



## King County

### Metropolitan King County Council Budget & Fiscal Management Committee

#### Staff Report

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Agenda item No:	6	Date:	April 16, 2013
Ordinance No:	2013-0168	Prepared by:	Patrick Hamacher

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#### **STAFF REPORT**

##### **SUBJECT:**

Proposed Ordinance 2013-0168 would authorize the Executive to refund bonds in the original principal amount of \$220,335,000 and current remaining principal amount of \$96,260,000, should the correct interest rate conditions exist.

##### **BACKGROUND:**

###### **Refunding Bonds:**

Refunding bonds are issued to “refinance” existing debt at lower interest rates. The closest analogy to the consumer banking world is refinancing a mortgage. When the county issues debt it is most often issued for a long time period at a fixed rate. Over time, the interest rate environment often changes such that the County is then paying higher rates on the outstanding debt than could be achieved with a new bond sale. In these instances, the County can refund the existing debt and issue new debt at a lower rate.

###### **Limited Tax General Obligation Bonds:**

LTGO bonds (also known as council manic bonds) are the type of bonds most commonly issued by the County. These bonds include a promise of the full faith and credit of the issuing agency. This means that the promise extends only to the taxing authority of the County without a vote of the people. Bonds issued with voter approval are referred to as unlimited tax general obligation bonds (UTGO) or simply general obligation bonds.

###### **Unlimited Tax General Obligation Bonds:**

UTGO have the full faith and credit of King County with the added security of being approved by the voters. This means that these bonds have a dedicated property tax stream to pay the debt service and are considered to be the most secure of the various debt instruments issued by municipalities. The County currently only has outstanding UTGO debt issued for the capital construction projects at Harborview Medical Center.

The Countywide Debt Management Policy was approved as part of Motion 12660. This policy, among other things, said that the County would not issue an advance refunding where the County did not achieve a present value savings of at least 5% of the remaining outstanding principle.

**ANALYSIS:**

Proposed Ordinance 2013-0168 would authorize the Executive to issue refunding bonds for the following series of existing outstanding County debt, should the County be able to save at least 5% of the remaining principal.

**LTGO REFUNDING CANDIDATES**

Issue Name*	Dated Date	Original Par Amount (\$)	Outstanding Balance (\$) (12/1/2012)	Bond Legislation
LTGO Refunding Bonds, 2005, Series A	06/29/2005	22,510,000	11,330,000	ORD: 14890 Motion: 12130
LTGO Bonds, 2007 Series C	11/01/2007	10,695,000	9,140,000	ORD: 14167 as amended Motion: 12607
VP LTGO Bonds, 2007, Series D	11/01/2007	34,630,000	29,725,000	ORD: 14991 Motion: 12607
VP LTGO Bonds, 2007, Series E	11/27/2007	43,705,000	35,460,000	ORD: 15925 Motion: 12630

\*LTGO – Limited Tax General Obligation

**UTGO REFUNDING CANDIDATES**

Issue Name*	Dated Date	Original Par Amount (\$)	Outstanding Balance (\$) (12/1/2012)	Bond Legislation
UTGO Refunding Bonds, 2003	04/23/2003	108,795,000	10,605,000	ORD: 14583 Motion: 11681

\*UTGO – Unlimited Tax General Obligation

From a financial savings analysis, if the County were to achieve 5% savings on all the issues covered by this analysis, approximately \$4.8 million in savings would be achieved through reduced interest costs.

**REASONABLENESS:**

Adoption of this ordinance would allow for refunding of current county debt should the County’s adopted savings targets be met. If the correct interest rate environment does

not exist, the bonds will not be refunded. As such, adoption of this ordinance would constitute a reasonable business decision.

**INVITED:**

Ken Guy, Director, Finance & Business Operations Division

Nigel Lewis, Senior Debt Analyst, Finance Division

Rob Shelley, Financial Advisor, Seattle Northwest

**ATTACHMENTS:**

1. Proposed Ordinance 2013-0168
2. Transmittal letter dated March 25, 2013

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**KING COUNTY**  
**Signature Report**

1200 King County Courthouse  
 516 Third Avenue  
 Seattle, WA 98104

**April 15, 2013**

**Ordinance**

**Proposed No.** 2013-0168.1

**Sponsors** McDermott

1           AN ORDINANCE relating to contracting indebtedness;  
 2           authorizing and providing for the issuance and sale of  
 3           limited tax general obligation (LTGO) refunding bonds and  
 4           unlimited tax general obligation (UTGO) refunding bonds,  
 5           in one or more series, for the purpose of paying all or part  
 6           of the cost of refunding certain of the county's outstanding  
 7           LTGO bonds and UTGO bonds, and the costs of issuing  
 8           and selling the bonds; providing for the terms, covenants  
 9           and manner of sale of the bonds; and providing for  
 10          agreements and activities in connection with the disposition  
 11          of the proceeds of the bonds.

12          PREAMBLE:

13          King County ("the county") has issued the LTGO bonds and UTGO bonds  
 14          listed in and pursuant to the ordinances and motions set forth in  
 15          Attachment A to this ordinance ("the Refunding Candidates").

16          The county has determined it to be in the best interest of the county that it  
 17          authorize the issuance and sale, subject to the provisions of this ordinance,  
 18          of LTGO refunding bonds and UTGO refunding bonds (collectively, "the  
 19          Bonds"), in one or more series, for the purpose of paying all or part of the

20 cost of refunding all or a portion of the Refunding Candidates and of  
21 paying all or part of the costs of issuance and sale of the Bonds.

22 This ordinance will allow the refunding of any Refunding Candidates only  
23 if the refunding provides a net present value savings which is in  
24 compliance with the county's Debt Management Policy (hereinafter  
25 defined).

26 RCW 39.53.020 authorizes the county to issue refunding bonds, and RCW  
27 39.53.100 provides that in computing indebtedness for the purpose of any  
28 constitutional or statutory debt limitation there shall be deducted from the  
29 amount of outstanding indebtedness the amounts of money and  
30 investments credited to, or on deposit for, general obligation bond  
31 retirement.

32 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

36 "Acquired Obligations" means Government Obligations purchased to accomplish  
37 the refunding of the Refunded Bonds.

38 "Additional Security" means any security pledged to the payment of Refunding  
39 Candidates in the related Refunded Bond Legislation other than and in addition to the full  
40 faith and credit pledge of the county.

41 "Authorized Denomination" means \$5,000 or any integral multiple thereof within  
42 a maturity, or such amount as may be established in the Sale Instrument.

43 "Bond Counsel" means a lawyer or a firm of lawyers, selected by the county, of  
44 nationally recognized standing in matters pertaining to bonds issued by states and their  
45 political subdivisions.

46 "Bond Fund" (collectively, the "Bond Funds") means one of the following funds  
47 as applicable: (1) for any UTGO Refunding Bonds, that special fund of the county  
48 heretofore established to pay principal of and interest on all UTGO bonds of the county;  
49 or (2) for any LTGO Refunding Bonds, that special fund of the county heretofore  
50 established to pay principal of and interest on all LTGO bonds of the county.

51 "Bond Redemption Account" means each account established within a Bond Fund  
52 pursuant to Section 13 of this ordinance to provide for the payment of debt service on a  
53 Series of the Bonds.

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

56 "Bond Registrar" means the fiscal agent of the State of Washington (as the same  
57 may be designated by the State of Washington from time to time) for the purposes of  
58 registering and authenticating the Bonds, maintaining the Bond Register, effecting the  
59 transfer of ownership of the Bonds and paying interest on and principal and premium, if  
60 any, of the Bonds, or an alternative designated by the Finance Director and set forth in  
61 the Sale Instrument.

62 "Bonds" means, collectively, the LTGO Refunding Bonds and the UTGO  
63 Refunding Bonds, issued in Series from time to time.

64 "Certificate of Finance Director" means a certificate of the Finance Director for  
65 each Series of Bonds making the findings and determinations set forth in Section 16 of

66 this ordinance and, if not set forth in the Sale Instrument, shall include the Refunding  
67 Plan for that Series of Bonds.

68 "Closing Date" means the date on which a Series of Bonds is delivered to the  
69 initial purchaser or purchasers thereof upon payment in full therefor.

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

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

75 "County" means King County, Washington.

76 "Council" means the Metropolitan King County Council.

77 "Debt Management Policy" means the county's debt management policy adopted  
78 by Council Motion 12660, as it may be amended from time to time.

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

80 "Escrow Agent" means for each Series of Bonds, the Finance Director, or the  
81 trustee or escrow agent, or any successor trustee or escrow agent, designated by the  
82 Finance Director.

83 "Federal Credit Payments" means amounts which the county is entitled to receive  
84 as a subsidy or tax credit payable by the United States Treasury to the county in respect  
85 of interest on any Bonds issued as Tax-Advantaged Bonds.

86 "Finance Director" means the director of the county finance and business  
87 operations division of the department of executive services of the county or any other



88 county officer who succeeds to the duties now delegated to that office, or the designee of  
89 such officer.

90 "Government Obligations" means "government obligations" as defined in chapter  
91 39.53 RCW, as now in existence or hereafter amended.

92 "Letter of Representations" means the Blanket Issuer Letter of Representations  
93 dated May 1, 1995, by and between the county and DTC, as it may be amended or  
94 replaced from time to time.

95 "LTGO Refunding Candidates" means all or a portion of the outstanding LTGO  
96 bonds of the county listed in Attachment A to this ordinance.

97 "LTGO Refunded Bonds" means all or that portion of the LTGO Refunding  
98 Candidates included in a Refunding Plan and refunded pursuant to this ordinance.

99 "LTGO Refunding Bonds" means the LTGO refunding bonds issued pursuant to  
100 this ordinance.

101 "MSRB" means the Municipal Securities Rulemaking Board or any successor to  
102 its functions.

103 "Rebate Amount" means the amount, if any, determined to be payable with  
104 respect to a Series of Bonds by the county to the United States of America in accordance  
105 with Section 148(f) of the Code.

106 "RCW" means the Revised Code of Washington.

107 "Refunded Bond Legislation" means the ordinances and motions of the county  
108 pursuant to which Refunded Bonds were issued.

109 "Refunded Bonds" means the LTGO Refunded Bonds and UTGO Refunded  
110 Bonds.

111 "Refunding Candidates" means the LTGO Refunding Candidates and the UTGO  
112 Refunding Candidates.

113 "Refunding Plan" means, with respect to the issuance of each Series of Bonds, the  
114 refunding of all or a portion of the Refunded Bonds through the issuance of such Series,  
115 as will be more particularly described in the Certificate of Finance Director or in the Sale  
116 Instrument.

117 "Refunding Escrow Agreement" means, with respect to each Series of Bonds, a  
118 refunding trust or escrow agreement between the county and an Escrow Agent (or  
119 arrangement determined by the Finance Director when the Finance Director serves as  
120 Escrow Agent), dated as of the Closing Date of such Series, providing for the safekeeping  
121 of certain Bond proceeds and the refunding of all or a portion of the Refunding  
122 Candidates.

123 "Registered Owner" means any person or entity who shall be the registered owner  
124 of any Bond. For so long as the county utilizes the book-entry system for the Bonds  
125 under the Letter of Representations, Registered Owner shall mean DTC or its nominee.

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

128 "Sale Instrument" means, with respect to Bonds issued pursuant to a negotiated  
129 sale, the bond purchase contract and, with respect to Bonds issued pursuant to a  
130 competitive sale, the notice of sale, the winning bid and a notice of acceptance of bid  
131 from the Finance Director. Sale Instrument shall also include any bond sale motion with  
132 respect to a Series of Bonds.

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

135 "State" means the State of Washington.

136 "Tax Certificate" means a certificate with respect to certain federal tax matters  
137 executed on behalf of the county upon the issuance of each Series of Bonds.

138 "Tax-Advantaged Bonds" means any Bonds other than Tax-Exempt Bonds that  
139 are designated by the county as Bonds with respect to which the county is eligible to  
140 receive Federal Credit Payments or the holders of which are eligible to receive a federal  
141 tax credit under any federal subsidy or credit program available under the Code.

142 "Tax-Exempt Bonds" means any Bond the interest on which is excludable from  
143 gross income of the beneficial owner for the purposes of federal income tax.

144 "Term Bonds" means those Bonds or obligations of any single issue or Series  
145 maturing in any one year for the retirement of which regularly recurring annual deposits  
146 are required to be made into a Bond Fund prior to the scheduled maturity of such Bonds  
147 sufficient to pay the same at or prior to their maturity.

148 "Undertaking" means an ongoing disclosure undertaking with respect to any  
149 public offer or sale of a Series of Bonds consistent with the requirements of paragraph  
150 (b)(5) of the Rule, as described in Section 21 of this ordinance.

151 "UTGO Refunding Candidates" means all or a portion of the outstanding UTGO  
152 bonds of the county listed in Attachment A to this ordinance.

153 "UTGO Refunded Bonds" means all or that portion of the UTGO Refunding  
154 Candidates included in a Refunding Plan and refunded pursuant to this ordinance.

155 "UTGO Refunding Bonds" means the UTGO refunding bonds issued pursuant to  
156 this ordinance.

157 **SECTION 2. Purpose, Authorization and Description of Bonds; Allocation of**  
158 **Bonds to Refunded Bonds.**

159 A. Purpose and Authorization of LTGO Refunding Bonds. For the purpose of  
160 providing all or part of the funds with which to pay the cost of refunding, defeasing, or  
161 refunding and defeasing, the LTGO Refunded Bonds and to pay all or part of the costs of  
162 issuing and selling the LTGO Refunding Bonds, the county is authorized to borrow  
163 money on the credit of the county and issue LTGO Refunding Bonds evidencing that  
164 indebtedness in the maximum principal amount which, together with other LTGO bonds,  
165 is consistent with the Debt Management Policy and does not exceed the county's  
166 nonvoted debt capacity at the time of issuance of those LTGO Refunding Bonds.

167 B. Purpose and Authorization of UTGO Refunding Bonds. For the purpose of  
168 providing all or part of the funds with which to pay the cost of refunding, defeasing, or  
169 refunding and defeasing, the UTGO Refunded Bonds and to pay all or part of the costs of  
170 issuing and selling the UTGO Refunding Bonds, the county is authorized to borrow  
171 money on the credit of the county and issue UTGO Refunding Bonds evidencing that  
172 indebtedness in the maximum principal amount which, together with other UTGO bonds,  
173 is consistent with the Debt Management Policy and does not exceed the county's debt  
174 capacity at the time of issuance of those UTGO Refunding Bonds, so long as the annual  
175 principal and interest payments on those UTGO Refunding Bonds is consistent with  
176 RCW 39.53.090.

177 C. Description. The Bonds may be issued in one or more Series; may be  
178 combined with other general obligation bonds authorized separately; shall have such year  
179 and Series or other designation as determined by the Finance Director consistent with the  
180 provisions of this ordinance; shall be in Authorized Denominations; and shall be  
181 numbered separately, in the manner and with any additional designation as the Bond  
182 Registrar deems necessary for the purpose of identification. Each Series of Bonds shall  
183 be dated as of the date established in the Sale Instrument. All or some of any Series of  
184 Bonds may be Term Bonds, as specified in the Sale Instrument.

185 Each Series of Bonds will bear interest (computed on the basis of a 360-day year  
186 of twelve 30-day months) from their date or from the most recent interest payment date  
187 for which interest has been paid or duly provided for, whichever is later, payable  
188 semiannually on interest payment dates to be determined by the Finance Director in  
189 consultation with the county's financial advisor. The Bonds shall bear interest at the rate  
190 or rates set forth in the Sale Instrument, except that the true interest cost for each Series  
191 shall not exceed the average interest rate on the Refunded Bonds being refunded.

192 The Bonds shall mature on principal payment dates to be determined by the  
193 Finance Director in consultation with the county's financial advisor. The various  
194 maturities of Bonds issued to refund Refunded Bonds shall not extend over a longer  
195 period of time than those Refunded Bonds unless the county council extends the  
196 maturities by motion and unless otherwise permitted by RCW 39.53.090.

197 D. Allocation of the Bonds to the Refunded Bonds. The Finance Director shall,  
198 in the Sale Instrument or the Tax Certificate, allocate the Series of Bonds to the various  
199 series of the Refunded Bonds in such manner as will comply with applicable

200 requirements of the Code, meet restrictions in State law concerning the refunding of  
201 voter-approved Refunded Bonds, and effectuate any other allocation deemed necessary or  
202 appropriate for accounting and debt administration purposes.

203           **SECTION 3. Registration, Exchange and Payments.**

204           A. Bond Registrar/Bond Register. In accordance with KCC 4.84, the county  
205 hereby adopts for the Bonds the system of registration specified and approved by the  
206 Washington State Finance Committee, which utilizes the fiscal agent of the State as  
207 registrar, authenticating agent, paying agent and transfer agent (the "Bond Registrar").  
208 The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office,  
209 sufficient books for the registration and transfer of the Bonds (the "Bond Register"),  
210 which shall be open to inspection by the county at all times. The Bond Register shall  
211 contain the name and mailing address of the owner of each Bond and the principal  
212 amount and number of each of the Bonds held by each owner. The Bond Registrar is  
213 authorized, on behalf of the county, to authenticate and deliver Bonds transferred or  
214 exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as  
215 the county's paying agent for the Bonds and to carry out all of the Bond Registrar's  
216 powers and duties under this ordinance.

217           The Bond Registrar shall be responsible for its representations contained in the  
218 Bond Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may  
219 become the Registered Owner of Bonds with the same rights it would have if it were not  
220 the Bond Registrar and, to the extent permitted by law, may act as depository for and  
221 permit any of its officers or directors to act as members of, or in any other capacity with  
222 respect to, any committee formed to protect the rights of Registered Owners.

223           B. Registered Ownership. The Bonds shall be issued only in registered form as  
224 to both principal and interest and shall be recorded on the Bond Register. The county and  
225 the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of  
226 each Bond as the absolute owner thereof for all purposes, and neither the county nor the  
227 Bond Registrar shall be affected by any notice to the contrary. Payment of any such  
228 Bond shall be made only as described in Section 3.E. of this ordinance, but such  
229 registration may be transferred as herein provided. All such payments made as described  
230 in Section 3.E. of this ordinance shall be valid and shall satisfy and discharge the liability  
231 of the county upon such Bond to the extent of the amount or amounts so paid.

232           C. Use of Depository. The Bonds of each Series initially shall be registered in  
233 the name of Cede & Co., as the nominee of DTC; however, if DTC shall request that the  
234 Bonds be registered in the name of a different nominee, the Bond Registrar shall  
235 exchange all or any portion of the Bonds for an equal aggregate principal amount of  
236 Bonds registered in the name of such other nominee or nominees of DTC. The Bonds so  
237 registered shall be held in fully immobilized form by DTC as depository in accordance  
238 with the provisions of the Letter of Representations. Neither the county nor the Bond  
239 Registrar shall have any responsibility or obligation to DTC participants or the persons  
240 for whom they act as nominees with respect to the Bonds regarding accuracy of any  
241 records maintained by DTC or DTC participants, the payment by DTC or any DTC  
242 participants of any amount in respect of principal or redemption price of or interest on the  
243 Bonds, any notice which is permitted or required to be given to Registered Owners  
244 hereunder (except such notice as is required to be given by the Bond Registrar to DTC),  
245 the selection by DTC or any DTC participant of any person to receive payment in the

246 event of a partial redemption of such Bonds or any consent given or other action taken by  
247 DTC as owner of such Bonds.

248 For as long as any Series of Bonds are held in fully immobilized form, DTC, its  
249 nominee or its successor depository shall be deemed to be the Registered Owner for all  
250 purposes hereunder and all references to registered owners, bondowners, bondholders or  
251 the like shall mean DTC or its nominee and shall not mean the owners of any beneficial  
252 interests in such Bonds. Registered ownership of such Bonds, or any portions thereof,  
253 may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if  
254 that successor shall be qualified under any applicable laws to provide the services  
255 proposed to be provided by it; (ii) to any substitute depository appointed by the Finance  
256 Director or such substitute depository's successor; or (iii) to any person if the Bonds are  
257 no longer held in immobilized form.

258 Upon the resignation of DTC or its successor (or any substitute depository or its  
259 successor) from its functions as depository, or a determination by the Finance Director  
260 that the county no longer wishes to continue the system of book-entry transfers through  
261 DTC or its successor (or any substitute depository or its successor), the Finance Director  
262 may appoint a substitute depository. Any such substitute depository shall be qualified  
263 under any applicable laws to provide the services proposed to be provided by it.

264 If (i) DTC or its successor (or substitute depository or its successor) resigns from  
265 its functions as depository, and no substitute depository can be obtained, or (ii) the county  
266 determines that the Bonds of any Series are to be in certificated form, the ownership of  
267 those Bonds may be transferred to any person as provided herein and those Bonds no  
268 longer shall be held in fully immobilized form.



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

272 E. Place and Medium of Payment. Principal of, premium, if any, and interest on  
273 the Bonds shall be payable in lawful money of the United States of America. For so long  
274 as the Bonds of any Series are in fully immobilized form, payments of principal and  
275 interest thereon shall be made as provided in accordance with the operational  
276 arrangements of DTC referred to in the Letter of Representations. If the Bonds of any  
277 Series are no longer in fully immobilized form, interest on those Bonds shall be paid by  
278 checks or drafts of the Bond Registrar mailed on the interest payment date to the  
279 Registered Owners at the addresses appearing on the Bond Register on the 15th day of  
280 the month preceding the interest payment date or by electronic transfer on the interest  
281 payment date. The county shall not be required to make electronic transfers except to a  
282 Registered Owner of Bonds pursuant to a request in writing received at least 10 days  
283 before an interest payment date, and any such electronic transfer shall be at the sole  
284 expense of that Registered Owner. Principal of the Bonds shall be payable upon  
285 presentation and surrender of the Bonds by the Registered Owners to the Bond Registrar.

286 F. Transfer or Exchange of Registered Ownership; Change in Denominations.  
287 The registered ownership of any Bond may be transferred or exchanged, but no transfer  
288 of any Bond shall be valid unless it is surrendered to the Bond Registrar with the  
289 assignment form appearing on such Bond duly executed by the Registered Owner or such  
290 Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar.  
291 Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall

292 authenticate and deliver, without charge to the Registered Owner or transferee therefor, a  
293 new Bond (or Bonds at the option of the new Registered Owner) of the same Series, date,  
294 maturity and interest rate and for the same aggregate principal amount in any Authorized  
295 Denomination, naming as Registered Owner the person or persons listed as the assignee  
296 on the assignment form appearing on the surrendered Bond, in exchange for such  
297 surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar  
298 and exchanged, without charge, for an equal aggregate principal amount of Bonds of the  
299 same Series, date, maturity and interest rate, in any Authorized Denomination. The Bond  
300 Registrar shall not be obligated to exchange or transfer any Bond during the 15 days  
301 preceding any principal payment or redemption date, or, in the case of any proposed  
302 redemption of the Bonds, after the mailing of notice of the call of such Bonds for  
303 redemption.

304 **SECTION 4. Redemption Provisions; Open Market Purchase of Bonds.**

305 A. Optional Redemption. The county may reserve the right to redeem  
306 outstanding Bonds of any Series prior to their maturity on the dates and at the prices  
307 established in the Sale Instrument therefor; *provided, however*, that, if necessary to  
308 comply with the Code, such optional redemption date for any Series shall be no later than  
309 10½ years from the issue date of that Series and that no redemption price shall be greater  
310 than 102% of par. Portions of the principal amount of any Bond, in any Authorized  
311 Denomination, may be redeemed.

312 B. Mandatory Redemption. The county shall redeem Term Bonds of any Series,  
313 if not previously redeemed under any optional redemption provisions or purchased and  
314 surrendered for cancellation under the provisions set forth below, by lot (or in such other

315 manner as the Bond Registrar shall determine) at par plus accrued interest on the dates  
316 and in the years and principal amounts as set forth in the related Sale Instrument.

317         If the county redeems Term Bonds under any optional redemption provisions or  
318 purchases Term Bonds for surrender and cancellation as set forth below, the Term Bonds  
319 so redeemed or purchased (irrespective of their redemption or purchase prices) shall be  
320 credited at the par amount thereof against the remaining mandatory redemption  
321 requirements in a manner to be determined by the Finance Director or, if no such  
322 determination is made, on a pro-rata basis.

323         C. Partial Redemption. If fewer than all of the Bonds of a Series subject to  
324 optional redemption are called for redemption, the county shall choose the maturities to  
325 be redeemed. If fewer than all of the Bonds of a Series maturing on the same date are  
326 called for redemption, the Bond Registrar shall select for redemption such Bonds or  
327 portions thereof randomly, or in such other manner as the Bond Registrar shall determine,  
328 except that, for so long as the Bonds are registered in the name of DTC or its nominee,  
329 DTC shall select for redemption such Bonds or portions thereof in accordance with the  
330 Letter of Representations. In no event shall any Bond be outstanding in a principal  
331 amount that is not an Authorized Denomination.

332         If less than all of the principal amount of any Bond is redeemed, upon surrender  
333 of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without  
334 charge therefor, a new Bond (or Bonds, at the option of the Registered Owner) of the  
335 same Series, maturity and interest rate in any Authorized Denominations in the aggregate  
336 total principal amount remaining unredeemed.

337 D. Purchase of Bonds. The county further reserves the right and option to  
338 purchase any or all of the Bonds at any time at any price.

339 E. Cancellation of Bonds. All Bonds purchased or redeemed under this section  
340 shall be cancelled.

341 **SECTION 5. Notice and Effect of Redemption.**

342 A. Notice of Redemption. While Bonds are held by DTC in book-entry only  
343 form, any notice of redemption shall be given at the time, to the entity and in the manner  
344 required by DTC in accordance with the Letter of Representations, and the Bond  
345 Registrar shall not be required to give any other notice of redemption. If the Bonds cease  
346 to be in book-entry only form, unless waived by any Registered Owner of the Bonds to  
347 be redeemed, the county shall cause notice of any intended redemption of Bonds to be  
348 given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed  
349 for redemption by first-class mail, postage prepaid, to the Registered Owner of any Bond  
350 to be redeemed at the address appearing on the Bond Register at the time the Bond  
351 Registrar prepares the notice. The requirements of this section shall be deemed to have  
352 been fulfilled when notice has been mailed as so provided, whether or not it is actually  
353 received by the owner of any Bond.

354 In the case of an optional redemption, the notice may state that the county retains  
355 the right to rescind the redemption notice and the related optional redemption of Bonds  
356 by giving a notice of rescission to the affected Registered Owners at any time prior to the  
357 scheduled optional redemption date. Any notice of optional redemption that is so  
358 rescinded shall be of no effect, and the Bonds for which the notice of optional redemption  
359 has been rescinded shall remain outstanding.

360 In addition, the redemption notice shall be mailed or sent electronically within the  
361 same period to the MSRB, consistent with the Undertaking, to any nationally recognized  
362 rating agency which at the time maintains a rating on the Bonds at the request of the  
363 county, and to such other persons and with such additional information as the Finance  
364 Director shall determine, but these additional mailings shall not be a condition precedent  
365 to the redemption of Bonds.

366 B. Effect of Redemption. Interest on Bonds called for redemption shall cease to  
367 accrue on the date fixed for redemption, except in the case of a rescinded optional  
368 redemption as described above, or unless the Bond or Bonds called are not redeemed  
369 when presented pursuant to the call.

370 **SECTION 6. Failure to Redeem Bonds.** If any Bond is not redeemed when  
371 properly presented at its maturity or date set for redemption, the county shall be obligated  
372 to pay interest on that Bond at the same rate provided in the Bond from and after its  
373 maturity or date set for redemption until that Bond, both principal and interest, is paid in  
374 full or until sufficient money for its payment in full is on deposit in the applicable Bond  
375 Fund and the Bond has been called for payment by giving notice of that call to the  
376 Registered Owner.

377 **SECTION 7. Form and Execution of Bonds.** The Bonds shall be prepared in a  
378 form consistent with the provisions of this ordinance and State law and shall be signed by  
379 the county executive and the clerk of the council, either or both of whose signatures may  
380 be manual or in facsimile, and the seal of the county or a facsimile reproduction thereof  
381 shall be impressed or printed thereon.

382           Only Bonds bearing a Certificate of Authentication in the following form,  
383 manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or  
384 entitled to the benefits of this ordinance: "Certificate of Authentication. This Bond is  
385 one of the fully registered King County, Washington, [appropriate name, year and series  
386 designation], described in the Bond Ordinance." The authorized signing of a Certificate  
387 of Authentication shall be conclusive evidence that the Bond so authenticated has been  
388 duly executed, authenticated and delivered and is entitled to the benefits of this  
389 ordinance.

390           If any officer whose facsimile signature appears on the Bonds ceases to be an  
391 officer of the county authorized to sign bonds before the Bonds bearing his or her  
392 facsimile signature are authenticated or delivered by the Bond Registrar or issued by the  
393 county, those Bonds nevertheless may be authenticated, issued and delivered and, when  
394 authenticated, issued and delivered, shall be as binding on the county as though that  
395 person had continued to be an officer of the county authorized to sign bonds. Any Bond  
396 also may be signed on behalf of the county by any person who, on the actual date of  
397 signing of the Bond, is an officer of the county authorized to sign bonds, although he or  
398 she did not hold the required office on the date of issuance of the Bonds.

399           SECTION 8. Mutilated, Lost or Destroyed Bonds. If any Bond shall become  
400 mutilated, the Bond Registrar shall authenticate and deliver a new Bond of like amount,  
401 date, series, interest rate and tenor in exchange and substitution for the Bond so  
402 mutilated, upon the owner's paying the expenses and charges of the county and the Bond  
403 Registrar in connection therewith and upon surrender to the Bond Registrar of the Bond

404 so mutilated. Every mutilated Bond so surrendered shall be canceled and destroyed by  
405 the Bond Registrar.

406 In case the Bonds or any of them shall be lost, stolen or destroyed, the Bond  
407 Registrar may authenticate and deliver a new Bond or Bonds of like amount, date, series,  
408 interest rate and tenor to the Registered Owner thereof upon the owner's paying the  
409 expenses and charges of the county and the Bond Registrar in connection therewith and  
410 upon his/her filing with the Bond Registrar evidence satisfactory to the Bond Registrar  
411 that such Bond or Bonds were actually lost, stolen or destroyed and of his/her ownership  
412 thereof, and upon furnishing the county and the Bond Registrar with indemnity  
413 satisfactory to the Finance Director and the Bond Registrar.

414 **SECTION 9. UTGO Refunding Bonds - Pledge of Taxation and Credit.** For  
415 so long as any of the UTGO Refunding Bonds remain outstanding and unpaid, the county  
416 irrevocably pledges, that unless the principal of and interest on the UTGO Refunding  
417 Bonds are paid from other sources, it will make annual levies of taxes without limitation  
418 as to rate or amount upon all property within the county subject to taxation in amounts  
419 sufficient to pay such principal and interest as the same shall become due and will pay the  
420 same into the Bond Fund for the UTGO Refunding Bonds. All of those taxes so  
421 collected and any other money to be used for such purposes shall be paid into the Bond  
422 Fund for the UTGO Refunding Bonds no later than the date such funds are required for  
423 the payment of principal of and interest on the UTGO Refunding Bonds.

424 The full faith, credit, and resources of the county are pledged irrevocably for the  
425 annual levy and collection of those taxes and for the prompt payment of that principal  
426 and interest.

427           **SECTION 10. Security for LTGO Refunding Bonds.**

428           A. Pledge of General Taxation and Credit. For so long as any of the LTGO  
429 Refunding Bonds remain outstanding and unpaid, the county irrevocably covenants and  
430 agrees that each year it will include in its budget and levy an *ad valorem* tax upon all the  
431 property within the county subject to taxation in an amount that will be sufficient,  
432 together with all other revenues and money of the county legally available for such  
433 purposes, to pay the principal of and interest on the LTGO Refunding Bonds as the same  
434 shall become due. All of such taxes so collected and any other money to be used for such  
435 purposes shall be paid into the applicable Bond Fund for the LTGO Refunding Bonds no  
436 later than the date such funds are required for the payment of principal of and interest on  
437 the LTGO Refunding Bonds.

438           The county irrevocably pledges that the annual tax provided for herein to be  
439 levied for the payment of such principal and interest shall be within and as a part of the  
440 tax levy permitted to counties without a vote of the people, and that a sufficient portion of  
441 each annual levy to be levied and collected by the county prior to the full payment of the  
442 principal of and interest on the LTGO Refunding Bonds will be and is hereby irrevocably  
443 set aside, pledged and appropriated for the payment of the principal of, premium, if any,  
444 and interest on the LTGO Refunding Bonds.

445           The full faith, credit and resources of the county are irrevocably pledged for the  
446 annual levy and collection of such taxes and for the prompt payment of such principal  
447 and interest as the same shall become due.

448           B. Additional Security Pledge. If a Series of LTGO Refunding Bonds refunds  
449 LTGO Refunding Candidates that expressly pledge Additional Security under the related



450 Refunded Bond Legislation, such Additional Security also shall be pledged to the  
451 payment of that Series of LTGO Refunding Bonds.

452 **SECTION 11. Covenants and Warranties.** The county makes the following  
453 covenants and warranties:

454 A. The county has full legal right, power and authority to enact this ordinance, to  
455 sell, issue and deliver the Bonds as provided herein, and to carry out and consummate all  
456 other transactions contemplated by this ordinance.

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

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

465 D. The Bonds, when issued, sold, authenticated and delivered will constitute the  
466 legal, valid and binding general obligations of the county.

467 E. The enactment of this ordinance, and compliance on the county's part with the  
468 provisions contained herein, will not conflict with or constitute a breach of or default  
469 under any constitutional provisions, law, administrative regulation, judgment, decree,  
470 loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement or other  
471 instrument to which the county is a party or to which the county or any of its property or  
472 assets are otherwise subject, nor will any such adoption, execution, delivery, sale,

473 issuance or compliance result in the creation or imposition of any lien, charge or other  
474 security interest or encumbrance of any nature whatsoever upon any of the property or  
475 assets of the county or under the terms of any such law, regulation or instrument, except  
476 as may be provided by the Bonds and this ordinance.

477 F. The county covenants that each Series of Bonds shall be issued within all  
478 statutory and constitutional debt limitations applicable to the county.

479 G. None of the proceeds of the Bonds will be used for any purpose other than as  
480 provided in this ordinance, and the county shall not suffer any amendment or supplement  
481 to this ordinance, or any departure from the due performance of the obligations of the  
482 county hereunder, which might materially adversely affect the rights of the owners from  
483 time to time of the Bonds.

484 H. The county covenants to meet any parity requirements under any Refunded  
485 Bond Legislation still in effect at the time Bonds are issued to refund the related  
486 Refunding Candidates.

487 **SECTION 12. Tax Covenants.** The county covenants that it will take all actions  
488 necessary to prevent interest on the Tax-Exempt Bonds from being included in gross  
489 income for federal income tax purposes, and it will neither take any action nor make or  
490 permit any use of proceeds of the Tax-Exempt Bonds or other funds of the county treated  
491 as proceeds of the Tax-Exempt Bonds at any time during the term of the Tax-Exempt  
492 Bonds which will cause interest on the Tax-Exempt Bonds to be included in gross income  
493 for federal income tax purposes. The county also covenants that it will, to the extent the  
494 arbitrage rebate requirement of Section 148 of the Code is applicable to the Tax-Exempt  
495 Bonds, take all actions necessary to comply (or to be treated as having complied) with

496 that requirement in connection with the Tax-Exempt Bonds, including the calculation and  
497 payment of any penalties that the county has elected to pay as an alternative to  
498 calculating rebatable arbitrage, and the payment of any other penalties if required under  
499 Section 148 of the Code to prevent interest on the Tax-Exempt Bonds from being  
500 included in gross income for federal income tax purposes.

501 The county also covenants that the county will not take or permit to be taken on  
502 its behalf any action that would adversely affect the entitlement of the county to receive  
503 from the United States Treasury the applicable Federal Credit Payments in respect of  
504 Tax-Advantaged Bonds, or the entitlement of the beneficial owners to receive tax credits  
505 in respect of Tax-Advantaged Bonds.

506 **SECTION 13. Bond Funds.**

507 A. General. There previously have been created and established the Bond Funds,  
508 which shall each at all times be completely segregated and set apart from all other funds  
509 and accounts of the county. Bond Redemption Accounts are authorized to be created  
510 within the Bond Fund for each Series. Accrued interest on the Bonds received from the  
511 sale and delivery of the Bonds, if any, together with any net premium received from the  
512 sale and delivery of the Bonds that is not necessary to carry out the Refunding Plan, shall  
513 be paid or allocated into the applicable Bond Fund prior to the first debt service payment  
514 date with respect to those Bonds. All taxes and Additional Security (if applicable)  
515 collected for and allocated to the payment of the principal of and interest on a Series of  
516 Bonds shall be deposited in the applicable Bond Fund.

517 B. Payments to the Bond Registrar; Investments. Money on deposit in the Bond  
518 Funds shall be transmitted to the Bond Registrar at such times and in such amounts as

519 shall be necessary to pay when due the principal of and interest and premium, if any, on  
520 any related Bonds. Money in the Bond Funds shall be invested in any legal investments  
521 of the county maturing in such amounts and at such times as the Finance Director may  
522 determine so that payments required to be made from the Bond Funds may be made when  
523 due.

524 C. Using Bond Fund Money to Pay Rebate. Notwithstanding any provisions of  
525 this ordinance regarding the use of money deposited in a Bond Fund, such money may be  
526 withdrawn from a Bond Fund as necessary to pay the Rebate Amount.

527 **SECTION 14. Execution of Refunding Plan.**

528 A. Appointment of Escrow Agent. The Finance Director may serve as, or  
529 appoint separately, the Escrow Agent for each Series of Bonds.

530 B. Use of Bond Proceeds; Acquisition and Substitution of Acquired Obligations.  
531 There is authorized to be created a special account of the county for each Series of the  
532 Bonds to be maintained with the Escrow Agent therefor, each of which will be known as  
533 a "King County [Unlimited/Limited] Tax General Obligation Refunding Bond Refunding  
534 Account," with the same year and series designation as that corresponding to the related  
535 Series of Bonds (each hereinafter call a "Refunding Account"). Each Refunding Account  
536 shall be used for the sole purpose of providing for the payment of the principal of and  
537 redemption premium, if any, and interest on the Refunded Bonds to be refunded by the  
538 related Series of Bonds as hereinafter set forth in this section, paying costs related to the  
539 refunding of such Refunded Bonds, and paying costs of issuing the related Series of  
540 Bonds. The net principal proceeds from the sale of each Series of Bonds shall be credited  
541 to the related Refunding Account.

542 For each Series of Bonds, sufficient proceeds of the sale of the Bonds, together  
543 with other money of the county, if any, required by the Refunding Plan, shall be  
544 deposited immediately upon the receipt thereof with the Escrow Agent and used to  
545 discharge the obligations of the county relating to the Refunded Bonds to be refunded  
546 therewith under the respective Refunded Bond Legislation by providing for the payment  
547 of the amounts required to be paid by the Refunding Plan. The Refunding Plan shall be  
548 carried out, and proceeds of the Bonds shall be applied, in accordance with this  
549 ordinance, the respective Refunded Bond Legislation, and the laws of the State. To the  
550 extent practicable, such obligations shall be discharged fully by the Escrow Agent's  
551 simultaneous purchase of the Acquired Obligations, bearing such interest and maturing as  
552 to principal and interest in such amounts and at such times so as to provide, together with  
553 a beginning cash balance, if necessary, for the payment of the amounts required to be  
554 paid by the Refunding Plan. The Acquired Obligations shall be listed and more  
555 particularly described in a schedule attached to the Refunding Escrow Agreement, but are  
556 subject to substitution as set forth below.

557 Prior to the purchase of any such Acquired Obligations, the county reserves the  
558 right to substitute other Government Obligations for any of the Acquired Obligations and  
559 to use any savings created thereby for any lawful county purpose if, (i) in the opinion of  
560 Bond Counsel, such substitution shall not result in the interest on the applicable Series of  
561 Bonds (if issued as Tax-Exempt Bonds) and the applicable series of Refunded Bonds (if  
562 issued as tax-exempt obligations) becoming includable in gross income for federal  
563 income tax purposes under the Code, and (ii) such substitution shall not impair the timely

564 payment of the amounts required to be paid by the Refunding Plan, as verified by a  
565 nationally recognized firm of independent certified public accountants.

566         After the purchase of the Acquired Obligations by the Escrow Agent, the county  
567 reserves the right to substitute therefor cash or Government Obligations subject to the  
568 conditions that such money or securities held by the Escrow Agent shall be sufficient to  
569 carry out the Refunding Plan, that such substitution will not cause the Bonds or the  
570 Refunded Bonds issued as tax-exempt obligations to be arbitrage bonds within the  
571 meaning of Section 148 of the Code and regulations thereunder in effect on the date of  
572 such substitution and applicable to obligations issued on the issue date of the Bonds, and  
573 that the county obtain: (i) verification by a nationally recognized independent certified  
574 public accounting firm reasonably acceptable to the Escrow Agent confirming that the  
575 payments of principal of and interest on the Government Obligations, if paid when due,  
576 and any other money held by the Escrow Agent will be sufficient to carry out the  
577 Refunding Plan; and (ii) an opinion from Bond Counsel to the effect that the disposition  
578 and substitution or purchase of such securities, under the statutes, rules and regulations  
579 then in force and applicable to the Bonds, will not cause the interest on the Bonds or the  
580 Refunded Bonds issued as tax-exempt obligations to be included in gross income for  
581 federal income tax purposes and that such disposition and substitution or purchase is in  
582 compliance with the statutes and regulations applicable to the Bonds. Any surplus money  
583 resulting from the sale, transfer, other disposition or redemption of the Acquired  
584 Obligations and the substitutions therefor shall be released from the trust estate and may  
585 be used for any lawful county purpose.

586           C. Administration of Refunding Plan. The Escrow Agent is authorized and  
587 directed to purchase the Acquired Obligations (or substitute obligations) and to make the  
588 payments required to be made by the Refunding Plan from the Acquired Obligations (or  
589 substitute obligations) and money deposited with the Escrow Agent pursuant to this  
590 ordinance. All Acquired Obligations (or substitute obligations) and the money deposited  
591 with the Escrow Agent and any income therefrom shall be held irrevocably, invested and  
592 applied in accordance with the provisions of the respective Refunded Bond Legislation,  
593 this ordinance, chapter 39.53 RCW and other applicable statutes of the State of  
594 Washington and the Refunding Escrow Agreement. All necessary and proper fees,  
595 compensation and expenses of the Escrow Agent and all other costs incidental to the  
596 setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs  
597 related to the issuance and delivery of the Bonds, including bond printing, verification  
598 fees, Bond Counsel's fees and other related expenses, may be paid out of the proceeds of  
599 the Bonds.

600           D. Authorization for Refunding Escrow Agreement. To carry out the Refunding  
601 Plan provided for by this ordinance, the Finance Director is authorized and directed to  
602 execute and deliver to an Escrow Agent that is not the Finance Director, in connection  
603 with each Series of Bonds, one or more Refunding Escrow Agreements setting forth the  
604 duties, obligations and responsibilities of the Escrow Agent in connection with the  
605 payment, redemption and retirement of the Refunded Bonds as provided herein and in the  
606 Sale Instrument and stating that the provisions for payment of the fees, compensation and  
607 expenses of such Escrow Agent set forth therein are satisfactory to it. Prior to executing  
608 any such Refunding Escrow Agreement, the Finance Director is authorized to make such

609 changes therein which do not change the substance and purpose thereof or which assure  
610 that the escrow provided therein and the Bonds are in compliance with the requirements  
611 of federal law governing the exclusion of interest on the Tax-Exempt Bonds from gross  
612 income for federal income tax purposes.

613         SECTION 15. Redemption of the Refunded Bonds. As a part of the Refunding  
614 Plan, the county may call Refunded Bonds for redemption, which call shall be  
615 determined by the Finance Director, in consultation with the county's financial advisor.  
616 Such call for redemption of the Refunded Bonds shall specify the Refunded Bonds, call  
617 dates and redemption prices (expressed as a percentage of par, plus accrued interest). If  
618 authorized under the Refunded Bond Legislation, such call for redemption of the  
619 Refunded Bonds may be subject to revocation by the county prior to and/or conditioned  
620 upon, delivery to the initial purchaser of the applicable Series of Bonds and receipt of the  
621 proceeds thereof by the county, but shall be irrevocable thereafter. The dates on which  
622 the Refunded Bonds are called for redemption shall be, in the judgment of the Finance  
623 Director, the earliest practical dates on which those bonds may be called for redemption.

624         The proper county officials are authorized and directed to give or cause to be  
625 given such notices as may be required, at the times and in the manner required pursuant  
626 to the related Refunded Bond Legislation, in order to effect the defeasance and  
627 redemption prior to maturity of the Refunded Bonds. The costs of publication of such  
628 notice shall be an expense of the county.

629         SECTION 16. County Findings with Respect to Refunding. Prior to the  
630 issuance of any Series of Bonds, the Finance Director must execute a Certificate of  
631 Finance Director making a finding and determination on behalf of the county that the



632 issuance and sale of those Bonds will effect a savings to the county, consistent with the  
633 Debt Management Policy. In making such finding and determination, the Finance  
634 Director shall give consideration to the fixed maturities of the Bonds and the Refunded  
635 Bonds, the costs of issuance and sale of the Bonds, and the known earned income from  
636 the investment of the proceeds of the issuance and sale of the Bonds and other money of  
637 the county used in the Refunding Plan pending payment and redemption of the Refunded  
638 Bonds.

639 In the Certificate of Finance Director, the Finance Director must further find and  
640 determine that the money to be deposited with the Escrow Agent in accordance with this  
641 ordinance and the Sale Instrument will discharge and satisfy the obligations of the county  
642 with respect to the Refunded Bonds under the respective Refunded Bond Legislation,  
643 and, if applicable, that the pledges, charges, trusts, covenants, and agreements of the  
644 county therein made or provided for as to the Refunded Bonds shall be discharged, and, if  
645 applicable, that the Refunded Bonds shall no longer be deemed to be outstanding under  
646 the respective Refunded Bond Legislation immediately upon the irrevocable deposit of  
647 such money with the Escrow Agent. The Finance Director may rely on the advice of  
648 Bond Counsel and/or a verification report in making the determination described in this  
649 paragraph.

650 **SECTION 17. Sale of Bonds.**

651 A. Determination by Finance Director. The Finance Director shall identify, in  
652 consultation with the county's financial advisor, the Refunding Candidates eligible to be  
653 refunded by each Series of Bonds. The Finance Director may determine, in consultation  
654 with the county's financial advisor, the principal amount of each Series of the Bonds,

655 whether the Bonds should be sold separately or in one or more combined Series, and  
656 whether each Series of Bonds should be sold by negotiated sale or by competitive bid.

657         The Finance Director, in consultation with the county's financial advisor, may  
658 determine it is in the county's best interest to provide for bond insurance or other credit  
659 enhancement, and may provide conditions or covenants relating thereto, including  
660 additional terms, conditions, and covenants relating to the Bonds that are required by the  
661 bond insurer, and are consistent with the provisions of this ordinance, including but not  
662 limited to restrictions on investments and requirements of notice to and consent of the  
663 bond insurer.

664         The county executive and the Finance Director are each separately authorized to  
665 execute and deliver, on behalf of the county, any contracts and other documents  
666 consistent with the provisions of this ordinance for which the county's approval is  
667 necessary or to which the county is a party and that are related or incidental to the  
668 issuance and sale of the Bonds or to the establishment of the interest rate or rates on the  
669 Bonds, including but not limited to agreements with bond insurers, underwriters, fiscal  
670 agencies and the Bond Registrar. The Finance Director may determine the amount, if  
671 any, from the proceeds of or accrued interest on the Bonds to be deposited into specified  
672 funds, subfunds, accounts, and subaccounts.

673         B. Procedure for Negotiated Sale. If the Finance Director determines that the any  
674 Series of Bonds should be sold by negotiated sale, the Finance Director shall, in  
675 accordance with applicable county procurement procedures, solicit one or more  
676 underwriting firms with which to negotiate the sale of those Bonds. The purchase  
677 contract for each Series of Bonds shall establish the year and Series designation,

678 Additional Security (if applicable), date, aggregate principal amount, interest payment  
679 dates, interest rate(s), maturity schedule and principal amounts per maturity, and  
680 redemption provisions of such Series of Bonds. The county council authorizes the  
681 Finance Director to serve as its designated representative and to accept, on behalf of the  
682 county, an offer to purchase the Bonds, which offer must be consistent with the terms of  
683 this ordinance and with the Debt Management Policy.

684 C. Procedure for Sale by Competitive Bid. If the Finance Director determines  
685 that any Series of the Bonds should be sold by competitive bid, bids for the purchase of  
686 each Series of Bonds shall be received at such time or place and by such means as the  
687 Finance Director shall direct. The Finance Director is authorized to prepare an official  
688 notice of bond sale for each Series of Bonds to be sold pursuant to competitive bid,  
689 establishing in such notice the year and series designation, date, estimated aggregate  
690 principal amount, interest payment dates, estimated maturity schedule and principal  
691 amount per maturity, and redemption provisions of such Bonds. After consultation with  
692 the county's financial advisor, the Finance Director may direct that the official notice of  
693 bond sale or an abridged form thereof be published in such newspapers or financial  
694 journals as may be deemed desirable or appropriate by Finance Director.

695 Upon the date and time established for the receipt of bids for a Series of Bonds,  
696 the Finance Director or his or her designee shall open the bids and shall cause the bids to  
697 be mathematically verified. The county council authorizes the Finance Director to serve  
698 as its designated representative and to accept, on behalf of the county, the winning bid to  
699 purchase the Bonds, which may be adjusted with respect to the aggregate principal  
700 amount and principal amount per maturity as reflected in the notice of acceptance of

701 winning bid, and which must be consistent with the terms of this ordinance and with the  
702 Debt Management Policy.

703 D. Legislative Approval. On the day of each refunding bond sale, the Executive  
704 shall forward a motion to the County Council approving the final aggregate principal  
705 amount, interest payment dates, interest rate(s), maturity schedule and principal amounts  
706 per maturity, and redemption provisions of the Series of Bonds. Until such a time as that  
707 motion has been approved, the bond sale shall not considered final.

708 **SECTION 18. Delivery of Bonds.** Following the sale of each Series of the  
709 Bonds, the county shall cause definitive Bonds of such Series to be prepared, executed  
710 and delivered to the purchaser thereof in accordance with the provisions of this  
711 ordinance, with the approving legal opinion of municipal bond counsel regarding the  
712 Bonds.

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

722 **SECTION 19. Preliminary Official Statement under SEC Rule 15c2-12.** The  
723 county authorizes and directs the Finance Director: (i) to review and approve the

724 information contained in any preliminary official statement (the "Preliminary Official  
725 Statement") prepared in connection with the public offer and sale of a Series of Bonds;  
726 and (ii) for the sole purpose of the Bond purchasers' compliance with Section (b)(1) of  
727 the Rule, to "deem final" that Preliminary Official Statement as of its date, except for the  
728 omission of information on offering prices, interest rates, selling compensation, delivery  
729 dates, any other terms or provisions subject to final pricing, ratings, and other terms of  
730 the Bonds of such Series dependent on such matters and the identity of the Bond  
731 purchasers. After any such Preliminary Official Statement has been reviewed and  
732 approved in accordance with the provisions of this section, the county hereby authorizes  
733 distribution of such Preliminary Official Statement to prospective purchasers of such  
734 Series of Bonds.

735        **SECTION 20. Approval of Official Statement.** Following the public offer and  
736 sale of a Series of Bonds in accordance with the terms of this ordinance, the Finance  
737 Director is hereby authorized to review and approve on behalf of the county a final  
738 official statement with respect to such Series of Bonds. The county agrees to cooperate  
739 with the purchaser of such Series of Bonds to deliver or cause to be delivered, within  
740 such period as may be required by applicable law and in sufficient time to accompany  
741 any confirmation that requests payment from any customer of the purchaser, copies of the  
742 final official statement pertaining to such Series of Bonds in sufficient quantity to comply  
743 with paragraph (b)(4) of the Rule and the rules of the MSRB.

744        **SECTION 21. Undertaking to Provide Ongoing Disclosure.** The Finance  
745 Director is hereby authorized and directed to enter into a written Undertaking for the  
746 benefit of holders of any publicly offered and sold series of Bonds to the extent required

747 by and consistent with the requirements of paragraph (b)(5) of the Rule, as applicable to a  
748 participating underwriter for such Series of Bonds.

749         SECTION 22. General Authorization. The appropriate county officials, agents  
750 and representatives are hereby authorized and directed to do everything necessary for the  
751 prompt sale, issuance, execution and delivery of each Series of Bonds, and for the proper  
752 use and application of the proceeds of the sale thereof.

753         SECTION 23. Refunding or Defeasance of the Bonds. The county may issue  
754 refunding bonds pursuant to the laws of the State of Washington or use money available  
755 from any other lawful source to pay when due the principal of, premium, if any, and  
756 interest on the Bonds of any Series, or any portion thereof included in a refunding or  
757 defeasance plan, and to redeem and retire, refund or defease all such then-outstanding  
758 Bonds (hereinafter collectively called the "defeased Bonds") and to pay the costs of the  
759 refunding or defeasance. If money and/or Government Obligations maturing at a time or  
760 times and bearing interest in amounts (together with money, if necessary) sufficient to  
761 redeem and retire, refund or defease the defeased Bonds in accordance with their terms  
762 are set aside in a special trust fund or escrow account irrevocably pledged to that  
763 redemption, retirement or defeasance of defeased Bonds (hereinafter called the "trust  
764 account"), then all right and interest of the owners of the defeased Bonds in the covenants  
765 of this ordinance and in the funds and accounts obligated to the payment of the defeased  
766 Bonds shall cease and become void. The owners of defeased Bonds shall have the right  
767 to receive payment of the principal of and interest on the defeased Bonds from the trust  
768 account. The county shall include in the refunding or defeasance plan such provisions as  
769 the county deems necessary for the random selection of any defeased Bonds that

770 constitute less than all of a particular maturity of such Series of Bonds, for notice of the  
771 defeasance to be given to the owners of the defeased Bonds and to such other persons as  
772 the county shall determine, and for any required replacement of Bond certificates for  
773 defeased Bonds. The defeased Bonds shall be deemed no longer outstanding, and the  
774 county may apply any money in any other fund or account established for the payment or  
775 redemption of the defeased Bonds to any lawful purposes as it shall determine.

776           If the defeased Bonds are registered in the name of DTC or its nominee, notice of  
777 any defeasance of Bonds shall be given to DTC in the manner prescribed in the Letter of  
778 Representations for notices of redemption of Bonds.

779           SECTION 24. Supplemental Ordinances. The county council from time to  
780 time and at any time may adopt an ordinance or ordinances amendatory or supplemental  
781 to this ordinance for any purpose that the county council may deem necessary or  
782 desirable if such amendatory or supplemental ordinance shall not materially adversely  
783 affect the interests of the holders and owners of any outstanding Bonds, and such  
784 amendatory or supplemental ordinance or ordinances thereafter shall become a part of  
785 this ordinance.

786           SECTION 25. Contract; Severability. The covenants contained in this  
787 ordinance shall constitute a contract between the county and the owners of each and  
788 every Bond. If any one or more of the covenants or agreements provided in this ordinance  
789 to be performed on the part of the county are deemed by any court of competent  
790 jurisdiction to be contrary to law, then such covenant or covenants, agreement or  
791 agreements, shall be null and void and shall be deemed separable from the remaining

792 covenants and agreements of this ordinance and shall in no way affect the validity of the  
793 other provisions of this ordinance or of the Bonds.

794         SECTION 26. Complete Alternative. This ordinance shall be deemed to  
795 provide a complete, additional and alternative method for the performance of those  
796 subjects authorized hereby and shall be regarded as supplemental and additional to  
797 powers conferred by other county ordinances. Whenever Bonds are issued and sold in  
798 conformance with this ordinance, such issuance and sale need not comply with contrary  
799 requirements of any other county ordinance applicable to the issuance and sale of bonds  
800 or other obligations.



801            **SECTION 27. Effective Date.** This ordinance shall be effective 10 days after its  
802 enactment, in accordance with Article II of the county charter.  
803

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

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Larry Gossett, Chair

ATTEST:

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Anne Noris, Clerk of the Council

APPROVED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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Dow Constantine, County Executive

**Attachments:** A. Schedule of General Obligation Refunding Candidates

**Attachment A to Ordinance**

**SCHEDULE OF GENERAL OBLIGATION REFUNDING CANDIDATES**

LTGO REFUNDING CANDIDATES

Issue Name*	Dated Date	Original Par Amount (\$)	Outstanding Balance (\$) (12/1/2012)	Bond Legislation
LTGO Refunding Bonds, 2005, Series A	06/29/2005	22,510,000	11,330,000	ORD: 14890 Motion: 12130
LTGO Bonds, 2007 Series C	11/01/2007	10,695,000	9,140,000	ORD: 14167 as amended Motion: 12607
VP LTGO Bonds, 2007, Series D	11/01/2007	34,630,000	29,725,000	ORD: 14991 Motion: 12607
VP LTGO Bonds, 2007, Series E	11/27/2007	43,705,000	35,460,000	ORD: 15925 Motion: 12630

\*LTGO – Limited Tax General Obligation

UTGO REFUNDING CANDIDATES

Issue Name*	Dated Date	Original Par Amount (\$)	Outstanding Balance (\$) (12/1/2012)	Bond Legislation
UTGO Refunding Bonds, 2003	04/23/2003	108,795,000	10,605,000	ORD: 14583 Motion: 11681

\*UTGO – Unlimited Tax General Obligation

March 25, 2013

The Honorable Larry Gossett  
Chair, King County Council  
Room 1200  
C O U R T H O U S E

Dear Councilmember Gossett:

The attached ordinance would authorize the issuance of general obligation bonds (GO bonds) for the purpose of reducing future debt service costs by refunding a portion of the County's outstanding GO bonds. This proposed ordinance is consistent with the financial stewardship goal in King County's Strategic Plan and will help provide for the long-term sustainability of County services.

The County's Debt Management Policy, adopted by Motion 12660, identifies threshold targets for the debt service savings that need to be achieved by refunding transactions. Accordingly, the County together with its financial advisor, Seattle Northwest Securities, continuously monitors the outstanding debt portfolio to identify refunding opportunities that would achieve such savings targets.

This exercise has identified several different GO bond issues that either will be refundable over the coming year based on current municipal interest rates or a further reasonably modest decline of 0.25 percent (25 basis points). The proposed ordinance would authorize the refunding of such GO bond issues, a schedule of which is presented as Attachment A to the proposed ordinance.

The first sale that would be initiated under this authorization would be a small issue to effect the current refunding of the outstanding 2003 unlimited tax (i.e. voter-approved) GO bonds that become callable for the first time on June 1, 2013. These bonds could be sold as early as May.

The exact terms of any bonds sold pursuant to such authorization will be established by the finance director in consultation with the County's financial advisor and confirmed by the Council in separate sale motions to be adopted on the days of the sales.

The Honorable Larry Gossett  
March 25, 2013  
Page 2

This proposed legislation is considered prudent and we would welcome the Council's timely review. If you have any questions in this regard, please call Ken Guy, Director of the Finance and Business Operations Division, at 206-263-9254.

Sincerely,

Dow Constantine  
King County Executive

Enclosures

cc: King County Councilmembers  
ATTN: Michael Woywod, Chief of Staff  
Anne Noris, Clerk of the Council  
Carrie S. Cihak, Chief Advisor, Policy and Strategic Initiatives, King County  
Executive Office  
Dwight Dively, Director, Office of Performance, Strategy and Budget  
Caroline Whalen, County Administrative Officer, Department of Executive  
Services (DES)  
Ken Guy, Director, Finance and Business Operations Division (FBOD), DES  
Nigel Lewis, Senior Debt Analyst, Treasury Operations Section, FBOD, DES