



King County

**Metropolitan King County Council
Budget and Fiscal Management Committee**

Staff Report

Agenda Item No:	11-13	Date:	June 15, 2010
Ordinance No:	2010-0330, 2010-0331, 2010-0332	Prepared by:	Paul Carlson and John Resha, Pat Hamacher

SUBJECT

Proposed Ordinance 2010-0330: An ordinance amending the 2010-2011 biennium Road Services Division budget and capital improvement program relating to the South Park Bridge.

Proposed Ordinance 2010-0331: An ordinance authorizing the issuance of up to \$31 million in bonds to finance a \$30 million County share for the South Park Bridge Replacement project.

Proposed Ordinance 2010-0332: A motion accepting a bid for the purchase of these bonds.

SUMMARY

The aging South Park Bridge carries approximately 20,000 vehicles per day and is an important freight route across the Duwamish. Because of its deteriorating condition, the Bridge will close on June 30, 2010. County efforts to fund a replacement bridge have been frustrated by the high cost – an additional \$130 million is needed for the project. Securing funding for the replacement bridge is a Council priority identified in Governance for the Twenty-First Century – 2010 Priorities for King County Government (Motion 13202, Council Action to Enhance Mobility for People, Goods and Services #8.05).

This South Park Bridge legislative package was transmitted on June 1, 2010 and the BFM Committee heard a high-level overview on June 8, 2010. The intent of this legislative package is to establish a County commitment of \$30 million for the Bridge project. To this end, the package authorizes the County to issue \$31 million worth of bonds to finance the \$30 million contribution. Annual debt payments over 20 years are estimated at \$2.5 million. To free up funds for the first five years of debt payments (2011-2015), 13 projects are deleted from the Roads Capital Improvement Program (“CIP”).

With a total funding need of \$130 million to build a replacement Bridge and demolish the existing Bridge, the Executive regards a firm County commitment of \$30 million as an essential first step in assembling a funding package. With this commitment in place, the Executive plans to leverage other contributions to the project. A key component of the overall funding package is a grant request for up to \$40 million from the second round of the federal Transportation Investment Generating Economic Recovery ("TIGER") program. The preliminary application for the TIGER II grant is due July 16, and the final application is due August 23. The balance of funds is expected to come from partners, including the State, the Port of Seattle, the City of Seattle, other federal grants, business and others. Potential partners have advised the Executive that a firm County funding commitment is an essential precondition for their decisions to contribute to the project. The Executive's goal is to secure commitments from local partners by June 30, the closure date for the existing bridge.

This staff report discusses the ordinances and motion in sequence, addressing the broader issues that bear on this policy decision.

ROADS CIP RESTRUCTURING

Proposed Ordinance 2010-0330 would revise the 2010-2015 Roads Capital Improvement Program ("CIP") to add \$2.5 million per year for the debt payments and eliminate funding for 13 other projects. These changes are specific to implementing the South Park Bridge replacement as a critical County priority project. Attached is a list of the 13 projects with a description and the amount of County Road Fund dollars that would be eliminated.

In October, the Executive is expected to transmit a supplemental to the 2010-2011 King County Department of Transportation ("KCDOT") biennium budget. The supplemental will be linked to adoption of the Strategic Plan for Road Services ("SPRS"), also to be transmitted in October.

The SPRS process has already found that projected future year funding is far short of the amount needed to maintain existing Road Services Division roads, bridges, and other assets. SPRS is now identifying options for managing a long-term deterioration of assets under different revenue scenarios. When transmitted later this year, it will allow the Council to evaluate a range of Roads funding levels and the services that can be provided given these different spending levels. It is possible that many CIP projects will be deleted or scaled back. The 2012-2013 biennial Roads budget will provide another opportunity to revisit the CIP. This budget should more fully reflect and incorporate policy guidance from the SPRS. It will also provide the most up-to-date assessment of critical project needs, including bridges, hazardous road locations, and maintenance needs.

Proposed Ordinance 2010-0330 is designed to restructure the current adopted CIP to leverage contributions from other agencies, spread out County costs over a 20-year period, and allow for completion of this priority project even in this difficult funding environment.

800201 CIP Bond Debt Payment (Countywide)

	2010	2011	2012	2013	2014	2015	Total
Adopted	\$3,700,000	\$7,163,000	\$7,163,000	\$7,163,000	\$7,163,000	\$7,163,000	\$39,515,000
Proposed	0	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$12,500,000
New Total	\$3,700,000	\$9,663,000	\$9,663,000	\$9,663,000	\$9,663,000	\$9,663,000	\$52,015,000

The CIP Bond Debt Payment project houses the annual debt service on bonds issued for Roads CIP projects. The 2010 payment of \$3,700,000 is for the first Roads CIP bonding of about \$40 million, with the final annual payment due in 2016. The current budget includes a \$3,463,000 increase in debt payments in 2011, which is related to bonds for the Novelty Hill Road, Phase I project (CIP #100992). With the South Park Bridge bonding added in, the annual increase is \$5,963,000. Debt payments will remain in the range of \$10 million annually for six years. Beginning in 2017, the annual debt payments would return to approximately \$6 million per year, as the first Roads CIP bonding would be retired.

The annual debt payments from the Novelty Hill Road and South Park Bridge bonds could be lower. These annual payments assume a 4.5 percent interest rate on 20-year bonds. If the actual interest rate is lower, or if some of the bonds qualify for federal debt payment subsidies, the County's annual debt payment would be lower. In the current economic climate, many transportation projects have had lower than expected bids. Nonetheless, it is also possible that either project might cost more than expected, potentially affecting the amount of bond funding needed and resulting in different debt payment costs.

Proposed Ordinance 2010-0330 does not amend the two South Park Bridge projects in the Roads CIP. The **South Park Bridge Replacement Project (CIP #300197)** has a 2010 appropriation of \$126.7 million that cannot be expended or encumbered until the Council has approved a funding plan for the project by motion. Section 1 J of Proposed Ordinance 2010-0330 states that the Executive intends to submit this motion later in the year, after the TIGER II competition results are known, if the application is successful.

The South Park Demolition Project (CIP #300610) has an appropriation of \$8,638,000 in 2010-2011 and \$17,486,000 in 2015. Some of the demolition costs are double-counted in both projects and will ultimately need to be adjusted. The County has applied to the State for a grant to cover some of the demolition project costs;

according to RSD staff, this request will only be evaluated in the context of the total funding package. Future Roads budget ordinances will provide opportunities to align the replacement and demolition appropriations and eliminate any duplication.

Amendment – a technical amendment to Proposed Ordinance 2010-0330 correcting references to the federal grant program and the \$31 million bond sale is attached to the staff report.

APPROVAL OF \$31 MILLION BOND SALE

Proposed Ordinance 2010-0331 would authorize the Executive to issue up to \$31 million in Limited Tax General Obligation (LTGO) bonds to finance a \$30 million County share of the South Park Bridge project. The property tax collections from the unincorporated area levy would be used to retire the annual debt service payments on the bonds. The current estimate is approximately \$2.5 million per year with a term of 20 years.

Section 12 of the proposed ordinance creates the “South Park Bridge Replacement Subfund” within the Road Construction Fund. The Finance Director will determine how much of the sale proceeds shall be deposited in this Subfund to provide long-term financing for the project.

Table 1. Key Dates for South Park Bridge Replacement

Date	Activity
June 30, 2010	South Park Bridge closes
July 16, 2010	Pre-application deadline for TIGER II grants
August 23, 2010	Final application deadline for TIGER II grants
October 2010	TIGER II grant awards announced
October-November 2010	Executive transmits motion to approve funding plan and release the 2010 appropriation for CIP #300197
December 16, 2010	WSDOT financial approval
January 4, 2011	Federal aid number granted
January 11, 2011	Advertise
March 8, 2011	Bid award
March 28, 2011	Notice to proceed
First Quarter 2011 - ?	Sell \$31 million in bonds to finance \$30 million County share
April 7, 2011	Start construction
November 28, 2013	End construction

The Road Services Division staff has indicated that the bond sales could take place in the First Quarter of 2011. Until the complete funding packing is approved, there will be uncertainty about the timing of each partner’s contribution and any requirements that

apply to it. Because of the unique nature of this project funding effort, the policy decision to approve the \$31 million in bonds necessarily must take place before a detailed expenditure plan can be prepared. It is thus possible that the County might be able to sell bonds later in the project construction phase, if initial cashflow requirements can be met by other contributions. Selling bonds later allows the sale amount to be aligned more closely with the actual project costs. In such cases, the amount of bonds sold can be adjusted if, for example, there is a cost overrun. The bond sale timing of this transaction, while different, does provide for regional partner certainty and as such is a beneficial component of the overall project funding.

Proposed Motion 2010-0332 is a placeholder motion that ultimately will be used to accept the purchase of the bonds on the day of the sale. This motion is currently blank in many areas, because the details of the bond sale are not yet known. The Committee may want to pass this item without recommendation, as is customary. The item can then hold its place on the Council calendar until an actual sale occurs.

REASONABLENESS

Recognizing that this legislative package offers a mechanism for the County to leverage local, regional and federal contributions to accomplish the high priority replacement of the South Park Bridge, approval of these two ordinances and one motion constitutes a reasonable business decision.

Invited:

Harold Taniguchi, Director King County Department of Transportation
Sung Yang, Director of Government Relations

Attachments:

1. Proposed Ordinance 2010-0330
2. Proposed Ordinance 2010-0331
3. Proposed Motion 2010-0332
4. Executive's Transmittal Letter for all three items
5. Fiscal Note
6. Draft amendment to Proposed Ordinance 2010-0330





KING COUNTY

Signature Report

June 7, 2010

Ordinance

Attachment 1

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Proposed No. 2010-0330.1

Sponsors Drago, Ferguson and Patterson

1 AN ORDINANCE pertaining to the Roads Capital
2 Improvement Program; and amending the 2010/2011
3 Biennium Budget Ordinance, Ordinance 16717, Section
4 137, as amended, and Attachment G, as amended.

5 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

6 **SECTION. Findings:**

7 A. The South Park Bridge, built in 1931, is at the end of its useful life. The
8 problems with the bridge structure are so extensive that there are no feasible repair
9 options, and the bridge is scheduled to close June 30, 2010.

10 B. The current cost estimate to build a new bridge and demolish the existing
11 structure is approximately \$131,000,000.

12 C. Efforts to find replacement funding for the bridge have been underway for
13 many years. With pre-2010 contributions from several sources, an additional
14 \$30,000,000 has been expended on this project thus far, including the preliminary
15 engineering, design and environmental work, as well as the acquisition of right-of-way
16 necessary for the construction of the new bridge.

17 D. Since 2009, King County applied for a \$99,000,000 grant from the United
18 States Department of Transportation, Transportation Infrastructure Generating Economic
19 Recovery (TIGER) program for the replacement of the South Park Bridge. This

20 application made the final round of projects but ultimately was not chosen to receive
21 grant funding.

22 E. In April 2010, the United States Department of Transportation announced a
23 second opportunity for transportation projects eligible under the Transportation
24 Infrastructure Generating Economic Recovery ("TIGER II") program.

25 F. King County is preparing an application for this second round of funding with
26 a request of \$40,000,000. Additional efforts are underway to engage funding partners to
27 help realize full funding of the South Park Bridge replacement.

28 G. King County must contribute more of its own funding to demonstrate
29 sufficient commitment to its share of the project and to provide a local match as a
30 requirement of the TIGER II program application, which is due August 23, 2010.

31 H. This contribution can be realized by issuing \$30,000,000 in bonds backed by
32 the King County road fund. This bond issuance will be addressed through a separate
33 ordinance.

34 I. It is estimated that the annual debt service for these bonds will amount to
35 \$2,500,000. This ordinance amends the Roads Capital Improvement Program
36 accordingly to provide the funding needed to pay the annual debt service.

37 J. Following notification of a successful grant award, legislation will be
38 transmitted to release additional construction funding currently constrained by proviso P1
39 in section 2 of this ordinance.

40 SECTION 2. Ordinance 16717, Section 137, as amended is hereby amended by
41 adding thereto and inserting therein the following:

42 ROADS CAPITAL IMPROVEMENT PROGRAM - The executive is hereby
43 authorized to execute any utility easements, bill of sale or related documents necessary
44 for the provision of utility services to the capital projects described in Attachment G to
45 this ordinance, but only if the documents are reviewed and approved by the custodial
46 agency, the real estate services division, and the prosecuting attorney's office. Consistent
47 with the requirements of the Growth Management Act, Attachment G to this ordinance
48 was reviewed and evaluated according to the King County Comprehensive Plan. Any
49 project slated for bond funding will be reimbursed by bond proceeds if the project incurs
50 expenditures before the bonds are sold.

51 The two primary prioritization processes that provided input to the 2010-2015
52 Roads Capital Improvement Program are the Bridge Priority Process published in the
53 Annual Bridge Report, and the Transportation Needs Report.

54 From the Road Services Capital Improvement Program funds there are hereby
55 appropriated and authorized to be disbursed the following amounts for the specific
56 projects identified in Attachment G to this ordinance.

57	Fund	Fund Name	2010/2015
58	3860	ROADS CONSTRUCTION	\$0

59 P1 PROVIDED THAT:

60 For CIP Project 300610, South Park Bridge Demolition, no more than \$1,800,000
61 may be expended or encumbered for right-of-way acquisition, and no more than
62 \$1,400,000 may be expended or encumbered for other project purposes until the
63 executive has transmitted a report certifying that insufficient funding is available for CIP
64 Project 300197, South Park Bridge Replacement, or providing an update on an executive

65 plan to fund CIP Project 300197. The report shall include the finalized closure plan for
66 the South Park Bridge.

67 The report required to be submitted by this proviso must be filed in the form of a
68 paper original and an electronic copy with the clerk of the council, who shall retain the
69 original and provide an electronic copy to all councilmembers and to the committee
70 coordinator for the Physical Environment Committee or its successor.

71 P2 PROVIDED FURTHER THAT:

72 For CIP Project 300197, South Park Bridge Replacement, none of the amount
73 appropriated in 2010 may be expended or encumbered until the executive has
74 transmitted, and the council has approved by motion, a funding plan for the project. Any
75 ordinance necessary for implementation of the funding plan shall be transmitted with the
76 plan.

77 Any plan or legislation required to be submitted by this proviso must be filed in
78 the form of a paper original and an electronic copy with the clerk of the council, who
79 shall retain the original and provide an electronic copy to all councilmembers and to the
80 committee coordinator for the Physical Environment Committee or its successor.

81 SECTION 3. Attachment A to this ordinance hereby amends Attachment G to

82 Ordinance 16717, as amended, by adding thereto and inserting therein the projects listed
83 in Attachment A to this ordinance.
84

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Robert W. Ferguson, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. Revised Capital Improvement Program dated June 1, 2010

Attachment A: Revised Roads Capital Improvement Program (Biennial Budget 2010/2011) dated June 1, 2010
Adopted Ordinance 16717, Section 137

Fund	Project	Description	2010	2011	2012	2013	2014	2015	2010-2015
3860		Roads Construction							
	100109	NE Woodinville-Duvall Rd @ 194th Ave NE	-	-	-	(254,000)	(198,000)	-	(452,000)
	100114	Bear Creek Bridge #333A	-	-	-	-	(498,000)	(215,000)	(713,000)
	300511	132nd Ave SE @ SE 224th St	-	-	-	(127,000)	(46,000)	-	(173,000)
	300311	SE 288th St @ 51st Ave S.	-	(196,000)	(781,000)	-	-	-	(977,000)
	300411	S. 316th St @ 51st Ave S.	-	(178,000)	(1,290,000)	-	-	-	(1,468,000)
	300508	SE 277th St Bridge #3126	-	-	(2,355,000)	-	-	-	(2,355,000)
	300611	S. 288th St @ 48th Ave S.	-	(178,000)	(737,000)	-	-	-	(915,000)
	400511	Covington Creek Bridge #3082	-	(178,000)	(636,000)	-	-	-	(814,000)
	200211	SE Newport Way	-	(268,000)	(831,000)	-	-	-	(1,099,000)
	300213	Soos Creek Bridge #3109A	-	-	-	(191,000)	(681,000)	-	(872,000)
	300313	Soos Creek Bridge #3109	-	-	-	(191,000)	(681,000)	-	(872,000)
	400109	148th Ave SE @ SE 224th St	-	(268,000)	(700,000)	-	-	-	(968,000)
	400113	Lake Youngs Way Bridge #3109B	-	-	-	(191,000)	(681,000)	-	(872,000)
	800201	Debt Service Project	-	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	12,500,000
	999386	Cost Model Contingency	-	-	50,000	-	-	-	50,000
		Total Fund 3860	0	1,234,000	-4780000	1546000	-285000	2285000	-



KING COUNTY

Signature Report

June 7, 2010

Ordinance

Attachment 2

1200 King County Courthouse

516 Third Avenue

Seattle, WA 98104

Proposed No. 2010-0331.1

Sponsors Drago, Ferguson and Patterson

1 AN ORDINANCE authorizing the issuance and public sale
2 of one or more series of limited tax general obligation
3 bonds of the county in an outstanding aggregate principal
4 amount not to exceed \$31,000,000 to provide long-term
5 financing for the South Park Bridge Replacement Project;
6 providing for the disposition of the proceeds of sale of the
7 bonds; establishing funds for the receipt and expenditure of
8 bond proceeds and for the payment of the bonds; and
9 providing for the annual levy of taxes to pay the principal
10 thereof and interest thereon.

11 **PREAMBLE:**

12 The county council has previously reviewed and approved expenditures
13 for the South Park Bridge Replacement Project.

14 It is deemed necessary and advisable that the county now authorize the
15 issuance and sale of one or more series of its limited tax general obligation
16 bonds in an outstanding aggregate principal amount not to exceed
17 \$31,000,000 to provide long-term financing for the South Park Bridge
18 Replacement Project.

19 **BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:**

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

23 "BABs" means "build America bonds" authorized under Section 54AA of the
24 Code.

25 "Bond Fund" means, with respect to each series of the Bonds, the bond
26 redemption account established therefor pursuant to Section 11 of this ordinance.

27 "Bond Sale Motion" means a motion of the council adopted at the time of sale of
28 each series of the Bonds that establishes, with respect thereto, the following, among other
29 things: the year and, if applicable, a series designation, dates, principal amounts and
30 maturity dates, the interest rates and interest payment dates, and the redemption
31 provisions therefor.

32 "Bonds" means the limited tax general obligation bonds of the county in an
33 outstanding aggregate principal amount not to exceed \$31,000,000, authorized to be
34 issued in one or more series by this ordinance to provide long-term financing for the
35 South Park Bridge Replacement Project. Each series of Bonds may be issued as Tax-
36 Exempt Obligations, BABs, RZEDBs or other Taxable Obligations, as provided in
37 Section 4.E of this ordinance.

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

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

43 "Federal Tax Certification" means, with respect to each series of Bonds, the
44 certificate executed by the Finance Director pertaining to the county's expectations in
45 connection with the federal tax treatment of interest on such series of Bonds.

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

49 "Government Obligations" means "government obligations," as defined in chapter
50 39.53 RCW, as now in existence or hereafter amended.

51 "Official Notice of Bond Sale" means, with respect to each series of the Bonds
52 that is sold by competitive bid, the official notice of sale therefor prepared pursuant to
53 Section 4.E of this ordinance.

54 "Rebate Amount" means the amount, if any, determined to be payable by the
55 county to the United States of America with respect to a specified series of Bonds in
56 accordance with Section 148(f) of the Code.

57 "Refundable Credits" means with respect to any series of the Bonds that are
58 issued as BABs or RZEDBs, the amounts which are payable by the federal government
59 under Section 6431 of the Code, which the county has elected to receive under Section
60 54AA(g)(1) of the Code.

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

63 "Registrar" means the fiscal agency of the State of Washington appointed from
64 time to time by the Washington State Finance Committee pursuant to chapter 43.80
65 RCW.

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

68 "RZEDBs" means "recovery zone economic development bonds" authorized
69 under Section 1400U-2 of the Code.

70 "South Park Bridge Replacement Project" means the capital costs of the project to
71 construct a moveable bridge over the Duwamish Waterway parallel and adjacent to the
72 existing South Park Bridge, as well as related intersection improvements, rain garden
73 construction, roadway and drainage construction, utilities removal and relocation,
74 riverbank mitigation and incorporation of historic/art elements.

75 "Taxable Obligations" means the Bonds of any series determined to be issued on
76 a taxable basis, but not including any BABs or RZEDBs, pursuant to Section 4.E of this
77 ordinance.

78 "Tax-Exempt Obligations" means the Bonds of any series determined to be issued
79 on a tax-exempt basis pursuant to Section 4.E of this ordinance.

80 SECTION 2. Findings. The county council hereby makes the following findings:

81 A. The South Park Bridge Replacement Project will contribute to the health,
82 safety and welfare of the citizens of the county. The South Park Bridge is a critical part
83 of our infrastructure linking industrial and manufacturing centers. The bridge carries
84 over 20,000 vehicles a day and links the residential and industrial neighborhoods of
85 Georgetown and South Park. The bridge is important to maintaining mobility in the
86 region and its closure will affect other connections across the Duwamish River including
87 the First Avenue South Bridge.

88 B. The issuance of limited tax general obligation bonds of the county to
89 provide long-term financing for the South Park Bridge Replacement Project, payable
90 from regular property taxes or other revenues, taxes and money of the county legally
91 available for such purposes, will reduce the overall costs of borrowing such funds and is
92 in the best interests of the county and its citizens.

93 SECTION 3. Authorization of South Park Bridge Replacement Project. The
94 county has previously authorized the undertaking of the South Park Bridge Replacement
95 Project. The South Park Bridge Replacement Project shall also include (a) capitalized
96 interest, interest on interim financing for such projects pending receipt of Bond proceeds,
97 and costs and expenses incurred in issuing the Bonds; (b) the capitalizable costs of sales
98 tax, acquisition and contingency allowances, financing, and any and all surveys,
99 explorations, engineering and architectural studies, drawings, designs and specifications
100 incidental, necessary or convenient to the implementation of the South Park Bridge
101 Replacement Project; and (c) the purchase of all materials, supplies, appliances,
102 equipment and facilities, and the permits, franchises, property and property rights and
103 capitalizable administrative costs, necessary, incidental or convenient to the
104 implementation of the South Park Bridge Replacement Project.

105 The South Park Bridge Replacement Project may be modified where deemed
106 advisable or necessary in the judgment of the county council, and implementation or
107 completion of any authorized component thereof shall not be required if the county
108 council determines that it has become inadvisable or impractical. If all of the South Park
109 Bridge Replacement Project has been completed, or its completion duly provided for, or
110 their completion found to be inadvisable or impractical, the county may apply any

111 remaining proceeds of the Bonds, or any portion thereof, to the acquisition or
112 improvement of other county capital projects as the county council in its discretion may
113 determine. In the event that the proceeds of the sale of the Bonds, plus any other money
114 of the county legally available therefor, are insufficient to accomplish all of the South
115 Park Bridge Replacement Project, the county shall use the available funds for paying the
116 cost of those components of the South Park Bridge Replacement Project deemed by the
117 county council most necessary and in the best interest of the county.

118 SECTION 4. Purpose, Authorization and Description of Bonds.

119 A. Purpose and Authorization of Bonds. The county authorizes the issuance
120 of the Bonds to provide long-term financing for the South Park Bridge Replacement
121 Project.

122 B. Description of Bonds. The Bonds may be issued in one or more series so
123 long as the aggregate principal amount of the Bonds to be outstanding on the date of
124 issuance of each series of the Bonds does not exceed \$31,000,000. Each series of the
125 Bonds shall be designated "King County, Washington, Limited Tax General Obligation
126 Bonds," with the year and any applicable series designation and with the additional
127 designations of "(Federally Tax-Exempt)" for any series of Bonds issued as Tax-Exempt
128 Obligations, "(Federally Taxable Build America Bonds)" for any series of Bonds issued
129 as BABs, "(Federally Taxable Recovery Zone Economic Development Bonds)" for any
130 series of Bonds issued as RZEDBs, or "(Federally Taxable)" for any series of Bonds
131 issued as any other sort of Taxable Obligations, as applicable, all as established by the
132 related Bond Sale Motion. Each series of the Bonds shall be dated as of such date, shall
133 mature on the date or dates in each of the years and in the principal amounts, shall bear

134 interest (computed on the basis of a 360-day year of twelve 30-day months) from their
135 date or the most recent interest payment date to which interest has been paid or duly
136 provided for, whichever is later, at the rates and payable on such dates, and shall be
137 subject to redemption prior to maturity in the amounts, in the manner and at the prices,
138 and shall be subject to such other terms and provisions as the county shall establish by the
139 related Bond Sale Motion. Each series of the Bonds shall be fully registered as to both
140 principal and interest, shall be in the denomination of \$5,000 each or any integral
141 multiple thereof (but no Bond shall represent more than one maturity), shall be numbered
142 separately in such manner and with any additional designation as the Registrar deems
143 necessary for purposes of identification.

144 C. Initial Immobilization of Bonds; Depository Provisions. The Bonds of
145 each series shall initially be held in fully immobilized form by DTC acting as depository
146 pursuant to the terms and conditions set forth in the Blanket Issuer Letter of
147 Representations heretofore executed on behalf of the county. Neither the county nor the
148 Registrar shall have any responsibility or obligation to DTC participants or the persons
149 for whom they act as nominees with respect to such Bonds with respect to the accuracy of
150 any records maintained by DTC or any DTC participant, the payment by DTC or any
151 DTC participant of any amount in respect of principal or redemption price or interest on
152 such Bonds, any notice that is permitted or required to be given to registered owners
153 under this ordinance (except such notice as is required to be given by the county to the
154 Registrar or to DTC), the selection by DTC or any DTC participant of any person to
155 receive payment in the event of a partial redemption of such Bonds or any consent given
156 or other action taken by DTC as owner of such Bonds.

157 The Bonds of each series shall initially be issued in denominations equal to the
158 aggregate principal amount of each maturity and initially shall be registered in the name
159 of CEDE & Co., as the nominee of DTC. Such Bonds so registered shall be held in fully
160 immobilized form by DTC as depository. For so long as any such Bonds are held in fully
161 immobilized form, DTC, its successor or any substitute depository appointed by the
162 county, as applicable, shall be deemed to be the registered owner for all purposes
163 hereunder and all references to registered owners, bondowners, bondholders, owners or
164 the like shall mean DTC or its nominees and shall not mean the owners of any beneficial
165 interests in the Bonds. Registered ownership of such Bonds, or any portions thereof, may
166 not thereafter be transferred except:

167 (1) To any successor of DTC or its nominee, if that successor shall be
168 qualified under any applicable laws to provide the services proposed to be provided by it;

169 (2) To any substitute depository appointed by the county pursuant to
170 this subsection or such substitute depository's successor; or

171 (3) To any person as herein provided if such Bonds are no longer held
172 in immobilized form.

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

180 In the case of any transfer pursuant to clause (1) or (2) of the second paragraph of
181 this subsection, the Registrar, upon receipt of all outstanding Bonds of such series
182 together with a written request on behalf of the county, shall issue a single new Bond
183 certificate for each maturity of Bonds of such series then outstanding, registered in the
184 name of such successor or such substitute depository, or their nominees, as the case may
185 be, all as specified in such written request of the county.

186 In the event that DTC or its successor (or substitute depository or its successor)
187 resigns from its functions as depository, and no substitute depository can be obtained; or
188 the county determines that it is in the best interests of the beneficial owners of the Bonds
189 of any series that they be able to obtain Bond certificates, the ownership of such Bonds
190 may be transferred to any person as herein provided, and such Bonds shall no longer be
191 held in fully immobilized form. The county shall deliver a written request to the
192 Registrar, together with a supply of definitive Bonds of such series, to issue Bonds of
193 such series as herein provided in any authorized denomination. Upon receipt of all then
194 outstanding Bonds of any series by the Registrar, together with a written request on
195 behalf of the county to the Registrar, new Bonds of such series shall be issued in such
196 denominations and registered in the names of such persons as are requested in such a
197 written request.

198 D. Place, Manner and Medium of Payment. Both principal of and interest on
199 the Bonds shall be payable in lawful money of the United States of America. For so long
200 as any outstanding Bonds are registered in the name of CEDE & Co., or its registered
201 assigns, as nominee of DTC, payments of principal of and interest on such Bonds shall be

202 made in next day funds on the date such payment is due and payable at the place and in
203 the manner provided in the Letter of Representations.

204 In the event that the Bonds of any series are no longer held in fully immobilized
205 form by DTC or its successor (or substitute depository or its successor), interest on such
206 Bonds shall be paid by checks or drafts mailed, or by wire transfer, to the owners of such
207 Bonds at the addresses for such owners appearing on the Register on the 15th day of the
208 calendar month preceding the interest payment date. Wire transfer will be made only if
209 so requested in writing and if the owner owns at least \$1,000,000 par value of such
210 Bonds. Principal of the Bonds shall be payable at maturity or on such dates as may be
211 fixed for prior redemption upon presentation and surrender of such Bonds by the owners
212 to the Registrar.

213 E. Sale of Bonds. The county hereby authorizes the public sale of the Bonds.
214 The Bonds shall be sold in one or more series, any of which may be sold in a combined
215 offering with other bonds and/or notes of the county, at the option of the Finance
216 Director. The Finance Director shall determine, in consultation with the county's
217 financial advisors, whether each series of the Bonds shall be sold by negotiated sale or
218 competitive bid, and whether such series of Bonds shall be issued and sold as Tax-
219 Exempt Obligations, BABs, RZEDBs or other Taxable Obligations.

220 If the Finance Director determines that any series of the Bonds shall be sold by
221 negotiated sale, the Finance Director shall, in accordance with applicable county
222 procurement procedures, solicit one or more underwriting firms with which to negotiate
223 the sale of such Bonds. The purchase contract for each series of the Bonds shall specify
224 whether the Bonds of such series are being issued and sold as Tax-Exempt Obligations,

225 BABs, RZEDBs or other Taxable Obligations, and shall also establish the year and any
226 applicable series designation, date, principal amounts and maturity dates, interest rates
227 and interest payment dates, redemption provisions and delivery date for such series of the
228 Bonds, so long as the aggregate principal amount of all Bonds to be outstanding on the
229 date of issuance of such series of the Bonds does not exceed \$31,000,000. The county
230 council, by Bond Sale Motion, shall approve the bond purchase contract and ratify
231 whether the Bonds of such series are being issued and sold as Tax-Exempt Obligations,
232 BABs, RZEDBs or other Taxable Obligations, and the other terms for the series of the
233 Bonds established thereby.

234 If the Finance Director determines that any series of the Bonds shall be sold by
235 competitive bid, bids for the purchase of each series of the Bonds shall be received at
236 such time and place and by such means as the Finance Director shall direct.

237 Upon the date and time established for the receipt of bids for each series of the
238 Bonds, the Finance Director or his designee shall open the bids for the Bonds, shall cause
239 the bids to be mathematically verified and shall report to the county council regarding the
240 bids received. Such bids shall then be considered and acted upon by the county council
241 in an open public meeting. The county council reserves the right to reject any and all
242 bids for any series of the Bonds. The county council shall, by Bond Sale Motion, ratify
243 and confirm whether the Bonds of such series are being issued and sold as Tax-Exempt
244 Obligations, BABs, RZEDBs or other Taxable Obligations, and shall also ratify and
245 confirm the year and any applicable series designation, date, principal amounts and
246 maturity dates, interest rates and interest payment dates, redemption provisions and

247 delivery date for such series of the Bonds, and accept the bid for the purchase of such
248 series of the Bonds.

249 The Finance Director is hereby authorized and directed to prepare an Official
250 Notice of Bond Sale for each series of the Bonds to be sold pursuant to competitive bid,
251 which notice shall be filed with the clerk of the council and shall be ratified and
252 confirmed by the Bond Sale Motion therefor. The Finance Director is hereby authorized
253 to specify whether the Bonds of such series are being issued and sold as Tax-Exempt
254 Obligations, BABs, RZEDBs or other Taxable Obligations, and also to establish the year
255 and any applicable series designation, date, principal amounts and maturity dates, interest
256 payment dates, redemption provisions and delivery date for such series of the Bonds in
257 such Official Notice of Bond Sale so long as the aggregate principal amount of all Bonds
258 to be outstanding on the date of issuance of such series of the Bonds does not exceed
259 \$31,000,000.

260 F. Form of Bonds. The Bonds shall be in substantially the following form:

261 NO. \$ _____

262 UNITED STATES OF AMERICA

263 STATE OF WASHINGTON

264 KING COUNTY

265 LIMITED TAX GENERAL OBLIGATION BOND,

266 [Year][, SERIES __]

267 [(FEDERALLY TAX-EXEMPT)]

268 [(FEDERALLY TAXABLE BUILD AMERICA BONDS)]

269 [(FEDERALLY TAXABLE RECOVERY ZONE ECONOMIC

270 DEVELOPMENT BONDS)]

271 [(FEDERALLY TAXABLE)]

272 INTEREST RATE: MATURITY DATE: CUSIP NO. :

273 REGISTERED OWNER:

274 PRINCIPAL AMOUNT:

275 KING COUNTY, WASHINGTON (the "County"), hereby acknowledges itself to
276 owe and for value received promises to pay to the registered owner identified above, or
277 registered assigns, on the Maturity Date specified above, the Principal Amount specified
278 above and to pay interest thereon (computed on the basis of a 360-day year of twelve 30-
279 day months) from _____, or the most recent date to which interest has been
280 paid or duly provided for until payment of this Bond at the Interest Rate set forth above,
281 payable on _____, and semiannually thereafter on the ____ day of each succeeding
282 _____ and _____ to the maturity or prior redemption of this Bond.

283 Both principal of and interest on this Bond are payable in lawful money of the
284 United States of America. While Bonds are held on immobilized "book entry" system of
285 registration, the principal of this Bond is payable to the order of the registered owner in
286 same day funds received by the registered owner on the maturity date of this Bond, and
287 the interest on this Bond is payable to the order of the registered owner in same day funds
288 received by the registered owner on each interest payment date. When Bonds are no
289 longer held in an immobilized "book entry" registration system, the principal shall be
290 paid to the registered owner or nominee of such owner upon presentation and surrender
291 of this Bond to the fiscal agency of the State of Washington (the "Registrar"), and the
292 interest shall be paid by mailing a check or draft (on the date such interest is due) to the

293 registered owner or nominee of such owner at the address shown on the registration
294 books maintained by the Registrar (the "Register") as of the 15th day of the month prior
295 to the interest payment date; provided, however, that if so requested in writing by the
296 registered owner of at least \$1,000,000 par value of the Bonds, interest will be paid by
297 wire transfer.

298 This Bond is one of an authorized issue of Bonds of like date and tenor, except as
299 to number, amount, rate of interest and date of maturity[, and redemption provisions], in
300 the aggregate principal amount of \$_____, and is issued to provide long-term
301 financing for the South Park Bridge Replacement Project defined and described in King
302 County Ordinance _____ (the "Bond Ordinance"). Capitalized words and phrases used
303 but not defined herein shall have the meanings set forth in the Bond Ordinance.

304 The Bonds of this issue are issued under and in accordance with the provisions of
305 the Constitution and applicable statutes of the State of Washington, the County Charter
306 and applicable ordinances duly adopted by the County.

307 [The Bonds of this issue are subject to redemption prior to maturity as follows:
308 (information to come from related Bond Sale Motion)].

309 The County has irrevocably covenanted in the Bond Ordinance that, for as long as
310 any of the Bonds are outstanding and unpaid, each year it will include in its budget and
311 levy an *ad valorem* tax within the constitutional and statutory tax limitations provided by
312 law without a vote of the people upon all the property within the County subject to
313 taxation in an amount that will be sufficient, together with all other revenues, taxes and
314 money of the County legally available for such purposes, to pay the principal of and
315 interest on the Bonds as the same shall become due. The County has irrevocably pledged

316 its full faith, credit and resources for the annual levy and collection of such taxes and for
317 the prompt payment of the principal of and interest on the Bonds as the same shall
318 become due.

319 The pledge of tax levies for repayment of principal of and interest on the Bonds
320 may be discharged prior to maturity of the Bonds by making provisions for the payment
321 thereof on the terms and conditions set forth in the Bond Ordinance.

322 This Bond shall not be valid or become obligatory for any purpose or be entitled
323 to any security or benefit under the Bond Ordinance until the Certificate of
324 Authentication hereon shall have been manually signed by the Registrar.

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

331 [Add so long as Bonds are held in fully immobilized form by DTC: Unless this
332 certificate is presented by an authorized representative of The Depository Trust
333 Company, a New York corporation ("DTC"), to the Registrar for registration of transfer,
334 exchange or payment, and any certificate issued is registered in the name of Cede & Co.
335 or in such other name as is requested by an authorized representative of DTC (and any
336 payment is made to Cede & Co. or to such other entity as is requested by an authorized
337 representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR

338 VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as
339 the registered owner hereof, Cede & Co., has an interest herein.]

340 IN WITNESS WHEREOF, the County has caused this Bond to be executed by
341 the manual or facsimile signatures of the County Executive and the Clerk of the County
342 Council, and the seal of the County to be impressed or imprinted hereon, as of this
343 [] day of [].

344 KING COUNTY, WASHINGTON

345 By _____

346 County Executive

347 ATTEST:

348 _____

349 Clerk of the Council

350 The Registrar's Certificate of Authentication on the Bonds shall be in substantially
351 the following form:

352 CERTIFICATE OF AUTHENTICATION

353 This Bond is one of the King County, Washington, Limited Tax General
354 Obligation Bonds, [Year][, Series __][((Federally Tax-Exempt))((Federally Taxable Build
355 America Bonds))((Federally Taxable Recovery Zone Economic Development
356 Bonds))((Federally Taxable)], described in the within mentioned Bond Ordinance.

357 WASHINGTON STATE FISCAL

358 AGENCY, as Registrar

359 By _____

360 Authorized Officer

361

ASSIGNMENT

362

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers

363

unto

364

365

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION

366

NUMBER OF TRANSFEREE

367

[]

368

369

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

370

371

the within Bond and does hereby irrevocably constitute and appoint _____

372

DATED: _____, _____.

373

374

NOTE: The signature on this

375

Assignment must correspond with

376

the name of the registered owner as

377

it appears upon the face of the within

378

note in every particular, without

379

alteration or enlargement or any

380

change whatever.

381

SIGNATURE GUARANTEED:

382

383

NOTE: Signature must be guaranteed by an eligible guarantor.

384 G. Delivery of Bonds. Following the sale of each series of the Bonds, the
385 county shall cause definitive Bonds of such series to be prepared, executed and delivered,
386 which Bonds may be wordprocessed, typewritten, lithographed or printed.

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

396 H. Execution of Bonds. The Bonds shall be executed on behalf of the county
397 with the manual or facsimile signatures of the county executive and the clerk of the
398 council, and shall have the seal of the county impressed or imprinted thereon.

399 In case either or both of the officers who shall have executed the Bonds shall
400 cease to be an officer or officers of the county before the Bonds so signed shall have been
401 authenticated or delivered by the Registrar, or issued by the county, such Bonds may
402 nevertheless be authenticated, delivered and issued and upon such authentication,
403 delivery and issuance, shall be as binding upon the county as though those who signed
404 the same had continued to be such officers of the county. Any Bond also may be signed
405 and attested on behalf of the county by such persons as at the actual date of execution of

406 such Bond shall be the proper officers of the county although at the original date of such
407 Bond any such person shall not have been such officer of the county.

408 Only such Bonds as shall bear thereon a Certificate of Authentication in the form
409 hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for
410 any purpose or entitled to the benefits of this ordinance. Such Certificate of
411 Authentication shall be conclusive evidence that the Bonds so authenticated have been
412 duly executed, authenticated and delivered hereunder and are entitled to the benefits of
413 this ordinance.

414 SECTION 5. Open Market Purchase. The county reserves the right to purchase
415 any or all of the Bonds of any series on the open market at any time and at any price.

416 SECTION 6. Registration, Transfer and Exchange. The county hereby adopts for
417 the Bonds the system of registration specified and approved by the Washington State
418 Finance Committee. The Registrar shall keep, or cause to be kept, at its principal
419 corporate trust office, sufficient books for the registration and transfer of the Bonds,
420 which shall at all times be open to inspection by the county. Such Register shall contain
421 the name and mailing address of the owner (or nominee thereof) of each Bond, and the
422 principal amount and number of Bonds held by each owner or nominee. The Registrar is
423 authorized, on behalf of the county, to authenticate and deliver Bonds transferred or
424 exchanged for other Bonds in accordance with the provisions thereof and this ordinance,
425 and to carry out all of the Registrar's powers and duties under this ordinance.

426 The Registrar shall be responsible for its representations contained in the
427 Certificate of Authentication on the Bonds. The Registrar may become the owner of
428 Bonds with the same rights it would have if it were not the Registrar, and to the extent

429 permitted by law may act as depository for and permit any of its officers or directors to
430 act as a member of, or in any other capacity with respect to, any committee formed to
431 protect the rights of Bond owners.

432 Upon surrender thereof to the Registrar, the Bonds of each series are
433 exchangeable for other Bonds of the same series, maturity and interest rate and for the
434 same aggregate principal amount, in any authorized denomination. Bonds may be
435 transferred only if endorsed in the manner provided thereon and surrendered to the
436 Registrar. Upon such surrender, the Registrar shall cancel the surrendered Bond and
437 shall authenticate and deliver, without charge to the owner or transferee therefor (other
438 than taxes, if any, payable on account of such transfer), one or more (at the option of the
439 new registered owner) new Bonds of the same series, maturity and interest rate and for
440 the same aggregate principal amount, in any authorized denomination, naming as
441 registered owner the person or persons listed as the assignee on the assignment form
442 appearing on the canceled and surrendered Bond, in exchange therefor. The Registrar
443 shall not be obligated to transfer or exchange any Bond during the period beginning at the
444 opening of business on the 15th day of the month next preceding the maturity date
445 thereof and ending at the close of business on such maturity date.

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

449 SECTION 7. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond shall
450 become mutilated, the Registrar shall authenticate and deliver one or more (at the option
451 of the new registered owner) new Bonds of the same series, maturity and interest rate and

452 for the same aggregate principal amount, in any authorized denomination, in exchange
453 and substitution therefor, upon the owner's paying the expenses and charges of the county
454 and the Registrar in connection therewith and upon surrender to the Registrar of the
455 mutilated Bond. Every mutilated Bond so surrendered shall be canceled and destroyed
456 by the Registrar.

457 If any Bond shall be lost, stolen or destroyed, the Registrar may authenticate and
458 deliver one or more (at the option of the new registered owner) new Bonds of the same
459 series, maturity and interest rate and for the same aggregate principal amount, in any
460 authorized denomination, to the registered owner thereof upon the owner's paying the
461 expenses and charges of the county and the Registrar in connection therewith and upon
462 his/her filing with the Registrar evidence satisfactory to the Registrar that such Bond was
463 actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing
464 the county and the Registrar with indemnity satisfactory to the Finance Director and the
465 Registrar.

466 SECTION 8. Pledge of Taxation and Credit. The county hereby irrevocably
467 covenants and agrees for as long as any of the Bonds are outstanding and unpaid, that
468 each year it will include in its budget and levy an *ad valorem* tax within the constitutional
469 and statutory tax limitations provided by law without a vote of the people upon all the
470 property within the county subject to taxation in an amount that will be sufficient,
471 together with all other revenues, taxes and money of the county legally available for such
472 purposes, to pay the principal of and interest on the Bonds as the same shall become due.

473 The county hereby irrevocably pledges that the annual tax provided for herein to
474 be levied for the payment of such principal and interest shall be within and as a part of

475 the tax levy to counties without a vote of the people, and that a sufficient portion of each
476 annual levy to be levied and collected by the county prior to the full payment of the
477 principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged
478 and appropriated for the payment of the principal of and interest on the Bonds.

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

482 SECTION 9. Federal Tax Law Covenants.

483 A. Provisions Applicable to Tax-Exempt Obligations. The county shall
484 comply with the provisions of this section with respect to each series of the Bonds that
485 are issued as Tax-Exempt Obligations unless, in the written opinion of nationally-
486 recognized bond counsel to the county, such compliance is not required.

487 The county hereby covenants that it will not make any use of the proceeds from
488 the sale of such series of the Bonds that are issued as Tax-Exempt Obligations (or of any
489 other funds of the county that may be deemed to be proceeds of such series the Bonds
490 pursuant to Section 148 of the Code and the applicable regulations thereunder) that will
491 cause such series of the Bonds to be "arbitrage bonds" within the meaning of said Section
492 148 of the Code and said regulations. The county will comply with the applicable
493 requirements of Section 148 of the Code (or any successor provision thereof applicable to
494 such series of the Bonds) and the applicable regulations thereunder throughout the term
495 of such series of the Bonds. In particular, the county will compute, if necessary, and pay
496 the Rebate Amount, if any, to the United States of America at the times and in the

497 amounts necessary to meet the requirements of the Code, as set forth in the related
498 Federal Tax Certification for such series of the Bonds.

499 The county further covenants that it will not take any action or permit any action
500 to be taken that would cause any series of the Bonds that are issued as Tax-Exempt
501 Obligations to constitute "private activity bonds" under Section 141 of the Code.

502 B. Provisions Applicable to BABs. The county hereby irrevocably elects to
503 apply the provisions of Section 54AA(d) of the Code to each series of Bonds that are
504 issued as BABs and intends that each series of Bonds that are issued as BABs be treated
505 as "build America bonds" within the meaning of Section 54AA(d) of the Code. In
506 addition, the county hereby irrevocably elects to treat each series of Bonds that are issued
507 as BABs as "qualified bonds" within the meaning of Section 54AA(g)(2) of the Code
508 such that each series of Bonds that are issued as BABs will be eligible for direct payment
509 by the federal government of the Refundable Credits.

510

511

512 The county shall take all actions necessary to assure that the proceeds of each series of
513 Bonds that are issued as BABs are expended and all federal tax requirements are met so
514 as to cause each series of Bonds that are issued as BABs to be treated as "build America
515 bonds" within the meaning of Section 54AA(d) of the Code and "qualified bonds" within
516 the meaning of Section 54AA(g)(2) of the Code, and therefore be eligible for the
517 Refundable Credits.

518 The county shall, within the 45-day period beginning on the date that is 90 days
519 before the next interest payment date for each series of Bonds that are issued as BABs,
520 file Form 8038-CP or any successor form designated by the federal government,
521 requesting payment of the Refundable Credits with respect to the next interest payment
522 on such series of Bonds that are issued as BABs.

523 C. Provisions Applicable to RZEDBs. The county hereby irrevocably elects
524 to apply the provisions of Section 54AA(d) of the Code to each series of Bonds that are
525 issued as RZEDBs and intends that each series of Bonds that are issued as RZEDBs be
526 treated as "build America bonds" within the meaning of Section 54AA(d) of the Code. In
527 addition, the county hereby irrevocably elects to treat each series of Bonds that are issued
528 as RZEDBs as "qualified bonds" within the meaning of Section 54AA(g)(2) of the Code
529 such that each series of Bonds that are issued as RZEDBs will be eligible for direct
530 payment by the federal government of the Refundable Credits. Finally, the county
531 hereby designates each series of Bonds that are issued as RZEDBs as "recovery zone
532 economic development bonds" for purposes of Section 1400U-2 of the Code; provided
533 that the maximum aggregate face amount of all series of Bonds that are so designated and
534 issued as RZEDBs shall not exceed the amount of RZEDB limitation that has been

535 allocated to the county under Section 1400U-1 of the Code, including any amount
536 reallocated to the county by the State or any "large municipality," as defined in Section
537 1400U-1.

538 The county shall take all actions necessary to assure that the proceeds of each
539 series of Bonds that are issued as RZEDBs are expended and all federal tax requirements
540 are met so as to cause each series of Bonds that are issued as RZEDBs to be treated as
541 "Build America Bonds" within the meaning of Section 54AA(d) of the Code that are
542 "recovery zone economic development bonds" within the meaning of Section 1400U-2 of
543 the Code, and "qualified bonds" within the meaning of Section 54AA(g)(2) of the Code,
544 and therefore be eligible for the Refundable Credits.

545 The county shall, within the 45-day period beginning on the date that is 90 days
546 before the next interest payment date for each series of Bonds that are issued as RZEDBs,
547 file Form 8038-CP or any successor form designated by the federal government,
548 requesting payment of the Refundable Credits with respect to the next interest payment
549 on such series of Bonds that are issued as RZEDBs.

550 SECTION 10. Other Covenants and Warranties. The county makes the following
551 additional covenants and warranties:

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

555 B. By all necessary official action prior to or concurrently herewith, the
556 county has duly authorized and approved the execution and delivery of, and the
557 performance by the county of its obligations contained in the Bonds and this ordinance

558 and the consummation by it of all other transactions necessary to effectuate this
559 ordinance in connection with the issuance of each series of the Bonds, and such
560 authorizations and approvals are in full force and effect and have not been amended,
561 modified or supplemented in any material respect.

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

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

566 E. The county will maintain or cause to be maintained a system of
567 registration of the Bonds of each such series of Bonds that are issued as Tax-Exempt
568 Obligations, BABs or RZEDBs that complies with the applicable provisions of the Code
569 until all of the Bonds of each series of Bonds that are issued as Tax-Exempt Obligations,
570 BABs or RZEDBs shall have been surrendered and canceled.

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

577 G. The county finds and covenants that the Bonds of each series are issued
578 within all statutory and constitutional debt limitations applicable to the county.

579 SECTION 11. Bond Funds. There has heretofore been created in the office of
580 the Finance Director a special fund known as the "King County Limited Tax General

581 Obligation Bond Redemption Fund" to be drawn upon for the purpose of paying the
582 principal of and interest on the limited tax general obligation bonds of the county. There
583 is hereby authorized to be created within said fund a special account for each series of the
584 Bonds to be known as the "Limited Tax General Obligation Bond Redemption Account,
585 [Year][, Series __]" (each, a "Bond Fund").

586 Any accrued interest on any series of the Bonds shall be deposited in the related
587 Bond Fund at the time of delivery of such series of the Bonds and shall be applied to the
588 payment of interest thereon.

589 The taxes hereafter levied for the purpose of paying principal of and interest on
590 each series of the Bonds, all Refundable Credits, if any, received by the county in respect
591 of any series of the Bonds that are issued as BABs or RZEDBs and other funds to be used
592 to pay such series of the Bonds shall be deposited in the related Bond Fund no later than
593 the date such funds are required for the payment of principal of and interest on such
594 series of the Bonds; provided, however, that if the payment of principal of and interest on
595 any series of the Bonds is required prior to the receipt of such levied taxes, the county
596 may make an interfund loan to the related Bond Fund pending actual receipt of such
597 taxes; provided, that Refundable Credits, if any, shall only be used for the punctual
598 payment of principal of and interest on the related series of the Bonds that are issued as
599 BABs or RZEDBs, and shall not be used for any other purpose until all of the Bonds have
600 been paid in full; and provided further, that Refundable Credits shall not be used to pay
601 debt service on any tax-exempt obligations of the county, including, but not limited to,
602 any series of the Bonds that are issued as Tax-Exempt Obligations. Each Bond Fund
603 shall be drawn upon for the purpose of paying the principal of and interest on the related

604 series of the Bonds. Money in each Bond Fund not needed to pay the interest or principal
605 next coming due may temporarily be deposited in such institutions or invested in such
606 obligations as may be lawful for the investment of county funds. Each Bond Fund shall
607 be a second tier fund in accordance with Ordinance 7112 and K.C.C. chapter 4.10.

608 SECTION 12. Deposit of Bond Proceeds. There is hereby created the "South
609 Park Bridge Replacement Subfund" within the Road Construction Fund. This subfund
610 shall be a first tier fund managed by the director of the road services division of the
611 department of transportation of the county. The exact amount of proceeds from the sale
612 of any series of the Bonds to be deposited into the South Park Bridge Replacement
613 Subfund to provide long-term financing for the South Park Bridge Replacement Project
614 shall be determined by the Finance Director upon the sale of such series of the Bonds.

615 SECTION 13. Application of Bond Proceeds. Funds deposited in the funds and
616 accounts described in Sections 11 and 12 of this ordinance shall be invested as permitted
617 by law for the sole benefit of such funds and accounts. Irrespective of the general
618 provisions of Ordinance 7112 and K.C.C. chapter 4.10, the county current expense fund
619 shall not receive any earnings attributable to such funds and accounts. Money other than
620 proceeds of the Bonds may be deposited in the funds and accounts described in Sections
621 11 and 12 of this ordinance; provided, however, that proceeds of each series of the Bonds
622 that are issued as Tax-Exempt Obligations, BABs or RZEDBs and the earnings thereon,
623 shall be accounted for separately for purposes of the arbitrage rebate computations
624 required to be made under the Code. For purposes of such computations, Bond proceeds
625 shall be deemed to have been expended first, and then any other funds.

626 SECTION 14. Preliminary Official Statements and Final Official Statements.

627 The county hereby authorizes and directs the Finance Director: (i) to review and approve
628 the information contained in the preliminary official statement (each, a "Preliminary
629 Official Statement") prepared in connection with the sale of each series of the Bonds; and
630 (ii) for the sole purpose of compliance by the purchasers of such series of the Bonds with
631 subsection (b)(1) of the Rule, to "deem final" the related Preliminary Official Statement
632 as of its date, except for the omission of information on offering prices, interest rates,
633 selling compensation, delivery dates, any other terms or provisions required by the
634 county to be specified in a competitive bid, ratings, other terms of such series of the
635 Bonds dependent on such matters and the identity of the purchasers. After each
636 Preliminary Official Statement has been reviewed and approved in accordance with the
637 provisions of this section, the county hereby authorizes the distribution of such
638 Preliminary Official Statement to prospective purchasers of such related series of the
639 Bonds.

640 Following the sale of each series of the Bonds, the Finance Director is hereby
641 authorized to review and approve on behalf of the county a final official statement with
642 respect to such series of the Bonds. The county agrees to cooperate with the successful
643 bidder for each series of the Bonds to deliver or cause to be delivered, within seven
644 business days from the date of the Bond Sale Motion, and in sufficient time to
645 accompany any confirmation that requests payment from any customer of such successful
646 bidder, copies of a final official statement pertaining to such Bonds in sufficient quantity
647 to comply with paragraph (b)(4) of the Rule and the rules of the Municipal Securities
648 Rulemaking Board.

649 SECTION 15. Undertaking to Provide Ongoing Disclosure. The county council
650 will set forth an undertaking for ongoing disclosure with respect to each series of the
651 Bonds, as required by subsection (b)(5) of the Rule, in the Bond Sale Motion therefor.

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

656 SECTION 17. Refunding or Defeasance of Bonds. The county may issue
657 refunding obligations pursuant to the laws of the State of Washington or use money
658 available from any other lawful source to pay when due the principal of and interest on
659 any series of the Bonds, or any portion thereof included in a refunding or defeasance
660 plan, and to redeem and retire, refund or defease all such then-outstanding Bonds, and to
661 pay the costs of the refunding or defeasance.

662 In the event that money and/or noncallable Government Obligations maturing at
663 such time or times and bearing interest to be earned thereon in amounts (together with
664 such money, if necessary) sufficient to redeem and retire, refund or defease part or all of
665 the Bonds in accordance with their terms, are set aside in a special account of the county
666 to effect such redemption and retirement, and such money and the principal of and
667 interest on such Government Obligations are irrevocably set aside and pledged for such
668 purpose, then no further payments need be made into the related Bond Fund for the
669 payment of the principal of and interest on the Bonds so provided for, and such Bonds
670 shall cease to be entitled to any lien, benefit or security of this ordinance except the right

671 to receive the money so set aside and pledged, and such Bonds shall be deemed not to be
672 outstanding hereunder.

673 Within 30 days of the defeasance of any of the Bonds, the county shall provide or
674 cause to be provided notice of defeasance of such Bonds to the registered owners thereof
675 and to the Municipal Securities Rulemaking Board, in accordance with the undertaking
676 for ongoing disclosure to be adopted pursuant to Section 15 of this ordinance.

677 SECTION 19. Contract; Severability. The covenants applicable to the Bonds
678 contained in this ordinance shall constitute a contract between the county and the owners
679 of each and every Bond. If any one or more of the covenants or agreements provided in
680 this ordinance to be performed on the part of the county shall be declared by any court of
681 competent jurisdiction to be contrary to law, then such covenant or covenants, agreement
682 or agreements, shall be null and void and shall be deemed separable from the remaining

683 covenants and agreements of this ordinance and shall in no way affect the validity of the
684 other provisions of this ordinance or the Bonds.
685

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Robert W. Ferguson, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: None



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

June 7, 2010

Motion

Proposed No. 2010-0332.1

Sponsors Drago and Ferguson

1 A MOTION of the county council accepting a bid for the
2 purchase of the county's Limited Tax General Obligation
3 Bonds, 2010, Series A (Federally Tax-Exempt), in the
4 aggregate principal amount of \$_____ and fixing the
5 interest rates and other terms thereof in accordance with
6 Ordinance _____.

7 WHEREAS, pursuant to Ordinance _____ (the "Ordinance"), the county council
8 authorized the issuance of one or more series of its limited tax general obligation bonds
9 in an outstanding aggregate principal amount not to exceed \$31,000,000 to provide long-
10 term financing for the South Park Bridge Replacement Project, defined and described in
11 the Ordinance, and

12 WHEREAS, the Ordinance provided that such bonds may be issued as Tax-
13 Exempt Obligations, BABs, RZEDBs or other Taxable Obligations in one or more series,
14 any of which may be sold in a combined offering with other bonds of the county,
15 publicly, either by negotiated sale or by competitive bid, as determined by the Finance
16 Director in consultation with the county's financial advisor, and

17 WHEREAS, the Finance Director has determined that a series of such bonds, to
18 be designated as the county's Limited Tax General Obligation Bonds, 2010, Series A

19 (Federally Tax-Exempt), in the aggregate principal amount of \$ _____ (the
20 "Bonds"), be sold as provided herein, and

21 WHEREAS, currently, none of the bonds authorized by the Ordinance are
22 outstanding. The aggregate principal amount of all such bonds (including the Bonds) to
23 be outstanding on the date of issuance of the Bonds, will be \$ _____, which amount
24 does not exceed \$31,000,000, and

25 WHEREAS, a preliminary official statement dated _____, 2010, has been
26 prepared for the public sale of the Bonds, the official Notice of such sale dated _____,
27 2010 (the "Notice"), has been duly published, and bids have been received in accordance
28 with the Notice, and

29 WHEREAS, the attached bid of _____ to purchase the
30 Bonds is the best bid received for the Bonds, and it is in the best interest of the county
31 that such Bonds be sold to _____ on the terms set forth in the
32 Notice, the attached bid, the Ordinance and this motion;

33 NOW, THEREFORE, BE IT MOVED by the Council of King County:

34 A. Definitions. Except as expressly authorized herein, terms used in this motion
35 have the meanings set forth in the Ordinance.

36 B. Ratification of Notice of Sale, Acceptance of Bids, and Authorization of
37 Bonds. The issuance of the Bonds, designated as the county's Limited Tax General
38 Obligation Bonds, 2010, Series A (Federally Tax-Exempt), in the aggregate principal
39 amount of \$ _____, and the other terms and conditions thereof set forth in the
40 Notice attached hereto as Attachment A, are hereby ratified and confirmed. The offer to
41 purchase the Bonds, as set forth in the bid of _____ attached

42 hereto as Attachment B, which shall be deemed to be adjusted to reflect the changed
43 aggregate principal amount of the Bonds, as and to the extent permitted by the Notice, is
44 hereby accepted. The Bonds shall be Tax-Exempt Obligations, as defined in the
45 Ordinance, shall be dated their date of issue and delivery, and shall be subject to optional
46 redemption as set forth in the Notice. The Bonds shall mature or be subject to mandatory
47 redemption on the dates and in the amounts, and shall bear interest at the rates specified
48 in Attachment C hereto. The Bonds shall conform in all other respects to the terms and
49 conditions specified in the Notice and the Ordinance.

50 C. Application of Bond Sale Proceeds. The sale proceeds of the Bonds shall be
51 deposited into the South Park Bridge Replacement Subfund to provide long-term
52 financing for the South Park Bridge Replacement Project and paying costs and expenses
53 incurred in issuing the Bonds.

54 D. Undertaking to Provide Ongoing Disclosure.

55 1. Contract/Undertaking. This section D constitutes the county's written
56 undertaking for the benefit of the owners and beneficial owners of the Bonds as required
57 by section (b)(5) of rule 15c2-12 (the "rule") of the Securities and Exchange Commission
58 (the "Commission").

59 2. Financial Statements/Operating Data. The county agrees to provide or cause
60 to be provided to the Municipal Securities Rulemaking Board (the "MSRB") the
61 following annual financial information and operating data for the prior fiscal year
62 (commencing in 2011 for the fiscal year ended December 31, 2010):

63 (a) annual financial statements prepared in accordance with the Budget
64 Accounting and Reporting System ("BARS") prescribed by the Washington State Auditor

65 pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type attached
66 to the official statement as "Appendix B," which statements will not be audited, except
67 that if and when audited financial statements are otherwise prepared and available to the
68 county they will be provided;

69 (b) a summary of the assessed value of taxable property in the county;

70 (c) a summary of budgeted General Fund revenues and appropriations;

71 (d) a summary of ad valorem property tax levy rates per \$1,000 of assessed
72 value and delinquency rates;

73 (e) a summary of outstanding tax-supported indebtedness of the county; and

74 (f) a schedule of the aggregate annual debt service on tax-supported
75 indebtedness of the county.

76 Items (b) through (f) shall be required only to the extent that such information is
77 not included in the annual financial statements.

78 Such annual information and operating data described above shall be provided on
79 or before the end of seven months after the end of the county's fiscal year. The county's
80 fiscal year currently ends on December 31. The county may adjust such fiscal year by
81 providing written notice of the change of fiscal year to the MSRB. In lieu of providing
82 such annual financial information and operating data, the county may cross-reference to
83 other documents available to the public on the MSRB's internet web site or filed with the
84 Commission, and, if such document is a final official statement within the meaning of the
85 rule, such document will be available from the MSRB.

86 If not provided as part of the annual financial information discussed above, the
87 county shall provide the county's audited annual financial statement prepared in
88 accordance with BARS when and if available to the MSRB.

89 3. Material Events. The county agrees to provide or cause to be provided, in a
90 timely manner, to the MSRB, notice of the occurrence of any of the following events
91 with respect to the Bonds, if material:

- 92 (a) principal and interest payment delinquencies;
- 93 (b) non-payment related defaults;
- 94 (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- 95 (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- 96 (e) substitution of credit or liquidity providers, or their failure to perform;
- 97 (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- 98 (g) modifications to rights of Bondholders;
- 99 (h) optional, contingent or unscheduled calls of any Bonds other than
100 scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act
101 Release 34-23856;
- 102 (i) defeasances;
- 103 (j) release, substitution or sale of property securing repayment of the Bonds;
- 104 and
- 105 (k) rating changes.

106 Solely for purposes of disclosure, and not intending to modify this undertaking,
107 the county advises with reference to items (c) and (j) above that no debt service reserves
108 secure payment of the Bonds and no property secures repayment of the Bonds.

109 4. Notification Upon Failure to Provide Financial Data. The county agrees to
110 provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to
111 provide the annual financial information described in subsection 2 above on or prior to
112 the date set forth in subsection 2 above.

113 5. Electronic Format; Identifying Information. The county agrees that all
114 documents provided to the MSRB pursuant to this section D shall be provided in an
115 electronic format and accompanied by such identifying information, each as prescribed
116 by the MSRB.

117 6. Termination/Modification. The county's obligations to provide annual
118 financial information and notices of material events shall terminate upon the legal
119 defeasance, prior redemption or payment in full of all of the Bonds. This section, or any
120 provision hereof, shall be null and void if the county (i) obtains an opinion of nationally
121 recognized bond counsel to the effect that those portions of the rule which require this
122 section, or any such provision, are invalid, have been repealed retroactively or otherwise
123 do not apply to the Bonds; and (ii) notifies the MSRB of such opinion and the
124 cancellation of this section.

125 Notwithstanding any other provision of this motion, the county may amend this
126 section D, and any provision of this section D may be waived, with an approving opinion
127 of nationally recognized bond counsel and in accordance with the rule.

128 In the event of any amendment or waiver of a provision of this section D, the
129 county shall describe such amendment in the next annual report, and shall include, as
130 applicable, a narrative explanation of the reason for the amendment or waiver and its
131 impact on the type (or in the case of a change of accounting principles, on the

132 presentation) of financial information or operating data being presented by the county. In
133 addition, if the amendment relates to the accounting principles to be followed in
134 preparing financial statements, (i) notice of such change shall be given in the same
135 manner as for a material event under subsection 3, and (ii) the annual report for the year
136 in which the change is made should present a comparison (in narrative form and also, if
137 feasible, in quantitative form) between the financial statements as prepared on the basis
138 of the new accounting principles and those prepared on the basis of the former accounting
139 principles.

140 7. Bond Owners' Remedies Under This Section. The right of any Bond owner
141 or beneficial owner of Bonds to enforce the provisions of this section shall be limited to a
142 right to obtain specific enforcement of the county's obligations hereunder, and any failure
143 by the county to comply with the provisions of this undertaking shall not be an event of
144 default with respect to the Bonds. For purposes of this section, "beneficial owner" means
145 any person who has the power, directly or indirectly, to vote or consent with respect to, or
146 to dispose of ownership of, any Bonds, including persons holding Bonds through
147 nominees or depositories.

148 E. Further Authority. The proper county officials, their agents, and
149 representatives are hereby authorized and directed to do everything necessary for the
150 prompt issuance and delivery of the Bonds and for the proper use and application of the
151 proceeds of such sale.

152 F. Severability. The covenants contained in this motion shall constitute a
153 contract between the county and the owners of each and every Bond. If any one or more
154 of the covenants or agreements provided in this motion to be performed on the part of the

155 county shall be declared by any court of competent jurisdiction to be contrary to law, then
156 such covenant or covenants, agreement or agreements, shall be null and void and shall be
157 deemed separable from the remaining covenants and agreements of this motion and shall
158 in no way affect the validity of the other provisions of this motion or of the Bonds.
159

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Robert W. Ferguson, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this ____ day of _____, _____.

Dow Constantine, County Executive

Attachments: None

June 1, 2010

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

Dear Councilmember Ferguson:

Enclosed for the King County Council's consideration are two ordinances related to funding of the South Park Bridge Replacement Project. One ordinance authorizes issuance of \$31,000,000 of County bonds to finance a \$30 million share of the South Park Bridge replacement costs and cover miscellaneous issuance costs. The other ordinance revises the adopted 2010–2015 Roads Capital Improvement Program to make adjustments necessary to make debt service payments.

The South Park Bridge will close June 30, 2010 due to its deteriorating condition. The bridge was built in 1931. It is 79 years old and beyond its useful life. The bridge structure is unstable, the piers and concrete are cracking, and the bridge has a high risk of failure in the event of an earthquake. However, the bridge is an important county transportation facility as it continues to provide crossing for approximately 20,000 cars and trucks each day. It connects regionally significant industrial and manufacturing clusters, provides for the efficient movement of freight, and is a necessary link to some of the area's most diverse neighborhoods.

The county has long sought funding to replace the South Park Bridge. In 2007, I worked to include the bridge as part of the Roads and Transit package that was unsuccessful at the ballot. However, we secured \$8.6 million from the federal government with the help of Senator Patty Murray, which allowed us to complete the engineering and design to make the project fully "shovel ready." Then in 2009, the previous administration sought to make the bridge a top priority in first round of Transportation Infrastructure Generating Economic Recovery (TIGER I) grant funding. The project made the top 12%, but was not funded.

Since I became King County Executive, I have directed the King County Department of Transportation (KCDOT) to develop a viable funding plan that will finally provide for the replacement of the South Park Bridge. This package of legislation implements this plan and seeks to place the county in the most competitive position possible to obtain federal grant funds

from the U.S. Department of Transportation through the recently announced second round of grant funds known as TIGER II. King County is preparing an application for this second round of funding, and with the insight and information gained from our last experience and my recent trip to our nation's capital, I am confident in the chances for our success.

The county's TIGER II application strategy is different than the first round in 2009. In this application, we will ask for a more realistic amount – \$40 million instead of \$99 million. In addition, we will be in a much better position to be funded because we have received assurances that the region supports the project both financially and as a priority to maintain a crucial freight link in our trade-dependent state.

I am actively engaged in discussions with the State, Port of Seattle, City of Seattle, and others about funding. To realize contributions from our funding partners and make our TIGER II application successful, we must demonstrate the county's commitment to funding our share of the project. King County's contribution of \$30 million is the foundation upon which this funding plan will be built, and this local "match" a requirement of the federal application.

Having King County's contribution to the project in place before submittal of an application for TIGER II on August 23, 2010, is a necessary step towards obtaining funding for the replacement of the South Park Bridge. I ask for your support to take quick action on these items in order to demonstrate King County's share of the needed funding.

Thanks to federal grants and contributions from The Boeing Company, Port of Seattle, and the King County Road Fund, the preliminary engineering, design, and environmental work, as well as the acquisition of right-of-way necessary for construction of the new bridge, is funded and nearly complete. If we are successful in obtaining a TIGER II grant later this fall, construction of the new bridge could begin this year. All together, \$29.4 million has been expended on this project thus far. The cost to build a new bridge and demolish the existing structure is estimated to be \$130.8 million. This brings the total project cost to approximately \$160 million.

King County's \$30 million share of the new South Park Bridge's construction funding can be made by issuing bonds backed by the King County Road Fund. Annual debt service for these bonds will amount to an estimated \$2.5 million. An ordinance requesting approval for the issuance of these bonds is enclosed for your consideration and action. A second ordinance revising the adopted 2010–2015 Roads Capital Improvement Program to provide the necessary debt service is also enclosed for your consideration and action. The proposed project cancellation criteria focusing on non-rural projects is consistent with 2009 Council adopted Roads Operational Master Plan policy to prioritize and maintain the county commitment to asset life cycle projects in rural areas.

If our TIGER II grant application is successful, this fall I will transmit a motion to release the construction funding currently constrained by proviso P2. The King County Council's action on these items is urgent, as we must assemble our funding partners and provide assurances of King County's commitment prior to the August 23, 2010, deadline for submission of the TIGER II grant application. TIGER II funding announcements will be made the first week of October 2010.

The Honorable Bob Ferguson

June 1, 2010

Page 3

Later this year, the Road Services Division Strategic and Financial Plans will be presented for your consideration. This will allow us to engage in a much broader discussion about the state of the Road Fund with regard to annexations and incorporations, reduced property tax projections, and the impacts of additional transfers of Road Fund revenues to the general fund.

I urge prompt action on this important step toward generating a complete funding plan for the replacement of the South Park Bridge. Without an assured source of funding for King County's share of bridge replacement costs, the project's potential funding partners and the federal government have indicated they will not participate. Your action will enable King County's TIGER II grant application to be successful. Without it, both our regional economic competitiveness, mobility, and the quality of life in neighborhoods near the bridge will decline.

I appreciate your consideration and recommend that the King County Council adopt these ordinances.

Sincerely,

Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers
ATTN: Tom Bristow, Chief of Staff
Anne Noris, Clerk of the Council
Dwight Dively, Director, Office of Management and Budget
Chris Arkills, Transportation Policy Advisor, Executive Office
Harold S. Taniguchi, Director, Department of Transportation (DOT)
Linda Dougherty, Division Director, Road Services Division (RSD), DOT
Ron Posthuma, Assistant Director, DOT
Paulette Norman, P.E., County Road Engineer, RSD, DOT
Jay Osborne, Acting Manager, CIP and Planning Section (CIPP), RSD, DOT
Susan Oxholm, Grant Administrator, CIPP, RSD, DOT
Doug Hodson, Government Relations Officer, DOT

1942-1943

June 15, 2010

Pdc

Sponsor: Julia Patterson

Proposed No.: 2010-0330

1 **AMENDMENT TO PROPOSED ORDINANCE 2010-0330, VERSION 1**

2 On page 1, line 18, after "Department of Transportation, Transportation" strike

3 "Infrastructure" and insert "Investment"

4 On page 2, starting on line 23, after "under the" strike "Transportation Infrastructure

5 Generating Economic Recovery ("TIGER II") and insert "TIGER II"

6 On page 2, line 31, after "by issuing" strike "\$30,000,000" and insert "\$31,000,000"

7 On page 2, line 32, after "King County road fund" insert " to finance a \$30,000,000 share

8 of the project costs and cover miscellaneous issuance costs"

9 **EFFECT: Amends the ordinance to correct references to the federal**

10 **Transportation Investment Generating Economic Recovery (TIGER) program and**

11 **to the proposed sale of bonds.**

10-11-62