



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 4, 2011

Motion 13573

Proposed No. 2011-0389.2

Sponsors Patterson

1 A MOTION of the county council approving a purchase
2 contract for the county's Sewer Revenue Refunding Bonds,
3 2011 Series C, in the aggregate principal amount of
4 \$32,445,000 and establishing certain terms of such bonds
5 and a plan of refunding, all in accordance with Ordinance
6 17111.

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

15 WHEREAS, the Bond Ordinance authorizes such bonds to be sold in one or more
16 series, as Parity Bonds or Parity Lien Obligations (as such terms are defined in the Bond
17 Ordinance), as Tax-Exempt Bonds, Tax-Benefited Bonds or otherwise, and by negotiated
18 sale or competitive bid, as determined by the county's director of finance and business

19 operations division (the "Finance Director") in consultation with the county's financial
20 advisors, and

21 WHEREAS, a first series of Project Bonds and Refunding Bonds authorized by
22 the Bond Ordinance have been sold pursuant to Motion 13535 of the council passed on
23 August 22, 2011; and

24 WHEREAS, the Finance Director has determined to sell by negotiated sale
25 \$32,445,000 principal amount of additional Refunding Bonds as a series of Parity Bonds
26 in the aggregate principal amount of \$32,445,000 to be designated as the county's Sewer
27 Revenue Refunding Bonds, 2011 Series C (the "Bonds"), structured as Tax-Exempt
28 Bonds, and

29 WHEREAS, pursuant to the Bond Ordinance, a preliminary official statement
30 dated September 27, 2011, has been prepared for the sale of the Bonds, and the Finance
31 Director has negotiated the sale of the Bonds to J.P. Morgan Securities LLC as
32 underwriter named in the attached bond purchase contract (the "Underwriter"), and

33 WHEREAS, it is in the best interest of the county that the Bonds be sold to the
34 Underwriter on the terms set forth in the attached bond purchase contract, the Bond
35 Ordinance, and this motion, and

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

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

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

43 B. Approval of the Bond Purchase Contract and Authorization of Bonds. The
44 issuance of the Bonds, designated as set forth in the recitals of this motion, and the terms
45 and conditions thereof as set forth in the bond purchase contract, attached hereto as
46 Attachment A (the "Purchase Contract"), are hereby ratified and confirmed, and the
47 Purchase Contract is hereby approved. The Bonds shall bear interest at the rates set forth
48 in the Purchase Contract and shall conform in all other respects to the terms and
49 conditions specified in the Purchase Contract and Bond Ordinance. The Bonds shall be
50 subject to redemption as set forth in the Purchase Contract.

51 C. Satisfaction of Parity Conditions. In accordance with the provisions of the
52 ordinances authorizing the issuance of the currently outstanding Parity Bonds, which
53 permit the issuance of additional Parity Bonds upon compliance with the conditions set
54 forth therein (the "Parity Conditions"), the county council hereby finds and determines, as
55 follows:

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

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

61 (iii) The Bond Ordinance provides for payment out of the Parity Bond
62 Fund of the principal of and interest on the Bonds and this motion provides for
63 satisfaction of the Reserve Requirement, as required by the Parity Conditions.

64 (iv) The county will have on file at the Closing of the Bonds a
 65 certificate of the Finance Director to satisfy the revenue test for issuance of Future Parity
 66 Bonds required by the Parity Conditions.

67 The applicable Parity Conditions having been complied with in connection
 68 with the issuance of the Bonds, the pledge contained in the Bond Ordinance of Revenue
 69 of the System to pay and secure the payment of the Bonds shall constitute a lien and
 70 charge upon such revenue equal in rank with the lien and charge upon the Revenue of the
 71 System to pay and secure the payment of the outstanding Parity Bonds.

72 D. Refunding and Redemption of Refunded Bonds.

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

79 Refunded Bonds:

Refunded 2001 Bonds

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
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Sewer Revenue & Refunding Bonds, 2001,:

TERM2035	1/1/2035*	5.000%	5,915,000.00	1/1/2012	100.000
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80 *Partial Refunding

Refunded 2002A Bonds

Bond	Maturity Date	Interest	Par Amount	Call Date	Call Price
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		Rate				
Sewer Revenue Bonds, Series 2002A:						
	TERM35A	1/1/2035*	5.000%	19,655,000.00	1/1/2012	100.000

81 *Partial Refunding

Refunded 2004A Bonds

Bond	Maturity Date	Interest	Par Amount	Call Date	Call Price	
		Rate				

Sewer Revenue Bonds, Series 2004A:

SERIALSA	1/1/2022	4.500%	7,965,000.00	1/1/2014	100.000
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82 As provided in Section 16 of the Bond Ordinance, the King County 2011 Series C
 83 Sewer System Bonds Refunding Account (the "Refunding Account") shall be established
 84 and maintained with the Escrow Agent (as identified below). Proceeds of the Bonds
 85 (exclusive of accrued interest, if any, which shall be deposited into the Debt Service
 86 Account in the Bond Fund) shall be deposited in the Refunding Account and used,
 87 together with other funds of the county, if necessary, to purchase certain "Government
 88 Obligations" (which obligations so purchased are herein called "Escrow Securities"),
 89 bearing such interest and maturing as to principal and interest in such amounts and at
 90 such times that, together with any necessary beginning cash balance, will provide for the
 91 payment of:

- 92 (a) the interest on the Refunded 2001 Bonds and Refunded
 93 2002A Bonds due and payable on and prior to January 1, 2012;
- 94 (b) the redemption price (100% of the principal amount)
 95 payable on January 1, 2012, of the Refunded 2001 Bonds and Refunded 2002A Bonds;

96 (c) the interest on the Refunded 2004A Bonds due and payable
97 on and prior to January 1, 2014; and,

98 (d) the redemption price (100% of the principal amount)
99 payable on January 1, 2014, of the Refunded 2004A Bonds..

100 The selection of The Bank of New York Mellon as Escrow Trustee is hereby
101 ratified and confirmed. The Escrow Agreement shall be in substantially the form set
102 forth as Attachment B hereto.

103 Any beginning cash balance and the Escrow Securities shall be irrevocably
104 deposited with the Escrow Agent in an amount sufficient to defease the Refunded Bonds
105 in accordance with the ordinances authorizing the Refunded Bonds. Any amounts
106 described above that are not provided for in full by such beginning cash balance and the
107 purchase and deposit with the Escrow Agent of the Escrow Securities shall be provided
108 for by the irrevocable deposit of the necessary amount out of the proceeds of sale of the
109 Bonds or any other money of the county legally available therefor. The proceeds of the
110 Bonds remaining in the Refunding Account after acquisition of the Escrow Securities and
111 provision for the necessary beginning cash balance shall be utilized to pay expenses of
112 the acquisition and safekeeping of the Escrow Securities and the costs of issuing the
113 Bonds. The county may, from time to time, transfer, or cause to be transferred, from the
114 Refunding Account any money not thereafter required for the purposes set forth in
115 subparagraphs (a) -- (d) above, subject to verification in writing by an independent
116 certified public accountant that such transfer will not result in inadequate funds being
117 available to make the required payments therefrom. The county reserves the right to
118 substitute other securities for the Escrow Securities in the event it may do so pursuant to

119 Section 148 of the Code and applicable regulations thereunder, upon compliance with the
120 conditions set forth in the Escrow Agreement.

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

124 In accordance with the provisions of the ordinances authorizing the redemption
125 and retirement of the Refunded Bonds prior to their fixed maturities, the county hereby
126 irrevocably defeases and calls for redemption on January 1, 2012, the Refunded 2001
127 Bonds and the Refunded 2002A Bonds, and irrevocably defeases and calls for
128 redemption on January 1, 2014, the Refunded 2004A Bonds.

129 Said defeasance and call for redemption of the Refunded Bonds shall be
130 irrevocable after the final establishment of the Refunding Account and delivery of the
131 Escrow Securities and the requisite cash deposit, if any, to the Escrow Agent, except as
132 provided herein relating to the substitution of securities. The Finance Director is
133 authorized and requested to provide whatever assistance is necessary to accomplish such
134 defeasance and redemption.

135 The Escrow Agent is hereby authorized and directed to notify the fiscal agency of
136 the State of Washington to give notice of the redemption of the Refunded Bonds in
137 accordance with the applicable provisions of the ordinances authorizing their issuance.
138 The Finance Director is authorized and requested to provide whatever assistance is
139 necessary to accomplish such redemption and the giving of notice therefor. The costs of
140 publication of such notice shall be an expense of the county.

141 The Escrow Agent is hereby authorized and directed to pay to the fiscal agency or
142 agencies of the State of Washington sums sufficient to make, when due, the payments
143 specified in subparagraphs (a) -- (b) above. All such sums shall be paid from the money
144 and the Escrow Securities deposited with the Escrow Agent pursuant to this section, and
145 the income therefrom and proceeds thereof. All such sums so paid shall be credited to
146 the Refunding Account. All money and Escrow Securities deposited with the Escrow
147 Agent and any income therefrom shall be held, invested and applied in accordance with
148 the provisions of the Bond Ordinance and with the laws of the State of Washington for
149 the benefit of the county and the owners of the Refunded Bonds.

150 3. Findings of Saving and Defeasance. This council hereby finds and
151 determines that the issuance and sale of the Bonds at this time will effect a savings to the
152 county and ratepayers of the System. In making such finding and determination, the
153 council has given consideration to the interest on and the fixed maturities of the Bonds
154 and the Refunded Bonds, the costs of issuance of the Bonds and the known earned
155 income from the investment of the proceeds of sale of the Bonds pending redemption and
156 payment of the Refunded Bonds.

157 This council hereby further finds and determines that the Escrow Securities to be
158 deposited with the Escrow Agent and the income therefrom, together with any necessary
159 beginning cash balance, are sufficient to defease and redeem the above-referenced
160 Refunded Bonds and will discharge and satisfy the obligations of the county with respect
161 to the Refunded Bonds under the ordinances authorizing their issuance and the pledges of
162 the county therein. Immediately upon the delivery of such Escrow Securities to the
163 Escrow Agent and the deposit of any necessary beginning cash balance, the Refunded

164 Bonds shall be deemed not to be outstanding under their authorizing ordinance and shall
165 cease to be entitled to any lien, benefit or security under such ordinances except the right
166 to receive payment from the Escrow Securities and beginning cash balance so set aside
167 and pledged.

168 F. Undertaking to Provide Ongoing Disclosure.

169 1. Contract/Undertaking. In accordance with Section 31 of the Bond
170 Ordinance, this Section F constitutes the county's written undertaking for the benefit of
171 the Owners and Beneficial Owners of the Bonds as required by paragraph (b)(5) of
172 Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of
173 1934, as the same may be amended from time to time (the "Rule").

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

178 (a) Annual financial statements, which may or may not be audited,
179 showing year-end fund balance for the County's Water Quality Enterprise fund prepared
180 in accordance with the Budget Accounting and Reporting System ("BARS") prescribed
181 by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statutes)
182 and generally of the type included in the official statement for the Bonds under the
183 heading "Appendix C: King County Water Quality Enterprise 2010 Audited Financial
184 Statements";

185 (b) Amount of outstanding Parity Bonds; and

186 (c) Information regarding customers, revenues and expenses of the
187 Sewer System generally in the form set forth in the Official Statement for the Bonds in
188 the table titled "Historical Customers, Revenues and Expenses."

189 Items (b) and (c) shall be required only to the extent that such information is not
190 included in the annual financial statement.

191 The annual information and operating data described above shall be provided on
192 or before the end of seven months after the end of the county's fiscal year. The county's
193 fiscal year currently ends on December 31. The county may adjust such fiscal year by
194 providing written notice of the change of fiscal year to the MSRB. In lieu of providing
195 such annual financial information and operating data, the county may make specific cross
196 reference to other documents available to the public on the MSRB's internet website or
197 filed with the SEC.

198 If not provided as part of the annual financial information discussed above, the
199 County will provide to the MSRB the County's audited annual financial statement
200 prepared in accordance with BARS when and if available.

201 3. Notification Upon Failure to Provide Financial Data. The county
202 agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its
203 failure to provide the annual financial information and operating data described in
204 subsection 2 above on or prior to the date set forth in subsection 2 above.

205 4. Specified Events. The county agrees to provide or cause to be
206 provided, to the MSRB in a timely manner, not in excess of ten business days after the
207 occurrence of the event, notice of the occurrence of any of the following events with
208 respect to the Bonds:

- 209 (a) Principal and interest payment delinquencies;
- 210 (b) Non-payment related defaults, if material;
- 211 (c) Unscheduled draws on debt service reserves reflecting financial
212 difficulties;
- 213 (d) Unscheduled draws on credit enhancements reflecting financial
214 difficulties;
- 215 (e) Substitution of credit or liquidity providers, or their failure to
216 perform;
- 217 (f) Adverse tax opinions, the issuance by the Internal Revenue Service
218 of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form
219 5701-TEB) or other material notices or determinations with respect to the tax status of the
220 Bonds or other material events affecting the tax-exempt status of the Bonds;
- 221 (g) Modifications to rights of Bondholders, if material;
- 222 (h) Bond calls, if material, and tender offers for the Bonds;
- 223 (i) Defeasances;
- 224 (j) Release, substitution or sale of property securing repayment of the
225 Bonds, if material;
- 226 (k) Rating changes;
- 227 (l) Bankruptcy, insolvency, receivership, or similar event of the
228 county or any "obligated person" (as such term is defined in the Rule);
- 229 (m) The consummation of a merger, consolidation or acquisition
230 involving the county or an obligated person or the sale of all or substantially all of the
231 assets of the county or the obligated person, other than in the ordinary course of business,

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

235 (n) Appointment of a successor or additional trustee or the change of
236 name of a trustee, if material.

237 Solely for purposes of disclosure, and not intending to modify this undertaking,
238 the county advises with reference to items (c) and (j) above that the Parity Bond Reserve
239 Account is the debt service reserve for the Bonds and no property secures repayment of
240 the Bonds.

241 5. EMMA; Format for Filings with the MSRB. Until otherwise designated
242 by the MSRB or the Commission, any information or notices submitted to the MSRB in
243 compliance with the Rule are to be submitted through the MSRB's Electronic Municipal
244 Market Access system ("EMMA"), currently located at www.emma.msrb.org
245 <http://www.emma.msrb.org>. All notices, financial information and operating data
246 required by this undertaking to be provided to the MSRB must be in an electronic format
247 as prescribed by the MSRB. All documents provided to the MSRB pursuant to this
248 undertaking must be accompanied by identifying information as prescribed by the
249 MSRB.

250 6. Termination/Modification. The county's obligations to provide annual
251 financial information and notices of specified events shall terminate upon the legal
252 defeasance or payment in full of all of the Bonds. These obligations, or any provision of
253 this section, shall be null and void if the county (i) obtains an opinion of nationally
254 recognized bond counsel to the effect that those portions of the Rule that require these

255 obligations, or any such provision, are invalid, have been repealed retroactively or
256 otherwise do not apply to the Bonds; and (ii) notifies the MSRB of such opinion and the
257 cancellation of these obligations.

258 Notwithstanding any other provision of the Bond Ordinance or this motion, the
259 county may amend this Section F, and any provision of this Section F may be waived,
260 with an approving opinion of nationally recognized bond counsel and in accordance with
261 the Rule.

262 In the event of any amendment or waiver of a provision of this Section F, the
263 county shall describe such amendment in the next annual report, and shall include, as
264 applicable, a narrative explanation of the reason for the amendment or waiver and its
265 impact on the type (or in the case of a change of accounting principles, on the
266 presentation) of financial information or operating data being presented by the county. In
267 addition, if an amendment relates to the accounting principles to be followed in preparing
268 financial statements, (i) notice of such change shall be given in the same manner as for a
269 material event under subsection 3, and (ii) the annual report for the year in which the
270 change is made should present a comparison (in narrative form and also, if feasible, in
271 quantitative form) between the financial statements as prepared on the basis of the new
272 accounting principles and those prepared on the basis of the former accounting principles.

273 7. Bond Owner's Remedies Under This Section. The right of any Bond
274 owner or Beneficial Owner of Bonds to enforce the provisions of this Section F shall be
275 limited to a right to obtain specific enforcement of the county's obligations hereunder,
276 and any failure by the county to comply with the provisions of this undertaking shall not
277 be an event of default with respect to the Bonds hereunder. For purposes of this section,

278 "Beneficial Owner" means any person who has the power, directly or indirectly, to vote
279 or consent with respect to, or to dispose of ownership of, any Bond, including persons
280 holding Bonds through nominees or depositories.

281 8. Prior Compliance. The county has entered into written undertakings under
282 the Rule with respect to all of its obligations subject thereto and is in compliance with all
283 such undertakings.

284 G. Further Authority. The county officials, their agents, attorneys and
285 representatives are hereby authorized and directed to do everything necessary for the
286 prompt issuance and delivery of the Bonds and for the proper use and application of the
287 proceeds of such sale.

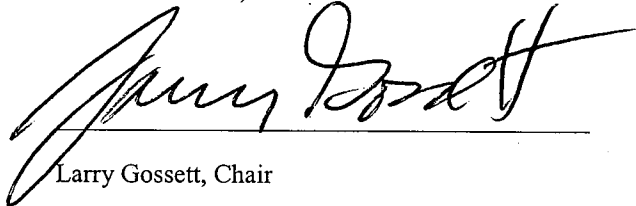
288 H. Severability. If any provision in this motion is declared by any court of
289 competent jurisdiction to be contrary to law, then such provision shall be null and void

290 and shall be deemed separable from the remaining provisions of this motion and shall in
291 no way affect the validity of the other provisions of this motion or of the Bonds.
292

Motion 13573 was introduced on 10/3/2011 and passed by the Metropolitan King County Council on 10/3/2011, by the following vote:

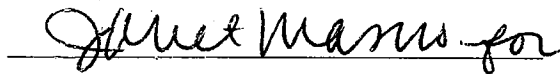
Yes: 7 - Mr. von Reichbauer, Mr. Gossett, Ms. Hague, Ms. Patterson,
Ms. Lambert, Mr. Ferguson and Mr. McDermott
No: 0
Excused: 2 - Mr. Phillips and Mr. Dunn

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments: A. Execution Version King County, Washington \$32,445,000 Sewer Revenue Refunding Bonds, 2011 Series C Bond Purchase Contract, B. Escrow Deposit Agreement King County, Washington Sewer Revenue Refunding Bonds, 2011 Series C

EXECUTION VERSION

KING COUNTY, WASHINGTON

\$32,445,000
SEWER REVENUE REFUNDING BONDS, 2011 SERIES C

BOND PURCHASE CONTRACT

October 3, 2011

King County, Washington

Ladies and Gentlemen:

J.P. Morgan Securities LLC (the "Underwriter") 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 Underwriter. This offer is made subject to receipt by the Underwriter of the documents described in this Contract and to the County's acceptance by executing this Contract and delivering it to the Underwriter 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 Underwriter 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 Underwriter 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 Underwriter hereby agrees to purchase from the County, and the County hereby agrees to issue, sell and deliver to the Underwriter, all (but not less than all) of the above-referenced bonds (the "Bonds"). The Bonds shall be dated the date of their initial delivery to the Underwriter; 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 \$35,041,755.67, representing the aggregate principal amount of the Bonds, plus an original issue premium of \$2,715,709.00, less an underwriting discount of \$118,953.33 (the "Purchase Price").

2. Closing. Subject to the terms and conditions of this Contract, the delivery of the Bonds and payment of the Purchase Price (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 November 1, 2011, or on such other day or at such other place as shall be agreed to by the Underwriter and the County (the "Closing Date"). At the Closing:

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

(b) the Underwriter shall pay the Purchase Price 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 Underwriter); 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 interest rate for each maturity 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 Underwriter; 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 Underwriter (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 September 27, 2011, 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 Underwriter, 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 in any event not later than five Business Days prior to the Closing Date, the County shall deliver to the Underwriter as many copies of the Official Statement as are required to permit the Underwriter 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 Underwriter and hereby authorizes the distribution and use of the Official Statement by the Underwriter 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 by 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 Underwriter, and if, in the reasonable opinion of the Underwriter, 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 Underwriter, 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 Underwriter. 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 Underwriter, and (as appropriate) covenants to the Underwriter, 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 Agreement dated the Closing Date (the “Escrow Agreement”), by and between the County and The Bank of New York Mellon, 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, and 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 Underwriter 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 and shall be entitled to the benefits and the security, and shall be subject only to the terms and conditions, set forth in the Bond Legislation and described in the Official Statement. The issuance of the Bonds is permitted 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 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 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 caption entitled "LEGAL AND TAX INFORMATION—Tax Matters" and the information concerning DTC or the book-entry system.

(i) Except as described in 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) 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 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 Underwriter shall be deemed a representation and warranty by the County to the Underwriter 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 Underwriter 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 Underwriter; 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 Underwriter 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 Underwriter, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent or fiduciary of the County, (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the County with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter or any affiliate of the 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 Underwriter has financial and other interests that differ from those of the County.

5. Conditions to the Obligations of the Underwriter. In addition to any other conditions herein stated, the obligations of the Underwriter 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 shall not have contained an untrue statement of a material fact or omitted 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, 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 Underwriter, and if in the opinion of the Underwriter 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 Underwriter.

(e) The representations and warranties of the County contained herein shall have been 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 Underwriter in writing, the Underwriter 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 Underwriter, 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 Underwriter, (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 "LEGAL AND TAX INFORMATION—Continuing Disclosure Undertaking," and in Appendix A—"Summary of Bond Ordinance" and Appendix B—"Form of Bond Counsel Opinion," 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 Underwriter, the financial advisor to the County and Underwriter's 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 Underwriter, 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 Underwriter, of Foster Pepper PLLC, counsel to the Underwriter, to the effect that (A) the offer and sale of the Bonds by the Underwriter 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 Underwriter 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 and F 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 Underwriter 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 caption entitled “LEGAL AND TAX INFORMATION—Tax-Matters” 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 for borrowed money of the County payable from and secured by a lien on or pledge of the Revenue of the Sewer System; (D) all payments into all funds or accounts created and established for the payment and security of all outstanding obligations payable from and secured by a lien on and pledge of 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 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 Underwriter 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 Underwriter and to Foster Pepper PLLC, counsel to the Underwriter, approval of such form and substance not to be unreasonably withheld.

6. Termination of Contract. The Underwriter shall have the right in its sole discretion to cancel the Underwriter's 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 Underwriter, 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 o

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 Underwriter's opinion, materially adversely affects the marketability of the Bonds or the ability of the Underwriter to enforce contracts for sale of the Bonds.

(c) In the Underwriter'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 Underwriter 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 Underwriter'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 Underwriter, would make it impracticable for the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds.

(j) There shall have occurred any event as a result of which the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements and information contained therein, in the light of the circumstances under which they were made, not misleading.

7. Effect of Termination. If the sale of the Bonds to the Underwriter, as herein contemplated, is not carried out by the Underwriter 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 Underwriter 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 Underwriter 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 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 Underwriter.

(b) The Underwriter shall pay (i) any fees assessed upon the Underwriter 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 Underwriter 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 Underwriter.

9. Indemnification. To the extent permitted by law, the County shall indemnify and hold harmless the Underwriter, each of its partners, members, officers and employees and each person who controls the 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 Underwriter may be given by delivering the same in writing to J.P. Morgan Securities LLC, 1301 Second Avenue, 24th Floor, Seattle, Washington 98101; Attention: Christine H. Pihl.

11. General. This Contract is made solely for the benefit of the County and the Underwriter (including any successor of the Underwriter), 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 Underwriter 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 Underwriter may be waived by it.

13. Effectiveness of Contract. This Contract shall become effective upon the execution hereof by each of the Underwriter 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 Underwriter and the County with respect to the matters covered hereby and supersedes all prior agreements and understandings between the Underwriter and the County. This Contract shall only be amended, supplemented or modified in a writing signed by both the Underwriter 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 H. Pihl, Executive Director

Accepted on: October 3, 2011

KING COUNTY, WASHINGTON

By: _____
Authorized Representative

EXHIBIT A

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

<u>Maturity Date January 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield</u>
2022	\$ 2,350,000	3.00%	2.68%
2022	2,905,000	4.00	2.68
2022	2,630,000	5.00	2.68
2035	24,560,000	5.00	4.05*

* Calculated to the par call date of January 1, 2021.

Optional Redemption. The County reserves the right to redeem outstanding Bonds maturing on January 1, 2035, in whole or in part, at any time on or after January 1, 2021, at the price of par plus accrued interest, if any, to the date fixed for redemption.

EXHIBIT B

CERTIFICATE OF CHIEF CIVIL DEPUTY COUNTY PROSECUTING ATTORNEY

I, Kevin Wright, the duly appointed and qualified Chief Civil Deputy Prosecuting Attorney of King County, Washington (the "County"), in connection with the issuance by the County of its Sewer Revenue Refunding Bonds, 2011 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 October 3, 2011, under the caption "LEGAL AND TAX INFORMATION—Litigation," insofar as such statements purport to summarize litigation affecting the County, present a fair and accurate summary of such litigation, and are true and correct.

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

For DAN SATTERBERG,
King County Prosecuting Attorney

Kevin Wright
Chief Civil Deputy

ESCROW DEPOSIT AGREEMENT

KING COUNTY, WASHINGTON SEWER REVENUE REFUNDING BONDS, 2011 SERIES C

THIS ESCROW DEPOSIT AGREEMENT, dated November 1, 2011 (together with any amendments or supplements hereto, called the "Agreement"), is entered into by and between KING COUNTY, WASHINGTON (the "County") and THE BANK OF NEW YORK MELLON, as Escrow Agent (together with any successor in such capacity, called the "Escrow Agent"). The notice addresses of the County and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

WITNESSETH:

WHEREAS, the County has issued and there presently remain outstanding the obligations described in Exhibit B (the "Refunded Bonds"); and

WHEREAS, pursuant to Ordinance 17111 adopted on June 20, 2011, and Motion _____ adopted on October 3, 2011 (together, the "Bond Legislation"), the County has determined to issue its Sewer Revenue Refunding Bonds, 2011 Series C (the "Bonds"), to provide funds for refunding the Refunded Bonds; and

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

WHEREAS, Grant Thornton LLP has prepared a verification report that is dated November 1, 2011 (the "Verification Report") relating to the sources and uses of funds available to accomplish the refunding of the Refunded Bonds, the investment of such funds and the adequacy of such funds and investments to provide for the payment of the debt service due on the Refunded Bonds; and

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

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

WHEREAS, when Escrow Securities have been deposited with the Escrow Agent for the payment of all principal and interest of the Refunded Bonds when due, then the

Refunded Bonds shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose;

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

Article 1. Definitions

Section 1.1. Definitions.

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

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

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

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

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

Section 1.2. Other Definitions.

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

Section 1.3. Interpretations.

The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to

achieve the intended purpose of providing for the refunding of the Refunded Bonds in accordance with applicable law.

Article 2. Deposit of Funds and Escrow Securities

Section 2.1. Deposits in the Refunding Account.

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

Article 3. Creation and Operation of Refunding Account

Section 3.1. Refunding Account.

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

Section 3.2. Payment of Principal and Interest.

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

Section 3.3. Sufficiency of Refunding Account.

The County represents that, based upon the information provided in the Verification Report, the receipts of principal of and interest on the Escrow Securities will assure that the cash balance on deposit from within the Refunding Account will be at all times sufficient to provide money for transfer to the Paying Agent at the time and in the amount required to pay the interest on the Refunded Bonds and the principal of the Refunded Bonds on the redemption date, all as more fully set forth in Exhibit E. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Refunding Account shall be insufficient to transfer

the amounts required by the Paying Agent to make the payments set forth in Section 3.2, the County shall timely deposit in the Refunding Account, from any funds that are lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Refunding Account or the County's failure to make additional deposits.

Section 3.4. Trust Fund.

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

Article 4. Limitation on Investments

Section 4.1. Investments.

Except for the initial investment in the Escrow Securities, and except as provided in Section 4.2, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrow Securities, or to sell, transfer, or otherwise dispose of the Escrow Securities.

Section 4.2. Substitution of Securities.

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

Article 5. Application of Cash Balances

Section 5.1. In General.

Except as provided in Section 2.1, 3.2 and 4.2 hereof, no withdrawals, transfers or reinvestment shall be made of cash balances in the Refunding Account. Cash balances shall be held by the Escrow Agent in United States currency as cash balances as shown on the books and records of the Escrow Agent and, except as provided herein, shall not be reinvested by the Escrow Agent.

Article 6. Redemption of Refunded Bonds

Section 6.1. Call for Redemption.

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

Section 6.2. Notice of Redemption/Notice of Defeasance.

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

Article 7. Records and Reports

Section 7.1. Records.

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

Section 7.2. Reports.

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

Article 8. Concerning the Paying Agent and Escrow Agent

Section 8.1. Representations.

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

Section 8.2. Limitation on Liability.

The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Bonds shall be limited to the proceeds of the Escrow Securities and the cash balances from time to time on deposit in the Refunding Account. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Refunding Account or any failure of the obligors of the Escrow Securities to make timely payment thereon, except for the obligation to notify the County promptly upon its becoming aware of any such occurrence.

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

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

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

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the County with respect to arrangements or contracts

with others, with the Escrow Agent's sole duty hereunder being to safeguard the Refunding Account, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the County or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the County at any time.

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

The Escrow Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent may consult with counsel and the advice or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or opinion of counsel. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

Whenever in the administration of the provisions of this Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action to be taken hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate signed by one of the officers of the County, and delivered to the Escrow Agent and such certificate, in the absence of negligence or bad faith on the part of the Escrow Agent, shall be full warrant to the Escrow Agent for any action taken, suffered or omitted by it under the provisions of this Agreement upon the faith thereof. The Escrow Agent shall not be bound to make any

investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document.

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

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

Section 8.3. Compensation.

The County shall pay to the Escrow Agent fees for performing the services hereunder pursuant to the terms of the Fee Schedule attached as Appendix C and shall reimburse the Escrow Agent for the expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement (including without limitation, legal fees and expenses). The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Refunding Account for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses as Escrow Agent or in any other capacity.

If the Escrow Agent renders any service hereunder not provided for in this Agreement, or the Escrow Agent is made a party to or intervenes in any litigation pertaining to this Agreement or institutes interpleader proceedings relative hereto, the Escrow Agent shall be compensated reasonably by the County for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out-of-pocket

and incidental expenses and legal fees and expenses occasioned thereby. The provisions of this Section 8.3 shall survive the termination of this Agreement or the earlier resignation or removal of the Escrow Agent.

Section 8.4. Successor Escrow Agents.

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

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

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

The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor Escrow Agent if (a) the requirements of this Section 8.4 are satisfied; (b) the successor Escrow Agent has assumed all the obligations of the Escrow Agent under this Agreement; and (c) all of the Escrow Securities and money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor Escrow Agent.

Article 9. Miscellaneous

Section 9.1. Notice.

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

Section 9.2. Termination of Responsibilities.

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

Section 9.3. Binding Agreement.

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

Section 9.4. Severability.

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

Section 9.5. Washington Law Governs.

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

Section 9.6. Time of the Essence.

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

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

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

Section 9.8. Amendments.

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

EXECUTED as of the date first written above.

KING COUNTY, WASHINGTON

Director of Finance and Business
Operations Division

**THE BANK OF NEW YORK MELLON, as
Escrow Agent**

Authorized Signatory

- Exhibit A - Addresses of the County and the Escrow Agent
- Exhibit B - Description of the Refunded Bonds
- Exhibit C - Schedule of Debt Service on Refunded Bonds
- Exhibit D - Escrow Deposit
- Exhibit E - Refunding Account Cash Flow

Appendix A1 -	Notice of Redemption for the Refunded 2001 Bonds
Appendix A2 -	Notice of Redemption for the Refunded 2002A Bonds
Appendix B1 -	Notice of Defeasance for the Refunded 2001 Bonds
Appendix B2 -	Notice of Defeasance for the Refunded 2002A Bonds
Appendix C -	Fee Schedule

EXHIBIT A
Addresses of the County and Escrow Agent

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

Escrow Agent: The Bank of New York Mellon
Corporate Trust Dept. Fiscal Agencies Unit
101 Barclay Street, 7 West
New York, NY 10286
Attention: Joann La Barbara

EXHIBIT B
Description of the Refunded Bonds

King County, Washington
Sewer Revenue and Refunding Bonds, 2001
("Refunded 2001 Bonds")

Maturities (January 1)	Principal Amounts	Interest Rates
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King County, Washington
Sewer Revenue Refunding Bonds, 2002B
("Refunded 2002A Bonds")

Maturities (January 1)	Principal Amounts	Interest Rates
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EXHIBIT C
Schedule of Debt Service on Refunded Bonds

Date	Interest	Principal/ Redemption Price	Total

EXHIBIT D
Escrow Deposit

I. Cash \$ _____

II. Other Obligations

<u>Description</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Yield</u>	<u>Total Cost</u>

III. Costs of Issuance

Bond Counsel fee (K&L Gates LLP)	
Moody's rating fee.....	
S&P rating fee.....	
County internal costs (King County Treasury).	
Financial Advisor (Seattle-Northwest)	
Escrow Verification fee (Grant Thornton)	
Escrow Agent fee (The Bank of New York, Mellon).....	
POS/OS printing & mailing cost (Seattle-Northwest Securities Corporation/Alpha Graphics)	
Electronic POS (Seattle-Northwest Securities Corporation/i-Deal).....	
Contingency.....	
Total:.....	

EXHIBIT E
Refunding Account Cash Flow

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Cash Balance

APPENDIX A1

Notice of Redemption* King County, Washington Sewer Revenue and Refunding Bonds, 2001

NOTICE IS HEREBY GIVEN that King County, Washington, has called for redemption on January 1, 2012, certain of its then outstanding Sewer Revenue and Refunding Bonds, 2001 dated November 28, 2001 (the "Refunded 2001 Bonds").

The Refunded 2001 Bonds will be redeemed at a price of 100% of their principal amount, plus interest accrued to January 1, 2012. The redemption price of the Refunded 2001 Bonds is due and payable on January 1, 2012, upon presentation and surrender of the Refunded 2001 Bonds at the office of:

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

-or-

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

Interest on all Refunded 2001 Bonds or portions thereof that are redeemed shall cease to accrue on January 1, 2012.

The following are the Refunded 2001 Bonds being redeemed:

<u>Maturities</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>CUSIP Nos.</u>
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The County and Escrow Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.

* This notice shall be given not more than 60 nor less than 30 days prior to January 1, 2012, by first-class mail to each registered owner of the Refunded 2001 Bonds. In addition notice shall be provided at least 30 days prior to January 1, 2012 to the Municipal Securities Rulemaking Board; The Depository Trust Company of New York, New York; Financial Guaranty Insurance Corporation; Moody's Investors Service, and to Standard & Poor's Ratings Services.

By Order of King County, Washington

The Bank of New York Mellon, as Paying Agent

Dated: _____.

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

APPENDIX A2

**Notice of Redemption*
King County, Washington
Sewer Revenue Bonds, 2002A**

NOTICE IS HEREBY GIVEN that King County, Washington, has called for redemption on January 1, 2012, certain of its then outstanding Sewer Revenue Bonds, 2002A dated August 14, 2002 (the "Refunded 2002A Bonds").

The Refunded 2002A Bonds will be redeemed at a price of 100% of their principal amount, plus interest accrued to January 1, 2012. The redemption price of the Refunded 2002A Bonds is due and payable on January 1, 2012 upon presentation and surrender of the Refunded 2002A Bonds at the office of:

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

-or-

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

Interest on all Refunded 2002A Bonds or portions thereof that are redeemed shall cease to accrue on January 1, 2012.

The following are the Refunded 2002A Bonds are being redeemed:

<u>Maturities (January 1)</u>	<u>Principal Amount</u>	<u>Interest Rates</u>	<u>Original CUSIP Nos.</u>
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The County and Escrow Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.

* This notice shall be given not more than 60 nor less than 30 days prior to January 1, 2012, by first-class mail to each registered owner of the Refunded 2002A Bonds. In addition notice shall be provided at least 30 days prior to January 1, 2012 to the Municipal Securities Rulemaking Board; The Depository Trust Company of New York, New York; Financial Security Assurance Inc.; Moody's Investors Service, and to Standard & Poor's Ratings Services.

By Order of King County, Washington

The Bank of New York Mellon, as Paying Agent

Dated: _____.

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

APPENDIX B1*
Notice of Defeasance*
King County, Washington
Sewer Revenue and Refunding Bonds, 2001

NOTICE IS HEREBY GIVEN to the owners of that portion of the above-captioned bonds with respect to which, pursuant to an Escrow Deposit Agreement dated November 1____, 2011, by and between King County, Washington (the "County") and The Bank of New York Mellon (the "Escrow Agent"), the County has deposited into an escrow account, held by the Escrow Agent, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money sufficient to pay each year, to and including the redemption date of such bonds so provided for, the principal thereof and interest thereon (the "2001 Defeased Bonds"), as evidenced by a verification agent's report delivered to the Escrow Agent. The 2001 Defeased Bonds are therefore deemed to be no longer outstanding pursuant to the provisions of Ordinance 14225 of the County, authorizing the issuance of the 2001 Defeased Bonds, but will be paid by application of the assets of such escrow account.

The 2001 Defeased Bonds are described as follows:

King County, Washington
Sewer Revenue and Refunding Bonds, 2001
(dated November 28, 2001)

<u>Maturities</u> <u>(January 1)</u>	<u>Par Amount</u> <u>Defeased</u>	<u>Call Date</u> <u>(At 100%)</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>CUSIP Nos.</u>
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The Escrow Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any 2001 Defeased Bond. They are included solely for the convenience of the holders.

[Date]

The Bank of New York Mellon, as Escrow Agent

* This notice shall be given immediately by first-class mail to each registered owner of the 2001 Defeased Bonds. In addition notice shall be mailed to The Depository Trust Company of New York, New York; Financial Guaranty Insurance Corporation; The Bank of New York Mellon, as Fiscal Agent; Moody's Investors Service, and to Standard & Poor's Ratings Services, and filed electronically with the Municipal Securities Rulemaking Board.

APPENDIX B2*

Notice of Defeasance*
King County, Washington
Sewer Revenue Bonds, 2002A

NOTICE IS HEREBY GIVEN to the owners of that portion of the above-captioned bonds with respect to which, pursuant to an Escrow Deposit Agreement dated November 1____, 2011, by and between King County, Washington (the "County") and The Bank of New York Mellon (the "Escrow Agent"), the County has deposited into an escrow account, held by the Escrow Agent, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money sufficient to pay each year, to and including the redemption date of such bonds so provided for, the principal thereof and interest thereon (the "2002A Defeased Bonds"), as evidenced by a verification agent's report delivered to the Escrow Agent. The 2002A Defeased Bonds are therefore deemed to be no longer outstanding pursuant to the provisions of Ordinance 14406 of the County, authorizing the issuance of the 2002A Defeased Bonds, but will be paid by application of the assets of such escrow account.

The 2002A Defeased Bonds are described as follows:

King County, Washington
Sewer Revenue Bonds, 2002A
(dated August 14, 2002)

<u>Maturities</u> <u>(January 1)</u>	<u>Par Amount</u> <u>Defeased</u>	<u>Call Date</u> <u>(At 100%)</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>CUSIP Nos.</u>
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The Escrow Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any 2002A Defeased Bond. They are included solely for the convenience of the holders.

[Date]

The Bank of New York Mellon, as Escrow Agent

* This notice shall be given immediately by first-class mail to each registered owner of the 2002A Defeased Bonds. In addition notice shall be mailed to The Depository Trust Company of New York, New York; Financial Security Assurance Inc.; The Bank of New York Mellon, as Fiscal Agent; Moody's Investors Service, and to Standard & Poor's Ratings Services, and filed electronically with the Municipal Securities Rulemaking Board.

APPENDIX C

Escrow Agent Fee

\$ _____