



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 23, 2017

Ordinance 18588

Proposed No. 2017-0379.1

Sponsors Upthegrove

1 AN ORDINANCE providing long-term financing for
2 capital needs of the county's sewer system by authorizing
3 the issuance of sewer revenue bonds and limited tax
4 general obligation bonds (payable from sewer revenues) of
5 the county in an aggregate principal amount not to exceed
6 \$500,000,000 to provide funds for acquiring and
7 constructing improvements to the sewer system; providing
8 for the form, terms and covenants of such bonds; providing
9 for the sale of the bonds in one or more series; establishing
10 funds for the receipt and expenditure of bond proceeds and
11 for the payment of the bonds; pledging sewer revenues to
12 pay the principal of and interest on sewer revenue bonds
13 issued under this ordinance; and pledging the annual levy
14 of taxes and an additional pledge of sewer revenues to pay
15 the principal of and interest on limited tax general
16 obligation bonds (payable from sewer revenues) issued
17 under this ordinance.

18 PREAMBLE:

19 The county owns and operates facilities for the conveyance and treatment

20 of sewage and control of combined sewer overflows that include
21 wastewater treatment plants, interceptor and trunk sewers, pumping
22 stations, regulator stations, outfall sewers, storm sewers to divert
23 stormwater from sanitary sewers, lands for application of biosolids,
24 property rights, and buildings and other structures and equipment
25 (collectively "the System"), all in accordance with a comprehensive plan
26 for metropolitan water pollution abatement under the authority of chapters
27 36.56 and 35.58 of the Revised Code of Washington ("RCW").

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

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

41 The county has issued the series of sewer revenue bonds with a senior lien
42 on Revenue of the System set forth in Attachment A to this ordinance

43 ("the Parity Bonds").

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

48 It is deemed necessary and desirable that the county authorize the issuance
49 and sale of its bonds payable from sewer revenues in an aggregate
50 principal amount not to exceed \$500,000,000 ("the Bonds") to pay costs of
51 capital improvements to the System, in accordance with the
52 Comprehensive Plan and the Capital Improvement Budget.

53 Since market conditions can change quickly, it is in the best interest of the
54 county to delegate to the county's Finance Director authority to sell the
55 Bonds in one or more series, as either Parity Bonds or Parity Lien
56 Obligations, or a combination thereof, by competitive bid or negotiated
57 sale, as provided in this ordinance, so long as the aggregate principal
58 amount of Bonds does not exceed \$500,000,000. The sale of any series of
59 the Bonds shall be ratified and confirmed by motion of the council, as
60 provided in this ordinance.

61 The ordinances authorizing the issuance of the outstanding Parity Bonds
62 and Parity Lien Obligations all provide that the county may issue
63 additional Parity Bonds and additional Parity Lien Obligations if certain
64 conditions are met. By each Sale Motion the council must find that the
65 applicable parity conditions have been or shall be met for each series of

66 Bonds issued under this ordinance.

67 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

68 SECTION 1. Definitions; Interpretation.

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

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

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

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

- 86 1. The interest due on all outstanding Parity Bonds and Parity Lien
87 Obligations (i) on all interest payment dates (other than January 1) in such calendar year,
88 and (ii) on January 1 of the next succeeding year, and any Payment Agreement Payments

89 due on such dates in respect of any Parity Payment Agreements and Parity Lien
90 Obligation Payment Agreements, minus any Payment Agreement Receipts due in such
91 period in respect of any Parity Payment Agreements and Parity Lien Obligation Payment
92 Agreements.

93 a. For purposes of calculating the amounts required to pay interest on
94 Parity Bonds or Parity Lien Obligations, capitalized interest and accrued interest paid to
95 the county upon the issuance of Parity Bonds or Parity Lien Obligations shall be
96 excluded.

97 b. The amount of interest deemed to be payable on any issue of
98 Variable Rate Parity Bonds or Variable Rate Parity Lien Obligations shall be calculated
99 on the assumption that the interest rate on those bonds would be equal to the rate ("the
100 assumed RBI rate") that is 90% of the average Bond Buyer Revenue Bond Index or
101 comparable index during the fiscal quarter preceding the quarter in which the calculation
102 is made; provided, that for purposes of determining actual compliance in any past
103 calendar year with the rate covenant made in Section 17 of this ordinance, the actual
104 amount of interest paid on any issue of Variable Rate Parity Bonds or Parity Lien
105 Obligations shall be taken into account.

106 2. The principal due (at maturity or upon the mandatory redemption of Term
107 Bonds prior to their maturity) for all outstanding Parity Bonds and Parity Lien
108 Obligations (i) on all principal payment dates (other than January 1) of such calendar year
109 and (ii) on January 1 of the next succeeding year.

110 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or
111 upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation

112 Bonds shall be included in the calculation of Annual Debt Service, and references in this
113 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or
114 upon the mandatory redemption of any Capital Appreciation Bonds.

115 Notwithstanding the foregoing, debt service on Parity Bonds or Parity Lien
116 Obligations with respect to which a Payment Agreement is in force shall be calculated by
117 the county to reflect the net economic effect on the county intended to be produced by the
118 terms of the Parity Bonds or Parity Lien Obligations and the terms of the applicable
119 Payment Agreement, in accordance with the requirements for Payment Agreements set
120 forth in Section 26 of this ordinance and any other applicable requirements from the
121 ordinances authorizing issuance of such Parity Bonds or Parity Lien Obligations.

122 From and after the date when no Parity Lien Obligations designated as Series
123 2008 Bonds or Series 2009 Bonds remain outstanding, for purposes of satisfying the rate
124 covenant in Section 17.B. of this ordinance and the tests for the issuance of additional
125 Parity Lien Obligations in Section 24 of this ordinance, Annual Debt Service for any
126 Fiscal Year or calendar year shall exclude any Debt Service Offsets.

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

129 1. The interest due on all outstanding Parity Bonds (i) on all interest payment
130 dates (other than January 1) in such calendar year, and (ii) on January 1 of the next
131 succeeding year, and any Payment Agreement Payments due on such dates in respect of
132 Parity Payment Agreements, minus any Payment Agreement Receipts due in such period
133 in respect of such Parity Payment Agreements.

134 a. For purposes of calculating the amounts required to pay interest on

135 Parity Bonds, capitalized interest and accrued interest paid to the county upon the
136 issuance of Parity Bonds shall be excluded.

137 b. The amount of interest deemed to be payable on any issue of
138 Variable Rate Parity Bonds shall be calculated on the assumption that the interest rate on
139 those bonds would be equal to the rate ("the assumed RBI rate") that is 90% of the
140 average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter
141 preceding the quarter in which the calculation is made; provided, that for purposes of
142 determining actual compliance in any past calendar year with the rate covenant made in
143 Section 17 of this ordinance, the actual amount of interest paid on any issue of Variable
144 Rate Parity Bonds shall be taken into account.

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

149 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or upon
150 the mandatory redemption of Parity Term Bonds that are Capital Appreciation Bonds
151 shall be included in the calculation of Annual Debt Service, and references in this
152 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or
153 upon the mandatory redemption of any Capital Appreciation Bonds.

154 Notwithstanding the foregoing, debt service on Parity Bonds with respect to
155 which a Payment Agreement is in force shall be calculated by the county to reflect the net
156 economic effect of the terms of the Parity Bonds and the applicable Payment Agreement,
157 in accordance with the requirements set forth in Section 26 of this ordinance and any

158 other applicable requirements from the ordinances authorizing issuance of such Parity
159 Bonds.

160 For purposes of calculating the Reserve Requirement and satisfying the rate
161 covenant in Section 17.A. of this ordinance and the tests for the issuance of Future Parity
162 Bonds in Section 23 of this ordinance, Annual Parity Debt Service for any Fiscal Year or
163 calendar year shall exclude any Debt Service Offsets.

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

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

168 "Bonds" means the bonds of the county in an aggregate principal amount not to
169 exceed \$500,000,000 authorized to be issued under this ordinance to pay costs of
170 acquiring and constructing improvements to the System. The Bonds may be issued in
171 one or more series of Parity Bonds or Parity Lien Obligations, as provided in this
172 ordinance.

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

180 "Capital Improvement Budget" means the capital improvement budget of the

181 county in effect from time to time, as such budget may have been amended or
182 supplemented.

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

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

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

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

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

199 "Council" means the Metropolitan King County Council.

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

204 current long term rating (or whose obligations thereunder are guaranteed by a financial
205 institution with a long term rating): (i) from Moody's and S&P not lower, when issued,
206 than the credit rating of any series of Parity Bonds, to provide support for a series of
207 Parity Bonds, and shall include any substitute therefor in accordance with the provisions
208 of the ordinance providing for the issuance of Parity Bonds supported by a Credit
209 Facility, or (ii) from Fitch, Moody's and S&P not lower, when issued, than the credit
210 rating of any series of Parity Lien Obligations, to provide support for a series of Parity
211 Lien Obligations (including Variable Rate Parity Lien Obligations), and shall include any
212 substitute therefor in accordance with the provisions of the ordinance providing for the
213 issuance of Parity Lien Obligations supported by a Credit Facility.

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

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

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

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

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

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

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

232 "Government Obligations" means direct obligations of, or obligations the
233 principal of and interest on which are unconditionally guaranteed by, the United States of
234 America.

235 "Junior Lien Obligations" means the county's (i) Junior Lien Variable Rate
236 Demand Sewer Revenue Bonds, Series 2001A and Series 2001B, dated August 15, 2001,
237 authorized by Ordinances 14171 and 14172, (ii) Junior Lien Variable Rate Demand
238 Sewer Revenue Bond, Series 2011, dated October 26, 2011, authorized by Ordinance
239 17202, (iii) Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, dated
240 December 27, 2012, authorized by Ordinance 17495, (iv) Junior Lien Sewer Revenue
241 Bonds, Series 2015A and Series 2015B, dated November 24, 2015, authorized by
242 Ordinance 18141, and (v) any other revenue bonds or revenue obligations having a lien
243 on Revenue of the System equal to the lien thereon of such bonds.

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

248 "Moody's" means Moody's Investors Service, Inc., a corporation duly organized
249 and existing under and by virtue of the laws of the State of Delaware, and its successors

250 and assigns, except that if that corporation is dissolved or liquidated or no longer
251 performs the functions of a securities rating agency, then the term "Moody's" will be
252 deemed to refer to any other nationally recognized securities rating agency selected by
253 the county.

254 "MSRB" means the Municipal Securities Rulemaking Board or any successor to
255 its functions.

256 "Multi-Modal LTGO/Sewer Revenue Bonds" means the county's Multi-Modal
257 Limited Tax General Obligation Bonds (Payable from Sewer Revenue), Series 2010A
258 and Series 2010B, dated January 21, 2010, authorized by Ordinances 16721 and 16722,
259 and any additional limited tax general obligation bonds of the county payable from
260 Revenue of the System and having the same lien on Revenue of the System as those
261 bonds.

262 "Net Revenue" means Revenue of the System less Operating and Maintenance
263 Expenses.

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

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

271 "Parity Bond Fund" means the "Water Quality Revenue Bond Account"
272 designated pursuant to Ordinance 12076, Section 30, of the county and continued

273 pursuant to Section 9 of this ordinance for the purpose of paying and securing the
274 payment of the Parity Bonds.

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

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

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

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

292 "Parity Lien Obligation Term Bonds" means Parity Lien Obligations that are
293 Term Bonds.

294 "Parity Lien Obligations" means bonds identified as such in the Preamble to this
295 ordinance, together with (i) any Bonds issued under this ordinance with a lien on

296 Revenue of the System equal to the lien thereon of those bonds and (ii) any future Parity
297 Lien Obligations. "Parity Lien Obligations" include any Parity Lien Obligation Payment
298 Agreements and parity reimbursement agreements entered into with the provider of a
299 Credit Facility securing any Parity Lien Obligations.

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

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

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

310 "Payment Agreement" means, to the extent permitted from time to time by
311 applicable law, a written agreement entered into by the county (i) in connection with or
312 incidental to the issuance, incurring or carrying of bonds or other obligations of the
313 county secured in whole or in part by a lien on Revenue of the System; (ii) for the
314 purpose of managing or reducing the county's exposure to fluctuations or levels of
315 interest rates, currencies or commodities or for other interest rate, investment, asset or
316 liability management purposes; (iii) with a Qualified Counterparty; and (iv) which
317 provides, on either a current or forward basis, for an exchange of payments determined in
318 accordance with a formula specified therein.

319 "Payment Agreement Payments" means the amounts periodically required to be
320 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The
321 term "Payment Agreement Payments" does not include any termination payment required
322 to be paid with respect to a Payment Agreement.

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

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

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

336 "Qualified Counterparty" means with respect to a Payment Agreement an entity
337 (i) whose senior long term debt obligations, other senior unsecured long term obligations
338 or claims paying ability or whose payment obligations under a Payment Agreement are
339 guaranteed by an entity whose senior long term debt obligations, other senior unsecured
340 long term obligations or claims paying ability are rated (at the time the Payment
341 Agreement is entered into) at least as high as A3 by Moody's and A- by S&P (and A- by

342 Fitch for any Parity Lien Obligation Payment Agreement), or the equivalent thereof by
343 any successor thereto, and (ii) who is otherwise qualified to act as the other party to a
344 Payment Agreement under any applicable laws of the State.

345 "Qualified Insurance" means any unconditional municipal bond insurance policy
346 or surety bond issued by any insurance company licensed to conduct an insurance
347 business in any state of the United States or by a service corporation acting on behalf of
348 one or more such insurance companies, which insurance company or service corporation,
349 as of the time of issuance of such policy or surety bond, is then rated in one of the two
350 highest rating categories by Moody's, S&P, and any other rating agency then maintaining
351 a rating on the Parity Bonds and maintains a policy owner's surplus in excess of
352 \$500,000,000.

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

359 "Rate Stabilization Fund" means the fund of that name created pursuant to
360 Ordinance 12314, Section 13.D., of the county and continued pursuant to Section 13.B.
361 of this ordinance.

362 "RCW" means the Revised Code of Washington.

363 "Rebate Amount" means the amount, if any, determined to be payable with
364 respect to the Bonds by the county to the United States of America in accordance with

365 Section 148(f) of the Code.

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

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

373 "Registrar" means, unless otherwise designated in the Sale Motion, the fiscal
374 agent of the State (as the same may be designated by the State from time to time) for the
375 purposes of registering and authenticating the Bonds, maintaining the Bond Register,
376 effecting the transfer of ownership of the Bonds and paying principal of and premium, if
377 any, and interest on the Bonds.

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

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

382 "Revenue of the System" means all the earnings, revenues and money received by
383 the county from or on account of the operations of the System and the income from the
384 investment of money in the Revenue Fund or any account within such fund, but shall not
385 include any money collected pursuant to the Service Agreements applicable to
386 administrative costs of the county other than costs of administration of the System. For
387 certain purposes described in Section 13.B. of this ordinance, deposits from the Rate

388 Stabilization Fund into the Revenue Fund may be included in calculations of "Revenue of
389 the System."

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

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

396 "Sale Motion" means, with respect to each series of the Bonds, the motion of the
397 council approving a bond purchase contract (if the Bonds are sold by negotiated sale) or
398 accepting a bid (if the Bonds are sold by competitive bid) for the purchase of the Bonds
399 and ratifying the sale of the Bonds, all in accordance with Section 27 of this ordinance.

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

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

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

409 "SRF Loans" means loans to the county by the State Department of Ecology
410 pursuant to loan agreements in effect as of the date of this ordinance and any loans and

411 loan agreements hereafter entered into by the county under the State water pollution
412 control revolving fund loan program, the repayment obligations of which are secured by a
413 lien on Revenue of the System equal to the lien thereon established by such loan
414 agreements.

415 "State" means the State of Washington.

416 "Subordinate Lien Obligations" means those revenue bonds or other revenue
417 obligations that may be issued by the county in the future with a lien on Revenue of the
418 System junior and inferior to the lien thereon of the Multi-Modal LTGO/Sewer Revenue
419 Bonds, and payable from Revenue of the System that is available after first making the
420 payments required to be made under paragraph "First" through "Seventh" but before
421 making the payments required to be made under paragraph "Ninth" of Section 14 of this
422 ordinance.

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

426 "Tax Certificate" means the Federal Tax Certificate regarding certain federal tax
427 matters executed on behalf of the county upon the issuance of each series of Tax-Exempt
428 Bonds or Tax-Benefited Bonds.

429 "Tax-Benefited Bonds" means Bonds other than Tax-Exempt Bonds that are
430 structured so as to confer certain benefits under the Code to the county or to the Owners
431 of such Bonds, as provided in Section 20 of this ordinance and so designated pursuant to
432 Section 27.A. of this ordinance.

433 "Tax-Exempt Bonds" means Bonds the interest on which the county intends to be

434 excludable from gross income for federal income tax purposes, as provided in Section 20
435 of this ordinance and so designated pursuant to Section 27.A. of this ordinance.

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

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

441 "Undertaking" means an undertaking for ongoing disclosure to be entered into by
442 the county for each series of Bonds, if and to the extent required by Rule15c2-12, as
443 authorized by a Sale Motion.

444 "Variable Rate Parity Bonds" means Parity Bonds bearing interest at a variable
445 rate of interest, provided that at least one of the following conditions is met: (i) at the
446 time of issuance the county has entered into a Payment Agreement with respect to such
447 Parity Bonds, which Payment Agreement converts the effective interest rate to the county
448 on the Variable Rate Parity Bonds from a variable interest rate to a fixed interest rate, or
449 (ii) the Parity Bonds bear interest at a variable rate but are issued concurrently in equal
450 par amounts with other Parity Bonds bearing interest at a variable rate and are required to
451 remain outstanding in equal amounts at all times, if the net effect of such equal par
452 amounts and variable rates at all times is a fixed rate of interest to the county.

453 "Variable Rate Parity Lien Obligations" means Parity Lien Obligations bearing
454 interest at a variable rate of interest, provided that at least one of the following conditions
455 is met: (i) at the time of issuance the county has entered into a Payment Agreement with
456 respect to such Parity Lien Obligations, which Payment Agreement converts the effective

457 interest rate to the county on the Variable Rate Parity Lien Obligations from a variable
458 interest rate to a fixed interest rate or (ii) the Parity Lien Obligations bear interest at a
459 variable rate but are issued concurrently in equal par amounts with other Parity Lien
460 Obligations bearing interest at a variable rate and which are required to remain
461 outstanding in equal amounts at all times, if the net effect of such equal par amounts and
462 variable rates at all times is a fixed rate of interest to the county.

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

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

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

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

476 4. All references in this ordinance to "sections," "subsections,"
477 "paragraphs" and "clauses" are to the corresponding sections, subsections, paragraphs or
478 clauses of this ordinance as originally adopted.

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

480 **SECTION 2. Findings.** Because conditions in the capital markets are volatile,
481 the council finds that it is in the best interests of the county and ratepayers of the System
482 that the county retain the flexibility to issue the Bonds in one or more series, as Parity
483 Bonds or Parity Lien Obligations, to maximize interest rate savings. To achieve this
484 flexibility, the council further finds that it is in the best interests of the county and
485 ratepayers of the System that the sale of Bonds in one or more series, as Parity Bonds or
486 Parity Lien Obligations, as Tax-Exempt Bonds, Tax-Benefited Bonds or otherwise, by
487 competitive bid or negotiated sale, for current or future delivery, be determined by the
488 Finance Director, in consultation with the county's financial advisors.

489 **SECTION 3. Authorization of Bonds.** To provide funds necessary to pay costs
490 of acquiring, constructing and equipping improvements, additions or betterments to the
491 System as set forth in the Comprehensive Plan and the Capital Improvement Budget, the
492 county is authorized to issue the Bonds in an aggregate principal amount not to exceed
493 \$500,000,000. Each sale of a series of Bonds shall be ratified and confirmed by the
494 council in a Sale Motion.

495 The Bonds may be issued in one or more series of Parity Bonds or Parity Lien
496 Obligations, as provided in Section 27 of this ordinance, each such series of Parity Bonds
497 to be designated as "King County, Washington, Sewer Revenue Bonds" with an
498 applicable year and series designation, and each such series of Parity Lien Obligations to
499 be designated as "King County Limited Tax General Obligation Bonds (Payable from
500 Sewer Revenues)" with an applicable year and series designation. The Bonds shall be
501 fully registered as to both principal and interest; shall be in the denomination of \$5,000 or
502 any integral multiple thereof within a single series, maturity and interest rate; shall be

503 numbered separately in such manner and with any additional designation as the Registrar
504 deems necessary for purposes of identification; and shall be dated the date and mature on
505 the dates, in the years and in the amounts established as provided in Section 27 of this
506 ordinance.

507 The Bonds shall bear interest (computed, unless otherwise provided in the Sale
508 Motion, on the basis of a 360-day year of twelve 30-day months) from their dated date or
509 from the most recent interest payment date for which interest has been paid or duly
510 provided for, whichever is later, payable on interest payment dates and at the rate or rates
511 established as provided in Section 27 of this ordinance and ratified and confirmed by a
512 Sale Motion. The Accreted Values of any Bonds that are Capital Appreciation Bonds
513 shall be set forth in a Sale Motion.

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

515 A. **Registrar/Bond Register.** Unless otherwise specified in the Sale Motion,
516 the county, In accordance with KCC 4.84, the county adopts for the Bonds the system of
517 registration specified and approved by the Washington State Finance Committee, which
518 utilizes the fiscal agent of the State as registrar, authenticating agent, paying agent and
519 transfer agent ("the Registrar"). The Registrar shall keep, or cause to be kept, at its
520 designated corporate trust office, sufficient books for the registration and transfer of the
521 Bonds ("the Bond Register"), which shall be open to inspection by the county at all times.
522 The Bond Register shall contain the name and mailing address of the Registered Owner
523 of each Bond and the principal amount and number of each of the Bonds held by each
524 Registered Owner. The Registrar is authorized, on behalf of the county, to authenticate
525 and deliver Bonds transferred or exchanged in accordance with the provisions of the

526 Bonds and this ordinance, to serve as the county's paying agent for the Bonds and to carry
527 out all of the Registrar's powers and duties under this ordinance.

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

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

543 **C. Use of Depository.** Unless otherwise specified in the Sale Motion, the
544 Bonds initially shall be registered in the name of Cede & Co., as the nominee of DTC.
545 Each Bond registered in the name of the Securities Depository shall be held fully
546 immobilized in book-entry only form by the Securities Depository in accordance with the
547 provisions of the Letter of Representations. Neither the county nor the Registrar shall
548 have any obligation to participants of any Securities Depository or the persons for whom

549 they act as nominees regarding accuracy of any records maintained by the Securities
550 Depository or its participants. Neither the county nor the Registrar shall be responsible
551 for any notice that is permitted or required to be given to the Registered Owner of any
552 Bond registered in the name of the Securities Depository except such notice as is required
553 to be given by the Registrar to the Securities Depository.

554 For so long as the Bonds are registered in the name of the Securities Depository,
555 the Securities Depository shall be deemed to be the Registered Owner for all purposes
556 hereunder, and all references to Registered Owners shall mean the Securities Depository
557 and shall not mean the Beneficial Owners. Registered ownership of any Bond registered
558 in the name of the Securities Depository may not be transferred except: (i) to any
559 successor Securities Depository; (ii) to any substitute Securities Depository appointed by
560 the county; or (iii) to any person if the Bond is no longer to be held by a Securities
561 Depository.

562 Upon the resignation of the Securities Depository, or upon a termination of the
563 services of the Securities Depository by the county, the county may appoint a substitute
564 Securities Depository. If (i) the Securities Depository resigns and the county does not
565 appoint a substitute Securities Depository, or (ii) the county terminates the services of the
566 Securities Depository, the Bonds no longer shall be held in book-entry only form and the
567 registered ownership of each Bond may be transferred to any person as provided in this
568 ordinance.

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

572 E. **Place and Medium of Payment.** Principal of and premium, if any, and
573 interest on the Bonds are payable in lawful money of the United States of America.
574 Principal of and premium, if any, and interest on each Bond registered in the name of the
575 Securities Depository are payable in the manner set forth in the Letter of Representations.
576 Unless otherwise specified in the Sale Motion, interest on each Bond not registered in the
577 name of the Securities Depository is payable by electronic transfer on the interest
578 payment date, or by check or draft of the Registrar mailed on the interest payment date to
579 the Registered Owner at the address appearing on the Bond Register on the Record Date.
580 The county is not required to make electronic transfers except pursuant to a request by a
581 Registered Owner in writing received on or prior to the Record Date and at the sole
582 expense of the Registered Owner. Unless otherwise specified in the Sale Motion,
583 principal of and premium, if any, on each Bond not registered in the name of the
584 Securities Depository are payable upon presentation and surrender of the Bond by the
585 Registered Owner to the Registrar at maturity or upon prior redemption in full.

586 F. **Transfer or Exchange of Registered Ownership; Change in**
587 **Denominations.** The registered ownership of any Bond may be transferred or
588 exchanged, but no transfer of any Bond shall be valid unless it is surrendered to the
589 Registrar with the assignment form appearing on such Bond duly executed by the
590 Registered Owner or such Registered Owner's duly authorized agent in a manner
591 satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the
592 surrendered Bond and shall authenticate and deliver, without charge to the Registered
593 Owner or transferee therefor, a new Bond (or Bonds, at the option of the new Registered
594 Owner) of the same series, date, maturity and interest rate and for the same aggregate

595 principal amount in any authorized denomination, naming as Registered Owner the
596 person or persons listed as the assignee on the assignment form appearing on the
597 surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may
598 be surrendered to the Registrar and exchanged, without charge, for an equal aggregate
599 principal amount of Bonds of the same series, date, maturity and interest rate, in any
600 authorized denomination. The Registrar shall not be obligated to exchange or transfer
601 any Bond during the 15 days preceding any principal payment or redemption date, or, in
602 the case of any proposed redemption of an Bond, after mailing of notice of the call of the
603 Bond for redemption.

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

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

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

614 If the county redeems Term Bonds under the optional redemption provisions set
615 forth in the Sale Motion or purchases for cancellation or defeases Term Bonds, the Term
616 Bonds so redeemed, purchased or defeased (irrespective of their redemption or purchase
617 prices) shall, unless otherwise provided in the Sale Motion, be credited against one or

618 more scheduled mandatory redemption amounts for those Term Bonds. The county shall
619 determine the manner in which the credit is to be allocated and shall notify the Registrar
620 in writing of its allocation at least 60 days prior to the earliest mandatory redemption date
621 for the maturity of Term Bonds for which notice of redemption has not already been
622 given.

623 C. **Partial Redemption.** Whenever less than all of the Bonds of a single
624 maturity of a series are to be redeemed, the Securities Depository shall select the Bonds
625 registered in the name of the Securities Depository to be redeemed in accordance with the
626 Letter of Representations, and the Registrar shall select all other Bonds to be redeemed
627 randomly, or in such other manner set forth in the Sale Motion or as the Registrar shall
628 determine.

629 Portions of the principal amount of any Bond, in integral amounts of \$5,000, may
630 be redeemed, unless otherwise provided in the Sale Motion. If less than all of the
631 principal amount of any Bond is redeemed, upon surrender of that Bond to the Registrar,
632 there shall be issued to the Registered Owner, without charge therefor, a new Bond (or
633 Bonds, at the option of the Registered Owner) of the same series, maturity and interest
634 rate in any authorized denomination in the aggregate total principal amount remaining
635 outstanding.

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

639 SECTION 6. Notice and Effect of Redemption. Notice of redemption of each
640 Bond registered in the name of the Securities Depository shall be given in accordance

641 with the Letter of Representations. Notice of redemption of each other Bond, unless
642 waived by the Registered Owner, shall be given by the Registrar not less than 20 nor
643 more than 60 days prior to the date fixed for redemption by first-class mail, postage
644 prepaid, to the Registered Owner at the address appearing on the Bond Register on the
645 Record Date. The requirements of the preceding sentences shall be deemed to have been
646 fulfilled when notice has been mailed as so provided, whether or not it is actually
647 received by any Owner. Notice of redemption shall also be mailed or sent electronically
648 within the same period to the MSRB, to any nationally recognized rating agency then
649 maintaining a rating on the Bonds at the request of the county, and to such other persons
650 and with such additional information as the Finance Director shall determine, but such
651 further notice shall not be a condition precedent to the redemption of any Bond.

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

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

663 **SECTION 7. Form and Execution of Bonds.** Bonds issued as Parity Bonds

664 shall be in substantially the form set forth in Attachment C to this ordinance. Bonds
665 issued as Parity Lien Obligations shall be in substantially the form set forth in
666 Attachment D to this ordinance. The Bonds shall be signed by the county executive and
667 the clerk of the council, either or both of whose signatures may be manual or in facsimile,
668 and the seal of the county or a facsimile reproduction thereof shall be impressed or
669 printed thereon.

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

676 If any officer whose manual or facsimile signature appears on a Bond ceases to be
677 an officer of the county authorized to sign bonds before the Bond bearing his or her
678 manual or facsimile signature is authenticated by the Registrar, or issued or delivered by
679 the county, that Bond nevertheless may be authenticated, issued and delivered and, when
680 authenticated, issued and delivered, shall be as binding on the county as though that
681 person had continued to be an officer of the county authorized to sign bonds. Any Bond
682 also may be signed on behalf of the county by any person who, on the actual date of
683 signing of the Bond, is an officer of the county authorized to sign bonds, although he or
684 she did not hold the required office on the dated date of the Bond.

685 **SECTION 8. Mutilated, Lost, Stolen or Destroyed Bonds.** If any Bond
686 becomes mutilated, the Registrar may authenticate and deliver a new Bond or Bonds of

687 like amount, date, series, interest rate and tenor to the Registered Owner thereof upon the
688 Registered Owner's paying the expenses and charges of the county and the Registrar in
689 connection therewith and upon surrender to the Registrar of the Bond so mutilated.
690 Every mutilated Bond so surrendered shall be canceled and destroyed by the Registrar.

691 If any Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver
692 a new Bond or Bonds of like amount, date, series, interest rate and tenor to the Registered
693 Owner thereof upon the Registered Owner's paying the expenses and charges of the
694 county and the Registrar in connection therewith and upon filing with the Registrar
695 evidence satisfactory to the Registrar that such Bond was actually lost, stolen or
696 destroyed and of registered ownership thereof, and upon furnishing the county and the
697 Registrar with indemnity satisfactory to the Finance Director and the Registrar.

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

706 A. **Debt Service Account.** A "Debt Service Account" has heretofore been
707 established in the Parity Bond Fund. The county hereby obligates and binds itself to set
708 aside and pay into that account out of Revenue of the System amounts sufficient, together
709 with accrued interest, if any, received at the time of delivery of any series of Bonds that

710 are Parity Bonds and deposited therein, income from the investment of money in the Debt
711 Service Account and Parity Bond Reserve Account, and any other money on deposit in
712 the Debt Service Account and legally available, to pay the principal of and interest on
713 outstanding Parity Bonds as the same become due and payable.

714 For each series of the Bonds that are Parity Bonds there is hereby authorized to be
715 created a special subaccount in the Debt Service Account. All money required by this
716 subsection A. of this section to be deposited into the Debt Service Account for the
717 payment of principal of and interest on that series of the Bonds shall be deposited into the
718 subaccount created for the series. Money in the subaccount will be treated in all respects
719 as all other money in the Debt Service Account, but will be accounted for separately for
720 the purpose of calculating any Rebate Amount payable with respect to that series of the
721 Bonds.

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

726 B. **Term Bond Provisions.** If any Bonds issued as Parity Bonds are
727 designated as Term Bonds pursuant to Section 27 of this ordinance, the Sale Motion for
728 that series of Bonds shall set forth a mandatory redemption schedule to amortize the
729 principal of those Parity Term Bonds. Payments of principal of Parity Term Bonds under
730 any such mandatory redemption schedule shall be made from the Debt Service Account,
731 as provided in subsection A. of this section, to the extent not credited pursuant to Section
732 5.B. of this ordinance.

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

738 **C. Parity Bond Reserve Account.** A Parity Bond Reserve Account has
739 heretofore been established in the Parity Bond Fund. The county hereby pledges that it
740 will pay into and maintain in the Parity Bond Reserve Account an amount that together
741 with other funds in the Parity Bond Reserve Account will be at least equal to the Reserve
742 Requirement. The county may substitute Qualified Insurance or a Qualified Letter of
743 Credit for amounts required to be paid into or maintained in the Parity Bond Reserve
744 Account. The Qualified Letter of Credit or Qualified Insurance must not be cancelable
745 on less than five years' notice. In the event of any cancellation, the Parity Bond Reserve
746 Account will be funded in accordance with the provisions of this section providing for
747 payment in the event of a deficiency therein, as if the Parity Bonds that remain
748 outstanding had been issued on the date of such notice of cancellation.

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

754 If there is a deficiency in the Debt Service Account to make any payment when
755 due of either principal of or interest on any Parity Bonds, the deficiency will be made up

756 from the Parity Bond Reserve Account by the withdrawal of money therefrom and by the
757 sale or redemption of obligations held in the Parity Bond Reserve Account, if necessary,
758 in such amounts as will provide cash in the Parity Bond Reserve Account sufficient to
759 make up any such deficiency. If a deficiency still exists immediately prior to an interest
760 payment date and after the withdrawal of cash, the county will then draw from any
761 Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility in
762 sufficient amount to make up the deficiency. The draw will be made at such times and
763 under such conditions as the agreement for the Qualified Letter of Credit or Qualified
764 Insurance provides. If more than one Qualified Letter of Credit or Qualified Insurance is
765 available, draws will be made ratably thereon to make up the deficiency. Any deficiency
766 created in the Parity Bond Reserve Account by reason of any such withdrawal must then
767 be made up from Revenue of the System that is available after first making the payments
768 required to be made under paragraph "First" through "Third" of Section 14 of this
769 ordinance.

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

772 SECTION 10. Parity Lien Obligation Bond Fund. A special fund of the county
773 known as the "Water Quality Limited Tax General Obligation Bond Redemption Fund"
774 ("the Parity Lien Obligation Bond Fund") has heretofore been created and is hereby
775 continued, along with the accounts therein described in this section. The Parity Lien
776 Obligation Bond Fund is at all times completely segregated and set apart from all other
777 funds and accounts of the county and is a trust fund for the security and payment of
778 principal of and premium, if any, and interest on Parity Lien Obligations. All money

779 credited to the Parity Lien Obligation Bond Fund is pledged and ordered to be used for
780 the sole purpose of paying principal of and premium, if any, and interest on Parity Lien
781 Obligations.

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

790 For each series of the Bonds issued as Parity Lien Obligations, there is hereby
791 authorized to be created a special subaccount in the Debt Service Account. All money
792 required by this subsection A. to be deposited into the Debt Service Account for the
793 payment of principal of and interest on that series of the Bonds will be deposited into the
794 subaccount created for the series. Money in that subaccount will be treated in all respects
795 as all other money in the Debt Service Account, but will be accounted for separately for
796 the purpose of calculating any Rebate Amount payable with respect to that series of the
797 Bonds.

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

802 B. **Term Bond Provisions.** If any Bonds issued as Parity Lien Obligations
803 are designated as Term Bonds pursuant to Section 27 of this ordinance, the Sale Motion
804 for that series of Bonds shall set forth a mandatory redemption schedule to amortize the
805 principal of those Parity Lien Obligation Term Bonds. Payments of principal of Parity
806 Lien Obligation Term Bonds under any such mandatory redemption schedule will be
807 made from the Debt Service Account, as provided in subsection A. of this section, to the
808 extent not credited pursuant to Section 5.B. of this ordinance.

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

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

824 The county hereby irrevocably pledges that the annual tax herein authorized to be

825 levied for the payment of such principal and interest shall be within and a part of the tax
826 levy permitted to counties without a vote of the people, and that a sufficient portion of the
827 taxes to be levied and collected annually by the county prior to the full payment of the
828 principal of and interest on the Bonds issued as Parity Lien Obligations will be and is
829 hereby irrevocably set aside, pledged and appropriated for the payment of the principal of
830 and interest on those Bonds.

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

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

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

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

845 If money and investments in the Debt Service Account of the Parity Bond Fund
846 and the Parity Bond Reserve Account are reduced below the amounts required to pay the
847 principal and/or interest then due and payable on any Parity Bonds, funds on deposit in

848 any reserve created in the Revenue Fund not then required for the payment of necessary
849 Operating and Maintenance Expenses will be transferred to the Debt Service Account of
850 the Parity Bond Fund to the extent required to pay that principal and interest.

851 B. **Parity Lien Obligations.** The amounts covenanted to be paid out of
852 Revenue of the System into the Parity Lien Obligation Bond Fund and the accounts
853 therein shall constitute a lien and charge on Revenue of the System subject to Operating
854 and Maintenance Expenses, and junior, subordinate and inferior to the lien and charge on
855 Revenue of the System for the payments required by the ordinances authorizing the
856 Parity Bonds to be made into the Parity Bond Fund and the accounts therein, and equal to
857 the lien and charge on Revenue of the System for the payments required to be made by
858 the ordinances authorizing the issuance of the outstanding Parity Lien Obligations and
859 any additional Parity Lien Obligations, and superior to all other liens and charges on
860 Revenue of the System whatsoever.

861 SECTION 13. Revenue Fund; Rate Stabilization Fund.

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

867 B. **Rate Stabilization Fund.** In anticipation of increases in revenue
868 requirements of the System, a special fund of the county designated as the "Sewer Rate
869 Stabilization Fund" ("the Rate Stabilization Fund") has heretofore been established and is
870 hereby continued. The county may from time to time appropriate or budget amounts in

871 the Revenue Fund for deposit in the Rate Stabilization Fund, as provided in Section 14 of
872 this ordinance, and may from time to time withdraw amounts therefrom for deposit in the
873 Revenue Fund to prevent or mitigate sewer rate increases or for other lawful purposes of
874 the county related to the System, including calculations of "Net Revenue" and "Revenue
875 of the System" for the purposes of satisfying requirements of Sections 17, 23 and 24 of
876 this ordinance.

877 For any fiscal year, (i) amounts withdrawn from the Revenue Fund and deposited
878 into the Rate Stabilization Fund for that fiscal year must be subtracted from Net Revenue
879 for that fiscal year, and (ii) amounts withdrawn from the Rate Stabilization Fund and
880 deposited in the Revenue Fund for that fiscal year may be added to Revenue of the
881 System for that fiscal year.

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

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

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

890 **Third**, to make all payments required to be made pursuant to a reimbursement
891 agreement or agreements (or other equivalent documents) in connection with Qualified
892 Insurance or a Qualified Letter of Credit; provided, that if there is not sufficient money to
893 make all payments under such reimbursement agreements, the payments will be made on

894 a pro rata basis;

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

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

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

906 **Seventh**, to make all required payments of principal of and interest on the Multi-
907 Modal LTGO/Sewer Revenue Bonds as the same become due and payable, to make all
908 Payment Agreement Payments for any Payment Agreements entered into with respect to
909 Multi-Modal LTGO/Sewer Revenue Bonds, and to make any payments required to be
910 made to providers of credit enhancements or liquidity facilities for any Multi-Modal
911 LTGO/Sewer Revenue Bonds;

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

914 **Ninth**, to make all required payments of principal of and interest on bonds, notes,
915 warrants and other evidences of indebtedness, the lien and charge on Revenue of the
916 System of which are junior and inferior to the Subordinate Lien Obligations, as the same

917 become due and payable; and

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

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

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

927 A. **Construction Account.** There has heretofore been created a special fund
928 of the county known as the "Second Water Quality Construction Account" ("the
929 Construction Account"). For purposes of separately accounting for investment earnings
930 on the proceeds of the Bonds to facilitate compliance with the requirements of Section 20
931 of this ordinance, there is hereby established for each series of Bonds issued hereunder a
932 special subaccount within the Construction Account to be designated as the "Series
933 [applicable year designation] Construction Subaccount" (each a "Construction
934 Subaccount").

935 Money in each Construction Subaccount will be held and applied to pay costs of
936 acquiring, constructing and equipping improvements, additions or betterments to the
937 System as set forth in the Comprehensive Plan and the Capital Improvement Budget and
938 all costs incidental thereto, including engineering, architectural, planning, financial, legal,
939 urban design or any other incidental costs, and to repay any advances heretofore or

940 hereafter made on account of such costs, provided that if deficiencies exist in the Parity
941 Bond Fund or Parity Lien Obligation Bond Fund, money in any Construction Subaccount
942 may be transferred to such fund in any amounts necessary to pay principal of and interest
943 on Parity Bonds or Parity Lien Obligations, as applicable. Pursuant to a Sale Motion,
944 proceeds of a series of Bonds may be designated to pay capitalized interest on those
945 Bonds and may be held in the applicable Construction Subaccount or in a trust account to
946 be established with an escrow agent or refunding trustee appointed by the Finance
947 Director, as provided in the Sale Motion.

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

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

954 2. Proceeds of each series of the Bonds issued as Parity Bonds may
955 be deposited into the Parity Bond Reserve Account, as will be provided for in each Sale
956 Motion for any Bonds issued as Parity Bonds.

957 3. The balance of the proceeds of any Bonds will be deposited in the
958 appropriate Construction Subaccount (including an escrow account that may be
959 established for capitalized interest) as provided in subsection A. of this section and
960 applied as provided in subsection A. of this section.

961 SECTION 16. Due Regard for Expenses and Sewer Revenues Pledged. The
962 council hereby declares that, in fixing the amounts to be paid into the Parity Bond Fund

963 and Parity Lien Obligation Bond Fund, as applicable, and the accounts therein, out of
964 Revenue of the System, it has exercised due regard for the Operating and Maintenance
965 Expenses and has not obligated the county to set aside in such funds and accounts a
966 greater amount of Revenue of the System that in its judgment will be available over and
967 above the Operating and Maintenance Expenses and Revenue of the System previously
968 pledged.

969 SECTION 17. Rate Covenants.

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

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

986 B. **Parity Lien Obligations.** The county hereby covenants with the
987 Registered Owner of each of the Bonds issued as Parity Lien Obligations for so long as
988 any of the same are outstanding that the county will at all times establish, maintain and
989 collect rates and charges for sewage disposal service that will be fair and
990 nondiscriminatory and adequate to provide Revenue of the System sufficient for the
991 proper operation and maintenance of the System; for the punctual payment of the
992 principal of and interest on all outstanding Parity Bonds for which payment has not
993 otherwise been provided and all amounts that the county is obligated to set aside in the
994 Parity Bond Fund securing the Parity Bonds; for the punctual payment of the principal of
995 and interest on all outstanding Parity Lien Obligations and for all amounts that the county
996 is obligated to set aside in the Parity Lien Obligation Bond Fund; and for the payment of
997 any and all other amounts that the county is now or may hereafter become obligated to
998 pay from Revenue of the System.

999 The county hereby further covenants with the Registered Owner of each of the
1000 Bonds issued as Parity Lien Obligations for so long as any of the same are outstanding
1001 that the county will at all times establish, maintain and collect rates and charges for
1002 sewage disposal service that will provide in each calendar year Net Revenue in an
1003 amount that, together with the interest earned during that calendar year on investments
1004 made of money in the Parity Bond Fund, Parity Bond Reserve Account, Parity Lien
1005 Obligation Bond Fund and Construction Account, is equal to at least 1.15 times the
1006 amounts required to pay the Annual Debt Service for such calendar year.

1007 C. **Rate Stabilization Fund.** In determining compliance with the
1008 requirements of this section, Revenue of the System and Net Revenue shall be calculated

1009 by taking into account deposits and withdrawals from the Rate Stabilization Fund as
1010 provided in Section 13.B. of this ordinance.

1011 **SECTION 18. Certain Other Covenants of the County Regarding the Bonds.**

1012 The county hereby covenants with the Registered Owner of each of the Bonds for as long
1013 as any of the Bonds are outstanding, as follows:

1014 A. **Maintain in Good Order.** The county will cause the System and the
1015 business in connection therewith to be operated in a safe, sound, efficient, and economic
1016 manner in compliance with all health, safety, and environmental laws, regulatory body
1017 rules, regulatory body orders and court orders applicable to the county's operation of the
1018 System, and will cause the System to be maintained, preserved, reconstructed, expanded
1019 and kept, with all appurtenances and every part and parcel thereof, in good repair,
1020 working order and condition, and will from time to time cause to be made, without undue
1021 deferral, all necessary or proper repairs, replacements and renewals, so that all times the
1022 operation of the System will be properly and advantageously conducted.

1023 B. **Books and Records.** The county will cause proper books of record and
1024 accounts of operation of the System to be kept, including an annual financial report.

1025 C. **Annual Audit.** The county will cause its books of accounts, including its
1026 annual financial report, to be audited annually by the State auditor's office or other State
1027 department or agency as may be authorized and directed by law to make such audits, or if
1028 such an audit is not made for twelve months after the close of any fiscal year of the
1029 county, by a Certified Public Accountant. The county will furnish the audit to the Owner
1030 of any Bond upon written request therefor.

1031 D. **Insurance.** The county will at all times carry fire and extended coverage

1032 and such other forms of insurance on such of the buildings, equipment, facilities and
1033 properties of the System as under good practice are ordinarily carried on such buildings,
1034 equipment, facilities and properties by municipal or privately owned utilities engaged in
1035 the operation of sewer systems and will also carry adequate public liability insurance at
1036 all times, provided that the county may, if deemed advisable by the council, institute or
1037 continue a self-insurance program for any or all of the aforementioned risks.

1038 E. **Construction.** The county will cause the construction of any duly
1039 authorized and ordered portions of the Comprehensive Plan to be performed and
1040 completed within a reasonable time and at the lowest reasonable cost.

1041 F. **Collection of Revenue.** The county will operate and maintain the System
1042 and conduct its affairs so as to entitle it at all times to receive and enforce payment to it
1043 of sewage disposal charges payable (i) pursuant to the ordinance or ordinances
1044 establishing a tariff of rates and charges for sewage disposal services and (ii) under any
1045 Service Agreement that the county has now or may hereafter enter into and to entitle the
1046 county to collect all revenues derived from the operation of the System. The county shall
1047 not release the obligations of any person, corporation or political subdivision under such
1048 tariff of rates and charges or the Service Agreements and shall at all times, to the extent
1049 permitted by law, defend, enforce, preserve and protect the rights and privileges of the
1050 county and of the registered owners of the Parity Bonds and Parity Lien Obligations
1051 under or with respect thereto.

1052 In accordance with RCW 35.58.200(3), the county shall require any county, city,
1053 special district or other political subdivision to discharge to the System all sewage
1054 collected by that entity from any portion of the Seattle metropolitan area that can drain by

1055 gravity flow into facilities of the System that serve such areas if the council declares that
1056 the health, safety or welfare of the people within the metropolitan area require such
1057 action.

1058 **G. Legal Authority.** The county has full legal right, power and authority to
1059 adopt this ordinance, to sell, issue and deliver the Bonds as provided herein, and to carry
1060 out and consummate all other transactions contemplated by this ordinance.

1061 **H. Due Authorization.** By all necessary official action prior to or
1062 concurrently herewith, the county has duly authorized and approved the execution and
1063 delivery of, and the performance by the county of its obligations contained in, the Bonds
1064 and in this ordinance and the consummation by it of all other transactions necessary to
1065 effectuate this ordinance in connection with the issuance of Bonds, and such
1066 authorizations and approvals are in full force and effect and have not been amended,
1067 modified or supplemented in any material respect.

1068 **I. Binding Obligation.** This ordinance constitutes a legal, valid and binding
1069 obligation of the county.

1070 **J. No Conflict.** The county's adoption of this ordinance and its compliance
1071 with the provisions contained herein will not conflict with or constitute a breach of or
1072 default under any constitutional provision, law, administrative regulation, judgment,
1073 decree, loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement
1074 or other instrument to which the county is a party or to which the county or any of its
1075 property or assets are otherwise subject, nor will any such adoption or compliance result
1076 in the creation or imposition of any lien, charge or other security interest or encumbrance
1077 of any nature whatsoever upon any of the property or assets of the county or under the

1078 terms of any such law, regulation or instrument, except as permitted by this ordinance
1079 and the ordinances authorizing the issuance of other Parity Bonds and Parity Lien
1080 Obligations.

1081 **K. Performance Under Ordinance.** None of the proceeds of the Bonds will
1082 be used for any purpose other than as provided in this ordinance, and except as otherwise
1083 expressly provided herein, the county shall not suffer any amendment or supplement to
1084 this ordinance, or any departure from the due performance of the obligations of the
1085 county hereunder, that might materially adversely affect the rights of the Registered
1086 Owners from time to time of the Bonds.

1087 **L. Sale or Disposition.** The county will not sell or voluntarily dispose of all
1088 of the operating properties of the System unless provision is made for payment into the
1089 Parity Bond Fund and the Parity Lien Obligation Bond Fund of a sum sufficient to pay
1090 the principal of and interest on all outstanding Parity Bonds and Parity Lien Obligations
1091 in accordance with the terms thereof, nor will the county sell or voluntarily dispose of
1092 any part of the operating properties of the System unless provision is made (i) for
1093 payment into the Parity Bond Fund of an amount that will bear at least the same
1094 proportion to the amount of the outstanding Parity Bonds that the estimated amount of
1095 any resulting reduction in Revenue of the System for the twelve months following such
1096 sale or disposition bears to the Revenue of the System that would have been realized if
1097 such sale or disposition had not been made and (ii) for payment into the Parity Lien
1098 Obligation Bond Fund of an amount that will bear at least the same proportion to the
1099 amount of the outstanding Parity Lien Obligations that the estimated amount of any
1100 resulting reduction in Revenue of the System for the twelve months following such sale

1101 or disposition bears to the Revenue of the System that would have been realized if such
1102 sale or disposition had not been made. Those estimates must be made by a Professional
1103 Utility Consultant. Any money so paid into the Parity Bond Fund and the Parity Lien
1104 Obligation Bond Fund must be used to retire outstanding Parity Bonds and Parity Lien
1105 Obligations as provided herein at the earliest possible date; provided, however, that the
1106 county may sell or otherwise dispose of any of the works, plant, properties and facilities
1107 of the System or any real or personal property comprising a part of the System with a
1108 value of less than 5% of the net utility plant of the System or that have become
1109 unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or
1110 no longer necessary, material to or useful in such operation, without making any deposit
1111 into the Parity Bond Fund or Parity Lien Obligation Bond Fund.

1112 **SECTION 19. Certain Other Covenants of the County Regarding the Bonds**

1113 **Issued as Parity Lien Obligations.** The county makes the following covenants and
1114 warranties to the Registered Owner of each of the Bonds issued as Parity Lien
1115 Obligations:

1116 A. The Bonds issued as Parity Lien Obligations, when issued, sold,
1117 authenticated and delivered, will constitute legal, valid and binding general obligations of
1118 the county.

1119 B. The county covenants that the Bonds issued as Parity Lien Obligations
1120 will be issued within all statutory and constitutional debt limitations applicable to the
1121 county.

1122 **SECTION 20. Tax Covenants.**

1123 A. **General.** The county may elect to structure any series of Bonds so that

1124 interest on that series of Bonds would be taxable or excludable from gross income for
1125 federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Code
1126 and the applicable regulations ("the Tax-Exempt Bonds") or to confer other benefits
1127 under the Code to the county or Owners of that series of Bonds ("the Tax-Benefited
1128 Bonds"). The county covenants not to take any action, or knowingly omit to take any
1129 action within its control, that if taken or omitted would cause the interest on Tax-Exempt
1130 Bonds to be includable in gross income, as defined in Section 61 of the Code, for federal
1131 income tax purposes. Additional tax covenants as necessary or desirable for any series of
1132 Bonds may be set forth in the Sale Motion or Tax Certificate for that series of Bonds.

1133 **B. Tax Certificate.** Upon the issuance of any series of Tax-Exempt Bonds
1134 or Tax-Benefited Bonds, the Finance Director is authorized to execute the Tax
1135 Certificate, which will certify to various facts and representations concerning that series
1136 of Bonds, based on the facts and estimates known or reasonably expected on the date of
1137 their issuance, and make certain covenants with respect to that series of Bonds as may be
1138 necessary or desirable to obtain or maintain the benefits conferred under the Code
1139 relating to that series of Tax-Exempt Bonds or Tax-Benefited Bonds.

1140 The county covenants that it will comply with the Tax Certificate unless it
1141 receives advice from nationally recognized bond counsel or the Internal Revenue Service
1142 that certain provisions have been amended or no longer apply to the Tax-Exempt Bonds
1143 or Tax-Benefited Bonds, as applicable.

1144 **C. Arbitrage Rebate.** If the county does not qualify for an exception to the
1145 requirements of Section 148(f) of the Code relating to the payment of arbitrage rebate to
1146 the United States with respect to a series of Bonds, the county will take all necessary

1147 steps to comply with the requirement that certain amounts earned by the county on the
1148 investment of the "gross proceeds" of that series of Bonds (within the meaning of the
1149 Code) be rebated.

1150 **SECTION 21. Trustee for Registered Owners of Parity Bonds.**

1151 A. **Appointment of Trustee.** Upon the occurrence of any "event of default"
1152 described in Section 22.A. of this ordinance, the registered owners of a majority in
1153 principal amount of the outstanding Parity Bonds may appoint a Trustee by an instrument
1154 or concurrent instruments in writing signed and acknowledged by such registered owners
1155 or by their attorneys-in-fact duly authorized and delivered to the Trustee, notification
1156 thereof being given to the county. Any appointment of a Trustee under the provisions of
1157 this subsection A. must be a bank or trust company organized under the laws of the State
1158 or the State of New York or a national banking association. The fees and expenses of a
1159 Trustee must be borne by the owners of the Parity Bonds and not by the county. The
1160 bank or trust company acting as a Trustee may be removed at any time and a successor
1161 Trustee may be appointed by the registered owners of a majority in principal amount of
1162 the outstanding Parity Bonds, by an instrument or concurrent instruments in writing
1163 signed and acknowledged by such registered owners or by their attorneys-in-fact duly
1164 authorized.

1165 The Trustee appointed in the manner herein provided, and each successor thereto,
1166 is hereby declared to be a trustee for the registered owners of all the Parity Bonds and is
1167 empowered to exercise all rights and powers herein conferred on the Trustee.

1168 B. **Certain Rights and Obligations of Trustee.** The Trustee will not be
1169 responsible for recitals in any ordinance or in the Parity Bonds, or for the validity of any

1170 Parity Bonds, nor will the Trustee be responsible for insuring the System or for collecting
1171 any insurance money or for the title to any property of the System.

1172 The Trustee will be protected in acting upon any notice, request, consent,
1173 certificate, order, affidavit, letter or other paper or document believed by it to be genuine
1174 and correct and to have been signed, sent or delivered by the person or persons by whom
1175 such paper or document is purported to have been signed, sent or delivered.

1176 The Trustee will not be answerable for any neglect or default of any person, firm
1177 or corporation employed and selected by it with reasonable care.

1178 The Trustee will permit the owner of any Parity Bonds to inspect any instrument,
1179 opinion or certificate filed with the Trustee by the county or by any person, firm or
1180 corporation acting for the county.

1181 The Trustee will not be bound to recognize any person as an owner of any Parity
1182 Bond until his, her or its title thereto, if disputed, has been established to the Trustee's
1183 reasonable satisfaction.

1184 The Trustee may consult with counsel, and the opinion of such counsel will be
1185 full and complete authorization and protection in respect of any action taken or suffered
1186 by it hereunder in good faith and in accordance with the opinion of such counsel.

1187 **SECTION 22. Events of Default for Parity Bonds; Powers and Duties of**
1188 **Trustee.**

1189 A. **Events of Default.** The occurrence of one or more of the following is an
1190 "event of default" with respect to any Bonds issued as Parity Bonds under this ordinance:

1191 1. default in the payment of principal of or interest on any Parity
1192 Bonds when the same becomes due; or

1193 2. default in the observance or performance of any of the other
1194 covenants applicable to Parity Bonds herein contained, and the default continues for a
1195 period of six months after written notice to the county from the registered owner of a
1196 Parity Bond specifying the default and requiring that it be remedied.

1197 **B. Powers of Trustee.** The Trustee in its own name and on behalf of and for
1198 the benefit and protection of the registered owners of all Parity Bonds may proceed, and
1199 upon the written request of the registered owners of not less than 25% in principal
1200 amount of the Parity Bonds then outstanding must proceed, to protect and enforce any
1201 rights of the Trustee and, to the full extent that registered owners of Parity Bonds
1202 themselves might do, the rights of such registered owners of Parity Bonds under the laws
1203 of the State or under the ordinances providing for the issuance of the Parity Bonds, by
1204 such suits, actions or proceedings in equity or at law, either for the specific performance
1205 of any covenant contained herein or in aid or execution of any power herein granted or
1206 for any proper legal or equitable remedy as the Trustee may deem most effectual to
1207 protect and enforce the rights of the Trustee and the registered owners of Parity Bonds.
1208 In the enforcement of any such rights under this or any other ordinance of the county, the
1209 Trustee is entitled to sue for, to enforce payment of and to receive any and all amounts
1210 due from the county for principal, interest or otherwise under any of the provisions of
1211 such ordinance, with interest on overdue payments at the rate or rates set forth in such
1212 Parity Bond or Parity Bonds, together with any and all costs and expenses of collection
1213 and of all proceedings taken by the Trustee without prejudice to any other right or
1214 remedy of the Trustee or of the owners of the Parity Bonds.

1215 If default is made in the payment of principal of any Parity Bond and the default

1216 continues for a period of 30 days, the Trustee may not accelerate payment of any Parity
1217 Bonds but may proceed to enforce payment thereof as hereinabove provided. If, in the
1218 sole judgment of the Trustee, any default is cured and the Trustee furnishes the county a
1219 certificate so stating, that default is conclusively deemed to be cured, and the county,
1220 Trustee and owners of Parity Bonds will be restored to the same rights and position they
1221 would have held if no event of default had occurred.

1222 C. **Actions in Name of Trustee.** All rights of action under this ordinance or
1223 upon any of the Parity Bonds enforceable by the Trustee may be enforced by the Trustee
1224 without the possession of any Parity Bonds or the production thereof in the trial or other
1225 proceedings relative thereto, and any such suit, action or proceeding instituted by the
1226 Trustee will be brought in its name for the ratable benefit of the registered owners of all
1227 Parity Bonds, subject to the provisions of this ordinance.

1228 D. **Procedure by Bond Owners.** No owner of any one or more of the Parity
1229 Bonds has any right to institute any action, suit or proceedings at law or in equity for the
1230 enforcement of the same, unless an event of default occurs and unless no Trustee is
1231 appointed as herein provided, but any remedy herein authorized to be exercised by a
1232 Trustee may be exercised individually by any registered owner of a Parity Bond, in his,
1233 her or its own name and on his, her or its own behalf or for the benefit of all registered
1234 owners of Parity Bonds, if no Trustee is appointed, or with the consent of the Trustee if
1235 such Trustee has been appointed.

1236 E. **Application of Money Collected by Trustee.** Any money collected by
1237 the Trustee at any time pursuant to this section will be applied, first, to the payment of its
1238 charges, expenses, advances and compensation and the charges, expenses, counsel fees,

1239 disbursements and compensation of its agents and attorneys, and, second, toward
1240 payment of the amount then due and unpaid upon the Parity Bonds, ratably and without
1241 preference or priority of any kind not expressly provided in this ordinance, according to
1242 the amounts due and payable upon the Parity Bonds at the date fixed by the Trustee for
1243 the distribution of such money, upon presentation of the several Parity Bonds and upon
1244 causing such payment to be stamped thereon, if partly paid, and upon surrender thereof, if
1245 fully paid.

1246 SECTION 23. Future Parity Bonds. The county further covenants and agrees
1247 with the Registered Owner of each of the Bonds issued as Parity Bonds for as long as the
1248 same are outstanding that it will not create any special fund for the payment of the
1249 principal of and interest on any revenue bonds that will rank on a parity with or have any
1250 priority over the payments out of Revenue of the System required to be made into the
1251 Parity Bond Fund and the accounts therein to pay or secure the payment of the
1252 outstanding Parity Bonds. The county reserves the right for: (i) the purpose of acquiring,
1253 constructing and installing any portion of the Comprehensive Plan; (ii) the purpose of
1254 acquiring, constructing and installing any necessary renewals or replacements of the
1255 System; or (iii) the purpose of refunding or purchasing and retiring at or prior to their
1256 maturity any outstanding obligations of the county payable from Revenue of the System,
1257 to issue additional or refunding Parity Bonds (including Variable Rate Parity Bonds) and
1258 to make payments into the Parity Bond Fund out of the Revenue Fund that will be
1259 sufficient to pay the principal of and interest on those additional or refunding Parity
1260 Bonds and to maintain required reserves, such payments out of the Revenue Fund to rank
1261 equally with the payments out of the Revenue Fund required to be made into the Parity

1262 Bond Fund and the accounts therein for the payment of the principal of and interest on
1263 outstanding Parity Bonds, but only upon compliance with the following conditions:

1264 A. At the time of the issuance of any Future Parity Bonds there is no
1265 deficiency in the Parity Bond Fund or any account therein.

1266 B. Each ordinance providing for the issuance of any Future Parity Bonds that
1267 are refunding bonds must require that all money held in any fund or account of the county
1268 created for the purpose of paying the principal of and interest on the bonds being
1269 refunded either be used to pay the principal of and interest on such bonds or be
1270 transferred or paid into the Parity Bond Fund.

1271 C. Each ordinance providing for the issuance of Future Parity Bonds must
1272 provide for the payment of the principal thereof and interest thereon out of the Parity
1273 Bond Fund. The Future Parity Bonds may bear such date of issue, interest payment
1274 dates, and principal payment dates, and may mature in such year or years as the council
1275 provides. Each such ordinance will further provide that upon the issuance of any Future
1276 Parity Bonds, the county will pay into the Parity Bond Reserve Account an amount that
1277 will be sufficient to satisfy the Reserve Requirement then applicable or provide Qualified
1278 Insurance or a Qualified Letter of Credit to satisfy the Reserve Requirement.

1279 D. At the time of the issuance of any Future Parity Bonds, the county must
1280 have on file a certificate from a Professional Utility Consultant (the certificate may not be
1281 dated more than 90 days prior to the date of delivery of such Future Parity Bonds)
1282 showing that in his or her professional opinion the "annual income available for debt
1283 service on Parity Bonds" for each year during the life of such Future Parity Bonds shall
1284 be at least equal to 1.25 times the amount required in each such year to pay the Annual

1285 Parity Debt Service for such year. Such "annual income available for debt service on
1286 Parity Bonds" must be determined as follows for each year following the proposed date
1287 of issue of such Future Parity Bonds:

1288 1. The Revenue of the System must be determined for a period of any
1289 12 consecutive months out of the 18 months immediately preceding the delivery of the
1290 Future Parity Bonds being issued.

1291 2. Such revenue may be adjusted to give effect on a 12-month basis
1292 to the rates in effect on the date of such certificate.

1293 3. If there were any Customers added to the System during such 12-
1294 month period or thereafter and prior to the date of the Professional Utility Consultant's
1295 certificate, such revenue may be further adjusted on the basis that added Customers were
1296 Customers of the System during the entire 12-month period.

1297 4. There will be deducted from such revenue the amount expended
1298 for Operating and Maintenance Expenses during such period.

1299 5. For each year following the proposed date of issuance of such
1300 Future Parity Bonds the Professional Utility Consultant may add to the annual revenue
1301 determined in subsection D.1. through 4. of this section an estimate of the income to be
1302 received in each such year from the investment of money in the Parity Bond Fund and
1303 any account therein, and the Construction Account, which is to be determined by and in
1304 the sole discretion of a firm of nationally recognized financial consultants selected by the
1305 county.

1306 6. Beginning with the second year following the proposed date of
1307 issue of such Future Parity Bonds and for each year thereafter, the Professional Utility

1308 Consultant may add to the annual revenue determined in subsection D.1. through 5. of
1309 this section his or her estimate of any additional annual revenue to be received from
1310 anticipated growth in the number of Customers within the area served by the System on
1311 the date of such certificate, after deducting therefrom any increased Operating and
1312 Maintenance Expenses estimated to be incurred as a result of such growth; provided, that
1313 the Professional Utility Consultant's estimate of the number of Customers served may not
1314 assume growth of more than 1/4 of 1% over and above the number of Customers served
1315 or estimated to be served during the preceding year.

1316 7. If extensions of or additions to the System are in the process of
1317 construction at the time of such certificate, or if the proceeds of the Future Parity Bonds
1318 being issued are to be used to acquire or construct extensions of or additions to the
1319 System, there may be added to the annual net revenue as above determined any revenue
1320 not included in subsection D.1. through 6. of this section that will be derived from such
1321 additions and extensions after deducting therefrom the estimated additional Operating
1322 and Maintenance Expenses to be incurred as a result of such additions and extensions;
1323 provided, that such estimated annual revenue will be based upon 75% of any estimated
1324 Customer growth in the four years following the first full year in which such additional
1325 revenue is to be collected and thereafter the estimated Customer growth may not exceed
1326 1/4 of 1% per year over and above such reduced estimate.

1327 E. Instead of the certificate described in subsection D. of this section, the
1328 county may elect to have on file a certificate of the Finance Director demonstrating that
1329 during any 12 consecutive calendar months out of the immediately preceding 18 calendar
1330 months Net Revenue was at least equal to 1.25 times the amount required to pay, in each

1331 year that such Future Parity Bonds would be outstanding, the Annual Parity Debt Service
1332 for such year.

1333 F. For the purpose of refunding at or prior to their maturity any outstanding
1334 Parity Bonds or any bonds or other obligations of the county payable from Revenue of
1335 the System, the county may at any time issue Future Parity Bonds without complying
1336 with the provisions of subsection D. or E. of this section; provided, that the county may
1337 not issue Future Parity Bonds for such purpose under this subsection F. unless the
1338 Finance Director certifies that upon the issuance of such Future Parity Bonds: (i) total
1339 debt service required for all Parity Bonds (including the refunding bonds and not
1340 including the bonds to be refunded thereby) will decrease; and (ii) the Annual Parity Debt
1341 Service for each year that any Parity Bonds (including the refunding bonds and not
1342 including the bonds to be refunded thereby) are then outstanding will not be increased by
1343 more than \$5,000 by reason of the issuance of such Future Parity Bonds.

1344 The principal amount of Future Parity Bonds issued pursuant to this subsection F.
1345 may include amounts necessary to pay the principal of the Parity Bonds or other
1346 obligations to be refunded, interest thereon to the date of payment or redemption thereof,
1347 any premium payable thereon upon such payment or redemption and the costs of issuance
1348 of such Future Parity Bonds, and if a Payment Agreement has been provided with respect
1349 to the obligations to be refunded, may include amounts necessary to make the payment of
1350 all amounts, if any, due and payable by the county under such Payment Agreement. The
1351 proceeds of such Future Parity Bonds will be held and applied in such manner as is
1352 provided for in the ordinance authorizing the issuance of the Parity Bonds or other
1353 obligations to be refunded, so that upon the delivery of such Future Parity Bonds, the

1354 Parity Bonds or other obligations to be refunded thereby will be deemed no longer
1355 outstanding in accordance with the ordinance authorizing their issuance.

1356 G. For so long as the county's Junior Lien Variable Rate Demand Sewer
1357 Revenue Bond, Series 2012, remains outstanding, at the time of issuing any Future Parity
1358 Bonds, the Finance Director shall provide to the registered owner of that bond a debt
1359 service coverage certificate as required by Ordinance 17495, Section 5.4.(a), of the
1360 county authorizing the issuance of that bond.

1361 H. Nothing contained in this ordinance prevents the county from issuing
1362 revenue bonds that are a charge on Revenue of the System and money in the Revenue
1363 Fund junior or inferior to the payments required to be made therefrom into the Parity
1364 Bond Fund and any account therein, nor shall anything herein contained prevent the
1365 county from issuing Future Parity Bonds to refund maturing Parity Bonds for the
1366 payment of which money is not otherwise available.

1367 **SECTION 24. Additional Parity Lien Obligations.** The county expressly
1368 reserves the right to issue additional Parity Bonds in accordance with the ordinances,
1369 including this ordinance, authorizing the Parity Bonds. Subject to this reservation of
1370 rights with respect to Parity Bonds, the county hereby covenants and agrees with the
1371 Registered Owner of each of the Bonds issued as Parity Lien Obligations, so long as such
1372 Bonds are outstanding, that it will not issue or incur any other additional indebtedness
1373 secured in whole or in part by a lien on Revenue of the System superior to the lien of
1374 such Bonds issued as Parity Lien Obligations.

1375 A. **Parity Lien Obligations Other Than Refunding Bonds.** The county
1376 expressly reserves the right to issue or enter into additional Parity Lien Obligations

1377 (including Variable Rate Parity Lien Obligations as defined herein) for any lawful
1378 purpose of the county related to the System if at the time of issuing or entering into such
1379 Parity Lien Obligations:

1380 1. There is no deficiency in the Parity Bond Fund, the Parity Lien
1381 Obligation Bond Fund or any other bond fund or account securing Parity Lien
1382 Obligations.

1383 2. The county has on file a certificate from a Professional Utility
1384 Consultant (the certificate may not be dated more than 90 days prior to the date of
1385 delivery of such Parity Lien Obligations) showing that in his or her professional opinion,
1386 the "annual income available for debt service on Parity Bonds and Parity Lien
1387 Obligations" for each year during the life of such Parity Lien Obligations is at least equal
1388 to 1.25 times the amount required to pay Annual Debt Service in each such year. Such
1389 "annual income available for debt service on Parity Bonds and Parity Lien Obligations"
1390 shall be determined as follows for each year following the proposed date of issue of such
1391 Parity Lien Obligations:

1392 a. The Revenue of the System must be determined for a
1393 period of any 12 consecutive months out of the 18 months immediately preceding the
1394 delivery of the Parity Lien Obligations being issued.

1395 b. Such revenue may be adjusted to give effect on a 12-month
1396 basis to the rates in effect on the date of such certificate.

1397 c. If there were any Customers added to the System during
1398 such 12-month period or thereafter and prior to the date of the Professional Utility
1399 Consultant's certificate, such revenue may be further adjusted on the basis that added

1400 Customers were Customers of the System during the entire 12-month period.

1401 d. There will be deducted from such revenue the amount
1402 expended for Operating and Maintenance Expenses during such period.

1403 e. For each year following the proposed date of issuance of
1404 such Parity Lien Obligations the Professional Utility Consultant may add to the annual
1405 revenue determined in clauses a through d of this paragraph 2 an estimate of the income
1406 to be received in each such year from the investment of money in the Parity Bond Fund,
1407 the Parity Lien Obligation Bond Fund and the Construction Account, which is to be
1408 determined by and in the sole discretion of a firm of nationally recognized financial
1409 consultants selected by the county.

1410 f. Beginning with the second year following the proposed
1411 date of issue of such Parity Lien Obligations and for each year thereafter the Professional
1412 Utility Consultant may add to the annual revenue determined in clauses a through e of
1413 this paragraph 2 his or her estimate of any additional annual revenue to be received from
1414 anticipated growth in the number of Customers within the area served by the System on
1415 the date of such certificate, after deducting therefrom any increased Operating and
1416 Maintenance Expenses estimated to be incurred as a result of such growth; provided, that
1417 the Professional Utility Consultant's estimate of the number of customers served may not
1418 assume a growth of more than 1/4 of 1% over and above the number of customers served
1419 or estimated to be served during the preceding year.

1420 g. If extensions of or additions to the System are in the
1421 process of construction at the time of such certificate, or if the proceeds of the Parity Lien
1422 Obligations being issued are to be used to acquire or construct extensions of or additions

1423 to the System, there may be added to the annual net revenue as above determined any
1424 revenue not included in clauses a through f of this paragraph 2 that will be derived from
1425 such additions and extensions after deducting therefrom the estimated additional
1426 Operating and Maintenance Expenses to be incurred as a result of such additions and
1427 extensions; provided, that such estimated annual revenue must be based upon 75% of any
1428 estimated Customer growth in the four years following the first full year in which such
1429 additional revenue is to be collected and thereafter the estimated Customer growth may
1430 not exceed 1/4 of 1% per year over and above such reduced estimate.

1431 3. Instead of the certificate described in subsection A.2. of this
1432 section, the county may elect to have on file a certificate of the Finance Director
1433 demonstrating that during any 12 consecutive calendar months out of the immediately
1434 preceding 18 calendar months Net Revenue was at least equal to 1.25 times the amount
1435 required to pay, in each year that such Parity Lien Obligations would be outstanding, the
1436 Annual Debt Service for such year.

1437 **B. Parity Lien Obligations That Are Refunding Bonds.**

1438 1. The county may at any time, for the purpose of refunding at or
1439 prior to their maturity any outstanding Parity Lien Obligations, Parity Bonds, or any
1440 bonds or other obligations of the county payable from Revenue of the System, issue
1441 additional Parity Lien Obligations without complying with the provisions of subsection
1442 A.2. and 3. of this section if there is filed with the clerk of the council a certificate of the
1443 Finance Director stating that upon the issuance of such additional Parity Lien
1444 Obligations: (i) total debt service on all Parity Bonds and Parity Lien Obligations
1445 (including the refunding bonds but not including the bonds to be refunded thereby) will

1446 decrease; and (ii) the Annual Debt Service for each year that any Parity Bonds and any
1447 Parity Lien Obligations (including the refunding bonds but not including the bonds to be
1448 refunded thereby) are then outstanding will not be increased by more than \$5,000 by
1449 reason of the issuance of such additional Parity Lien Obligations.

1450 2. The principal amount of such Parity Lien Obligations may include
1451 amounts necessary to pay the principal of the bonds or other obligations to be refunded,
1452 interest thereon to the date of payment or redemption thereof and any premium payable
1453 thereon upon such payment or redemption and the costs of issuance of such Parity Lien
1454 Obligations and, if a Payment Agreement has been provided with respect to the
1455 obligations to be refunded, may include amounts necessary to make the payment of all
1456 amounts, if any, due and payable by the county under such Payment Agreement. The
1457 proceeds of such Parity Lien Obligations will be held and applied as is provided in the
1458 ordinance authorizing the issuance of such Parity Lien Obligations, so that upon the
1459 delivery of such Parity Lien Obligations, the bonds or other obligations to be refunded
1460 thereby will be deemed no longer outstanding in accordance with the ordinance
1461 authorizing their issuance.

1462 3. At the election of the county, the provisions of this subsection B.
1463 need not apply to the refunding at one time of all the Parity Lien Obligations then
1464 outstanding.

1465 4. Nothing contained in this ordinance prohibits or prevents, or will
1466 be deemed or construed to prohibit or prevent, the county from issuing Parity Lien
1467 Obligations to refund maturing Parity Lien Obligations of the county for the payment of
1468 which money is not otherwise available.

1469 C. **Additional Debt Service Coverage Certificate.** For so long as the
1470 county's Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, remains
1471 outstanding, at the time of issuing any additional Parity Lien Obligations, the Finance
1472 Director shall provide to the registered owner of that bond a debt service coverage
1473 certificate as required by Ordinance 17495, Section 5.4.(a), of the county authorizing the
1474 issuance of that bond.

1475 D. **Subordinate Obligations.** Nothing in this ordinance prohibits, or will be
1476 deemed or construed to prohibit, the county from authorizing and issuing bonds, notes or
1477 other evidences of indebtedness for any purpose of the county related to the System
1478 payable in whole or in part from Revenue of the System and secured by a lien on
1479 Revenue of the System that is junior, subordinate and inferior to the lien of any Bonds
1480 issued as Parity Lien Obligations.

1481 SECTION 25. Reimbursement Obligations. If the county elects to secure any
1482 Bonds with a Credit Facility, the county may contract with the entity providing the Credit
1483 Facility that the reimbursement obligation, if any, to that entity will be a Parity Bond or
1484 Parity Lien Obligation, as applicable.

1485 SECTION 26. Payment Agreements.

1486 A. **General.** To the extent and for the purposes permitted from time to time
1487 by chapter 39.96 RCW, as it may be amended, and other applicable provisions of State
1488 law, the county may enter into Payment Agreements, subject to the conditions set forth in
1489 this section and in other provisions of this ordinance.

1490 B. **Manner and Schedule of Payments.** Each Payment Agreement must set
1491 forth the manner in which the Payment Agreement Payments and the Payment

1492 Agreement Receipts will be calculated and a schedule of payment dates.

1493 C. **Authorizing Ordinance.** Prior to entering into a Payment Agreement, the
1494 council must adopt an ordinance authorizing such agreement and setting forth such
1495 provisions as the county deems necessary or desirable and are not inconsistent with the
1496 provisions of this ordinance.

1497 D. **Calculation of Payment Agreement Payments and Debt Service on**
1498 **Bonds with Respect to which a Payment Agreement is in Force.** It is the intent of the
1499 county, for purposes of Section 17, 23 or 24 of this ordinance, that debt service on Parity
1500 Bonds with respect to which a Parity Payment Agreement is in force will be calculated to
1501 reflect the net economic effect on the county intended to be produced by the terms of
1502 such Parity Bonds and Parity Payment Agreement and that debt service on Parity Lien
1503 Obligation Bonds with respect to which a Parity Lien Obligation Payment Agreement is
1504 in force will be calculated to reflect the net economic effect on the county intended to be
1505 produced by the terms of such Parity Lien Obligation Bonds and Parity Lien Obligation
1506 Payment Agreement. In calculating such amounts, the county will be guided by the
1507 following requirements.

1508 1. The amount of interest deemed to be payable on any Bonds with
1509 respect to which a Payment Agreement is in force will be an amount equal to the amount
1510 of interest that would be payable at the rate or rates stated in those Bonds plus Payment
1511 Agreement Payments minus Payment Agreement Receipts.

1512 2. For any period during which Payment Agreement Payments are
1513 not taken into account in calculating interest on any outstanding Bonds because the
1514 Payment Agreement is not then related to any outstanding Bonds, Payment Agreement

1515 Payments on that Parity Payment Agreement will be calculated based upon the following
1516 assumptions:

1517 a. **County Obligated to Make Payments Based on Fixed**
1518 **Rate.** If the county is obligated to make Payment Agreement Payments based on a fixed
1519 rate and the Qualified Counterparty is obligated to make payments based on a variable
1520 rate index, payments by the county will be based on the assumed fixed payor rate, and
1521 payments by the Qualified Counterparty will be based on a rate equal to the average rate
1522 determined by the variable rate index specified by the Payment Agreement during the
1523 fiscal quarter preceding the quarter in which the calculation is made; and

1524 b. **County Obligated to Make Payments Based on Variable**
1525 **Rate Index.** If the county is obligated to make Payment Agreement Payments based on a
1526 variable rate index and the Qualified Counterparty is obligated to make payments based
1527 on a fixed rate, payments by the county will be based on a rate equal to the average rate
1528 determined by the variable rate index specified by the Payment Agreement during the
1529 fiscal quarter preceding the quarter in which the calculation is made, and the Qualified
1530 Counterparty will make payments based on the fixed rate specified by the Payment
1531 Agreement.

1532 E. **Prior Notice to Rating Agencies.** The county will give notice to Moody's
1533 and S&P 30 days prior to the date it intends to enter into a Parity Payment Agreement
1534 and will give notice to Fitch, Moody's and S&P 30 days prior to the date it intends to
1535 enter into a Parity Lien Obligation Payment Agreement.

1536 SECTION 27. Sale of Bonds.

1537 A. **Determination by Finance Director.** The Finance Director shall

1538 determine, in consultation with the county's financial advisors, the principal amount of
1539 each series of the Bonds, whether each series of Bonds will be structured as Tax-Exempt
1540 Bonds, Tax-Benefited Bonds or otherwise, and whether each series of Bonds will be sold
1541 by negotiated sale or competitive bid and for current or future delivery. The Finance
1542 Director is authorized to designate any or all of the Bonds as "green bonds" or any similar
1543 designation indicating the purpose for which the proceeds of the Bonds are to be used.
1544 The authority to sell any of the Bonds authorized hereunder will terminate June 30, 2020.
1545 The authority to sell any Bonds, as defined in and pursuant to Ordinance 18111 of the
1546 county, will terminate on the effective date of this ordinance.

1547 **B. Satisfaction of Additional Bonds Tests.** The Finance Director will
1548 provide or cause to be provided by a Professional Utility Consultant any certifications
1549 required to comply with the tests established in prior ordinances of the county for the
1550 issuance of additional Parity Bonds and additional Parity Lien Obligations, as applicable.
1551 In each Sale Motion for a series of Bonds, the council shall make findings regarding the
1552 satisfaction of the additional bonds tests applicable to that series of Bonds.

1553 For so long as the county's Junior Lien Variable Rate Demand Sewer Revenue
1554 Bond, Series 2012, remains outstanding, at the time of issuing any Bonds hereunder, the
1555 Finance Director shall provide to the registered owner of that bond a debt service
1556 coverage certificate as required by Ordinance 17495, Section 5.4.(a), of the county
1557 authorizing the issuance of that bond.

1558 **C. Procedure for Negotiated Sale.** If the Finance Director determines that
1559 any series of the Bonds will be sold by negotiated sale, the Finance Director shall, in
1560 accordance with applicable county procurement procedures, solicit one or more

1561 underwriting firms with which to negotiate the sale of the Bonds. The purchase contract
1562 for each series of the Bonds shall establish the year and series designation, date, principal
1563 amount, interest payment dates, interest rates, maturity schedule and redemption and
1564 bond insurance provisions of the Bonds. The bond purchase contract shall not be
1565 executed and delivered unless and until the council by a Sale Motion approves the bond
1566 purchase contract and ratifies and confirms the terms for the series of Bonds established
1567 therein.

1568 **D. Procedure for Sale by Competitive Bid.** If the Finance Director
1569 determines that any series of the Bonds will be sold by competitive bid, bids for the
1570 purchase of such Bonds will be received at such time or place and by such means as the
1571 Finance Director directs. The Finance Director is authorized to prepare an official notice
1572 of bond sale for such Bonds, establishing in such notice the year and series designation,
1573 date, principal amount, interest payment dates, maturity schedule and optional
1574 redemption and bond insurance provisions of the Bonds. The official notice of bond sale
1575 or an abridged form thereof may be published in such newspapers or financial journals as
1576 the county's financial advisors deem desirable or appropriate.

1577 Upon the date and time established for the receipt of bids for a series of the
1578 Bonds, the Finance Director or his designee will review the bids, cause the bids to be
1579 mathematically verified and report to the council regarding the bids received. Such bids
1580 will then be considered and acted upon by the council in an open public meeting. The
1581 council reserves the right to reject any and all bids for such Bonds. The council by a Sale
1582 Motion will approve the sale of such Bonds and ratify and confirm the year and series
1583 designation, date, principal amount, interest payment dates, interest rates, maturity

1584 schedule, redemption and bond insurance provisions and any other terms of such Bonds.

1585 **SECTION 28. Delivery of Bonds.** Following the sale of each series of the
1586 Bonds, the county will cause definitive Bonds to be prepared, executed and delivered in
1587 accordance with the provisions of this ordinance and in a form acceptable to DTC as
1588 initial depository for the Bonds, with the approving legal opinion of municipal bond
1589 counsel regarding the Bonds.

1590 **SECTION 29. Preliminary Official Statement; Official Statement.** The county
1591 authorizes and directs the Finance Director: (i) to review and approve the information
1592 contained in one or more preliminary official statements (each, a "Preliminary Official
1593 Statement") prepared in connection with the sale of each series of the Bonds; and (ii) for
1594 the sole purpose of the Bond purchasers' compliance with paragraph (b)(1) of Rule 15c2-
1595 12, to deem final that Preliminary Official Statement as of its date, except for the
1596 omission of information permitted to be omitted by Rule 15c2-12. After each
1597 Preliminary Official Statement has been reviewed and approved in accordance with the
1598 provisions of this section, the county hereby authorizes distribution of such Preliminary
1599 Official Statement to prospective purchasers of such series of Bonds.

1600 Following the sale of each series of the Bonds in accordance with Section 27 of
1601 this ordinance, the Finance Director is hereby authorized to review and approve on behalf
1602 of the county each final official statement with respect to such series of Bonds. The
1603 county shall cooperate with the purchaser of each series of Bonds to deliver or cause to
1604 be delivered, within seven business days after the date of the Sale Motion (or within such
1605 other period as may be required by applicable law) and in sufficient time to accompany
1606 any confirmation that requests payment from any customer of the purchaser, copies of the

1607 final official statement pertaining to such Bonds in sufficient quantity to comply with
1608 paragraph (b)(4) of Rule 15c2-12 and the rules of the MSRB.

1609 **SECTION 30. Undertaking to Provide Ongoing Disclosure.** If and to the
1610 extent required by paragraph (b)(5) of Rule 15c2-12, each Sale Motion will authorize an
1611 Undertaking for each series of the Bonds.

1612 **SECTION 31. General Authorization.** The appropriate county officials, agents
1613 and representatives are hereby authorized and directed to do everything necessary for the
1614 prompt sale, issuance, execution and delivery of the Bonds, and for the proper use and
1615 application of the proceeds of the sale thereof.

1616 **SECTION 32. Investment of Funds and Accounts.** Money in the Parity Bond
1617 Fund, Parity Bond Reserve Account, Parity Lien Obligation Bond Fund, Revenue Fund
1618 and Construction Account may be invested in any investments permitted for funds of the
1619 county. Obligations purchased as an investment of money in the Parity Bond Fund,
1620 Parity Bond Reserve Account, Parity Lien Obligation Bond Fund, Revenue Fund and
1621 Construction Account and accounts or subaccounts therein will be deemed at all times to
1622 be a part of such respective fund, account or subaccount, and the income or interest
1623 earned and profits realized or losses suffered by a fund, account or subaccount due to the
1624 investment thereof will be retained in, credited or charged, as the case may be, to such
1625 fund or account.

1626 In computing the amount in any fund or account under the provisions of this
1627 ordinance, obligations purchased as an investment of money therein will be valued at the
1628 cost or market price thereof, whichever is lower, inclusive of accrued interest.

1629 **SECTION 33. Refunding or Defeasance of Bonds.** The county may issue

1630 refunding obligations pursuant to State law or use money available from any other lawful
1631 source to carry out a refunding or defeasance plan, which may include: (i) paying when
1632 due the principal of and interest on any or all of the Bonds ("the defeased Bonds"); (ii)
1633 redeeming the defeased Bonds prior to their maturity; and (iii) paying the costs of the
1634 refunding or defeasance. If the county sets aside in a special trust fund or escrow account
1635 irrevocably pledged to that redemption or defeasance ("the trust account") money and/or
1636 Government Obligations maturing at a time or times and bearing interest in amounts
1637 sufficient to redeem, refund or defease the defeased Bonds in accordance with their
1638 terms, then all right and interest of the Owners of the defeased Bonds in the covenants of
1639 this ordinance and in the funds and accounts obligated to the payment of the defeased
1640 Bonds shall cease and become void. Thereafter, the Registered Owners of defeased
1641 Bonds shall have the right to receive payment of the principal of and premium, if any,
1642 and interest on the defeased Bonds solely from the trust account and the defeased Bonds
1643 shall be deemed no longer outstanding. In that event, the county may apply money
1644 remaining in any fund or account (other than the trust account) established for the
1645 payment or redemption of the defeased Bonds to any lawful purpose.

1646 Unless otherwise specified by the county in a refunding or defeasance plan, notice
1647 of refunding or defeasance shall be given, and selection of Bonds for any partial
1648 refunding or defeasance shall be conducted, in the manner prescribed in this ordinance
1649 for the redemption of Bonds.

1650 SECTION 34. Supplemental Ordinances.

1651 A. **Without Bondowner Consent.** The council from time to time and at any
1652 time may adopt an ordinance or ordinances supplemental to this ordinance, without the

1653 consent of owners of any of the Bonds, for any one or more of the following purposes:

1654 1. To add to the covenants and agreements of the county in this
1655 ordinance such other covenants and agreements thereafter to be observed that will not
1656 adversely affect the interests of the registered owners of any Parity Bonds or Parity Lien
1657 Obligations, as applicable, or to surrender any right or power herein reserved to or
1658 conferred upon the county.

1659 2. To make such provisions for the purpose of curing any ambiguities
1660 or of curing, correcting or supplementing any defective provision contained in this
1661 ordinance or any ordinance authorizing Parity Bonds or Parity Lien Obligations in regard
1662 to matters or questions arising under such ordinances as the council may deem necessary
1663 or desirable and not inconsistent with such ordinances and that will not adversely affect
1664 the interest of the registered owners of Parity Bonds or Parity Lien Obligations, as
1665 applicable.

1666 B. **With Bondowner Consent.**

1667 1. With the consent of the registered owners of not less than 51% in
1668 aggregate principal amount of all Parity Bonds at the time outstanding, the council may
1669 adopt an ordinance or ordinances supplemental hereto for the purpose of adding any
1670 provisions to or changing in any manner or eliminating any of the provisions of this
1671 ordinance or of any supplemental ordinance applicable to Parity Bonds, except as
1672 described in subsection B.3. of this section.

1673 2. From and after such time as no Parity Lien Obligations designated
1674 as Series 2008 Bonds or Series 2009 Bonds remain outstanding, with the consent of the
1675 registered owners of not less than 51% in aggregate principal amount of all Parity Lien

1676 Obligations at the time outstanding, the council may adopt an ordinance or ordinances
1677 supplemental hereto for the purpose of adding any provisions to or changing in any
1678 manner or eliminating any of the provisions of this ordinance or of any supplemental
1679 ordinance applicable to Parity Lien Obligations, except as described in subsection B.3. of
1680 this section.

1681 3. No supplemental ordinance entered into pursuant to this subsection
1682 B. may:

1683 a. Extend the fixed maturity of any Parity Bonds or Parity
1684 Lien Obligations, or reduce the rate of interest thereon, or extend the time of payments of
1685 interest from their due date, or reduce the amount of the principal thereof, or reduce any
1686 premium payable on the redemption thereof, without the consent of the registered owner
1687 of each bond so affected; or

1688 b. Reduce the aforesaid percentage of registered owners of
1689 Parity Bonds or Parity Lien Obligations required to approve any such supplemental
1690 ordinance, without the consent of the registered owners of all of such bonds.

1691 4. It is not necessary for the consent of registered owners of bonds
1692 under this subsection B. to approve the particular form of any proposed supplemental
1693 ordinance, but it is sufficient if such consent approves the substance thereof.

1694 **C. Amendments Deemed Approved by Parity Bondowners.** The
1695 Registered Owners from time to time of the Bonds issued as Parity Bonds, by taking and
1696 holding the same, shall be deemed to have consented to the adoption of an ordinance or
1697 ordinances supplemental to this ordinance to amend the definition of Reserve
1698 Requirement. Such supplemental ordinance or ordinances may:

1699 1. Establish one or more separate Reserve Requirements for one or
1700 more series of Parity Bonds, including each series of the Bonds issued as Parity Bonds;

1701 2. Reduce any Reserve Requirement, including the Reserve
1702 Requirement for each series of the Bonds issued as Parity Bonds, to an amount less than
1703 maximum Annual Parity Debt Service in any calendar year, including to zero; and

1704 3. Establish one or more separate subaccounts within the Parity Bond
1705 Reserve Account to secure one or more series of Parity Bonds, including each series of
1706 the Bonds issued as Parity Bonds, with other series of Parity Bonds not being secured by
1707 such separate subaccounts.

1708 The adoption of any such supplemental ordinance or ordinances may result in Bonds
1709 issued as Parity Bonds not being secured by any amounts in the Parity Bond Reserve
1710 Account.

1711 SECTION 35. Ordinance a Contract; Severability. The covenants contained in
1712 this ordinance constitute a contract between the county and (i) the Registered Owner of
1713 each Bond, (ii) the Qualified Counterparty to any Payment Agreement entered into with
1714 respect to any Bonds and (iii) the provider of any Credit Facility, Qualified Insurance or
1715 Qualified Letter of Credit with respect to any Bonds. If any court of competent
1716 jurisdiction determines that any covenant or agreement provided in this ordinance to be
1717 performed on the part of the county is contrary to law, then such covenant or agreement
1718 shall be null and void and shall be deemed separable from the remaining covenants and
1719 agreements of this ordinance and shall in no way affect the validity of the other
1720 provisions of this ordinance or of the Bonds.

1721 **SECTION 36. Effective Date.** This ordinance shall be effective 10 days after its
1722 enactment, in accordance with Article II of the county charter.
1723

Ordinance 18588 was introduced on 9/18/2017 and passed by the Metropolitan King
County Council on 10/23/2017, by the following vote:

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

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

J. Joseph McDermott, Chair

ATTEST:

Melani Pedroza, Clerk of the Council



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

APPROVED this 26 day of OCTOBER, 2017:

Dow Constantine, County Executive

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

ATTACHMENT A - 18588

OUTSTANDING PARITY BONDS

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

ATTACHMENT B - 18588

OUTSTANDING PARITY LIEN OBLIGATIONS

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

**ATTACHMENT C 18588
FORM OF PARITY BOND**

No. R- _____

\$ _____

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

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

SEWER REFUNDING REVENUE BOND, [YEAR], SERIES _____

Interest Rate:

_____ %

Maturity Date:

CUSIP No.:

Registered Owner: **CEDE & CO.**

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

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

Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as this bond is registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), principal of and premium, if any, and interest on this bond are payable in the manner set forth in the Blanket Issuer Letter of Representations by and between the County and DTC. When this bond is not registered in the name of the Securities Depository, interest on this bond is payable by electronic transfer on the interest payment date, or by check or draft of the fiscal agent of the State of Washington (as the same may be designated by the State of Washington from time to time, the "Registrar") mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The County is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. When this bond is not registered in the name of the Securities

Depository, principal of and premium, if any, on this bond are payable upon presentation and surrender of this bond by the Registered Owner to the Registrar at maturity or upon prior redemption in full.

This bond is one of an authorized issue of bonds of like series, date and tenor, except as to number, amount, rate of interest, options of redemption and date of maturity, in the aggregate principal amount of \$_____ (the "Bonds"), and is issued to provide funds necessary to pay costs of refunding certain outstanding obligations of the County payable from Revenue of the System.

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

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

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

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

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

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

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

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

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State and the Charter and ordinances of the County to exist and to have happened, been done and

performed precedent to and in the issuance of this bond do exist and have happened, been done and performed and that the issuance of this bond and the Bonds does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the County may incur.

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

KING COUNTY, WASHINGTON

By _____
King County Executive

ATTEST:

Clerk of the County Council

Date of Authentication: _____.

CERTIFICATE OF AUTHENTICATION

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

WASHINGTON STATE FISCAL AGENT
as Registrar

By _____
Authorized Signer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto
PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF
TRANSFEREE

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

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

DATED: _____, 20__.

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

SIGNATURE GUARANTEED:

NOTICE: Signatures must be guaranteed pursuant to law.

**ATTACHMENT D - 18588
FORM OF PARITY LIEN OBLIGATION**

No. R- _____

\$ _____

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

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

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

Interest Rate:
_____ %

Maturity Date:

CUSIP No.:

Registered Owner: **CEDE & CO.**

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

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

Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as this bond is registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), principal of and premium, if any, and interest on this bond are payable in the manner set forth in the Blanket Issuer Letter of Representations by and between the County and DTC. When this bond is not registered in the name of the Securities Depository, interest on this bond is payable by electronic transfer on the interest payment date, or by check or draft of the fiscal agent of the State of Washington (as the same may be designated by the State of Washington from time to time, the "Registrar") mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The County is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the

sole expense of the Registered Owner. When this bond is not registered in the name of the Securities Depository, principal of and premium, if any, on this bond are payable upon presentation and surrender of the Bond by the Registered Owner to the Registrar at maturity or upon prior redemption in full.

This bond is one of an authorized issue of bonds of like series, date and tenor, except as to number, amount, rate of interest, options of redemption and date of maturity, in the aggregate principal amount of \$_____ (the "Bonds"), and is issued to provide funds necessary to pay costs of refunding certain outstanding obligations of the County payable from Revenue of the System.

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

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

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

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

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

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

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

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

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

KING COUNTY, WASHINGTON

By _____
King County Executive

ATTEST:

Clerk of the County Council

Date of Authentication: _____.

CERTIFICATE OF AUTHENTICATION

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

WASHINGTON STATE FISCAL AGENT
as Registrar

By _____
Authorized Signer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto
PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF
TRANSFEREE

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

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

DATED: _____, 20__.

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

SIGNATURE GUARANTEED:

NOTICE: Signatures must be guaranteed pursuant to law.

**ATTACHMENT D - 18588
FORM OF PARITY LIEN OBLIGATION**

No. R- _____

\$ _____

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

UNITED STATES OF AMERICA

STATE OF WASHINGTON

KING COUNTY

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

Interest Rate:
_____ %

Maturity Date:

CUSIP No.:

Registered Owner: **CEDE & CO.**

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

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

Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as this bond is registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), principal of and premium, if any, and interest on this bond are payable in the manner set forth in the Blanket Issuer Letter of Representations by and between the County and DTC. When this bond is not registered in the name of the Securities Depository, interest on this bond is payable by electronic transfer on the interest payment date, or by check or draft of the fiscal agent of the State of Washington (as the same may be designated by the State of Washington from time to time, the "Registrar") mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The County is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the

sole expense of the Registered Owner. When this bond is not registered in the name of the Securities Depository, principal of and premium, if any, on this bond are payable upon presentation and surrender of the Bond by the Registered Owner to the Registrar at maturity or upon prior redemption in full.

This bond is one of an authorized issue of bonds of like series, date and tenor, except as to number, amount, rate of interest, options of redemption and date of maturity, in the aggregate principal amount of \$_____ (the "Bonds"), and is issued to provide funds necessary to pay costs of refunding certain outstanding obligations of the County payable from Revenue of the System.

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

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

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

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

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

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

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

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

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

KING COUNTY, WASHINGTON

By _____
King County Executive

ATTEST:

Clerk of the County Council

Date of Authentication: _____.

CERTIFICATE OF AUTHENTICATION

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

WASHINGTON STATE FISCAL AGENT
as Registrar

By _____
Authorized Signer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto
PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF
TRANSFEREE

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

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

DATED: _____, 20____.

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

SIGNATURE GUARANTEED:

NOTICE: Signatures must be guaranteed pursuant to law.