



# KING COUNTY

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

## Signature Report

August 20, 2012

### Motion 13706

Proposed No. 2012-0343.2

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 C, in the aggregate principal amount of  
4 \$65,415,000 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 C, in the aggregate principal  
8 amount of \$53,405,000 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  
15 pay costs of certain capital improvements to the county's Sewer System in accordance  
16 with the county's comprehensive water pollution abatement plan (the "Project Bonds"),  
17 and (ii) not to exceed \$1,200,000,000 aggregate principal amount of bonds to refund  
18 certain 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, or otherwise, and by negotiated sale or  
22 competitive bid, as determined by the county's director of finance and business operations  
23 division (the "Finance Director") in consultation with the county's financial advisor, and

24 WHEREAS, the county has issued and sold \$150,000,000 of the authorized  
25 Project Bonds in several series, and \$655,540,000 of the authorized Refunding Bonds in  
26 several series, and

27 WHEREAS, the Finance Director has determined that \$118,820,000 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 \$65,415,000, to  
30 be designated as the county's Sewer Revenue Refunding Bonds, 2012, Series C (the  
31 "Sewer Revenue Bonds"), and (ii) a series of Parity Lien Obligations in the aggregate  
32 principal amount of \$53,405,000, to be designated as the county's Limited Tax General  
33 Obligation Refunding Bonds (Payable from Sewer Revenues), 2012, Series C (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 August 14, 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 Bond Purchase Contracts and Authorization of Bonds. The  
52 issuance of the Bonds, designated as set forth in the recitals of this motion, and the terms  
53 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 Ordinance and  
61 the provisions of the ordinances authorizing the issuance of the currently outstanding  
62 Parity Bonds, which permit the issuance of Future Parity Bonds upon compliance with

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

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

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

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

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

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

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

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

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

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

104           The applicable parity conditions for additional Parity Lien Obligations having  
105 been complied with in connection with the issuance of the LTGO Sewer Bonds, the  
106 pledge contained in the Bond Ordinance of Revenue of the System to pay and secure the  
107 payment of the LTGO Sewer Bonds shall constitute a lien and charge upon that revenue

108 equal in rank with the lien and charge upon the Revenue of the System to pay and secure  
 109 the payment of the outstanding Parity Lien Obligations.

110 D. Refunding and Redemption of Refunded Bonds.

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

117 Sewer Revenue Bonds, 2004A  
 118 (refunded from proceeds of the Sewer Revenue Bonds)

Maturity Date	Par Amount	Interest Rate (%)	Redemption Price (%)	Redemption Date
1/1/2030	\$ 11,240,000	4.50	100	1/1/2014
1/1/2032	23,995,000	4.50	100	1/1/2014
<u>1/1/2033</u>	<u>12,805,000</u>	4.75	100	1/1/2014
Total	\$ 48,040,000			

119 Limited Tax General Obligation Bonds (Payable from Sewer Revenues), 2005  
 120 (refunded from proceeds of the LTGO Sewer Bonds)

Maturity Date	Par Amount	Interest Rate (%)	Redemption Price (%)	Redemption Date
1/1/2030	\$ 12,385,000	5.00	100	1/1/2015

<u>1/1/2035</u>	<u>43,205,000*</u>	5.00	100	1/1/2015
Total	\$ 55,590,000			

121 \* Partial Refunding

122 Sewer Revenue Bonds, 2006

123 (refunded from proceeds of the Sewer Revenue Bonds)

Maturity Date	Par Amount	Interest Rate (%)	Redemption Price (%)	Redemption Date
1/1/2018	\$ 2,530,000	5.00	100	1/1/2016
1/1/2019	2,680,000	5.00	100	1/1/2016
1/1/2020	2,855,000	5.00	100	1/1/2016
1/1/2021	3,005,000	5.00	100	1/1/2016
1/1/2022	3,190,000	5.00	100	1/1/2016
1/1/2023	3,365,000	5.00	100	1/1/2016
1/1/2024	<u>3,475,000</u>	5.00	100	1/1/2016
Total	\$ 21,100,000			

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

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

134 (a) the interest on the refunded Sewer Revenue Bonds, 2004A (the "Refunded  
135 2004A Bonds") payable on and prior to January 1, 2014;

136 (b) the redemption price (100% of the principal amount) payable on January  
137 1, 2014, of the Refunded 2004A Bonds;

138 (c) the interest on the refunded Limited Tax General Obligation Bonds  
139 (Payable from Sewer Revenues), 2005 (the "Refunded 2005 Bonds") payable on and  
140 prior to January 1, 2015;

141 (d) the redemption price (100% of the principal amount) payable on January  
142 1, 2015, of the Refunded 2005 Bonds;

143 (e) the interest on the refunded Sewer Revenue Bonds, 2006 (the "Refunded  
144 2006 Bonds") payable on and prior to January 1, 2016; and

145 (f) the redemption price (100% of the principal amount) payable on January  
146 1, 2016, of the Refunded 2006 Bonds.

147 The selection of U.S. Bank National Association as Escrow Agent is hereby  
148 ratified and confirmed. In accordance with Section 16.C of the Bond Ordinance, the  
149 Finance Director is authorized and directed to enter into an Escrow Agreement with the  
150 Escrow agent in a form approved by the county's bond counsel.

151 Any beginning cash balance and the Escrow Securities shall be irrevocably  
152 deposited with the Escrow Agent in an amount sufficient to defease the Refunded Bonds  
153 in accordance with the ordinances authorizing their issuance. Any amounts described  
154 above that are not provided for in full by the beginning cash balance and the purchase and



155 deposit with the Escrow Agent of the Escrow Securities shall be provided for by the  
156 irrevocable deposit of the necessary amount out of the proceeds of sale of the Refunding  
157 Bonds or any other money of the county legally available therefor. The proceeds of the  
158 Refunding Bonds remaining in the Refunding Account after acquisition of the Escrow  
159 Securities and provision for the necessary beginning cash balance shall be utilized to pay  
160 expenses of the acquisition and safekeeping of the Escrow Securities and the costs of  
161 issuing the Refunding Bonds. Payment of the costs of issuing the Refunding Bonds may  
162 be provided for in the Escrow Agreement or in a separate agreement, as the Finance  
163 Director may determine.

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

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

175         The county hereby irrevocably defeases and calls for redemption on January 1,  
176 2014, the Refunded 2004A Bonds, on January 1, 2015, the Refunded 2005 Bonds, and on  
177 January 1, 2016, the Refunded 2006 Bonds, all in accordance with the provisions of the

178 ordinances authorizing the redemption and retirement of the Refunded Bonds prior to  
179 their fixed maturities.

180 Said defeasance and call for redemption of the Refunded Bonds shall be  
181 irrevocable after the final establishment of the Refunding Account and delivery of the  
182 Escrow Securities and the requisite cash deposit, if any, to the Escrow Agent, except as  
183 provided herein relating to the substitution of securities. The Finance Director is  
184 authorized and requested to provide whatever assistance is necessary to accomplish that  
185 defeasance and redemption.

186 The Escrow Agent is hereby authorized and directed to notify the fiscal agency of  
187 the State of Washington to give notice of the defeasance and redemption of the Refunded  
188 Bonds in accordance with the applicable provisions of the ordinances authorizing their  
189 issuance. The Finance Director is authorized and requested to provide whatever  
190 assistance is necessary to accomplish the defeasance and redemption and the giving of  
191 notices therefor. The costs of publication of the notices shall be an expense of the  
192 county.

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

200 accordance with the provisions of the Bond Ordinance and with the laws of the State of  
201 Washington for the benefit of the county and the owners of the Refunded Bonds.

202           3.     Findings of Saving and Defeasance. This council hereby finds and  
203 determines that the issuance and sale of the Refunding Bonds at this time will effect a  
204 savings to the county and ratepayers of the System. In making this finding and  
205 determination, the council has given consideration to the interest on and the fixed  
206 maturities of the Refunding Bonds and the Refunded Bonds, the costs of issuance of the  
207 Refunding Bonds and the known earned income from the investment of the proceeds of  
208 sale of the Refunding Bonds pending redemption and payment of the Refunded Bonds.

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

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

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

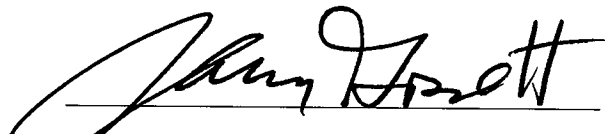
226           G.     Severability. If any provision in this motion is declared by any court of  
227 competent jurisdiction to be contrary to law, then that provision shall be null and void

228 and shall be deemed separable from the remaining provisions of this motion and shall in  
229 no way affect the validity of the other provisions of this motion or of the Bonds.  
230

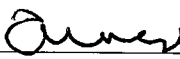
Motion 13706 was introduced on 8/20/2012 and passed by the Metropolitan King  
County Council on 8/20/2012, by the following vote:

Yes: 9 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,  
Ms. Patterson, Ms. Lambert, Mr. Ferguson, Mr. Dunn and Mr.  
McDermott  
No: 0  
Excused: 0

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

  
Larry Gossett, Chair

ATTEST:

  
\_\_\_\_\_  
Anne Noris, Clerk of the Council

**Attachments:** A. Sewer Revenue Refunding Bonds 2012 Series C Purchase Contract, B. LTGO  
Refunding Bonds 2012 Series C Purchase Contract, C. Continuing Disclosure Undertaking Sewer  
Refunding Bonds, 2012 Series C, D. Continuing Disclosure Undertaking LTGO Bonds Payable from  
Sewer Revenues, 2012 Series C

**EXECUTION VERSION****KING COUNTY, WASHINGTON****\$65,415,000****SEWER REVENUE REFUNDING BONDS, 2012, SERIES C****BOND PURCHASE CONTRACT**

August 20, 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 \$65,415,000 aggregate principal amount of Sewer Revenue Refunding Bonds, 2012, Series C (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 \$75,812,989.09, representing the aggregate principal amount of the Bonds, plus a net original issue premium of \$10,610,327.75, less an underwriting discount of \$212,338.66.

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 September 19, 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 August 14, 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, 24<sup>th</sup> 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: August 20, 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
2018	\$ 2,640,000	3.000%	1.18%
2019	2,740,000	4.000	1.52
2020	2,895,000	4.000	1.79
2021	3,015,000	2.500	2.01
2022	3,125,000	5.000	2.19
2023	3,300,000	5.000	2.33*
2024	3,405,000	5.000	2.45*
2030	10,290,000	5.000	2.92*
2031	10,790,000	5.000	2.97*
2032	11,330,000	5.000	3.03*
2033 <sup>(1)</sup>	10,385,000	5.000	3.10*
2033 <sup>(1)</sup>	1,500,000	3.375	3.50

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

*Optional Redemption.* The County reserves the right to redeem outstanding Bonds maturing on or after January 1, 2023, 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.

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<sup>1</sup> Bifurcated maturity.

## 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 C (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 August 20, 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****\$53,405,000****LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS  
(PAYABLE FROM SEWER REVENUES), 2012, SERIES C****BOND PURCHASE CONTRACT**

August 20, 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 \$53,405,000 aggregate principal amount of Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 2012, Series C (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 \$62,249,276.02, representing the aggregate principal amount of the Bonds, plus an original issue premium of \$9,026,423.55, less an underwriting discount of \$182,147.53.



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 September 19, 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 August 14, 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, 24<sup>th</sup> 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: August 20, 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*
2030	\$11,880,000	5.00%	2.86%
2032	13,155,000	5.00	2.96
2033	13,830,000	5.00	3.03
2034	14,540,000	5.00	3.10

\*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 C (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 August 20, 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

## CONTINUING DISCLOSURE UNDERTAKING

**King County, Washington**  
**Sewer Revenue Refunding Bonds, 2012, Series C**  
\$ \_\_\_\_\_

This Continuing Disclosure Undertaking, dated September 19, 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 C, 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 August 20, 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, of 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 are required only to the extent that such information is not included in the annual financial statements.

The annual information and operating data described above will 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 or consents to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information and operating data described in Section A or prior to the date set forth in Section A.

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](http://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 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

## CONTINUING DISCLOSURE UNDERTAKING

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

This Continuing Disclosure Undertaking, dated September 19, 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 C, 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 August 20, 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, 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 2011 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 are required only to the extent that such information is not included in the annual financial statements.

The annual information and operating data described above will 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, 10 and 14 above that there is no debt service reserve for the Bonds, no property secures repayment of the Bonds, and there is no trustee for 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](http://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