

07/29/98

Jane Hague
Rob McKenna
Brian Derdowski
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pj/comsub

Introduced By:

Proposed No.:

98-427

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MOTION NO. **10524**

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A MOTION approving a maximum amount of lease payments, including interest and principal portions thereof, under a lease for district court facilities in Issaquah, in accordance with Ordinance 13023 which authorized the executive to enter into a build-to-suit/lease-to-own agreement for a new courthouse for the Issaquah division of the King County District Court, and authorizing the sale of certificates of participation.

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WHEREAS, the county council by Ordinance 13023 passed March 9, 1998 (the "Lease Ordinance"), authorized execution of a lease (with option to purchase) for facilities to house the Issaquah District Court, and

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WHEREAS, the Lease Ordinance provides that the council must approve by motion the final lease payment amounts (the "Lease Payments") and the allocation of principal and interest components of the Lease Payments, which are based on the sale of certificates of participation in the Lease Payments, as authorized and approved by the Lease Ordinance, and

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WHEREAS, the County expects to receive an offer from Smith Barney, Inc. to purchase such certificates of participation, and the council wishes to authorize the finance

1 director to approve such offer and the schedule of Lease Payments consistent with the
2 principal and interest amounts of such certificates of participation; and

3 WHEREAS, certain conditions including a land use appeal must be resolved before
4 final execution of a lease and sale of the certificates of participation; and

5 WHEREAS, the Council acknowledges that the Executive may need to act
6 expeditiously to maximize favorable financial market conditions;

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

8 Definitions. Except as expressly authorized herein, capitalized terms used in this
9 motion have the meanings set forth in the Lease Ordinance.

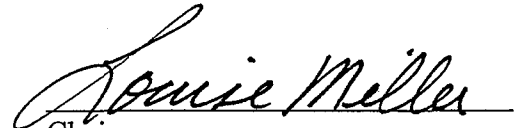
10 Approval of Purchase Offer and Lease Payments. The council hereby approves,
11 subject to final resolution of outstanding legal issues, the Lease Payments in amounts not
12 exceeding those set forth on Exhibit A, attached hereto and incorporated herein by this
13 reference, and authorizes the finance director to approve the final allocation of principal
14 and interest components thereof. The finance director is further authorized to approve the
15 offer of Smith Barney, Inc., to purchase certificates of participation in such lease payments
16 in substantially the form set forth on Exhibit B, attached hereto and incorporated herein by
17 this reference, (the "Purchase Contract"). In accordance with the Lease Ordinance and this
18 motion, the county executive is hereby authorized to execute the

1 Lease and the finance director is hereby authorized to execute the Purchase Contract.

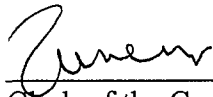
2 Upon execution of the lease and the Purchase Contract, the executive shall report the final
3 financial terms to the chair of the council budget committee.

4 PASSED by a vote of 10 to 0 this 3rd day of August,
5 1998

6 KING COUNTY COUNCIL
7 KING COUNTY, WASHINGTON

8 
9 Chair

10 ATTEST:

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12 Clerk of the Council

13 Attachments: Exhibit A - Lease Payment Schedule
14 Exhibit B - Purchase Contract

EXHIBIT A

10524

King County, Washington
Issaquah District Court Financing - Series 1998
Preliminary Lease Payment Schedule

Date	Principal	Interest*	Debt Service	Annual Lease Payment
08/05/98				
12/01/98				
06/01/99		\$58,083	\$58,083	
12/01/99		174,250	174,250	\$232,333
06/01/2000		174,250	174,250	
12/01/2000		174,250	174,250	348,500
06/01/2001		174,250	174,250	
12/01/2001	\$180,000	174,250	354,250	528,500
06/01/2002		169,615	169,615	
12/01/2002	190,000	169,615	359,615	529,230
06/01/2003		164,628	164,628	
12/01/2003	200,000	164,628	364,628	529,255
06/01/2004		159,328	159,328	
12/01/2004	210,000	159,328	369,328	528,655
06/01/2005		153,710	153,710	
12/01/2005	225,000	153,710	378,710	532,420
06/01/2006		147,579	147,579	
12/01/2006	235,000	147,579	382,579	530,158
06/01/2007		141,116	141,116	
12/01/2007	250,000	141,116	391,116	532,233
06/01/2008		134,179	134,179	
12/01/2008	265,000	134,179	399,179	533,358
06/01/2009		126,693	126,693	
12/01/2009	275,000	126,693	401,693	528,385
06/01/2010		118,786	118,786	
12/01/2010	295,000	118,786	413,786	532,573
06/01/2011		110,158	110,158	
12/01/2011	310,000	110,158	420,158	530,315
06/01/2012		100,935	100,935	
12/01/2012	330,000	100,935	430,935	531,870
06/01/2013		91,035	91,035	
12/01/2013	350,000	91,035	441,035	532,070
06/01/2014		80,448	80,448	
12/01/2014	370,000	80,448	450,448	530,895
06/01/2015		69,163	69,163	
12/01/2015	390,000	69,163	459,163	528,325
06/01/2016		57,170	57,170	
12/01/2016	415,000	57,170	472,170	529,340
06/01/2017		44,305	44,305	
12/01/2017	440,000	44,305	484,305	528,610
06/01/2018		30,555	30,555	
12/01/2018	470,000	30,555	500,555	531,110
06/01/2019		15,750	15,750	
12/01/2019	500,000	15,750	515,750	531,500
	\$5,900,000	\$4,759,633	\$10,659,633	\$10,659,633

*Assumes Substantial Completion is no sooner than 4/1/99 and that prior to Substantial Completion, the Lease Transfer Fund will have sufficient funds to pay the interest due on the Certificates and assumes an average interest rate of 6.04%.

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§ _____
KING COUNTY, WASHINGTON
Certificates of Participation, 1998
Evidencing Undivided Proportionate Beneficial Interests of the Owners Thereof in General
Obligation Lease Payments to Be Made by King County, Washington

PURCHASE CONTRACT

_____, 1998

Honorable County Executive and
the County Council
King County, Washington
500 Fourth Avenue
Seattle, Washington 98104

Issaquah Courthouse, LLC
1417 – 116th Avenue NE
Suite 202
Bellevue, Washington 98004

Ladies and Gentlemen:

Smith Barney Inc. (the "Purchaser") hereby offers to purchase the above-captioned Certificates of Participation (the "Certificates") to be executed and delivered by U.S. Bank Trust National Association, as Trustee (the "Trustee") at the direction of Issaquah Courthouse, LLC (the "Developer") with the approval of King County, Washington (the "County"). The offer made hereby is subject to acceptance by the County and the Developer by execution and delivery of this purchase offer to the Purchaser at or prior to 6:00 p.m., Seattle, Washington time, on the date first above written, and if not so accepted will be subject to withdrawal by the Purchaser upon notice delivered to the County and the Developer at any time prior to the acceptance hereof by the County and the Developer. By executing this offer the Developer and the County each signifies its consent to the sale and issuance of the Certificates and its acceptance of this offer to purchase. Upon acceptance of this offer by the County and the Developer in accordance with the terms hereof, this offer and acceptance will constitute a contract (the "Purchase Contract") binding upon the County and the Developer and upon the Purchaser. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Trust Agreement (the "Trust Agreement") dated as of August 1, 1998, by and between the Trustee and the Developer and acknowledged, approved and consented to by the County.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements hereinafter set forth, the Purchaser hereby agrees to purchase all (but not less than all) of the Certificates for offering to the public. The Certificates shall be dated as of August 1, 1998, shall bear interest payable on December 1, 1998

and thereafter semiannually each June 1 and December 1 at the rates and shall mature on December 1 in each year as set forth in the attached Appendix A hereto. The purchase price for the Certificates shall be the purchase price set forth in the attached Appendix A hereto, plus accrued interest from their dated date.

2. *The Certificates.* The Certificates shall be issued in accordance with Chapter 36.89 RCW conferring on the County the authority to acquire courtroom facilities by lease (the "Act"), Ordinance No. 13023 of the County adopted March 9, 1998 and Motion No. ___ adopted _____ (together the "Ordinance") and the Trust Agreement, and shall evidence undivided proportionate beneficial interests in general obligation Lease Payments to be made by the County pursuant to the Lease dated as of August 1, 1998, by and between the Developer and the County (the "Lease"). The Developer's rights to Lease Payments have been assigned to the Trustee under the Assignment Agreement dated as of August 1, 1998, by and between the Developer and the Trustee (the "Assignment Agreement"). The Certificates are being issued for such purposes and shall otherwise be as described in the Trust Agreement and the Official Statement (as hereinafter defined).

3. *Official Statement.* The County by the Ordinance (i) deemed final the County's preliminary official statement with respect to the Certificates, dated _____, 1998 (together with the appendices thereto and any supplements or amendments thereto, the "Preliminary Official Statement") as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), except for the omission of maturity amounts, interest rates, redemption dates and prices, ratings, underwriters' discount and related terms and (ii) authorized the distribution of the Preliminary Official Statement by the Purchaser in connection with the public offering and sale of the Certificates. The County shall provide the Purchaser, within seven business days from the date hereof, with copies of the final Official Statement (together with the appendices thereto and any supplements or amendments thereto on or prior to the Closing (as hereinafter defined), the "Official Statement") in the form of the Preliminary Official Statement with such changes thereto as have been approved by the Purchaser, in sufficient quantity to enable the Purchaser to comply with Rule 15c2-12, provided that the Purchaser shall have advised the County of such quantity within two business days of the date hereof. The County represents and warrants that its Finance Director is authorized to execute the Official Statement on behalf of the County.

4. *Representations, Warranties and Agreements of the County.* The County represents and warrants to and agrees with the Purchaser that, as of the date hereof:

(a)(i) The County has the full legal right, power and authority to accept this Purchase Contract and enter into the Lease; to acknowledge, approve and consent to (hereafter collectively "approve") the Trust Agreement; to enact the Ordinance; to observe, perform and consummate the covenants, agreements and transactions contemplated by this Purchase Contract, the Trust Agreement, the Lease and the Official Statement and to approve the issuance, sale and delivery of the Certificates to the Purchaser as provided herein; (ii) by all necessary official action of the County prior to or concurrently with the acceptance hereof, the County has duly enacted the Ordinance and has duly entered into the

Lease and duly accepted this Purchase Contract, has approved the Trust Agreement, has ratified and approved the Preliminary Official Statement and has approved the Official Statement; (iii) the Ordinance, the Lease and the Trust Agreement are in full force and effect and have not been amended, modified or rescinded as of the date hereof; (iv) the County has duly authorized and approved (A) the execution of, and the performance by the County of its obligations contained in, the Lease; the Trust Agreement, the Official Statement and this Purchase Contract, and (B) the consummation by the County of all other transactions contemplated by this Purchase Contract to have been performed or consummated at or prior to the Closing Date (as hereinafter defined); (v) the County has duly pledged its full faith, credit and resources to the payment of Lease Payments; and (vi) the County is in compliance in all respects with the terms of the Constitution and laws of the State of Washington (the "State") applicable to this transaction, including the Act, with the Ordinance and with the obligations in connection with the issuance of the Certificates on its part contained in the Lease, the Trust Agreement and this Purchase Contract.

(b) As of the date thereof, the Preliminary Official Statement (except for information regarding The Depository Trust Company ("DTC") and its book-entry only system) did 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, in the light of the circumstances under which they were made, not misleading.

(c) As of the date thereof and at all times subsequent thereto up to and including the end of the underwriting period (as such term is defined in Rule 15c2-12), the Official Statement (except for information regarding DTC and its book-entry only system), as supplemented and amended, will 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, in the light of the circumstances under which they were made, not misleading. For purposes of Paragraph 4 and Paragraph 5 hereof, the underwriting period shall be deemed to end for the Purchaser as of the Closing Date, unless the Purchaser shall notify the County in writing to the contrary on or prior to such date, in which event the underwriting period shall be deemed to continue until further written notice to the County from the Purchaser, but in no case shall be longer than 25 days after the Closing Date.

(d) If the Official Statement is supplemented or amended pursuant to Paragraph 4(e) hereof, at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including the end of the underwriting period, the Official Statement (except for information regarding DTC and its book-entry only system) as so supplemented or amended will 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, in the light of the circumstances under which they were made, not misleading.

(e) If between the date of this Purchase Contract and the end of the underwriting period (i) any event shall occur or any pre-existing fact or condition shall become known to the County which might or would cause the Official Statement, as then supplemented or

amended, to contain any untrue statement of a material fact or to omit 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, the County shall notify the Purchaser thereof, and (ii) in the reasonable opinion of the Purchaser such event, fact or condition requires the preparation and publication 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 Purchaser which approval shall not be unreasonably withheld.

(f) The County is duly organized and validly existing as a political subdivision of the State and, under the Constitution and laws of the State, including the Act, has full legal right, power, and authority to enter into the Lease for the purposes described in the Official Statement.

(g) Between the date hereof and the Closing Date, except as disclosed in the Official Statement, the County will not without the prior written consent of the Purchaser offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent other than in the ordinary course of business, and there shall have not been any material adverse change in the condition, financial or physical, of the County or its properties.

(h) The County is not in violation of, or in breach of or in default under, any applicable constitutional provision, law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, or other agreement or instrument to which the County is a party or to which the County or any of its properties is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the enactment of the Ordinance, the execution and delivery of this Purchase Contract, the Lease and the Trust Agreement, and compliance with the provisions of such agreements, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, court decree, loan agreement, indenture, bond, note, resolution, or other agreement or instrument to which the County is subject, or by which it or any of its properties is bound, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its properties or under the terms of any such law, regulation or instrument, except as provided by the Lease and the Trust Agreement.

(i) Except as expressly set forth in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened that (i) in any way questions the corporate existence of the County or the titles of the officers of the County to their respective offices; (ii) in any way contests, affects or seeks to prohibit, restrain or enjoin the County from performing its obligations under the Lease and the Trust

Agreement, from collecting ad valorem taxes to pay the Lease Payments or from pledging its full faith, credit and resources to the payment of Lease Payments; (iii) in any way contests or affects the validity of the Ordinance, the Lease, the Assignment Agreement, the Trust Agreement, the Certificates or this Purchase Contract or the tax-exempt status of the interest component of the Lease Payments or of interest on the Certificates, or contests the powers of the County, the Trustee or the Developer or any authority for the issuance of the Certificates or the execution by any party of the Lease, the Assignment Agreement, the Trust Agreement, the Certificates or this Purchase Contract; (iv) may result in any material adverse change relating to the business, operations or financial condition of the County; or (v) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted 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; and to the best knowledge of the County after reasonable investigation, there is no reasonable basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (v) of this subparagraph.

(j) 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 Purchaser as may be requested (i) to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser, and (ii) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Certificates; provided, however, 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.

(k) The Lease, the Assignment Agreement, the Trust Agreement and the Certificates conform in all material respects to the descriptions thereof contained in the Official Statement.

(l) At Closing, the County's obligations under the Lease and the Trust Agreement, including the obligation to make Lease Payments at the times and in the amounts set forth therein, will be legal, valid and binding obligations of the County, enforceable in accordance with the respective terms of those agreements, subject to valid bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and to principles of equity, and the Owners of the Certificates will be entitled to the benefits of the Trust Agreement and the Lease.

(m) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a

condition precedent to, or the absence of which would adversely affect the due performance by the County of, its respective obligations under this Purchase Contract, the Lease and the Trust Agreement, have been duly obtained or where required for future performance are expected to be obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Certificates.

(n) The County's audited financial statements set forth as Appendix _ to the Official Statement fairly present the County's financial position as of the dates indicated and the results of its operations, the sources and uses of its cash and the changes in its fund balances for the periods therein specified to the extent included therein, and are in conformity with generally accepted accounting principles applied on a consistent basis, and there has been no material adverse change in the financial condition or results of County operations since the date thereof.

(o) Any certificate signed by any official of the County and delivered to the Purchaser shall be deemed to be a representation and warranty by the County to the Purchaser as to the statements made therein.

(p) The County has not defaulted in the payment of principal of or interest on any of its bonds or other municipal securities, including securities such as the Lease Payments.

(q) 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.

(r) The County will undertake in a separate written agreement to provide certain annual financial information and notices of the occurrence of certain events, if material, pursuant to paragraph (b)(5) of Rule 15c2-12. A description of this undertaking is set forth in the Official Statement.

5. ***Representations, Warranties and Agreements of the Developer.*** The Developer represents and warrants to and agrees with the Purchaser that, as of the date hereof:

(a) The Developer is a limited liability company duly organized and validly existing under State law.

(b)(i) The Developer has the full legal right, power and authority to enter into this Purchase Contract, the Lease, the Assignment Agreement and the Trust Agreement, to observe, perform and consummate the covenants, agreements and transactions contemplated by this Purchase Contract, the Lease, the Assignment Agreement and the Trust Agreement; (ii) by all necessary official action of the Developer prior to or concurrently with the acceptance hereof, the Developer has duly entered into this Purchase Contract, the Lease, the Assignment Agreement and the Trust Agreement; (iii) the Lease,

the Assignment Agreement and the Trust Agreement are in full force and effect and have not been amended, modified or rescinded as of the date hereof; (iv) the Developer has duly authorized and approved the execution of, and the performance by the Developer of its obligations contained in, the Lease, the Assignment Agreement, the Trust Agreement and this Purchase Contract; (v) the Developer has duly authorized and approved the consummation by the Developer of all other transactions contemplated by this Purchase Contract to have been performed or consummated at or prior to the Closing Date; and (vi) the Developer is in compliance in all respects with the obligations in connection with the issuance of the Certificates on its part contained in the Lease, the Assignment Agreement, the Trust Agreement and this Purchase Contract.

(c) As of the date thereof, the descriptions of the Developer and of the Land and the Improvements (collectively, the "Property") in the Preliminary Official Statement did 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, in the light of the circumstances under which they were made, not misleading.

(d) As of the date thereof and at all times subsequent thereto up to and including the end of the underwriting period, the descriptions of the Developer and the Property in the Official Statement, as supplemented and amended, will 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, in the light of the circumstances under which they were made, not misleading.

(e) If the descriptions of the Developer and the Property in the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including the end of the underwriting period, such descriptions, as so supplemented or amended, will 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, in the light of the circumstances under which they were made, not misleading.

(f) If between the date of this Purchase Contract and the end of the underwriting period any event shall occur or any pre-existing fact or condition shall become known to the Developer which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit 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, the Developer shall notify the Purchaser thereof.

(g) Between the date hereof and the Closing Date, except as contemplated by the Official Statement, there shall have not been any material adverse change in the condition, financial or physical, of the Developer or its properties.

(h) The Developer is not in violation of, or in breach of or in default under, any

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applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any loan agreement, indenture, note, resolution or other agreement or instrument to which the Developer is a party or to which the Developer or any of its properties is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the execution and delivery of the Lease, the Assignment Agreement, the Trust Agreement and this Purchase Contract, and compliance with the provisions of such agreements, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, court decree, loan agreement, indenture, note, resolution or other agreement or instrument to which the Developer is subject, or by which it or any of its properties is bound, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its properties or under the terms of any such law, regulation or instrument, except as provided by the Lease, the Assignment Agreement, the Trust Agreement and this Purchase Contract.

(i) Except as expressly set forth in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened that (i) in any way questions the corporate existence of the Developer or the titles of the officers of the Developer to their respective offices; (ii) in any way contests, affects or seeks to prohibit, restrain or enjoin the Developer from performing its obligations under the Lease, the Assignment Agreement, the Trust Agreement and this Purchase Contract; (iii) in any way contests or affects the validity of the Lease, the Assignment Agreement, the Trust Agreement, the Certificates or this Purchase Contract or the tax-exempt status of the interest component of the Lease Payments or interest on the Certificates, or contests the powers of the Developer, the Trustee or the County or any authority for the issuance of the Certificates or the execution by any party of the Lease, the Assignment Agreement, the Trust Agreement, the Certificates or this Purchase Contract; (iv) may result in any material adverse change relating to the business, operations or financial condition of the Developer; or (v) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted 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; and to the best knowledge of the Developer, after reasonable investigation, there is no reasonable basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (v) of this subparagraph.

(j) The Developer will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Purchaser as may be requested (i) to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of

America as may be designated by the Purchaser, and (ii) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Certificates; provided, however, that the Developer 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.

(k) The Lease, the Assignment Agreement, the Trust Agreement and the Certificates conform in all material respects to the descriptions thereof contained in the Official Statement.

(l) At Closing, the Developer's obligations under the Lease, the Assignment Agreement, the Trust Agreement and this Purchase Contract will be legal, valid and binding obligations of the Developer, enforceable in accordance with such agreements, subject to valid bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and to principles of equity and the owners of the Certificates will be entitled to the benefits of the Trust Agreement.

(m) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would adversely affect the due performance by the Developer of, its respective obligations under the Lease, the Assignment Agreement, the Trust Agreement and this Purchase Contract, have been duly obtained or where required for future performance are expected to be obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Certificates.

(n) Any certificate signed by any official of the Developer and delivered to the Purchaser shall be deemed to be a representation and warranty by the Developer to the Purchaser as to the statements made therein.

6. **Offering.** It shall be a condition to the Purchaser's obligations to purchase, to accept delivery of and to pay for the Certificates that the entire \$_____ principal amount of the Certificates shall be issued, sold and delivered to, and purchased, accepted and paid for by, the Purchaser at the Closing. The Purchaser agrees to make a bona fide public offering of all the Certificates, at not in excess of the initial public offering prices or the yields as set forth in the Official Statement, plus interest accrued thereon from the date of the Certificates. The Certificates may be offered and sold to certain dealers at prices lower than such public offering prices. Following the initial public offering period, at such time as the Purchaser shall lift all price restrictions, the offering price may be changed from time to time by the Purchaser. On or prior to Closing, the Purchaser will provide the County with information regarding the reoffering prices and yields on the Certificates to the public, in such form as the County may reasonably request, for purposes of determining the yield on the Certificates under Section 148 of the Internal Revenue Code of 1986, as amended.

7. **Closing.** At [8:30] a.m., Seattle time, on August __, 1998, or at such other time and date as shall have been mutually agreed upon by the County, the Developer and the Purchaser (the "Closing Date"), the Developer, with the approval of the County, will cause the Trustee to deliver (through the facilities of DTC) to the Purchaser the Certificates duly executed by the Trustee, together with the other documents hereinafter mentioned; and the Purchaser will accept such delivery (through the facilities of DTC) and pay the purchase price of the Certificates as set forth in Paragraph 1 hereof in federal funds by wire transfer or by delivering to the Trustee a federal funds check, payable to the order of the Trustee, in an aggregate amount equal to such purchase price. Payment for the delivery of the Certificates as aforesaid shall be made at the offices of Preston Gates & Ellis LLP ("Bond Counsel"), in Seattle, Washington, or at such other place as shall have been mutually agreed upon by the County and the Purchaser. Such payment and delivery is herein called the "Closing." The Certificates will be issued as one fully registered Certificate for each maturity, registered in the name of Cede and Co., as registered owner and nominee for DTC. The Purchaser shall order CUSIP identification numbers and the County shall cause such CUSIP identification numbers to be printed on the Certificates, but neither the failure to print such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Purchase Contract. The documents mentioned in Paragraph 8 shall be made available for inspection by the Purchaser in Seattle, Washington, or at such other location as is mutually agreeable, at least one full business day prior to the Closing.

8. **Closing Conditions.** The Purchaser's obligations hereunder shall be subject to the performance by the County and the Developer of their obligations hereunder at or prior to the Closing and are also subject to the following conditions:

(a) The representations and warranties of the County and the Developer contained herein shall be true, complete and correct in all material respects at the date hereof and on and as of the Closing Date as if made on the Closing Date.

(b) At the time of the Closing (i) the Ordinance, the Lease, the Assignment Agreement and the Trust Agreement shall be in full force and effect, and shall not have been amended, modified or supplemented since the date hereof, except as shall have been agreed to in writing by the Purchaser; and (ii) the County and the Developer shall perform or have performed their obligations required under or specified in this Purchase Contract, the Lease, the Assignment Agreement and the Trust Agreement to be performed at or prior to the Closing.

(c) At the time of the Closing, there shall have been no material adverse change in the financial or physical condition of the County or its properties, and all licenses, permits, real property rights and approvals necessary and material to the Land and the Improvements shall have been obtained unless otherwise disclosed in the Official Statement.

(d) At the time of the Closing, all official action of the County and the Developer relating to this Purchase Contract, the Lease, the Assignment Agreement and the

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Trust Agreement shall be in full force and effect in accordance with their respective terms and such documents shall not have been amended, modified or supplemented in any material respect from the date hereof except as shall have been agreed to in writing by the Purchaser.

(e) At or prior to the Closing, the Purchaser shall receive the following documents, in each case satisfactory in form and substance to the Purchaser and to its counsel:

(1) The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the County by its Finance Director and on behalf of the Developer by its _____;

(2) Duplicate originals or copies of the Ordinance, the Lease, the Assignment Agreement and the Trust Agreement, certified as having been duly executed or adopted by the parties thereto and as being in full force and effect, with such changes or amendments as shall have been agreed to in writing by the Purchaser;

(3) A certificate, dated the Closing Date, of the County executed by the County Executive or other authorized officer of the County, to the effect that, other than as set forth in the Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, government agency, public board or body is pending or, to his best knowledge after due investigation, threatened that (i) in any way questions the corporate existence of the County or the titles of the officers of the County to their respective offices; (ii) in any way contests, affects or seeks to prohibit, restrain or enjoin the County from performing its obligations under the Ordinance, the Lease and the Trust Agreement or from pledging its full faith, credit and resources to the payment of Lease Payments; (iii) in any way contests or affects the validity of the Ordinance, the Lease, the Assignment Agreement, the Trust Agreement, the Certificates or this Purchase Contract or the tax-exempt status of the interest component of the Lease Payments or interest on the Certificates, or contests the powers of the County, the Trustee or the Developer or any authority for the issuance of the Certificates or the execution by any party of the Lease, the Assignment Agreement, the Trust Agreement, the Certificates or this Purchase Contract; (iv) may result in any material adverse change relating to the business, operations or financial condition of the County; or (v) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted 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; and to the best knowledge of the County Executive, after reasonable investigation, there is no reasonable basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (v) of this subparagraph

(but in lieu of such certificate, the Purchaser may in its sole discretion accept a letter by the County's Prosecuting Attorney or Bond Counsel as to matters referred to in clauses (i), (ii), (iii), (iv) and (v) above that in their opinion the issues raised in any such pending or threatened action, suit, pending, inquiry or investigation are without substance or that the contentions made therein are without merit);

(4) A certificate, dated the Closing Date, of the County executed by the County Executive or other authorized officer of the County, to the effect that, on the date of the Official Statement and on the Closing Date: (i) the representations and warranties of the County contained in this Purchase Contract were and are true and correct in all material respects; (ii) the County has complied with all agreements and covenants and satisfied all conditions contemplated by the Lease, the Trust Agreement and this Purchase Contract on its part to be performed or satisfied at or prior to the Closing Date; (iii) insofar as the County and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain any untrue statement of a material fact or omit any statement or information which is 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) insofar as the descriptions, statements and data, including financial data, of or pertaining to other bodies and their activities contained in the Official Statement are concerned, such descriptions, statements and data have been obtained from sources which the County believes to be reliable; and (v) the County has no reason to believe that the information in Official Statement is untrue in any material respect or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) A certificate of the Developer, dated the Closing Date, executed by the Developer's _____, to the effect that, other than as set forth in the Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, government agency, public board or body is pending or, to his best knowledge after due investigation, threatened that (i) in any way questions the corporate existence of the Developer or the titles of the officers of the Developer to their respective offices; (ii) in any way contests, affects or seeks to prohibit, restrain or enjoin the Developer from performing its obligations under the Lease, the Assignment Agreement, the Trust Agreement and this Purchase Contract; (iii) in any way contests or affects the validity of the Lease, the Assignment Agreement, the Trust Agreement, the Certificates or this Purchase Contract or the tax-exempt status of the interest component of the Lease Payments or interest on the Certificates, or contests the powers of the Developer, the Trustee or any authority for the issuance of the Certificates or the execution by any party of the Lease, the Assignment Agreement, the Trust Agreement, the Certificates or this Purchase Contract; (iv) may result in any material adverse change relating to the business, operations or financial condition of the Developer; or (v) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or

asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted 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; and to the best knowledge of the Developer, after reasonable investigation, there is no reasonable basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (v) of this subparagraph;

(6) A certificate of the Developer, dated the Closing Date, executed by the Developer's _____, to the effect that, on the date of the Official Statement and on the Closing Date: (i) the representations and warranties of the Developer contained in this Purchase Contract were and are true and correct in all material respects; (ii) the Developer has complied with all agreements and covenants and satisfied all conditions contemplated by the Lease, the Assignment Agreement, the Trust Agreement and this Purchase Contract on its part to be performed or satisfied at or prior to the Closing Date; (iii) insofar as the Developer and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain any untrue statement of a material fact or omit any statement or information which is 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; and (iv) the Developer has no reason to believe that any information in the Official Statement is untrue in any material respect or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(7) An opinion of Bond Counsel, dated the Closing Date, in substantially the form attached to the Official Statement as Appendix _;

(8) An opinion of Bond Counsel, addressed to the Purchaser and dated the Closing Date, in substantially the form attached hereto as Appendix B;

(9) An opinion of Foster Pepper & Shefelman, counsel to the Developer, addressed to the Purchaser and dated the Closing Date, to the effect that: (i) the Developer is a limited liability company duly organized and validly existing under State law; (ii) the Developer has all requisite right, power and authority to execute and deliver the Purchase Contract, the Lease, the Assignment Agreement and the Trust Agreement, to perform its obligations thereunder, and to carry out the transactions contemplated thereby; (iii) the Developer has duly authorized, executed and delivered the Purchase Contract, the Lease, the Assignment Agreement and the Trust Agreement; (iv) the Purchase Contract, the Lease, the Assignment Agreement and the Trust Agreement constitute legal, valid and binding obligations of the Developer enforceable in accordance with their terms, except to the extent that the enforceability thereof may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights and remedies of

creditors and by the availability of equitable remedies; (v) the payment of interest on the Certificates made by the Trustee to Owners (other than the Developer) of the Certificates from funds on deposit in the Lease Transfer Fund on or prior to the Substantial Completion Date will not constitute a voidable transfer under Section 546 of the United States Bankruptcy Code, as amended, in the event that a bankruptcy petition is subsequently filed by or against the Developer or any of its affiliates; and such opinion letter shall contain a representation that while they are not verifying, are not passing upon, and do not assume any responsibility for, the factual accuracy, completeness or fairness of any of the statements contained in the Official Statement, based upon their participation in the preparation of the Official Statement as counsel to the Developer, no information came to the attention of the attorneys rendering legal services in connection with the issuance of the Certificates that caused them to believe that the Official Statement (except for any financial, engineering or statistical data or forecasts, numbers, estimates, assumptions or expressions of opinion included therein, information regarding DTC and its book-entry only system, and except for Appendices _ and _ thereof), as of its date or the date thereof, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, that such opinion and representation may not be relied upon or otherwise used by any other person;

(10) An opinion of counsel to the Trustee, addressed to the Purchaser and dated the Closing Date, to the effect that: (i) the Trustee has all requisite right, power and authority to execute and deliver the Trust Agreement, to perform its obligations thereunder, and to carry out the transactions contemplated thereby; (ii) the Trustee has duly authorized, executed and delivered the Trust Agreement; and (iii) the Trust Agreement constitutes legal, valid and binding obligation of the Trustee enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights and remedies of creditors and by the availability of equitable remedies;

(11) An opinion of Gottlieb, Fisher & Andrews, PLLC, counsel to the Purchaser, dated the Closing Date and addressed to the Purchaser, to the effect that: (i) the Certificates and all agreements related thereto are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and (ii) the Purchaser has a reasonable basis to conclude that the continuing disclosure undertakings of the County to provide continuing information comply with the requirements of Rule 15c2-12; and such opinion letter shall contain a statement that they have read the Official Statement and such reading brought nothing to their attention that, based on their knowledge, leads them to believe that the statements made therein (except for the financial, engineering

demographic and statistical data or forecasts, numbers, estimates, assumptions or expressions of opinion included therein, or information regarding DTC and its book-entry only system, and except for Appendices __ and __ thereof, as to which they express no opinion or view) contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, that such opinion and statement may not be relied upon or otherwise used by any other person;

(12) A certificate of Seattle-Northwest Securities Corporation, financial advisor to the County, dated the Closing Date, to the effect that although such firm has not verified, is not passing on and does not assume any responsibility for the factual accuracy, completeness or fairness of any of the statements contained in the Official Statement, representatives of the firm have participated in the preparation of the Official Statement and have generally reviewed and discussed such information with officials of the County, with representatives of the Purchaser and of Preston Gates & Ellis LLP, Bond Counsel to the County; and in the course of such review and discussion, but without independent verification, no facts came to their attention that caused them to believe that the Official Statement (except for any financial, engineering or statistical data or forecasts, numbers, estimates, assumptions or expressions of opinion included therein, or information regarding DTC and its book-entry only system, and except for Appendices _ and _ thereof) as of its date or the date thereof, contained any untrue statement of a material fact required to be stated therein, in light of the circumstances under which they were made, not misleading;

(13) A duly executed nonarbitrage certificate of the County in form satisfactory to Bond Counsel to the County;

(14) A DTC Blanket Issuer Letter of Representations executed by the County and accepted by DTC;

(15) Two transcripts of all proceedings relating to the authorization and issuance of the Certificates;

(16) Evidence satisfactory to the Purchaser that Moody's Investors Service has assigned a rating of ___ to the Certificates;

(17) A verification report from _____, Certified Public Accountants, dated the Closing Date and addressed to the Purchaser, verifying the arithmetical accuracy of certain computations provided by the Developer relating to the sufficiency of money on deposit in the Lease Transfer Fund to pay when due all interest on the Certificates on and prior to December 15, 1999 and to redeem the Certificates on December 15, 1999 in the event the Developer has failed to acquire the Land or to substantially complete the Improvements by that date;

(18) Evidence satisfactory to the Purchaser that the money described in subparagraph 17 above is on deposit in the Lease Transfer Fund held by the Trustee;

(19) An undertaking of the County to provide continuing disclosure that satisfies the requirements of paragraph (b)(5) of Rule 15c2-12; and

(20) Such additional legal opinions, certificates, instruments and other documents as the Purchaser may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing of the representations and warranties of the County contained in Paragraph 4 of this Purchase Contract or of the Developer contained in Paragraph 5 of this Purchase Contract and the due performance or satisfaction by the County and the Developer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by such parties pursuant to this Purchase Contract.

If either the County or the Developer shall be unable to satisfy the conditions to the obligations of the Purchaser to purchase, accept delivery of and pay for the Certificates contained in this Purchase Contract, or if the obligations of the Purchaser to purchase, accept delivery of and pay for the Certificates shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate, and neither the Purchaser, the County nor the Developer shall be under any further obligation hereunder.

9. Termination. The Purchaser may terminate this Purchase Contract, without liability therefor, by notification to the County if at any time subsequent to the date of this Purchase Contract and at or prior to the Closing:

(a) There shall occur any change, or any development involving a prospective change, in or affecting the business, properties or financial condition of the County or the Developer that, in the reasonable opinion of the Purchaser, materially impairs the investment quality, the marketability or the market price of the Certificates;

(b) Legislation shall have been enacted by the Congress of the United States, or introduced by amendment or otherwise in or passed by either House of the Congress, or recommended or endorsed to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress of the United States by any committee of such House to which such legislation has been referred for consideration or recommended or endorsed for passage or presented for consideration by any member of any such committee or by the Treasury Department of the United States, the Internal Revenue Service, or the staff of the Joint Committee on Taxation of the Congress, or a decision shall have been rendered by a court of the United States, or the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement shall have been made by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, the effect of which would be to cause the interest component of the Lease Payments or interest upon the Certificates or upon securities of the general character of the

Certificates to be includable in gross income of the holders thereof for federal income tax purposes, which in the reasonable opinion of the Purchaser would materially and adversely affect the marketability or the market price of the Certificates;

(c) There shall have occurred a declaration of war by the United States, any new outbreak of hostilities, or any escalation of existing hostilities, or any other national or international calamity or crisis, the effect of such outbreak, escalation, calamity or crisis being such as, in the reasonable opinion of the Purchaser, would materially and adversely affect the marketability or the market price of the Certificates;

(d) There shall have occurred the declaration of a general banking moratorium by any authority of the United States or the State of New York or the State;

(e) There shall be in force a general suspension of trading or other material restrictions not in force as of the date hereof on the New York Stock Exchange or other national securities exchange;

(f) Any rating of bonds, notes or other obligations of the County (including, without limitation, the Certificates) shall have been downgraded, suspended or withdrawn, or the possibility of such a downgrading, suspension or withdrawal shall have been publicly announced, by Moody's Investors Service or Standard & Poor's Ratings Services and such action, in the reasonable opinion of the Purchaser, would materially and adversely affect the marketability or the market price of the Certificates;

(g) An event, fact or condition described in Paragraphs 4(e) or 5(f) hereof shall have occurred or become known which, in the reasonable opinion of the Purchaser, would materially and adversely affect the ability of the Purchaser to market the Certificates or to enforce contracts for the sale of the Certificates and requires the preparation and publication of a supplement or amendment to the Official Statement;

(h) Any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, board, department or agency of the State or the United States, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered, affecting the County or the Developer, which, in the reasonable opinion of the Purchaser, will materially adversely affect the marketability or the market price of the Certificates;

(i) Legislation shall be enacted, or a decision of a court of the United States shall be rendered or any action shall be taken by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction in the subject matter which, in the opinion of counsel to the Purchaser, has the effect of requiring the contemplated distribution of the Certificates to be registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the Trust Agreement to be qualified under the Trust Indenture Act of 1939, as amended; or

(j) The New York Stock Exchange, or any governmental authority, shall impose, as to the Certificates or obligations of the general character of the Certificates, any material restrictions not now in force or being enforced, or increase materially those now in force, with respect to the extension of credit by, or the charges to the net capital requirements of, underwriters.

10. Expenses. The Purchaser shall be under no obligation to pay and the Developer shall pay or cause to be paid the expenses incident to the performance of its obligations hereunder including but not limited to: (i) the cost of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Lease, the Assignment Agreement and the Trust Agreement; (ii) the fees and disbursements of Bond Counsel, the County's financial advisors, the Trustee and any experts or consultants retained by the County; (iii) the cost of preparing, printing and signing of the Certificates and the registration of the Certificates; (iv) the cost of preparing and printing the Preliminary Official Statement and the Official Statement, together with any supplements or amendments thereto; and (v) the charges of rating agencies for the ratings of the Certificates. The Developer shall pay the fees and disbursements of its counsel. The Purchaser shall pay: (i) the cost of preparation and printing of the Blue Sky and legal investment memoranda, if any, to be used by it; (ii) all advertising expenses incurred by it in connection with the public offering of the Certificates, (iii) the fees and disbursements of its counsel; and (iv) all other expenses incurred by it in connection with the public offering and distribution of the Certificates.

11. Notices. Any notice or other communication to be given to the County under this Purchase Contract (other than the acceptance hereof as specified in the introductory paragraph hereto) may be given by delivering the same in writing to Brad Duerr, Finance Director, 500 Fourth Avenue, Seattle, Washington 98104; any notice or other communication to be given to the Developer under this Purchase Contract may be given by delivering the same in writing to Issaquah Courthouse, LLC, 1417 - 116th Avenue NE, Suite 202, Bellevue, Washington 98004, Attention: Russell C. Keithly; and any notice or other communication to be given to the Purchaser under this Purchase Contract may be given by delivering the same in writing to Smith Barney Inc., 601 Union Street, Suite 3400, Seattle, Washington 98101, Attention: Jerry Bobo.

12. Governing Law. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State.

13. Parties in Interest. This Purchase Contract when accepted by the County and by the Developer in writing as heretofore specified shall constitute the entire agreement among the County, the Developer and the Purchaser with respect to the sale, issuance and delivery of the Certificates, and is solely for the benefit of the County, the Developer and the Purchaser (including the successors and assigns thereof). No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the County and the Developer in this Purchase Contract shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Purchaser, (b) delivery of and payment for the Certificates hereunder, and (c) any termination of this Purchase Contract.

14. **Headings.** The paragraph headings in this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

15. **Effectiveness.** This Purchase Contract shall become effective upon the execution of the acceptance hereof by the County and the Developer and shall be valid and enforceable at the time of such acceptance.

16. **Counterparts.** This Purchase Contract may be executed in several counterparts, which together shall constitute one and the same instrument.

SMITH BARNEY INC.

Jerry Bobo, Director

Accepted and agreed to by King County, Washington, as of the date first above written.

KING COUNTY, WASHINGTON

Ron Sims, County Executive

Accepted and agreed to by Issaquah Courthouse, LLC as of the date first above written.

ISSAQUAH COURTHOUSE LLC,
a Washington Limited Liability Corporation

Russell C. Keithly, _____

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Draft Dated 6/30/98
For Discussion Purposes Only
Marked Copy

APPENDIX A

APPENDIX B

[Letterhead of Preston Gates & Ellis LLP]

_____, 1998

Honorable County Executive and
the County Council
King County, Washington
500 Fourth Avenue
Seattle, Washington 98104

Smith Barney Inc.
601 Union Street, Suite 3400
Seattle, Washington 98101

**Re: \$ _____ King County, Washington, Certificates of Participation
Evidencing Undivided Proportionate Beneficial Interests of the Owners
Thereof In General Obligation Lease Payments to Be Made by King County,
Washington**

At the request of King County, Washington (the "County"), we have served as Bond Counsel with respect to \$ _____ aggregate principal amount of the above-captioned certificates of participation (the "Certificates"). In such connection we have examined such documents and satisfied ourselves as to such matters as we have deemed relevant and necessary in order to enable us to express the opinions set forth below. All capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Purchase Contract, dated July __, 1998 (the "Purchase Contract"), by and among the County, Issaquah Courthouse, LLC (the "Developer") and Smith Barney Inc. (the "Purchaser"). This opinion is being delivered to you pursuant to Paragraph 8(e)(8) of the Purchase Contract.

It is our opinion that:

(1) The County is a political subdivision duly organized and validly existing under the laws of the State of Washington.

(2) The County has all requisite right, power and authority to adopt the Ordinance, to execute and deliver the Lease and the Purchase Contract, to approve and consent to the Trust Agreement, to perform its obligations under the Ordinance and under such agreements, and to carry out the transactions contemplated thereby, and the County has duly authorized, executed and delivered the Lease and the Purchase Contract and has duly authorized its approval and consent to the Trust Agreement, and such agreements constitute legal, valid and binding obligations of the County enforceable in accordance with their respective terms except to the extent that the enforceability thereof may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights and remedies of creditors and by the availability of equitable remedies.

(3) The Certificates and all agreements related thereto are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(4) To the best of our knowledge, the adoption of the Ordinance by the County, the execution and delivery by the County of the Lease and the Purchase Contract, the approval and consent of the County to the Trust Agreement and compliance with the provisions on the County's part contained therein will not conflict with, or constitute a material breach of or default under, any constitutional provision or law applicable to the County or any ordinance or resolution of the County.

(5) The statements contained in the Official Statement (except for information regarding The Depository Trust Company ("DTC") and its book-entry only system) under the captions ["Introduction," "Security and Sources of Payment for the Certificates," "The Certificates," "Use of Certificate Proceeds," "Lease Payment Schedule" and "Tax Exemption"] and in APPENDICES __, __ and __, insofar as such statements purport to summarize provisions of the Ordinance, the Lease, the Trust Agreement, the Assignment Agreement and the Certificates and to describe the treatment of the interest component of the Certificates under federal income tax laws, present a fair and accurate summary of such provisions, and the statements of law and legal conclusions stated therein are correct.

Although we have not verified, are not passing upon, and do not assume any responsibility for, the factual accuracy, completeness or fairness of the information contained in the Official Statement (except to the extent expressly set forth in paragraph (5) above), we have participated in the preparation of the Official Statement with County officials, the County's financial advisors, the Developer's counsel and the Purchaser's counsel, and, in the course of such participation, no facts have come to our attention that caused us to believe that the Official Statement (except for any financial, engineering or statistical data or forecasts, numbers, estimates, assumptions or expressions of opinion included therein, information regarding DTC and its book-entry only system, and except for Appendix __ thereof, as to which we express no opinion) as of its date, or as of the date hereof, contained any untrue statement of a material fact or omitted 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.

We consent to references to us contained in the Official Statement.

Very truly yours,

PRESTON GATES & ELLIS LLP