



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**July 30, 2007**

**Motion 12562**

**Proposed No.** 2007-0195.2

**Sponsors** Ferguson

1           A MOTION of the county council accepting a bond  
2           purchase contract for the purchase of the county's Limited  
3           Tax General Obligation Refunding Bonds, 2007 Series A,  
4           in the aggregate principal amount of \$48,665,000, and the  
5           county's Limited Tax General Obligation Refunding Bonds  
6           (Taxable), 2007 Series B, in the aggregate principal amount  
7           of \$5,900,000, and establishing certain terms of such bonds  
8           and the plan of refunding.

9  
10           WHEREAS, pursuant to Ordinance 15781 (the "Bond Ordinance"), the county  
11           council authorized the issuance of one or more series of its taxable limited tax general  
12           obligation refunding bonds in an outstanding aggregate principal amount not to exceed  
13           \$7,000,000 to refund all or a portion of the county's Limited Tax General Obligation  
14           Bonds (Taxable), 1997 Series E, and one or more series of its limited tax general  
15           obligation refunding bonds in an outstanding aggregate principal amount not to exceed  
16           \$54,000,000 to refund all or a portion of the county's Limited Tax General Obligation  
17           Refunding Bonds, 1997 Series F, and

18 WHEREAS, the Bond Ordinance provided that such bonds may be publicly sold  
19 in one or more series, any of which may be sold in a combined offering with other bonds  
20 of the county, either by negotiated sale or by competitive bid, as determined by the  
21 Finance Director in consultation with the county's financial advisor, and

22 WHEREAS, the Finance Director has determined that a series of the bonds  
23 authorized pursuant to the Bond Ordinance, to be designated as the county's Limited Tax  
24 General Obligation Refunding Bonds, 2007 Series A (the "Tax-Exempt Bonds"), be sold  
25 by negotiated sale as provided herein, and

26 WHEREAS, the Finance Director has determined that a series of the bonds  
27 authorized pursuant to the Bond Ordinance, to be designated as the county's Limited Tax  
28 General Obligation Refunding Bonds (Taxable), 2007 Series B (the "Taxable Bonds"), be  
29 sold by negotiated sale as provided herein, and

30 WHEREAS, the Tax-Exempt Bonds and the Taxable Bonds are herein  
31 collectively called the "Bonds," and

32 WHEREAS, none of the bonds authorized by the Bond Ordinance are currently  
33 outstanding, and

34 WHEREAS, pursuant to the Bond Ordinance, the Finance Director has negotiated  
35 the sale of the Bonds as a combined offering to Merrill Lynch, Pierce, Fenner & Smith  
36 Incorporated (the "Representative"), acting on behalf of itself, A.G. Edwards & Sons,  
37 Inc., and Siebert Brandford Shank & Co., LLC (collectively, the "Underwriters"), and a  
38 preliminary official statement dated July 23, 2007, has been prepared for the sale of the  
39 Bonds, and

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

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

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

46 B. Approval of Bond Purchase Contract and Authorization of Bonds. The  
47 issuance of the county's Limited Tax General Obligation Refunding Bonds, 2007  
48 Series A, in the aggregate principal amount of \$48,665,000, and of the county's Limited  
49 Tax General Obligation Refunding Bonds (Taxable), 2007 Series B, in the aggregate  
50 principal amount of \$5,900,000, and the terms and conditions thereof, as set forth in the  
51 bond purchase contract attached hereto as Exhibit A (the "Purchase Contract"), are  
52 hereby ratified and confirmed, and the Purchase Contract is hereby approved. The Bonds  
53 shall be dated, shall mature on the dates in each of the years and in the amounts, and shall  
54 bear interest at the rates and be payable on the dates specified in the Purchase Contract.  
55 The Bonds shall not be subject to optional redemption. In all other respects, the Bonds  
56 shall conform to the terms and conditions specified in the Purchase Contract and the  
57 Bond Ordinance, which terms are hereby ratified and confirmed.

58 C. Refunding of Refunded Bonds.

59 1. Plan of Refunding. The proper county officials are authorized to carry out  
60 the refunding plan in accordance with Section 14 of the Bond Ordinance. The amounts,  
61 maturities and redemption dates of the Refunded Bonds and the amounts, maturities and  
62 interest rates of the Government Obligations to be acquired to accomplish the refunding

63 thereof shall be as identified in the Purchase Contract, which identification is hereby  
64 ratified and confirmed.

65 2. Escrow Trustee. The selection of U.S. Bank National Association as Escrow  
66 Trustee for the refunding of the Refunded Bonds is hereby ratified and confirmed.

67 3. Finding of Savings and Defeasance. The county council finds and determines  
68 that a substantial savings will be effected by the difference between the principal and  
69 interest cost over the life of each series of the Bonds and the principal and interest cost  
70 over the life of the related Refunded Bonds but for such refunding, and that such  
71 Government Obligations to be deposited with the Escrow Trustee and the income  
72 therefrom, together with any necessary beginning cash balance(s), are sufficient to  
73 defease and redeem the Refunded Bonds and will discharge and satisfy the obligations of  
74 the county with respect to the Refunded Bonds under Ordinance 12909 pursuant to which  
75 the Refunded Bonds were issued, and the pledges of the county in such ordinance.  
76 Immediately upon delivery of such Government Obligations to the Escrow Trustee and  
77 the deposit of any necessary beginning cash balance(s), the Refunded Bonds shall be  
78 deemed not to be outstanding under Ordinance 12909 and shall cease to be entitled to any  
79 lien, benefit or security under such ordinance except the right to receive payment from  
80 such Government Obligations and beginning cash balance(s) so set aside and pledged.

81 D. Undertaking to Provide Ongoing Disclosure.

82 1. Contract/Undertaking. This section D constitutes the county's written  
83 undertaking for the benefit of the owners and beneficial owners of the Bonds as required  
84 by section (b)(5) of rule 15c2 12 (the "rule") of the Securities and Exchange Commission  
85 (the "commission").

86           2. Financial Statements/Operating Data. The county agrees to provide or cause  
87 to be provided to each nationally recognized municipal securities information repository  
88 ("NRMSIR") and to the state information depository (the "SID"), if any, in each case as  
89 designated by the commission in accordance with the rule, the following annual financial  
90 information and operating data for the prior fiscal year (commencing in 2008 for the  
91 fiscal year ended December 31, 2007):

92           (a) annual financial statements prepared in accordance with the Budget  
93 Accounting and Reporting System ("BARS") prescribed by the Washington State Auditor  
94 pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type attached  
95 to the official statement as "Appendix B," which statements will not be audited, except  
96 that if and when audited financial statements are otherwise prepared and available to the  
97 county they will be provided;

98           (b) a summary of the assessed value of taxable property in the county;

99           (c) a summary of budgeted General Fund revenues and appropriations;

100           (d) a summary of ad valorem property tax levy rates per \$1,000 of assessed  
101 value and delinquency rates;

102           (e) a summary of outstanding tax supported indebtedness of the county;

103           (f) a schedule of the aggregate annual debt service on tax supported  
104 indebtedness of the county; and

105           (g) a summary of hotel/motel taxes received by the county pursuant to RCW  
106 67.28.180.

107           Items (b) through (g) shall be required only to the extent that such information is  
108 not included in the annual financial statement.

109           Such annual information and operating data described above shall be provided on  
110           or before the end of seven months after the end of the county's fiscal year. The county's  
111           fiscal year currently ends on December 31. The county may adjust such fiscal year by  
112           providing written notice of the change of fiscal year to each then existing NRMSIR and  
113           the SID, if any. In lieu of providing such annual financial information and operating  
114           data, the county may cross-reference to other documents provided to the NRMSIR, the  
115           SID or to the commission, and, if such document is a final official statement within the  
116           meaning of the rule, such document will be available from the Municipal Securities  
117           Rulemaking Board (the "MSRB").

118           If not provided as part of the annual financial information discussed above, the  
119           county shall provide the county's audited annual financial statement prepared in  
120           accordance with BARS when and if available to each then existing NRMSIR and the  
121           SID, if any.

122           3. Material Events. The county agrees to provide or cause to be provided, in a  
123           timely manner, to the SID, if any, and to each NRMSIR or to the MSRB, notice of the  
124           occurrence of any of the following events with respect to the Bonds, if material:

- 125           (a) principal and interest payment delinquencies;
- 126           (b) non-payment related defaults;
- 127           (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- 128           (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- 129           (e) substitution of credit or liquidity providers, or their failure to perform;
- 130           (f) adverse tax opinions or events affecting the tax-exempt status of the Tax-
- 131           Exempt Bonds;

- 132 (g) modifications to rights of Bondholders;
- 133 (h) optional, contingent or unscheduled calls of any Bonds other than
- 134 scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act
- 135 Release 34-23856;
- 136 (i) defeasances;
- 137 (j) release, substitution or sale of property securing repayment of the Bonds;
- 138 and
- 139 (k) rating changes.

140 Solely for purposes of disclosure, and not intending to modify this undertaking,

141 the county advises with reference to items (c) and (j) above that no debt service reserves

142 secure payment of the Bonds and no property secures repayment of the Bonds.

143 4. Notification Upon Failure to Provide Financial Data. The county agrees to

144 provide or cause to be provided, in a timely manner, to each NRMSIR or to the MSRB

145 and to the SID, if any, notice of its failure to provide the annual financial information

146 described in subsection 2 above on or prior to the date set forth in subsection 2 above.

147 5. Termination/Modification. The county's obligations to provide annual

148 financial information and notices of material events shall terminate upon the legal

149 defeasance, prior redemption or payment in full of all of the Bonds. This section, or any

150 provision hereof, shall be null and void if the county (i) obtains an opinion of nationally

151 recognized bond counsel to the effect that those portions of the rule which require this

152 section, or any such provision, are invalid, have been repealed retroactively or otherwise

153 do not apply to the Bonds; and (ii) notifies each then existing NRMSIR and the SID, if

154 any, of such opinion and the cancellation of this section.

155 Notwithstanding any other provision of this motion, the county may amend this  
156 section D, and any provision of this section D may be waived, with an approving opinion  
157 of nationally recognized bond counsel and in accordance with the rule.

158 In the event of any amendment or waiver of a provision of this section D, the  
159 county shall describe such amendment in the next annual report, and shall include, as  
160 applicable, a narrative explanation of the reason for the amendment or waiver and its  
161 impact on the type (or in the case of a change of accounting principles, on the  
162 presentation) of financial information or operating data being presented by the county. In  
163 addition, if the amendment relates to the accounting principles to be followed in  
164 preparing financial statements, (i) notice of such change shall be given in the same  
165 manner as for a material event under subsection 3, and (ii) the annual report for the year  
166 in which the change is made should present a comparison (in narrative form and also, if  
167 feasible, in quantitative form) between the financial statements as prepared on the basis  
168 of the new accounting principles and those prepared on the basis of the former accounting  
169 principles.

170 6. Centralized Filing. Any filing required to be made with any NRMSIR or SID  
171 pursuant to the County's undertaking may be made by transmitting such filing solely to  
172 (i) the Texas Municipal Advisory Council (the "MAC") as provided in  
173 *<http://www.disclosureusa.org>* unless the commission has withdrawn the interpretive  
174 advice in its letter to the MAC dated September 7, 2004, or (ii) any other entity for whom  
175 the commission has provided interpretive advice to the effect that a filing solely with  
176 such entity shall satisfy an issuer's filing requirements under the Rule.



177           7. Bond Owner's Remedies Under This Section. The right of any Bond owner  
178 or beneficial owner of Bonds to enforce the provisions of this section shall be limited to a  
179 right to obtain specific enforcement of the county's obligations hereunder, and any failure  
180 by the county to comply with the provisions of this undertaking shall not be an event of  
181 default with respect to the Bonds. For purposes of this section, "beneficial owner" means  
182 any person who has the power, directly or indirectly, to vote or consent with respect to, or  
183 to dispose of ownership of, any Bonds, including persons holding Bonds through  
184 nominees or depositories.

185           E. Further Authority. The county officials, their agents, and representatives are  
186 hereby authorized and directed to do everything necessary for the prompt issuance and  
187 delivery of the Bonds and for the proper use and application of the proceeds of such sale.

188           F. Severability. The covenants contained in this motion shall constitute a  
189 contract between the county and the owners of each and every Bond. If any one or more  
190 of the covenants or agreements provided in this motion to be performed on the part of the  
191 county shall be declared by any court of competent jurisdiction to be contrary to law, then  
192 such covenant or covenants, agreement or agreements, shall be null and void and shall be

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193 deemed separable from the remaining covenants and agreements of this motion and shall  
194 in no way affect the validity of the other provisions of this motion or of the Bonds.  
195

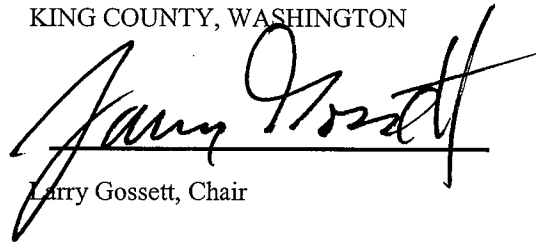
Motion 12562 was introduced on 3/26/2007 and passed by the Metropolitan King County Council on 7/30/2007, by the following vote:

Yes: 7 - Mr. Gossett, Ms. Patterson, Ms. Lambert, Mr. von Reichbauer, Mr. Ferguson, Mr. Phillips and Mr. Constantine

No: 0

Excused: 2 - Mr. Dunn and Ms. Hague

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

**Attachments**      A. King County, Washington Limited Tax General Obligation Refunding Bonds, 2007 Series A \$48,665,000 Limited Tax General Obligation Refunding Bonds (Taxable), 2007 Series B \$5,900,000 Bond Purchase Contract

**KING COUNTY, WASHINGTON****LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS,  
2007 SERIES A  
\$48,665,000****LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS (TAXABLE),  
2007 SERIES B  
\$5,900,000****BOND PURCHASE CONTRACT**

July 30, 2007

King County, Washington

Ladies and Gentlemen:

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Representative"), acting on behalf of itself, A.G. Edwards & Sons, Inc. and Siebert Brandford Shank & Co., L.L.C., (collectively, the "Underwriters"), offers to enter into this Bond Purchase Contract (together with the Exhibits, the "Contract") with King County, Washington (the "County"), regarding \$48,665,000 aggregate principal amount of the County's Limited Tax General Obligation Refunding Bonds, 2007 Series A (the "2007A Bonds") and \$5,900,000 aggregate principal amount of the County's Limited Tax General Obligation Refunding Bonds (Taxable), 2007 Series B (the "2007B Bonds," and, together with the 2007A Bonds, the "Bonds"). This offer is made subject to receipt by the Representative of the documents described herein and to the County's acceptance by executing this Contract and delivering it to the Representative at or prior to 5:00 p.m. Pacific Time, on the date hereof. If not so accepted, this offer will be subject to withdrawal by the Representative upon notice delivered to the County at any time prior to acceptance hereof by the County. Upon acceptance of this offer in accordance with the terms hereof, this Contract will constitute a binding contract between the County and the Underwriters.

Unless otherwise defined herein, all capitalized terms used in this Contract shall have the meanings given them in the Bond Legislation (as defined in Section 3 of this Contract).

The County and the Underwriters hereby agree as follows:

**1. PURCHASE AND SALE**

On the terms and conditions and on the basis of the representations, warranties and covenants herein set forth, the Underwriters hereby agree to purchase from the County, and the County hereby agrees to execute, sell and deliver to the Underwriters, all (but not less than all) of the Bonds. Proceeds of the 2007A Bonds shall be used to refund \$50,565,000 of the County's outstanding Limited Tax General Obligation Refunding Bonds, 1997 Series F described in

Exhibit B attached hereto (the "1997F Bonds"), and to pay the costs of issuing the 2007A Bonds. Proceeds of the 2007B Bonds shall be used to refund \$5,730,000 of the County's outstanding Limited Tax General Obligation Bonds (Taxable), 1997 Series E described in Exhibit B attached hereto (the "1997E Bonds," and together with the 1997F Bonds, the "Refunded Bonds"), and to pay the costs of issuing the 2007B Bonds. The type, principal amount, maturity dates and interest rates of the Government Obligations to be acquired to accomplish the refunding of the Refunding Bonds shall be as described in Exhibit C attached hereto.

The Bonds will be dated the date of their initial delivery to the Underwriters. The Bonds shall be fully registered as to both principal and interest, shall bear interest at the rates per annum calculated in such manner, payable as to principal and interest, and shall have such terms relating to redemption and other such provisions and terms as set forth in the Bond Legislation and as described on Exhibit A attached hereto.

The purchase price for the 2007A Bonds shall be \$51,439,784.99, representing the par amount of the 2007A Bonds plus original issue premium of \$2,972,540.75, less an underwriting discount of \$197,755.76 (the "Series A Purchase Price"), and the purchase price for the 2007B Bonds shall be \$5,884,772.72, representing the par amount of the 2007B Bonds less an underwriting discount of \$15,227.28 (the "Series B Purchase Price" and, together with the Series A Purchase Price, the "Purchase Price").

## 2. CLOSING

Subject to the terms and conditions hereof, the delivery of the Bonds and payment of the Purchase Price (the "Closing") shall take place at the King County Office of Finance at 9:00 a.m., Pacific Time, on September 5, 2007, or at such other time or place, or on such other day, as the Representative and the County shall agree. At the Closing:

(a) the County shall deliver to the Underwriters the Bonds as provided in clause (c) of this section, and to the Representative, the other instruments and documents required to be delivered to the Representative at the Closing pursuant to Section 5(f) hereof;

(b) the Purchase Price shall be paid to the County in federal funds (by wire transfer or by any combination of one or more wires as may be agreeable to the County and the Representative); and

(c) the Bonds initially shall be held in fully registered form by The Depository Trust Company ("DTC") acting as depository pursuant to the terms and conditions set forth in the County's Blanket Issuer Letter of Representations with DTC. The Bonds shall be issued in denominations equal to the aggregate principal amount of each maturity for each series and initially shall be registered in the name of Cede & Co., as the nominee of DTC. The Bonds shall be delivered to DTC, at least one full business day before the Closing for purposes of inspection, unless an alternate arrangement (e.g., FAST closing) is made between the parties. The Bonds delivered hereunder shall bear proper CUSIP numbers to be obtained by the Representative (provided, however, that neither the printing of an incorrect CUSIP number on any Bond nor the

failure to print the CUSIP number thereon shall constitute cause for the Underwriters to refuse delivery of any Bond).

**3. DELIVERIES TO BE MADE UPON ACCEPTANCE; DELIVERY OF OFFICIAL STATEMENT**

At or prior to the time of the execution of this Contract, the County shall deliver to the Representative (a) copies of Ordinance 15781 authorizing issuance of the Bonds and a motion of the King County Council approving the sale of the Bonds (the "Sale Motion," and, together with Ordinance 15781, the "Bond Legislation"), certified by the Clerk of the County Council to have been duly adopted by the County and to be in full force and effect as of the date hereof, and (b) two copies of the preliminary official statement of the County dated July 23, 2007 (the "Preliminary Official Statement"), relating to the Bonds that the County has "deemed final" except for information permitted to be omitted under paragraph (b)(1) of Rule 15c2-12 ("Rule 15c2-12") of the Securities and Exchange Commission. The Official Statement of the County, dated the date of this Contract, in the form of the Preliminary Official Statement (including the cover and inside cover thereof and all appendices, exhibits, reports and statements included therein or attached thereto), together with such amendments or supplements thereto that have been approved by the Representative as of the date of this Contract, as executed by the Director of the County's Finance and Business Operations Division, is referred to as the "Official Statement."

As soon as possible, but in any event no more than seven business days after the time of the County's acceptance hereof, it shall deliver to the Underwriters as many copies of the Official Statement as required to permit the Underwriters to comply with the requirements of the Municipal Securities Rulemaking Board ("MSRB") Rule G-32 and Rule 15c2-12. The County hereby ratifies, approves and confirms the distribution and use of the Preliminary Official Statement by the Underwriters and authorizes the Underwriters to use and distribute the Official Statement in connection with the public offering and sale of the Bonds.

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

statements therein, in the light of the circumstances under which they were made, not misleading.

#### 4. REPRESENTATIONS AND WARRANTIES OF THE COUNTY

The County hereby represents and warrants to the Underwriters, and (as applicable) covenants to the Underwriters, as follows:

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

(b) By the Sale Motion, the County has entered into a written agreement or contract constituting an "Undertaking" to provide ongoing disclosure about the County for the benefit of the owners of the Bonds on or before the Closing as required by paragraph (b)(5)(i) of Rule 15c2-12, and in the form summarized in the Official Statement.

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

Statement. The issuance of the Bonds is permitted by, and the Bonds when issued will be issued in compliance with, the provisions of the Bond Legislation.

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

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

(f) Except as described in the Official Statement, no litigation or other action, suit, proceeding, inquiry or investigation before or by any court or agency or other administrative body (either of the State of Washington or the United States Government) is pending or, to the knowledge of the County, threatened, that in any way restrains or enjoins, or threatens or seeks to restrain or enjoin, the issuance, sale or delivery of the Bonds or in any way contests, questions or affects (i) the validity or enforceability of any provision of the Bonds, the Escrow Agreement, the Bond Legislation or this Contract; (ii) the County's pledge under the Bond Legislation of ad valorem property taxes or taxes levied by the County pursuant to RCW 67.28.180 (the "Hotel/Motel Taxes"); (iii) the County's covenant in the Bond Legislation to include in its budget and levy the ad valorem property taxes and Hotel/Motel Taxes, as provided therein; (iv) the accuracy, completeness or fairness of the Official Statement; or (v) the legal existence of the County, the title of its elected officers to their respective offices, or the County's legal ability to perform its obligations hereunder or with respect to the Bonds, or to consummate any of the transactions to which it is or is to be a party as contemplated hereby or by the Bond Legislation, the Escrow Agreement or this Contract; to the best knowledge of the County's Director of the County's Finance and Business Operations Division, after due inquiry, there is no other event or circumstance that would have a material adverse effect on the power or ability of the County to perform its obligations hereunder or with respect to the Bonds or to consummate the transactions to which it is or is to be a party as contemplated by the Bond Legislation, the Bonds, the Escrow Agreement, or this Contract.

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

(h) The Official Statement dated as of the date of this Contract is true and complete in all material respects and does not contain any untrue statement of a material fact or

omit to state a material fact required to be stated therein or necessary to make the information contained therein not misleading. However, no warranty is given with respect to information under the captions entitled "THE BONDS - Book-Entry System," "LEGAL AND TAX INFORMATION - No Tax Exemption for the 2007B Bonds," "LEGAL AND TAX INFORMATION - Tax Exemption for the 2007A Bonds," "LEGAL AND TAX INFORMATION - Certain Other Federal Tax Consequences" and the information concerning DTC and the book-entry system.

(i) Except as described in the Official Statement, the County does not intend to issue or incur, and the County is not aware of any plans to issue or incur, prior to the issuance of the Bonds, general obligation bonds, notes or other obligations, nor does the County intend to issue or incur, and the County is not aware of any plans to issue or incur prior to the issuance of the Bonds, bonds, notes or other obligations, or any material liabilities, direct or contingent, that will have a material adverse effect on the County's financial condition, nor does the County expect there to be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the County.

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

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

(l) 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 Representative as may be requested (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Representative and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, 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. The County consents to the Underwriters' use of the Bond Legislation, the Escrow Agreement, this Contract and the Official Statement in obtaining such qualifications.

(m) The financial statements of the County contained in the Official Statement fairly present the financial position of the County as of the dates and for the periods therein set forth, such financial statements have been prepared in accordance with generally accepted accounting principles applicable to governmental entities in Washington State, except to the



extent described therein, and there has been no material adverse change in the financial position or results of operations of the County from those set forth in the Official Statement.

(n) In the previous five years, the County has not failed to comply, in all material respects, with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12.

**5. CONDITIONS TO THE OBLIGATIONS OF THE UNDERWRITERS**

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

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

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

(c) As of the date of the Official Statement, the Official Statement did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and at the time of the Closing, the Official Statement shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. However, no warranty need be given with respect to information under the captions entitled "THE BONDS - Book-Entry System," "LEGAL AND TAX INFORMATION – No Tax Exemption for the 2007B Bonds," "LEGAL AND TAX INFORMATION – Tax Exemption for the 2007A Bonds," "LEGAL AND TAX INFORMATION – Certain Other Federal Tax Consequences" and the information concerning DTC and the book-entry system.

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

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

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

(i) A copy of Ordinance 15781 and the Sale Motion, each certified by the Clerk of the County Council to have been duly passed or adopted by the County, as applicable, and to be in full force and effect as of the Closing.

(ii) The approving legal opinions of Foster Pepper PLLC ("Bond Counsel"), each dated the date of the Closing and addressed to the County in substantially the forms attached to the Official Statement as Appendix A, together with a letter, dated the date of the Closing and addressed to the Underwriters, entitling the Underwriters to rely thereon.

(iii) A supplemental opinion of Bond Counsel, dated the date of the Closing and addressed to the Underwriters, to the effect that (A) the County has the legal right, power and authority (I) to pass the Bond Legislation and to enter into this Contract and the Escrow Agreement, (II) to issue, sell and deliver the Bonds to the Underwriters, (III) to perform its obligations under this Contract, the Bond Legislation and the Escrow Agreement, and (IV) to carry out the transactions contemplated by this Contract, the Bond Legislation, the Bonds and the Escrow Agreement; (B) the County has duly passed the Bond Legislation, has duly approved, authorized, executed and delivered this Contract and the Escrow Agreement, and, assuming due execution and delivery of this Contract and the Escrow Agreement by the other parties thereto, this Contract, the Bond Legislation and the Escrow Agreement, constitute the legal, valid and binding obligations of the County, enforceable in accordance with their respective terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally; (C) the Bonds have been duly authorized, executed and delivered and are entitled to the benefits and security provided by the Bond Legislation; (D) the Bond Legislation creates the valid pledge of ad valorem property taxes, Hotel/Motel Taxes and the full faith, credit and resources of the County that it purports to create; (E) the County has duly authorized the Director of the County's Finance and Business Operations Division to approve and execute the Official Statement; (F) no consent or approval of, or registration or filing with, any commission, board, authority, regulatory body or instrumentality of the State of Washington is or was required in connection with any of the actions of the County taken in regard to the approval and issuance of the Bonds, except such consents, approvals, registrations or filings as have been obtained on or prior to the Closing, nor is any election or referendum of voters required in connection therewith; provided, that no opinion need be provided with respect to compliance with any Blue Sky laws; (G) the Bonds and their offer and sale are exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the Bond Legislation is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); and (H) the statements contained in the Official Statement under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "INITIATIVE AND REFERENDUM" and "LEGAL AND TAX INFORMATION" (except under the caption "Litigation"), insofar as

such statements contained under such captions purport to summarize certain provisions of the Bond Legislation and the Bonds, are true and correct, and that based solely upon their participation as Bond Counsel in certain conferences with representatives of the County, the Underwriters, the financial advisor to the County and Underwriters' Counsel, during which conferences the contents of the Official Statement and related matters were discussed, and without having undertaken to determine independently the accuracy and completeness of the statements contained in the Official Statement, no facts came to the attention of the attorneys of such firm rendering legal services in connection with such representation that caused such firm to believe that the Official Statement (except for information concerning DTC and the book-entry transfer system and any financial, demographic and statistical data included in the Official Statement, as to all of which no view need be expressed) as of its date contained, or that the Official Statement as the same may have been amended or supplemented as of the Closing (except as aforesaid) as of the Closing contains, any untrue statement of a material fact or that the Official Statement (except as aforesaid) as of its date omitted, or that the Official Statement as so amended or supplemented (except as aforesaid) omits as of the Closing, 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 or are made, not misleading.

(iv) An opinion, dated the date of the Closing and addressed to the Underwriters, of Underwriters' Counsel to the effect that (A) the Bonds constitute exempted securities within the meaning of Section 3(a)(2) of the Securities Act, and Section 304(a)(4)(A) of the Trust Indenture Act, and it is not necessary, in connection with the offering and sale of the Bonds, to register any securities under the Securities Act or to qualify the Bond Legislation under the Trust Indenture Act; (B) the County's undertaking to provide certain continuing disclosure information pursuant to paragraph (b)(5) of Rule 15c2-12 provides a suitable basis for the Underwriters reasonably to determine, pursuant to paragraph b(5)(i) of the Rule, that the County has undertaken in a written agreement or contract for the benefit of the holders of the Bonds, to provide the annual financial information and notices required by the Rule; and (C) based upon their examination of information made available to them in the course of their participation in the preparation of the Official Statement as Underwriters' Counsel and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel have no reason to believe that the Official Statement as of the Closing contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any financial, demographic, economic or statistical data contained in the Official Statement or as to the information set forth in the Official Statement under the captions "THE BONDS - Book-Entry System" and the information concerning DTC in "Appendix E - Book-Entry System"). In rendering the opinion provided above, Underwriters' Counsel may rely upon the unqualified approving opinion of Bond Counsel, to the extent that such opinion addresses the validity of the Bonds, the Bond Legislation and the governmental status of the County.

(v) A certificate of a County Prosecuting Attorney, dated the date of the Closing and addressed to the Underwriters in substantially the form described in Exhibit D attached hereto.

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

(vii) Evidence satisfactory to the Representative that the Bonds have been rated "Aa1" by Moody's, "AAA" by Standard & Poor's and "AA+" by Fitch.

(viii) A certificate or certificates of the County executed by an authorized officer or representative of the County, dated the date of the Closing, to the effect that (A) the representations, warranties and covenants of the County contained in this Contract are true and correct in all material respects on and as of the date of the Closing with the same effect as if made at the time of the Closing; (B) to the best of his or her knowledge, the Official Statement as of the date of this Contract and as of the date of the Closing, was and is true and complete in all material respects and does not contain an untrue statement of a material fact or omit or fail to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that no representation or warranty need be made with respect to the information contained under the captions entitled "THE BONDS - Book-Entry System," "LEGAL AND TAX INFORMATION - No Tax Exemption for the 2007B Bonds," "LEGAL AND TAX INFORMATION - Tax Exemption for the 2007A Bonds," "LEGAL AND TAX INFORMATION - Certain Other Federal Tax Consequences" and the information concerning DTC in "Appendix E - Book-Entry System"); (C) the County is not then in default as to any covenant, obligation or agreement contained in any ordinance or other proceeding relating to any obligations for borrowed money of the County; (D) nothing has come to his or her attention to lead him or her to believe that the financial information and statistical data in the Official Statement contain any untrue statement of a material fact or omit or fail 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; (E) the County has never defaulted in the payment of principal or interest on any of its obligations for borrowed money; and (F) to the best of his or her knowledge, the County has complied in all material respects with all agreements and satisfied in all material respects all conditions contemplated by this Contract and the Bond Legislation on its part to be performed or satisfied at or prior to the delivery of the Bonds.

(ix) A tax exemption and non-arbitrage certificate dated the date of the Closing signed by an authorized representative or officer of the County setting forth facts, estimates and circumstances (including covenants of the County) in existence as of the Closing, sufficient to support the conclusion that it is not expected that the proceeds of the 2007A Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended, and stating that to the best of his or her knowledge and belief, there are no other facts, estimates or circumstances that would adversely affect such expectations.

(x) A certificate of the Escrow Trustee, executed by an authorized officer of the Escrow Trustee, dated the date of the Closing, to the effect that (A) the Escrow

Trustee is a duly organized and validly existing national banking association under the laws of the United States of America, legally doing business in and duly qualified to exercise trust powers in the State of Washington, eligible under the Escrow Agreement to act as Escrow Trustee thereunder, and has full corporate right, power and authority to accept the trusts contemplated by and to perform all duties and obligations on its part to be performed and to take all actions required or permitted on its part to be taken under and pursuant to the Escrow Agreement; (B) the Escrow Trustee has duly authorized the acceptance of the trusts contemplated by the Escrow Agreement, has duly accepted the duties and obligations of Escrow Trustee thereunder, and the duties and obligations of the Escrow Trustee under the Escrow Agreement constitute valid, legal and binding obligations of the Escrow Trustee in accordance with the terms of the Escrow Agreement subject to customary qualifications and exceptions; (C) all approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, agency, board or commission having jurisdiction in the matter which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Escrow Trustee of its duties and obligations under the Escrow Agreement, have been obtained and are in full force and effect; (D) the acceptance of the duties and obligations of the Escrow Trustee under the Escrow Agreement and the performance or the consummation of the transactions on the part of the Escrow Trustee contemplated in the Escrow Agreement and the compliance by the Escrow Trustee with the terms, conditions and provisions of the Escrow Agreement have been duly authorized by all necessary corporate action on the part of the Escrow Trustee and do not contravene any provision of applicable law or regulation or any order, decree, writ or injunction or the Escrow Trustee's articles of association or bylaws, and do not require consent under (except to the extent such consent has been obtained), or result in a breach of or default under, any credit agreement or other instrument to which the Escrow Trustee is a party or is otherwise subject or bound; and (E) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency or public board or body, pending or threatened, in any way contesting or affecting the creation, organization or existence of the Escrow Trustee or the authority of the Escrow Trustee to accept or perform the duties and obligations of the Escrow Trustee under the Escrow Agreement.

(xi) An executed copy of the Escrow Agreement.

(xii) A DTC Blanket Issuer Letter of Representations, executed by the County and accepted by DTC.

(xiii) Verification by Grant Thornton LLP, independent certified public accountants, of the mathematical accuracy of computations showing the sufficiency of the maturing principal of and interest on obligations purchased with proceeds of the Bonds, together with any other amounts deposited for such purpose, to pay the principal of and interest on the Refunded Bonds and to cause the Refunded Bonds to be deemed paid and no longer outstanding.

(xiv) Such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the accuracy, as of the date hereof and as of the Closing, of the County's representations and warranties contained herein and in the Official Statement and contained in any of the certificates or other documents referred to

in this Contract, as the same may be supplemented or amended, and the due performance and satisfaction by the County at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the County.

All certificates, opinions and other documents and instruments delivered pursuant to this Section 5 shall be satisfactory in form and substance to the Representative and to Underwriters' Counsel; provided, however, that approval of such form and substance shall not be unreasonably withheld.

## **6. TERMINATION OF CONTRACT**

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

(a) The marketability of the Bonds or the market price thereof, in the opinion of the Representative, has been materially adversely affected by (i) an amendment to the Constitution of the United States of America or by any legislation that shall have been introduced in or enacted by the Congress of the United States; (ii) legislation pending in the Congress of the United States; or (iii) legislation (including any amendment thereto, whether or not in formal bill form) recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives; or (iv) legislation (including any amendment thereto, whether or not in formal bill form) proposed that may have an effective date prior to the Closing for consideration by either such Committee or by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States; or (v) legislation favorably presented for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration; (vi) a decision by a court of the United States or the Tax Court of the United States; or (vii) a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency, with respect to federal taxation of revenues or other income of the general character expected to be derived by the County or upon interest received on securities of the general character of the Bonds or which would change, directly or indirectly, the federal income tax consequences resulting from ownership of or receipt of interest on securities of the general character of the Bonds in the hands of the owners thereof.

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

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

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

(e) A general banking moratorium shall have been established by the United States or State of New York or State of Washington authorities.

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

(g) Any rating of the Bonds or any other general obligations of the County shall have been downgraded or withdrawn by a national rating service, which event, in the Representative's opinion, materially adversely affects the market price of the Bonds, or any proceeding shall be pending or threatened by the Securities and Exchange Commission or the Attorney General of the State of Washington against the County relating to the Bonds.

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

## **7. EFFECT OF TERMINATION**

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

## **8. PAYMENT OF COSTS**

(a) Whether or not the Bonds are issued as contemplated by this Contract, the Underwriters shall be under no obligation to pay, and the County hereby agrees to pay, any expenses incident to the performance of the County's obligations hereunder, including but not limited to (i) the costs of preparation and printing of the Bonds and the Bond Legislation, preparation, printing and distribution of the Official Statement, and preparation of all other documents prepared by the County or its counsel; (ii) the fees and disbursements of Bond Counsel; (iii) the fees and disbursements of other counsel to the County; (iv) the fees of agencies rating the Bonds; (v) the fees of the Bond Registrar; (vi) the fees and disbursement of accountants, consultants and advisors to the County, including, without limitation, the fees of the financial advisors to the County; and (vii) any other expenses and costs, including costs and expenses of credit enhancement, if any, of the County incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriters.

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

## **9. INDEMNIFICATION**

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



**10. NOTICES**

Any notice or other communication to be given to the County under this Contract may be given by delivering the same in writing to the County, Office of the Director of the Finance and Business Operations Division, 500 Fourth Avenue, Sixth Floor, Seattle, Washington, 98104, and any such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to Merrill Lynch, Pierce, Fenner & Smith Incorporated, 999 Third Avenue, Suite 3610, Seattle, Washington 98104, Attention: Eric Whaley.

**11. GENERAL**

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

**12. WAIVERS**

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

**13. EFFECTIVENESS OF CONTRACT**

This Contract shall become effective upon the execution hereof by the Representative and the acceptance hereof by the Director of the County's Finance and Business Operations Division or other authorized representative of the County and shall be valid and enforceable as of the time of such execution and acceptance.

**14. GOVERNING LAW**

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

15. COUNTERPARTS

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

Respectfully submitted,

MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED, A.G. EDWARDS & SONS,  
INC. and SIEBERT BRANDFORD SHANK &  
CO., L.L.C., as Underwriters

By MERRILL LYNCH, PIERCE, FENNER &  
SMITH INCORPORATED, as Representative

By: \_\_\_\_\_  
Authorized Representative

Accepted on: July 30, 2007

KING COUNTY, WASHINGTON

By: \_\_\_\_\_  
Authorized Representative

**EXHIBIT A**

**LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS,  
2007 SERIES A  
\$48,665,000**

<b>Maturity (December 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>
2007	\$ 565,000	4.00%	3.68%
2011	275,000	4.00	3.83
2012	670,000	4.00	3.88
2013	13,580,000	5.00	3.94
2014	15,805,000	5.00	3.99
2015	17,770,000	5.00	4.04

**LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS (TAXABLE),  
2007 SERIES B  
\$5,900,000**

<b>Maturity (December 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>
2007	\$ 1,350,000	4.98%	4.98%
2008	1,840,000	4.98	4.98
2009	1,905,000	5.08	5.08
2010	805,000	5.11	5.11

The Bonds will be dated and bear interest from the date of their delivery, calculated on the basis of a 360-day year consisting of twelve 30-day months, payable semiannually on each June 1 and December 1, commencing December 1, 2007, to their stated dates of maturity.

*Optional Redemption.* The Bonds are not subject to optional redemption prior to maturity.

**EXHIBIT B****REFUNDED BONDS****Limited Tax General Obligation Refunding Bonds, 1997 Series F**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
December 1, 2008	\$ 195,000	5.000%	December 1, 2007	100%
December 1, 2009	215,000	5.000	December 1, 2007	100
December 1, 2010	210,000	5.000	December 1, 2007	100
December 1, 2011	595,000	5.000	December 1, 2007	100
December 1, 2012	1,005,000	5.000	December 1, 2007	100
December 1, 2013	13,940,000	5.125	December 1, 2007	100
December 1, 2014	16,200,000	5.125	December 1, 2007	100
December 1, 2015	18,205,000	5.200	December 1, 2007	100
	<u>\$ 50,565,000</u>			

**Limited Tax General Obligation Bonds (Taxable), 1997 Series E**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
December 1, 2008	\$ 250,000	6.700%	December 1, 2007	100%
December 1, 2009	290,000	6.750	December 1, 2007	100
December 1, 2010	335,000	6.800	December 1, 2007	100
December 1, 2011	385,000	6.850	December 1, 2007	100
December 1, 2012	435,000	6.850	December 1, 2007	100
December 1, 2013	1,185,000	6.875	December 1, 2007	100
December 1, 2015	2,850,000	7.000	December 1, 2007	100
	<u>\$ 5,730,000</u>			

**EXHIBIT C**

**GOVERNMENT OBLIGATIONS**

**LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS,  
2007 SERIES A**

<u>Type</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
SLG-Cert*	12/1/2007	\$51,272,623	4.870%

**LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS (TAXABLE),  
2007 SERIES B**

<u>Type</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
SLG-Cert*	12/1/2007	\$5,860,281	4.870%

\* CERT: United States Treasury Certificate of Indebtedness—State and Local Government Series

## EXHIBIT D

### CERTIFICATE OF COUNTY PROSECUTING ATTORNEY

I, Sally Bagshaw, the duly appointed and qualified Chief Civil Deputy Prosecuting Attorney of King County, Washington (the "County"), in connection with the issuance by the County of its Limited Tax General Obligation Refunding Bonds, 2007 Series A, in the principal amount of \$48,665,000, and Limited Tax General Obligation Refunding Bonds (Taxable), 2007 Series B, in the principal amount of \$5,900,000 (together, the "Bonds"), DO HEREBY CERTIFY as follows:

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

2. That as of the time and date written below, the statements contained in the Preliminary Official Statement dated July 23, 2007 relating to the Bonds and the final Official Statement dated July 30, 2007 relating to the Bonds, under the caption "LEGAL AND TAX INFORMATION—Litigation," insofar as such statements purport to summarize litigation affecting the County, present a fair and accurate summary of such litigation, and are true and correct.

3. That to the best of my knowledge, neither the execution nor delivery by the County of the Bond Purchase Contract relating to the Bonds dated July 30, 2007, between the County and the Underwriters named therein (the "Contract"), or the Bonds, nor the adoption by the County of the Bond Legislation (as defined in the Contract), nor the compliance by the County with the terms and conditions of the Contract and of the Bond Legislation have resulted or will result in a conflict with or a breach of any of the terms or provisions of any writ, injunction or decree of any court, which conflict or breach would have a material effect on the County's authority to provide for the timely payment of the principal of and interest on the Bonds.

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

DATED: September 5, 2007 at 8:30 a.m.

For DAN SATTERBERG,  
King County Interim Prosecuting Attorney

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Sally Bagshaw  
Chief Civil Deputy