



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

June 25, 2012

Motion 13687

Proposed No. 2012-0234.2

Sponsors McDermott

1 A MOTION of the county council approving a purchase
2 contract for the county’s Sewer Revenue Refunding Bonds,
3 2012, Series B, in the aggregate principal amount of
4 \$64,260,000 and establishing certain terms of these bonds,
5 approving a purchase contract for the county’s Limited Tax
6 General Obligation Refunding Bonds (Payable from Sewer
7 Revenues), 2012, Series B, in the aggregate principal
8 amount of \$41,725,000 and establishing certain terms of
9 these bonds, and approving a plan of refunding from
10 proceeds of the two series of bonds, all in accordance with
11 Ordinance 17111.

12 WHEREAS, the county council by Ordinance 17111 passed on June 20, 2011 (the
13 “Bond Ordinance”), authorized the issuance and sale of bonds of the county payable from
14 sewer revenues, as follows: (i) \$300,000,000 aggregate principal amount of bonds to pay
15 costs of certain capital improvements to the county’s Sewer System in accordance with
16 the county’s comprehensive water pollution abatement plan (the “Project Bonds”), and
17 (ii) not to exceed \$1,200,000,000 aggregate principal amount of bonds to refund certain
18 outstanding bonds payable from sewer revenues (the “Refunding Bonds”), and

19 WHEREAS, the Bond Ordinance authorizes the sale of these bonds in one or
20 more series, as Parity Bonds or Parity Lien Obligations (as such terms are defined in the
21 Bond Ordinance), as Tax-Exempt Bonds, Tax-Benefited Bonds or otherwise, and by
22 negotiated sale or competitive bid, as determined by the county's director of finance and
23 business operations division (the "Finance Director") in consultation with the county's
24 financial advisor, and

25 WHEREAS, the county has issued and sold \$150,000,000 of the authorized
26 Project Bonds, and \$549,555,000 of the authorized Refunding Bonds, and

27 WHEREAS, the Finance Director has determined that \$105,985,000 principal
28 amount of additional Refunding Bonds (the "Refunding Bonds") be sold by negotiated
29 sale in (i) a series of Parity Bonds in the aggregate principal amount of \$64,260,000, to
30 be designated as the county's Sewer Revenue Refunding Bonds, 2012, Series B (the
31 "Sewer Revenue Bonds"), and (ii) a series of Parity Lien Obligations in the aggregate
32 principal amount of \$41,725,000, to be designated as the county's Limited Tax General
33 Obligation Refunding Bonds (Payable from Sewer Revenues), 2012, Series B (the
34 "LTGO Sewer Bonds," and together with the Sewer Revenue Bonds, the "Bonds"), all
35 structured as Tax-Exempt Bonds, and

36 WHEREAS, pursuant to the Bond Ordinance, a preliminary official statement
37 dated June 15, 2012, was prepared and distributed for the sale of the Bonds, and the
38 Finance Director has negotiated the sale of both series of the Bonds to J.P. Morgan
39 Securities LLC as representative of itself and other underwriters named in the attached
40 bond purchase contracts (the "Underwriters"), and

41 WHEREAS, it is in the best interest of the county that the Bonds be sold to the
42 Underwriters on the terms set forth in the attached bond purchase contracts, the Bond
43 Ordinance, and this motion, and

44 WHEREAS, in accordance with the Bond Ordinance, the council wishes to ratify
45 and confirm certain terms of the Bonds and approve a plan of refunding certain
46 outstanding sewer revenue bonds of the county from proceeds of the Bonds, as set forth
47 herein;

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

49 A. Definitions. Except as expressly authorized herein, capitalized terms used
50 in this motion have the meanings set forth in the Bond Ordinance.

51 B. Approval of the Bond Purchase Contracts and Authorization of Bonds.

52 The issuance of the Bonds, designated as set forth in the recitals of this motion, and the
53 terms and conditions thereof as set forth in the bond purchase contracts attached hereto as
54 Attachments A and B (the "Purchase Contracts"), are hereby ratified and confirmed, and
55 the Purchase Contracts are hereby approved. The Bonds shall bear interest at the rates set
56 forth in the Purchase Contracts and shall conform in all other respects to the terms and
57 conditions specified in the Purchase Contracts and Bond Ordinance. The Bonds shall be
58 subject to redemption as set forth in the Purchase Contracts.

59 C. Satisfaction of Parity Conditions.

60 1. The Sewer Revenue Bonds. In accordance with the Bond
61 Ordinance and the provisions of the ordinances authorizing the issuance of the currently
62 outstanding Parity Bonds, which permit the issuance of Future Parity Bonds upon

63 compliance with the conditions set forth therein, the county council hereby finds and
64 determines, as follows:

65 (i) The Sewer Revenue Bonds are to be issued for the purpose
66 of refunding and retiring prior to their maturity certain outstanding obligations of the
67 county payable from Revenue of the System.

68 (ii) There is not now, and when the Sewer Revenue Bonds are
69 issued there will not then be, any deficiency in the Parity Bond Fund or any account
70 therein.

71 (iii) The Bond Ordinance provides for payment out of the Parity
72 Bond Fund of the principal of and interest on the Sewer Revenue Bonds and the Reserve
73 Requirement will be satisfied, as required by the conditions for Future Parity Bonds.

74 (iv) The county will have on file at the Closing of the Bonds a
75 certificate of the Finance Director showing that upon issuance of the Sewer Revenue
76 Bonds (i) the total debt service required for all Parity Bonds (including the Sewer
77 Revenue Bonds but not including the bonds to be refunded thereby) will decrease, and
78 (ii) the Annual Parity Debt Service for each year that any Parity Bonds (including the
79 Sewer Revenue Bonds) will be outstanding will not be increased by more than \$5,000 by
80 reason of the issuance of the Sewer Revenue Bonds.

81 The applicable conditions for Future Parity Bonds having been
82 complied with in connection with the issuance of the Sewer Revenue Bonds, the pledge
83 contained in the Bond Ordinance of Revenue of the System to pay and secure the
84 payment of the Sewer Revenue Bonds shall constitute a lien and charge upon that

85 revenue equal in rank with the lien and charge upon the Revenue of the System to pay
86 and secure the payment of the outstanding Parity Bonds.

87 2. The LTGO Sewer Bonds. In accordance with the Bond Ordinance
88 and the provisions of the ordinances authorizing the issuance of the currently outstanding
89 Parity Lien Obligations, which permit the issuance of additional Parity Lien Obligations
90 upon compliance with the conditions set forth therein, the county council hereby finds
91 and determines, as follows:

92 (i) The LTGO Sewer Bonds are to be issued to refund
93 outstanding Parity Lien Obligations, which is a lawful purpose of the county related to
94 the System.

95 (ii) There is not now, and when the LTGO Sewer Bonds are
96 issued there will not then be, any deficiency in the Parity Bond Fund, the Parity Lien
97 Obligation Bond Fund, or any other bond fund or account securing Parity Lien
98 Obligations.

99 (iii) The county will file with the clerk of the county council, at
100 or prior to the Closing of the LTGO Sewer Bonds, a certificate of the Finance Director
101 stating that upon the issuance of the LTGO Sewer Bonds (i) total debt service on all
102 Parity Bonds and Parity Lien Obligations (including the LTGO Sewer Bonds but not
103 including the bonds to be refunded thereby) will decrease, and (ii) the Annual Debt
104 Service for each year that any Parity Bonds and any Parity Lien Obligations (including
105 the LTGO Sewer Bonds) will be outstanding will not be increased by more than \$5,000
106 by reason of the issuance of the LTGO Sewer Bonds.

107 The applicable parity conditions for additional Parity Lien
 108 Obligations having been complied with in connection with the issuance of the LTGO
 109 Sewer Bonds, the pledge contained in the Bond Ordinance of Revenue of the System to
 110 pay and secure the payment of the LTGO Sewer Bonds shall constitute a lien and charge
 111 upon that revenue equal in rank with the lien and charge upon the Revenue of the System
 112 to pay and secure the payment of the outstanding Parity Lien Obligations.

113 D. Refunding and Redemption of Refunded Bonds.

114 1. Plan of Refunding. In accordance with Sections 16 and 28 of the
 115 Bond Ordinance, the Finance Director has determined, in consultation with the county’s
 116 financial advisors, that proceeds of the Bonds will be used to refund certain outstanding
 117 bonds of the county payable from sewer revenues (as set forth below, the “Refunded
 118 Bonds”) pursuant to the plan of refunding set forth below and ratified and confirmed
 119 hereby:

120 Sewer Revenue Bonds, 2004A
 121 (refunded from proceeds of the Sewer Revenue Bonds)

122

Maturity Date	Par Amount	Interest Rate (%)	Redemption Price (%)	Redemption Date
1/1/2026	\$ 9,465,000	4.50	100	1/1/2014
1/1/2027	9,875,000	4.50	100	1/1/2014
1/1/2028	10,310,000	4.50	100	1/1/2014
1/1/2029	10,765,000	4.50	100	1/1/2014

1/1/2035	<u>27,450,000</u>	5.00	100	1/1/2014
	\$ 67,865,000			

123

124 Limited Tax General Obligation Bonds (Payable from Sewer Revenues), 2005

125 (refunded from proceeds of the LTGO Sewer Bonds)

126

Maturity Date	Par Amount	Interest Rate	Redemption	Redemption Date
		(%)	Price (%)	
1/1/2026	\$ 10,140,000	5.00	100	1/1/2015
1/1/2027	10,660,000	5.00	100	1/1/2015
1/1/2028	11,210,000	5.00	100	1/1/2015
1/1/2029	<u>11,780,000</u>	5.00	100	1/1/2015
	\$ 43,790,000			

127

128 As provided in Section 16 of the Bond Ordinance, the King County 2012, Series
 129 B, Sewer Revenue Bonds Refunding Account (the "Refunding Account") will be
 130 established and maintained with the Escrow Agent (as identified below). Proceeds of the
 131 Bonds (exclusive of accrued interest, if any, which will be deposited into the Debt
 132 Service Account in the Bond Fund or Parity Lien Obligation Bond Fund, as applicable)
 133 will be deposited in the Refunding Account and used, together with other funds of the
 134 county, if necessary, to purchase certain "Government Obligations" (which obligations so
 135 purchased are herein called "Escrow Securities"), bearing interest and maturing as to

136 principal and interest in amounts and at times that, together with any necessary beginning
137 cash balance, will provide for the payment of:

138 (a) the interest on the refunded Sewer Revenue Bonds, 2004A (the
139 “Refunded 2004A Bonds”) payable on and prior to January 1, 2014;

140 (b) the redemption price (100% of the principal amount) payable on
141 January 1, 2014, of the Refunded 2004A Bonds;

142 (c) the interest on the refunded Limited Tax General Obligation Bonds
143 (Payable from Sewer Revenues), 2005 (the “Refunded 2005 Bonds”) payable on and
144 prior to January 1, 2015; and

145 (d) the redemption price (100% of the principal amount) payable on
146 January 1, 2015, of the Refunded 2005 Bonds.

147 The selection of U.S. Bank National Association as Escrow Agent is hereby
148 ratified and confirmed. The Escrow Agreement will be in substantially the form set forth
149 as Attachment C hereto.

150 Any beginning cash balance and the Escrow Securities shall be irrevocably
151 deposited with the Escrow Agent in an amount sufficient to defease the Refunded Bonds
152 in accordance with the ordinances authorizing their issuance. Any amounts described
153 above that are not provided for in full by the beginning cash balance and the purchase and
154 deposit with the Escrow Agent of the Escrow Securities shall be provided for by the
155 irrevocable deposit of the necessary amount out of the proceeds of sale of the Refunding
156 Bonds or any other money of the county legally available therefor. The proceeds of the
157 Refunding Bonds remaining in the Refunding Account after acquisition of the Escrow
158 Securities and provision for the necessary beginning cash balance shall be utilized to pay

159 expenses of the acquisition and safekeeping of the Escrow Securities and the costs of
160 issuing the Refunding Bonds. Payment of the costs of issuing the Refunding Bonds may
161 be provided for in the Escrow Agreement or in a separate agreement, as the Finance
162 Director may determine.

163 The county may, from time to time, transfer, or cause to be transferred, from the
164 Refunding Account any money not thereafter required for the purposes set forth in
165 subparagraphs (a) - (d) above, subject to verification in writing by an independent
166 certified public accountant that the transfer will not result in inadequate funds being
167 available to make the required payments therefrom. The county reserves the right to
168 substitute other securities for the Escrow Securities in the event it may do so pursuant to
169 Section 148 of the Code and applicable regulations thereunder, upon compliance with the
170 conditions set forth in the Escrow Agreement.

171 2. Redemption of Refunded Bonds. The county hereby irrevocably
172 sets aside sufficient funds through the purchase of the Escrow Securities and an initial
173 cash deposit to make the payments specified in subparagraphs (a) - (d) above.

174 The county hereby irrevocably defeases and calls for redemption on January 1,
175 2014, the Refunded 2004A Bonds and on January 1, 2015, the Refunded 2005 Bonds in
176 accordance with the provisions of the ordinances authorizing the redemption and
177 retirement of the Refunded Bonds prior to their fixed maturities.

178 Said defeasance and calls for redemption of the Refunded Bonds shall be
179 irrevocable after the final establishment of the Refunding Account and delivery of the
180 Escrow Securities and the requisite cash deposit, if any, to the Escrow Agent, except as
181 provided herein relating to the substitution of securities. The Finance Director is

182 authorized and requested to provide whatever assistance is necessary to accomplish that
183 defeasance and redemption.

184 The Escrow Agent is hereby authorized and directed to notify the fiscal agency of
185 the State of Washington to give notice of the redemption of the Refunded Bonds in
186 accordance with the applicable provisions of the ordinances authorizing their issuance.

187 The Finance Director is authorized and requested to provide whatever assistance is
188 necessary to accomplish the redemption and the giving of notice therefor. The costs of
189 publication of the notice shall be an expense of the county.

190 The Escrow Agent is hereby authorized and directed to pay to the fiscal agency or
191 agencies of the State of Washington sums sufficient to make, when due, the payments
192 specified in subparagraphs (a) - (d) above. All such sums shall be paid from the money
193 and the Escrow Securities deposited with the Escrow Agent in accordance with this
194 section, and the income therefrom and proceeds thereof. All such sums so paid shall be
195 credited to the Refunding Account. All money and Escrow Securities deposited with the
196 Escrow Agent and any income therefrom shall be held, invested and applied in
197 accordance with the provisions of the Bond Ordinance and with the laws of the State of
198 Washington for the benefit of the county and the owners of the Refunded Bonds.

199 3. Findings of Saving and Defeasance. This council hereby finds and
200 determines that the issuance and sale of the Refunding Bonds at this time will effect a
201 savings to the county and ratepayers of the System. In making this finding and
202 determination, the council has given consideration to the interest on and the fixed
203 maturities of the Refunding Bonds and the Refunded Bonds, the costs of issuance of the

204 Refunding Bonds and the known earned income from the investment of the proceeds of
205 sale of the Refunding Bonds pending redemption and payment of the Refunded Bonds.

206 This council hereby further finds and determines that the Escrow Securities to be
207 deposited with the Escrow Agent and the income therefrom, together with any necessary
208 beginning cash balance, are sufficient to defease and redeem the Refunded Bonds and
209 will discharge and satisfy the obligations of the county with respect to the Refunded
210 Bonds under the ordinances authorizing their issuance and the pledges of the county
211 therein. Immediately upon the delivery of the Escrow Securities to the Escrow Agent and
212 the deposit of any necessary beginning cash balance, the Refunded Bonds shall be
213 deemed not to be outstanding under their authorizing ordinances and shall cease to be
214 entitled to any lien, benefit or security under those ordinances except the right to receive
215 payment from the Escrow Securities and beginning cash balance so set aside and pledged.

216 E. Continuing Disclosure Undertakings. In accordance with Section 31 of
217 the Bond Ordinance, the county will enter into undertakings for continuing disclosure for
218 the Bonds in substantially the forms set forth as Attachments D and E.

219 F. Further Authority. The county officials, their agents, attorneys and
220 representatives are hereby authorized and directed to do everything necessary for the
221 prompt issuance and delivery of the Bonds and for the proper use and application of the
222 proceeds of sale of the Bonds.

223 G. Severability. If any provision in this motion is declared by any court of
224 competent jurisdiction to be contrary to law, then that provision shall be null and void
225 and shall be deemed separable from the remaining provisions of this motion and shall in
226 no way affect the validity of the other provisions of this motion or of the Bonds.
227

Motion 13687 was introduced on 6/25/2012 and passed by the Metropolitan King
County Council on 6/25/2012, by the following vote:

Yes: 8 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Patterson,
Ms. Lambert, Mr. Ferguson, Mr. Dunn and Mr. McDermott
No: 0
Excused: 1 - Ms. Hague

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments: A. Sewer Revenue Refunding Bonds, 2012, Series B Bond Purchase Contract, B. Limited General Obligation Refunding Bonds, 2012 Series B Bond Purchase Contract, C. Escrow Deposit Agreement, D. Continuing Disclosure Undertaking for Sewer Revenue Refunding Bonds, E. Continuing Disclosure Undertaking for Limited Tax General Obligation Refunding Bonds

EXECUTION VERSION**KING COUNTY, WASHINGTON****\$64,260,000****SEWER REVENUE REFUNDING BONDS, 2012, SERIES B****BOND PURCHASE CONTRACT**

June 25, 2012

King County, Washington

Ladies and Gentlemen:

J.P. Morgan Securities LLC (the "Representative"), acting on behalf of itself and as representative of Citigroup Global Markets Inc. and Siebert Brandford Shank & Co., LLC (collectively, the "Underwriters"), offers to enter into this bond purchase contract (together with the exhibits attached hereto, the "Contract") with King County, Washington (the "County"), which upon acceptance of this offer by the County will be binding upon the County and the Underwriters. This offer is made subject to receipt by the Representative of the documents described in this Contract and to the County's acceptance by executing this Contract and delivering it to the Representative at or prior to 11:59 p.m., Pacific Time, on the date of this Contract. If not so accepted, this offer will be subject to withdrawal by the Representative upon notice delivered to the County at any time prior to acceptance of this Contract by the County.

All capitalized terms used in this Contract shall have the respective meanings ascribed to them in the Bond Legislation (defined herein), unless otherwise defined herein.

The County and the Underwriters hereby agree as follows:

1. Purchase and Sale. Subject to the terms and conditions and in reliance upon the representations, warranties and covenants set forth in this Contract, the Underwriters hereby agree to purchase from the County, and the County hereby agrees to issue, sell and deliver to the Underwriters, all (but not less than all) of the County's \$64,260,000 aggregate principal amount of Sewer Revenue Refunding Bonds, 2012, Series B (the "Bonds"). The Bonds shall be dated the date of their initial delivery to the Underwriters; shall be fully registered as to both principal and interest; and shall bear interest at the rates per annum, be payable as to principal and interest, be initially reoffered to the public at the prices corresponding to the yields and have such terms relating to redemption as are set forth in Exhibit A attached hereto and such other terms and provisions as are set forth in the Preliminary Official Statement (defined herein). The proceeds of the Bonds shall be used as described in the Preliminary Official Statement. The purchase price for the Bonds shall be \$72,647,199.64, representing the aggregate principal amount of the Bonds, plus an original issue premium of \$8,606,684.55, less an underwriting discount of \$219,484.91.

2. Closing. Subject to the terms and conditions of this Contract, the delivery of the Bonds and payment of the aggregate purchase price of the Bonds set forth in paragraph 1 (the

“Closing”) shall take place at the office of the King County Treasury Operations Section no later than 10:00 a.m., Pacific Time, on August 2, 2012, or on such other day or at such other place as shall be agreed to by the Representative and the County (the “Closing Date”). At the Closing:

(a) the County shall deliver to the Representative (i) the Bonds as provided in subparagraph (c) of this paragraph and (ii) the other instruments and documents required to be delivered to the Representative at the Closing pursuant to paragraph 5(f);

(b) the Underwriters shall pay the aggregate purchase price of the Bonds set forth in paragraph 1 to or to the order of the County in federal funds (by any combination of one or more electronic funds or wire transfers as may be agreeable to the County and the Representative); and

(c) the Bonds initially shall be held in fully registered form by the Bond Registrar on behalf of The Depository Trust Company (“DTC”), acting as depository pursuant to the terms and conditions set forth in the County’s Blanket Issuer Letter of Representations with DTC. The Bonds shall be issued in denominations equal to the aggregate principal amount of each maturity of the Bonds and initially shall be registered in the name of Cede & Co., as the nominee of DTC. The County shall deliver the Bonds to the Bond Registrar on behalf of DTC at least one full business day before the Closing for purposes of inspection. The Bonds delivered at the Closing shall bear proper CUSIP numbers to be obtained by the Representative; provided, that neither the printing of an incorrect CUSIP number on any Bond nor the failure to print a proper CUSIP number on any Bond shall constitute cause to refuse delivery of that Bond.

3. Deliveries to Be Made Upon Acceptance; Delivery of Official Statement.

(a) At or prior to the time of the execution of this Contract, the County shall deliver to the Representative (i) a copy of Ordinance 17111 passed on June 20, 2011, and a copy of the motion of the County Council adopted on the date of this Contract approving this Contract and the issuance and sale of the Bonds (the “Sale Motion,” and together with Ordinance 17111, the “Bond Legislation”) and (ii) a copy of the Preliminary Official Statement of the County dated June 15, 2012, relating to the Bonds (including the cover and inside cover thereof and all appendices, exhibits, reports and statements included therein or attached thereto, the “Preliminary Official Statement”), which the County has deemed final, except for information permitted to be omitted under paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”). The Official Statement of the County, dated the date of this Contract, in the form of the Preliminary Official Statement, with only such amendments or supplements thereto as have been accepted by the Representative, is referred to as the “Official Statement.”

(b) As soon as possible, but in any event no more than seven business days after the time of the County’s acceptance of this Contract and not later than five Business Days prior to the Closing Date, the County shall deliver to the Representative as many copies of the Official Statement as are required to permit the Underwriters to comply with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board (“MSRB”) and Rule 15c2-12. The County hereby ratifies, approves and confirms the distribution and use of the Preliminary Official Statement by the Underwriters and hereby authorizes the distribution and use of the

Official Statement by the Underwriters in connection with the public offering and sale of the Bonds.

(c) If, between the date of this Contract and 25 days after the “end of the underwriting period,” as that term is defined in paragraph (f)(2) of Rule 15c2-12, any event shall occur or any fact shall become known to the County that might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the County shall promptly notify the Representative, and if, in the reasonable opinion of the Representative, such event requires preparation and distribution of a supplement or amendment to the Official Statement, the County will, at its expense, supplement or amend the Official Statement in a form and in a manner approved by the Representative, which approval shall not be unreasonably withheld. The end of the underwriting period shall be the Closing Date unless the County is informed otherwise in writing by the Representative. If the Official Statement is supplemented or amended pursuant to this subparagraph, as of the date of each supplement or amendment thereto, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit or fail to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. Representations and Warranties of the County. The County hereby represents and warrants to the Underwriters, and (as appropriate) covenants to the Underwriters, as follows:

(a) The County is a duly created and existing political subdivision of the State of Washington and has all requisite legal right, power and authority (i) to enter into this Contract; (ii) to pass the Bond Legislation; (iii) to execute, issue, sell and deliver the Bonds as provided herein and to perform its obligations with respect thereto; (iv) to execute, deliver and perform this Contract and the Escrow Deposit Agreement dated the Closing Date (the “Escrow Agreement”), by and between the County and U.S. Bank National Association, as escrow agent (the “Escrow Agent”); (v) to execute and deliver the Official Statement; and (vi) to consummate the transactions to which it is or is to be a party as contemplated by this Contract and by the Bond Legislation, the Bonds, the Escrow Agreement and the Official Statement. The execution, delivery and performance of this Contract, the Bonds and the Escrow Agreement, the passage of the Bond Legislation and the issuance of the Bonds thereunder, the execution and delivery by the County and the use and distribution by the Underwriters of the Preliminary Official Statement and the Official Statement, and the consummation by the County of the transactions to which it is or is to be a party as contemplated by this Contract and by the Bond Legislation, the Bonds, the Escrow Agreement and the Official Statement have been duly authorized by all necessary action on the part of the County.

(b) In the Sale Motion, the County entered into a written agreement or contract constituting an undertaking to provide ongoing disclosure for the benefit of the holders of the Bonds as required by paragraph (b)(5)(i) of Rule 15c2-12 and in the form summarized in the Preliminary Official Statement and the Official Statement.

(c) This Contract, the Escrow Agreement, the Official Statement and the Bonds (when delivered and paid for at the Closing) have been or at the Closing shall be duly

authorized, approved, executed, delivered and (in the case of the Bonds) registered and issued. This Contract constitutes, and the Bonds, when registered, issued, executed and delivered, and the Escrow Agreement, when executed and delivered, will constitute, legal, valid and binding obligations of the County enforceable in accordance with their respective terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally. The performance by the County of its obligations contained in this Contract, the Bond Legislation, the Bonds and the Escrow Agreement and the consummation by it of all transactions contemplated by this Contract, the Bond Legislation, the Bonds, the Escrow Agreement and the Official Statement to have been performed or consummated at or prior to the Closing, as the case may be, have been duly authorized and approved by the County. The Bond Legislation has been duly and lawfully passed by the County, is in full force and effect and is valid and binding upon the County and enforceable in accordance with its terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally. When delivered and paid for at the Closing, the Bonds will constitute valid, legally binding limited obligations of the County entitled to the benefits and security, and subject only to the terms and conditions, set forth in the Bond Legislation and described in the Preliminary Official Statement and the Official Statement. The issuance of the Bonds is authorized by, and the Bonds when issued will be issued in compliance with, the provisions of the Bond Legislation.

(d) To the best knowledge of the Director of the Business and Finance Division of the County's Department of Executive Services (the "Finance Director"), after due inquiry, the County is not in material breach of, or in material default under, any indenture, bank loan or credit agreement, bond or note, nor is the County in default under any statute, ordinance, resolution or (in any material respect) any other agreement or instrument, regulation, order, decree, license, permit, judgment, ruling or law or constitutional provision to which the County is a party, which breach or default would adversely affect the validity or enforceability of the Bonds.

(e) The passage of the Bond Legislation, the execution, delivery and performance of this Contract and the Escrow Agreement, the issuance and sale of the Bonds and the consummation of the transactions contemplated by this Contract and by the Bond Legislation, the Bonds, the Escrow Agreement and the Official Statement will not, in any material respect, conflict with or constitute on the part of the County a material breach of or material default under any agreement, indenture, bond, note, statute, ordinance, resolution or other instrument to which the County is a party or to which it is bound or subject, which breach or default would adversely affect the validity or enforceability of the Bonds.

(f) Except as described in the Preliminary Official Statement and the Official Statement, no litigation or other action, suit, proceeding, inquiry or investigation before or by any court or agency or other administrative body (either of the State of Washington or the United States) is pending or, to the knowledge of the County, threatened, that in any way restrains or enjoins, or threatens or seeks to restrain or enjoin, the issuance, sale or delivery of the Bonds or in any way contests, questions or affects (i) the validity or enforceability of any provision of this Contract, the Bond Legislation, the Bonds or the Escrow Agreement; (ii) the County's pledge under the Bond Legislation of the Revenue of the System and all money credited to the Parity Bond Fund; (iii) the accuracy, completeness or fairness of the Preliminary Official Statement or

the Official Statement; or (iv) the legal existence of the County, the title of its elected officers to their respective offices, or the County's authority to perform its obligations hereunder or with respect to the Bonds, or to consummate any of the transactions to which it is or is to be a party as contemplated by this Contract, the Bond Legislation, the Bonds, the Escrow Agreement or the Official Statement; and to the best knowledge of the Finance Director, after due inquiry, there is no other event or circumstance that would have a material adverse effect on the power or ability of the County to perform its obligations hereunder or with respect to the Bonds or to consummate the transactions to which it is or is to be a party as contemplated by this Contract, the Bond Legislation, the Bonds, the Escrow Agreement or the Official Statement.

(g) The Bonds and the Bond Legislation conform in all material respects to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(h) The Official Statement as of the date of this Contract is true and complete in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the information contained therein not misleading. However, no warranty is given with respect to the information under the captions entitled "LEGAL AND TAX INFORMATION—Tax Matters" and "OTHER BOND INFORMATION – Underwriters of the Bonds" and the information concerning DTC or the book-entry system.

(i) Except as described in the Preliminary Official Statement and the Official Statement, the County does not intend to issue or incur, and the County is not aware of any plans to issue or incur, prior to the issuance of the Bonds, any other bonds, notes or other obligations for borrowed money the repayment of which is secured by a pledge of or lien on Revenue of the System or any material liabilities, direct or contingent, that will have a material adverse effect on the financial condition of the Sewer System, nor does the County expect, prior to the issuance of the Bonds, there to be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Sewer System.

(j) Except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, in the previous five years, the County has not failed to comply, in all material respects, with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12.

(k) Except as described in the Preliminary Official Statement and the Official Statement, all approvals, consents and other actions by, and all filings or registrations with or notices to, any governmental or administrative authority or agency having jurisdiction in the matter required to be obtained by the County as a condition precedent to the performance by the County of its obligations under this Contract, the Bond Legislation, the Bonds or the Escrow Agreement have been obtained and are in full force and effect (except no representation is made as to compliance with Blue Sky laws).

(l) Any certificates signed by any authorized representative or officer of the County and delivered to the Representative shall be deemed a representation and warranty by the

County to the Underwriters as to the statements made therein with the same effect as if such representation and warranty were set forth herein.

(m) The County will furnish such information, execute such instruments and take such other action not inconsistent with law or established policy of the County in cooperation with the Underwriters as may be requested (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as may be designated by the Representative; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, that the County shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction. The County consents to the use of this Contract, the Bond Legislation, the Escrow Agreement and the Official Statement by the Underwriters in obtaining such qualifications.

(n) The County has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the County is a bond issuer whose arbitrage certificates may not be relied upon.

(o) The financial statements of the County contained in the Preliminary Official Statement and the Official Statement fairly present the financial position of the Sewer System as of the dates and for the periods therein set forth; such financial statements have been prepared in accordance with generally accepted accounting principles applicable to governmental entities in the State of Washington, except to the extent described therein, and there has been no material adverse change in the financial position or results of operations of the Sewer System from those set forth in the Preliminary Official Statement and the Official Statement.

(p) The County acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Contract is an arm's-length commercial transaction between the County and the Underwriters, (ii) in connection with such transaction, the Underwriters are and have been acting solely as principals and are not acting as agents or fiduciaries of the County, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the County with respect to the offering of the Bonds or the process leading thereto (whether or not any Underwriter or any affiliate of any Underwriter has advised or is currently advising the County on other matters) or any other obligation to the County except the obligations expressly set forth in this Contract, (iv) the County has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds, and (v) the Underwriters have financial and other interests that differ from those of the County.

5. Conditions to the Obligations of the Underwriters. In addition to any other conditions herein stated, the obligations of the Underwriters hereunder are subject to the following conditions:

(a) The Bonds shall be issued and secured under and pursuant to the Bond Legislation and shall be as described in and shall have the terms and conditions set forth in the Bond Legislation, this Contract and the Preliminary Official Statement.

(b) At the time of the Closing, (i) this Contract, the Bond Legislation and the Escrow Agreement shall be in full force and effect and shall not have been amended, modified or supplemented; (ii) the County shall perform or have performed all of its respective obligations required under or specified in this Contract, the Bond Legislation and the Escrow Agreement to be performed at or prior to the Closing; and (iii) all actions by or on behalf of the County or otherwise necessary to execute, authenticate, issue, deliver and sell the Bonds pursuant hereto to give effect to the pledges and other provisions of the Bond Legislation shall have been taken.

(c) As of the date of the Official Statement, the Official Statement did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and at the time of the Closing, the Official Statement shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(d) Subsequent to the respective dates as of which information in the Official Statement is dated, and prior to the Closing, no material adverse change, or any development involving a prospective material adverse change, in the condition of the Sewer System, financial or otherwise, shall have taken place (other than as referred to in or contemplated by the Official Statement), and if prior to the Closing such an event occurs the County shall promptly notify the Representative, and if in the opinion of the Representative such event requires a supplement or amendment to the Official Statement, the County will supplement or amend the Official Statement at its expense, in a form and in a manner approved by the Representative.

(e) The representations and warranties of the County contained herein were true and complete on the date made and shall be true and complete at the time of the Closing with the same effect as if made at such time.

(f) At or prior to the Closing, unless otherwise agreed by the Representative in writing, the Representative shall receive the following documents:

(i) Copies of Ordinance 17111 and the Sale Motion, each certified by the Clerk of the County Council to have been duly passed by the County and to be in full force and effect as of the Closing.

(ii) The approving opinion of K&L Gates LLP ("Bond Counsel"), dated the Closing Date, in substantially the form attached to the Preliminary Official Statement as Appendix B.

(iii) A supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that (A) the County has the legal right, power and authority (1) to pass the Bond Legislation and to enter into this Contract and the Escrow Agreement, (2) to issue, sell and deliver the Bonds to the Underwriters, (3) to perform its obligations under this Contract, the Bond Legislation and the Escrow Agreement, and (4) to carry out the transactions contemplated by this Contract, the Bond Legislation, the Bonds and the Escrow Agreement; (B) the County has duly passed the Bond Legislation, has duly approved, authorized, executed and delivered this Contract and the Escrow Agreement, and, assuming with

respect to this Contract and the Escrow Agreement due execution and delivery thereof by the other parties thereto, this Contract, the Bond Legislation and the Escrow Agreement constitute the legal, valid and binding obligations of the County, enforceable in accordance with their respective terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, to the application of equitable principles and to the exercise of judicial discretion, except that no opinion need be expressed with respect to any provisions of this Contract providing for indemnification; (C) the Bonds have been duly authorized, executed and delivered and are entitled to the benefits and security provided by the Bond Legislation; (D) the Bond Legislation creates the valid pledge of and lien on the Revenue of the System that it purports to create; (E) the County has duly authorized the Finance Director to approve and execute the Official Statement; (F) no consent or approval of, or registration or filing with, any commission, board, authority, regulatory body or instrumentality of the State of Washington is or was required in connection with any of the actions of the County taken in regard to the approval and issuance of the Bonds, except such consents, approvals, registrations or filings as have been obtained on or prior to the Closing, nor is any election or referendum of voters required in connection therewith; provided, that no opinion need be provided with respect to compliance with any Blue Sky laws; (G) the Bonds and their offer and sale are exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the Bond Legislation is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); (H) the statements contained in the Official Statement under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "INITIATIVES AND REFERENDA," "LEGAL AND TAX INFORMATION—Tax Matters" and "CONTINUING DISCLOSURE UNDERTAKING," and in Appendix A—"Summary of Bond Ordinance" and Appendix B—"Forms of Bond Counsel Opinions," insofar as such statements contained under such captions or in such appendices purport to summarize certain provisions of the Bond Legislation and the Bonds, are true and correct; and (I) based solely upon participation as Bond Counsel in certain conferences with representatives of the County, the Underwriters, the financial advisor to the County and Underwriters' counsel, during which conferences the contents of the Official Statement and related matters were discussed, and without having undertaken to determine independently the accuracy and completeness of the statements contained in the Official Statement, except as expressly set forth in the preceding clause (H), no facts came to the attention of the attorneys of such firm rendering legal services in connection with their representation as Bond Counsel that caused such firm to believe that the Official Statement (except for information concerning DTC and the book-entry system and any financial, demographic and statistical data and projections included in the Official Statement, as to all of which no view need be expressed) as of its date contained, or that the Official Statement as the same may have been amended or supplemented as of the Closing (except as aforesaid) as of the Closing contains, any untrue statement of a material fact or that the Official Statement as of its date omitted, or that the Official Statement as so amended or supplemented as of the Closing (except as aforesaid) as of the Closing omits, to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(iv) An opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that the Refunded Bonds have been legally defeased

and deemed not to be outstanding under the authorizing legislation pursuant to which they were issued.

(v) An opinion, dated the Closing Date and addressed to the Underwriters, of Foster Pepper PLLC, counsel to the Underwriters, to the effect that (A) the offer and sale of the Bonds by the Underwriters are exempt from the registration requirements of the Securities Act; (B) the Bond Legislation is exempt from qualification under the Trust Indenture Act; (C) the undertaking set forth in the Sale Motion, together with paragraph 4(b) of this Contract, provide a suitable basis for the Underwriters to reasonably determine, pursuant to paragraph (b)(5)(i) of Rule 15c2-12, that the County has undertaken in written agreements or contracts for the benefit of the holders of the Bonds to provide the annual financial information and notices required by Rule 15c2-12; and (D) no information came to the attention of the attorneys in such firm rendering legal services in connection with the issuance of the Bonds that caused such attorneys to believe that the Official Statement (except any financial, economic or statistical data contained in the Official Statement, any information contained in the Official Statement regarding DTC or how interest on the Bonds is treated for federal income tax purposes, and the information contained in Appendix B, C, D, E, F and G to the Official Statement, as to all of which no opinion or belief need be expressed), as of its date and as of the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(vi) A certificate of the County Prosecuting Attorney substantially in the form set forth in Exhibit B attached hereto.

(vii) The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the County by the Finance Director.

(viii) A copy of the duly executed Escrow Agreement.

(ix) A report of Grant Thornton LLP, independent certified public accountants, verifying the mathematical accuracy of the computations determining the adequacy of the cash and the maturing principal of and interest on the Government Obligations to pay, when due, the principal of and premium and interest on the Refunded Bonds.

(x) Evidence satisfactory to the Representative that the Bonds have been assigned ratings of "Aa2" and "AA+" by Moody's Investors Service and Standard & Poor's Ratings Services, respectively.

(xi) A certificate of the County, executed by an authorized representative of the County, dated the Closing Date, to the effect that (A) the representations, warranties and covenants of the County contained in this Contract are true and correct in all material respects on and as of the Closing with the same effect as if made as of the Closing; (B) to the best knowledge of such authorized representative, as of the date of this Contract and as of the Closing, the Official Statement was and is true and complete in all material respects and does not contain an untrue statement of a material fact or omit or fail to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the

circumstances under which they were made, not misleading (except that no representation or warranty need be made with respect to the information contained under the captions entitled “LEGAL AND TAX INFORMATION—Tax Matters” and “OTHER BOND INFORMATION – Underwriters of the Bonds” and the information concerning DTC or the book-entry system); (C) the County is not in default as to any covenant, obligation or agreement contained in any ordinance or other proceeding relating to any obligations of the County for borrowed money payable from and secured by a pledge of and lien on the Revenue of the System; (D) all payments into all funds or accounts created and established for the payment and security of all outstanding obligations of the County for borrowed money payable from and secured by a pledge of and lien on the Revenue of the System have been made in full and the amounts on deposit in such funds or accounts are the amounts then required to be deposited therein; (E) to the best knowledge of such authorized representative, the County has never defaulted in the payment of principal of or interest on any of its obligations for borrowed money payable from and secured by a pledge of and lien on the Revenue of the System; and (F) the County has complied in all material respects with all agreements and satisfied in all material respects all conditions contemplated by this Contract, the Bond Legislation and the Escrow Agreement on its part to be performed or satisfied at or prior to the delivery of the Bonds.

(xii) A tax exemption and non-arbitrage certificate dated the Closing Date signed by an authorized representative of the County setting forth facts, estimates and circumstances (including covenants of the County) in existence as of the Closing, sufficient to support the conclusion that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of the Internal Revenue Code of 1986, as amended, and stating that to the best of such representative’s knowledge and belief, there are no other facts, estimates or circumstances that would adversely affect such expectations.

(xiii) A certificate of the Escrow Agent, executed by an authorized officer of the Escrow Agent, dated the Closing Date, to the effect that (A) the Escrow Agent is a duly organized and validly existing national banking association under the laws of the United States, legally doing business in and duly qualified to exercise trust powers in the State of Washington, eligible under the Escrow Agreement to act as Escrow Agent thereunder, and has full corporate right, power and authority to accept the trusts contemplated by and to perform all duties and obligations on its part to be performed and to take all actions required or permitted on its part to be taken under and pursuant to the Escrow Agreement; (B) the Escrow Agent has duly authorized the acceptance of the trusts contemplated by the Escrow Agreement, has duly accepted the duties and obligations of Escrow Agent thereunder, and the duties and obligations of the Escrow Agent under the Escrow Agreement constitute valid, legal and binding obligations of the Escrow Agent in accordance with the terms of the Escrow Agreement subject to customary qualifications and exceptions; (C) all approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, agency, board or commission having jurisdiction in the matter which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Escrow Agent of its duties and obligations under the Escrow Agreement, have been obtained and are in full force and effect; (D) the acceptance of the duties and obligations of the Escrow Agent under the Escrow Agreement and the performance or the consummation of the transactions on the part of the Escrow Agent contemplated in the Escrow Agreement and the compliance by the Escrow

Agent with the terms, conditions and provisions of the Escrow Agreement have been duly authorized by all necessary corporate action on the part of the Escrow Agent and do not contravene any provision of applicable law or regulation or any order, decree, writ or injunction or the Escrow Agent's articles of association or bylaws, and do not require consent under (except to the extent such consent has been obtained), or result in a breach of or default under, any credit agreement or other instrument to which the Escrow Agent is a party or is otherwise subject or bound; and (E) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency or public board or body, pending or threatened, in any way contesting or affecting the creation, organization or existence of the Escrow Agent or the authority of the Escrow Agent to accept or perform the duties and obligations of the Escrow Agent under the Escrow Agreement.

(xiv) Such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the accuracy, as of the date of this Contract and as of the Closing, of the County's representations and warranties contained herein and in the Official Statement and contained in any of the certificates or other documents referred to in this Contract, as the same may be supplemented or amended, and the due performance and satisfaction by the County at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the County.

All certificates, opinions and other documents and instruments delivered pursuant to this paragraph shall be satisfactory in form and substance to the Representative and to Foster Pepper PLLC, counsel to the Underwriters, approval of such form and substance not to be unreasonably withheld.

6. Termination of Contract. The Representative shall have the right in its sole discretion to cancel the Underwriters' obligations hereunder to purchase the Bonds (and such cancellation shall not constitute a default hereunder) by notifying the County of its election to do so between the date of this Contract and the Closing if, at any time hereafter and prior to the Closing:

(a) The marketability of the Bonds or the market price thereof, in the opinion of the Representative, has been materially adversely affected by (i) an amendment to the Constitution of the United States or by any legislation that shall have been introduced in or enacted by the Congress of the United States; (ii) legislation pending in the Congress of the United States; or (iii) legislation (including any amendment thereto, whether or not in formal bill form) recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives; or (iv) legislation (including any amendment thereto, whether or not in formal bill form) proposed that may have an effective date prior to the Closing for consideration by either such Committee or by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States; or (v) legislation favorably presented for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred

for consideration; (vi) a decision by a court of the United States or the Tax Court of the United States; or (vii) a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency, with respect to federal taxation of revenues or other income of the general character expected to be derived by the County or upon interest received on securities of the general character of the Bonds or which would change, directly or indirectly, the federal income tax consequences resulting from ownership of or receipt of interest on securities of the general character of the Bonds in the hands of the owners thereof.

(b) Any legislation, ordinance, rule or regulation shall be introduced in or be enacted by any governmental body, department or agency in the State of Washington, or a decision by a court within the State of Washington shall be rendered, which in the Representative's opinion, materially adversely affects the marketability of the Bonds or the ability of the Underwriters to enforce contracts for sale of the Bonds.

(c) In the Representative's opinion, any act or event shall exist or may exist that requires or has required an amendment or supplement to the Official Statement, or the subject matter of any amendment or supplement to the Official Statement materially and adversely affects (i) the market price or marketability of the Bonds or (ii) the ability of the Underwriters to enforce contracts for sale of the Bonds.

(d) The New York Stock Exchange or other national securities exchange, the MSRB, the Financial Industry Regulatory Authority ("FINRA"), or any governmental authority or agency shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the offering, sale and distribution, or extension of credit in connection with the purchase of the Bonds.

(e) A general suspension of trading on the New York Stock Exchange or other major securities exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction.

(f) A general banking moratorium shall have been established by the United States or State of New York or State of Washington authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred.

(g) Any amendment to the Constitution of the United States, any legislation enacted by the United States, any decision of any court of the United States, or any order, ruling, regulation or official statement issued or made by or on behalf of the Securities and Exchange Commission, or of any other governmental agency having jurisdiction over the subject matter, having the effect that obligations of the general character of the Bonds, or the Bonds, are not exempt from the registration requirements of the Securities Act, or that the Bond Legislation is not exempt from qualification under the Trust Indenture Act.

(h) Any rating of the Bonds or any other Parity Bonds shall have been downgraded, suspended or withdrawn or placed on credit watch with a negative outlook by a national rating service, which event, in the Representative's opinion, materially adversely affects the market price or marketability of the Bonds, or any proceeding shall be pending or threatened by the Securities and Exchange Commission or the Attorney General of the State of Washington against the County relating to the Bonds.

(i) There shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, including financial crisis, the effect of which on the financial markets of the United States being such, as in the reasonable judgment of the Representative, would make it impracticable for the Underwriters to market the Bonds or to enforce contracts for the sale of the Bonds.

7. Effect of Termination. If the sale of the Bonds to the Underwriters, as herein contemplated, is not carried out by the Underwriters for any reason permitted hereunder or if such sale is not carried out because the County shall be unable to comply with any of the terms hereof, the County shall not be under any obligation or liability under this Contract (except to the extent provided in paragraph 8), and the Underwriters shall be under no obligation or liability to the County hereunder.

8. Payment of Costs.

(a) Whether or not the Bonds are issued as contemplated by this Contract, the Underwriters shall be under no obligation to pay, and the County hereby agrees to pay, any expenses incident to the performance of the County's obligations hereunder, including (i) the costs of the preparation and printing of the Bonds and the Bond Legislation, preparation, printing and distribution of the Preliminary Official Statement and the Official Statement, and preparation of all other documents prepared by the County, Bond Counsel or other counsel to the County; (ii) the fees and disbursements of Bond Counsel; (iii) the fees and disbursements of other counsel to the County; (iv) the fees of agencies rating the Bonds; (v) the fees of the Bond Registrar; (vi) the fees and disbursement of accountants, consultants and advisors to the County, including the fees of the financial advisor to the County and fees of the Bond Registrar, Escrow Agent and verification agent; and (vii) any other costs and expenses, including costs and expenses of the County incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriters.

(b) The Underwriters shall pay (i) any fees assessed upon the Underwriters with respect to the Bonds by the MSRB and FINRA; (ii) all advertising expenses in connection with any public offering of the Bonds; (iii) the costs of qualifying the Bonds under the Blue Sky or other securities laws of such jurisdictions as the Representative may determine and the costs of the preparation and printing of Blue Sky memoranda; and (iv) all other costs and expenses incurred by them in connection with any public offering and distribution of the Bonds, including the fees and disbursements of Foster Pepper PLLC, counsel to the Underwriters.

9. Indemnification. To the extent permitted by law, the County shall indemnify and hold harmless the Underwriters, each of their respective partners, members, officers and employees and each person who controls an Underwriter within the meaning of Section 15 of the

Securities Act (each, an “Indemnified Party”), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall reimburse any such Indemnified Party for any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon (i) determination that the Bonds should have been registered under the Securities Act or the Bond Legislation should have been qualified under the Trust Indenture Act, or (ii) any untrue statement of a material fact contained in the Official Statement or any supplement thereto, or the omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The indemnity as described in this paragraph is limited to such losses or damages as are directly the result of the acts or omissions of the County and, should any Indemnified Party make a claim for indemnity under this Contract, the County shall have the right to (i) retain counsel to defend any such action and (ii) control and direct any defense of such claims in such action. This indemnity shall not be construed as a limitation on any other liability that the County may otherwise have to any Indemnified Party; provided, that in no event shall the County be obligated for double indemnification.

10. Notices. Any notice or other communication to be given to the County under this Contract may be given by delivering the same in writing to the office of the Finance Director, 500 Fourth Avenue, Room 600, Seattle, Washington 98104, and any such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to J.P. Morgan Securities LLC, 1301 Second Avenue, 24th Floor, Seattle, Washington 98101; Attention: Christine Pihl.

11. General. This Contract is made solely for the benefit of the County and the Underwriters (including any successors of the Underwriters), and no other party or person shall acquire or have any right hereunder or by virtue hereof. All representations and agreements in this Contract shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriters and shall survive the delivery of the Bonds and any termination of this Contract.

12. Waivers. Notwithstanding any provision of this Contract to the contrary, the performance of any and all obligations of the County hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by them at the discretion of the Representative.

13. Effectiveness of Contract. This Contract shall become effective upon the execution hereof by each of the Representative and an authorized representative of the County and shall be valid and enforceable as of such time.

14. Governing Law. This Contract shall be construed in accordance with and governed by the laws of the State of Washington. Venue for any action under this Contract shall be in the Superior Court of the State of Washington for King County or in the United States District Court for the Western District of Washington, Seattle, Washington.

15. Entire Agreement. This Contract constitutes the entire agreement between the Underwriters and the County with respect to the matters covered hereby and supersedes all prior agreements and understandings between the Underwriters and the County. This Contract shall only be amended, supplemented or modified in a writing signed by both the Representative and the County.

[Signature page follows]

16. Counterparts. This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Very truly yours,

J.P. MORGAN SECURITIES LLC

By: _____
Christine Pihl, Executive Director

Accepted on: June 25, 2012

KING COUNTY, WASHINGTON

By: _____
Authorized Representative

EXHIBIT A

**MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES,
INITIAL REOFFERING YIELDS AND REDEMPTION PROVISIONS**

Maturity Date (January 1)	Principal Amount	Interest Rate	Initial Reoffering Yield*
2026	\$ 8,880,000	5.00%	2.81%
2027	9,305,000	5.00	2.89
2028 ⁽¹⁾	5,000,000	5.00	2.97
2028 ⁽¹⁾	4,760,000	4.00	3.27
2029	10,195,000	4.00	3.32
***	***	***	***
2034	12,740,000	5.00	3.36
2035	13,380,000	5.00	3.42

⁽¹⁾Bifurcated Maturity

*Calculated to the par call date of July 1, 2022.

Optional Redemption. The County reserves the right to redeem outstanding Bonds in whole or in part, at any time on or after July 1, 2022, at the price of par plus accrued interest, if any, to the date fixed for redemption.

EXHIBIT B

CERTIFICATE OF CHIEF CIVIL DEPUTY COUNTY PROSECUTING ATTORNEY

I, Kevin Wright, the duly appointed and qualified Chief Civil Deputy Prosecuting Attorney of King County, Washington (the “County”), in connection with the issuance by the County of its Sewer Revenue Refunding Bonds, 2012, Series B (the “Bonds”), DO HEREBY CERTIFY as follows:

1. That as of the time and date written below, to the best of my knowledge, there is no litigation pending or threatened affecting the issuance and delivery of the Bonds, the collection of revenues pledged to pay the principal thereof and interest thereon, or in any manner questioning or contesting the proceedings and authority under which the Bonds are issued, the validity of the Bonds, the corporate existence or boundaries of the County, or the title of the present officers to their respective offices, which litigation would prevent the payment by the County of the principal of or interest on the Bonds when due.

2. That as of the time and date written below, no authority or proceedings for the issuance of the Bonds has or have been repealed, revoked or rescinded.

3. That as of the time and date written below, the statements contained in the Official Statement relating to the Bonds dated June 25, 2012, under the captions “LEGAL AND TAX INFORMATION—Litigation” and “—Recent Developments in Non-Tort Litigation,” insofar as such statements purport to summarize litigation affecting the County, present a fair and accurate summary of such litigation, and are true and correct.

DATED: [Closing Date], at 8:30 a.m.

For DAN SATTERBERG,
King County Prosecuting Attorney

Kevin Wright
Chief Civil Deputy

EXECUTION VERSION**KING COUNTY, WASHINGTON****\$41,725,000
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS
(PAYABLE FROM SEWER REVENUES), 2012, SERIES B****BOND PURCHASE CONTRACT**

June 25, 2012

King County, Washington

Ladies and Gentlemen:

J.P. Morgan Securities LLC (the "Representative"), acting on behalf of itself and as representative of Citigroup Global Markets Inc. and Siebert Brandford Shank & Co., LLC (collectively, the "Underwriters"), offers to enter into this bond purchase contract (together with the exhibits attached hereto, the "Contract") with King County, Washington (the "County"), which upon acceptance of this offer by the County will be binding upon the County and the Underwriters. This offer is made subject to receipt by the Representative of the documents described in this Contract and to the County's acceptance by executing this Contract and delivering it to the Representative at or prior to 11:59 p.m., Pacific Time, on the date of this Contract. If not so accepted, this offer will be subject to withdrawal by the Representative upon notice delivered to the County at any time prior to acceptance of this Contract by the County.

All capitalized terms used in this Contract shall have the respective meanings ascribed to them in the Bond Legislation (defined herein), unless otherwise defined herein.

The County and the Underwriters hereby agree as follows:

1. Purchase and Sale. Subject to the terms and conditions and in reliance upon the representations, warranties and covenants set forth in this Contract, the Underwriters hereby agree to purchase from the County, and the County hereby agrees to issue, sell and deliver to the Underwriters, all (but not less than all) of the County's \$41,725,000 aggregate principal amount of Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 2012, Series B (the "Bonds"). The Bonds shall be dated the date of their initial delivery to the Underwriters; shall be fully registered as to both principal and interest; and shall bear interest at the rates per annum, be payable as to principal and interest, be initially reoffered to the public at the prices corresponding to the yields and have such terms relating to redemption as are set forth in Exhibit A attached hereto and such other terms and provisions as are set forth in the Preliminary Official Statement (defined herein). The proceeds of the Bonds shall be used as described in the Preliminary Official Statement. The purchase price for the Bonds shall be \$49,036,798.43, representing the aggregate principal amount of the Bonds, plus an original issue premium of \$7,454,313.35, less an underwriting discount of \$142,514.92.

2. Closing. Subject to the terms and conditions of this Contract, the delivery of the Bonds and payment of the aggregate purchase price of the Bonds set forth in paragraph 1 (the "Closing") shall take place at the office of the King County Treasury Operations Section no later than 10:00 a.m., Pacific Time, on August 2, 2012, or on such other day or at such other place as shall be agreed to by the Representative and the County (the "Closing Date"). At the Closing:

(a) the County shall deliver to the Representative (i) the Bonds as provided in subparagraph (c) of this paragraph and (ii) the other instruments and documents required to be delivered to the Representative at the Closing pursuant to paragraph 5(f);

(b) the Underwriters shall pay the aggregate purchase price of the Bonds set forth in paragraph 1 to or to the order of the County in federal funds (by any combination of one or more electronic funds or wire transfers as may be agreeable to the County and the Representative); and

(c) the Bonds initially shall be held in fully registered form by the Bond Registrar on behalf of The Depository Trust Company ("DTC"), acting as depository pursuant to the terms and conditions set forth in the County's Blanket Issuer Letter of Representations with DTC. The Bonds shall be issued in denominations equal to the aggregate principal amount of each maturity of the Bonds and initially shall be registered in the name of Cede & Co., as the nominee of DTC. The County shall deliver the Bonds to the Bond Registrar on behalf of DTC at least one full business day before the Closing for purposes of inspection. The Bonds delivered at the Closing shall bear proper CUSIP numbers to be obtained by the Representative; provided, that neither the printing of an incorrect CUSIP number on any Bond nor the failure to print a proper CUSIP number on any Bond shall constitute cause to refuse delivery of that Bond.

3. Deliveries to Be Made Upon Acceptance; Delivery of Official Statement.

(a) At or prior to the time of the execution of this Contract, the County shall deliver to the Representative (i) a copy of Ordinance 17111 passed on June 20, 2011, and a copy of the motion of the County Council adopted on the date of this Contract approving this Contract and the issuance and sale of the Bonds (the "Sale Motion," and together with Ordinance 17111, the "Bond Legislation") and (ii) a copy of the Preliminary Official Statement of the County dated June 15, 2012, relating to the Bonds (including the cover and inside cover thereof and all appendices, exhibits, reports and statements included therein or attached thereto, the "Preliminary Official Statement"), which the County has deemed final, except for information permitted to be omitted under paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"). The Official Statement of the County, dated the date of this Contract, in the form of the Preliminary Official Statement, with only such amendments or supplements thereto as have been accepted by the Representative, is referred to as the "Official Statement."

(b) As soon as possible, but in any event no more than seven business days after the time of the County's acceptance of this Contract and not later than five Business Days prior to the Closing Date, the County shall deliver to the Representative as many copies of the Official Statement as are required to permit the Underwriters to comply with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board ("MSRB") and Rule 15c2-12. The

County hereby ratifies, approves and confirms the distribution and use of the Preliminary Official Statement by the Underwriters and hereby authorizes the distribution and use of the Official Statement by the Underwriters in connection with the public offering and sale of the Bonds.

(c) If, between the date of this Contract and 25 days after the “end of the underwriting period,” as that term is defined in paragraph (f)(2) of Rule 15c2-12, any event shall occur or any fact shall become known to the County that might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the County shall promptly notify the Representative, and if, in the reasonable opinion of the Representative, such event requires preparation and distribution of a supplement or amendment to the Official Statement, the County will, at its expense, supplement or amend the Official Statement in a form and in a manner approved by the Representative, which approval shall not be unreasonably withheld. The end of the underwriting period shall be the Closing Date unless the County is informed otherwise in writing by the Representative. If the Official Statement is supplemented or amended pursuant to this subparagraph, as of the date of each supplement or amendment thereto, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit or fail to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. Representations and Warranties of the County. The County hereby represents and warrants to the Underwriters, and (as appropriate) covenants to the Underwriters, as follows:

(a) The County is a duly created and existing political subdivision of the State of Washington and has all requisite legal right, power and authority (i) to enter into this Contract; (ii) to pass the Bond Legislation; (iii) to execute, issue, sell and deliver the Bonds as provided herein and to perform its obligations with respect thereto; (iv) to execute, deliver and perform this Contract and the Escrow Deposit Agreement dated the Closing Date (the “Escrow Agreement”), by and between the County and U.S. Bank National Association, as escrow agent (the “Escrow Agent”); (v) to execute and deliver the Official Statement; and (vi) to consummate the transactions to which it is or is to be a party as contemplated by this Contract and by the Bond Legislation, the Bonds, the Escrow Agreement and the Official Statement. The execution, delivery and performance of this Contract, the Bonds and the Escrow Agreement, the passage of the Bond Legislation and the issuance of the Bonds thereunder, the execution and delivery by the County and the use and distribution by the Underwriters of the Preliminary Official Statement and the Official Statement, and the consummation by the County of the transactions to which it is or is to be a party as contemplated by this Contract and by the Bond Legislation, the Bonds, the Escrow Agreement and the Official Statement have been duly authorized by all necessary action on the part of the County.

(b) In the Sale Motion, the County entered into a written agreement or contract constituting an undertaking to provide ongoing disclosure for the benefit of the holders of the Bonds as required by paragraph (b)(5)(i) of Rule 15c2-12 and in the form summarized in the Preliminary Official Statement and the Official Statement.

(c) This Contract, the Escrow Agreement, the Official Statement and the Bonds (when delivered and paid for at the Closing) have been or at the Closing shall be duly authorized, approved, executed, delivered and (in the case of the Bonds) registered and issued. This Contract constitutes, and the Bonds, when registered, issued, executed and delivered, and the Escrow Agreement, when executed and delivered, will constitute, legal, valid and binding obligations of the County enforceable in accordance with their respective terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally. The performance by the County of its obligations contained in this Contract, the Bond Legislation, the Bonds and the Escrow Agreement and the consummation by it of all transactions contemplated by this Contract, the Bond Legislation, the Bonds, the Escrow Agreement and the Official Statement to have been performed or consummated at or prior to the Closing, as the case may be, have been duly authorized and approved by the County. The Bond Legislation has been duly and lawfully passed by the County, is in full force and effect and is valid and binding upon the County and enforceable in accordance with its terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally. When delivered and paid for at the Closing, the Bonds will constitute valid, legally binding general obligations of the County entitled to the benefits and security, and subject only to the terms and conditions, set forth in the Bond Legislation and described in the Preliminary Official Statement and the Official Statement. The issuance of the Bonds is authorized by, and the Bonds when issued will be issued in compliance with, the provisions of the Bond Legislation.

(d) To the best knowledge of the Director of the Business and Finance Division of the County's Department of Executive Services (the "Finance Director"), after due inquiry, the County is not in material breach of, or in material default under, any indenture, bank loan or credit agreement, bond or note, nor is the County in default under any statute, ordinance, resolution or (in any material respect) any other agreement or instrument, regulation, order, decree, license, permit, judgment, ruling or law or constitutional provision to which the County is a party, which breach or default would adversely affect the validity or enforceability of the Bonds.

(e) The passage of the Bond Legislation, the execution, delivery and performance of this Contract and the Escrow Agreement, the issuance and sale of the Bonds and the consummation of the transactions contemplated by this Contract and by the Bond Legislation, the Bonds, the Escrow Agreement and the Official Statement will not, in any material respect, conflict with or constitute on the part of the County a material breach of or material default under any agreement, indenture, bond, note, statute, ordinance, resolution or other instrument to which the County is a party or to which it is bound or subject, which breach or default would adversely affect the validity or enforceability of the Bonds.

(f) Except as described in the Preliminary Official Statement and the Official Statement, no litigation or other action, suit, proceeding, inquiry or investigation before or by any court or agency or other administrative body (either of the State of Washington or the United States) is pending or, to the knowledge of the County, threatened, that in any way restrains or enjoins, or threatens or seeks to restrain or enjoin, the issuance, sale or delivery of the Bonds or in any way contests, questions or affects (i) the validity or enforceability of any provision of this Contract, the Bond Legislation, the Bonds or the Escrow Agreement; (ii) the County's pledge

under the Bond Legislation of the Revenue of the System and all money credited to the Parity Lien Obligation Bond Fund; (iii) the accuracy, completeness or fairness of the Preliminary Official Statement or the Official Statement; or (iv) the legal existence of the County, the title of its elected officers to their respective offices, or the County's authority to perform its obligations hereunder or with respect to the Bonds, or to consummate any of the transactions to which it is or is to be a party as contemplated by this Contract, the Bond Legislation, the Bonds, the Escrow Agreement or the Official Statement; and to the best knowledge of the Finance Director, after due inquiry, there is no other event or circumstance that would have a material adverse effect on the power or ability of the County to perform its obligations hereunder or with respect to the Bonds or to consummate the transactions to which it is or is to be a party as contemplated by this Contract, the Bond Legislation, the Bonds, the Escrow Agreement or the Official Statement.

(g) The Bonds and the Bond Legislation conform in all material respects to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(h) The Official Statement as of the date of this Contract is true and complete in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the information contained therein not misleading. However, no warranty is given with respect to the information under the captions entitled "LEGAL AND TAX INFORMATION—Tax Matters" and "OTHER BOND INFORMATION – Underwriters of the Bonds" and the information concerning DTC or the book-entry system.

(i) Except as described in the Preliminary Official Statement and the Official Statement, the County does not intend to issue or incur, and the County is not aware of any plans to issue or incur, prior to the issuance of the Bonds, any other bonds, notes or other obligations for borrowed money the repayment of which is secured by a pledge of the full faith and credit of the County or pledge of or lien on Revenue of the System or any material liabilities, direct or contingent, that will have a material adverse effect on the financial condition of the County or the Sewer System, nor does the County expect, prior to the issuance of the Bonds, there to be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the County or the Sewer System.

(j) Except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, in the previous five years, the County has not failed to comply, in all material respects, with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12.

(k) Except as described in the Preliminary Official Statement and the Official Statement, all approvals, consents and other actions by, and all filings or registrations with or notices to, any governmental or administrative authority or agency having jurisdiction in the matter required to be obtained by the County as a condition precedent to the performance by the County of its obligations under this Contract, the Bond Legislation, the Bonds or the Escrow Agreement have been obtained and are in full force and effect (except no representation is made as to compliance with Blue Sky laws).

(l) Any certificates signed by any authorized representative or officer of the County and delivered to the Representative shall be deemed a representation and warranty by the County to the Underwriters as to the statements made therein with the same effect as if such representation and warranty were set forth herein.

(m) The County will furnish such information, execute such instruments and take such other action not inconsistent with law or established policy of the County in cooperation with the Underwriters as may be requested (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as may be designated by the Representative; and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, that the County shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction. The County consents to the use of this Contract, the Bond Legislation, the Escrow Agreement and the Official Statement by the Underwriters in obtaining such qualifications.

(n) The County has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the County is a bond issuer whose arbitrage certificates may not be relied upon.

(o) The financial statements of the County contained in the Preliminary Official Statement and the Official Statement fairly present the financial position of the County and the Sewer System as of the dates and for the periods therein set forth; such financial statements have been prepared in accordance with generally accepted accounting principles applicable to governmental entities in the State of Washington, except to the extent described therein, and there has been no material adverse change in the financial position or results of operations of the County or the Sewer System from those set forth in the Preliminary Official Statement and the Official Statement.

(p) The County acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Contract is an arm's-length commercial transaction between the County and the Underwriters, (ii) in connection with such transaction, the Underwriters are and have been acting solely as principals and are not acting as agents or fiduciaries of the County, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the County with respect to the offering of the Bonds or the process leading thereto (whether or not any Underwriter or any affiliate of any Underwriter has advised or is currently advising the County on other matters) or any other obligation to the County except the obligations expressly set forth in this Contract, (iv) the County has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds, and (v) the Underwriters have financial and other interests that differ from those of the County.

5. Conditions to the Obligations of the Underwriters. In addition to any other conditions herein stated, the obligations of the Underwriters hereunder are subject to the following conditions:

(a) The Bonds shall be issued and secured under and pursuant to the Bond Legislation and shall be as described in and shall have the terms and conditions set forth in the Bond Legislation, this Contract and the Preliminary Official Statement.

(b) At the time of the Closing, (i) this Contract, the Bond Legislation and the Escrow Agreement shall be in full force and effect and shall not have been amended, modified or supplemented; (ii) the County shall perform or have performed all of its respective obligations required under or specified in this Contract, the Bond Legislation and the Escrow Agreement to be performed at or prior to the Closing; and (iii) all actions by or on behalf of the County or otherwise necessary to execute, authenticate, issue, deliver and sell the Bonds pursuant hereto to give effect to the pledges and other provisions of the Bond Legislation shall have been taken.

(c) As of the date of the Official Statement, the Official Statement did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and at the time of the Closing, the Official Statement shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(d) Subsequent to the respective dates as of which information in the Official Statement is dated, and prior to the Closing, no material adverse change, or any development involving a prospective material adverse change, in the condition of the County or the Sewer System, financial or otherwise, shall have taken place (other than as referred to in or contemplated by the Official Statement), and if prior to the Closing such an event occurs the County shall promptly notify the Representative, and if in the opinion of the Representative such event requires a supplement or amendment to the Official Statement, the County will supplement or amend the Official Statement at its expense, in a form and in a manner approved by the Representative.

(e) The representations and warranties of the County contained herein were true and complete on the date made and shall be true and complete at the time of the Closing with the same effect as if made at such time.

(f) At or prior to the Closing, unless otherwise agreed by the Representative in writing, the Representative shall receive the following documents:

(i) Copies of Ordinance 17111 and the Sale Motion, each certified by the Clerk of the County Council to have been duly passed by the County and to be in full force and effect as of the Closing.

(ii) The approving opinion of K&L Gates LLP ("Bond Counsel"), dated the Closing Date, in substantially the form attached to the Preliminary Official Statement as Appendix B.

(iii) A supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that (A) the County has the legal right, power and authority (1) to pass the Bond Legislation and to enter into this Contract and the Escrow Agreement, (2) to issue, sell and deliver the Bonds to the Underwriters, (3) to perform its obligations under this Contract, the Bond Legislation and the Escrow Agreement, and (4) to carry out the transactions contemplated by this Contract, the Bond Legislation, the Bonds and the Escrow Agreement; (B) the County has duly passed the Bond Legislation, has duly approved, authorized, executed and delivered this Contract and the Escrow Agreement, and, assuming with respect to this Contract and the Escrow Agreement due execution and delivery thereof by the other parties thereto, this Contract, the Bond Legislation and the Escrow Agreement constitute the legal, valid and binding obligations of the County, enforceable in accordance with their respective terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, to the application of equitable principles and to the exercise of judicial discretion, except that no opinion need be expressed with respect to any provisions of this Contract providing for indemnification; (C) the Bonds have been duly authorized, executed and delivered and are entitled to the benefits and security provided by the Bond Legislation; (D) the Bond Legislation creates the valid pledge of and lien on the Revenue of the System that it purports to create; (E) the County has duly authorized the Finance Director to approve and execute the Official Statement; (F) no consent or approval of, or registration or filing with, any commission, board, authority, regulatory body or instrumentality of the State of Washington is or was required in connection with any of the actions of the County taken in regard to the approval and issuance of the Bonds, except such consents, approvals, registrations or filings as have been obtained on or prior to the Closing, nor is any election or referendum of voters required in connection therewith; provided, that no opinion need be provided with respect to compliance with any Blue Sky laws; (G) the Bonds and their offer and sale are exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the Bond Legislation is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); (H) the statements contained in the Official Statement under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "INITIATIVES AND REFERENDA," "LEGAL AND TAX INFORMATION—Tax Matters" and "CONTINUING DISCLOSURE UNDERTAKING," and in Appendix A—"Summary of Bond Ordinance" and Appendix B—"Forms of Bond Counsel Opinions," insofar as such statements contained under such captions or in such appendices purport to summarize certain provisions of the Bond Legislation and the Bonds, are true and correct; and (I) based solely upon participation as Bond Counsel in certain conferences with representatives of the County, the Underwriters, the financial advisor to the County and Underwriters' counsel, during which conferences the contents of the Official Statement and related matters were discussed, and without having undertaken to determine independently the accuracy and completeness of the statements contained in the Official Statement, except as expressly set forth in the preceding clause (H), no facts came to the attention of the attorneys of such firm rendering legal services in connection with their representation as Bond Counsel that caused such firm to believe that the Official Statement (except for information concerning DTC and the book-entry system and any financial, demographic and statistical data and projections included in the Official Statement, as to all of which no view need be expressed) as of its date contained, or that the Official Statement as the same may have been amended or supplemented as of the Closing (except as aforesaid) as of the

Closing contains, any untrue statement of a material fact or that the Official Statement as of its date omitted, or that the Official Statement as so amended or supplemented as of the Closing (except as aforesaid) as of the Closing omits, to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(iv) An opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that the Refunded Bonds have been legally defeased and deemed not to be outstanding under the authorizing legislation pursuant to which they were issued.

(v) An opinion, dated the Closing Date and addressed to the Underwriters, of Foster Pepper PLLC, counsel to the Underwriters, to the effect that (A) the offer and sale of the Bonds by the Underwriters are exempt from the registration requirements of the Securities Act; (B) the Bond Legislation is exempt from qualification under the Trust Indenture Act; (C) the undertaking set forth in the Sale Motion, together with paragraph 4(b) of this Contract, provide a suitable basis for the Underwriters to reasonably determine, pursuant to paragraph (b)(5)(i) of Rule 15c2-12, that the County has undertaken in written agreements or contracts for the benefit of the holders of the Bonds to provide the annual financial information and notices required by Rule 15c2-12; and (D) no information came to the attention of the attorneys in such firm rendering legal services in connection with the issuance of the Bonds that caused such attorneys to believe that the Official Statement (except any financial, economic or statistical data contained in the Official Statement, any information contained in the Official Statement regarding DTC or how interest on the Bonds is treated for federal income tax purposes, and the information contained in Appendix B, C, D, E, F and G to the Official Statement, as to all of which no opinion or belief need be expressed), as of its date and as of the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(vi) A certificate of the County Prosecuting Attorney substantially in the form set forth in Exhibit B attached hereto.

(vii) The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the County by the Finance Director.

(viii) A copy of the duly executed Escrow Agreement.

(ix) A report of Grant Thornton LLP, independent certified public accountants, verifying the mathematical accuracy of the computations determining the adequacy of the cash and the maturing principal of and interest on the Government Obligations to pay, when due, the principal of and premium and interest on the Refunded Bonds.

(x) Evidence satisfactory to the Representative that the Bonds have been assigned ratings of “Aa1” and “AAA” by Moody’s Investors Service and Standard & Poor’s Ratings Services, respectively.

(xi) A certificate of the County, executed by an authorized representative of the County, dated the Closing Date, to the effect that (A) the representations, warranties and covenants of the County contained in this Contract are true and correct in all material respects on and as of the Closing with the same effect as if made as of the Closing; (B) to the best knowledge of such authorized representative, as of the date of this Contract and as of the Closing, the Official Statement was and is true and complete in all material respects and does not contain an untrue statement of a material fact or omit or fail to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that no representation or warranty need be made with respect to the information contained under the captions entitled “LEGAL AND TAX INFORMATION—Tax Matters” and “OTHER BOND INFORMATION – Underwriters of the Bonds” and the information concerning DTC or the book-entry system); (C) the County is not in default as to any covenant, obligation or agreement contained in any ordinance or other proceeding relating to any obligations of the County for borrowed money; (D) all payments into all funds or accounts created and established for the payment and security of all outstanding obligations of the County for borrowed money have been made in full and the amounts on deposit in such funds or accounts are the amounts then required to be deposited therein; (E) to the best knowledge of such authorized representative, the County has never defaulted in the payment of principal of or interest on any of its obligations for borrowed money; and (F) the County has complied in all material respects with all agreements and satisfied in all material respects all conditions contemplated by this Contract, the Bond Legislation and the Escrow Agreement on its part to be performed or satisfied at or prior to the delivery of the Bonds.

(xii) A tax exemption and non-arbitrage certificate dated the Closing Date signed by an authorized representative of the County setting forth facts, estimates and circumstances (including covenants of the County) in existence as of the Closing, sufficient to support the conclusion that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of the Internal Revenue Code of 1986, as amended, and stating that to the best of such representative’s knowledge and belief, there are no other facts, estimates or circumstances that would adversely affect such expectations.

(xiii) A certificate of the Escrow Agent, executed by an authorized officer of the Escrow Agent, dated the Closing Date, to the effect that (A) the Escrow Agent is a duly organized and validly existing national banking association under the laws of the United States, legally doing business in and duly qualified to exercise trust powers in the State of Washington, eligible under the Escrow Agreement to act as Escrow Agent thereunder, and has full corporate right, power and authority to accept the trusts contemplated by and to perform all duties and obligations on its part to be performed and to take all actions required or permitted on its part to be taken under and pursuant to the Escrow Agreement; (B) the Escrow Agent has duly authorized the acceptance of the trusts contemplated by the Escrow Agreement, has duly accepted the duties and obligations of Escrow Agent thereunder, and the duties and obligations of the Escrow Agent under the Escrow Agreement constitute valid, legal and binding obligations of the Escrow Agent in accordance with the terms of the Escrow Agreement subject to customary qualifications and exceptions; (C) all approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, agency, board or

commission having jurisdiction in the matter which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Escrow Agent of its duties and obligations under the Escrow Agreement, have been obtained and are in full force and effect; (D) the acceptance of the duties and obligations of the Escrow Agent under the Escrow Agreement and the performance or the consummation of the transactions on the part of the Escrow Agent contemplated in the Escrow Agreement and the compliance by the Escrow Agent with the terms, conditions and provisions of the Escrow Agreement have been duly authorized by all necessary corporate action on the part of the Escrow Agent and do not contravene any provision of applicable law or regulation or any order, decree, writ or injunction or the Escrow Agent's articles of association or bylaws, and do not require consent under (except to the extent such consent has been obtained), or result in a breach of or default under, any credit agreement or other instrument to which the Escrow Agent is a party or is otherwise subject or bound; and (E) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency or public board or body, pending or threatened, in any way contesting or affecting the creation, organization or existence of the Escrow Agent or the authority of the Escrow Agent to accept or perform the duties and obligations of the Escrow Agent under the Escrow Agreement.

(xiv) Such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the accuracy, as of the date of this Contract and as of the Closing, of the County's representations and warranties contained herein and in the Official Statement and contained in any of the certificates or other documents referred to in this Contract, as the same may be supplemented or amended, and the due performance and satisfaction by the County at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the County.

All certificates, opinions and other documents and instruments delivered pursuant to this paragraph shall be satisfactory in form and substance to the Representative and to Foster Pepper PLLC, counsel to the Underwriters, approval of such form and substance not to be unreasonably withheld.

6. Termination of Contract. The Representative shall have the right in its sole discretion to cancel the Underwriters' obligations hereunder to purchase the Bonds (and such cancellation shall not constitute a default hereunder) by notifying the County of its election to do so between the date of this Contract and the Closing if, at any time hereafter and prior to the Closing:

(a) The marketability of the Bonds or the market price thereof, in the opinion of the Representative, has been materially adversely affected by (i) an amendment to the Constitution of the United States or by any legislation that shall have been introduced in or enacted by the Congress of the United States; (ii) legislation pending in the Congress of the United States; or (iii) legislation (including any amendment thereto, whether or not in formal bill form) recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives; or (iv) legislation

(including any amendment thereto, whether or not in formal bill form) proposed that may have an effective date prior to the Closing for consideration by either such Committee or by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States; or (v) legislation favorably presented for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration; (vi) a decision by a court of the United States or the Tax Court of the United States; or (vii) a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency, with respect to federal taxation of revenues or other income of the general character expected to be derived by the County or upon interest received on securities of the general character of the Bonds or which would change, directly or indirectly, the federal income tax consequences resulting from ownership of or receipt of interest on securities of the general character of the Bonds in the hands of the owners thereof.

(b) Any legislation, ordinance, rule or regulation shall be introduced in or be enacted by any governmental body, department or agency in the State of Washington, or a decision by a court within the State of Washington shall be rendered, which in the Representative's opinion, materially adversely affects the marketability of the Bonds or the ability of the Underwriters to enforce contracts for sale of the Bonds.

(c) In the Representative's opinion, any act or event shall exist or may exist that requires or has required an amendment or supplement to the Official Statement, or the subject matter of any amendment or supplement to the Official Statement materially and adversely affects (i) the market price or marketability of the Bonds or (ii) the ability of the Underwriters to enforce contracts for sale of the Bonds.

(d) The New York Stock Exchange or other national securities exchange, the MSRB, the Financial Industry Regulatory Authority ("FINRA"), or any governmental authority or agency shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the offering, sale and distribution, or extension of credit in connection with the purchase of the Bonds.

(e) A general suspension of trading on the New York Stock Exchange or other major securities exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction.

(f) A general banking moratorium shall have been established by the United States or State of New York or State of Washington authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred.

(g) Any amendment to the Constitution of the United States, any legislation enacted by the United States, any decision of any court of the United States, or any order, ruling, regulation or official statement issued or made by or on behalf of the Securities and Exchange Commission, or of any other governmental agency having jurisdiction over the subject matter, having the effect that obligations of the general character of the Bonds, or the Bonds, are not exempt from the registration requirements of the Securities Act, or that the Bond Legislation is not exempt from qualification under the Trust Indenture Act.

(h) Any rating of the Bonds or any other Parity Lien Obligations or other general obligations of the County shall have been downgraded, suspended or withdrawn or placed on credit watch with a negative outlook by a national rating service, which event, in the Representative's opinion, materially adversely affects the market price or marketability of the Bonds, or any proceeding shall be pending or threatened by the Securities and Exchange Commission or the Attorney General of the State of Washington against the County relating to the Bonds.

(i) There shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, including financial crisis, the effect of which on the financial markets of the United States being such, as in the reasonable judgment of the Representative, would make it impracticable for the Underwriters to market the Bonds or to enforce contracts for the sale of the Bonds.

7. Effect of Termination. If the sale of the Bonds to the Underwriters, as herein contemplated, is not carried out by the Underwriters for any reason permitted hereunder or if such sale is not carried out because the County shall be unable to comply with any of the terms hereof, the County shall not be under any obligation or liability under this Contract (except to the extent provided in paragraph 8), and the Underwriters shall be under no obligation or liability to the County hereunder.

8. Payment of Costs.

(a) Whether or not the Bonds are issued as contemplated by this Contract, the Underwriters shall be under no obligation to pay, and the County hereby agrees to pay, any expenses incident to the performance of the County's obligations hereunder, including (i) the costs of the preparation and printing of the Bonds and the Bond Legislation, preparation, printing and distribution of the Preliminary Official Statement and the Official Statement, and preparation of all other documents prepared by the County, Bond Counsel or other counsel to the County; (ii) the fees and disbursements of Bond Counsel; (iii) the fees and disbursements of other counsel to the County; (iv) the fees of agencies rating the Bonds; (v) the fees of the Bond Registrar; (vi) the fees and disbursement of accountants, consultants and advisors to the County, including the fees of the financial advisor to the County and fees of the Bond Registrar, Escrow Agent and verification agent; and (vii) any other costs and expenses, including costs and expenses of the County incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriters.

(b) The Underwriters shall pay (i) any fees assessed upon the Underwriters with respect to the Bonds by the MSRB and FINRA; (ii) all advertising expenses in connection

with any public offering of the Bonds; (iii) the costs of qualifying the Bonds under the Blue Sky or other securities laws of such jurisdictions as the Representative may determine and the costs of the preparation and printing of Blue Sky memoranda; and (iv) all other costs and expenses incurred by them in connection with any public offering and distribution of the Bonds, including the fees and disbursements of Foster Pepper PLLC, counsel to the Underwriters.

9. Indemnification. To the extent permitted by law, the County shall indemnify and hold harmless the Underwriters, each of their respective partners, members, officers and employees and each person who controls an Underwriter within the meaning of Section 15 of the Securities Act (each, an “Indemnified Party”), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall reimburse any such Indemnified Party for any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon (i) determination that the Bonds should have been registered under the Securities Act or the Bond Legislation should have been qualified under the Trust Indenture Act, or (ii) any untrue statement of a material fact contained in the Official Statement or any supplement thereto, or the omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The indemnity as described in this paragraph is limited to such losses or damages as are directly the result of the acts or omissions of the County and, should any Indemnified Party make a claim for indemnity under this Contract, the County shall have the right to (i) retain counsel to defend any such action and (ii) control and direct any defense of such claims in such action. This indemnity shall not be construed as a limitation on any other liability that the County may otherwise have to any Indemnified Party; provided, that in no event shall the County be obligated for double indemnification.

10. Notices. Any notice or other communication to be given to the County under this Contract may be given by delivering the same in writing to the office of the Finance Director, 500 Fourth Avenue, Room 600, Seattle, Washington 98104, and any such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to J.P. Morgan Securities LLC, 1301 Second Avenue, 24th Floor, Seattle, Washington 98101; Attention: Christine Pihl.

11. General. This Contract is made solely for the benefit of the County and the Underwriters (including any successors of the Underwriters), and no other party or person shall acquire or have any right hereunder or by virtue hereof. All representations and agreements in this Contract shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriters and shall survive the delivery of the Bonds and any termination of this Contract.

12. Waivers. Notwithstanding any provision of this Contract to the contrary, the performance of any and all obligations of the County hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by them at the discretion of the Representative.

13. Effectiveness of Contract. This Contract shall become effective upon the execution hereof by each of the Representative and an authorized representative of the County and shall be valid and enforceable as of such time.

14. Governing Law. This Contract shall be construed in accordance with and governed by the laws of the State of Washington. Venue for any action under this Contract shall be in the Superior Court of the State of Washington for King County or in the United States District Court for the Western District of Washington, Seattle, Washington.

15. Entire Agreement. This Contract constitutes the entire agreement between the Underwriters and the County with respect to the matters covered hereby and supersedes all prior agreements and understandings between the Underwriters and the County. This Contract shall only be amended, supplemented or modified in a writing signed by both the Representative and the County.

[Signature page follows]

16. Counterparts. This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Very truly yours,

J.P. MORGAN SECURITIES LLC

By: _____
Christine Pihl, Executive Director

Accepted on: June 25, 2012

KING COUNTY, WASHINGTON

By: _____
Authorized Representative

EXHIBIT A

**MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES,
INITIAL REOFFERING YIELDS AND REDEMPTION PROVISIONS**

Maturity Date (January 1)	Principal Amount	Interest Rate	Initial Reoffering Yield*
2026	\$ 9,660,000	5.00%	2.79%
2027	10,160,000	5.00	2.87
2028	10,680,000	5.00	2.95
2029	11,225,000	5.00	3.02

*Calculated to the par call date of July 1, 2022.

Optional Redemption. The County reserves the right to redeem outstanding Bonds in whole or in part, at any time on or after July 1, 2022, at the price of par plus accrued interest, if any, to the date fixed for redemption.

EXHIBIT B

CERTIFICATE OF CHIEF CIVIL DEPUTY COUNTY PROSECUTING ATTORNEY

I, Kevin Wright, the duly appointed and qualified Chief Civil Deputy Prosecuting Attorney of King County, Washington (the "County"), in connection with the issuance by the County of its Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 2012, Series B (the "Bonds"), DO HEREBY CERTIFY as follows:

1. That as of the time and date written below, to the best of my knowledge, there is no litigation pending or threatened affecting the issuance and delivery of the Bonds, the collection of revenues and the levy and collection of taxes pledged to pay the principal thereof and interest thereon, or in any manner questioning or contesting the proceedings and authority under which the Bonds are issued, the validity of the Bonds, the corporate existence or boundaries of the County, or the title of the present officers to their respective offices, which litigation would prevent the payment by the County of the principal of or interest on the Bonds when due.

2. That as of the time and date written below, no authority or proceedings for the issuance of the Bonds has or have been repealed, revoked or rescinded.

3. That as of the time and date written below, the statements contained in the Official Statement relating to the Bonds dated June 25, 2012, under the captions "LEGAL AND TAX INFORMATION—Litigation" and "—Recent Developments in Non-Tort Litigation," insofar as such statements purport to summarize litigation affecting the County, present a fair and accurate summary of such litigation, and are true and correct.

DATED: [Closing Date], at 8:30 a.m.

For DAN SATTERBERG,
King County Prosecuting Attorney

Kevin Wright
Chief Civil Deputy

ESCROW DEPOSIT AGREEMENT**KING COUNTY, WASHINGTON****SEWER REVENUE REFUNDING BONDS, 2012, SERIES B****LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS
(PAYABLE FROM SEWER REVENUES), 2012, SERIES B**

THIS ESCROW DEPOSIT AGREEMENT, dated August 2, 2012 (together with any amendments or supplements hereto, called the "Agreement"), is entered into by and between KING COUNTY, WASHINGTON (the "County") and U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent (together with any successor in that capacity, called the "Escrow Agent"). The notice addresses of the County and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

RECITALS:

WHEREAS, the County has issued and there presently remain outstanding the obligations described in Exhibits B-1 (the "Refunded Sewer Revenue Bonds") and B-2 (the "Refunded LTGO Sewer Bonds," and together with the Refunded Sewer Revenue Bonds, the "Refunded Bonds"); and

WHEREAS, pursuant to Ordinance 17111 passed on June 20, 2011, and Motion _____ passed on June 25, 2012 (together, the "Bond Legislation"), the County has determined to issue its Sewer Revenue Refunding Bonds, 2012, Series B (the "Sewer Revenue Bonds"), to provide funds for refunding the Refunded Sewer Revenue Bonds, and to issue its Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 2012, Series B (the "LTGO Sewer Bonds," and together with the Sewer Revenue Bonds, the "Bonds"), to provide funds for refunding the Refunded LTGO Sewer Bonds; and

WHEREAS, the Escrow Agent has reviewed this Agreement and the Bond Legislation, and is willing to serve as Escrow Agent; and

WHEREAS, pursuant to the Bond Legislation, the Refunded Bonds have been designated for redemption prior to their scheduled maturity dates and, after provision is made for that redemption, the Refunded Bonds will come due in the amounts and at the times set forth on Exhibit C; and

WHEREAS, the County desires that, concurrently with the delivery of the Bonds, a portion of the proceeds of the Bonds, together with other available funds of the County, if necessary, be applied to purchase certain direct obligations of the United States of America (hereinafter defined as the "Escrow Securities") for deposit to the credit of the Refunding Account and to establish a beginning cash balance (if needed) in the Refunding Account; and

WHEREAS, when Escrow Securities have been deposited with the Escrow Agent for the payment of all principal of and interest on the Refunded Bonds when due, then the Refunded Bonds will no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for that purpose;

WHEREAS, Grant Thornton LLP has prepared a verification report dated the date hereof (the "Verification Report") relating to the sources and uses of funds available to accomplish the refunding of the Refunded Bonds, the investment of those funds and the adequacy of those funds and investments to provide for the payment of the debt service due on the Refunded Bonds;

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which are hereby acknowledged, and to secure the full and timely payment of principal of and the interest on the Refunded Bonds, the County and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

Article 1. Definitions

Section 1.1. Definitions.

Unless the context clearly indicates otherwise, the following terms have the meanings assigned to them below when used in this Agreement:

Escrow Securities means the noncallable Government Obligations described in Exhibit D, or cash or other noncallable obligations substituted therefor pursuant to Section 4.2 of this Agreement.

Government Obligations means direct, noncallable (a) United States Treasury Obligations, (b) United States Treasury Obligations - State and Local Government Series, (c) non-prepayable obligations that are fully and unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America, or (d) REFCORP debt obligations unconditionally guaranteed by the United States.

Paying Agent means the fiscal agency of the state of Washington, as the paying agent for the Refunded Bonds.

Refunding Account means the account authorized by the Bond Legislation to be established, held and administered by the Escrow Agent pursuant to the provisions of this Agreement.

Section 1.2. Other Definitions.

The terms "Agreement," "Bond Legislation," "Bonds," "County," "Escrow Agent," "Refunded Bonds" and "Verification Report" when they are used in this Agreement, have the meanings assigned to them in the preamble to this Agreement.

Section 1.3. Interpretations.

The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Bonds in accordance with the Bond Legislation and other applicable law.

Article 2. Deposit of Funds and Escrow Securities

Section 2.1. Deposits in the Refunding Account.

Concurrently with the sale and delivery of the Bonds the County shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Refunding Account, the funds sufficient to purchase the Escrow Securities, establish a cash balance, and the Escrow Agent shall, upon the receipt thereof, acknowledge the receipt to the County in writing.

Article 3. Creation and Operation of Refunding Account

Section 3.1. Refunding Account.

The Escrow Agent has created on its books a special trust account and irrevocable escrow to be known as the Refunding Account. The Escrow Agent agrees that upon receipt it will deposit to the credit of the Refunding Account the funds and the Escrow Securities described in Exhibit D. This deposit, all proceeds therefrom, and all cash balances on deposit therein (a) shall be the property of the Refunding Account, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds, which payment shall be made by timely transfers of those amounts at the times provided for in Section 3.2. When the final transfers have been made for the payment of the principal of and interest on the Refunded Bonds, any balance then remaining in the Refunding Account shall be transferred to the County, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.2. Payment of Principal and Interest.

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the cash balances on deposit in the Refunding Account, the amounts required to pay the principal of the Refunded Bonds at their redemption dates and interest thereon to those redemption dates in the amounts and at the times shown on Exhibit C.

Section 3.3. Sufficiency of Refunding Account.

The County represents that, based upon the information provided in the Verification Report, the receipts of principal of and interest on the Escrow Securities will assure that the cash balance on deposit from within the Refunding Account will be at all times sufficient to provide money for transfer to the Paying Agent at the times and in the amounts required to pay the principal of and interest on the Refunded Bonds, all as more fully set forth in Exhibit E. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Refunding Account are insufficient to transfer the amounts required by the Paying Agent to make the payments set forth in Section 3.2, the County will timely deposit in the Refunding Account, from any funds that are lawfully available therefor, additional funds in the amounts required to make the payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent will not in any manner be responsible for any insufficiency of funds in the Refunding Account or the County's failure to make additional deposits.

Section 3.4. Trust Fund.

The Escrow Agent shall hold at all times the Refunding Account, the Escrow Securities and all other assets of the Refunding Account wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrow Securities or any other assets of the Refunding Account to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Refunding Account only as set forth herein. The Escrow Securities and other assets of the Refunding Account must always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Bonds; and a special account must at all times be maintained on the books of the Escrow Agent. The amounts received by the Escrow Agent under this Agreement will not be considered as a banking deposit by the County, and the Escrow Agent will have no right or title with respect thereto except as an agent and Escrow Agent under the terms of this Agreement.

Article 4. Limitation on Investments

Section 4.1. Investments.

Except for the initial investment in the Escrow Securities, and except as provided in Section 4.2, the Escrow Agent has no power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrow Securities, or to sell, transfer, or otherwise dispose of the Escrow Securities.

Section 4.2. Substitution of Securities.

At the written request of the County, and upon compliance with the conditions hereinafter stated, the Escrow Agent will utilize cash balances in the Refunding Account, or sell, transfer, otherwise dispose of or request the redemption of the Escrow Securities and apply the proceeds therefrom to purchase Refunded Bonds or Government Obligations that do not permit the redemption thereof at the option of the obligor. Any such transaction may be effected by the Escrow Agent only if (a) the Escrow Agent receives a written opinion from a firm of certified public accountants that the transaction will not cause the amount of money and securities in the Refunding Account to be reduced below an amount sufficient to provide for the full and timely payment of principal of and interest on all of the remaining Refunded Bonds as they become due, taking into account any optional redemption thereof exercised by the County in connection with the transaction; and (b) the Escrow Agent receives the unqualified written legal opinion of bond counsel or tax counsel to the effect that the transaction will not cause any of the Bonds or Refunded Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

Article 5. Application of Cash Balances

Section 5.1. In General.

Except as provided in Section 2.1, 3.2 and 4.2 hereof, no withdrawals, transfers or reinvestment shall be made of cash balances in the Refunding Account. Cash balances shall be held by the Escrow Agent in United States currency as cash balances as shown on the books and records of the Escrow Agent and, except as provided herein, shall not be reinvested by the Escrow Agent; provided, however, no conversion to currency is required (i) for so long as the Escrow Agent's internal rate of return does not exceed 20%, or (ii) if the Escrow Agent's internal rate of return exceeds 20%, the Escrow Agent receives a letter of instructions, accompanied by the opinion of nationally recognized bond counsel, approving the assumed reinvestment of such proceeds at such higher yield.

Article 6. Redemption of Refunded Bonds

Section 6.1. Call for Redemption.

The County hereby irrevocably calls the Refunded Bonds for redemption on the dates shown in the Verification Report and on Appendices A1 and A2 attached hereto.

Section 6.2. Notice of Redemption/Notice of Defeasance.

The Escrow Agent agrees to give notices of defeasance and notices of the redemption of the Refunded Bonds to the Paying Agent for dissemination in accordance with the terms of the ordinances authorizing the issuance of the Refunded Bonds and in substantially the forms attached hereto as Appendices A1 through B2. The notices of defeasance shall be given immediately following the execution of this Agreement, and the notices of redemption shall be given in accordance with the ordinances authorizing the issuance of the Refunded Bonds. The Escrow Agent hereby certifies that provision satisfactory and acceptable to the Escrow Agent has been made for the giving of notices of redemption and defeasance of the Refunded Bonds.

Article 7. Records and Reports

Section 7.1. Records.

The Escrow Agent will keep books of record and account in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrow Securities deposited to the Refunding Account and all proceeds thereof, and such books will be available for inspection during business hours and after reasonable notice.

Section 7.2. Reports.

While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the County a written report summarizing all transactions relating to the Refunding Account during the preceding year, including, without limitation, credits to the Refunding Account as a result of interest payments on or maturities of the Escrow Securities and transfers from the Refunding Account for payments on the Refunded Bonds or otherwise, together with a detailed statement of all Escrow Securities and the cash balance on deposit in the Refunding Account as of the end of the reporting period.

Article 8. Concerning the Paying Agent and Escrow Agent

Section 8.1. Representations.

The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and to undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 8.2. Limitation on Liability.

The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Bonds is limited to the proceeds of the Escrow Securities and the cash balances from time to time on deposit in the Refunding Account. Notwithstanding any provision contained herein to the contrary, the Escrow Agent has no liability whatsoever for the insufficiency of funds from time to time in the Refunding Account or

any failure of the obligors of the Escrow Securities to make timely payment thereon, except for the obligation to notify the County promptly upon its becoming aware of any such occurrence.

The recitals herein and in the proceedings authorizing the Bonds shall be taken as the statements of the County and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent.

It is the intention of the parties that the Escrow Agent will never be required to risk, use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the County with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Refunding Account, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the County or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the County at any time.

The Escrow Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent may consult with counsel and the advice or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or opinion of counsel.

Whenever in the administration of the provisions of this Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action to be taken hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate signed by one of the officers of the County, and delivered to the Escrow Agent and such certificate, in the absence of negligence or bad faith on the part of the Escrow Agent, shall be full warrant to the Escrow Agent for any action taken, suffered or omitted by it under the provisions of this Agreement upon the faith thereof. The Escrow Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the County elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The County agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties

Section 8.3. Successor Escrow Agents.

A vacancy shall forthwith exist in the office of Escrow Agent hereunder if at any time the Escrow Agent or its legal successor or successors resigns or becomes unable, through operation of law or otherwise, to act as Escrow Agent hereunder, or if its property and affairs are taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason. In such event, the County, by appropriate action, must promptly appoint an Escrow Agent to fill the vacancy. If no successor Escrow Agent is appointed by the County within 60 days, the retiring Escrow Agent may petition a court of competent jurisdiction for the appointment of a successor, it may appoint a successor, or a successor may be appointed by the owners of a majority in principal amount of the Refunded Bonds then outstanding by an instrument or instruments in writing filed with the County, signed by those owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent is made pursuant to the foregoing provisions of this Section 8.3 within three months after a vacancy occurs, the owner of any Refunded Bond may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it deems proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent must be a corporation organized and doing business under the laws of the United States or any state, authorized under those laws to exercise corporate trust powers, having a combined capital and surplus of at least \$100,000,000 and subject to the supervision or examination by federal or state authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the County and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the County shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor Escrow Agent if (a) the requirements of this Section 8.3 are satisfied; (b) the successor Escrow Agent has assumed all the obligations of the Escrow Agent under this Agreement; and (c) all of the Escrow Securities and money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor Escrow Agent.

Article 9. Miscellaneous

Section 9.1. Notice.

Any notice, authorization, request, or demand required or permitted to be given hereunder must be in writing and will be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the County or the Escrow Agent at the address shown on Exhibit A attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid will be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten days prior notice thereof.

Section 9.2. Termination of Responsibilities.

Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent will have no further obligations or responsibilities hereunder to the County, to the owners of the Refunded Bonds, or to any other person or persons in connection with this Agreement.

Section 9.3. Binding Agreement.

This Agreement is binding upon the County and the Escrow Agent and their respective successors and legal representatives, and inures solely to the benefit of the owners of the Refunded Bonds, the County, the Escrow Agent and their respective successors and legal representatives.

Section 9.4. Severability.

In case any one or more of the provisions contained in this Agreement are for any reason held to be invalid, illegal or unenforceable in any respect, that invalidity, illegality or unenforceability will not affect any other provisions of this Agreement, but this Agreement must be construed as if the invalid or illegal or unenforceable provision had never been contained herein.

Section 9.5. Washington Law Governs.

This Agreement is governed exclusively by the provisions hereof and by the applicable laws of the state of Washington.

Section 9.6. Time of the Essence.

Time is of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 9.7. Notice to Moody's and Standard & Poor's.

If this agreement or any provision thereof is severed, amended or revoked, the County will provide written notice of such severance, amendment or revocation to Moody's Investors Service at 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007, Attention: Public Finance Rating Desk/Refunded Bonds and to Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, a New York corporation, 55 Water Street, New York, NY, 10041, Attention: Refunded Bonds Municipal Bond Department.

Section 9.8. Amendments.

This Agreement may not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment will be effective unless the amendment is in writing and signed by the parties thereto. No amendment may materially adversely affect the rights of the holders of the Refunded Bonds, and the Escrow Agent is entitled to receive and rely on an opinion of counsel to the effect that no such material adverse effect on the rights of the holders of the Refunded Bonds will result from the execution of such amendment. No amendment may be made without first receiving written confirmation from the rating agencies, (if any) that have rated the Refunded Bonds that such administrative changes will not result in a withdrawal or reduction of its rating then assigned to the Refunded Bonds. If this Agreement is amended, prior written notice and copies of the proposed changes must be given to the rating agencies that have rated the Refunded Bonds.

EXECUTED as of the date first written above.

KING COUNTY, WASHINGTON

Director of Finance and Business
Operations Division

**U.S. BANK NATIONAL ASSOCIATION, as
Escrow Agent**

Authorized Signatory

- Exhibit A - Addresses of the County and the Escrow Agent
- Exhibit B-1 - Description of the Refunded Sewer Revenue Bonds
- Exhibit B-2 - Description of the Refunded LTGO Sewer Bonds
- Exhibit C - Schedule of Debt Service on the Refunded Bonds
- Exhibit D - Escrow Deposit
- Exhibit E - Refunding Account Cash Flow
- Appendix A1 - Notice of Redemption for the Refunded 2004A Bonds
- Appendix A2 - Notice of Redemption for the Refunded 2005 Bonds
- Appendix B1 - Notice of Defeasance for the Refunded 2004A Bonds
- Appendix B2 - Notice of Defeasance for the Refunded 2005 Bonds

EXHIBIT A
Addresses of the County and Escrow Agent

County: King County
500 Fourth Avenue
Seattle, Washington 98104
Attention: Senior Budget and Finance Analyst

Escrow Agent: U.S. Bank National Association
Corporate Trust Services PD-WA-T7CT
1420 Fifth Avenue, 7th Floor
Seattle, WA 98101
Attention: Vice President

EXHIBIT B-1
Description of the Refunded Sewer Revenue Bonds

King County, Washington
Sewer Revenue Bonds, Series 2004A

Maturities (January 1)	Principal Amounts	Interest Rates
2026	\$ 9,465,000	4.50%
2027	9,875,000	4.50
2028	10,310,000	4.50
2029	10,765,000	4.50
2030	11,240,000	4.50
2032	23,995,000	4.50
2033	12,805,000	4.75
2035	27,450,000	5.00

EXHIBIT B-2
Description of the Refunded LTGO Sewer Bonds

King County, Washington
Limited Tax General Obligation Bonds (Payable from Sewer Revenues), 2005

Maturities (January 1)	Principal Amounts	Interest Rates
2026	\$ 10,140,000	5.00%
2027	10,660,000	5.00
2028	11,210,000	5.00
2029	11,780,000	5.00
2030	12,385,000	5.00
2031	13,020,000	4.50
2035	59,110,000	5.00

EXHIBIT C

Schedule of Debt Service on Refunded Sewer Revenue Bonds

Date	Interest	Principal/ Redemption Price	Total
1/1/2013			
7/1/2013			
1/1/2014			

Schedule of Debt Service on Refunded LTGO Sewer Bonds

Date	Interest	Principal/ Redemption Price	Total
1/1/2013			
7/1/2013			
1/1/2014			
7/1/2014			
1/1/2015			

EXHIBIT E
Refunding Account Cash Flow

<u>Date</u>	<u>Escrow Requirement</u>	<u>Net Escrow Receipts</u>	<u>Excess Receipts</u>	<u>Cash Balance</u>
8/2/2012				
1/1/2013				
7/1/2013				
1/1/2014				
7/1/2014				
1/1/2015				

APPENDIX A1

Notice of Redemption* King County, Washington Sewer Revenue Bonds, Series 2004A

NOTICE IS HEREBY GIVEN that King County, Washington, has called for redemption on January 1, 2014, certain of its then outstanding Sewer Revenue Bonds, Series 2004A dated March 18, 2004 (the "Refunded 2004A Bonds").

The Refunded 2004A Bonds will be redeemed at a price of 100% of their principal amount, plus interest accrued to January 1, 2014. The redemption price of the Refunded 2004A Bonds is due and payable on January 1, 2014 upon presentation and surrender of the Refunded 2004A Bonds at the office of:

The Bank of New York Mellon
Corporate Trust Dept Fiscal
Agencies Unit
101 Barclay Street, 7 West
New York, NY 10286

-or-

Wells Fargo Bank, National
Association
Corporate Trust Department
14th Floor - M/S 257
999 Third Avenue
Seattle, WA 98104

Interest on all Refunded 2004A Bonds or portions thereof that are redeemed shall cease to accrue on January 1, 2014.

The following are the Refunded 2004A Bonds being redeemed:

Maturities (January 1)	Principal Amounts	Interest Rates	CUSIP Numbers
2026	\$ 9,465,000	4.50%	495289KU3
2027	9,875,000	4.50	495289KV1
2028	10,310,000	4.50	495289KW9
2029	10,765,000	4.50	495289KX7
2030	11,240,000	4.50	495289KY5
2032	23,995,000	4.50	495289KZ2
2033	12,805,000	4.75	495289LA6
2035	27,450,000	5.00	495289LB4

The County and Escrow Agent are not responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.

* This notice shall be given not more than 60 nor less than 30 days prior to January 1, 2014, by first-class mail to each registered owner of the Refunded 2004A Bonds. In addition notice shall be provided at least 30 days prior to January 1, 2014 to the Municipal Securities Rulemaking Board; The Depository Trust Company of New York, New York; MBIA Insurance Corporation; Moody's Investors Service, and to Standard & Poor's Ratings Services.

By Order of King County, Washington

The Bank of New York Mellon, as Paying Agent

Dated: _____.

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act") unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your Bonds.

APPENDIX A2

Notice of Redemption*
King County, Washington
Limited Tax General Obligation Bonds (Payable from Sewer Revenues), 2005

NOTICE IS HEREBY GIVEN that King County, Washington, has called for redemption on January 1, 2015, certain of its then outstanding Limited Tax General Obligation Bonds (Payable from Sewer Revenues), 2005 dated April 21, 2005 (the "Refunded 2005 Bonds").

The Refunded 2005 Bonds will be redeemed at a price of 100% of their principal amount, plus interest accrued to January 1, 2015. The redemption price of the Refunded 2005 Bonds is due and payable on January 1, 2015 upon presentation and surrender of the Refunded 2005 Bonds at the office of:

U.S. Bank National Association Corporate Trust Dept Fiscal Agencies Unit 101 Barclay Street, 7 West New York, NY 10286	-or-	Wells Fargo Bank, National Association Corporate Trust Department 14th Floor - M/S 257 999 Third Avenue Seattle, WA 98104
--	------	--

Interest on all Refunded 2005 Bonds or portions thereof that are redeemed shall cease to accrue on January 1, 2015.

The following are the Refunded 2005 Bonds being redeemed:

Maturities (January 1)	Principal Amounts	Interest Rates	CUSIP Numbers
2026	\$ 10,140,000	5.00%	49474EXR9
2027	10,660,000	5.00	49474EXS7
2028	11,210,000	5.00	49474EXT5
2029	11,780,000	5.00	49474EXU2
2030	12,385,000	5.00	49474EXV0
2031	13,020,000	4.50	49474EXW8
2035	59,110,000	5.00	49474EXX6

* This notice shall be given not more than 60 nor less than 30 days prior to January 1, 2015, by first-class mail to each registered owner of the Refunded 2005 Bonds. In addition notice shall be provided at least 30 days prior to January 1, 2015 to the Municipal Securities Rulemaking Board; The Depository Trust Company of New York, New York; Financial Security Assurance Inc.; Moody's Investors Service, and to Standard & Poor's Ratings Services.

The County and Escrow Agent are not responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.

By Order of King County, Washington

The Bank of New York Mellon, as Paying Agent

Dated: _____.

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act") unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your Bonds.

APPENDIX B1*
Notice of Defeasance*
King County, Washington
Sewer Revenue Bonds, Series 2004A

NOTICE IS HEREBY GIVEN to the owners of that portion of the above-captioned bonds with respect to which, pursuant to an Escrow Deposit Agreement dated August 2, 2012, by and between King County, Washington (the "County") and U.S. Bank National Association (the "Escrow Agent"), the County has deposited into an escrow account, held by the Escrow Agent, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money sufficient to pay each year, to and including the redemption date of such bonds so provided for, the principal thereof and interest thereon (the "2004A Defeased Bonds"), as evidenced by a verification agent's report delivered to the Escrow Agent. The 2004A Defeased Bonds are therefore deemed to be no longer outstanding pursuant to the provisions of Ordinance 14753 of the County, authorizing the issuance of the 2004A Defeased Bonds, but will be paid by application of the assets of such escrow account.

The 2004A Defeased Bonds are described as follows:

King County, Washington
Sewer Revenue Bonds, Series 2004A
(dated March 18, 2004)

Maturities (January 1)	Principal Amounts	Interest Rates	CUSIP Numbers
2026	\$ 9,465,000	4.50%	495289KU3
2027	9,875,000	4.50	495289KV1
2028	10,310,000	4.50	495289KW9
2029	10,765,000	4.50	495289KX7
2030	11,240,000	4.50	495289KY5
2032	23,995,000	4.50	495289KZ2
2033	12,805,000	4.75	495289LA6
2035	27,450,000	5.00	495289LB4

The Escrow Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any 2004A Defeased Bond. They are included solely for the convenience of the holders.

[Date]

U.S. Bank National Association, as Escrow Agent.

* This notice shall be given immediately by first-class mail to each registered owner of the 2004A Defeased Bonds. In addition notice shall be mailed to The Depository Trust Company of New York, New York; MBIA Insurance Corporation; U.S. Bank National Association, as Fiscal Agent; Moody's Investors Service, and to Standard & Poor's Ratings Services, and filed electronically with the Municipal Securities Rulemaking Board.

APPENDIX B2*

Notice of Defeasance*
King County, Washington
Limited Tax General Obligation Bonds (Payable from Sewer Revenues), 2005

NOTICE IS HEREBY GIVEN to the owners of that portion of the above-captioned bonds with respect to which, pursuant to an Escrow Deposit Agreement dated August 2, 2012, by and between King County, Washington (the "County") and U.S. Bank National Association (the "Escrow Agent"), the County has deposited into an escrow account, held by the Escrow Agent, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money sufficient to pay each year, to and including the redemption date of such bonds so provided for, the principal thereof and interest thereon (the "2005 Defeased Bonds"), as evidenced by a verification agent's report delivered to the Escrow Agent. The 2005 Defeased Bonds are therefore deemed to be no longer outstanding pursuant to the provisions of Ordinance 15033 of the County, authorizing the issuance of the 2005 Defeased Bonds, but will be paid by application of the assets of such escrow account.

The 2005 Defeased Bonds are described as follows:

King County, Washington
Limited Tax General Obligation Bonds (Payable from Sewer Revenues), 2005
(dated April 21, 2005)

<u>Maturities (January 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>	<u>CUSIP Numbers</u>
2026	\$ 10,140,000	5.00%	49474EXR9
2027	10,660,000	5.00	49474EXS7
2028	11,210,000	5.00	49474EXT5
2029	11,780,000	5.00	49474EXU2
2030	12,385,000	5.00	49474EXV0
2031	13,020,000	4.50	49474EXW8
2035	59,110,000	5.00	49474EXX6

The Escrow Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any 2005 Defeased Bond. They are included solely for the convenience of the holders.

[Date]

U.S. Bank National Association, as Escrow Agent

* This notice shall be given immediately by first-class mail to each registered owner of the 2005 Defeased Bonds. In addition notice shall be mailed to The Depository Trust Company of New York, New York; Financial Security Assurance Inc.; U.S. Bank National Association, as Fiscal Agent; Moody's Investors Service, and to Standard & Poor's Ratings Services, and filed electronically with the Municipal Securities Rulemaking Board.

CONTINUING DISCLOSURE UNDERTAKING

King County, Washington Sewer Revenue Refunding Bonds, 2012, Series B

\$ _____

This Continuing Disclosure Undertaking, dated August __, 2012 (the "Undertaking"), by King County, Washington (the "County"), constitutes the County's written undertaking as required by paragraph (b)(5) of Securities and Exchange Commission ("SEC") Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, with respect to the County's Sewer Revenue Refunding Bonds, 2012, Series B, issued on the date hereof in the aggregate principal amount of \$ _____ (the "Bonds").

The County hereby undertakes, for the benefit of the owners and beneficial owners from time to time of the Bonds, as authorized by Section 31 of Ordinance 17111 of the County, passed by the County Council on June 20, 2011, and Motion _____ of the County Council, passed on June 25, 2012 (together, the "Bond Legislation"), as follows:

A. Financial Statements/Operating Data. The County agrees to provide or cause to be provided to the MSRB the following annual financial information and operating data for the prior fiscal year (commencing in 2013 for the fiscal year ended December 31, 2012):

1. Annual financial statements, which may or may not be audited, showing year-end fund balance for the County's Water Quality Enterprise fund prepared in accordance with the Budget Accounting and Reporting System ("BARS") prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type included in the official statement for the Bonds as Appendix D: "King County Water Quality Enterprise 2011 Audited Financial Statements";
2. Amount of outstanding Parity Bonds; and
3. Information regarding customers, revenues and expenses of the Sewer System, as set forth in the table titled "Historical Financial Statements" in the official statement for the Bonds.

Items 2 and 3 shall be required only to the extent that such information is not included in the annual financial statements.

The annual information and operating data described above shall be provided on or before the end of seven months after the end of the County's fiscal year. The County's current fiscal year ends on December 31. The County may adjust its fiscal year by providing written notice to the MSRB. In lieu of providing the annual financial information and operating data, the County may make specific cross reference to other documents available to the public on the MSRB's internet website or filed with the SEC.

If not provided as part of the annual financial information described in this Section A, the County will provide to the MSRB the audited annual financial statements of the County's Water Quality Enterprise prepared in accordance with BARS when and if available.

B. Notification Upon Failure to Provide Financial Data. The County agrees to provide, in a timely manner, to the MSRB notice of its failure to provide the annual financial information and operating data described above on or prior to the date set forth above.

C. Specified Events. The County further agrees to provide or cause to be provided, to the MSRB in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers for the Bonds;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or similar event of the County or any "obligated person" (as that term is defined in the Rule);
13. The consummation of a merger, consolidation or acquisition involving the County or an obligated person or the sale of all or substantially all of the assets of the County or an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and,
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Solely for purposes of disclosure, and not intending to modify this Undertaking, the County advises with reference to items 3 and 10 above that the Parity Bond Reserve

Account is the debt service reserve for the Bonds and no property secures repayment of the Bonds.

D. EMMA; Format for Filings with the MSRB. Until otherwise designated by the MSRB or the SEC, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org. All notices, financial information and operating data required by this Undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB under this Undertaking must be accompanied by identifying information as prescribed by the MSRB.

E. Termination of Undertaking. The County's obligations under this Undertaking to provide annual financial information and notices of specified events with respect to the Bonds will terminate upon the legal defeasance or payment in full of the Bonds. These obligations, or any provision hereof, will be null and void if the County (i) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule that require these obligations, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (ii) notifies the MSRB of that opinion and the cancellation of these obligations.

F. Amendment of Undertaking. Notwithstanding any other provision of this motion, the County may amend this Undertaking, and any provision of this Undertaking may be waived, with an approving opinion of nationally recognized bond counsel and in accordance with the Rule.

In the event of any amendment or waiver of a provision of this Undertaking, the County will describe the amendment or waiver in the next annual report provided hereunder, and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if an amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of the change will be given in the same manner as above for a specified event, and (ii) the annual report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

G. Bond Owner's Remedies. The right of any owner or beneficial owner of Bonds to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the County's obligations hereunder, and any failure by the County to comply with the provisions of this Undertaking shall not be an event of default with respect to the Bonds. For purposes of this Undertaking, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or

13687

to dispose of ownership of, any Bond, including persons holding Bonds through nominees or depositories.

H. Definitions. Unless otherwise defined in this Undertaking, capitalized terms used herein have the meanings given those terms in the Bond Legislation.

KING COUNTY, WASHINGTON

BY _____

Ken Guy, Director of Finance and Business
Operations Division, Department of
Executive Services

K:\2020066\00122\20391_DOT\20391A2480

CONTINUING DISCLOSURE UNDERTAKING

King County, Washington
Limited Tax General Obligation Refunding Bonds
(Payable from Sewer Revenues), 2012, Series B
 \$ _____

This Continuing Disclosure Undertaking, dated August __, 2012 (the "Undertaking"), by King County, Washington (the "County"), constitutes the County's written undertaking as required by paragraph (b)(5) of Securities and Exchange Commission ("SEC") Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, with respect to the County's Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 2012, Series B, issued on the date hereof in the aggregate principal amount of \$ _____ (the "Bonds").

The County hereby undertakes, for the benefit of the owners and beneficial owners from time to time of the Bonds, as authorized by Section 31 of Ordinance 17111 of the County, passed by the County Council on June 20, 2011, and Motion _____ of the County Council, passed on June 25, 2012 (together, the "Bond Legislation"), as follows:

A. Financial Statements/Operating Data. The County agrees to provide or cause to be provided to the MSRB the following annual financial information and operating data for the prior fiscal year (commencing in 2012 for the fiscal year ended December 31, 2011):

1. Annual financial statements, which may or may not be audited, prepared in accordance with the Budget Accounting and Reporting System ("BARS") prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type included in the official statement for the Bonds as Appendix C: "Excerpts from King County's 2010 Comprehensive Annual Financial Report";
2. A summary of the assessed value of taxable property in the County;
3. A summary of budgeted General Fund revenues and appropriations;
4. A summary of *ad valorem* property tax levy rates per \$1,000 of assessed value and delinquency rates;
5. A summary of outstanding tax-supported indebtedness of the County;
6. A schedule of the aggregate annual debt service on tax-supported indebtedness of the County; and,
7. Information regarding customers, revenues and expenses of the Sewer System as set forth in the table titled "Historical Financial Statements" in the official statement for the Bonds.

Items 2 through 7 shall be required only to the extent that such information is not included in the annual financial statements.

The annual information and operating data described above shall be provided on or before the end of seven months after the end of the County's fiscal year. The County's current fiscal year ends on December 31. The County may adjust its fiscal year by providing written notice to the MSRB. In lieu of providing the annual financial information and operating data, the County may make specific cross reference to other documents available to the public on the MSRB's internet website or filed with the SEC.

If not provided as part of the annual financial information described in this Section A, the County will provide to the MSRB the County's audited annual financial statements prepared in accordance with BARS when and if available.

B. Notification Upon Failure to Provide Financial Data. The County agrees to provide, in a timely manner, to the MSRB notice of its failure to provide the annual financial information and operating data described above on or prior to the date set forth above.

C. Specified Events. The County further agrees to provide or cause to be provided, to the MSRB in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers for the Bonds;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or similar event of the County or any "obligated person" (as that term is defined in the Rule);
13. The consummation of a merger, consolidation or acquisition involving the County or an obligated person or the sale of all or substantially all of the assets of the County or an obligated person, other than in the ordinary course of business,

the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and,

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Solely for purposes of disclosure, and not intending to modify this Undertaking, the County advises with reference to items 3 and 10 above that there is no debt service reserve for the Bonds and no property secures repayment of the Bonds.

D. EMMA; Format for Filings with the MSRB. Until otherwise designated by the MSRB or the SEC, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org. All notices, financial information and operating data required by this Undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB under this Undertaking must be accompanied by identifying information as prescribed by the MSRB.

E. Termination of Undertaking. The County's obligations under this Undertaking to provide annual financial information and notices of specified events with respect to the Bonds will terminate upon the legal defeasance or payment in full of the Bonds. These obligations, or any provision hereof, will be null and void if the County (i) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule that require these obligations, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (ii) notifies the MSRB of that opinion and the cancellation of these obligations.

F. Amendment of Undertaking. Notwithstanding any other provision of this motion, the County may amend this Undertaking, and any provision of this Undertaking may be waived, with an approving opinion of nationally recognized bond counsel and in accordance with the Rule.

In the event of any amendment or waiver of a provision of this Undertaking, the County will describe the amendment or waiver in the next annual report provided hereunder, and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if an amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of the change will be given in the same manner as above for a specified event, and (ii) the annual report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

G. Remedies. The right of any owner or beneficial owner of Bonds to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the County's obligations hereunder, and any failure by the County to comply with the provisions of this Undertaking shall not be an event of default with respect to the Bonds. For purposes of this Undertaking, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond, including persons holding Bonds through nominees or depositories.

H. Definitions. Unless otherwise defined in this Undertaking, capitalized terms used herein have the meanings given those terms in the Bond Legislation.

KING COUNTY, WASHINGTON

BY _____

Ken Guy, Director of Finance and Business
Operations Division, Department of
Executive Services