



Legislation Text

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AN ORDINANCE relating to contracting indebtedness; providing for the issuance and sale of one or more series of limited tax general obligation refunding bonds of the county (secured also by public transportation sales taxes) in the aggregate principal amount of not to exceed \$103,000,000 to currently refund all or a portion of the county's outstanding Limited Tax General Obligation (Public Transportation Sales Tax) Refunding Bonds, 1998, Series A, and to advance refund all or a portion of the county's outstanding Limited Tax General Obligation (Public Transportation Sales Tax) Bonds, 2004; providing for the form, terms, covenants and other provisions of such refunding bonds; providing for the sale of the bonds and the disposition of the proceeds of sale; establishing funds for the receipt and expenditure of bond proceeds and for the payment of the bonds; and providing for the annual levy of taxes to pay the principal thereof and interest thereon; and pledging public transportation sales tax revenues as additional security for the bonds.

PREAMBLE:

The Municipality of Metropolitan Seattle ("Metro") was created by public vote in 1958 to exercise certain powers conferred by Chapter 35.58 of the Revised Code of Washington ("RCW"). In 1972, pursuant to RCW 35.58.245, the voters approved adding metropolitan public transportation functions to Metro's powers, and, in accordance with RCW 35.58.240, Metro

adopted a comprehensive plan for public transportation for the Seattle metropolitan area, which plan has been amended from time to time (the "Comprehensive Plan"). To provide funds for the operation, maintenance and capital needs of Metro's public transportation system, Metro levied a sales tax pursuant to RCW 82.14.045 and as approved by the voters at elections held in 1972 and 1980.

Metro issued several series of its limited sales tax general obligation bonds secured by the pledge of the voter-approved sales tax, as authorized RCW 35.58.2721, to finance the acquisition and construction of facilities required to carry out the Comprehensive Plan. RCW 35.58.2721 provides that so long as such sales tax is pledged to outstanding bonds, the legislature may not withdraw the authority to levy and collect the tax.

Pursuant to Resolution No. 4937, a master bond resolution adopted by the Metro Council on June 19, 1986, and subsequent series resolutions for each series of bonds, Metro issued five series of limited sales tax general obligation bonds (the "Sales Tax Bonds"). No Sales Tax Bonds remain outstanding.

Pursuant to Chapter 36.56 RCW and a special county election held November 3, 1992, King County (the "county") on January 1, 1994, assumed the rights, powers, functions and obligations of Metro, including operation of Metro's public transportation system (the "Public Transportation System"). The county assumed and agreed to provide for the payment and retirement of outstanding bonds of Metro, including the Sales Tax Bonds, and assumed the authority to levy and collect the sales tax pledged to the payment of the Sales Tax Bonds.

Pursuant to Ordinance No. 13128, the county issued and sold its \$85,715,000 par value Limited Tax General Obligation (Public Transportation Sales Tax) Refunding Bonds, 1998 Series A (the "1998A Bonds"), to provide for the refunding of two then-outstanding series of Sales Tax Bonds. The 1998A Bonds were secured by a junior pledge of a portion of the sales tax securing payment

of the Sales Tax Bonds. Ordinance No. 13128 also provided that the county would not issue any additional bonds with a pledge on sales tax revenue equal to the Sales Tax Bonds, and provided that any further transportation sales tax bonds would be issued on a parity of lien with the 1998A Bonds.

Pursuant to Ordinance No. 14490, the county issued and sold its \$64,285,000 par value Limited Tax General Obligation (Public Transportation Sales Tax) Refunding Bonds, 2002 (the "2002 Bonds"), to provide for the refunding of the last outstanding series of Sales Tax Bonds and to modify the lien position of the 1998A Bonds on sales tax revenue. The 2002 Bonds were issued on a parity of lien with the 1998A Bonds which are now secured by a first lien pledge of the portion of the sales tax that secured payment of the Sales Tax Bonds.

Pursuant to Ordinance No. 14887, the county issued and sold its \$49,695,000 par value Limited Tax General Obligation (Public Transportation Sales Tax) Bonds, 2004 (the "2004 Bonds"), to finance portions of the Public Transportation Fund Capital Improvement Program of the County. The 2004 Bonds were issued on a parity of lien with the 1998A Bonds and the 2002 Bonds, which are now secured by a "first lien" pledge of the portion of the sales tax that secured payment of the Sales Tax Bonds.

It is deemed necessary and advisable that the county now authorize the issuance and sale of one or more series of its limited tax general obligation refunding bonds in an outstanding aggregate principal amount not to exceed \$103,000,000 to undertake the refunding of all or a portion of the 1998A Bonds and all or a portion of the 2004 Bonds, which bonds will be additionally secured by a pledge of the sales tax levied pursuant to RCW 84.14.045, as provided herein.

To maximize the savings from such refundings, it is in the best interest of the county to delegate to the county's Finance Director (as hereinafter defined) authority to provide for the sale of one or more series of the bonds authorized herein by competitive bid or negotiated sale; provided,

however, that the aggregate principal amount of the Bonds shall not exceed \$103,000,000. The successful bid or negotiated purchase contract for each series of bonds shall be subject to approval by the county council as provided herein.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

"Assessment Income" means amounts collected on account of the principal of and interest and penalties on Assessments.

"Assessments" means assessments or installments thereof levied in any local improvement district of Metro or the county created for the purpose of financing the acquisition or construction of additions and improvements to and extensions of the System and shall include interest and any penalties thereon.

"Bond Fund" means the bond redemption fund previously authorized to be established for the Parity Bonds and described in Section 10 hereof.

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

"Bond Registrar" means the fiscal agent of the State of Washington (as the same may be designated by the State of Washington 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 interest on and principal and premium, if any, of the Bonds.

"Bonds" means all or a portion of the King County, Washington, Limited Tax General Obligation (Public Transportation Sales Tax) Bonds, [appropriate year and series designation], issued in an aggregate principal amount of not to exceed \$103,000,000 pursuant to this ordinance.

"1998A Bonds" means King County, Washington, Limited Tax General Obligation (Public Transportation Sales Tax) Refunding Bonds, 1998 Series A, issued in an aggregate principal amount of

\$85,715,000 pursuant to Ordinance No. 13128.

"2002 Bonds" means King County, Washington, Limited Tax General Obligation (Public Transportation Sales Tax) Refunding Bonds, 2002, issued in an aggregate principal amount of \$64,285,000 pursuant to Ordinance 14490.

"2004 Bonds" means King County, Washington, Limited Tax General Obligation (Public Transportation Sales Tax) Bonds, 2004, issued in an aggregate principal amount of \$49,695,000 pursuant to Ordinance No. 14887.

"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.

"Commission" means the Securities and Exchange Commission.

"Comprehensive Plan" means the Comprehensive Plan for Public Transportation set forth in Resolution No. 1717 of the Metro Council adopted October 5, 1972, as amended by Resolution No. 1901 of the Metro Council adopted July 5, 1973, Resolution No. 1989 adopted by the Metro Council on November 5, 1973, Resolution No. 3156 adopted by the Metro Council on May 3, 1979, Resolution No. 3647 adopted by the Metro Council on March 19, 1981, Resolution No. 4679, adopted by the Metro Council on July 18, 1985, and Resolution No. 6641 adopted by the Metro Council on October 21, 1993, as the same may be amended or supplemented hereafter by ordinance of the county.

"County" means King County, Washington.

"Council" means the Metropolitan King County Council.

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

"Escrow Trustee" means the corporate trustee chosen to serve as such pursuant to Section 14 hereof.

"Finance Director" means the director of the county 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.

"Future Parity Bonds" means any bonds or other obligations that may be issued by the County in the future with a lien on the Two-tenths Sales Tax Revenue equal to the lien thereon of the Outstanding Parity Bonds and the Bonds.

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

"Letter of Representations" means the Blanket Issuer Letter of Representations dated May 1, 1995, by and between the county and DTC.

"Master Resolution" means Resolution No. 4937 of the Metro Council, adopted on June 19, 1986, pursuant to which all of the Sales Tax Bonds were issued.

"Metro Council" means the Metropolitan Council of the Municipality of Metropolitan Seattle established pursuant to Chapter 35.58 RCW and abolished effective January 1, 1994, pursuant to Chapter 36.56 RCW.

"Metro" means the Municipality of Metropolitan Seattle, formerly a municipal corporation of the State of Washington, organized pursuant to Chapter 35.58 RCW and consolidated with the county effective January 1, 1994, pursuant to Chapter 36.56 RCW.

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

"NRMSIR" means a nationally recognized municipal securities information repository.

"Outstanding Parity Bonds" means the outstanding 1998A Bonds, 2002 Bonds and 2004 Bonds.

"Parity Bonds" means the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.

"Public Transportation Operating Account" means the account of that name within the Public Transportation Fund, redesignated and continued by the county pursuant to Ordinance No. 12076 of the county passed on December 18, 1995, and previously known as the Municipality of Metropolitan Seattle Public

Transportation Revenue Fund established under Resolution No. 936 of the Metro Council adopted on June 1, 1967.

"Public Transportation Construction Accounts" means the accounts of that name within the Public Transportation Fund, redesignated and continued by the county pursuant to Ordinance No. 12076 of the county passed on December 18, 1995, and previously known as the Municipality of Metropolitan Seattle Public Transportation Construction Fund established under Resolution No. 2209 of the Metro Council adopted on October 17, 1974.

"Public Transportation Sales Tax" means the sales and use tax authorized to be levied by the county pursuant to RCW 82.14.045 and which has heretofore been duly levied by the county.

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

"RCW" means the Revised Code of Washington.

"Receiving Fund" means the Two-tenths Sales Tax Revenue Receiving Fund within the Public Transportation Fund, redesignated and continued by the county pursuant to Ordinance No. 12076 of the county passed on December 18, 1995, and previously known as the Municipality of Metropolitan Seattle Two-tenths Sales Tax Revenue Receiving Fund established under the Master Resolution.

"Refunded Bonds" means, collectively, the Refunded 1998A Bonds and the Refunded 2004 Bonds.

"Refunded 1998A Bond Redemption Date" means, with respect to each series of Bonds, each redemption date for the outstanding 1998A Bonds to be refunded thereby, as identified or ratified in the Sale Motion therefor.

"Refunded 1998A Bonds" means, with respect to each series of Bonds, all outstanding 1998A Bonds to be refunded thereby, as identified or ratified in the Sale Motion therefor.

"Refunded 2004 Bond Redemption Date" means, with respect to the Bonds, each redemption date for the outstanding 2004 Bonds to be refunded thereby, as identified or ratified in the Sale Motion therefor.

"Refunded 2004 Bonds" means, with respect to each series of Bonds, all outstanding 2004 Bonds to be refunded thereby, as identified or ratified in the Sale Motion therefor.

"Registered Owner" means any person or entity who shall be the registered owner of any Bond.

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

"Sale Motion" means, with respect to each series of the Bonds, the motion of the council identifying (if such series of Bonds is sold by competitive bid) or ratifying (if such series of Bonds is sold by negotiated sale) the Refunded Bonds to be refunded by such series of Bonds, their respective redemption dates and the Government Obligations to be purchased to undertake such refunding, ratifying and confirming the year and series designation, date, principal amounts and maturity dates, interest rates and interest payment dates, redemption provisions of the Bonds, and approving the bond purchase contract (if the Bonds are sold by negotiated sale) or accepting a bid (if the bonds are sold by competitive bid) for the purchase of the Bonds, all in accordance with Section 19 hereof.

"Sales Tax Bond Fund" means the Limited Sales Tax General Obligation Fund within the Public Transportation Fund, redesignated and continued by the county pursuant to Ordinance No. 12076 of the county passed on December 18, 1995, and previously known as the Municipality of Metropolitan Seattle Limited Sales Tax General Obligation Bond Fund established by the Master Resolution as amended by Ordinance No. 11661 of the county passed on January 23, 1995.

"Sales Tax Bonds" means the limited sales tax general obligation bonds issued by Metro pursuant to the Master Resolution which were secured by a pledge of Sales Tax Revenues (with a senior lien on the Two-tenths Sales Tax Revenues) and Assessment Income, all of which have been redeemed.

"Sales Tax Revenues" means the amounts available for distribution to the county by the state treasurer pursuant to RCW 82.14.060 on account of the Public Transportation Sales Tax.

"SID" means a state information depository for the State of Washington (if one is created).

"State" means the State of Washington.

"System" or "Public Transportation System" means the public transportation facilities now or hereafter acquired, constructed, used, or operated by the county for the purpose of carrying out the Comprehensive Plan.

"Term Bonds" means those outstanding bonds or obligations of any single issue or series maturing in any one year for the retirement of which regularly recurring annual deposits are required to be made into a bond fund prior to the scheduled maturity of such bonds sufficient to pay the same at or prior to their maturity.

"Two-tenths Sales Tax Revenues" means that portion of the Sales Tax Revenues generated by a sales and use tax rate of 2/10 of 1%, which was pledged to secure the payment of the Sales Tax Bonds and which has been pledged to secure the payment of the Parity Bonds, and the further use of which for capital and operating purposes is established by Ordinance No. 11661 of the county, passed on January 23, 1995.

SECTION 2. Findings:

A. The council finds that it is in the best interest of the county and its taxpayers to issue the Bonds, in accordance with the provisions of Section 19.C. of Ordinance No. 13128, payable out of the Two-tenths Sales Tax Revenues during any fiscal period.

B. The council further finds that the Bonds will issued on a parity with the 1998A, 2002 and 2004 Bonds, having a first lien position on the Two-tenths Sales Tax Revenues.

C. The council further finds and declares that the county is or will be in compliance with the conditions for the issuance of Future Parity Bonds under Section 19 of Ordinance No. 13128, in Section 19 of Ordinance 14490 and Section 17 of Ordinance 14887, and which conditions are included in Section 18 of this ordinance.

D. The council further finds the county may be able to realize significant debt service savings by refunding all or a portion of the 1998A Bonds and all or a portion of the 2004 Bonds.

SECTION 3. Purpose, Authorization and Description of Bonds.

A. Purpose and Authorization of Bonds. The county authorizes the issuance of the Bonds to refund all or a portion of the 1998A Bonds and all or a portion of the 2004 Bonds and to pay the costs of issuing the

Bonds.

B. Description. The Bonds may be issued in one or more series in an outstanding aggregate principal amount of not to exceed \$103,000,000, each series to be designated "King County, Washington, Limited Tax General Obligation (Public Transportation Sales Tax) Refunding Bonds, [appropriate year and series designation]."

Each series of the Bonds shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 or any integral multiple thereof within a single maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; and shall be dated as of such date and shall mature on the dates, in the years and the amounts established as provided in Section 19 hereof.

The Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date for which interest has been paid or duly provided for, whichever is later, payable on semiannual interest payment dates and at the rate or rates to be established as provided in Section 19 hereof and ratified and confirmed by the Sale Motion.

SECTION 4. Registration, Exchange and Payments.

A. Bond Registrar/Bond Register. In accordance with KCC 4.84, the county hereby 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 of Washington as registrar, authenticating agent, paying agent and transfer agent (the "Bond Registrar"). The Bond Registrar shall keep, or cause to be kept, at its principal 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 owner of each Bond and the principal amount and number of each of the Bonds held by each owner. The Bond 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 Bond Registrar's powers and duties under this ordinance.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may become the Registered Owner of Bonds with the same rights it would have if it were not the Bond 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 Registered 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 Bond 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 Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4.E hereof, but such registration may be transferred as herein provided. All such payments made as described in Section 4.E 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. The Bonds of each series initially shall be registered in the name of Cede & Co., as the nominee of DTC. The Bonds so registered shall be held in fully immobilized form by DTC as depository in accordance with the provisions of the Letter of Representations. Neither the county nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by DTC or DTC participants, the payment by DTC or any DTC participants of any amount in respect of principal or redemption price of or interest on the Bonds, any notice which is permitted or required to be given to registered owners hereunder (except such notice as is required to be given by the Bond Registrar to DTC), the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of such Bonds or any consent given or other action taken by DTC as owner of such Bonds .

For as long as any series of Bonds are held in fully immobilized form, DTC, its nominee or its successor

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

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

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

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. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. For so long as the Bonds of any series are in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. If the Bonds of any series are no longer in fully immobilized form, interest on those Bonds shall be paid by checks or drafts of the Bond Registrar mailed

on the interest payment date to the Registered Owners at the addresses appearing on the Bond Register on the 15th day of the month preceding the interest payment date or, if requested in writing by a Registered Owner of \$1,000,000 or more in principal amount of such Bonds prior to the applicable record date, by wire transfer on the interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the Registered Owners to the Bond Registrar.

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 Bond 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 Bond Registrar. Upon such surrender, the Bond 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 Bond 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 Bond 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 the Bonds, after the mailing of notice of the call of such Bonds for redemption.

SECTION 5. Redemption Provisions; Open Market Purchase of Bonds. The county may reserve the right to redeem outstanding Bonds of any series prior to their maturity on the dates and at the prices established by the bond purchase contract or the official notice of sale therefor, as applicable, and ratified and confirmed by a Sale Motion in accordance with Section 19 hereof. Portions of the principal amount of any Bond, in increments of \$5,000 or any integral multiple thereof within a single maturity, may be redeemed.

If less than all of the Bonds of a series subject to optional redemption are called for redemption, the county shall choose the maturities to be redeemed. If less than a whole of a maturity is called for redemption, the Bonds to be redeemed shall be chosen randomly by the Bond Registrar or, so long as the Bonds are registered in the name of DTC or its nominee, selection of Bonds for redemption shall be in accordance with the Letter of Representations.

If less than all of the principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond 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 of the denominations authorized by this ordinance in the aggregate principal amount remaining unredeemed.

The county further reserves the right and option to purchase any or all of the Bonds in the open market at any time at any price.

All Bonds purchased or redeemed under this section shall be canceled.

SECTION 6. Notice and Effect of Redemption. Written notice of any redemption of Bonds shall be given by the Bond Registrar on behalf of the county by first-class mail, postage prepaid, not less than 30 nor more than 60 days prior to the date fixed for redemption to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice. The Bond Registrar shall provide additional notice of redemption (at least 30 days) to each NRMSIR and SID, if any, in accordance with the ongoing disclosure provisions to be adopted by the Sale Motion. In addition, the redemption notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service, Inc., Standard & Poor's and Fitch Ratings at their offices in New York, New York, or their successors, and to such other persons and with such additional information as the Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of Bonds. Notwithstanding the foregoing, for as long as the Bonds are registered in the name of DTC or its nominee, notice of redemption shall be given in accordance with the Letter of Representations.

The requirements of this section shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the owner of any Bond.

Each notice of redemption shall contain the following information: (1) the redemption date, (2) the redemption price, (3) if less than all outstanding Bonds of the same series are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the Bonds to be redeemed, (4) that on the redemption date the redemption price will become due and payable upon each Bond or portion called for redemption, and that interest shall cease to accrue from the redemption date, (5) that the Bonds are to be surrendered for payment at the principal office of the Bond Registrar, (6) the CUSIP numbers of all Bonds being redeemed, (7) the dated date of the Bonds, (8) the rate of interest for each Bond being redeemed, (9) the date of the notice, and (10) any other information needed to identify the Bonds being redeemed.

Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption unless the Bond or Bonds called are not redeemed when presented pursuant to the call.

SECTION 7. Failure To Redeem Bonds. If any Bond is not redeemed when properly presented at its maturity or call date, the county shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and the Bond has been called for payment by giving notice of that call to the Registered Owner of each of those unpaid Bonds.

SECTION 8. Form and Execution of Bonds. The Bonds shall be printed or lithographed on good bond paper in a form consistent with the provisions of this ordinance and state law and 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 Bonds bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

CERTIFICATE OF AUTHENTICATION

This Bond is one of the fully registered King County, Washington, Limited Tax General Obligation (Public Transportation Sales Tax) Refunding Bonds, [appropriate year and series designation], described in the Bond Ordinance.

WASHINGTON STATE FISCAL AGENT
Bond Registrar

By

Authorized Signer

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 facsimile signature appears on the Bonds ceases to be an officer of the county authorized to sign bonds before the Bonds bearing his or her facsimile signature are authenticated or delivered by the Bond Registrar or issued by the county, those Bonds 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 date of issuance of the Bonds.

SECTION 9. Mutilated, Lost or Destroyed Bonds. If any Bond shall become mutilated, the Bond Registrar shall authenticate and deliver a new Bond of like amount, date, series, interest rate and tenor in exchange and substitution for the Bond so mutilated, upon the owner's paying the expenses and charges of the county and the Bond Registrar in connection therewith and upon surrender to the Bond Registrar of the Bond so mutilated. Every mutilated Bond so surrendered shall be canceled and destroyed by the Bond Registrar.

In case the Bonds or any of them shall be lost, stolen or destroyed, the Bond 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 owner's paying the expenses and charges of the county and the Bond Registrar in connection

therewith and upon his/her filing with the Bond Registrar evidence satisfactory to the Bond Registrar that such Bond or Bonds were actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the county and the Bond Registrar with indemnity satisfactory to the Finance Director and the Bond Registrar.

SECTION 10. Bond Fund.

A. Bond Fund and Accounts Therein. The Bond Fund has heretofore been created as a special fund of the county known as the "Limited Tax General Obligation (Public Transportation Sales Tax) Bond Redemption Fund," consisting of three accounts: the Interest Account, the Serial Bond Principal Account and the Term Bond Principal Account. The Bond Fund shall at all times be completely segregated and set apart from all other funds and accounts of the County and shall be a trust fund for the security and payment of the principal of and interest and any premium on the Parity Bonds that are also limited tax general obligations of the county (as used in this section, "General and Parity Bonds). Except as provided in subsection D of this Section 10, all money credited to the Bond Fund is pledged and ordered to be used for the sole purpose of paying the principal of and interest and any premium on the Bonds and other Parity Bonds.

B. Two-Tenths Sales Tax Revenues. On the same business day that any Two-tenths Sale Tax Revenues are received by the county and deposited into the Receiving Fund, in accordance with Section 11.B hereof, the Finance Director shall cause the following amounts to be deposited into accounts within the Bond Fund, as follows:

(i) Interest Account. To the extent available in the Receiving Fund, there shall be deposited into the Interest Account an amount that, together with assessment income and other money available in the Interest Account, equals the total amount of interest due and payable on the Parity Bonds in the next succeeding six calendar months.

(ii) Serial Bond Principal Account. To the extent available in the Receiving Fund, there shall be deposited into the Serial Bond Principal Account an amount that, together with Assessment Income and other money available in the Serial Bond Principal Account, equals the total amount of principal due and payable on

the Parity Bonds in the next succeeding twelve calendar months.

(iii) Term Bond Principal Account. To the extent available in the Receiving Fund, there shall be deposited into the Term Bond Principal Account an amount that, together with Assessment Income and other money available in the Term Bond Principal Account, equals the total amount necessary to make any payments required in the next succeeding twelve calendar months to retire by purchase or by redemption any Parity Bonds that are Term Bonds.

C. Payments to the Bond Registrar; Investments. Money on deposit in the Bond Fund shall be transmitted to the Bond Registrar at such times and in such amounts as shall be necessary to pay when due the principal of and interest and premium, if any, on any Parity Bonds. Money in the Bond Fund shall be invested in any legal investments of the county maturing in such amounts and at such times as the Finance Director may determine so that payments required to be made from the Bond Fund may be made when due.

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

SECTION 11. Pledge of Sales Tax Revenues.

A. Pledge of Two-Tenths Sales Tax Revenues. All of the Sales Tax Revenues are hereby irrevocably pledged to the punctual payment of the principal of, premium, if any, and interest on the Bonds. Such pledge shall constitute a lien on the Two-tenths Sales Tax Revenues equal to the lien on the Two-tenths Sales Tax Revenues to pay and secure the payment of the Outstanding Parity Bonds and any Future Parity Bonds, and superior to all other liens and charges on such revenues whatsoever. The county hereby covenants that for as long as any of the Bonds are outstanding it will include in its budget and levy the Public Transportation Sales Tax in an amount that will be sufficient, together with all other funds legally available for such purpose, to pay the principal of, premium, if any, and interest on the Bonds as the same shall become due. All of such taxes so collected shall be paid into the Bond Fund no later than the date such funds are required for the payment of

principal of and interest on the Bonds. The full faith, credit and resources of the county are hereby irrevocably pledged for the levy and collection of the Public Transportation Sales Tax and for the prompt payment of the principal of, premium, if any, and interest on the Bonds as the same shall become due.

B. Receiving Fund. The Receiving Fund has heretofore been created as a special fund of the county. Upon receipt of the Sales Tax Revenues, the Finance Director shall cause the Two-tenths Sales Tax Revenues to be deposited into the Receiving Fund to be applied as provided in Section 10.B of this ordinance. In accordance with Ordinance No. 11661 of the county, passed on January 23, 1995, any Two-tenths Sales Tax Revenues remaining in the Receiving Fund after making the payments required by Section 10.B of this ordinance shall be transferred on the same business day, as follows: (x) an amount equal to the 25% of the Two-tenths Sales Tax Revenues to the Public Transportation Operating Account to be used for operations and the payment of the Parity Bonds; and (y) the remainder thereof to the Public Transportation Construction Accounts to be used only for capital purposes, including the payment of Parity Bonds.

SECTION 12. Pledge of General Taxation and Credit. The county hereby further irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid, that each year it will include in its budget and levy an ad valorem tax upon all 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 (including the Sales Tax Revenues), to pay the principal of and interest on the Bonds and any other Parity Bonds as the same shall become due. All of such taxes so collected and any other money to be used for such purposes shall be paid into the Bond Fund no later than the date such funds are required for the payment of principal of, premium, if any, and interest on the Parity Bonds.

The county hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the tax levy permitted to counties without a vote of the people, and that a sufficient portion of each annual levy to be levied and collected by the county prior to the full payment of the principal of, premium, if any, and interest on the Bonds and any other Parity

Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of, premium, if any, and interest on the Bonds and any other Parity Bonds.

The full faith, credit and resources of the county are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of the principal of, premium, if any, and interest on the Bonds and any other Parity Bonds as the same shall become due.

SECTION 13. Pledge of Assessment Income. The county hereby obligates and binds itself to set aside and pay any Assessment Income into the Bond Fund for payment of the principal of, premium, if any, and interest on the Parity Bonds without allocation to any particular series of bonds payable from the Bond Fund. Assessment Income, if any, shall be deposited into the various accounts within the Bond Fund, as received, according to the order of priority set forth in Section 10.B of this ordinance.

SECTION 14. Covenants and Warranties. The county makes the following covenants and warranties:

A. 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.

B. 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 the Bonds, and such authorizations and approvals are in full force and effect and have not been amended, modified or supplemented in material respect.

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

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

E. The adoption of this ordinance, and compliance on the county's part with the provisions contained

herein, will not conflict with or constitute a breach of or default under any constitutional provisions, 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, execution, delivery, sale, issuance 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 the Bonds and this ordinance.

F. The county finds and covenants that the Bonds are issued within all statutory and constitutional debt limitations applicable to the county.

G. None of the proceeds of the Bonds will be used for any purpose other than as provided in this ordinance, and 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, which might materially adversely affect the rights of the owners from time to time of the Bonds.

SECTION 15. Preservation of Tax Exemption for Interest on Bonds. The county covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the county treated as proceeds of the Bonds at any time during the term of the Bonds which will cause interest on the Bonds to be included in gross income for federal income tax purposes. The county also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Bonds, including the calculation and payment of any penalties that the county has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bonds from being included in gross income for federal income tax purposes.

SECTION 16. Application of Proceeds of Bonds. There is hereby authorized to be created a special account of the county for each series of the Bonds to be maintained with a corporate trustee chosen by the Finance Director (hereinafter called the "Escrow Trustee"), each of which will be known as a "King County Limited Tax General Obligation Refunding Bond Refunding Account," with the same year and series designation as that corresponding to the related series of the Bonds (each hereinafter called a "Refunding Account").

The net principal proceeds from the sale of each series of the Bonds shall be credited to the related Refunding Account.

Money in each Refunding Account shall be used immediately upon receipt thereof to provide for the payment of the principal of and redemption premium, if any, and interest on the Refunded Bonds to be refunded by the related series of the Bonds as hereinafter set forth in this section, to pay costs related to the refunding of such Refunded Bonds, and to pay costs of issuing the related series of the Bonds. The county shall discharge such obligations by the use of money in the each Refunding Account for each series of the Bonds to purchase certain noncallable Government Obligations, as identified or ratified in the Sale Motion therefor, bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary initial cash balance, will provide for the payment of the principal, if any, of and the interest on the specified Refunded 1998A Bonds that will become due and payable on or before their respective Refunded 1998A Bond Redemption Date(s) and the redemption price of such Refunded 1998A Bonds payable on their respective Refunded 1998A Bond Redemption Date(s) and the payment of the principal, if any, of and the interest on the specified Refunded 2004 Bonds that will become due and payable on or before their respective Refunded 2004 Bond Redemption Date(s) and the redemption price of such Refunded 2004 Bonds payable on their respective Refunded 2004 Bond Redemption Date(s) (collectively, the "Refunded Bond Payments"). Such Government Obligations shall be purchased at a yield not greater than the yield permitted by the Code and applicable regulations thereunder relating to acquired obligations in connection with refunding bond issues.

Such Government Obligations and any necessary initial cash balance shall be irrevocably deposited with the Escrow Trustee. Any Refunded Bond Payments that are not provided for in full by such initial cash balance and the purchase and deposit of Government Obligations described in this section shall be provided for by the irrevocable deposit of the necessary amount out of the proceeds of sale of the related series of the Bonds or any other monies of the county legally available therefor with the Escrow Trustee. Any proceeds of a series of the Bonds remaining in the related Refunding Account after acquisition of the Government Obligations and provision for the necessary initial cash balance may be utilized to pay expenses of the acquisition and safekeeping of the Government Obligations and expenses of the issuance of such series of the Bonds.

The county reserves the right to substitute other noncallable securities for the Government Obligations in the event it may do so pursuant to Section 148 of the Code, and applicable regulations thereunder, upon compliance with the following conditions: (i) such substitution is accomplished pursuant to a motion of the county council, which may be adopted either prior to or subsequent to the delivery of any series of Bonds; (ii) the securities to be substituted are noncallable Government Obligations; and (iii) such securities bear such interest and mature at such times and in such amounts as to fully replace the Government Obligations for which they are substituted, and to provide, together with Government Obligations and cash remaining, for the payment of the Refunded Bond Payments.

The county shall irrevocably set aside sufficient funds out of the proceeds of the Government Obligations purchased from proceeds of each series of the Bonds, together with any necessary initial cash balance, to pay the related Refunded Bond Payments.

The county hereby conditionally calls the Refunded 1998A Bonds for redemption on the Refunded 1998A Bond Redemption Date(s) and the Refunded 2004 Bonds for redemption on the Refunded 2004 Bond Redemption Date(s) in accordance with Sections 5 and 6 of Ordinance No. 13128 and Sections 5 and 6 of Ordinance No. 14887 authorizing redemption and retirement of the 1998A Bonds and the 2004 Bonds prior to their fixed maturities. Such conditional call for redemption of any such Refunded Bonds to be refunded by

each series of the Bonds shall become irrevocable only after the final establishment of the escrow account therefor and delivery of the Government Obligations to the Escrow Trustee, except as provided herein for the substitution of securities.

The Escrow Trustee is hereby authorized and directed to provide for the giving of notice of the redemption of the Refunded Bonds in accordance with Ordinance No. 13128 and Ordinance No. 14887. The Finance Director is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor. The costs of publication of such notice shall be an expense of the county.

The Escrow Trustee is hereby authorized and directed to pay to the county, or, at the direction of the Finance Director, to the fiscal agent of the State of Washington, sums sufficient to pay, when due, the Refunded Bond Payments. All such sums shall be paid from the Government Obligations deposited with the Escrow Trustee pursuant to this section of this ordinance, and the income therefrom and proceeds thereof. All such sums so paid shall be credited to the applicable Refunding Account. All monies and Government Obligations deposited with the Escrow Trustee and any income therefrom shall be held, invested and applied in accordance with the provisions of this ordinance and with the laws of the State of Washington for the benefit of the county and holders of the related Refunded Bonds.

The county will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Trustee for refunding the Refunded Bonds shall be paid when due.

The proper officers and agents of the county are directed to obtain from the Escrow Trustee an agreement setting forth the duties, obligations and responsibilities of the Escrow Trustee in connection with the redemption and retirement of the Refunded Bonds as provided herein and stating that such provisions for the payment of the fees, compensation and expenses of such Escrow Trustee are satisfactory to it. In order to carry out the purposes of this section, the Finance Director is authorized and directed to execute and deliver to the Escrow Trustee, a copy of such agreement when the provisions thereof have been fixed and determined.

SECTION 17. Application of Bond Proceeds--General. The exact amounts of net proceeds derived from the sale of each series of the Bonds to be deposited in accordance with Section 16 hereof shall be determined by the Finance Director upon the sale thereof.

Funds deposited in the funds and accounts established in Section 16 hereof shall be invested as permitted by law for the sole benefit of the respective funds. Irrespective of the general provisions of Ordinance No. 7112 and K.C. 4.10, the county current expense fund shall not receive any earnings attributable to such funds. Money other than proceeds of the Bonds may be deposited in the funds and accounts established under Section 16, provided, however, that proceeds of the Tax-Exempt Bonds and earnings thereon shall be accounted for separately for purposes of the rebate computations required to be made pursuant to Section 15 hereof. For purposes of such computations, Tax-Exempt Bond proceeds shall be deemed to have been expended first.

SECTION 18. Future Parity Bonds.

A. No Additional Sales Tax Bonds. The county previously covenanted and agreed that it will issue no additional Sales Tax Bonds under the Master Resolution and will issue no others bonds or obligations with a lien upon the Two-tenths Sales Tax Revenues superior to the lien thereon of the Parity Bonds.

B. Future Parity Bonds (other than Refunding Bonds). The county expressly reserves the right to issue Future Parity Bonds for any lawful purpose of the county related to the System if at the time of issuing such Future Parity Bonds:

(i) There shall be no deficiency in the Bond Fund.

(ii) There shall be on file with the clerk of the council a certificate of the Finance Director stating that the amount of Two-tenths Sales Tax Revenues received for any period of twelve consecutive months during the eighteen months preceding the Closing date for such Future Parity Bonds was at least equal to 1.5 times the maximum amount required in each calendar year that such Future Parity Bonds would be outstanding to pay:

(a) The principal of the Future Parity Bonds being issued and all other outstanding Parity Bonds

(other than amortization of principal of Term Bonds).

(b) The interest on the Future Parity Bonds being issued and on all other outstanding Parity Bonds, exclusive of any interest that will be payable from the proceeds of the Future Parity Bonds to be issued.

(c) The amounts required to be paid into any fund or account to amortize the principal of any of the Future Parity Bonds that are Term Bonds and all other outstanding Parity Bonds that are Term Bonds.

C. Future Parity Bonds that are Refunding Bonds.

(i) For the purpose of refunding at or prior to their maturity any outstanding Parity Bonds or any bonds or other obligations of the county payable from the Two-tenths Sales Tax Revenues, the county may at any time issue Future Parity Bonds without complying with the provisions of Section 18.B hereof; provided, however, that the county shall not issue Future Parity Bonds for such purpose under this Section 18.C unless there shall have been filed with the clerk of the council a certificate of the Finance Director stating that immediately after the issuance of such Future Parity Bonds the annual debt service for each year that any Parity Bonds (other than the refunding bonds proposed to be issued) are then outstanding shall not be increased by more than \$5,000 by reason of the issuance of such Future Parity Bonds.

(ii) The principal amount of such Future Parity Bonds may include amounts necessary to pay the principal of the bonds or other obligations to be refunded, interest thereon to the date of payment or redemption thereof, any premium payable thereon upon such payment or redemption and the costs of issuance of such Future Parity Bonds. The proceeds of such Future Parity Bonds shall be held and applied in such manner, consistent with the provisions of Section 25 hereof, as is provided in the ordinance providing for the issuance of such Future Parity Bonds, so that upon the delivery of such Future Parity Bonds, the bonds or other obligations to be refunded thereby shall be deemed to be no longer outstanding.

(iii) At the election of the county, the provisions of this Section 18.C shall not be applicable to the refunding at one time of all the Parity Bonds then outstanding.

(iv) Future Parity Bonds for the purpose of refunding outstanding Parity Bonds or bonds or other

obligations of the county payable from Two-tenths Sales Tax Revenues may also be issued upon compliance with the provisions of Section 18.B hereof.

(v) Nothing contained in this ordinance shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the county from issuing Future Parity Bonds to refund maturing Parity Bonds for the payment of which money is not otherwise available.

D. Subordinate Obligations. Nothing in this ordinance shall prohibit, or be deemed or construed to prohibit, the county from authorizing and issuing bonds, notes or other evidences of indebtedness for any purpose of the county related to the System payable in whole or in part from Sales Tax Revenues and secured by a lien on Two-tenths Sales Tax Revenues that is junior, subordinate and inferior to the lien thereon of the Outstanding Parity Bonds and the Bonds.

SECTION 19. Sale of Bonds.

A. Determination by Finance Director. The Finance Director shall determine, in consultation with the county's financial advisors, whether the Bonds shall be sold by negotiated sale or by competitive bid. The authority to issue any of the Bonds authorized hereunder shall terminate two years from the effective date of this ordinance.

B. Procedure for Negotiated Sale. If the Finance Director determines that the any series of the Bonds shall be sold by negotiated sale, the Finance Director shall, in accordance with applicable county procurement procedures, solicit one or more underwriting firms with which to negotiate the sale of those Bonds. The purchase contract for each series of the Bonds shall establish the year and series designation, date, principal amount, interest payment dates, interest rates, maturity schedule and redemption provisions of such series of Bonds, so long as the aggregate principal amount of the Bonds to be outstanding following the issuance of such series of Bonds does not exceed \$103,000,000. The county council, by Sale Motion, shall ratify and approve the bond purchase contract, ratify the identification of the Refunded Bonds to be refunded by such series of Bonds, their respective redemption dates and the Government obligations to be purchased to undertake such

refunding, and ratify the terms of the series of Bonds established thereby.

C. Procedure for Sale by Competitive Bid. If the Finance Director determines that any series of the Bonds shall be sold by competitive bid, bids for the purchase of each series of the Bonds shall be received at such time or place and by such means as the Finance Director shall direct. The Finance Director is authorized to prepare an official notice of bond sale for each series of the Bonds to be sold pursuant to competitive bid, establishing in such notice the year and series designation, date, principal amount, interest payment dates, maturity schedule and redemption provisions of such Bonds, so long as the aggregate principal amount of the Bonds to be outstanding following the issuance of such series of Bonds does not exceed \$103,000,000. The official notice of bond sale or an abridged form thereof shall be published in such newspapers or financial journals as may be deemed desirable or appropriate by the financial advisors to the county.

Upon the date and time established for the receipt of bids for series of the Bonds, the Finance Director or his designee shall open the bids, shall cause the bids to be mathematically verified and shall report to the county council regarding the bids received. Such bids shall then be considered and acted upon by the county council in an open public meeting. The county council reserves the right to reject any and all bids for any series of the Bonds. The county council, by the Sale Motion, shall identify the Refunded Bonds to be refunded by such series of Bonds, their respective redemption dates and the Government obligations to be purchased to undertake such refunding, and ratify the year and series designation, date principal amounts and maturity dates, interest rates and interest payment dates, redemption provisions and delivery date for such series of the Bonds, and accept the bid for the purchase of such series of Bonds.

SECTION 20. Delivery of Bonds. Following the sale of each series of the Bonds, the county shall cause definitive Bonds of such series to be prepared, executed and delivered to the purchaser thereof in accordance with the provisions of this ordinance, with the approving legal opinion of municipal bond counsel regarding the Bonds.

If definitive Bonds of any series are not ready for delivery by the date established for their delivery to

the initial purchaser, then the Finance Director, upon the approval of the purchaser, may cause to be issued and delivered to the purchaser one or more temporary Bonds of the same series with appropriate omissions, changes and additions. Any temporary Bond or Bonds shall be entitled and subject to the same benefits and provisions of this ordinance with respect to the payment, security and obligation thereof a definitive Bonds authorized thereby. Such temporary Bond or Bonds shall be exchangeable without cost to the owners thereof for definitive Bonds of the same series when the latter are ready for delivery.

SECTION 21. Preliminary Official Statement Declaration. The county authorizes and directs the Finance Director: (i) to review and approve the information contained in the preliminary official statement (the "Preliminary Official Statement") prepared in connection with the sale of each series of the Bonds; and (ii) for the sole purpose of the Bond purchasers' compliance with Section (b)(1) of the Rule, to "deem final" that Preliminary Official Statement as of its date, except for the omission of information on offering prices, interest rates, selling compensation, delivery dates, any other terms or provisions subject to final pricing, ratings, and other terms of the Bonds dependent on such matters and the identity of the Bond purchasers. 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.

SECTION 22. Approval of Official Statement. Following the sale of each series of the Bonds in accordance with Section 19 of this ordinance, the Finance Director is hereby authorized to review and approve on behalf of the county a final official statement with respect to such series of Bonds. The county agrees to cooperate with the purchaser of each series of Bonds to deliver or cause to be delivered, within seven business days from 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 the Rule and the rules of the MSRB.

SECTION 23. Undertaking to Provide Ongoing Disclosure. In the Sale Motion, the county council will set forth an undertaking for ongoing disclosure with respect to the Bonds, as required by Section (b)(5) of the Rule.

SECTION 24. General Authorization. The appropriate county officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt sale, issuance, execution and delivery of the Bonds, and for the proper use and application of the proceeds of the sale thereof.

SECTION 25. Refunding or Defeasance of the Bonds. The county may issue refunding bonds pursuant to the laws of the State of Washington or use money available from any other lawful source to pay when due the principal of and interest on the Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease all such then-outstanding Bonds (hereinafter collectively called the "defeased Bonds") and to pay the costs of the refunding or defeasance. If money and/or Government Obligations maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms are set aside in a special trust fund or escrow account irrevocably pledged to that redemption, retirement or defeasance of defeased Bonds (hereinafter called the "trust account"), 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. The owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account. The county shall include in the refunding or defeasance plan such provisions as the county deems necessary for the random selection of any defeased Bonds that constitute less than all of a particular maturity of the Bonds, for notice of the defeasance to be given to the owners of the defeased Bonds and to such other persons as the county shall determine, and for any required replacement of Bond certificates for defeased Bonds. The defeased Bonds shall be deemed no longer outstanding, and the county may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall

determine.

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

SECTION 26. Supplemental Ordinances. The county council from time to time and at any time may adopt an ordinance or ordinances supplemental to this ordinance which supplemental ordinance or ordinances thereafter shall become a part of this ordinance, for any one or more of the following purposes:

A. To add to the covenants and agreements of the county in this ordinance such other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the holders and owners of any Parity Bonds, or to surrender any right or power herein reserved to or conferred upon the county.

B. To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this ordinance or any ordinance authorizing Future Parity Bonds in regard to matters or questions arising under such ordinances as the county council may deem necessary or desirable and not inconsistent with such ordinances and which shall not materially adversely affect the interest of the holders and owners of Parity Bonds.

SECTION 27. Contract; Severability. The covenants contained in this ordinance shall constitute a contract between the county and the owners of each and every Bond. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the county are deemed by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, 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 28. Complete Alternative. This ordinance shall be deemed to provide a complete, additional and alternative method for the performance of those subjects authorized hereby and shall be regarded as supplemental and additional to powers conferred by other county ordinances. Whenever Bonds are issued and sold in conformance with this ordinance, such issuance and sale need not comply with contrary

requirements of any other county ordinance applicable to the issuance and sale of bonds or other obligations.

none