



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 23, 2017

Ordinance 18587

Proposed No. 2017-0378.1

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 for refunding outstanding obligations of the
6 county payable from sewer revenues; providing for the
7 form, terms and covenants of such bonds; providing for the
8 sale of the bonds in one or more series and for a plan of
9 refunding; establishing funds for the receipt and
10 expenditure of bond proceeds and for the payment of the
11 bonds; pledging sewer revenues to pay the principal of and
12 interest on sewer revenue bonds issued under this
13 ordinance; and pledging the annual levy of taxes and an
14 additional pledge of sewer revenues to pay the principal of
15 and interest on limited tax general obligation bonds
16 (payable from sewer revenues) issued under this ordinance.

17 PREAMBLE:

18 The county owns and operates facilities for the conveyance and treatment
19 of sewage and control of combined sewer overflows that include

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

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

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

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

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

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

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

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

58 The county may have opportunities to refund all or portions of its
59 currently outstanding Parity Bonds, Parity Lien Obligations, Junior Lien
60 Obligations and Multi-Modal LTGO/Sewer Revenue Bonds and any
61 Future Parity Bonds, Future Parity Lien Obligations, Future Junior Lien
62 Obligations, Future Multi-Modal LTGO/Sewer Revenue Bonds and
63 Subordinate Lien Obligations, in each case to effect a saving to the county
64 and ratepayers of the System or when necessary or in the best interest of
65 the county and ratepayers of the System to modify debt service or reserve

66 requirements, sources of payment, covenants or other terms of the
67 obligations to be refunded. It is deemed necessary and desirable that the
68 county authorize the issuance and sale of its bonds payable from sewer
69 revenues ("the Bonds") for such refunding opportunities, as provided in
70 this ordinance.

71 Since market conditions can change quickly, it is in the best interest of the
72 county to delegate to the county's Finance Director authority to sell the
73 Bonds in one or more series, as either Parity Bonds or Parity Lien
74 Obligations, or a combination thereof, by competitive bid or negotiated
75 sale, as provided in this ordinance. The sale of any series of the Bonds
76 shall be ratified and confirmed by motion of the council, as provided in
77 this ordinance.

78 The ordinances authorizing the issuance of the outstanding Parity Bonds
79 and Parity Lien Obligations all provide that the county may issue
80 additional Parity Bonds and additional Parity Lien Obligations if certain
81 conditions are met. By each Sale Motion the council must find that the
82 applicable parity conditions have been or shall be met for each series of
83 Bonds issued under this ordinance.

84 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

85 SECTION 1. Definitions; Interpretation.

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

89 "Accreted Value" means for any Parity Bonds that are Capital Appreciation
90 Bonds, as of any date of calculation, the sum of the amounts set forth in the ordinance,
91 resolution or motion authorizing such bonds as the amounts representing the initial
92 principal amount of such bonds plus the interest accumulated, compounded and unpaid
93 thereon as of the most recent compounding date, as provided in the ordinance, resolution
94 or motion authorizing the issuance of such bonds; provided, that if such calculation is not
95 made as of a compounding date, such amount shall be determined by straight-line
96 interpolation as of the immediately preceding and the immediately succeeding
97 compounding dates.

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

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

103 1. The interest due on all outstanding Parity Bonds and Parity Lien
104 Obligations (i) on all interest payment dates (other than January 1) in such calendar year,
105 and (ii) on January 1 of the next succeeding year, and any Payment Agreement Payments
106 due on such dates in respect of any Parity Payment Agreements and Parity Lien
107 Obligation Payment Agreements, minus any Payment Agreement Receipts due in such
108 period in respect of any Parity Payment Agreements and Parity Lien Obligation Payment
109 Agreements.

110 a. For purposes of calculating the amounts required to pay interest on
111 Parity Bonds or Parity Lien Obligations, capitalized interest and accrued interest paid to

112 the county upon the issuance of Parity Bonds or Parity Lien Obligations shall be
113 excluded.

114 b. The amount of interest deemed to be payable on any issue of
115 Variable Rate Parity Bonds or Variable Rate Parity Lien Obligations shall be calculated
116 on the assumption that the interest rate on those bonds would be equal to the rate ("the
117 assumed RBI rate") that is 90% of the average Bond Buyer Revenue Bond Index or
118 comparable index during the fiscal quarter preceding the quarter in which the calculation
119 is made; provided, that for purposes of determining actual compliance in any past
120 calendar year with the rate covenant made in Section 18 of this ordinance, the actual
121 amount of interest paid on any issue of Variable Rate Parity Bonds or Parity Lien
122 Obligations shall be taken into account.

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

127 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or
128 upon the mandatory redemption of Parity Term Bonds that are Capital Appreciation
129 Bonds shall be included in the calculation of Annual Debt Service, and references in this
130 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or
131 upon the mandatory redemption of any Capital Appreciation Bonds.

132 Notwithstanding the foregoing, debt service on Parity Bonds or Parity Lien
133 Obligations with respect to which a Payment Agreement is in force shall be calculated by
134 the county to reflect the net economic effect on the county intended to be produced by the

135 terms of the Parity Bonds or Parity Lien Obligations and the terms of the applicable
136 Payment Agreement, in accordance with the requirements for Payment Agreements set
137 forth in Section 27 of this ordinance and any other applicable requirements from the
138 ordinances authorizing issuance of such Parity Bonds or Parity Lien Obligations.

139 From and after the date when no Parity Lien Obligations designated as Series
140 2008 Bonds or Series 2009 Bonds remain outstanding, for purposes of satisfying the rate
141 covenant in Section 18.B. of this ordinance and the tests for the issuance of additional
142 Parity Lien Obligations in Section 25 of this ordinance, Annual Debt Service for any
143 Fiscal Year or calendar year shall exclude any Debt Service Offsets.

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

146 1. The interest due on all outstanding Parity Bonds (i) on all interest payment
147 dates (other than January 1) in such calendar year, and (ii) on January 1 of the next
148 succeeding year, and any Payment Agreement Payments due on such dates in respect of
149 Parity Payment Agreements, minus any Payment Agreement Receipts due in such period
150 in respect of such Parity Payment Agreements.

151 a. For purposes of calculating the amounts required to pay interest on
152 Parity Bonds, capitalized interest and accrued interest paid to the county upon the
153 issuance of Parity Bonds shall be excluded.

154 b. The amount of interest deemed to be payable on any issue of
155 Variable Rate Parity Bonds shall be calculated on the assumption that the interest rate on
156 those bonds would be equal to the rate ("the assumed RBI rate") that is 90% of the
157 average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter

158 preceding the quarter in which the calculation is made; provided, that for purposes of
159 determining actual compliance in any past calendar year with the rate covenant made in
160 Section 18 of this ordinance, the actual amount of interest paid on any issue of Variable
161 Rate Parity Bonds shall be taken into account.

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

166 In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or upon
167 the mandatory redemption of Parity Term Bonds that are Capital Appreciation Bonds
168 shall be included in the calculation of Annual Debt Service, and references in this
169 ordinance to principal of Parity Bonds shall include the Accreted Value due at maturity or
170 upon the mandatory redemption of any Capital Appreciation Bonds.

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

177 For purposes of calculating the Reserve Requirement and satisfying the rate
178 covenant in Section 18.A. of this ordinance and the tests for the issuance of Future Parity
179 Bonds in Section 24 of this ordinance, Annual Parity Debt Service for any Fiscal Year or
180 calendar year shall exclude any Debt Service Offsets.

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

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

185 "Bonds" means the bonds of the county authorized to be issued under this
186 ordinance to refund the Refunded Bonds. The Bonds may be issued in one or more series
187 of Parity Bonds or Parity Lien Obligations, as provided in this ordinance.

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

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

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

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

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

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

211 "Council" means the Metropolitan King County Council.

212 "Credit Facility" means any letter of credit, standby bond purchase agreement,
213 line of credit, surety bond, insurance policy or other insurance commitment or similar
214 agreement (but not including a Payment Agreement), satisfactory to the county, that is
215 provided by a commercial bank, insurance company or other financial institution with a
216 current long term rating (or whose obligations thereunder are guaranteed by a financial
217 institution with a long term rating): (i) from Moody's and S&P not lower, when issued,
218 than the credit rating of any series of Parity Bonds, to provide support for a series of
219 Parity Bonds, and shall include any substitute therefor in accordance with the provisions
220 of the ordinance providing for the issuance of Parity Bonds supported by a Credit
221 Facility, or (ii) from Fitch, Moody's and S&P not lower, when issued, than the credit
222 rating of any series of Parity Lien Obligations, to provide support for a series of Parity
223 Lien Obligations (including Variable Rate Parity Lien Obligations), and shall include any
224 substitute therefor in accordance with the provisions of the ordinance providing for the
225 issuance of Parity Lien Obligations supported by a Credit Facility.

226 "Customers" means Residential Customers and Residential Customer Equivalents

227 as defined and determined in the existing Service Agreements.

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

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

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

237 "Fitch" means Fitch Ratings, and its successors and assigns, except that if that
238 entity is dissolved or liquidated or no longer performs the functions of a securities rating
239 agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized
240 securities rating agency selected by the county.

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

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

248 "Future Parity Bonds" means any sewer revenue bonds, warrants or other
249 obligations that may be issued in the future with a lien on Revenue of the System equal to

250 the lien thereon of the currently outstanding Parity Bonds.

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

255 "Government Obligations" means direct obligations of, or obligations the
256 principal of and interest on which are unconditionally guaranteed by, the United States of
257 America.

258 "Junior Lien Obligations" means the county's (i) Junior Lien Variable Rate
259 Demand Sewer Revenue Bonds, Series 2001A and Series 2001B, dated August 15, 2001,
260 authorized by Ordinances 14171 and 14172, (ii) Junior Lien Variable Rate Demand
261 Sewer Revenue Bond, Series 2011, dated October 26, 2011, authorized by Ordinance
262 17202, (iii) Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, dated
263 December 27, 2012, authorized by Ordinance 17495, (iv) Junior Lien Sewer Revenue
264 Bonds, Series 2015A and Series 2015B, dated November 24, 2015, authorized by
265 Ordinance 18141, and (v) any Future Junior Lien Obligations.

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

270 "Moody's" means Moody's Investors Service, Inc., a corporation duly organized
271 and existing under and by virtue of the laws of the State of Delaware, and its successors
272 and assigns, except that if that corporation is dissolved or liquidated or no longer

273 performs the functions of a securities rating agency, then the term "Moody's" will be
274 deemed to refer to any other nationally recognized securities rating agency selected by
275 the county.

276 "MSRB" means the Municipal Securities Rulemaking Board or any successor to
277 its functions.

278 "Multi-Modal LTGO/Sewer Revenue Bonds" means the county's Multi-Modal
279 Limited Tax General Obligation Bonds (Payable from Sewer Revenue), Series 2010A
280 and Series 2010B, dated January 21, 2010, authorized by Ordinances 16721 and 16722,
281 and any Future Multi-Modal LTGO/Sewer Revenue Bonds.

282 "Net Revenue" means Revenue of the System less Operating and Maintenance
283 Expenses.

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

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

291 "Parity Bond Fund" means the "Water Quality Revenue Bond Account"
292 designated pursuant to Ordinance 12076, Section 30, of the county and continued
293 pursuant to Section 9 of this ordinance for the purpose of paying and securing the
294 payment of the Parity Bonds.

295 "Parity Bond Reserve Account" means the bond reserve account in the Parity

296 Bond Fund securing the payment of the Parity Bonds.

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

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

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

312 "Parity Lien Obligation Term Bonds" means Parity Lien Obligations that are
313 Term Bonds.

314 "Parity Lien Obligations" means bonds identified as such in the Preamble to this
315 ordinance, together with (i) any Bonds issued under this ordinance with a lien on
316 Revenue of the System equal to the lien thereon of those bonds and (ii) any Future Parity
317 Lien Obligations. "Parity Lien Obligations" include any Parity Lien Obligation Payment
318 Agreements and parity reimbursement agreements entered into with the provider of a

319 Credit Facility securing any Parity Lien Obligations.

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

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

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

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

339 "Payment Agreement Payments" means the amounts periodically required to be
340 paid by the county to the Qualified Counterparty pursuant to a Payment Agreement. The
341 term "Payment Agreement Payments" does not include any termination payment required

342 to be paid with respect to a Payment Agreement.

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

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

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

356 "Qualified Counterparty" means with respect to a Payment Agreement an entity
357 (i) whose senior long term debt obligations, other senior unsecured long term obligations
358 or claims paying ability or whose payment obligations under a Payment Agreement are
359 guaranteed by an entity whose senior long term debt obligations, other senior unsecured
360 long term obligations or claims paying ability are rated (at the time the Payment
361 Agreement is entered into) at least as high as A3 by Moody's and A- by S&P (and A- by
362 Fitch for any Parity Lien Obligation Payment Agreement), or the equivalent thereof by
363 any successor thereto, and (ii) who is otherwise qualified to act as the other party to a
364 Payment Agreement under any applicable laws of the State.

365 "Qualified Insurance" means any unconditional municipal bond insurance policy
366 or surety bond issued by any insurance company licensed to conduct an insurance
367 business in any state of the United States or by a service corporation acting on behalf of
368 one or more such insurance companies, which insurance company or service corporation,
369 as of the time of issuance of such policy or surety bond, is then rated in one of the two
370 highest rating categories by Moody's, S&P, and any other rating agency then maintaining
371 a rating on the Parity Bonds and maintains a policy owner's surplus in excess of
372 \$500,000,000.

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

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

382 "RCW" means the Revised Code of Washington.

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

386 "Record Date" means, with respect to a Bond, unless otherwise provided in the
387 Sale Motion, the Registrar's close of business on the 15th day of the month preceding an

388 interest payment date. With respect to redemption of a Bond prior to its maturity,
389 "Record Date" means the Registrar's close of business on the date on which the Registrar
390 sends notice of the redemption.

391 "Refunded Bonds" means for each series of Bonds the Refunding Candidates that
392 will be refunded from proceeds of that series of Bonds, as determined by the Finance
393 Director pursuant to Sections 16 and 28 of this ordinance and set forth in a Sale Motion
394 in accordance with Sections 16 and 28 of this ordinance.

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

397 "Refunding Candidates" means the currently outstanding Parity Bonds, Parity
398 Lien Obligations, Junior Lien Obligations and Multi-Modal LTGO/Sewer Revenue
399 Bonds and any obligations issued after the effective date of this ordinance that are (i)
400 designated as "Refunding Candidates" in the ordinance or sale motion pursuant to which
401 they are issued and are (ii) Future Parity Bonds, Future Parity Lien Obligations, Future
402 Junior Lien Obligations, Future Multi-Modal LTGO/Sewer Revenue Bonds or
403 Subordinate Lien Obligations.

404 "Refunding Trustee" means each corporate trustee chosen pursuant to the
405 provisions of Section 16 of this ordinance to serve as refunding trustee or escrow agent in
406 connection with the refunding of Refunded Bonds upon the issuance of any series of
407 Bonds.

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

410 "Registrar" means the fiscal agent of the State (as the same may be designated by

411 the State from time to time) for the purposes of registering and authenticating the Bonds,
412 maintaining the Bond Register, effecting the transfer of ownership of the Bonds and
413 paying principal of and premium, if any, and interest on the Bonds.

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

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

418 "Revenue of the System" means all the earnings, revenues and money received by
419 the county from or on account of the operations of the System and the income from the
420 investment of money in the Revenue Fund or any account within such fund, but shall not
421 include any money collected pursuant to the Service Agreements applicable to
422 administrative costs of the county other than costs of administration of the System. For
423 certain purposes described in Section 13.B. of this ordinance, deposits from the Rate
424 Stabilization Fund into the Revenue Fund may be included in calculations of "Revenue of
425 the System."

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

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

432 "Sale Motion" means, with respect to each series of the Bonds, the motion of the
433 council approving a bond purchase contract (if the Bonds are sold by negotiated sale) or

434 accepting a bid (if the Bonds are sold by competitive bid) for the purchase of the Bonds
435 and ratifying the sale of the Bonds, all in accordance with Section 28 of this ordinance.

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

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

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

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

451 "State" means the State of Washington.

452 "Subordinate Lien Obligations" means those revenue bonds or other revenue
453 obligations that may be issued by the county in the future with a lien on Revenue of the
454 System junior and inferior to the lien thereon of the Multi-Modal LTGO/Sewer Revenue
455 Bonds, and payable from Revenue of the System that is available after first making the
456 payments required to be made under paragraph "First" through "Seventh" but before

457 making the payments required to be made under paragraph "Ninth" of Section 14 of this
458 ordinance.

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

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

465 "Tax-Benefited Bonds" means Bonds other than Tax-Exempt Bonds that are
466 structured so as to confer certain benefits under the Code to the county or to the Owners
467 of such Bonds, as provided in Section 21 of this ordinance and so designated pursuant to
468 Section 28.A. of this ordinance.

469 "Tax-Exempt Bonds" means Bonds the interest on which the county intends to be
470 excludable from gross income for federal income tax purposes, as provided in Section 21
471 of this ordinance and so designated pursuant to Section 28.A. of this ordinance.

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

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

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

480 "Variable Rate Parity Bonds" means Parity Bonds bearing interest at a variable
481 rate of interest, provided that at least one of the following conditions is met: (i) at the
482 time of issuance the county has entered into a Payment Agreement with respect to such
483 Parity Bonds, which Payment Agreement converts the effective interest rate to the county
484 on the Variable Rate Parity Bonds from a variable interest rate to a fixed interest rate, or
485 (ii) the Parity Bonds bear interest at a variable rate but are issued concurrently in equal
486 par amounts with other Parity Bonds bearing interest at a variable rate and are required to
487 remain outstanding in equal amounts at all times, if the net effect of such equal par
488 amounts and variable rates at all times is a fixed rate of interest to the county.

489 "Variable Rate Parity Lien Obligations" means Parity Lien Obligations bearing
490 interest at a variable rate of interest, provided that at least one of the following conditions
491 is met: (i) at the time of issuance the county has entered into a Payment Agreement with
492 respect to such Parity Lien Obligations, which Payment Agreement converts the effective
493 interest rate to the county on the Variable Rate Parity Lien Obligations from a variable
494 interest rate to a fixed interest rate or (ii) the Parity Lien Obligations bear interest at a
495 variable rate but are issued concurrently in equal par amounts with other Parity Lien
496 Obligations bearing interest at a variable rate and which are required to remain
497 outstanding in equal amounts at all times, if the net effect of such equal par amounts and
498 variable rates at all times is a fixed rate of interest to the county.

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

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

503 subsection, paragraph or clause of this ordinance.

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

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

512 4. All references in this ordinance to "sections," "subsections,"
513 "paragraphs" and "clauses" are to the corresponding sections, subsections, paragraphs or
514 clauses of this ordinance as originally adopted.

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

516 SECTION 2. Findings. Because conditions in the capital markets are volatile,
517 the council finds that it is in the best interests of the county and ratepayers of the System
518 that the county retain the flexibility to refund all or a portion of the Refunding Candidates
519 by issuing the Bonds in one or more series, as Parity Bonds or Parity Lien Obligations, in
520 order to effect a saving to the county and ratepayers of the System or when necessary or
521 in the best interest of the county and ratepayers of the System to modify debt service or
522 reserve requirements, sources of payment, covenants or other terms of the Refunded
523 Bonds. To achieve this flexibility, the council further finds that it is in the best interests
524 of the county and ratepayers of the System that a plan of refunding and the sale of Bonds
525 in one or more series, as Parity Bonds or Parity Lien Obligations, as Tax-Exempt Bonds,

526 Tax-Benefited Bonds or otherwise, by competitive bid or negotiated sale, for current or
527 future delivery, be determined by the Finance Director, in consultation with the county's
528 financial advisors.

529 SECTION 3. Authorization of Bonds. To provide funds to refund the
530 Refunded Bonds, the county is authorized to issue one or more series of Bonds in
531 principal amounts to be established as provided in Sections 16 and 28 of this ordinance.
532 Each sale of a series of Bonds shall be ratified and confirmed by the council in a Sale
533 Motion.

534 The Bonds may be issued in one or more series of Parity Bonds or Parity Lien
535 Obligations, as provided in Section 28 of this ordinance, each such series of Parity Bonds
536 to be designated as "King County, Washington, Sewer [Improvement and] Refunding
537 Revenue Bonds" with an applicable year and series designation, and each such series of
538 Parity Lien Obligations to be designated as "King County Limited Tax General
539 Obligation [Improvement and] Refunding Bonds (Payable from Sewer Revenues)" with
540 an applicable year and series designation. The Bonds shall be fully registered as to both
541 principal and interest; shall be in the denomination of \$5,000 or any integral multiple
542 thereof within a single series, maturity and interest rate; shall be numbered separately in
543 such manner and with any additional designation as the Registrar deems necessary for
544 purposes of identification; and shall be dated the date and mature on the dates, in the
545 years and in the amounts established as provided in Section 28 of this ordinance.

546 The Bonds shall bear interest (computed, unless otherwise provided in the Sale
547 Motion, on the basis of a 360-day year of twelve 30-day months) from their dated date or
548 from the most recent interest payment date for which interest has been paid or duly

549 provided for, whichever is later, payable on interest payment dates and at the rate or rates
550 established as provided in Section 28 of this ordinance and ratified and confirmed by a
551 Sale Motion. The Accreted Values of any Bonds that are Capital Appreciation Bonds
552 shall be set forth in a Sale Motion.

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

554 A. **Registrar/Bond Register.** In accordance with KCC 4.84, the county
555 adopts for the Bonds the system of registration specified and approved by the
556 Washington State Finance Committee, which utilizes the fiscal agent of the State as
557 registrar, authenticating agent, paying agent and transfer agent ("the Registrar"). The
558 Registrar shall keep, or cause to be kept, at its designated corporate trust office, sufficient
559 books for the registration and transfer of the Bonds ("the Bond Register"), which shall be
560 open to inspection by the county at all times. The Bond Register shall contain the name
561 and mailing address of the Registered Owner of each Bond and the principal amount and
562 number of each of the Bonds held by each Registered Owner. The Registrar is
563 authorized, on behalf of the county, to authenticate and deliver Bonds transferred or
564 exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as
565 the county's paying agent for the Bonds and to carry out all of the Registrar's powers and
566 duties under this ordinance.

567 The Registrar shall be responsible for the representations contained in its
568 Certificate of Authentication on the Bonds. The Registrar may become the Owner of
569 Bonds with the same rights it would have if it were not the Registrar and, to the extent
570 permitted by law, may act as depository for and permit any of its officers or directors to
571 act as members of, or in any other capacity with respect to, any committee formed to

572 protect the rights of Owners.

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

582 C. **Use of Depository.** The Bonds initially shall be registered in the name of
583 Cede & Co., as the nominee of DTC. Each Bond registered in the name of the Securities
584 Depository shall be held fully immobilized in book-entry only form by the Securities
585 Depository in accordance with the provisions of the Letter of Representations. Neither
586 the county nor the Registrar shall have any obligation to participants of any Securities
587 Depository or the persons for whom they act as nominees regarding accuracy of any
588 records maintained by the Securities Depository or its participants. Neither the county
589 nor the Registrar shall be responsible for any notice that is permitted or required to be
590 given to the Registered Owner of any Bond registered in the name of the Securities
591 Depository except such notice as is required to be given by the Registrar to the Securities
592 Depository.

593 For so long as the Bonds are registered in the name of the Securities Depository,
594 the Securities Depository shall be deemed to be the Registered Owner for all purposes

595 hereunder, and all references to Registered Owners shall mean the Securities Depository
596 and shall not mean the Beneficial Owners. Registered ownership of any Bond registered
597 in the name of the Securities Depository may not be transferred except: (i) to any
598 successor Securities Depository; (ii) to any substitute Securities Depository appointed by
599 the county; or (iii) to any person if the Bond is no longer to be held by a Securities
600 Depository.

601 Upon the resignation of the Securities Depository, or upon a termination of the
602 services of the Securities Depository by the county, the county may appoint a substitute
603 Securities Depository. If (i) the Securities Depository resigns and the county does not
604 appoint a substitute Securities Depository, or (ii) the county terminates the services of the
605 Securities Depository, the Bonds no longer shall be held in book-entry only form and the
606 registered ownership of each Bond may be transferred to any person as provided in this
607 ordinance.

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

611 E. **Place and Medium of Payment.** Principal of and premium, if any, and
612 interest on the Bonds are payable in lawful money of the United States of America.
613 Principal of and premium, if any, and interest on each Bond registered in the name of the
614 Securities Depository are payable in the manner set forth in the Letter of Representations.
615 Interest on each Bond not registered in the name of the Securities Depository is payable
616 by electronic transfer on the interest payment date, or by check or draft of the Registrar
617 mailed on the interest payment date to the Registered Owner at the address appearing on

618 the Bond Register on the Record Date. The county is not required to make electronic
619 transfers except pursuant to a request by a Registered Owner in writing received on or
620 prior to the Record Date and at the sole expense of the Registered Owner. Principal of
621 and premium, if any, on each Bond not registered in the name of the Securities
622 Depository are payable upon presentation and surrender of the Bond by the Registered
623 Owner to the Registrar at maturity or upon prior redemption in full.

624 **F. Transfer or Exchange of Registered Ownership; Change in**
625 **Denominations.** The registered ownership of any Bond may be transferred or
626 exchanged, but no transfer of any Bond shall be valid unless it is surrendered to the
627 Registrar with the assignment form appearing on such Bond duly executed by the
628 Registered Owner or such Registered Owner's duly authorized agent in a manner
629 satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the
630 surrendered Bond and shall authenticate and deliver, without charge to the Registered
631 Owner or transferee therefor, a new Bond (or Bonds, at the option of the new Registered
632 Owner) of the same series, date, maturity and interest rate and for the same aggregate
633 principal amount in any authorized denomination, naming as Registered Owner the
634 person or persons listed as the assignee on the assignment form appearing on the
635 surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may
636 be surrendered to the Registrar and exchanged, without charge, for an equal aggregate
637 principal amount of Bonds of the same series, date, maturity and interest rate, in any
638 authorized denomination. The Registrar shall not be obligated to exchange or transfer
639 any Bond during the 15 days preceding any principal payment or redemption date, or, in
640 the case of any proposed redemption of an Bond, after mailing of notice of the call of the

641 Bond for redemption.

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

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

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

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

661 C. **Partial Redemption.** Whenever less than all of the Bonds of a single
662 maturity of a series are to be redeemed, the Securities Depository shall select the Bonds
663 registered in the name of the Securities Depository to be redeemed in accordance with the

664 Letter of Representations, and the Registrar shall select all other Bonds to be redeemed
665 randomly, or in such other manner set forth in the Sale Motion or as the Registrar shall
666 determine.

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

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

677 SECTION 6. Notice and Effect of Redemption. Notice of redemption of each
678 Bond registered in the name of the Securities Depository shall be given in accordance
679 with the Letter of Representations. Notice of redemption of each other Bond, unless
680 waived by the Registered Owner, shall be given by the Registrar not less than 20 nor
681 more than 60 days prior to the date fixed for redemption by first-class mail, postage
682 prepaid, to the Registered Owner at the address appearing on the Bond Register on the
683 Record Date. The requirements of the preceding sentences shall be deemed to have been
684 fulfilled when notice has been mailed as so provided, whether or not it is actually
685 received by any Owner. Notice of redemption shall also be mailed or sent electronically
686 within the same period to the MSRB, to any nationally recognized rating agency then

687 maintaining a rating on the Bonds at the request of the county, and to such other persons
688 and with such additional information as the Finance Director shall determine, but such
689 further notice shall not be a condition precedent to the redemption of any Bond.

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

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

701 **SECTION 7. Form and Execution of Bonds.** Bonds issued as Parity Bonds
702 shall be in substantially the form set forth in Attachment C to this ordinance. Bonds
703 issued as Parity Lien Obligations shall be in substantially the form set forth in
704 Attachment D to this ordinance. The Bonds shall be signed by the county executive and
705 the clerk of the council, either or both of whose signatures may be manual or in facsimile,
706 and the seal of the county or a facsimile reproduction thereof shall be impressed or
707 printed thereon.

708 Only a Bond bearing a Certificate of Authentication in the form set forth in
709 Attachment C or Attachment D to this ordinance, as applicable, manually signed by the

710 Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this
711 ordinance. The authorized signing of a Certificate of Authentication shall be conclusive
712 evidence that the Bond so authenticated has been duly executed, authenticated and
713 delivered and is entitled to the benefits of this ordinance.

714 If any officer whose manual or facsimile signature appears on a Bond ceases to be
715 an officer of the county authorized to sign bonds before the Bond bearing his or her
716 manual or facsimile signature is authenticated by the Registrar, or issued or delivered by
717 the county, that Bond nevertheless may be authenticated, issued and delivered and, when
718 authenticated, issued and delivered, shall be as binding on the county as though that
719 person had continued to be an officer of the county authorized to sign bonds. Any Bond
720 also may be signed on behalf of the county by any person who, on the actual date of
721 signing of the Bond, is an officer of the county authorized to sign bonds, although he or
722 she did not hold the required office on the dated date of the Bond.

723 SECTION 8. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond
724 becomes mutilated, the Registrar may authenticate and deliver a new Bond or Bonds of
725 like amount, date, series, interest rate and tenor to the Registered Owner thereof upon the
726 Registered Owner's paying the expenses and charges of the county and the Registrar in
727 connection therewith and upon surrender to the Registrar of the Bond so mutilated.
728 Every mutilated Bond so surrendered shall be canceled and destroyed by the Registrar.

729 If any Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver
730 a new Bond or Bonds of like amount, date, series, interest rate and tenor to the Registered
731 Owner thereof upon the Registered Owner's paying the expenses and charges of the
732 county and the Registrar in connection therewith and upon filing with the Registrar

733 evidence satisfactory to the Registrar that such Bond was actually lost, stolen or
734 destroyed and of registered ownership thereof, and upon furnishing the county and the
735 Registrar with indemnity satisfactory to the Finance Director and the Registrar.

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

744 A. **Debt Service Account.** A "Debt Service Account" has heretofore been
745 established in the Parity Bond Fund. The county hereby obligates and binds itself to set
746 aside and pay into that account out of Revenue of the System amounts sufficient, together
747 with accrued interest, if any, received at the time of delivery of any series of Bonds that
748 are Parity Bonds and deposited therein, income from the investment of money in the Debt
749 Service Account and Parity Bond Reserve Account, and any other money on deposit in
750 the Debt Service Account and legally available, to pay the principal of and interest on
751 outstanding Parity Bonds as the same become due and payable.

752 For each series of the Bonds that are Parity Bonds there is hereby authorized to be
753 created a special subaccount in the Debt Service Account. All money required by this
754 subsection A. of this section to be deposited into the Debt Service Account for the
755 payment of principal of and interest on that series of the Bonds shall be deposited into the

756 subaccount created for the series. Money in the subaccount will be treated in all respects
757 as all other money in the Debt Service Account, but will be accounted for separately for
758 the purpose of calculating any Rebate Amount payable with respect to that series of the
759 Bonds.

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

764 **B. Term Bond Provisions.** If any Bonds issued as Parity Bonds are
765 designated as Term Bonds pursuant to Section 28 of this ordinance, the Sale Motion for
766 that series of Bonds shall set forth a mandatory redemption schedule to amortize the
767 principal of those Parity Term Bonds. Payments of principal of Parity Term Bonds under
768 any such mandatory redemption schedule shall be made from the Debt Service Account,
769 as provided in subsection A. of this section, to the extent not credited pursuant to Section
770 5.B. of this ordinance.

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

776 **C. Parity Bond Reserve Account.** A Parity Bond Reserve Account has
777 heretofore been established in the Parity Bond Fund. The county hereby pledges that it
778 will pay into and maintain in the Parity Bond Reserve Account an amount that together

779 with other funds in the Parity Bond Reserve Account will be at least equal to the Reserve
780 Requirement. The county may substitute Qualified Insurance or a Qualified Letter of
781 Credit for amounts required to be paid into or maintained in the Parity Bond Reserve
782 Account. The Qualified Letter of Credit or Qualified Insurance must not be cancelable
783 on less than five years' notice. In the event of any cancellation, the Parity Bond Reserve
784 Account will be funded in accordance with the provisions of this section providing for
785 payment in the event of a deficiency therein, as if the Parity Bonds that remain
786 outstanding had been issued on the date of such notice of cancellation.

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

792 If there is a deficiency in the Debt Service Account to make any payment when
793 due of either principal of or interest on any Parity Bonds, the deficiency will be made up
794 from the Parity Bond Reserve Account by the withdrawal of money therefrom and by the
795 sale or redemption of obligations held in the Parity Bond Reserve Account, if necessary,
796 in such amounts as will provide cash in the Parity Bond Reserve Account sufficient to
797 make up any such deficiency. If a deficiency still exists immediately prior to an interest
798 payment date and after the withdrawal of cash, the county will then draw from any
799 Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility in
800 sufficient amount to make up the deficiency. The draw will be made at such times and
801 under such conditions as the agreement for the Qualified Letter of Credit or Qualified

802 Insurance provides. If more than one Qualified Letter of Credit or Qualified Insurance is
803 available, draws will be made ratably thereon to make up the deficiency. Any deficiency
804 created in the Parity Bond Reserve Account by reason of any such withdrawal must then
805 be made up from Revenue of the System that is available after first making the payments
806 required to be made under paragraph "First" through "Third" of Section 14 of this
807 ordinance.

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

810 SECTION 10. Parity Lien Obligation Bond Fund. A special fund of the county
811 known as the "Water Quality Limited Tax General Obligation Bond Redemption Fund"
812 ("the Parity Lien Obligation Bond Fund") has heretofore been created and is hereby
813 continued, along with the accounts therein described in this section. The Parity Lien
814 Obligation Bond Fund is at all times completely segregated and set apart from all other
815 funds and accounts of the county and is a trust fund for the security and payment of
816 principal of and premium, if any, and interest on Parity Lien Obligations. All money
817 credited to the Parity Lien Obligation Bond Fund is pledged and ordered to be used for
818 the sole purpose of paying principal of and premium, if any, and interest on Parity Lien
819 Obligations.

820 A. **Debt Service Account.** A "Debt Service Account" has heretofore been
821 established in the Parity Lien Obligation Bond Fund. The county hereby obligates and
822 binds itself to set aside and pay into that account out of Revenue of the System amounts
823 sufficient, together with accrued interest, if any, received at the time of delivery of any
824 series of Bonds issued as Parity Lien Obligations and deposited therein, income from the

825 investment of money in the Debt Service Account and any other money on deposit in the
826 Debt Service Account and legally available, to pay the principal of and interest on
827 outstanding Parity Lien Obligations as the same become due and payable.

828 For each series of the Bonds issued as Parity Lien Obligations, there is hereby
829 authorized to be created a special subaccount in the Debt Service Account. All money
830 required by this subsection A. to be deposited into the Debt Service Account for the
831 payment of principal of and interest on that series of the Bonds will be deposited into the
832 subaccount created for the series. Money in that subaccount will be treated in all respects
833 as all other money in the Debt Service Account, but will be accounted for separately for
834 the purpose of calculating any Rebate Amount payable with respect to that series of the
835 Bonds.

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

840 **B. Term Bond Provisions.** If any Bonds issued as Parity Lien Obligations
841 are designated as Term Bonds pursuant to Section 28 of this ordinance, the Sale Motion
842 for that series of Bonds shall set forth a mandatory redemption schedule to amortize the
843 principal of those Parity Lien Obligation Term Bonds. Payments of principal of Parity
844 Lien Obligation Term Bonds under any such mandatory redemption schedule will be
845 made from the Debt Service Account, as provided in subsection A. of this section, to the
846 extent not credited pursuant to Section 5.B. of this ordinance.

847 The county covenants that if it issues any additional Parity Lien Obligations as

848 Term Bonds, it will identify those Parity Lien Obligations as Term Bonds in the
849 proceedings authorizing their issuance and establish a schedule of mandatory
850 redemptions, payable from the Debt Service Account, to amortize the principal of those
851 Parity Lien Obligation Term Bonds prior to their maturity.

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

862 The county hereby irrevocably pledges that the annual tax herein authorized to be
863 levied for the payment of such principal and interest shall be within and a part of the tax
864 levy permitted to counties without a vote of the people, and that a sufficient portion of the
865 taxes to be levied and collected annually by the county prior to the full payment of the
866 principal of and interest on the Bonds issued as Parity Lien Obligations will be and is
867 hereby irrevocably set aside, pledged and appropriated for the payment of the principal of
868 and interest on those Bonds.

869 The full faith, credit and resources of the county are hereby irrevocably pledged
870 for the annual levy and collection of those taxes and for the prompt payment of the

871 principal of and interest on those Bonds issued as Parity Lien Obligations as the same
872 become due.

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

876 SECTION 12. Pledge of Sewer Revenues.

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

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

889 B. **Parity Lien Obligations.** The amounts covenanted to be paid out of
890 Revenue of the System into the Parity Lien Obligation Bond Fund and the accounts
891 therein shall constitute a lien and charge on Revenue of the System subject to Operating
892 and Maintenance Expenses, and junior, subordinate and inferior to the lien and charge on
893 Revenue of the System for the payments required by the ordinances authorizing the

894 Parity Bonds to be made into the Parity Bond Fund and the accounts therein, and equal to
895 the lien and charge on Revenue of the System for the payments required to be made by
896 the ordinances authorizing the issuance of the outstanding Parity Lien Obligations and
897 any additional Parity Lien Obligations, and superior to all other liens and charges on
898 Revenue of the System whatsoever.

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

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

905 B. **Rate Stabilization Fund.** In anticipation of increases in revenue
906 requirements of the System, a special fund of the county designated as the "Sewer Rate
907 Stabilization Fund" ("the Rate Stabilization Fund") has heretofore been established and is
908 hereby continued. The county may from time to time appropriate or budget amounts in
909 the Revenue Fund for deposit in the Rate Stabilization Fund, as provided in Section 14 of
910 this ordinance, and may from time to time withdraw amounts therefrom for deposit in the
911 Revenue Fund to prevent or mitigate sewer rate increases or for other lawful purposes of
912 the county related to the System, including calculations of "Net Revenue" and "Revenue
913 of the System" for the purposes of satisfying requirements of Sections 18, 24 and 25 of
914 this ordinance.

915 For any fiscal year, (i) amounts withdrawn from the Revenue Fund and deposited
916 into the Rate Stabilization Fund for that fiscal year must be subtracted from Net Revenue

917 for that fiscal year, and (ii) amounts withdrawn from the Rate Stabilization Fund and
918 deposited in the Revenue Fund for that fiscal year may be added to Revenue of the
919 System for that fiscal year.

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

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

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

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

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

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

939 **Sixth**, to make all required payments of principal of and interest on the Junior

940 Lien Obligations as the same become due and payable, to make all Payment Agreement
941 Payments with respect to any Payment Agreements entered into with respect to Junior
942 Lien Obligations, and to make any payments required to be made to providers of any
943 credit enhancements or liquidity facilities for Junior Lien Obligations;

944 **Seventh**, to make all required payments of principal of and interest on the Multi-
945 Modal LTGO/Sewer Revenue Bonds as the same become due and payable, to make all
946 Payment Agreement Payments for any Payment Agreements entered into with respect to
947 Multi-Modal LTGO/Sewer Revenue Bonds, and to make any payments required to be
948 made to providers of credit enhancements or liquidity facilities for any Multi-Modal
949 LTGO/Sewer Revenue Bonds;

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

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

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

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

963 purposes of the county related to the System.

964 **SECTION 15. Disposition of Bond Proceeds.** The proceeds of the Bonds will be
965 deposited as follows:

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

970 B. Proceeds of each series of the Bonds issued as Parity Bonds may be
971 deposited into the Parity Bond Reserve Account, as will be provided for in each Sale
972 Motion for any Bonds issued as Parity Bonds.

973 C. The balance of the proceeds of any Bonds will be deposited into the
974 appropriate Refunding Account and applied as provided in Section 16 of this ordinance.

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

976 A. **Refunding Account; Guidelines for Refunding.** There is hereby
977 authorized to be established one or more special accounts of the county to be maintained
978 with the Refunding Trustee, each to be known as a "King County [year and series
979 designation] Sewer Revenue Bonds Refunding Account" (each, a "Refunding Account").
980 Each Refunding Account will be drawn upon for the sole purpose of paying the principal
981 of and premium, if any, and interest on the applicable Refunded Bonds and of paying
982 costs related to the issuance of that series of Bonds and to refunding the applicable
983 Refunded Bonds. Proceeds of the sale of any Bonds, together with other county funds
984 that may be designated for that purpose, will be deposited into each Refunding Account
985 to provide for refunding the applicable Refunded Bonds in accordance with the

986 ordinances authorizing the Refunded Bonds and to pay the costs of issuance of the
987 Bonds.

988 The Finance Director is authorized to determine, in consultation with the county's
989 financial advisors, which of the Refunding Candidates, if any, are to be refunded. In
990 determining which of the Refunding Candidates, if any, should be advance refunded
991 under this ordinance in order to effect a saving to the county and ratepayers of the
992 System, the council intends that the Finance Director adhere to a refunding guideline that
993 the present value of the savings achieved by such an advance refunding meet or exceed a
994 minimum level of 5% of the principal amount of Refunded Bonds that are advance
995 refunded. This requirement does not apply to the current refunding of any Refunded
996 Bonds, i.e., the redemption of Refunded Bonds paid for with proceeds of Bonds issued no
997 earlier than 90 days prior to the date fixed for redemption of the Refunded Bonds, or to
998 the refunding of any Refunded Bonds when necessary or in the best interest of the county
999 and ratepayers of the System to modify debt service or reserve requirements, sources of
1000 payment, covenants or other terms of the Refunded Bonds.

1001 **B. Plan of Refunding.** Each plan of refunding and call for redemption of
1002 Refunded Bonds shall be set forth in and ratified and confirmed by a Sale Motion.
1003 Money in each Refunding Account shall be used immediately upon receipt thereof to
1004 defease the applicable Refunded Bonds and discharge the other obligations of the county
1005 relating thereto under the ordinances that authorized the Refunded Bonds, by providing
1006 for the payment of the principal of and premium, if any, and interest on the Refunded
1007 Bonds as set forth in a Sale Motion. The county will defease such bonds and discharge
1008 such obligations by the use of the money in each Refunding Account to purchase

1009 Government Obligations (such obligations so purchased, "Acquired Obligations")
1010 bearing interest and maturing as to principal and interest in such amounts and at such
1011 times that, together with any necessary beginning cash balance, will provide for the
1012 payment of such Refunded Bonds, as set forth in the Sale Motion. Such Acquired
1013 Obligations shall be purchased at a yield not greater than the yield permitted by the Code
1014 and regulations relating to obligations acquired in connection with refunding bond issues.

1015 In connection with the issuance of each series of Bonds, to carry out the refunding
1016 and defeasance of Refunded Bonds, the Finance Director is hereby authorized to appoint
1017 a Refunding Trustee qualified by law to perform the duties described herein. Any
1018 beginning cash balance and the Acquired Obligations will be irrevocably deposited with
1019 the Refunding Trustee in an amount sufficient to defease the Refunded Bonds in
1020 accordance with this section and the applicable Sale Motion.

1021 The county will take such actions as are found necessary to see that all necessary
1022 and proper fees, compensation and expenses of the Refunding Trustee are paid when due.
1023 The proper officers and agents of the county are directed to negotiate an agreement with
1024 each Refunding Trustee setting forth the duties, obligations and responsibilities of the
1025 Refunding Trustee in connection with the redemption and retirement of the Refunded
1026 Bonds as provided herein and setting forth provisions for the payment of the fees,
1027 compensation and expenses of the Refunding Trustee as are satisfactory to it. To carry
1028 out the purposes of this section, the Finance Director is authorized and directed to
1029 execute and deliver to each Refunding Trustee a refunding trust agreement and, if
1030 requested, a costs of issuance agreement, in forms approved by the county's bond
1031 counsel.

1032 C. **Required Findings.** By a Sale Motion, the council shall set forth its
1033 finding of either:

1034 1. savings and defeasance regarding the Refunded Bonds authorized
1035 to be refunded from the proceeds of each series of Bonds; or

1036 2. the best interest of the county and ratepayers of the System from
1037 modifying debt service or reserve requirements, sources of payment, covenants or other
1038 terms of the Refunded Bonds authorized to be refunded from the proceeds of each series
1039 of Bonds.

1040 **SECTION 17. Due Regard for Expenses and Sewer Revenues Pledged.** The
1041 council hereby declares that, in fixing the amounts to be paid into the Parity Bond Fund
1042 and Parity Lien Obligation Bond Fund, as applicable, and the accounts therein, out of
1043 Revenue of the System, it has exercised due regard for the Operating and Maintenance
1044 Expenses and has not obligated the county to set aside in such funds and accounts a
1045 greater amount of Revenue of the System that in its judgment will be available over and
1046 above the Operating and Maintenance Expenses and Revenue of the System previously
1047 pledged.

1048 **SECTION 18. Rate Covenants.**

1049 A. **Parity Bonds.** The county hereby covenants with the Registered Owner
1050 of each of the Bonds issued as Parity Bonds for so long as any of the same are
1051 outstanding that the county will at all times establish, maintain and collect rates and
1052 charges for sewage disposal service that will provide in each calendar year Net Revenue
1053 in an amount that, together with the interest earned during that calendar year on
1054 investments of money in the Parity Bond Fund, Parity Bond Reserve Account and

1055 Construction Account, will equal or exceed 1.15 times the amount required to pay the
1056 Annual Parity Debt Service for such calendar year.

1057 At all times and in any event, rates and charges for sewage disposal service will
1058 be sufficient to provide funds adequate to operate and maintain the System, to make all
1059 payments and to establish and maintain all reserves required by this or any other
1060 ordinance authorizing obligations of the county payable from Revenue of the System, to
1061 make up any deficit in such payments remaining from prior years and to pay all costs
1062 incurred in the construction or acquisition of any portion of the Comprehensive Plan that
1063 may be ordered by the county and for the payment of which sewer revenue bonds (or
1064 other obligations payable from Revenue of the System) are not issued.

1065 B. **Parity Lien Obligations.** The county hereby covenants with the
1066 Registered Owner of each of the Bonds issued as Parity Lien Obligations for so long as
1067 any of the same are outstanding that the county will at all times establish, maintain and
1068 collect rates and charges for sewage disposal service that will be fair and
1069 nondiscriminatory and adequate to provide Revenue of the System sufficient for the
1070 proper operation and maintenance of the System; for the punctual payment of the
1071 principal of and interest on all outstanding Parity Bonds for which payment has not
1072 otherwise been provided and all amounts that the county is obligated to set aside in the
1073 Parity Bond Fund securing the Parity Bonds; for the punctual payment of the principal of
1074 and interest on all outstanding Parity Lien Obligations and for all amounts that the county
1075 is obligated to set aside in the Parity Lien Obligation Bond Fund; and for the payment of
1076 any and all other amounts that the county is now or may hereafter become obligated to
1077 pay from Revenue of the System.

1078 The county hereby further covenants with the Registered Owner of each of the
1079 Bonds issued as Parity Lien Obligations for so long as any of the same are outstanding
1080 that the county will at all times establish, maintain and collect rates and charges for
1081 sewage disposal service that will provide in each calendar year Net Revenue in an
1082 amount that, together with the interest earned during that calendar year on investments
1083 made of money in the Parity Bond Fund, Parity Bond Reserve Account, Parity Lien
1084 Obligation Bond Fund and Construction Account, is equal to at least 1.15 times the
1085 amounts required to pay the Annual Debt Service for such calendar year.

1086 C. **Rate Stabilization Fund.** In determining compliance with the
1087 requirements of this section, Revenue of the System and Net Revenue shall be calculated
1088 by taking into account deposits and withdrawals from the Rate Stabilization Fund as
1089 provided in Section 13.B. of this ordinance.

1090 SECTION 19. Certain Other Covenants of the County Regarding the Bonds.

1091 The county hereby covenants with the Registered Owner of each of the Bonds for as long
1092 as any of the Bonds are outstanding, as follows:

1093 A. **Maintain in Good Order.** The county will cause the System and the
1094 business in connection therewith to be operated in a safe, sound, efficient, and economic
1095 manner in compliance with all health, safety, and environmental laws, regulatory body
1096 rules, regulatory body orders and court orders applicable to the county's operation of the
1097 System, and will cause the System to be maintained, preserved, reconstructed, expanded
1098 and kept, with all appurtenances and every part and parcel thereof, in good repair,
1099 working order and condition, and will from time to time cause to be made, without undue
1100 deferral, all necessary or proper repairs, replacements and renewals, so that all times the

1101 operation of the System will be properly and advantageously conducted.

1102 B. **Books and Records.** The county will cause proper books of record and
1103 accounts of operation of the System to be kept, including an annual financial report.

1104 C. **Annual Audit.** The county will cause its books of accounts, including its
1105 annual financial report, to be audited annually by the State auditor's office or other State
1106 department or agency as may be authorized and directed by law to make such audits, or if
1107 such an audit is not made for twelve months after the close of any fiscal year of the
1108 county, by a Certified Public Accountant. The county will furnish the audit to the Owner
1109 of any Bond upon written request therefor.

1110 D. **Insurance.** The county will at all times carry fire and extended coverage
1111 and such other forms of insurance on such of the buildings, equipment, facilities and
1112 properties of the System as under good practice are ordinarily carried on such buildings,
1113 equipment, facilities and properties by municipal or privately owned utilities engaged in
1114 the operation of sewer systems and will also carry adequate public liability insurance at
1115 all times, provided that the county may, if deemed advisable by the council, institute or
1116 continue a self-insurance program for any or all of the aforementioned risks.

1117 E. **Construction.** The county will cause the construction of any duly
1118 authorized and ordered portions of the Comprehensive Plan to be performed and
1119 completed within a reasonable time and at the lowest reasonable cost.

1120 F. **Collection of Revenue.** The county will operate and maintain the System
1121 and conduct its affairs so as to entitle it at all times to receive and enforce payment to it
1122 of sewage disposal charges payable (i) pursuant to the ordinance or ordinances
1123 establishing a tariff of rates and charges for sewage disposal services and (ii) under any

1124 Service Agreement that the county has now or may hereafter enter into and to entitle the
1125 county to collect all revenues derived from the operation of the System. The county shall
1126 not release the obligations of any person, corporation or political subdivision under such
1127 tariff of rates and charges or the Service Agreements and shall at all times, to the extent
1128 permitted by law, defend, enforce, preserve and protect the rights and privileges of the
1129 county and of the registered owners of the Parity Bonds and Parity Lien Obligations
1130 under or with respect thereto.

1131 In accordance with RCW 35.58.200(3), the county shall require any county, city,
1132 special district or other political subdivision to discharge to the System all sewage
1133 collected by that entity from any portion of the Seattle metropolitan area that can drain by
1134 gravity flow into facilities of the System that serve such areas if the council declares that
1135 the health, safety or welfare of the people within the metropolitan area require such
1136 action.

1137 G. **Legal Authority.** The county has full legal right, power and authority to
1138 adopt this ordinance, to sell, issue and deliver the Bonds as provided herein, and to carry
1139 out and consummate all other transactions contemplated by this ordinance.

1140 H. **Due Authorization.** By all necessary official action prior to or
1141 concurrently herewith, the county has duly authorized and approved the execution and
1142 delivery of, and the performance by the county of its obligations contained in, the Bonds
1143 and in this ordinance and the consummation by it of all other transactions necessary to
1144 effectuate this ordinance in connection with the issuance of Bonds, and such
1145 authorizations and approvals are in full force and effect and have not been amended,
1146 modified or supplemented in any material respect.

1147 I. **Binding Obligation.** This ordinance constitutes a legal, valid and binding
1148 obligation of the county.

1149 J. **No Conflict.** The county's adoption of this ordinance and its compliance
1150 with the provisions contained herein will not conflict with or constitute a breach of or
1151 default under any constitutional provision, law, administrative regulation, judgment,
1152 decree, loan agreement, indenture, bond, note, resolution, ordinance, motion, agreement
1153 or other instrument to which the county is a party or to which the county or any of its
1154 property or assets are otherwise subject, nor will any such adoption or compliance result
1155 in the creation or imposition of any lien, charge or other security interest or encumbrance
1156 of any nature whatsoever upon any of the property or assets of the county or under the
1157 terms of any such law, regulation or instrument, except as permitted by this ordinance
1158 and the ordinances authorizing the issuance of other Parity Bonds and Parity Lien
1159 Obligations.

1160 K. **Performance Under Ordinance.** None of the proceeds of the Bonds will
1161 be used for any purpose other than as provided in this ordinance, and except as otherwise
1162 expressly provided herein, the county shall not suffer any amendment or supplement to
1163 this ordinance, or any departure from the due performance of the obligations of the
1164 county hereunder, that might materially adversely affect the rights of the Registered
1165 Owners from time to time of the Bonds.

1166 L. **Sale or Disposition.** The county will not sell or voluntarily dispose of all
1167 of the operating properties of the System unless provision is made for payment into the
1168 Parity Bond Fund and the Parity Lien Obligation Bond Fund of a sum sufficient to pay
1169 the principal of and interest on all outstanding Parity Bonds and Parity Lien Obligations

1170 in accordance with the terms thereof, nor will the county sell or voluntarily dispose of
1171 any part of the operating properties of the System unless provision is made (i) for
1172 payment into the Parity Bond Fund of an amount that will bear at least the same
1173 proportion to the amount of the outstanding Parity Bonds that the estimated amount of
1174 any resulting reduction in Revenue of the System for the twelve months following such
1175 sale or disposition bears to the Revenue of the System that would have been realized if
1176 such sale or disposition had not been made and (ii) for payment into the Parity Lien
1177 Obligation Bond Fund of an amount that will bear at least the same proportion to the
1178 amount of the outstanding Parity Lien Obligations that the estimated amount of any
1179 resulting reduction in Revenue of the System for the twelve months following such sale
1180 or disposition bears to the Revenue of the System that would have been realized if such
1181 sale or disposition had not been made. Those estimates must be made by a Professional
1182 Utility Consultant. Any money so paid into the Parity Bond Fund and the Parity Lien
1183 Obligation Bond Fund must be used to retire outstanding Parity Bonds and Parity Lien
1184 Obligations as provided herein at the earliest possible date; provided, however, that the
1185 county may sell or otherwise dispose of any of the works, plant, properties and facilities
1186 of the System or any real or personal property comprising a part of the System with a
1187 value of less than 5% of the net utility plant of the System or that have become
1188 unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or
1189 no longer necessary, material to or useful in such operation, without making any deposit
1190 into the Parity Bond Fund or Parity Lien Obligation Bond Fund.

1191 **SECTION 20. Certain Other Covenants of the County Regarding the Bonds**
1192 **Issued as Parity Lien Obligations.** The county makes the following covenants and

1193 warranties to the Registered Owner of each of the Bonds issued as Parity Lien

1194 Obligations:

1195 A. The Bonds issued as Parity Lien Obligations, when issued, sold,
1196 authenticated and delivered, will constitute legal, valid and binding general obligations of
1197 the county.

1198 B. The county covenants that the Bonds issued as Parity Lien Obligations
1199 will be issued within all statutory and constitutional debt limitations applicable to the
1200 county.

1201 SECTION 21. Tax Covenants.

1202 A. **General.** The county may elect to structure any series of Bonds so that
1203 interest on that series of Bonds would be taxable or excludable from gross income for
1204 federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Code
1205 and the applicable regulations ("the Tax-Exempt Bonds") or to confer other benefits
1206 under the Code to the county or Owners of that series of Bonds ("the Tax-Benefited
1207 Bonds"). The county covenants not to take any action, or knowingly omit to take any
1208 action within its control, that if taken or omitted would cause the interest on Tax-Exempt
1209 Bonds to be includable in gross income, as defined in Section 61 of the Code, for federal
1210 income tax purposes. Additional tax covenants as necessary or desirable for any series of
1211 Bonds may be set forth in the Sale Motion or Tax Certificate for that series of Bonds.

1212 B. **Tax Certificate.** Upon the issuance of any series of Tax-Exempt Bonds
1213 or Tax-Benefited Bonds, the Finance Director is authorized to execute the Tax
1214 Certificate, which will certify to various facts and representations concerning that series
1215 of Bonds, based on the facts and estimates known or reasonably expected on the date of

1216 their issuance, and make certain covenants with respect to that series of Bonds as may be
1217 necessary or desirable to obtain or maintain the benefits conferred under the Code
1218 relating to that series of Tax-Exempt Bonds or Tax-Benefited Bonds.

1219 The county covenants that it will comply with the Tax Certificate unless it
1220 receives advice from nationally recognized bond counsel or the Internal Revenue Service
1221 that certain provisions have been amended or no longer apply to the Tax-Exempt Bonds
1222 or Tax-Benefited Bonds, as applicable.

1223 C. **Arbitrage Rebate.** If the county does not qualify for an exception to the
1224 requirements of Section 148(f) of the Code relating to the payment of arbitrage rebate to
1225 the United States with respect to a series of Bonds, the county will take all necessary
1226 steps to comply with the requirement that certain amounts earned by the county on the
1227 investment of the "gross proceeds" of that series of Bonds (within the meaning of the
1228 Code) be rebated.

1229 **SECTION 22. Trustee for Registered Owners of Parity Bonds.**

1230 A. **Appointment of Trustee.** Upon the occurrence of any "event of default"
1231 described in Section 23.A. of this ordinance, the registered owners of a majority in
1232 principal amount of the outstanding Parity Bonds may appoint a Trustee by an instrument
1233 or concurrent instruments in writing signed and acknowledged by such registered owners
1234 or by their attorneys-in-fact duly authorized and delivered to the Trustee, notification
1235 thereof being given to the county. Any appointment of a Trustee under the provisions of
1236 this subsection A. must be a bank or trust company organized under the laws of the State
1237 or the State of New York or a national banking association. The fees and expenses of a
1238 Trustee must be borne by the owners of the Parity Bonds and not by the county. The

1239 bank or trust company acting as a Trustee may be removed at any time and a successor
1240 Trustee may be appointed by the registered owners of a majority in principal amount of
1241 the outstanding Parity Bonds, by an instrument or concurrent instruments in writing
1242 signed and acknowledged by such registered owners or by their attorneys-in-fact duly
1243 authorized.

1244 The Trustee appointed in the manner herein provided, and each successor thereto,
1245 is hereby declared to be a trustee for the registered owners of all the Parity Bonds and is
1246 empowered to exercise all rights and powers herein conferred on the Trustee.

1247 **B. Certain Rights and Obligations of Trustee.** The Trustee will not be
1248 responsible for recitals in any ordinance or in the Parity Bonds, or for the validity of any
1249 Parity Bonds, nor will the Trustee be responsible for insuring the System or for collecting
1250 any insurance money or for the title to any property of the System.

1251 The Trustee will be protected in acting upon any notice, request, consent,
1252 certificate, order, affidavit, letter or other paper or document believed by it to be genuine
1253 and correct and to have been signed, sent or delivered by the person or persons by whom
1254 such paper or document is purported to have been signed, sent or delivered.

1255 The Trustee will not be answerable for any neglect or default of any person, firm
1256 or corporation employed and selected by it with reasonable care.

1257 The Trustee will permit the owner of any Parity Bonds to inspect any instrument,
1258 opinion or certificate filed with the Trustee by the county or by any person, firm or
1259 corporation acting for the county.

1260 The Trustee will not be bound to recognize any person as an owner of any Parity
1261 Bond until his, her or its title thereto, if disputed, has been established to the Trustee's

1262 reasonable satisfaction.

1263 The Trustee may consult with counsel, and the opinion of such counsel will be
1264 full and complete authorization and protection in respect of any action taken or suffered
1265 by it hereunder in good faith and in accordance with the opinion of such counsel.

1266 SECTION 23. Events of Default for Parity Bonds; Powers and Duties of
1267 **Trustee.**

1268 A. **Events of Default.** The occurrence of one or more of the following is an
1269 "event of default" with respect to any Bonds issued as Parity Bonds under this ordinance:

1270 1. default in the payment of principal of or interest on any Parity
1271 Bonds when the same becomes due; or

1272 2. default in the observance or performance of any of the other
1273 covenants applicable to Parity Bonds herein contained, and the default continues for a
1274 period of six months after written notice to the county from the registered owner of a
1275 Parity Bond specifying the default and requiring that it be remedied.

1276 B. **Powers of Trustee.** The Trustee in its own name and on behalf of and for
1277 the benefit and protection of the registered owners of all Parity Bonds may proceed, and
1278 upon the written request of the registered owners of not less than 25% in principal
1279 amount of the Parity Bonds then outstanding must proceed, to protect and enforce any
1280 rights of the Trustee and, to the full extent that registered owners of Parity Bonds
1281 themselves might do, the rights of such registered owners of Parity Bonds under the laws
1282 of the State or under the ordinances providing for the issuance of the Parity Bonds, by
1283 such suits, actions or proceedings in equity or at law, either for the specific performance
1284 of any covenant contained herein or in aid or execution of any power herein granted or

1285 for any proper legal or equitable remedy as the Trustee may deem most effectual to
1286 protect and enforce the rights of the Trustee and the registered owners of Parity Bonds.
1287 In the enforcement of any such rights under this or any other ordinance of the county, the
1288 Trustee is entitled to sue for, to enforce payment of and to receive any and all amounts
1289 due from the county for principal, interest or otherwise under any of the provisions of
1290 such ordinance, with interest on overdue payments at the rate or rates set forth in such
1291 Parity Bond or Parity Bonds, together with any and all costs and expenses of collection
1292 and of all proceedings taken by the Trustee without prejudice to any other right or
1293 remedy of the Trustee or of the owners of the Parity Bonds.

1294 If default is made in the payment of principal of any Parity Bond and the default
1295 continues for a period of 30 days, the Trustee may not accelerate payment of any Parity
1296 Bonds but may proceed to enforce payment thereof as hereinabove provided. If, in the
1297 sole judgment of the Trustee, any default is cured and the Trustee furnishes the county a
1298 certificate so stating, that default is conclusively deemed to be cured, and the county,
1299 Trustee and owners of Parity Bonds will be restored to the same rights and position they
1300 would have held if no event of default had occurred.

1301 **C. Actions in Name of Trustee.** All rights of action under this ordinance or
1302 upon any of the Parity Bonds enforceable by the Trustee may be enforced by the Trustee
1303 without the possession of any Parity Bonds or the production thereof in the trial or other
1304 proceedings relative thereto, and any such suit, action or proceeding instituted by the
1305 Trustee will be brought in its name for the ratable benefit of the registered owners of all
1306 Parity Bonds, subject to the provisions of this ordinance.

1307 **D. Procedure by Bond Owners.** No owner of any one or more of the Parity

1308 Bonds has any right to institute any action, suit or proceedings at law or in equity for the
1309 enforcement of the same, unless an event of default occurs and unless no Trustee is
1310 appointed as herein provided, but any remedy herein authorized to be exercised by a
1311 Trustee may be exercised individually by any registered owner of a Parity Bond, in his,
1312 her or its own name and on his, her or its own behalf or for the benefit of all registered
1313 owners of Parity Bonds, if no Trustee is appointed, or with the consent of the Trustee if
1314 such Trustee has been appointed.

1315 E. **Application of Money Collected by Trustee.** Any money collected by
1316 the Trustee at any time pursuant to this section will be applied, first, to the payment of its
1317 charges, expenses, advances and compensation and the charges, expenses, counsel fees,
1318 disbursements and compensation of its agents and attorneys, and, second, toward
1319 payment of the amount then due and unpaid upon the Parity Bonds, ratably and without
1320 preference or priority of any kind not expressly provided in this ordinance, according to
1321 the amounts due and payable upon the Parity Bonds at the date fixed by the Trustee for
1322 the distribution of such money, upon presentation of the several Parity Bonds and upon
1323 causing such payment to be stamped thereon, if partly paid, and upon surrender thereof, if
1324 fully paid.

1325 SECTION 24. Future Parity Bonds. The county further covenants and agrees
1326 with the Registered Owner of each of the Bonds issued as Parity Bonds for as long as the
1327 same are outstanding that it will not create any special fund for the payment of the
1328 principal of and interest on any revenue bonds that will rank on a parity with or have any
1329 priority over the payments out of Revenue of the System required to be made into the
1330 Parity Bond Fund and the accounts therein to pay or secure the payment of the

1331 outstanding Parity Bonds. The county reserves the right for: (i) the purpose of acquiring,
1332 constructing and installing any portion of the Comprehensive Plan; (ii) the purpose of
1333 acquiring, constructing and installing any necessary renewals or replacements of the
1334 System; or (iii) the purpose of refunding or purchasing and retiring at or prior to their
1335 maturity any outstanding obligations of the county payable from Revenue of the System,
1336 to issue additional or refunding Parity Bonds (including Variable Rate Parity Bonds) and
1337 to make payments into the Parity Bond Fund out of the Revenue Fund that will be
1338 sufficient to pay the principal of and interest on those additional or refunding Parity
1339 Bonds and to maintain required reserves, such payments out of the Revenue Fund to rank
1340 equally with the payments out of the Revenue Fund required to be made into the Parity
1341 Bond Fund and the accounts therein for the payment of the principal of and interest on
1342 outstanding Parity Bonds, but only upon compliance with the following conditions:

1343 A. At the time of the issuance of any Future Parity Bonds there is no
1344 deficiency in the Parity Bond Fund or any account therein.

1345 B. Each ordinance providing for the issuance of any Future Parity Bonds that
1346 are refunding bonds must require that all money held in any fund or account of the county
1347 created for the purpose of paying the principal of and interest on the bonds being
1348 refunded either be used to pay the principal of and interest on such bonds or be
1349 transferred or paid into the Parity Bond Fund.

1350 C. Each ordinance providing for the issuance of Future Parity Bonds must
1351 provide for the payment of the principal thereof and interest thereon out of the Parity
1352 Bond Fund. The Future Parity Bonds may bear such date of issue, interest payment
1353 dates, and principal payment dates, and may mature in such year or years as the council

1354 provides. Each such ordinance will further provide that upon the issuance of any Future
1355 Parity Bonds, the county will pay into the Parity Bond Reserve Account an amount that
1356 will be sufficient to satisfy the Reserve Requirement then applicable or provide Qualified
1357 Insurance or a Qualified Letter of Credit to satisfy the Reserve Requirement.

1358 D. At the time of the issuance of any Future Parity Bonds, the county must
1359 have on file a certificate from a Professional Utility Consultant (the certificate may not be
1360 dated more than 90 days prior to the date of delivery of such Future Parity Bonds)
1361 showing that in his or her professional opinion the "annual income available for debt
1362 service on Parity Bonds" for each year during the life of such Future Parity Bonds shall
1363 be at least equal to 1.25 times the amount required in each such year to pay the Annual
1364 Parity Debt Service for such year. Such "annual income available for debt service on
1365 Parity Bonds" must be determined as follows for each year following the proposed date
1366 of issue of such Future Parity Bonds:

1367 1. The Revenue of the System must be determined for a period of any
1368 12 consecutive months out of the 18 months immediately preceding the delivery of the
1369 Future Parity Bonds being issued.

1370 2. Such revenue may be adjusted to give effect on a 12-month basis
1371 to the rates in effect on the date of such certificate.

1372 3. If there were any Customers added to the System during such 12-
1373 month period or thereafter and prior to the date of the Professional Utility Consultant's
1374 certificate, such revenue may be further adjusted on the basis that added Customers were
1375 Customers of the System during the entire 12-month period.

1376 4. There will be deducted from such revenue the amount expended

1377 for Operating and Maintenance Expenses during such period.

1378 5. For each year following the proposed date of issuance of such
1379 Future Parity Bonds the Professional Utility Consultant may add to the annual revenue
1380 determined in subsection D.1. through 4. of this section an estimate of the income to be
1381 received in each such year from the investment of money in the Parity Bond Fund and
1382 any account therein, and the Construction Account, which is to be determined by and in
1383 the sole discretion of a firm of nationally recognized financial consultants selected by the
1384 county.

1385 6. Beginning with the second year following the proposed date of
1386 issue of such Future Parity Bonds and for each year thereafter, the Professional Utility
1387 Consultant may add to the annual revenue determined in subsection D.1. through 5. of
1388 this section his or her estimate of any additional annual revenue to be received from
1389 anticipated growth in the number of Customers within the area served by the System on
1390 the date of such certificate, after deducting therefrom any increased Operating and
1391 Maintenance Expenses estimated to be incurred as a result of such growth; provided, that
1392 the Professional Utility Consultant's estimate of the number of Customers served may not
1393 assume growth of more than 1/4 of 1% over and above the number of Customers served
1394 or estimated to be served during the preceding year.

1395 7. If extensions of or additions to the System are in the process of
1396 construction at the time of such certificate, or if the proceeds of the Future Parity Bonds
1397 being issued are to be used to acquire or construct extensions of or additions to the
1398 System, there may be added to the annual net revenue as above determined any revenue
1399 not included in subsection D.1. through 6. of this section that will be derived from such

1400 additions and extensions after deducting therefrom the estimated additional Operating
1401 and Maintenance Expenses to be incurred as a result of such additions and extensions;
1402 provided, that such estimated annual revenue will be based upon 75% of any estimated
1403 Customer growth in the four years following the first full year in which such additional
1404 revenue is to be collected and thereafter the estimated Customer growth may not exceed
1405 1/4 of 1% per year over and above such reduced estimate.

1406 E. Instead of the certificate described in subsection D. of this section, the
1407 county may elect to have on file a certificate of the Finance Director demonstrating that
1408 during any 12 consecutive calendar months out of the immediately preceding 18 calendar
1409 months Net Revenue was at least equal to 1.25 times the amount required to pay, in each
1410 year that such Future Parity Bonds would be outstanding, the Annual Parity Debt Service
1411 for such year.

1412 F. For the purpose of refunding at or prior to their maturity any outstanding
1413 Parity Bonds or any bonds or other obligations of the county payable from Revenue of
1414 the System, the county may at any time issue Future Parity Bonds without complying
1415 with the provisions of subsection D. or E. of this section; provided, that the county may
1416 not issue Future Parity Bonds for such purpose under this subsection F. unless the
1417 Finance Director certifies that upon the issuance of such Future Parity Bonds: (i) total
1418 debt service required for all Parity Bonds (including the refunding bonds and not
1419 including the bonds to be refunded thereby) will decrease; and (ii) the Annual Parity Debt
1420 Service for each year that any Parity Bonds (including the refunding bonds and not
1421 including the bonds to be refunded thereby) are then outstanding will not be increased by
1422 more than \$5,000 by reason of the issuance of such Future Parity Bonds.

1423 The principal amount of Future Parity Bonds issued pursuant to this subsection F.
1424 may include amounts necessary to pay the principal of the Parity Bonds or other
1425 obligations to be refunded, interest thereon to the date of payment or redemption thereof,
1426 any premium payable thereon upon such payment or redemption and the costs of issuance
1427 of such Future Parity Bonds, and if a Payment Agreement has been provided with respect
1428 to the obligations to be refunded, may include amounts necessary to make the payment of
1429 all amounts, if any, due and payable by the county under such Payment Agreement. The
1430 proceeds of such Future Parity Bonds will be held and applied in such manner as is
1431 provided for in the ordinance authorizing the issuance of the Parity Bonds or other
1432 obligations to be refunded, so that upon the delivery of such Future Parity Bonds, the
1433 Parity Bonds or other obligations to be refunded thereby will be deemed no longer
1434 outstanding in accordance with the ordinance authorizing their issuance.

1435 G. For so long as the county's Junior Lien Variable Rate Demand Sewer
1436 Revenue Bond, Series 2012, remains outstanding, at the time of issuing any Future Parity
1437 Bonds, the Finance Director shall provide to the registered owner of that bond a debt
1438 service coverage certificate as required by Ordinance 17495, Section 5.4.(a), of the
1439 county authorizing the issuance of that bond.

1440 H. Nothing contained in this ordinance prevents the county from issuing
1441 revenue bonds that are a charge on Revenue of the System and money in the Revenue
1442 Fund junior or inferior to the payments required to be made therefrom into the Parity
1443 Bond Fund and any account therein, nor shall anything herein contained prevent the
1444 county from issuing Future Parity Bonds to refund maturing Parity Bonds for the
1445 payment of which money is not otherwise available.

1446 **SECTION 25. Additional Parity Lien Obligations.** The county expressly
1447 reserves the right to issue additional Parity Bonds in accordance with the ordinances,
1448 including this ordinance, authorizing the Parity Bonds. Subject to this reservation of
1449 rights with respect to Parity Bonds, the county hereby covenants and agrees with the
1450 Registered Owner of each of the Bonds issued as Parity Lien Obligations, so long as such
1451 Bonds are outstanding, that it will not issue or incur any other additional indebtedness
1452 secured in whole or in part by a lien on Revenue of the System superior to the lien of
1453 such Bonds issued as Parity Lien Obligations.

1454 A. **Parity Lien Obligations Other Than Refunding Bonds.** The county
1455 expressly reserves the right to issue or enter into additional Parity Lien Obligations
1456 (including Variable Rate Parity Lien Obligations as defined herein) for any lawful
1457 purpose of the county related to the System if at the time of issuing or entering into such
1458 Parity Lien Obligations:

1459 1. There is no deficiency in the Parity Bond Fund, the Parity Lien
1460 Obligation Bond Fund or any other bond fund or account securing Parity Lien
1461 Obligations.

1462 2. The county has on file a certificate from a Professional Utility
1463 Consultant (the certificate may not be dated more than 90 days prior to the date of
1464 delivery of such Parity Lien Obligations) showing that in his or her professional opinion,
1465 the "annual income available for debt service on Parity Bonds and Parity Lien
1466 Obligations" for each year during the life of such Parity Lien Obligations is at least equal
1467 to 1.25 times the amount required to pay Annual Debt Service in each such year. Such
1468 "annual income available for debt service on Parity Bonds and Parity Lien Obligations"

1469 shall be determined as follows for each year following the proposed date of issue of such

1470 Parity Lien Obligations:

1471 a. The Revenue of the System must be determined for a

1472 period of any 12 consecutive months out of the 18 months immediately preceding the

1473 delivery of the Parity Lien Obligations being issued.

1474 b. Such revenue may be adjusted to give effect on a 12-month

1475 basis to the rates in effect on the date of such certificate.

1476 c. If there were any Customers added to the System during

1477 such 12-month period or thereafter and prior to the date of the Professional Utility

1478 Consultant's certificate, such revenue may be further adjusted on the basis that added

1479 Customers were Customers of the System during the entire 12-month period.

1480 d. There will be deducted from such revenue the amount

1481 expended for Operating and Maintenance Expenses during such period.

1482 e. For each year following the proposed date of issuance of

1483 such Parity Lien Obligations the Professional Utility Consultant may add to the annual

1484 revenue determined in clauses a through d of this paragraph 2 an estimate of the income

1485 to be received in each such year from the investment of money in the Parity Bond Fund,

1486 the Parity Lien Obligation Bond Fund and the Construction Account, which is to be

1487 determined by and in the sole discretion of a firm of nationally recognized financial

1488 consultants selected by the county.

1489 f. Beginning with the second year following the proposed

1490 date of issue of such Parity Lien Obligations and for each year thereafter the Professional

1491 Utility Consultant may add to the annual revenue determined in clauses a through e of

1492 this paragraph 2 his or her estimate of any additional annual revenue to be received from
1493 anticipated growth in the number of Customers within the area served by the System on
1494 the date of such certificate, after deducting therefrom any increased Operating and
1495 Maintenance Expenses estimated to be incurred as a result of such growth; provided, that
1496 the Professional Utility Consultant's estimate of the number of customers served may not
1497 assume a growth of more than 1/4 of 1% over and above the number of customers served
1498 or estimated to be served during the preceding year.

1499 g. If extensions of or additions to the System are in the
1500 process of construction at the time of such certificate, or if the proceeds of the Parity Lien
1501 Obligations being issued are to be used to acquire or construct extensions of or additions
1502 to the System, there may be added to the annual net revenue as above determined any
1503 revenue not included in clauses a through f of this paragraph 2 that will be derived from
1504 such additions and extensions after deducting therefrom the estimated additional
1505 Operating and Maintenance Expenses to be incurred as a result of such additions and
1506 extensions; provided, that such estimated annual revenue must be based upon 75% of any
1507 estimated Customer growth in the four years following the first full year in which such
1508 additional revenue is to be collected and thereafter the estimated Customer growth may
1509 not exceed 1/4 of 1% per year over and above such reduced estimate.

1510 3. Instead of the certificate described in subsection A.2. of this
1511 section, the county may elect to have on file a certificate of the Finance Director
1512 demonstrating that during any 12 consecutive calendar months out of the immediately
1513 preceding 18 calendar months Net Revenue was at least equal to 1.25 times the amount
1514 required to pay, in each year that such Parity Lien Obligations would be outstanding, the

1515 Annual Debt Service for such year.

1516 **B. Parity Lien Obligations That Are Refunding Bonds.**

1517 1. The county may at any time, for the purpose of refunding at or
1518 prior to their maturity any outstanding Parity Lien Obligations, Parity Bonds, or any
1519 bonds or other obligations of the county payable from Revenue of the System, issue
1520 additional Parity Lien Obligations without complying with the provisions of subsection
1521 A.2. and 3. of this section if there is filed with the clerk of the council a certificate of the
1522 Finance Director stating that upon the issuance of such additional Parity Lien
1523 Obligations: (i) total debt service on all Parity Bonds and Parity Lien Obligations
1524 (including the refunding bonds but not including the bonds to be refunded thereby) will
1525 decrease; and (ii) the Annual Debt Service for each year that any Parity Bonds and any
1526 Parity Lien Obligations (including the refunding bonds but not including the bonds to be
1527 refunded thereby) are then outstanding will not be increased by more than \$5,000 by
1528 reason of the issuance of such additional Parity Lien Obligations.

1529 2. The principal amount of such Parity Lien Obligations may include
1530 amounts necessary to pay the principal of the bonds or other obligations to be refunded,
1531 interest thereon to the date of payment or redemption thereof and any premium payable
1532 thereon upon such payment or redemption and the costs of issuance of such Parity Lien
1533 Obligations and, if a Payment Agreement has been provided with respect to the
1534 obligations to be refunded, may include amounts necessary to make the payment of all
1535 amounts, if any, due and payable by the county under such Payment Agreement. The
1536 proceeds of such Parity Lien Obligations will be held and applied as is provided in the
1537 ordinance authorizing the issuance of such Parity Lien Obligations, so that upon the

1538 delivery of such Parity Lien Obligations, the bonds or other obligations to be refunded
1539 thereby will be deemed no longer outstanding in accordance with the ordinance
1540 authorizing their issuance.

1541 3. At the election of the county, the provisions of this subsection B.
1542 need not apply to the refunding at one time of all the Parity Lien Obligations then
1543 outstanding.

1544 4. Nothing contained in this ordinance prohibits or prevents, or will
1545 be deemed or construed to prohibit or prevent, the county from issuing Parity Lien
1546 Obligations to refund maturing Parity Lien Obligations of the county for the payment of
1547 which money is not otherwise available.

1548 C. **Additional Debt Service Coverage Certificate.** For so long as the
1549 county's Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, remains
1550 outstanding, at the time of issuing any additional Parity Lien Obligations, the Finance
1551 Director shall provide to the registered owner of that bond a debt service coverage
1552 certificate as required by Ordinance 17495, Section 5.4.(a), of the county authorizing the
1553 issuance of that bond.

1554 D. **Subordinate Obligations.** Nothing in this ordinance prohibits, or will be
1555 deemed or construed to prohibit, the county from authorizing and issuing bonds, notes or
1556 other evidences of indebtedness for any purpose of the county related to the System
1557 payable in whole or in part from Revenue of the System and secured by a lien on
1558 Revenue of the System that is junior, subordinate and inferior to the lien of any Bonds
1559 issued as Parity Lien Obligations.

1560 SECTION 26. Reimbursement Obligations. If the county elects to secure any

1561 Bonds with a Credit Facility, the county may contract with the entity providing the Credit
1562 Facility that the reimbursement obligation, if any, to that entity will be a Parity Bond or
1563 Parity Lien Obligation, as applicable.

1564 **SECTION 27. Payment Agreements.**

1565 A. **General.** To the extent and for the purposes permitted from time to time
1566 by chapter 39.96 RCW, as it may be amended, and other applicable provisions of State
1567 law, the county may enter into Payment Agreements, subject to the conditions set forth in
1568 this section and in other provisions of this ordinance.

1569 B. **Manner and Schedule of Payments.** Each Payment Agreement must set
1570 forth the manner in which the Payment Agreement Payments and the Payment
1571 Agreement Receipts will be calculated and a schedule of payment dates.

1572 C. **Authorizing Ordinance.** Prior to entering into a Payment Agreement, the
1573 council must adopt an ordinance authorizing such agreement and setting forth such
1574 provisions as the county deems necessary or desirable and are not inconsistent with the
1575 provisions of this ordinance.

1576 D. **Calculation of Payment Agreement Payments and Debt Service on**
1577 **Bonds with Respect to which a Payment Agreement is in Force.** It is the intent of the
1578 county, for purposes of Section 18, 24 or 25 of this ordinance, that debt service on Parity
1579 Bonds with respect to which a Parity Payment Agreement is in force will be calculated to
1580 reflect the net economic effect on the county intended to be produced by the terms of
1581 such Parity Bonds and Parity Payment Agreement and that debt service on Parity Lien
1582 Obligation Bonds with respect to which a Parity Lien Obligation Payment Agreement is
1583 in force will be calculated to reflect the net economic effect on the county intended to be

1584 produced by the terms of such Parity Lien Obligation Bonds and Parity Lien Obligation
1585 Payment Agreement. In calculating such amounts, the county will be guided by the
1586 following requirements.

1587 1. The amount of interest deemed to be payable on any Bonds with
1588 respect to which a Payment Agreement is in force will be an amount equal to the amount
1589 of interest that would be payable at the rate or rates stated in those Bonds plus Payment
1590 Agreement Payments minus Payment Agreement Receipts.

1591 2. For any period during which Payment Agreement Payments are
1592 not taken into account in calculating interest on any outstanding Bonds because the
1593 Payment Agreement is not then related to any outstanding Bonds, Payment Agreement
1594 Payments on that Parity Payment Agreement will be calculated based upon the following
1595 assumptions:

1596 a. **County Obligated to Make Payments Based on Fixed**
1597 **Rate.** If the county is obligated to make Payment Agreement Payments based on a fixed
1598 rate and the Qualified Counterparty is obligated to make payments based on a variable
1599 rate index, payments by the county will be based on the assumed fixed payor rate, and
1600 payments by the Qualified Counterparty will be based on a rate equal to the average rate
1601 determined by the variable rate index specified by the Payment Agreement during the
1602 fiscal quarter preceding the quarter in which the calculation is made; and

1603 b. **County Obligated to Make Payments Based on Variable**
1604 **Rate Index.** If the county is obligated to make Payment Agreement Payments based on a
1605 variable rate index and the Qualified Counterparty is obligated to make payments based
1606 on a fixed rate, payments by the county will be based on a rate equal to the average rate

1607 determined by the variable rate index specified by the Payment Agreement during the
1608 fiscal quarter preceding the quarter in which the calculation is made, and the Qualified
1609 Counterparty will make payments based on the fixed rate specified by the Payment
1610 Agreement.

1611 E. **Prior Notice to Rating Agencies.** The county will give notice to Moody's
1612 and S&P 30 days prior to the date it intends to enter into a Parity Payment Agreement
1613 and will give notice to Fitch, Moody's and S&P 30 days prior to the date it intends to
1614 enter into a Parity Lien Obligation Payment Agreement.

1615 SECTION 28. Sale of Bonds.

1616 A. **Determination by Finance Director.** The Finance Director shall
1617 determine, in consultation with the county's financial advisors, the principal amount of
1618 each series of the Bonds, the Refunding Candidates to be refunded, whether each series
1619 of Bonds will be structured as Tax-Exempt Bonds, Tax-Benefited Bonds or otherwise,
1620 whether the Bonds will be sold separately or combined with one or more other series of
1621 the county's bonds and whether each series of Bonds will be sold by negotiated sale or
1622 competitive bid and for current or future delivery. The Finance Director is authorized to
1623 designate any or all of the Bonds as "green bonds" or any similar designation indicating
1624 the purpose for which the proceeds of the Bonds are to be used. The authority to sell any
1625 of the Bonds authorized hereunder will terminate June 30, 2020. The authority to sell
1626 any Bonds, as defined in and pursuant to Ordinance 18116 of the county, will terminate
1627 on the effective date of this ordinance.

1628 B. **Satisfaction of Additional Bonds Tests.** The Finance Director will
1629 provide or cause to be provided by a Professional Utility Consultant any certifications

1630 required to comply with the tests established in prior ordinances of the county for the
1631 issuance of additional Parity Bonds and additional Parity Lien Obligations, as applicable.
1632 In each Sale Motion for a series of Bonds, the council shall make findings regarding the
1633 satisfaction of the additional bonds tests applicable to that series of Bonds.

1634 For so long as the county's Junior Lien Variable Rate Demand Sewer Revenue
1635 Bond, Series 2012, remains outstanding, at the time of issuing any Bonds hereunder, the
1636 Finance Director shall provide to the registered owner of that bond a debt service
1637 coverage certificate as required by Ordinance 17495, Section 5.4.(a), of the county
1638 authorizing the issuance of that bond.

1639 C. **Procedure for Negotiated Sale.** If the Finance Director determines that
1640 any series of the Bonds will be sold by negotiated sale, the Finance Director shall, in
1641 accordance with applicable county procurement procedures, solicit one or more
1642 underwriting firms with which to negotiate the sale of the Bonds. The purchase contract
1643 for each series of the Bonds shall establish the year and series designation, date, principal
1644 amount, interest payment dates, interest rates, maturity schedule, refunding plan and
1645 redemption and bond insurance provisions of the Bonds. The bond purchase contract
1646 shall not be executed and delivered unless and until the council by a Sale Motion
1647 approves the bond purchase contract and ratifies and confirms the terms for the series of
1648 Bonds established therein.

1649 D. **Procedure for Sale by Competitive Bid.** If the Finance Director
1650 determines that any series of the Bonds will be sold by competitive bid, bids for the
1651 purchase of such Bonds will be received at such time or place and by such means as the
1652 Finance Director directs. The Finance Director is authorized to prepare an official notice

1653 of bond sale for such Bonds, establishing in such notice the year and series designation,
1654 date, principal amount, interest payment dates, maturity schedule and optional
1655 redemption and bond insurance provisions of the Bonds. The official notice of bond sale
1656 or an abridged form thereof may be published in such newspapers or financial journals as
1657 the county's financial advisors deem desirable or appropriate.

1658 Upon the date and time established for the receipt of bids for a series of the
1659 Bonds, the Finance Director or his designee will review the bids, cause the bids to be
1660 mathematically verified and report to the council regarding the bids received. Such bids
1661 will then be considered and acted upon by the council in an open public meeting. The
1662 council reserves the right to reject any and all bids for such Bonds. The council by a Sale
1663 Motion will approve the sale of such Bonds and ratify and confirm the year and series
1664 designation, date, principal amount, interest payment dates, interest rates, maturity
1665 schedule, refunding plan, redemption and bond insurance provisions and any other terms
1666 of such Bonds.

1667 **SECTION 29. Delivery of Bonds.** Following the sale of each series of the
1668 Bonds, the county will cause definitive Bonds to be prepared, executed and delivered in
1669 accordance with the provisions of this ordinance and in a form acceptable to DTC as
1670 initial depository for the Bonds, with the approving legal opinion of municipal bond
1671 counsel regarding the Bonds.

1672 **SECTION 30. Preliminary Official Statement; Official Statement.** The county
1673 authorizes and directs the Finance Director: (i) to review and approve the information
1674 contained in one or more preliminary official statements (each, a "Preliminary Official
1675 Statement") prepared in connection with the sale of each series of the Bonds; and (ii) for

1676 the sole purpose of the Bond purchasers' compliance with paragraph (b)(1) of Rule 15c2-
1677 12, to deem final that Preliminary Official Statement as of its date, except for the
1678 omission of information permitted to be omitted by Rule 15c2-12. After each
1679 Preliminary Official Statement has been reviewed and approved in accordance with the
1680 provisions of this section, the county hereby authorizes distribution of such Preliminary
1681 Official Statement to prospective purchasers of such series of Bonds.

1682 Following the sale of each series of the Bonds in accordance with Section 28 of
1683 this ordinance, the Finance Director is hereby authorized to review and approve on behalf
1684 of the county each final official statement with respect to such series of Bonds. The
1685 county shall cooperate with the purchaser of each series of Bonds to deliver or cause to
1686 be delivered, within seven business days after the date of the Sale Motion (or within such
1687 other period as may be required by applicable law) and in sufficient time to accompany
1688 any confirmation that requests payment from any customer of the purchaser, copies of the
1689 final official statement pertaining to such Bonds in sufficient quantity to comply with
1690 paragraph (b)(4) of Rule 15c2-12 and the rules of the MSRB.

1691 SECTION 31. Undertaking to Provide Ongoing Disclosure. If and to the
1692 extent required by paragraph (b)(5) of Rule 15c2-12, each Sale Motion will authorize an
1693 Undertaking for each series of the Bonds.

1694 SECTION 32. General Authorization. The appropriate county officials, agents
1695 and representatives are hereby authorized and directed to do everything necessary for the
1696 prompt sale, issuance, execution and delivery of the Bonds, and for the proper use and
1697 application of the proceeds of the sale thereof.

1698 SECTION 33. Investment of Funds and Accounts. Money in the Parity Bond

1699 Fund, Parity Bond Reserve Account, Parity Lien Obligation Bond Fund, Revenue Fund
1700 and Construction Account may be invested in any investments permitted for funds of the
1701 county. Obligations purchased as an investment of money in the Parity Bond Fund,
1702 Parity Bond Reserve Account, Parity Lien Obligation Bond Fund, Revenue Fund and
1703 Construction Account and accounts or subaccounts therein will be deemed at all times to
1704 be a part of such respective fund, account or subaccount, and the income or interest
1705 earned and profits realized or losses suffered by a fund, account or subaccount due to the
1706 investment thereof will be retained in, credited or charged, as the case may be, to such
1707 fund or account.

1708 In computing the amount in any fund or account under the provisions of this
1709 ordinance, obligations purchased as an investment of money therein will be valued at the
1710 cost or market price thereof, whichever is lower, inclusive of accrued interest.

1711 **SECTION 34. Refunding or Defeasance of Bonds.** The county may issue
1712 refunding obligations pursuant to State law or use money available from any other lawful
1713 source to carry out a refunding or defeasance plan, which may include: (i) paying when
1714 due the principal of and interest on any or all of the Bonds ("the defeased Bonds"); (ii)
1715 redeeming the defeased Bonds prior to their maturity; and (iii) paying the costs of the
1716 refunding or defeasance. If the county sets aside in a special trust fund or escrow account
1717 irrevocably pledged to that redemption or defeasance ("the trust account"), money and/or
1718 Government Obligations maturing at a time or times and bearing interest in amounts
1719 sufficient to redeem, refund or defease the defeased Bonds in accordance with their
1720 terms, then all right and interest of the Owners of the defeased Bonds in the covenants of
1721 this ordinance and in the funds and accounts obligated to the payment of the defeased

1722 Bonds shall cease and become void. Thereafter, the Registered Owners of defeased
1723 Bonds shall have the right to receive payment of the principal of and premium, if any,
1724 and interest on the defeased Bonds solely from the trust account and the defeased Bonds
1725 shall be deemed no longer outstanding. In that event, the county may apply money
1726 remaining in any fund or account (other than the trust account) established for the
1727 payment or redemption of the defeased Bonds to any lawful purpose.

1728 Unless otherwise specified by the county in a refunding or defeasance plan, notice
1729 of refunding or defeasance shall be given, and selection of Bonds for any partial
1730 refunding or defeasance shall be conducted, in the manner prescribed in this ordinance
1731 for the redemption of Bonds.

1732 **SECTION 35. Supplemental Ordinances.**

1733 A. **Without Bondowner Consent.** The council from time to time and at any
1734 time may adopt an ordinance or ordinances supplemental to this ordinance, without the
1735 consent of owners of any of the Bonds, for any one or more of the following purposes:

1736 1. To add to the covenants and agreements of the county in this
1737 ordinance such other covenants and agreements thereafter to be observed that will not
1738 adversely affect the interests of the registered owners of any Parity Bonds or Parity Lien
1739 Obligations, as applicable, or to surrender any right or power herein reserved to or
1740 conferred upon the county.

1741 2. To make such provisions for the purpose of curing any ambiguities
1742 or of curing, correcting or supplementing any defective provision contained in this
1743 ordinance or any ordinance authorizing Parity Bonds or Parity Lien Obligations in regard
1744 to matters or questions arising under such ordinances as the council may deem necessary

1745 or desirable and not inconsistent with such ordinances and that will not adversely affect
1746 the interest of the registered owners of Parity Bonds or Parity Lien Obligations, as
1747 applicable.

1748 **B. With Bondowner Consent.**

1749 1. With the consent of the registered owners of not less than 51% in
1750 aggregate principal amount of all Parity Bonds at the time outstanding, the council may
1751 adopt an ordinance or ordinances supplemental hereto for the purpose of adding any
1752 provisions to or changing in any manner or eliminating any of the provisions of this
1753 ordinance or of any supplemental ordinance applicable to Parity Bonds, except as
1754 described in subsection B.3. of this section.

1755 2. From and after such time as no Parity Lien Obligations designated
1756 as Series 2008 Bonds or Series 2009 Bonds remain outstanding, with the consent of the
1757 registered owners of not less than 51% in aggregate principal amount of all Parity Lien
1758 Obligations at the time outstanding, the council may adopt an ordinance or ordinances
1759 supplemental hereto for the purpose of adding any provisions to or changing in any
1760 manner or eliminating any of the provisions of this ordinance or of any supplemental
1761 ordinance applicable to Parity Lien Obligations, except as described in subsection B.3. of
1762 this section.

1763 3. No supplemental ordinance entered into pursuant to this subsection
1764 B. may:

1765 a. Extend the fixed maturity of any Parity Bonds or Parity
1766 Lien Obligations, or reduce the rate of interest thereon, or extend the time of payments of
1767 interest from their due date, or reduce the amount of the principal thereof, or reduce any

1768 premium payable on the redemption thereof, without the consent of the registered owner
1769 of each bond so affected; or

1770 b. Reduce the aforesaid percentage of registered owners of
1771 Parity Bonds or Parity Lien Obligations required to approve any such supplemental
1772 ordinance, without the consent of the registered owners of all of such bonds.

1773 4. It is not necessary for the consent of registered owners of bonds
1774 under this subsection B. to approve the particular form of any proposed supplemental
1775 ordinance, but it is sufficient if such consent approves the substance thereof.

1776 **C. Amendments Deemed Approved by Parity Bondowners.** The
1777 Registered Owners from time to time of the Bonds issued as Parity Bonds, by taking and
1778 holding the same, shall be deemed to have consented to the adoption of an ordinance or
1779 ordinances supplemental to this ordinance to amend the definition of Reserve
1780 Requirement. Such supplemental ordinance or ordinances may:

1781 1. Establish one or more separate Reserve Requirements for one or
1782 more series of Parity Bonds, including each series of the Bonds issued as Parity Bonds;

1783 2. Reduce any Reserve Requirement, including the Reserve
1784 Requirement for each series of the Bonds issued as Parity Bonds, to an amount less than
1785 maximum Annual Parity Debt Service in any calendar year, including to zero; and

1786 3. Establish one or more separate subaccounts within the Parity Bond
1787 Reserve Account to secure one or more series of Parity Bonds, including each series of
1788 the Bonds issued as Parity Bonds, with other series of Parity Bonds not being secured by
1789 such separate subaccounts.

1790 The adoption of any such supplemental ordinance or ordinances may result in Bonds

1791 issued as Parity Bonds not being secured by any amounts in the Parity Bond Reserve
1792 Account.

1793 **SECTION 36. Ordinance a Contract; Severability.** The covenants contained in
1794 this ordinance constitute a contract between the county and (i) the Registered Owner of
1795 each Bond, (ii) the Qualified Counterparty to any Payment Agreement entered into with
1796 respect to any Bonds and (iii) the provider of any Credit Facility, Qualified insurance or
1797 Qualified Letter of Credit with respect to any Bonds. If any court of competent
1798 jurisdiction determines that any covenant or agreement provided in this ordinance to be
1799 performed on the part of the county is contrary to law, then such covenant or agreement
1800 shall be null and void and shall be deemed separable from the remaining covenants and
1801 agreements of this ordinance and shall in no way affect the validity of the other
1802 provisions of this ordinance or of the Bonds.

1803 SECTION 37. Effective Date. This ordinance shall be effective 10 days after its
1804 enactment, in accordance with Article II of the county charter.
1805

Ordinance 18587 was introduced on 9/25/2017 and passed by the Metropolitan King
County Council on 10/23/2017, by the following vote:

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

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

J. Joseph McDermott, Chair

ATTEST:

Melani Pedroza, Clerk of the Council



RECEIVED
2017 OCT 26 PM 3:55
KING COUNTY COUNCIL
CLERK

APPROVED this 26 day of OCTOBER 2017.

Dow Constantine, County Executive

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

ATTACHMENT A - 18587

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 - 18587

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 - 18587
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 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 acquiring, constructing and equipping improvements, additions or betterments to the County's sewer system (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 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 - 18587
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 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 acquiring, constructing and equipping improvements, additions or betterments to the County's sewer system (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 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.