



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**July 1, 2014**

**Motion 14160**

**Proposed No. 2014-0262.1**

**Sponsors McDermott**

1           A MOTION of the county council approving a tender and  
2           purchase contract for the county's Sewer Revenue  
3           Refunding Bond, 2014 Series A, to be issued in the  
4           aggregate principal amount of \$75,000,000, to refund on a  
5           current basis a portion of the county's Sewer Revenue  
6           Bonds, 2007, establishing certain terms of the bond, and  
7           providing for the application of the proceeds of the bond,  
8           all in accordance with Ordinance 17599.

9           WHEREAS, pursuant to Ordinance 17599 ("the Ordinance"), the county council  
10          authorized the issuance of sewer revenue bonds and limited tax general obligation bonds  
11          (payloadable from sewer revenues) of the county in an aggregate principal amount not to  
12          exceed \$300,000,000 to provide funds for acquiring and constructing improvements to  
13          the sewer system and an aggregate principal amount not to exceed \$950,000,000 for  
14          refunding outstanding bonds of the county payable from sewer revenues, and

15          WHEREAS, the Ordinance identified the Sewer Revenue Bonds, 2007 ("the 2007  
16          Bonds") issued in the aggregate principal amount of \$250,000,000 pursuant to Ordinance  
17          15758 adopted on May 7, 2007 ("the 2007 Ordinance") and sold pursuant to Motion  
18          12528 adopted on June 11, 2007 ("the 2007 Motion" and, together with the 2007

19 Ordinance, "the 2007 Bond Authorization") as a "Refunding Candidate" authorized to be  
20 refunded pursuant to the Ordinance, and

21 WHEREAS, pursuant to the 2007 Bond Authorization, the 2007 Bonds maturing  
22 on or after January 1, 2018, are subject to redemption in whole or in part at any time on  
23 or after July 1, 2017, at the price of par plus accrued interest, if any, to the date of  
24 redemption, and

25 WHEREAS, \$75,000,000 of the 2007 Bonds maturing on January 1, 2047 ("the  
26 2007 Citi Bonds"), currently are owned by Citibank, N.A., a national banking association  
27 ("the Bank"), and

28 WHEREAS, the Bank has offered to tender to the county the 2007 Citi Bonds for  
29 purchase in exchange for a Sewer Revenue and Refunding Bond, 2014 Series A ("the  
30 2014 Bond"), in the principal amount of \$75,000,000, for a purchase price for such 2014  
31 Bond of \$85,305,000, and

32 WHEREAS, the Bank will expressly waive the redemption notice and date  
33 requirements to facilitate a current refunding of the 2007 Citi Bonds in connection with  
34 such tender and exchange, and

35 WHEREAS, the Ordinance authorized the county's director of finance and  
36 business operations division ("the Finance Director") to determine, in consultation with  
37 the county's financial advisors, which of the Refunding Candidates, if any, to refund, and  
38 directed that the Finance Director determine, in consultation with the county's financial  
39 advisor, a plan of refunding and the sale of the 2014 Bond, as a Parity Bond or Parity  
40 Lien Obligation, as a Tax-Exempt Bond, Tax Benefited Bond or otherwise, by  
41 competitive bid or negotiated sale, for current or future delivery, and

42 WHEREAS, the Finance Director has determined that the 2014 Bond should be  
43 sold by negotiated sale, as a Parity Bond and Tax-Exempt Bond for current delivery, to  
44 the Bank, and

45 WHEREAS, the Bank has offered to tender its 2007 Citi Bonds in exchange for  
46 the 2014 Bond, and has offered to purchase the 2014 Bond on the terms and conditions  
47 set forth in the Tender and Purchase Agreement in the form of Attachment A to this  
48 motion, and the Finance Director has determined that the 2014 Bond may be sold by  
49 negotiated sale to the Bank, pursuant to such terms and conditions and this motion, and

50 WHEREAS, in accordance with the Ordinance, the council wishes to ratify and  
51 confirm certain terms of the 2014 Bond and approve a plan of refunding the 2007 Citi  
52 Bonds with a portion of the proceeds of the 2014 Bond, and the application of a portion  
53 of the proceeds of the 2014 Bond to pay costs of acquiring and constructing  
54 improvements to the System, all as set forth herein;

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

56 A. Definitions. Except as expressly authorized herein, terms used in this  
57 motion have the meanings set forth in the Ordinance.

58 B. Approval of Tender and Purchase Agreement and Authorization of Bonds.  
59 The issuance of the 2014 Bond, designated as set forth in the recitals of this motion, and  
60 the terms and conditions thereof as set forth in the tender and purchase agreement  
61 attached hereto as Attachment A to this motion ("the Tender and Purchase Agreement"),  
62 are hereby ratified and confirmed, and the Tender and Purchase Agreement in  
63 substantially the form set forth in Attachment A to this motion, is hereby approved. The  
64 2014 Bond shall bear interest at the rates set forth in the Tender and Purchase Agreement

65 and shall conform in all other respects to the terms and conditions specified in the Tender  
66 and Purchase Agreement and the Ordinance. The 2014 Bond shall be subject to  
67 redemption as set forth in the Tender and Purchase Agreement.

68 C. Refunding and Redemption of Refunded Bonds; Application of Proceeds.

69 1. Application of 2014 Bond Proceeds. The proceeds of the 2014 Bond are  
70 to be applied as follows:

71 a. \$5,274,351.33 is to be deposited to the Construction Subaccount to pay  
72 costs of acquiring and constructing improvements to the System, and

73 b. The balance of the proceeds are to be deposited to the Refunding Account  
74 and Costs of Issuance Account, as set forth in subsection C.2.

75 2. Plan of Refunding. In accordance with Sections 16 and 28 of the  
76 Ordinance, the Finance Director has determined, in consultation with the county's  
77 financial advisor, that net proceeds of the 2014 Bond will be used to refund the 2007 Citi  
78 Bonds (as set forth below, "the Refunded Bonds") pursuant to the plan of refunding set  
79 forth below and ratified and confirmed hereby:

80 **King County**

81 **Sewer Revenue Bonds, 2007**

82 **The Refunded Bonds (which consist of the 2007 Citi Bonds shown below)**

<b>Maturity</b>	<b>Outstanding</b>	<b>2007 Citi</b>	<b>Interest</b>	<b>Original CUSIP</b>
<b>Date</b>	<b>Principal</b>	<b>Bonds</b>	<b>Rate</b>	<b>Number</b>
<b>(January 1) Amount</b>				
2047	\$103,120,000*	\$75,000,000*	5.0%	495289RB8

83 \* Term Bonds.

84           The selection of U.S. Bank National Association as Escrow Agent is hereby  
85 ratified and confirmed. In accordance with Section 16 of the Ordinance, the Finance  
86 Director is authorized and directed to enter into an Escrow Agreement with the Escrow  
87 Agent in a form approved by the county's bond counsel. As provided in Section 16 of the  
88 Ordinance, the King County 2014 Sewer Revenue Bonds Refunding Account ("the  
89 Refunding Account") and the King County 2014 Sewer Revenue Bonds Refunding Costs  
90 of Issuance Account ("the Costs of Issuance Account") will be established and  
91 maintained with the Escrow Agent.

92           A portion of the proceeds of the 2014 Bond will be deposited with the Escrow  
93 Agent pursuant to subsection C.1.b. as follows:

94           a.   \$157,732.00 is to be deposited in the Costs of Issuance Account to pay  
95 the costs and expenses incurred in the issuance of the 2014 Bond as set forth in the  
96 Escrow Agreement. The county may, from time to time, transfer, or cause to be  
97 transferred, from the Costs of Issuance Account any money not thereafter required for  
98 the purposes set forth in this subsection C.2.b. of this motion.

99           b.   \$79,872,916.67 is to be deposited in the Refunding Account to pay the  
100 interest, if any, on the Refunded Bonds payable on and prior to the Settlement Date as  
101 provided in the Tender and Purchase Agreement and the redemption price (100% of the  
102 principal amount) of the Refunded Bonds payable on such Settlement Date. The  
103 amount deposited to the Refunding Account will be irrevocably deposited with the  
104 Escrow Agent to defease and redeem the Refunded Bonds in accordance with the 2007  
105 Bond Authorization. The county may, from time to time, transfer, or cause to be

106 transferred, from the Refunding Account any money not thereafter required for the  
107 purposes set forth in this subsection C.2.b. of this motion.

108           3.     Redemption of Refunded Bonds. The county hereby irrevocably sets  
109 aside sufficient funds in the Refunding Account to make the payments specified in  
110 subsection C.2.b. of this motion. The county hereby directs that the Refunded Bonds be  
111 defeased and called for redemption on the Settlement Date, in accordance with the  
112 provisions of 2007 Bond Authorization; provided that certain redemption notice and  
113 date requirements have been expressly waived by the Bank as set forth in the Tender  
114 and Purchase Agreement. Said defeasance and call for redemption of the Refunded  
115 Bonds shall be irrevocable after the final establishment of the Refunding Account and  
116 delivery of the requisite deposit to the Escrow Agent.

117           The Escrow Agent is hereby authorized and directed to give notice of the  
118 defeasance and redemption of the Refunded Bonds in accordance with the applicable  
119 provisions of the 2007 Bond Authorization. The Finance Director is authorized and  
120 requested to provide whatever assistance is necessary to accomplish the defeasance and  
121 redemption and the giving of notices therefor. The costs of publication of the notices  
122 shall be an expense of the county.

123           The Escrow Agent is hereby authorized and directed to pay to the paying agent  
124 for the Refunded Bonds sums sufficient to make, when due, the payments specified in  
125 subsection C.2.b. of this motion. All such sums shall be paid from the money deposited  
126 with the Escrow Agent in accordance with this section. All sums so paid shall be  
127 credited to the Refunding Account. All money deposited with the Escrow Agent and  
128 any income therefrom shall be held, invested and applied in accordance with the

129 provisions of the Ordinance, the Escrow Agreement, and the laws of the State of  
130 Washington for the benefit of the county and the owners of the Refunded Bonds.

131 D. Findings of Saving and Defeasance. This council hereby finds and  
132 determines that the issuance and sale of the 2014 Bond at this time will effect a savings  
133 to the county and its ratepayers. The savings, based on a net present value calculation,  
134 equals \$5,347,268.00 (or 7.129691% of the principal amount of the 2007 Citi Bonds).

135 E. Parity Bond Findings. The county has previously expressly reserved the  
136 right to issue the 2014 Bond as a Parity Bond in accordance with the ordinances  
137 authorizing its outstanding Parity Bonds for the purpose of acquiring, constructing and  
138 installing any portion of the Comprehensive Plan, or the purpose of acquiring,  
139 constructing and installing any necessary renewals or replacements of the System, or  
140 the purpose of refunding or purchasing and retiring at or prior to their maturity any  
141 outstanding obligations of the county payable from Revenue of the System. The county  
142 hereby finds that the parity conditions have been or will be met for issuance of the 2014  
143 Bond as a Parity Bond as follows:

144 1. The 2014 Bond will be issued to refund (or purchase and retire) the 2007  
145 Citi Bonds, and to provide funds to construct and install a portion of the Comprehensive  
146 Plan or acquire, construct and install any necessary renewals or replacements of the  
147 System.

148 2. At the time of the issuance of the 2014 Bond there is no deficiency in the  
149 Parity Bond Fund or any account therein.

150 3. The Ordinance requires that all money held in any fund or account of the  
151 county created for the purpose of paying the principal of and interest on the 2007 Citi

152 Bonds either be used to pay the principal of and interest on such bonds or be transferred  
153 or paid into the Parity Bond Fund.

154 4. The Ordinance provides for the payment of the principal of and interest  
155 on the 2014 Bond out of the Parity Bond Fund.

156 5. The county has determined that the amount that will be on deposit in the  
157 Parity Bond Reserve Account as of the Settlement Date will satisfy the Reserve  
158 Requirement, without the need for any additional deposit thereto.

159 6. The county will have on file a certificate of the Finance Director  
160 demonstrating that during any 12 consecutive calendar months out of the immediately  
161 preceding 18 calendar months Net Revenue was at least equal to 1.25 times the amount  
162 required to pay, in each year that the 2014 Bond will be outstanding, the Annual Parity  
163 Debt Service for such year.

164 7. The Finance Director is directed to provide to the owner of the Junior  
165 Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, a debt service coverage  
166 certificate as required by Section 5.4(a) of Ordinance 17495 authorizing the issuance of  
167 that bond.

168 F. Continuing Disclosure Undertaking. The county will enter into an  
169 undertaking for continuing disclosure for the 2014 Bonds in substantially the form  
170 attached as Attachment B to this motion.

171 G. Further Authority. The county officials and their agents, attorneys and  
172 representatives are hereby authorized and directed to do everything necessary for the  
173 prompt tender and exchange of the 2007 Citi Bonds, the issuance and delivery of the

174 2014 Bond, for the proper use and application of the proceeds from the sale of the 2014  
175 Bond, and for the defeasance and refunding of the 2007 Citi Bonds.

176 H. Severability. If any provision in this motion is declared by any court of  
177 competent jurisdiction to be contrary to law, then that provision shall be null and void  
178 and shall be deemed separable from the remaining provisions of this motion

179 and shall in no way affect the validity of the other provisions of this motion or of the  
180 2014 Bond.  
181

Motion 14160 was introduced on 6/30/2014 and passed by the Metropolitan King  
County Council on 6/30/2014, by the following vote:

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

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



Larry Phillips, Chair

ATTEST:



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Anne Noris, Clerk of the Council

**Attachments:** A. King County Tender and Purchase Agreement., B. Form of Continuing Disclosure  
Undertaking

**TENDER AND PURCHASE AGREEMENT**

This **TENDER AND PURCHASE AGREEMENT** (the “**Agreement**”) dated June 30, 2014 is between **KING COUNTY, WASHINGTON** (the “**County**”), and **CITIBANK, N.A.**, a national banking association organized under the laws of the United States (“**Citi**”).

**WITNESSETH:**

WHEREAS, the County has previously authorized and issued its \$250,000,000 principal amount of Sewer Revenue Bonds, 2007 (the “2007 Bonds”), pursuant to the provisions of County Ordinance 15758, passed on May 7, 2007 (the “2007 Bond Ordinance”) and Motion 12528 of the County Council, adopted on June 11, 2007 (the “2007 Motion”) and, together with the 2007 Bond Ordinance, the “2007 Bond Authorization”); and

WHEREAS, Citi owns that portion of the outstanding 2007 Bonds, as more fully identified in Section 1 hereof (as defined in said Section 1, the “Citi-Owned County Bonds”); and

WHEREAS, Citi has agreed to tender to the County for purchase and cancellation the Citi-Owned County Bonds and has agreed to purchase from the County in exchange therefor the bonds to be issued by the County as more fully identified in Section 2 hereof (as defined in said Section 2, the “2014 Bonds”); and

WHEREAS, the County has agreed to purchase from Citi tendered Citi-Owned County Bonds and the County has agreed to sell to Citi the 2014 Bonds in exchange therefor; and

WHEREAS, The Bank of New York Mellon, as bond registrar (the “Registrar”), has agreed to perform the duties set forth in this Agreement by separate letter agreement in the form of Exhibit F hereto; and

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the County and Citi agree as follows:

**SECTION 1. TENDER OF CITI-OWNED COUNTY BONDS.**

(A) Citi-Owned Bonds to be Tendered. Subject to the terms and conditions set forth herein, Citi hereby agrees with the County to tender for purchase by the County, simultaneously with the purchase by Citi from the County of the 2014 Bonds pursuant to Section 2 hereof, the following bonds of the County currently owned by Citi (the “Citi-Owned County Bonds”), and the County agrees to purchase such Citi-Owned County Bonds from Citi, all on the terms and subject to the conditions set forth herein:

Citi-Owned County Bonds to be Tendered

Series	Maturity Date (January 1)	Outstanding Principal Amount	Citi-Owned Principal Amount	Interest Rate	Original CUSIP Number <sup>†</sup>	First Optional Redemption Date
2007	2047	\$103,120,000	\$75,000,000	5.00%	495289RB8	July 1, 2017

(B) Tender Price. The aggregate purchase price to be paid by the County for the Citi-Owned County Bonds tendered for purchase shall be \$79,872,916.67 (representing the sum of the purchase price of the Citi-Owned County Bonds (being 100% of the par amount thereof) plus, accrued and unpaid interest thereon to the purchase date (if any). The Bond Registrar agrees to purchase the Citi-Owned County Bonds at the direction of the County as provided in Section 5 hereof and to pay such purchase price of such Citi-Owned County Bonds from funds provided by the County for such purpose as provided in Section 4 hereof.

(C) Waiver of Redemption Date and Redemption Notice of 2007 Bonds. In connection with the tender for purchase of the Citi-Owned County Bonds, Citi agrees to waive the stated redemption date of the 2007 Bonds pursuant to Section B of the 2007 Motion. Citi further agrees to waive the notice provisions pursuant to Section 6 of the 2007 Bond Ordinance.

SECTION 2. PURCHASE AND SALE OF COUNTY REFUNDING BONDS.

(A) County Refunding Bonds to be Purchased. Subject to the terms and conditions forth in this Agreement, Citi hereby agrees to purchase from the County, and the County hereby agrees to sell to Citi, the following bonds to be issued by the County simultaneously with the tender to the County of the Citi-Owned County Bonds as provided in Section 1 hereof:

\$75,000,000 aggregate principal amount of Sewer Revenue and Refunding Bonds, 2014 A (the “2014 Bonds”), such 2014 Bonds to be dated the date of issuance thereof, to be subject to redemption as set forth in, and to be as otherwise described in Exhibit G hereto and in the County Ordinance 17599, passed on June 4, 2013 (the “2014 Bond Ordinance”), and Motion [\_\_\_\_\_] of the County Council, adopted on [June 30], 2014 (“Motion [\_\_\_\_\_]” and, together with the 2014 Bond Ordinance, the “2014 Bond Authorization”), pursuant which to such 2014 Bonds are to be issued and secured.

(B) Purchase Price of the 2014 Bonds. Subject to the terms and conditions hereof and the delivery of such documents and opinions required hereby or by the 2014 Bond Authorization, Citi hereby agrees to purchase the 2014 Bonds at an aggregate purchase price equal to \$85,305,000, consisting of a par amount of \$75,000,000 and an original issue premium of \$10,305,000.

<sup>†</sup> CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by Standard and Poor’s CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The County makes no representation as to, or takes any responsibility for, the accuracy of such CUSIP numbers. CUSIP numbers are provided for convenience of reference only.

### SECTION 3. REPRESENTATIONS AND AGREEMENTS.

(A) Representations of Citi in Connection with Tender. Citi acknowledges and represents to the County that (1) it has made its own independent decision to tender the Citi-Owned County Bonds and to purchase the 2014 Bonds in exchange therefor on the terms set forth in this Agreement; (2) the County has not provided any tax or financial advice to Citi with respect to Citi's tender of the Citi-Owned County Bonds to the County; (c) Citi is not required to tender its Citi-Owned County Bonds and the County has not attempted to compel Citi to tender its Citi-Owned County Bonds.

(B) Representations of Citi in Connection with Purchase. Citi represents to and agrees with the County that: (1) it is a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the "1933 Act"); (2) it has sufficient knowledge and experience in financial and business matters to be able to evaluate the risk and merits of the investment represented by the 2014 Bonds and it is able to bear the economic risks of such investment; (3) it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and it has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the County, the Projects (as defined in the 2014 Bond Authorization), the County's financial condition and the security for the 2014 Bonds so that, as a reasonable investor, it has been able to make its decision to purchase the 2014 Bonds; and further, that it has not relied upon the County for any information in connection with its purchase of the 2014 Bonds; (4) it understands that the 2014 Bonds are secured in the manner set forth in the 2014 Bond Authorization, and it has received and reviewed to its satisfaction a copy of the 2014 Bond Authorization; and (5) it is purchasing the 2014 Bonds for investment for its own account and not with a view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the 2014 Bonds; provided, however, that subject to compliance with federal and state securities laws applicable to it and the 2014 Bond Authorization, it may, (i) transfer the 2014 Bonds to any affiliate or other party related to Citi, (ii) sell or transfer the 2014 Bonds to a trust or custodial arrangement, from which trust the 2014 Bonds are not expected to be sold except to beneficial owners who are qualified institutional buyers, or (iii) sell or transfer the 2014 Bonds to any other qualified institutional buyer.

(C) Representations of the County in Connection with Tender and Purchase. The County acknowledges and agrees that (i) the tender of the Citi-Owned County Bonds and the sale of the 2014 Bonds pursuant to this Tender and Purchase Agreement is an arm's-length commercial transaction between the County and Citi, (ii) in connection with this transaction, Citi is acting solely as a principal and not as an agent or fiduciary of the County, (iii) with respect to the tender of the Citi-Owned County Bonds and the sale of the 2014 Bonds or the process leading thereto (whether or not Citi, or any affiliate of Citi, has advised or is currently advising the County on other matters), Citi has not assumed (individually or collectively) a fiduciary responsibility in favor of the County or any other obligation of the County except the obligations expressly set forth in this Tender and Purchase Agreement, (iv) the County has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the tender of the Citi-Owned County Bonds and the sale of the 2014 Bonds, and (v) on the

Settlement Date, the parity conditions set forth in Motion [\_\_\_\_] have been met for issuance of the 2014 Bonds as Parity Bonds under the 2014 Bond Authorization.

#### SECTION 4. CONDITIONS TO DELIVERY OF THE 2014 BONDS.

(A) Citi's obligations under this Agreement to tender for purchase its Citi-Owned County Bonds and to accept delivery of and to pay for the 2014 Bonds will be subject to the performance by the County of its obligations to be performed hereunder, and will also be subject to the following conditions at or prior to the Settlement as provided for pursuant to Section 5 hereof:

(1) There shall have been delivered with respect to the 2014 Bonds, each of the documents required pursuant to 2014 Bond Authorization;

(2) There shall have been delivered the approving opinion or opinions, dated the date of the Settlement and addressed to the County, of Pacifica Law Group LLP, Bond Counsel, with respect to the 2014 Bonds, in substantially the form attached hereto as Exhibit B, and a letter of such counsel, dated the date of the Settlement and addressed to Citi, to the effect that such opinion(s) addressed to the County may be relied upon by Citi to the same extent as if such opinion(s) were addressed to Citi;

(3) There shall have been delivered the supplemental opinion of Bond Counsel, dated the date of the Settlement and addressed to Citi, to the effect that:

(i) This Agreement, assuming due authorization, execution and delivery by and validity against each other party thereto, is a binding agreement of the County subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against counties in the State, and provided that no opinion is expressed with respect to any indemnification, contribution, penalty, severability, choice of law, choice of forum, choice of venue or waiver provisions contained therein;

(ii) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended; and

(iii) Such other matters, including but not limited to certain bankruptcy matters, as Citi may reasonably request.

(4) There shall have been delivered a certificate of the Chief Civil Deputy County Prosecuting Attorney in substantially the form attached hereto as Exhibit E, dated the date of the Settlement, to the effect that there is no litigation pending or threatened affecting the issuance and delivery of the 2014 Bonds, the collection of revenue pledged to pay the principal thereof and interest thereon, or in any manner questioning or contesting the proceedings and authority under which the 2014 Bonds are issued, the validity of the 2014 Bonds, the corporate existence or boundaries of the County, or the

title of the present officers to their respective offices, which litigation would prevent payment by the County of the principal of or interest on the 2014 Bonds when due;

(5) There shall have been delivered a Tax Certificate signed by the County relating to the 2014 Bonds, in form and substance satisfactory to Bond Counsel and counsel to Citi;

(6) The 2014 Bonds shall have been rated not less than “AA+” and “Aa2” by S&P and Moody’s, respectively; and

(7) The County shall have delivered to Citi a continuing disclosure undertaking relating to the 2014 Bonds.

If the County is unable to satisfy the conditions to the obligations of Citi to purchase, to accept delivery of and to pay for the 2014 Bonds contained in this Agreement, then this Agreement will terminate and Citi and the County will not be under further obligation hereunder, except that the respective obligations of the County and Citi set forth in Section 6 will continue in full force and effect.

#### SECTION 5. SETTLEMENT. [SUBJECT TO CHANGE]

(A) Settlement Date. The “Settlement Date” is the date on which the Citi-Owned County Bonds will be tendered and delivered through the book-entry system of the Depository Trust Company (“DTC”) for purchase and cancellation and, simultaneously therewith, the 2014 Bonds will be delivered and released to the securities account of Citi at DTC in exchange therefor. The Settlement Date has been initially set to occur on [July 8], 2014. Citi agrees that the County shall have the right to extend the Settlement Date by not more than seven (7) days, upon written notice to Citi prior to the then-current Settlement Date. If settlement does not occur by [July 8], 2014, this Agreement will terminate with no cost or liability of either party to the other subject to any continuing obligations of the parties under Section 6 hereof.

(B) Payments. On the Settlement Date, Citi will pay the purchase price of the 2014 Bonds (*i.e.*, \$85,305,000) by wire transfer to the County for deposit in the Construction Account, Refunding Account and Costs of Issuance Account established under the 2014 Bond Ordinance and to U.S. Bank National Association, as refunding trustee (the “Refunding Trustee”), for deposit in the Costs of Issuance Account and the Refunding Account established and held by the Refunding Trustee under the 2014 Bond Authorization. Wire instructions for the payment of the purchase price of the 2014 Bonds are as follows: Bank: U.S. Bank National Association; ABA: 091000022; BNF: CT Wire Clearing Account; ACCT#: 180121167365; Reference: King County Swr Rev Ref 2014A; Attention: Ryan Brennan (206)344-4648.

In accordance with Section C.2 of Motion [\_\_\_\_], the Refunding Trustee shall, immediately upon receipt of funds hereinabove provided in this Section 5(B), apply \$79,872,916.67 of the amounts deposited in the Refunding Account to (1) purchase the Citi-Owned County Bonds at the purchase price excluding accrued interest, and (2) pay accrued interest, if any, to the Settlement Date. Accrued interest on the Citi-Owned County Bonds is to be paid by the Refunding Trustee from the Refunding Account and the County hereby instructs

the Refunding Trustee to apply amounts in the Refunding Account for such purpose, and for the purchase of the Citi-Owned County Bonds.

Wire instructions for the payment of the purchase price of, and accrued interest, if any, on the Citi-Owned County Bonds shall be provided on the Settlement Date.

The amounts deposited to the Construction Account and the Costs of Issuance Account following the purchase of the Citi-Owned County Bonds shall be used pay costs of acquiring and constructing improvements to the System and to pay costs and expenses incurred in the issuance of the 2014 Bonds, as provided in Motion [\_\_\_\_].

(C) Cancellation of Citi-Owned County Bonds Tendered and Delivery of 2014 Bonds. On the Settlement Date, Citi will deliver the Citi-Owned County Bonds to the Registrar through a delivery vs. payment (“DVP”) for purchase and cancellation through Citi’s Custodian Bank through a one-sided Deposit/Withdrawal at Custodian (“DWAC”) through DTC in accordance with DTC’s standard procedures. Within two (2) business days following the Settlement Date, the Refunding Trustee is hereby instructed to give notice of the retirement of the Citi-Owned County Bonds through the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board (MSRB) (referred to as “EMMA”), at [www.emma.msrb.org](http://www.emma.msrb.org) in accordance with the continuing disclosure undertaking of the County relating to such Bonds. The form of such notice is attached hereto as Exhibit C.

Delivery of the 2014 Bonds will be made by delivering a single 2014 Bond for each maturity thereof to DTC or the Registrar as its representative by Fast Automated Securities Transfer (“FAST”) and instructing DTC to credit the principal amount of the 2014 Bonds to the securities account of Citi in accordance with DTC’s standard procedures. *The County will have no responsibility or liability for the credit or safekeeping of the 2014 Bonds by DTC, the credit of cash payments by DTC, or the distribution of payments of principal of or interest on the 2014 Bonds from DTC to DTC Participants or from the Participants to the beneficial owners.*

(D) Application of Purchased Citi-Owned County Bonds to Mandatory Sinking Fund Payments. In accordance with Section B of the 2007 Motion, the Citi-Owned County Bonds purchased and cancelled as provided herein shall be allocated to mandatory sinking fund redemption payments for the 2007 Bonds maturing on January 1, 2047 as may be specified by the County. The revised schedule of mandatory sinking fund redemption payments for the 2007 maturing on January 1, 2047 Bonds remaining outstanding following the purchase of the Citi-Owned County Bonds are set forth in Exhibit D hereto.

## SECTION 6. PAYMENT OF EXPENSES.

Whether or not the 2014 Bonds are sold to Citi (unless such sale shall be prevented at the Settlement by the default of Citi), Citi shall be under no obligation to pay any expenses incident to the performance of the County’s obligations hereunder. The County agrees to pay all expenses incident to the performance of its obligations hereunder, including but not limited to (a) the cost of preparing, registering and authenticating the 2014 Bonds, (b) any fees and expenses of DTC and (c) the fees and disbursements of Bond Counsel, counsel to the County, the County’s financial advisor, the paying agent and registrar, and any other experts or consultants retained by

the County. All out of pocket expenses of Citi, including travel and other expenses, any legal fees and disbursements, shall be paid by Citi.

#### SECTION 7. MISCELLANEOUS AND NOTICE.

This Agreement shall inure to the benefit of Citi and the County and their respective successors and assigns. Nothing in this Agreement is intended or shall be construed to give any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. The terms "successor" and "assigns" as used in this Agreement shall not include any purchaser, acting in such capacity, of any interest in the 2014 Bonds from Citi.

Any notice or other communication to be given to the County under this Agreement may be given by mailing or delivering the same in writing to the County as follows:

King County, Washington  
500 Fourth Avenue, Room 600  
Seattle, Washington 98104  
Attention: Finance Director  
Telephone: 206-263-9254  
Facsimile: 206-684-2186

Any notice or other communication to be given to Citi under this Agreement may be given by mailing or delivering the same in writing to Citi as follows:

Citibank, N.A.  
390 Greenwich St., 2<sup>nd</sup> Floor  
New York, NY 10003  
Attention: Matthew Tesseyman  
Telephone: 212-723-5665  
Facsimile: 212-723-8209

No officer, agent or any employee of the County shall be charged personally by Citi with any liability, or held personally accountable to Citi, under any term or provision of this Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach, of this Agreement.

#### SECTION 8. APPLICABLE LAW; NONASSIGNABILITY.

This Agreement shall be governed by the laws of the State of Washington, without regard to conflict of law principles. This Agreement shall not be assigned by the County or Citi.

[Remainder of page intentionally left blank.]

EXECUTION OF COUNTERPARTS EFFECTIVE UPON ACCEPTANCE.

This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document. This Agreement shall supersede all previous agreements relating to the same subject matter between the parties and shall become effective upon acceptance by the County as evidenced by the execution hereof by any authorized officer of the County as set forth below.

CITIBANK, N.A.

By: \_\_\_\_\_  
Vice President

KING COUNTY, WASHINGTON

By: \_\_\_\_\_  
Finance Director

**EXHIBIT A**  
**FORM OF 2014 BOND AUTHORIZATION**

**EXHIBIT B**

**FORM OF OPINION OF BOND COUNSEL**

**EXHIBIT C**

**FORM OF EMMA NOTICE**

**Notice of Defeasance\*  
King County, Washington  
Sewer Revenue Bonds, 2007**

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 July 8, 2014, by and between King County, Washington (the "County") and U.S. Bank National Association (the "Refunding Trustee"), the County has deposited into an escrow account, held by the Refunding Trustee, cash sufficient to pay to and including the redemption date of such bonds so provided for, the principal thereof and interest thereon (the "Defeased Bonds"). Such Defeased Bonds are therefore deemed to be no longer outstanding, but will be paid by application of the assets of such escrow account.

The Defeased Bonds are described as follows:

**King County, Washington  
Sewer Revenue Bonds, 2007**

<u>Maturity Dates (January 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>	<u>Original CUSIP Numbers</u>	<u>New Refunded CUSIPS</u>	<u>New Unrefunded CUSIPS</u>	<u>Call Date</u>
2047	\$75,000,000	5.00%	495289RB8			July 8, 2014

\* This notice shall be given immediately by first class mail to each registered owner of the Defeased Bonds. In addition notice shall be mailed to The Depository Trust Company of New York, New York; Financial Security Assurance (or its successor in interest); Merrill Lynch & Co. (or its successor in interest); Standard & Poor's Ratings Service; Moody's Investors Service; and to the Municipal Securities Rulemaking Board.

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

Information for Individual Registered Owner

The addressee of this notice is the registered owner of Bond Certificate No. \_\_\_\_\_ of the Defeased Bonds described above, which certificate is in the principal amount of \$ \_\_\_\_\_, all of which has been defeased as described above.

**EXHIBIT D**

**REVISED SCHEDULE OF MANDATORY SINKING FUND REDEMPTION  
PAYMENTS**

	Existing Mandatory Sinking Fund Redemption Payments (2007 Bonds)	Existing Mandatory Sinking Fund Redemption Payments (Citi-owned 2007 Bonds)	New Mandatory Sinking Fund Redemption Payments (2014 Series A Bonds)	Remaining Mandatory Sinking Fund Redemption Payments (2007 Bonds)
1/1/2043	18,660,000	13,570,000	13,570,000	5,090,000
1/1/2044	19,595,000	14,250,000	14,250,000	5,345,000
1/1/2045	20,575,000	14,965,000	14,965,000	5,610,000
1/1/2046	21,605,000	15,715,000	15,715,000	5,890,000
1/1/2047	22,685,000	16,500,000	16,500,000	6,185,000
<b>TOTAL</b>	<b>103,120,000</b>	<b>75,000,000</b>	<b>75,000,000</b>	<b>28,120,000</b>

**EXHIBIT E**

**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 and Refunding Bond, 2014 Series A (the "Bond"), 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 Bond, the collection of revenue pledged to pay the principal thereof and interest thereon, or in any manner questioning or contesting the proceedings and authority under which the Bond is issued, the validity of the Bond, 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 Bond when due.

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

DATED:

For DAN SATTERBERG,  
King County Prosecuting Attorney

---

Kevin Wright  
Chief Civil Deputy

**EXHIBIT F**  
**REGISTRAR AGREEMENT**

Citibank, N.A.

King County, Washington

Re: Tender and Purchase Agreement between King County, Washington and Citibank, N.A.

Dear Ladies and/or Gentlemen:

We refer to the Tender and Purchase Agreement dated June 30, 2014 (the "Agreement") between King County, Washington (the "County") and Citibank, N.A.

We agree to comply with the terms of the Agreement, expressly provided to be performed by the Registrar (as defined in the Agreement), subject to the terms of, and its rights and protections under, the 2007 Bond Authorization (as defined in the Agreement), the 2014 Bond Authorization (as defined in the Agreement) and the Amended and Restated Agreement for Fiscal Agency Services dated as of February 1, 2011, between the Washington State Finance Committee, as agent of the state of Washington and the Registrar. Subject to the terms and conditions of the 2007 Bond Authorization and the 2014 Bond Authorization, regarding the duties set forth therein by us as Registrar, we agree to perform our duties set forth in the Agreement.

[Signature page follows]

Very truly yours,

**THE BANK OF NEW YORK MELLON, as  
Registrar**

**By: THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., subcontractor for the  
Registrar**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

3 Acknowledged by:

**CITIBANK, N.A.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Vice President

**KING COUNTY, WASHINGTON**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT G**

**MATURITIES, AMOUNTS, INTEREST RATES,  
PRICES AND REDEMPTION PROVISIONS**

Maturity Date	Amount	Interest Rate	Price	Call Date	Call Price
1/1/2047*	75,000,000	5.000%	113.740	7/1/24	100

\* Term Bond. For Schedule of Sinking Funds, refer to Exhibit D.

*Optional Redemption:* The County reserves the right to redeem outstanding Bonds maturing on or after January 1, 2025, in whole or in part, at any time on or after July 1, 2024 at a price of par plus accrued interest, if any, to the date fixed for redemption.

## Attachment B

### Form of Continuing Disclosure Undertaking

The County has agreed pursuant to the Sale Motion to enter into the following written undertaking for the benefit of the Owners and Beneficial Owners of the 2014 Bond.

*Financial Statements/Operating Data.* The County agrees to provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") the following annual financial information and operating data for the prior fiscal year (commencing in 2015 for the fiscal year ended December 31, 2014):

- (i) annual financial statements, which may or may not be audited, of the County's Water Quality Enterprise prepared in accordance with the Budget Accounting and Reporting System ("BARS") prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statutes);
- (ii) the amount of outstanding Parity Bonds; and
- (iii) information regarding customers, revenues, and expenses of the Sewer System, as set forth in the table titled "Historical Financial Statements" in the Official Statement of the County dated September 30, 2013.

Items (ii) and (iii) are required only to the extent that such information is not included in the annual financial statements.

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

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

The County agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information and operating data described above on or prior to the date set forth above.

*Specified Events.* The County further agrees to provide or cause to be provided to the MSRB in a timely manner, not in excess of 10 business days after the occurrence of the event, notice of any of the following events with respect to the 2014 Bond:

- (i) principal and interest payment delinquencies;
- (ii) non-payment-related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2014 Bond, or other material events affecting the tax status of the 2014 Bond;
- (vii) modifications to the rights of 2014 Bondholders, if material;
- (viii) Bond calls, if material, and tender offers for the 2014 Bond;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the 2014 Bond, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the County or any "obligated person" (as that term is defined in the Rule);
- (xiii) the consummation of a merger, consolidation, or acquisition involving the County or an obligated person or the sale of all or substantially all of the assets of the County or an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Solely for purposes of disclosure and not intending to modify this undertaking, the County advises with reference to items (iii) and (x) that the Parity Bond Reserve Account is the debt service reserve for the 2014 Bond and that no property secures repayment of the 2014 Bond.

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

*Termination of Undertaking.* The County's obligations under the undertaking to provide annual financial information and notices of specified events with respect to the 2014 Bond will terminate upon the legal defeasance or payment in full of the 2014 Bond. These obligations, or any provision hereof, will be null and void if the County:

- (i) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule that require these obligations, or any such provision, are invalid, have been repealed retroactively, or otherwise do not apply to the 2014 Bond; and
- (ii) notifies the MSRB of that opinion and the cancellation of those obligations.

*Amendment of Undertaking.* Notwithstanding any other provision of the Sale Motion, the County may amend the undertaking, and any provision thereof may be waived, with an approving opinion of nationally recognized bond counsel and in accordance with SEC Rule 15c2-12.

In the event of any amendment of or waiver of a provision of the undertaking, the County will describe the amendment or waiver in the next annual report provided thereunder, and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements:

- (i) notice of the change will be given in the same manner as described above for a specified event, and
- (ii) the annual report for the year in which the change is made will present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

*Remedies, Beneficiaries.* The right of any 2014 Bond Owner or Beneficial Owner to enforce the provisions of the undertaking is limited to a right to obtain specific enforcement of the County's obligations under the undertaking, and any failure by the County to comply with the provisions of that undertaking is not an event of default with respect to the 2014 Bond. For purposes of this section, "Beneficial Owner" means any person who has the power, directly or indirectly, to

vote or consent with respect to, or to dispose of ownership of, any 2014 Bond, including persons holding the 2014 Bond through nominees or depositories.