



Legislation Details (With Text)

File #: 2017-0382 **Version:** 1

Type: Ordinance **Status:** Passed

File created: 9/25/2017 **In control:** Budget and Fiscal Management Committee

On agenda: **Final action:** 10/16/2017

Enactment date: 10/19/2017 **Enactment #:** 18581

Title: AN ORDINANCE providing long-term financing for the capital needs of the county's sewer system by authorizing the issuance of multi-modal limited tax general obligation refunding bonds (payable from sewer revenue) of the county for refunding certain outstanding obligations of the county; providing for the form, terms and covenants of such bonds; providing for the sale of the bonds in one or more series; and pledging the annual levy of taxes and an additional pledge of sewer revenue to pay the principal of and interest on such bonds.

Sponsors: Dave Upthegrove

Indexes: Bonds, levy, Taxes

Code sections:

Attachments: 1. Ordinance 18581.pdf, 2. Legislative Review Form.pdf, 3. 2017-0382 Transmittal Letter.doc, 4. 2017-0382 Copy of 2017 Wastewater Multi-Modal Ordinance fiscal note.xlsx, 5. A. Parity Bonds, 6. B. Parity Lien Obligations, 7. 2017-0382 & 0383 Variable Rate Borrowing _SR_.docx

Date	Ver.	Action By	Action	Result
10/16/2017	1	Metropolitan King County Council	Hearing Held	
10/16/2017	1	Metropolitan King County Council	Passed	Pass
10/11/2017	1	Budget and Fiscal Management Committee	Recommended Do Pass Consent	Pass
9/25/2017	1	Metropolitan King County Council	Introduced and Referred	

Clerk 09/07/2017

AN ORDINANCE providing long-term financing for the capital needs of the county's sewer system by authorizing the issuance of multi-modal limited tax general obligation refunding bonds (payable from sewer revenue) of the county for refunding certain outstanding obligations of the county; providing for the form, terms and covenants of such bonds; providing for the sale of the bonds in one or more series; and pledging the annual levy of taxes and an additional pledge of sewer revenue to pay the principal of and interest on such bonds.

PREAMBLE:

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

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

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

The county has issued the series of sewer revenue bonds with a senior lien on Revenue of the System set forth in Attachment A to this ordinance (together with any sewer revenue bonds, warrants or other obligations that may be issued in the future with a lien on Revenue of the System equal to the lien thereon of such bonds, "the Parity Bonds").

The county has issued the series of limited tax general obligation bonds additionally secured by a lien on Revenue of the System junior and subordinate to the lien thereon of the Parity Bonds set forth in Attachment B to this ordinance (together with any sewer revenue bonds, warrants or

other obligations that may be issued in the future with a lien on Revenue of the System equal to the lien thereon of such bonds, "the Parity Lien Obligations").

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

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

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

Pursuant to Ordinance 16721 of the county, the county issued its Multi-Modal Limited Tax General Obligation Bonds (Payable from Sewer Revenue), Series 2010A and Series 2010B ("the Refunded Bonds") to finance capital improvements to the System.

In connection with the issuance of the Refunded Bonds, the county entered into a Standby Bond Purchase Agreement with the registrar and tender agent for the Refunded Bonds and with State Street Bank and Trust Company, which Standby Bond Purchase Agreement, as extended, is stated to expire on November 3, 2017.

The ordinances authorizing the issuance of the currently outstanding obligations payable from Revenue of the System permit additional Multi-Modal LTGO/Sewer Revenue Bonds to be issued on the terms and condition set forth in such ordinances.

It is deemed necessary and desirable that the county authorize the issuance and sale of its Multi-Modal LTGO/Sewer Revenue Bonds, in one or more series, in the aggregate principal amount of \$100,000,000 ("the Bonds"), to refund the Refunded Bonds.

The sale of any series of the Bonds shall be ratified and confirmed by motion of the council, as provided in this ordinance.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Definitions; Interpretation.

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

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

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

"Annual Debt Service" means, for designated obligations of the System, with respect to any calendar year, the sum of the following:

1. The interest on such designated obligations due (i) on all interest payment dates (other than January 1) in such calendar year, and (ii) on January 1 of the next succeeding calendar year, plus any Payment Agreement Payments due on such dates in respect of Payment Agreements for such designated obligations and minus any Payment Agreement Receipts due in such period in respect of Payment Agreements for such designated obligations.

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

obligations, capitalized interest, accrued interest paid to the county upon the issuance of such designated obligations, and Debt Service Offsets pledged to the payment of such designated obligations will be excluded.

b. The amount of interest deemed payable on any such designated obligations bearing interest at a variable rate will be calculated on the assumption that the interest rate on such designated obligations would be equal to the rate that is 90% of the average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter preceding the quarter in which the calculation is made; provided, that for purposes of determining actual compliance in any past calendar year with the rate covenants made in Section 16 of this ordinance, the actual amount of interest paid on any issue of variable rate obligations will be taken into account.

2. The principal due (at maturity or upon mandatory redemption prior to maturity) for such designated obligations (i) on all principal payment dates (other than January 1) of such calendar year and (ii) on January 1 of the next succeeding calendar year.

3. An amount for assumed payments of principal of any of such designated obligations that are Balloon Maturity Bonds calculated for the applicable calendar year by amortizing the then outstanding principal amount of such designated obligations in accordance with a maturity schedule not exceeding 30 years from the date of issuance of such Balloon Maturity Bonds and resulting in approximately level debt service based on their actual interest rates (if such designated obligations bear interest at fixed rates) or on the assumed interest rate calculated as provided in paragraph 1.b. of this definition (if such designated obligations bear interest at a variable rate).

In the case of Capital Appreciation Bonds, the Accreted Value due at maturity or upon mandatory redemption must be included in the calculation of Annual Debt Service, and references in this ordinance to principal include the Accreted Value due at maturity or upon the mandatory redemption of any Capital Appreciation Bonds.

Notwithstanding the foregoing, debt service on any such designated obligations with respect to which a

Payment Agreement is in force shall be calculated by the county to reflect the net economic effect of the terms of such designated obligations and the applicable Payment Agreement, in accordance with the requirements set forth in the proceedings authorizing the issuance of such designated obligations.

"Balloon Maturity Bonds" means any obligations of the System, the entire principal amount of which is due at maturity without serial bond payments or sinking fund redemption payments.

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

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

"Bondowners' Trustee" means the bank or financial institution selected by the Registered Owners of the Bonds pursuant to Section 20 of this ordinance.

"Bonds" means the multi-modal limited tax general obligation refunding bonds (payable from sewer revenue) of the county authorized to be issued under this ordinance to refund the Refunded Bonds.

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

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

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

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

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

"Council" means the Metropolitan King County Council.

"Credit Enhancement" means any letter of credit, insurance policy, surety bond, line of credit or other instrument then in effect that secures or guarantees the payment of principal of and interest on any series of the Bonds.

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

"Credit Provider" means any bank, insurance company, pension fund or other financial institution that provides a Credit Enhancement for any series of the Bonds.

"Customers" means Residential Customers and Residential Customer Equivalents as defined and

determined in the existing Service Agreements.

"Debt Service Offset" means receipts of the county that are (i) legally available to pay debt service on obligations payable from Revenue of the System, including federal interest subsidy payments, and (ii) pledged to the payment of obligations payable from Revenue of the System.

"Default" means any of the events or conditions set forth in Section 19 of this ordinance.

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

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

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

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

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

"Junior Lien Bond Fund" means the "King County, Washington, Junior Lien Obligation Redemption Fund" created pursuant to Ordinance 14171, Section 5.01, of the county for the purpose of paying and securing the payment of the Junior Lien Obligations.

"Junior Lien Obligations" means the county's (i) Junior Lien Variable Rate Demand Sewer Revenue Bonds, Series 2001A and Series 2001B, dated August 15, 2001, authorized by Ordinances 14171 and 14172, (ii) Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2011, dated October 26, 2011, authorized by Ordinance 17202, (iii) Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, dated

December 27, 2012, authorized by Ordinance 17495, (iv) Junior Lien Sewer Revenue Bonds, Series 2015A and Series 2015B, dated November 24, 2015, authorized by Ordinance 18141, and (v) any other revenue bonds or revenue obligations having a lien on Revenue of the System equal to the lien thereon of such bonds.

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

"Liquidity Facility" means any letter of credit, line of credit, standby purchase agreement or other instrument then in effect that provides for the payment of the purchase price of Bonds upon the tender thereof if remarketing proceeds are insufficient therefor.

"Liquidity Provider" means any bank, insurance company, pension fund or other financial institution that provides a Liquidity Facility.

"Moody's" means Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if that corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, then the term "Moody's" will be deemed to refer to any other nationally recognized securities rating agency selected by the county.

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

"Multi-Modal LTGO/Sewer Revenue Bonds" means the Refunded Bonds, the Bonds and any additional limited tax general obligation bonds of the county payable from Revenue of the System and having the same lien on Revenue of the System as the Refunded Bonds and the Bonds.

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

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

any allowance for depreciation.

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

"Parity Bond Fund" means the "Water Quality Revenue Bond Account" designated pursuant to Ordinance 12076, Section 30, of the county for the purpose of paying and securing the payment of the Parity Bonds.

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

"Parity Bonds" means the bonds identified as such in the Preamble to this ordinance, together with any Future Parity Bonds. "Parity Bonds" include any Parity Payment Agreements and parity reimbursement agreements entered into with the provider of a Credit Facility securing any Parity Bonds.

"Parity Lien Obligation Bond Fund" means the "Water Quality Limited Tax General Obligation Bond Redemption Fund" established pursuant to Ordinance 11241, Section 8, of the county to provide for payment of Parity Lien Obligations.

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

"Parity Lien Obligations" means bonds identified as such in the Preamble to this ordinance, together with any sewer revenue bonds, warrants or other obligations that may be issued in the future with a lien on Revenue of the System equal to the lien thereon of those bonds. "Parity Lien Obligations" include any Parity Lien Obligation Payment Agreements and parity reimbursement agreements entered into with the provider of a Credit Facility securing any Parity Lien Obligations.

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

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

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

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

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

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

"Public Works Trust Fund Loans" means loans to the county by the State Department of Commerce

under the Public Works Trust Fund loan program pursuant to loan agreements in effect as of the date of this ordinance and any loan agreements hereafter entered into by the county under the Public Works Trust Fund loan program, the repayment obligations of which are secured by a lien on Revenue of the System equal to the lien thereon established by such loan agreements.

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

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

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

"Rate Stabilization Fund" means the fund of that name created pursuant to Ordinance 12314, Section 13.D., of the county.

"RCW" means the Revised Code of Washington.

"Record Date" has the meaning set forth in proceedings of the county authorized under this ordinance.

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

"Registrar" means, unless otherwise designated in proceedings of the county authorized under this ordinance, the fiscal agent of the State (as the same may be designated by the State from time to time) for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting the transfer of ownership of the Bonds and paying principal of and premium, if any, and interest on the Bonds.

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

"Revenue of the System" means all the earnings, revenues and money received by the county from or on account of the operations of the System and the income from the investment of money in the Revenue Fund or any account within such fund, but shall not include (i) any money collected pursuant to the Service Agreements applicable to administrative costs of the county other than costs of administration of the System or (ii) any Debt Service Offsets. For certain purposes described in Section 12.B. of this ordinance, deposits from the Rate Stabilization Fund into the Revenue Fund may be included in calculations of "Revenue of the System."

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

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

"Sale Motion" means, with respect to each series of the Bonds, the motion of the council approving a contract (if the Bonds are sold by negotiated sale) or accepting a bid (if the Bonds are sold by competitive bid) for the initial purchase of the Bonds and ratifying the initial sale of the Bonds, all in accordance with Section 22

of this ordinance.

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

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

"Senior Lien Payments" means, for any calendar year, the sum of the following:

1. Annual Debt Service for such year for the Parity Bonds and Parity Lien Obligations then outstanding; and
2. any other payments described in paragraphs "Second" through "Fifth" of Section 13 of this ordinance required to be made during such year.

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

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

"State" means the State of Washington.

"Subordinate Lien Obligations" means those revenue bonds or other revenue obligations that may be issued by the county in the future with a lien on Revenue of the System junior and inferior to the lien thereon of the Multi-Modal LTGO/Sewer Revenue Bonds, and payable from Revenue of the System that is available after first making the payments required to be made under paragraph "First" through "Seventh" but before making the payments required to be made under paragraph "Ninth" of Section 13 of this ordinance.

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

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

"Tax-Benefited Bonds" means Bonds other than Tax-Exempt Bonds that are structured so as to confer certain benefits under the Code to the county or to the Owners of such Bonds, as provided in Section 18 of this ordinance and so designated pursuant to Section 22.A. of this ordinance.

"Tax-Exempt Bonds" means Bonds the interest on which the county intends to be excludable from gross income for federal income tax purposes, as provided in Section 17 of this ordinance and so designated pursuant to Section 22.A. of this ordinance.

"Term Bonds" means those Bonds identified as such in proceedings of the county authorized under this ordinance, the principal of which is amortized by a schedule of mandatory redemptions prior to their maturity.

"Undertaking" means an undertaking for ongoing disclosure to be entered into by the county for each series of Bonds, if and to the extent required by Rule 15c2-12, as authorized by a Sale Motion.

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

1. The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms refer to this ordinance as a whole and not to any particular section, subsection, paragraph or clause of this ordinance.
2. Unless the context otherwise indicates, words expressed in the singular may include the plural and vice versa, and the use of the neuter, masculine, or feminine gender is for convenience only and is deemed to mean and include the neuter, masculine or feminine gender, as appropriate.
3. Any headings preceding the text of the various sections and subsections of this ordinance, and any table of contents or marginal notes appended to copies of this ordinance, are solely for convenience of reference and do not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect.

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

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

SECTION 2. Findings. Because conditions in the capital markets are volatile, the council finds that it is in the best interests of the county, its taxpayers and ratepayers of the System that the county retain the flexibility to issue the Bonds in one or more series. To achieve this flexibility, the council further finds that it is in the best interests of the county, its taxpayers and ratepayers of the System that the sale of Bonds in one or more series as Tax-Exempt Bonds, Tax Benefited Bonds or otherwise, by competitive bid or negotiated sale, for current or future delivery, be determined by the Finance Director, in consultation with the county's financial advisors.

SECTION 3. Authorization of Bonds. To provide funds to refund the Refunded Bonds, the county is authorized to issue the Bonds in the aggregate principal amount of \$100,000,000. Each initial sale of a series of Bonds shall be ratified and confirmed by the council in a Sale Motion.

The Bonds may be issued in one or more series, as provided in Section 22 of this ordinance, each such series to be designated as "King County, Washington, Multi-Modal Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenue)" with an applicable year and series designation. The Bonds shall be fully registered as to both principal and interest; shall be numbered separately in such manner and with any additional designation as the Registrar deems necessary for purposes of identification; and shall be in the denominations, dated the date and mature on the dates, in the years and in the amounts established as provided in Section 22 of this ordinance.

The Bonds shall bear interest (computed as set forth in proceedings of the county authorized under this ordinance) from their dated date or from the most recent date to which interest has been paid or duly provided for, whichever is later, payable on interest payment dates and at the rate or rates established as provided in Section 22 of this ordinance.

SECTION 4. Registration, Exchange and Payments.

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

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

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

amounts so paid.

C. **Use of Depository.** Each Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Neither the county nor the Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the county nor the Registrar shall be responsible for any notice that is permitted or required to be given to the Registered Owner of any Bond registered in the name of the Securities Depository except such notice as is required to be given by the Registrar to the Securities Depository.

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

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

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

E. **Place and Medium of Payment.** Principal of and premium, if any, and interest on the Bonds are payable in lawful money of the United States of America. Principal of and premium, if any, and interest on each Bond registered in the name of the Securities Depository are payable in the manner set forth in the Letter of Representations. Unless otherwise specified in proceedings of the county authorized under this ordinance, interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The county is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Unless otherwise specified in proceedings of the county authorized under this ordinance, the principal of and premium, if any, on each Bond not registered in the name of the Securities Depository are payable upon presentation and surrender of the Bond by the Registered Owner to the Registrar at maturity or upon prior redemption in full.

F. **Transfer or Exchange of Registered Ownership; Change in Denominations.** The registered ownership of any Bond may be transferred or exchanged, but no transfer of any Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds, at the option of the new Registered Owner) of the same series, date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same series, date, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to exchange or transfer any Bond during the 15 days preceding any principal

payment or redemption date, or, in the case of any proposed redemption of an Bond, after mailing of notice of the call of the Bond for redemption.

SECTION 5. Redemption Provisions; Purchase of Bonds.

A. **Optional Redemption.** All or some of the Bonds may be subject to redemption prior to their stated maturity dates at the option of the county at the times and on the terms set forth in proceedings of the county authorized under this ordinance.

B. **Mandatory Redemption.** The county shall redeem any Term Bonds, if not redeemed under the optional redemption provisions set forth in proceedings of the county authorized under this ordinance or purchased under the provisions set forth herein, randomly (or in such other manner as set forth in proceedings of the county authorized under this ordinance or as the Registrar shall determine) at par plus accrued interest on the dates and in the years and principal amounts as set forth in proceedings of the county authorized under this ordinance.

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

C. **Partial Redemption.** Whenever less than all of the Bonds of a single maturity of a series are to be redeemed, the Securities Depository shall select the Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Registrar shall select all other Bonds to be redeemed randomly, or in such other manner set forth in proceedings of the county

authorized under this ordinance or as the Registrar shall determine.

Portions of the principal amount of any Bond, in authorized denominations, may be redeemed, unless otherwise set forth in proceedings of the county authorized under this ordinance. If less than all of the principal amount of any Bond is redeemed, upon surrender of that Bond to the Registrar, there shall be issued to the Registered Owner, without charge therefor, a new Bond (or Bonds, at the option of the Registered Owner) of the same series, maturity and interest rate in any authorized denomination in the aggregate total principal amount remaining outstanding.

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

SECTION 6. Notice and Effect of Redemption. Notice of redemption of each Bond registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Unless otherwise set forth in proceedings of the county authorized under this ordinance, notice of redemption of each other Bond, unless waived by the Registered Owner, shall be given by the Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentences shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by any Owner. Notice of redemption shall also be mailed or sent electronically within the same period to the MSRB, to any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the county, and to such other persons and with such additional information as the Finance Director shall determine, but such further notice shall not be a condition precedent to the redemption of any Bond.

In the case of an optional redemption, the notice of redemption may state that the county retains the right to rescind the redemption notice and the redemption by giving a notice of rescission to the affected

Registered Owners at any time on or prior to the date fixed for redemption. Any notice of optional redemption that is so rescinded shall be of no effect, and each Bond for which a notice of optional redemption has been rescinded shall remain outstanding.

Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above or money sufficient to effect such redemption is not on deposit with the Registrar or in a trust account established to refund or defease the Bond.

SECTION 7. Form and Execution of Bonds. The form of the Bonds shall be set forth in proceedings of the county authorized under this ordinance. The Bonds shall be signed by the county executive and the clerk of the council, either or both of whose signatures may be manual or in facsimile, and the seal of the county or a facsimile reproduction thereof shall be impressed or printed thereon.

Only a Bond bearing a Certificate of Authentication in the form set forth in proceedings of the county authorized under this ordinance, manually signed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

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

SECTION 8. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond becomes mutilated, the

Registrar may authenticate and deliver a new Bond or Bonds of like amount, date, series, interest rate and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the county and the Registrar in connection therewith and upon surrender to the Registrar of the Bond so mutilated. Every mutilated Bond so surrendered shall be canceled and destroyed by the Registrar.

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

SECTION 9. Multi-Modal LTGO/Sewer Revenue Bond Fund. A special fund of the county designated the "King County, Washington, Multi-Modal Limited Tax General Obligation (Payable from Sewer Revenue) Bond Fund" (the "Multi-Modal LTGO/Sewer Revenue Bond Fund") has heretofore been created for the purpose of paying Multi-Modal LTGO/Sewer Revenue Bonds. The Multi-Modal LTGO/Sewer Revenue Bond Fund shall be held separate and apart from all other funds and accounts of the county and shall be a trust fund for the owners of Multi-Modal LTGO/Sewer Revenue Bonds.

The county hereby irrevocably obligates and binds itself to set aside and pay into the Multi-Modal LTGO/Sewer Revenue Bond Fund, from the sources described in Section 10 and Section 11 of this ordinance, on or prior to the respective dates the same become due (and if such payment is made on the due date, such payment must be made in immediately available funds): (i) such amounts as are required to pay the interest scheduled to become due on the Bonds; and (ii) such amounts with respect to the Bonds as are required to pay maturing principal, to make any required sinking fund payments and to redeem Bonds in accordance with any mandatory redemption provisions.

Any series of the Bonds also may be payable from and secured by Credit Enhancement or a Liquidity

Facility that secures payment of only that series of Bonds, and such Credit Enhancement or Liquidity Facility need not secure payment of any other series of the Bonds. The county's payment obligation with respect to Bonds secured by Credit Enhancement shall be deemed satisfied if provided by draws on the Credit Enhancement.

If any Bonds are designated as Term Bonds pursuant to Section 22 of this ordinance, there shall be set forth in proceedings of the county authorized under this ordinance for that series of Bonds a mandatory redemption schedule to amortize the principal of those Term Bonds. Payments of principal of Term Bonds under any such mandatory redemption schedule shall be made from the Multi-Modal LTGO/Sewer Revenue Bond Fund, as provided in this section, to the extent not credited pursuant to Section 5.B. of this ordinance.

SECTION 10. Pledge of Taxation and Credit. The county hereby irrevocably covenants and agrees for as long as any Bonds are outstanding and unpaid, that each year it will include in its budget and levy an *ad valorem* tax upon all the property within the county subject to taxation in an amount that will be sufficient, together with all other revenues and money of the county legally available for such purposes, to make the payments into the Multi-Modal LTGO/Sewer Revenue Bond Fund required by Section 9 of this ordinance as the same become due. All of the taxes so collected will be paid into the Multi-Modal LTGO/Sewer Revenue Bond Fund no later than the date those funds are required for the payments required by Section 9 of this ordinance.

The county hereby irrevocably pledges that the annual tax herein authorized to be levied for the payment of such amounts shall be within and a part of the tax levy permitted to counties without a vote of the people, and that a sufficient portion of the taxes to be levied and collected annually by the county prior to the full payment of the amounts required by Section 9 of this ordinance will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the amounts required by Section 9 of this ordinance.

The full faith, credit and resources of the county are hereby irrevocably pledged for the annual levy and collection of those taxes and for the prompt payment of the amounts required by Section 9 of this ordinance as

the same become due.

SECTION 11. Pledge of Sewer Revenues. The Bonds are also payable from and secured by a pledge of Revenue of the System and by draws on any Credit Enhancement or Liquidity Facility; provided, however, that any series of additional Multi-Modal LTGO/Sewer Revenue Bonds may also be payable from and secured by a separate credit facility or liquidity facility pledged specifically to or provided for that series of additional Multi-Modal LTGO/Sewer Revenue Bonds, and such separate credit facility or liquidity facility will not secure payment of the Bonds. No additional Multi-Modal LTGO/Sewer Revenue Bonds may be secured by the Credit Enhancement or the Liquidity Facility unless the Credit Provider or the Liquidity Provider, as the case may be, so consents in writing. Unless the Credit Enhancement or the Liquidity Facility is so amended, draws on the Credit Enhancement or the Liquidity Facility must be held separately and will not be available for payments with respect to any other Multi-Modal LTGO/Sewer Revenue Bonds.

The county hereby irrevocably obligates and binds itself to set aside and pay into the Multi-Modal LTGO/Sewer Revenue Bond Fund out of Revenue of the System, on or prior to the respective dates the same become due, the amounts required by Section 9 of this ordinance.

The amounts covenanted in this ordinance to be paid out of Revenue of the System into the Multi-Modal LTGO/Sewer Revenue Bond Fund constitute, and the county hereby grants to the Registered Owners of the Bonds and to any Credit Provider and Liquidity Provider with respect to obligations owed to them under a related reimbursement agreement or Liquidity Facility, a lien and charge on Revenue of the System junior, subordinate and inferior to Operating and Maintenance Expenses; junior, subordinate and inferior to the lien and charge on Revenue of the System for the payments required to be made into the Parity Bond Fund and the accounts therein; junior, subordinate and inferior to the lien and charge on Revenue of the System for the payments required to be made into the Parity Lien Obligation Bond Fund and the accounts therein; junior, subordinate and inferior to the lien and charge on Revenue of the System to pay and secure the payment of any Junior Lien Obligations; equal to the lien and charge on Revenue of the System to pay and secure the payment

of any additional Multi-Modal LTGO/Sewer Revenue Bonds; and superior to all other liens and charges of any kind or nature, including, inter alia, the lien and charge on Revenue of the System to pay and secure the payment of the Subordinate Lien Obligations, SRF Loans and Public Works Trust Fund Loans.

SECTION 12. Revenue Fund; Rate Stabilization Fund.

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

B. **Rate Stabilization Fund.** In anticipation of increases in revenue requirements of the System, a special fund of the county designated as the "Sewer Rate Stabilization Fund" ("the Rate Stabilization Fund") has heretofore been established and is hereby continued. The county may from time to time appropriate or budget amounts in the Revenue Fund for deposit in the Rate Stabilization Fund, as provided in Section 13 of this ordinance, and may from time to time withdraw amounts therefrom for deposit in the Revenue Fund to prevent or mitigate sewer rate increases or for other lawful purposes of the county related to the System, including calculations of "Net Revenue" and "Revenue of the System" for the purposes of satisfying requirements of Sections 16 and 20 of this ordinance.

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

SECTION 13. Sewer Revenue Priorities of Payment. So long as any Bond is outstanding, all Revenue of the System shall be deposited into the Revenue Fund and used and applied in the following order of priority:

First, to pay all Operating and Maintenance Expenses;

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

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

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

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

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

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

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

Ninth, to make all required payments of principal of and interest on bonds, notes, warrants and other evidences of indebtedness, the lien and charge on Revenue of the System of which are junior and inferior to the

Subordinate Lien Obligations, as the same become due and payable; and

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

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

SECTION 14. Plan of Refunding. The proceeds of the sale of the Bonds, together with other county funds that may be designated for that purpose, shall be used to refund the Refunded Bonds in accordance with Ordinance 16721 authorizing the Refunded Bonds.

SECTION 15. Due Regard for Expenses and Sewer Revenues Pledged. The council hereby declares that, in fixing the amounts to be paid into the Multi-Modal LTGO/Sewer Revenue Bond Fund out of Revenue of the System, it has exercised due regard for the Operating and Maintenance Expenses and has not obligated the county to set aside in the Multi-Modal LTGO/Sewer Revenue Bond Fund a greater amount of Revenue of the System that in its judgment will be available over and above the Operating and Maintenance Expenses and Revenue of the System previously pledged.

SECTION 16. Rate Covenants.

A. **General Rate Covenant.** The county will establish, maintain and collect rates and charges for sewage disposal service for each calendar year that are fair and nondiscriminatory and adequate to provide the county with Revenue of the System sufficient (i) to pay all Operating and Maintenance Expenses during that calendar year; (ii) to pay punctually all amounts described in paragraphs "Second" through "Tenth" in Section 13 of this ordinance due during that calendar year; and (iii) to pay any and all amounts that the county is now or may hereafter become obligated by law or contract to pay during that calendar year from the Revenue of the

System.

B. **Coverage Covenant.** Subject to the provisions of subsection C. of this section, the county will establish, maintain and collect rates and charges for sewage disposal service that, together with the interest to be earned on investments made of money in the Revenue Fund, Parity Bond Fund, Parity Lien Obligation Bond Fund, Junior Lien Bond Fund, Multi-Modal LTGO/Sewer Revenue Bond Fund and Construction Account will provide in each calendar year Net Revenue, after deducting therefrom amounts required in such year to pay Annual Debt Service on Parity Bonds and Parity Lien Obligations, in an amount equal to at least 1.10 times the amounts required to pay Annual Debt Service for all Junior Lien Obligations and Multi-Modal LTGO/Sewer Revenue Bonds for that year.

C. **Rate Stabilization Fund.** In determining compliance with the requirements of this section, Revenue of the System and Net Revenue shall be calculated by taking into account deposits and withdrawals from the Rate Stabilization Fund as provided in Section 12.B. of this ordinance.

SECTION 17. Certain Other Covenants of the County Regarding the Bonds. The county hereby covenants with the Registered Owner of each of the Bonds, as follows:

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

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

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

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

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

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

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

Seattle metropolitan area that can drain by gravity flow into facilities of the System that serve such areas if the council declares that the health, safety or welfare of the people within the metropolitan area require such action.

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

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

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

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

K. **Performance Under Ordinance.** None of the proceeds of the Bonds will be used for any purpose other than as provided in this ordinance, and except as otherwise expressly provided herein, the county shall not suffer any amendment or supplement to this ordinance, or any departure from the due performance of

the obligations of the county hereunder, that might materially adversely affect the rights of the Registered Owners from time to time of the Bonds.

L. **Sale or Disposition.** The county will not sell or voluntarily dispose of all of the operating properties of the System unless provision is made for payment into the applicable debt service funds of a sum sufficient to pay the principal of and interest on all outstanding Parity Bonds, Parity Lien Obligations, Junior Lien Obligations and Multi-Modal LTGO/Sewer Revenue Bonds in accordance with the terms thereof, nor will the county sell or voluntarily dispose of any part of the operating properties of the System unless the county has first complied with any applicable covenants of the Parity Bonds and Parity Lien Obligations.

SECTION 18. Tax Covenants.

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

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

The county covenants that it will comply with the Tax Certificate unless it receives advice from

nationally recognized bond counsel or the Internal Revenue Service that certain provisions have been amended or no longer apply to the Tax-Exempt Bonds or Tax-Benefited Bonds, as applicable.

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

SECTION 19. Defaults. The county hereby finds and determines that the failure or refusal of the county or any of its officers to perform the covenants and obligations of this ordinance will endanger the operation of the System and the application of Revenue of the System and such other money, funds and securities to the purposes herein set forth. Any one or more of the following will constitute a Default under this ordinance:

A. The county fails to make payment of the principal of any Bond when the same becomes due and payable, whether by maturity or scheduled redemption prior to maturity;

B. The county fails to make payment of the interest on any Bond when the same becomes due and payable;

C. The county defaults in the observance or performance of any other covenant, condition or agreement on the part of the county contained in this ordinance, and such default has continued for a period of 30 days; or

D. The county (i) admits in writing its inability to pay its debts generally as they become due; (ii) files a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law; (iii) makes an assignment for the benefit of its creditors; (iv) consents to the appointment of a receiver for the whole or any substantial part of the System; or (v) consents to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or

control of the county or of the whole or any substantial part of the System.

SECTION 20. Remedies.

A. **Control by Credit Provider.** Upon the occurrence and continuation of a Default described in Section 19.A. through D. of this ordinance, each Credit Provider will be entitled to exercise, on behalf of the Registered Owners of any Bonds secured by Credit Enhancement provided by the Credit Provider, any of the remedies provided to the Registered Owners of such Bonds under this section and, for so long as the Credit Provider is not in default of its obligations under the Credit Enhancement, the Credit Provider will be the only person entitled to exercise the remedies provided under this section with respect to such Bonds.

B. **Appointment of Bondowners' Trustee.** Upon the occurrence of a Default and so long as such Default is not remedied, and subject to the rights of any Credit Provider as provided in subsection A. of this section, a Bondowners' Trustee may be appointed for the Registered Owners of the Bonds by the Registered Owners of a majority in principal amount of the Bonds then outstanding by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners or by their attorneys-in-fact duly authorized and delivered to the Bondowners' Trustee, notification thereof having been given to the county. Any Bondowners' Trustee appointed under the provisions of this section must be a bank or trust company organized under the laws of a state or a national banking association. The fees and expenses of the Bondowners' Trustee must be borne by the Registered Owners of the Bonds and not by the county. The bank or trust company acting as the Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed, by the Registered Owners of a majority in principal amount of the Bonds then outstanding, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners or by their attorneys-in-fact duly authorized. The Bondowners' Trustee may resign upon 60 days' notice and a new Bondowners' Trustee appointed by the Registered Owners of a majority in principal amount of the Bonds then outstanding; provided, that no such resignation or removal will be effective until a successor Bondowners' Trustee has been appointed and has delivered to the county and the Registered Owners of the Bonds then

outstanding a written instrument of acceptance of the duties and responsibilities of the Bondowners' Trustee under this ordinance.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is hereby declared to be a trustee for the Registered Owners of all the Bonds then outstanding and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

C. **Legal Action by Bondowners' Trustee.** Subject to the rights of the Credit Provider, if any, as provided in subsection A. of this section, upon the happening of a Default and during the continuation thereof, the Bondowners' Trustee may, and upon the written request of the Registered Owners of not less than 25% in principal amount of the Bonds then outstanding must, take such steps and institute such suits, actions or other proceedings as it may deem appropriate for the protection and enforcement of the rights of such Registered Owners to collect any amounts due and owing to or from the county, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this ordinance or in the Bonds. Any action, suit or other proceedings instituted by the Bondowners' Trustee hereunder will be brought in its name as trustee for the Registered Owners of all Bonds, and all such rights of action upon or under any of the Bonds or the provisions of this ordinance may be enforced by the Bondowners' Trustee without the possession of any of the Bonds, and without the production of the same at any trial or proceedings relating thereto except where otherwise required by law. Any such suit or proceeding instituted by the Bondowners' Trustee will be brought for the ratable benefit of all of the Registered Owners of the Bonds, subject to the provisions of this ordinance. The respective Registered Owners of the Bonds, by taking and holding the same, will be conclusively deemed irrevocably to have appointed the Bondowners' Trustee the true and lawful trustee of the respective Registered Owners of the Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums that become distributable on account of the Bonds; to execute any paper or documents for the receipt of such money; and to do all acts with respect thereto that such registered owners themselves might have done. Nothing herein will be deemed to authorize or

empower the Bondowners' Trustee to consent to accept or adopt, on behalf of any Registered Owner of the Bonds, any plan of reorganization or adjustment affecting such Bonds or any right of any Registered Owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the Registered Owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the county is a party.

D. **Restrictions on Legal Action by Individual Owners.** Subject to the rights of the Credit Provider, if any, as provided in subsection A. of this section, no Registered Owner of any Bonds has any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same unless:

1. a Default has happened and is continuing; and
2. a Bondowners' Trustee has been appointed as herein provided; and
3. such Registered Owner previously has given to the Bondowners' Trustee written notice of the Default as to which such suit, action or proceeding is to be instituted; and
4. Registered Owners of not less than 25% in principal amount of the Bonds then outstanding, after the occurrence of such Default, have made written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceedings; and
5. the Bondowners' Trustee has been offered security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and
6. the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.

Notwithstanding any other provision of this ordinance, each Registered Owner of the Bonds will have the absolute and unconditional right to receive payment of principal of and premium, if any, and interest on such Bonds on and after the due date thereof, and to institute suit for the enforcement of any such payment.

E. **Waivers of Default; Remedies not Exclusive.** The remedies herein conferred upon or reserved

to the Registered Owners of the Bonds and to the Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies, and each and every such remedy will be cumulative and will be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The privileges herein granted may be exercised from time to time and continued so long as and as often as the occasion therefor may arise.

Subject to the rights of the Credit Provider, if any, as provided in subsection A. of this section, the Bondowners' Trustee may waive any past Default and its consequences, except a default in the payment of the principal of or premium, if any, or interest on any of the Bonds. No such waiver will extend to or affect any subsequent Default or impair any rights or remedies consequent thereon. No delay or omission of the Credit Provider or the Bondowners' Trustee to exercise any right or power accruing upon any Default will impair any such right or power or be construed to be a waiver of any such Default or acquiescence therein.

SECTION 20. Additional Obligations of the System.

A. **Senior Lien Obligations.** The county reserves the right to issue additional Parity Bonds, Parity Lien Obligations and Junior Lien Obligations on the applicable terms and conditions set forth in the ordinances authorizing issuance of the Parity Bonds, Parity Lien Obligations and Junior Lien Obligations then outstanding.

B. **Additional Multi-Modal LTGO/Sewer Revenue Bonds.** The county reserves the right to issue additional Multi-Modal LTGO/Sewer Revenue Bonds, but only if such Multi-Modal LTGO/Sewer Revenue Bonds are issued (i) for the purpose of refunding any Junior Lien Obligations or Multi-Modal LTGO/Sewer Revenue Bonds then outstanding or (ii) for any lawful purpose of the county related to the System and the following conditions are met:

1. At the time of issuing such additional Multi-Modal LTGO/Sewer Revenue Bonds, there is no default in the payment of the principal of or interest on any Parity Bonds, Parity Lien Obligations, Junior Lien Obligations, Multi-Modal LTGO/Sewer Revenue Bonds, Subordinate Lien Obligations, SRF Loans or Public Works Trust Fund Loans.

2. The county has on file one of the following certificates:

a. A certificate of the Finance Director showing that Net Revenue in any 12 consecutive months out of the most recent 18 months preceding the issuance of such additional Multi-Modal LTGO/Sewer Revenue Bonds, based on financial statements of the System prepared by the county and after deducting therefrom the Senior Lien Payments required in each calendar year during the life of such additional Multi-Modal LTGO/Sewer Revenue Bonds, will be at least equal to 1.10 times the Annual Debt Service for the proposed additional Multi-Modal LTGO/Sewer Revenue Bonds and all Junior Lien Obligations and Multi-Modal LTGO/Sewer Revenue Bonds then outstanding in each year during the life of such additional Multi-Modal LTGO/Sewer Revenue Bonds; or

b. A certificate from a Professional Utility Consultant (which certificate may not be dated more than 90 days prior to the date of delivery of such additional Multi-Modal LTGO/Sewer Revenue Bonds) showing that in his or her professional opinion the Net Revenue, estimated on the basis of all factors as he or she may consider reasonable, for each of the five calendar years following the year in which such additional Multi-Modal LTGO/Sewer Revenue Bonds are to be issued, after deducting therefrom Senior Lien Payments for each such year, will be at least equal to 1.10 times the Annual Debt Service for the proposed additional Multi-Modal LTGO/Sewer Revenue Bonds and all Junior Lien Obligations and Multi-Modal LTGO/Sewer Revenue Bonds then outstanding in each of those five years.

C. **Inferior Lien Obligations.** Nothing contained in this ordinance prevents the county from issuing revenue bonds, notes or other obligations that are a charge on Revenue of the System junior or inferior to the payments required to be made therefrom into the Multi-Modal LTGO/Sewer Revenue Bond Fund to pay and secure the payment of any Multi-Modal LTGO/Sewer Revenue Bonds.

SECTION 21. Payment Agreements.

A. **General.** To the extent and for the purposes permitted from time to time by chapter 39.96 RCW, as it may be amended, and other applicable provisions of State law, the county may enter into Payment

Agreements with respect to any Multi-Modal LTGO/Sewer Revenue Bonds, subject to the conditions set forth in this section and in other provisions of this ordinance.

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

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

D. **Calculation of Payment Agreement Payments and Debt Service on Multi-Modal LTGO/Sewer Revenue Bonds with Respect to which a Payment Agreement is in Force.** It is the intent of the county, for purposes of Sections 16 and 20 of this ordinance, that debt service on Multi-Modal LTGO/Sewer Revenue Bonds with respect to which a Payment Agreement is in force will be calculated to reflect the net economic effect on the county intended to be produced by the terms of the Multi-Modal LTGO/Sewer Revenue Bonds and the Payment Agreement. In calculating such amounts, the county will be guided by the following requirements.

1. The amount of interest deemed to be payable on any Multi-Modal LTGO/Sewer Revenue Bonds with respect to which a Payment Agreement is in force will be an amount equal to the amount of interest that would be payable at the rate or rates stated in those Multi-Modal LTGO/Sewer Revenue Bonds plus Payment Agreement Payments minus Payment Agreement Receipts.

2. For any period during which Payment Agreement Payments are not taken into account in calculating interest on any outstanding Multi-Modal LTGO/Sewer Revenue Bonds because the Payment Agreement is not then related to any outstanding Multi-Modal LTGO/Sewer Revenue Bonds, Payment Agreement Payments on that Payment Agreement will be calculated based upon the following assumptions:

a. **County Obligated to Make Payments Based on Fixed Rate.** If the county is

obligated to make Payment Agreement Payments based on a fixed rate and the Qualified Counterparty is obligated to make payments based on a variable rate index, payments by the county will be based on the assumed fixed payor rate, and payments by the Qualified Counterparty will be based on a rate equal to the average rate determined by the variable rate index specified by the Payment Agreement during the fiscal quarter preceding the quarter in which the calculation is made; and

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

E. **Prior Notice to Rating Agencies.** The county will give notice to Moody's and S&P 30 days prior to the date it intends to enter into a Payment Agreement and will give notice to Moody's and S&P 30 days prior to the date it intends to enter into a Payment Agreement with respect to any Multi-Modal LTGO/Sewer Revenue Bonds.

SECTION 22. Sale and Remarketing of Bonds.

A. **Determination by Finance Director.** The Finance Director shall determine, in consultation with the county's financial advisors, the principal amount of each series of the Bonds, whether each series of Bonds will be structured as Tax-Exempt Bonds, Tax-Benefited Bonds or otherwise, and whether each series of Bonds will be sold by negotiated sale or competitive bid and for current or future delivery. The Finance Director is authorized to designate any or all of the Bonds as "green bonds" or any similar designation indicating the purpose for which the proceeds of the Bonds are to be used. The authority to sell (but not the authority to remarket) any of the Bonds authorized hereunder will terminate on December 31, 2018. No Bond may mature later than the final maturity of the Refunded Bonds.

B. **Satisfaction of Conditions.** The Finance Director will provide or cause to be provided by a Professional Utility Consultant any certifications required to satisfy the conditions established in the ordinances of the county for the issuance of the Bonds as Multi-Modal LTGO/Sewer Revenue Bonds. In the Sale Motion for each series of Bonds, the council shall make findings regarding the satisfaction of such conditions applicable to that series of Bonds.

C. **Procedure for Negotiated Sale.** If the Finance Director determines that any series of the Bonds will be sold by negotiated sale, the Finance Director shall, in accordance with applicable county procurement procedures, solicit one or more underwriting firms or other financial institutions with which to negotiate the sale of the Bonds. Unless otherwise set forth in proceedings of the county authorized under this ordinance, the purchase contract for each series of the Bonds shall establish the year and series designation, date, principal amount, interest payment dates, interest rates, price, maturity schedule and redemption and bond insurance provisions of the Bonds. The purchase contract shall not be executed and delivered unless and until the council by a Sale Motion approves the purchase contract and ratifies and confirms the terms for the series of Bonds established therein.

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

Upon the date and time established for the receipt of bids for a series of the Bonds, the Finance Director or his designee will review the bids, cause the bids to be mathematically verified and report to the council regarding the bids received. Such bids will then be considered and acted upon by the council in an open public

meeting. The council reserves the right to reject any and all bids for such Bonds. The council by a Sale Motion will approve the sale of such Bonds and ratify and confirm the year and series designation, date, principal amount, interest payment dates, interest rates, price, maturity schedule, redemption and bond insurance provisions and any other terms of such Bonds.

E. **Multi-Modal Bonds.** The Finance Director is authorized to determine that any series of the Bonds will be issued with interest to be borne in a daily rate mode, weekly rate mode, index rate mode, direct purchase mode, flexible rate mode, term rate mode or fixed rate mode, payable on the dates and at the rates, subject to (i) a minimum rate, maximum rate, alternate rate and default rate, (ii) conversion between modes, (iii) optional and mandatory tender for purchase on dates and at prices and (iv) additional provisions relating to defaults and remedies, all as set forth in proceedings of the county authorized under this ordinance. In connection with the remarketing of the Bonds, the Finance Director is authorized, in his or her discretion, without further action by the council, (i) to issue requests for proposals for purchasers, remarketing agents, tender agents, paying agents, calculation agents, Credit Providers and Liquidity Providers and to execute and deliver agreements based on responses received to such requests, including continuing covenant or purchase agreements, remarketing agent agreements, tender agent agreements, paying agent agreements, calculation agent agreements, Credit Enhancement and extensions, replacements and terminations thereof, Liquidity Facilities and extensions, replacements and terminations thereof, reimbursement agreements and other agreements evidencing the county's obligations under any such agreements and any certifications or documentation in connection therewith, (ii) to remarket the Bonds pursuant to negotiation or pursuant to an official notice of remarketing and receipt of competitive bids, (iii) to replace the Registrar or Securities Depository, (iv) to cause the interest rate mode of any series of the Bonds to be converted in accordance with the provisions set forth in the Sale Motion and (v) to establish such funds and accounts as are necessary and desirable in connection with such remarketing in such interest rate mode.

SECTION 23. Delivery of Bonds. Following the sale of each series of the Bonds, the county will cause

definitive Bonds to be prepared, executed and delivered in accordance with the provisions of this ordinance, with the approving legal opinion of municipal bond counsel regarding the Bonds.

SECTION 24. Preliminary Official Statement; Official Statement. No preliminary official statement or official statement shall be delivered in connection with the initial sale of the Bonds. The county authorizes the Finance Director: (i) to review and approve the information contained in one or more preliminary official statements (each, a "Preliminary Official Statement") prepared in connection with any subsequent remarketing of each series of the Bonds; and (ii) for the sole purpose of the Bond purchasers' compliance with paragraph (b) (1) of Rule 15c2-12, to deem final that Preliminary Official Statement as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. After each Preliminary Official Statement has been reviewed and approved in accordance with the provisions of this section, the county hereby authorizes distribution of such Preliminary Official Statement to prospective purchasers of such series of Bonds.

Following the remarketing of each series of the Bonds in accordance with Section 22 of this ordinance, the Finance Director is hereby authorized to review and approve on behalf of the county each final official statement with respect to such series of Bonds. The county shall cooperate with the purchaser of each series of Bonds to deliver or cause to be delivered, within seven business days after the date of the Sale Motion (or within such other period as may be required by applicable law) and in sufficient time to accompany any confirmation that requests payment from any customer of the purchaser, copies of the final official statement pertaining to such Bonds in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the MSRB.

SECTION 25. Undertaking to Provide Ongoing Disclosure. If and to the extent required by paragraph (b)(5) of Rule 15c2-12, each Sale Motion will authorize an Undertaking for each series of the Bonds.

SECTION 26. General Authorization. The appropriate county officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt sale, issuance, execution, delivery and remarketing of the Bonds, and for the proper use and application of the proceeds of the sale and

remarketing thereof.

SECTION 27. Investment of Funds and Accounts. Money in the Revenue Fund and Multi-Modal LTGO/Sewer Revenue Bond Fund may be invested in any investments permitted for funds of the county. Obligations purchased as an investment of money in the Revenue Fund and Multi-Modal LTGO/Sewer Revenue Bond Fund and accounts therein will be deemed at all times to be a part of such respective fund or account, and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof will be retained in, credited or charged, as the case may be, to such fund or account.

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

SECTION 28. Refunding or Defeasance of Bonds. The county may issue refunding obligations pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include: (i) paying when due the principal of and interest on any or all of the Bonds ("the defeased Bonds"); (ii) redeeming the defeased Bonds prior to their maturity; and (iii) paying the costs of the refunding or defeasance. If the county sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance ("the trust account") money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. Thereafter, the Registered Owners of defeased Bonds shall have the right to receive payment of the principal of and premium, if any, and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the county may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose.

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

SECTION 29. Supplemental Ordinances.

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

1. To add to the covenants and agreements of the county in this ordinance such other covenants and agreements thereafter to be observed that will not adversely affect the interests of the Registered Owners of any Bonds, or to surrender any right or power herein reserved to or conferred upon the county;
2. To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this ordinance in regard to matters or questions arising under this ordinance as the council may deem necessary or desirable and not inconsistent with this ordinance and that will not adversely affect the interest of the Registered Owners of any Bonds;
3. To modify, alter, amend, supplement or restate this ordinance in any and all respects necessary, desirable or appropriate in connection with the delivery of Credit Enhancement or a Liquidity Facility (other than modifying notice provisions to Registered Owners of the Bonds);
4. To modify, alter, amend, supplement or restate this ordinance in any and all respects necessary, desirable or appropriate to satisfy the requirements of any rating agency to obtain or maintain a rating on the Bonds as the county deems necessary, provided that such action does not impair the security hereof or materially adversely affect the interests of the Registered Owners of the Bonds; or
5. For any purpose, on any date all Bonds are subject to mandatory or optional tender for purchase, in each case after written notice of such amendment has been given by first class mail to each Registered Owner of the Bonds not less than 30 days prior to such purchase date.

B. With Owner Consent.

1. With the consent of the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, the council may adopt an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance, except as described in subsection B.2. or B.4. of this section.

2. No supplemental ordinance entered into pursuant to this subsection B. may:

a. Extend the fixed maturity of any Bonds, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, or amend provisions governing the mandatory or optional tender for purchase or redemption of Bonds, without the consent of the Registered Owner of each Bond so affected; or

b. Reduce the aforesaid percentage of Registered Owners of Bonds required to approve any such supplemental ordinance, without the consent of the Registered Owners of all Bonds then outstanding.

3. It is not necessary for the consent of the Registered Owners of Bonds under this subsection B. to approve the particular form of any proposed supplemental ordinance, but it is sufficient if such consent approves the substance thereof.

4. Notwithstanding any provision of this subsection B. to the contrary, the Credit Provider, if any, will be entitled to consent, on behalf of the Registered Owners of any Bonds secured by Credit Enhancement provided by such Credit Provider, to the adoption by the council of any ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance.

C. Consent of Credit Provider and Liquidity Provider. Any amendment or supplement to this ordinance requires the prior written consent of any Credit Provider and Liquidity Provider if the rights of such

Credit Provider or Liquidity Provider, as the case may be, will be adversely affected thereby.

SECTION 30. Ordinance a Contract; Severability. The covenants contained in this ordinance constitute a contract between the county and (i) the Registered Owner of each Bond, (ii) the Qualified Counterparty to any Payment Agreement entered into with respect to any Bonds and (iii) any Credit Provider or Liquidity Provider with respect to any Bonds. If any court of competent jurisdiction determines that any covenant or agreement provided in this ordinance to be performed on the part of the county is contrary to law, then such covenant or agreement shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

SECTION 31. Effective Date. This ordinance shall be effective 10 days after its enactment, in accordance with Article II of the county charter.