description of Bonds.

A. Purpose and Authorization of Bonds. The county authorizes the issuance of one or more Series of Bonds to refund the Refunded Bonds and to pay Bond issuance costs.

B. Description of Bonds. Each Series of Bonds will be designated "King County, Washington, Limited Tax General Obligation Refunding Bonds," with the year and any applicable series designation, all as established by the related Sale Motion. Each Series of Bonds will be dated as of such date, will mature on the date or dates in each of the years and in the principal amounts, will bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date or the most recent interest payment date to which interest has been paid or duly provided for, whichever is later, at the rates and payable on such dates, will be subject to redemption and/or purchase prior to maturity in the amounts, in the manner and at the prices, and will be subject to such other terms and provisions as the county council will establish by the related Sale Motion. Each Series of Bonds will be fully registered as to both principal and interest, will be in the denomination of \$5,000 each or any integral multiple thereof (but no Bond shall represent more than one maturity within a Series), and will be numbered separately in such manner and with any additional designation as the Registrar deems necessary for purposes of identification.

C. Initial Immobilization of Bonds; Depository Provisions.

1. The Bonds of each Series will initially be held in fully immobilized form by DTC acting as depository pursuant to the terms and conditions set forth in the Letter of Representations. Neither the county nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to such Bonds with respect to the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any principal or redemption price of or interest on such Bonds, any notice that is permitted or required to be given to registered owners under this ordinance (except such notice as is required to be given by the county to the Registrar or to DTC), the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of such

Bonds or any consent given or other action taken by DTC as registered owner of such Bonds.

2. The Bonds of each Series will initially be issued in denominations equal to the aggregate principal amount of each maturity and will initially be registered in the name of Cede & Co., as the nominee of DTC. Such Bonds so registered will be held in fully immobilized form by DTC as depository. For so long as any such Bonds are held in fully immobilized form, DTC, its successor or any substitute depository appointed by the county, as applicable, will be deemed to be the registered owner for all purposes hereunder and all references to registered owners, bondowners, bondholders or owners will mean DTC or its nominees and will not mean the owners of any beneficial interests in the Bonds. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

- a. to any successor of DTC or its nominee, if that successor will be qualified under any applicable laws to provide the services proposed to be provided by it;
- b. to any substitute depository appointed by the county pursuant to this subsection or such substitute depository's successor; or
- c. to any person as herein provided if such Bonds are no longer held in immobilized form.

3. Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or a determination by the county that it is no longer in the best interests of beneficial owners of such Bonds to continue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the county may appoint a substitute depository. Any such substitute depository will be qualified under any applicable laws to provide the services proposed to be provided by it.

4. In the case of any transfer pursuant to subsection C.2.a. or b. of this section, the Registrar, upon receipt of all outstanding Bonds of such Series together with a written request of the county, will issue a single new Bond certificate for each maturity of Bonds of such Series then outstanding, registered in the name of such successor or such substitute depository, or its nominees, as the case may be, all as specified in such written request of the county.

5. In the event that DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained; or the county determines that it is in the best interests of the beneficial owners of the Bonds of any Series that they be able to obtain Bond certificates, the ownership of such Bonds may be transferred to any person as herein provided, and such Bonds will no longer be held in fully immobilized form. The county will deliver a written request to the Registrar, together with a supply of physical Bonds of such Series, to issue Bonds of such Series as herein provided in any authorized denomination. Upon receipt of all then outstanding Bonds of any Series by the Registrar, together with a written request of the county to the Registrar, new Bonds of such Series will be issued in such denominations and registered in the names of such persons as are requested in such written request.

D. Registration, Transfer and Exchange. The county hereby adopts for the Bonds the system of registration specified and approved by the Washington State Finance Committee. The Registrar will keep, or cause to be kept, at its principal corporate trust office, the Register, which will at all times be open to inspection by the county. The Register will contain the name and mailing address of the owner (or nominee thereof) of each Bond, and the principal amount and number of Bonds held by each owner or nominee. The Registrar is authorized, on behalf of the county, to authenticate and deliver Bonds transferred or exchanged for other Bonds in accordance with the provisions thereof and this ordinance, and to carry out all of the Registrar's powers and duties under this ordinance.

The Registrar will be responsible for its representations contained in the Certificate of Authentication on the Bonds. The Registrar may become the owner of Bonds with the same rights it would have if it were not the Registrar, and to the extent permitted by law may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond owners.

Upon surrender thereof to the Registrar, the Bonds of each Series are exchangeable for other Bonds of the same Series, maturity and interest rate and in the same aggregate principal amount, in any authorized

denomination. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Registrar. Upon such surrender, the Registrar will cancel the surrendered Bond and will authenticate and deliver, without charge to the owner or transferee therefor (other than taxes, if any, payable on account of such transfer), one or more (at the option of the new registered owner) new Bonds of the same Series, maturity and interest rate and in the same aggregate principal amount, in any authorized denomination, naming as registered owner the person or persons listed as the assignee on the assignment form appearing on the canceled and surrendered Bond, in exchange therefor. The Registrar will not be obligated to transfer or exchange any Bond during the period beginning at the opening of business on the Record Date for a maturity date and ending at the close of business on such maturity date.

The county and the Registrar, each in its discretion, may deem and treat the registered owner of each Bond as the absolute owner thereof for all purposes, and neither the county nor the Registrar will be affected by any notice to the contrary.

E. Place, Manner and Medium of Payment. Both principal of and interest on the Bonds will be payable in lawful money of the United States of America. For so long as any outstanding Bonds are registered in the name of Cede & Co., or its registered assigns, as nominee of DTC, payments of principal of and interest on such Bonds will be made in immediately available funds on the date such payment is due and payable at the place and in the manner provided in the operational arrangements of DTC referenced in the Letter of Representations.

In the event that the Bonds of any Series are no longer held in fully immobilized form by DTC or its successor (or substitute depository or its successor), interest on such Bonds will be paid by check or draft mailed, or by wire transfer, to the registered owners of such Bonds at the addresses for such registered owners appearing on the Register on the Record Date for that interest payment date, or by electronic transfer on the interest payment date to an account within the United States designated by a registered owner of at least \$1,000,000 in principal amount of such Bonds. The county shall not be required to make electronic transfers



except to a registered owner of Bonds pursuant to a request in writing received on or prior to the Record Date for that interest payment date, and any such electronic transfer shall be at the sole expense of that registered owner. Principal of the Bonds will be payable at maturity or on such dates as may be fixed for prior redemption upon presentation and surrender of such Bonds by the owners to the Registrar.

F. Form, Execution and Authentication of Bonds. The Bonds will be prepared in a form consistent with the provisions of this ordinance and State law. The Bonds will be executed on behalf of the county with the manual or facsimile signatures of the county executive and the clerk of the county council, and will have the seal of the county or a facsimile reproduction thereof impressed or printed thereon.

In case any officer who has executed the Bonds ceases to be an officer of the county authorized to sign the Bonds before the Bonds bearing his or her signature are authenticated or delivered by the Registrar, or issued by the county, those Bonds may nevertheless be authenticated, issued and delivered and, when authenticated, issued and delivered, will be as binding upon the county as though that person had continued to be an officer of the county authorized to sign the Bonds. Any Bond also may be signed on behalf of the county by any person who, on the actual date of signing of the Bond, is an officer of the county authorized to sign the Bonds, although he or she did not hold the required office on the date of issuance of the Bonds.

Only such Bonds as shall bear thereon a Certificate of Authentication substantially in the following form, manually executed by an authorized representative of the Registrar, will be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "CERTIFICATE OF AUTHENTICATION. This Bond is one of the King County, Washington, Limited Tax General Obligation Refunding Bonds, [Year][, Series \_\_], described in the Bond Ordinance." Such Certificate of Authentication will be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

SECTION 4. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond becomes mutilated, the Registrar will authenticate and deliver one or more (at the option of the registered owner) new Bonds of the

same Series, maturity and interest rate and for the same aggregate principal amount, in any authorized denomination, in exchange and substitution therefor, upon the owner's paying the expenses and charges of the county and the Registrar in connection therewith and upon surrender to the Registrar of the mutilated Bond. Every mutilated Bond so surrendered will be canceled and destroyed by the Registrar.

If any Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver one or more (at the option of the registered owner) new Bonds of the same Series, maturity and interest rate and for the same aggregate principal amount, in any authorized denomination, to the registered owner thereof upon payment of the expenses and charges of the county and the Registrar in connection therewith by the registered owner and upon his/her filing with the Registrar evidence satisfactory to the Registrar that such Bond was actually lost, stolen or destroyed and of his or her ownership thereof, and upon furnishing the county and the Registrar with indemnity satisfactory to the Finance Director and the Registrar.

SECTION 5. Pledge of Taxation and Credit. The county hereby irrevocably covenants and agrees that, for as long as any of the Bonds are outstanding and unpaid, each year it will include in its budget and levy an *ad valorem* tax upon all the property within the county subject to taxation in an amount that will be sufficient, together with all other revenues and money of the county legally available for such purposes, to pay the principal of and interest on the Bonds as the same shall become due.

The county hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest will be within and as a part of the tax levy permitted to counties without a vote of the people, and that a sufficient portion of the taxes to be levied and collected annually by the county prior to the full payment of the principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds.

The full faith, credit and resources of the county are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same will become due.

SECTION 6. General Covenants and Warranties. The county makes the following covenants with and warranties to the owners of the Bonds:

A. The county has full legal right, power and authority to adopt this ordinance, to sell, issue and deliver each Series of Bonds as provided herein, and to carry out and consummate all other transactions contemplated by this ordinance.

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

C. This ordinance constitutes a legal, valid and binding obligation of the county.

D. When issued, sold, authenticated and delivered, each Series of Bonds will constitute legal, valid and binding general obligations of the county.

E. The enactment of this ordinance, and compliance on the county's part with the provisions contained herein, will not conflict with, constitute a breach of, or constitute a default under, any constitutional provisions, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement or other instrument to which the county is a party or to which the county or any of its property or assets are otherwise subject.

F. Each Series of Bonds will be issued within all statutory and constitutional debt limitations applicable to the county.

SECTION 7. Federal Tax Law Covenants. The county covenants that it will take all actions necessary to prevent interest on any Tax-Exempt Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds from the sale of such Tax-Exempt Bonds (or of any other funds that may be deemed to be proceeds of such Tax-Exempt Bonds pursuant

to Section 148 of the Code), at any time during the term thereof, that will cause interest on such Tax-Exempt Bonds to be included in gross income for federal income tax purposes. The county also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to any Tax-Exempt Bonds, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with such Tax-Exempt Bonds, including the calculation and payment of any penalties that the county has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on such Tax-Exempt Bonds from being included in gross income for federal income tax purposes. The county will maintain or cause to be maintained a system of registration of all Tax-Exempt Bonds issued under this ordinance that complies with the applicable provisions of the Code until all of the Tax-Exempt Bonds shall have been surrendered and canceled.

SECTION 8. Refunding or Defeasance of Bonds. The county may issue refunding obligations pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of, premium, if any, and interest on the Bonds of any Series, or any portion thereof included in a refunding or defeasance plan, and to redeem, retire, refund and/or defease all or a portion of such then-outstanding Bonds of such Series (hereinafter collectively called the "defeased Bonds"), and to pay the costs of the refunding or defeasance.

If money and/or noncallable Government Obligations maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to redeem, retire, refund and/or defease the defeased Bonds in accordance with their terms, are set aside in a special trust or escrow fund or account irrevocably pledged to that redemption, retirement, refunding and/or defeasance of defeased Bonds (hereinafter called the "trust account"), then the defeased Bonds will be deemed not to be outstanding hereunder, no further payments need be made into the related Bond Account for the payment of the principal of and interest on the defeased Bonds, and the Owners of the defeased Bonds will cease to be entitled to any covenant, pledge, benefit or security of this ordinance. The owners of defeased Bonds will have the right to receive payment of the principal of,

premium, if any, and interest on the defeased Bonds from the trust account.

The county will provide or cause to be provided notice of defeasance of such defeased Bonds to the Municipal Securities Rulemaking Board in accordance with the undertaking for ongoing disclosure to be adopted pursuant to section 11 of this ordinance.

SECTION 9. Sale of Bonds. The county hereby authorizes the public sale of the Bonds. The Bonds will be sold in one or more Series, any of which may be sold in a combined offering with other bonds and/or notes of the county, at the option of the Finance Director. The Finance Director will determine, in consultation with the county's financial advisors, the principal amount of each Series of the Bonds, the Refunding Candidates proposed to be refunded, whether each Series of Bonds will be structured as Tax-Exempt Bonds or Taxable Bonds, whether each Series of Bonds will be sold separately or combined with one or more other series of the county's bonds, and whether each Series of Bonds will be sold by negotiated sale or competitive bid and for current or future delivery.

A. Competitive Bid. If the Finance Director determines that any Series of Bonds will be sold by competitive bid, bids for the purchase of such Series of Bonds will be received at such time and place and by such means as the Finance Director will direct. The Finance Director is authorized to prepare an Official Notice of Bond Sale for each Series of Bonds to be sold pursuant to competitive bid, which notice will be filed with the clerk of the county council and will be ratified and confirmed by the Sale Motion therefor. The Official Notice of Bond Sale will specify whether the Bonds of such Series are being structured as Tax-Exempt Bonds or Taxable Bonds and will identify the year and any applicable Series designation, date, principal amounts and maturity dates, interest payment dates, redemption and/or purchase provisions and delivery date for such Series of Bonds.

Upon the date and time established for the receipt of bids for such Series of Bonds, the Finance Director or his/her designee will review the bids, cause the bids to be mathematically verified and report to the county council regarding the bids received. Such bids will then be considered and acted upon by the county council in

an open public meeting. The county council reserves the right to reject any and all bids for such Series of Bonds. Alternatively, the county council will, by Sale Motion, accept the winning bid for the purchase of such Series of Bonds, ratify and establish the year and any applicable Series designation, date, principal amounts and maturity dates, interest rates and interest payment dates, redemption and/or purchase provisions and delivery date for such Series of Bonds, and identify the related Refunded Bonds and establish the refunding plan therefor.

B. Negotiated Sale. If the Finance Director determines that any Series of Bonds will be sold by negotiated sale, the Finance Director will, in accordance with applicable county procurement procedures, solicit one or more underwriting firms with which to negotiate the sale of such Series of Bonds. The bond purchase contract for such Series of Bonds will specify whether the Bonds of such Series are being structured as Tax-Exempt Bonds or Taxable Bonds, identify the year and any applicable Series designation, date, principal amounts and maturity dates, interest rates and interest payment dates, redemption and/or purchase provisions and delivery date for such Series of Bonds, and identify the related Refunded Bonds and establish the refunding plan therefor. The county council, by Sale Motion, will approve the bond purchase contract and ratify and establish the terms for such Series of Bonds identified in such bond purchase contract.

SECTION 10. Preliminary Official Statement and Final Official Statement. The county hereby authorizes and directs the Finance Director: (i) to review and approve the information contained in the preliminary official statement (each, a "Preliminary Official Statement") prepared in connection with the sale of each Series of Bonds; and (ii) for the sole purpose of compliance by the purchasers of such Series of Bonds with subsection (b)(1) of Rule 15c2-12, to "deem final" the related Preliminary Official Statement as of its date, except for such omissions as are permitted under Rule 15c2-12. After each Preliminary Official Statement has been reviewed and approved in accordance with the provisions of this section, the county hereby authorizes the distribution of such Preliminary Official Statement to prospective purchasers of such related Series of Bonds.

Following the sale of each Series of Bonds, the Finance Director is hereby authorized to review and

approve on behalf of the county a final official statement with respect to such Series of Bonds. The county agrees to cooperate with the successful bidder for each Series of Bonds to deliver or cause to be delivered, within seven business days from the date of the Sale Motion, and in sufficient time to accompany any confirmation that requests payment from any customer of such successful bidder, copies of a final official statement pertaining to such Series of Bonds in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board.

SECTION 11. Undertaking to Provide Ongoing Disclosure. The county will undertake to provide ongoing disclosure with respect to each Series of Bonds, as required by subsection (b)(5) of Rule 15c2-12, in the Sale Motion therefor.

SECTION 12. Delivery of Bonds. Following the sale of each Series of the Bonds, the county shall cause definitive Bonds of such Series to be prepared, executed and delivered to the purchaser thereof in accordance with the provisions of this ordinance.

If definitive Bonds of any Series are not ready for delivery by the date established for their delivery to the initial purchaser, then the Finance Director, upon the approval of the purchaser, may cause to be issued and delivered to the purchaser one or more temporary Bonds of the same Series with appropriate omissions, changes and additions. Any temporary Bond or Bonds shall be entitled and subject to the same benefits and provisions of this ordinance with respect to the payment, security and obligation thereof as definitive Bonds authorized thereby. Such temporary Bond or Bonds shall be exchangeable without cost to the owners thereof for definitive Bonds of the same Series when the latter are ready for delivery.

SECTION 13. Bond Accounts. There has heretofore been created in the office of the Finance Director a special fund known as the "King County Limited Tax General Obligation Bond Redemption Fund" to be drawn upon for the purpose of paying the principal of and interest on the limited tax general obligation bonds of the county. There is hereby authorized to be created within said fund a special account for each Series of Bonds to be known as the "Limited Tax General Obligation Bond Redemption Account, [Year][, Series \_\_]" (each, a

"Bond Account").

Any accrued interest on any Series of Bonds will be deposited in the related Bond Account at the time of delivery of such Series of Bonds and will be applied to the payment of interest thereon.

The taxes hereafter levied for the purpose of paying principal of and interest on each Series of Bonds and other funds to be used to pay such Series of Bonds will be deposited in the related Bond Account no later than the date such funds are required for the payment of principal of and interest on such Series of Bonds; provided, however, that if the payment of principal of and interest on any Series of Bonds is required prior to the receipt of such levied taxes, the county may make an interfund loan to the related Bond Account pending actual receipt of such taxes. Each Bond Account will be drawn upon for the purpose of paying the principal of and interest on the related Series of Bonds. Each Bond Account will be a second tier fund in accordance with Ordinance 7112 and K.C.C. chapter 4.10.

#### SECTION 14. Refunding Plans.

A. Refunding Accounts. There is hereby authorized to be established one or more special accounts of the county to be maintained with the Escrow Agent, each to be known as a "King County Limited Tax General Obligation Bond Refunding Account" with the same year and Series designation as that corresponding to the related Series of the Bonds (each, a "Refunding Account"). Each Refunding Account will be drawn upon only for the purposes of refunding and paying the principal of, premium, if any, and interest on the applicable Refunded Bonds and of paying issuance costs of the related Series of Bonds. Proceeds of the sale of any Series of Bonds, together with other county funds that may be designated for those purposes, will be deposited into the related Refunding Account for such purposes.

B. Guidelines for Refunding. The Finance Director is authorized to determine, in consultation with the county's financial advisors, which of the Refunding Candidates, if any, are to be refunded and whether such refunding shall be a current refunding (i.e., the redemption of Refunded Bonds paid for with proceeds of a Series of Bonds issued 90 days or fewer prior to the redemption date of the Refunded Bonds) or an advance



refunding (i.e., the redemption of Refunded Bonds paid for with proceeds of a Series of Bonds issued more than 90 days prior to the redemption date of the Refunded Bonds). In determining which of the Refunding Candidates, if any, should be refunded under this ordinance in order to effect a savings to the county, the county council intends that the Finance Director adhere to the applicable present value savings targets identified in the adopted debt management policy of the county in effect at the time of sale. This requirement does not apply to the refunding of any Refunded Bonds undertaken when necessary or in the best interest of the county to modify debt service requirements, sources of payment, covenants or other terms of the Refunded Bonds.

C. Refunding Plans. The refunding plan for and call for redemption of any Refunded Bonds shall be established by the Sale Motion for the related Series of Bonds. Money in each Refunding Account shall be used immediately upon receipt thereof to pay or defease the applicable Refunded Bonds and discharge the other obligations of the county relating thereto under the ordinance that authorized the applicable Refunded Bonds, by paying or providing for the payment of the principal of, premium, if any, and interest on the Refunded Bonds as set forth in the refunding plan established by the Sale Motion for the related Series of Bonds. If the Refunded Bonds are to be defeased, the county will defease such bonds and discharge such obligations by the use of the money in each Refunding Account to purchase Government Obligations (such obligations so purchased, "Escrow Securities") bearing interest and maturing as to principal and interest in such amounts and at such times that, together with any necessary beginning cash balance, will provide for the payment of such Refunded Bonds, as set forth in the refunding plan established by the Sale Motion for the related Series of Bonds.

In connection with the issuance of any Series of Bonds and in order to carry out the refunding and payment and/or defeasance of Refunded Bonds, the Finance Director is hereby authorized to appoint an Escrow Agent qualified by law to perform the duties described herein. The Escrow Securities and any beginning cash balance will be irrevocably deposited with the Escrow Agent in an amount sufficient to defease the Refunded Bonds in accordance with the refunding plan established by the Sale Motion for the related Series of Bonds.

The county will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent are paid when due. The Finance Director is authorized and directed to negotiate, execute and deliver an agreement with each Escrow Agent setting forth the duties, obligations and responsibilities of such Escrow Agent in connection with the redemption and retirement of Refunded Bonds as provided herein, and setting forth provisions for the payment of the fees, compensation and expenses of such Escrow Agent as are satisfactory to it.

D. Required Findings. In each Sale Motion, the county council shall set forth its finding of either: (1) savings regarding the Refunded Bonds authorized to be refunded from the proceeds of the related Series of Bonds and, if applicable, the defeasance of the Refunded Bonds; or (2) the best interest of the county from modifying debt service requirements, sources of payment, covenants or other terms of the Refunded Bonds authorized to be refunded from the proceeds of the related Series of Bonds.

SECTION 15. Investment of and Accounting for Bond Proceeds. Funds deposited in the funds and accounts described in sections 13 and 14 of this ordinance will be invested as permitted by law for the sole benefit of such funds and accounts. Irrespective of the general provisions of Ordinance 7112 and K.C.C. chapter 4.10, the county current expense fund will not receive any earnings attributable to such funds and accounts. Money other than proceeds of the Bonds may be deposited in the funds and accounts described in sections 13 and 14 of this ordinance; provided, however, that proceeds of each Series of Bonds that are issued as Tax-Exempt Bonds and the earnings thereon, will be accounted for separately for purposes of the arbitrage rebate computations required to be made under the Code. For purposes of such computations, Bond proceeds will be deemed to have been expended first, and then any other funds.

SECTION 16. General Authorization. The appropriate county officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt sale, issuance, execution and delivery of each Series of Bonds, and for the proper use and application of the proceeds of the sale thereof.

SECTION 17. Contract; Severability. The covenants applicable to the Bonds contained in this

ordinance will constitute a contract between the county and the owners of each and every Bond. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the county will be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, will be null and void and will be deemed separable from the remaining covenants and agreements of this ordinance and will in no way affect the validity of the other provisions of this ordinance or the Bonds.

SECTION 18. Termination of Authority. The county's authority to sell and issue Bonds under this ordinance will terminate on December 31, 2021.