



# KING COUNTY

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

## Signature Report

November 15, 2010

### Motion 13373

**Proposed No.** 2010-0404.2

**Sponsors** Patterson

1           A MOTION of the county council approving the sale of the  
2           county's Limited Tax General Obligation Bonds, 2010,  
3           Series B (Federally Taxable Build America Bonds), in the  
4           aggregate principal amount of \$45,035,000 and the terms  
5           and conditions thereof, as set forth in a bond purchase  
6           contract therefor, approving and authorizing the execution  
7           of such bond purchase contract, and determining the  
8           application of the sale proceeds of such bonds, all in  
9           accordance with Ordinance 16920.

10           WHEREAS, pursuant to Ordinance 16920 (the "Ordinance"), the county council  
11           authorized the issuance of one or more series of its limited tax general obligation bonds  
12           in an outstanding aggregate principal amount not to exceed \$117,000,000 to provide  
13           long-term financing for the capital costs of the Atlantic/Central Base Operations Building  
14           Project, the Camera Recording System Project, the Data Center Relocation and  
15           Contingency Projects, the Data Center Specifications Project, the Earlington HVAC and  
16           Roof Energy Project, the IRIS/TESS Replacement Project, the IT Reorganization Project,  
17           the Major Maintenance Reserve Fund Projects, the McKinstry Essention Contract Energy  
18           Efficiencies Project, the Northeast Novelty Hill Road Project and the North Base HVAC  
19           Replacement Project, each defined and described in the Ordinance, and

20 WHEREAS, the Ordinance provided that such bonds may be issued as Tax-  
21 Exempt Obligations, BABs, RZEDBs, QECBs or other Taxable Obligations in one or  
22 more series, any of which may be sold in a combined offering with other bonds of the  
23 county, publicly, either by negotiated sale or by competitive bid, as determined by the  
24 Finance Director in consultation with the county's financial advisors, and

25 WHEREAS, the Finance Director has determined that a series of such bonds, to  
26 be designated as the county's Limited Tax General Obligation Bonds, 2010, Series B  
27 (Federally Taxable Build America Bonds), in the aggregate principal amount of  
28 \$45,035,000 (the "2010B Bonds"), be sold as BABs, as defined in the Ordinance, to  
29 provide long-term financing for a portion of the capital costs of the Atlantic/Central Base  
30 Operations Building Project, the Camera Recording System Project, the Data Center  
31 Specifications Project, the IT Reorganization Project, the McKinstry Essention Contract  
32 Energy Efficiencies Project, the Northeast Novelty Hill Road Project and the North Base  
33 HVAC Replacement Project, all as provided herein, and

34 WHEREAS, currently, none of the bonds authorized by the Ordinance are  
35 outstanding. The aggregate principal amount of all such bonds (including the 2010B  
36 Bonds) to be outstanding on the date of issuance of the 2010B Bonds, will be  
37 \$109,875,000, which amount does not exceed \$117,000,000, and

38 WHEREAS, pursuant to the Ordinance, the Finance Director has negotiated the  
39 sale of the 2010B Bonds to Merrill Lynch, Pierce, Fenner & Smith Incorporated,  
40 Citigroup Global Markets Inc. and Siebert Brandford Shank & Co., LLC (collectively,  
41 the "Underwriters"), and a preliminary official statement dated November 5, 2010, has

42 been prepared for the sale of the 2010B Bonds and other series of bonds of the county  
43 authorized pursuant to the Ordinance, and

44 WHEREAS, it is in the best interest of the county that the 2010B Bonds be sold to  
45 the Underwriters on the terms set forth in the attached bond purchase contract, the  
46 Ordinance and this motion;

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

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

50 B. Approval of Sale of 2010B Bonds and Purchase Contract. The issuance and  
51 sale of the 2010B Bonds, designated as the county's Limited Tax General Obligation  
52 Bonds, 2010, Series B (Federally Taxable Build America Bonds), in the aggregate  
53 principal amount of \$45,035,000, and the other terms and conditions thereof as set forth  
54 in the bond purchase contract attached hereto as Attachment A (the "Purchase Contract"),  
55 are hereby ratified and confirmed; and the Purchase Contract is hereby approved. The  
56 2010B Bonds shall be BABs, as defined in the Ordinance, to which the county's  
57 irrevocable elections set forth in Section 9.B. of the Ordinance shall apply. The 2010B  
58 Bonds shall be dated, shall mature on the dates in each of the years and in the principal  
59 amounts, shall bear interest at the rates and payable on the dates, and shall be subject to  
60 redemption prior to maturity in the amounts, in the manner and at the prices as set forth in  
61 the Purchase Contract. In all other respects, the 2010B Bonds shall conform to the terms  
62 and conditions specified in the Purchase Contract and the Ordinance, which terms are  
63 hereby ratified and confirmed. The Finance Director is authorized to execute the  
64 Purchase Contract on behalf of the county.

65 C. Application of 2010B Bond Sale Proceeds. The sale proceeds of the 2010B  
66 Bonds, net of the underwriters' discount, shall be applied as follows:

67 1. Atlantic/Central Base Operations Building Project. \$20,027,067.04 shall be  
68 deposited into the Public Transportation Construction Subfund within the Public  
69 Transportation Construction Fund to provide long-term financing for a portion of the  
70 capital costs of the Atlantic/Central Base Operations Building Project.

71 2. Camera Recording System Project. \$639,623.20 shall be deposited into the  
72 BCI 2010 G.O.-FMD Subfund within the Building Construction and Improvement Fund  
73 to provide long-term financing for a portion of the capital costs of the Camera Recording  
74 System Project.

75 3. Data Center Specifications Project. \$5,902,225.94 shall be deposited into the  
76 BCI 2010 G.O.-FMD Subfund within the Building Construction and Improvement Fund  
77 to provide long-term financing for a portion of the capital costs of the Data Center  
78 Specifications Project.

79 4. IT Reorganization Project. \$1,171,874.11 shall be deposited into the 2010  
80 G.O. Bonds-OIRM Subfund within the OIRM Capital Fund to provide long-term  
81 financing for a portion of the capital costs of the IT Reorganization Project.

82 5. McKinstry Essention Contract Energy Efficiencies Project. \$3,776,755.83  
83 shall be deposited into the BCI 2010 G.O.-FMD Subfund within the Building  
84 Construction and Improvement Fund to provide long-term financing for a portion of the  
85 capital costs of the McKinstry Essention Contract Energy Efficiencies Project.

86 6. Northeast Novelty Hill Road Project. \$12,820,711.61 shall be deposited into  
87 the 2010 G.O. Bonds-Roads Subfund within the Road Construction Fund to provide long-

88 term financing for a portion of the capital costs of the Northeast Novelty Hill Road  
89 Project.

90 7. North Base HVAC Replacement Project. \$378,837.96 shall be deposited into  
91 the Public Transportation Construction Subfund within the Public Transportation  
92 Construction Fund to provide long-term financing for a portion of the capital costs of the  
93 North Base HVAC Replacement Project.

94 8. Issuance Costs. The remainder of the net sale proceeds of the 2010B Bonds  
95 shall be deposited into the 2010 G.O. Bonds-MMR Subfund within the Major  
96 Maintenance Reserve Fund for application to the payment of costs and expenses incurred  
97 in issuing the 2010B Bonds.

98 D. Undertaking to Provide Ongoing Disclosure.

99 1. Contract/Undertaking. This section D. constitutes the county's written  
100 undertaking for the benefit of the owners and beneficial owners of the 2010B Bonds as  
101 required by section (b)(5) of rule 15c2-12 (the "rule") of the Securities and Exchange  
102 Commission (the "Commission").

103 2. Financial Statements/Operating Data. The county agrees to provide or cause  
104 to be provided to the Municipal Securities Rulemaking Board (the "MSRB") the  
105 following annual financial information and operating data for the prior fiscal year  
106 (commencing in 2011 for the fiscal year ended December 31, 2010):

107 (a) annual financial statements prepared in accordance with the Budget  
108 Accounting and Reporting System ("BARS") prescribed by the Washington State Auditor  
109 pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type attached  
110 to the official statement as "Appendix B," which statements will not be audited, except

111 that if and when audited financial statements are otherwise prepared and available to the  
112 county they will be provided;

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

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

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

117 (e) a summary of outstanding tax-supported indebtedness of the county; and

118 (f) a schedule of the aggregate annual debt service on tax-supported  
119 indebtedness of the county.

120 Items (b) through (f) shall be required only to the extent that such information is  
121 not included in the annual financial statements.

122 Such annual information and operating data described above shall be provided on  
123 or before the end of seven months after the end of the county's fiscal year. The county's  
124 fiscal year currently ends on December 31. The county may adjust such fiscal year by  
125 providing written notice of the change of fiscal year to the MSRB. In lieu of providing  
126 such annual financial information and operating data, the county may cross-reference to  
127 other documents available to the public on the MSRB's internet web site or filed with the  
128 Commission.

129 If not provided as part of the annual financial information discussed above, the  
130 county shall provide the county's audited annual financial statements prepared in  
131 accordance with BARS when and if available to the MSRB.

132 3. Material Events. The county agrees to provide or cause to be provided, in a  
133 timely manner not in excess of ten business days after the occurrence of the event, to the

134 MSRB, notice of the occurrence of any of the following events with respect to the 2010B  
135 Bonds:

- 136 (a) principal and interest payment delinquencies;
- 137 (b) non-payment related defaults, if material;
- 138 (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- 139 (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- 140 (e) substitution of credit or liquidity providers, or their failure to perform;
- 141 (f) adverse tax opinions, the issuance by the Internal Revenue Service of  
142 proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form  
143 5701-TEB) or other material notices or determinations with respect to the tax status of the  
144 2010B Bonds, or other material events affecting the tax status of the 2010B Bonds;
- 145 (g) modifications to rights of 2010B Bondholders, if material;
- 146 (h) 2010B Bond calls, if material, and tender offers;
- 147 (i) defeasances;
- 148 (j) release, substitution or sale of property securing repayment of the 2010B  
149 Bonds, if material; and
- 150 (k) rating changes:
- 151 (l) bankruptcy, insolvency, receivership, or similar event of the county;
- 152 (m) the consummation of a merger, consolidation or acquisition involving the  
153 county or the sale of all or substantially all of the assets of the county, other than in the  
154 ordinary course of business, the entry into a definitive agreement to undertake such an  
155 action or the termination of a definitive agreement relating to any such actions, other than  
156 pursuant to its terms, if material; and

157 (n) appointment of a successor or additional trustee or the change of name of a  
158 trustee, if material.

159 Solely for purposes of disclosure, and not intending to modify this undertaking,  
160 the county advises with reference to items (c), (j) and (n) above that no debt service  
161 reserves secure payment of the 2010B Bonds, no property secures repayment of the  
162 2010B Bonds, and there is no trustee for the 2010B Bonds.

163 4. Notification Upon Failure to Provide Financial Data. The county agrees to  
164 provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to  
165 provide the annual financial information described in subsection 2 above on or prior to  
166 the date set forth in subsection 2 above.

167 5. Electronic Format; Identifying Information. The county agrees that all  
168 documents provided to the MSRB pursuant to this section D. shall be provided in an  
169 electronic format and accompanied by such identifying information, each as prescribed  
170 by the MSRB.

171 6. Termination/Modification. The county's obligations to provide annual  
172 financial information and notices of material events shall terminate upon the legal  
173 defeasance, prior redemption or payment in full of all of the 2010B Bonds. This section  
174 D., or any provision hereof, shall be null and void if the county (i) obtains an opinion of  
175 nationally recognized bond counsel to the effect that those portions of the rule which  
176 require this section D., or any such provision, are invalid, have been repealed  
177 retroactively or otherwise do not apply to the 2010B Bonds; and (ii) notifies the MSRB  
178 of such opinion and the cancellation of this section D.



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

182           In the event of any amendment or waiver of a provision of this section D., the  
183 county shall describe such amendment in the next annual report, and shall include, as  
184 applicable, a narrative explanation of the reason for the amendment or waiver and its  
185 impact on the type (or in the case of a change of accounting principles, on the  
186 presentation) of financial information or operating data being presented by the county. In  
187 addition, if the amendment relates to the accounting principles to be followed in  
188 preparing financial statements, (i) notice of such change shall be given in the same  
189 manner as for a material event under subsection 3, and (ii) the annual report for the year  
190 in which the change is made should present a comparison (in narrative form and also, if  
191 feasible, in quantitative form) between the financial statements as prepared on the basis  
192 of the new accounting principles and those prepared on the basis of the former accounting  
193 principles.

194           7. 2010B Bond Owners' Remedies Under This Section D. The right of any  
195 2010B Bond owner or beneficial owner of 2010B Bonds to enforce the provisions of this  
196 section D. shall be limited to a right to obtain specific enforcement of the county's  
197 obligations hereunder, and any failure by the county to comply with the provisions of this  
198 undertaking shall not be an event of default with respect to the 2010B Bonds. For  
199 purposes of this section D., "beneficial owner" means any person who has the power,  
200 directly or indirectly, to vote or consent with respect to, or to dispose of ownership of,

201 any 2010B Bonds, including persons holding 2010B Bonds through nominees or  
202 depositories.

203 E. Further Authority. The proper county officials, their agents, and  
204 representatives are hereby authorized and directed to do everything necessary for the  
205 prompt issuance and delivery of the 2010B Bonds, for the preparation, execution and  
206 delivery of the final official statement for the sale of the 2010B Bonds and other series of  
207 bonds of the county authorized pursuant to the Ordinance, and for the proper use and  
208 application of the proceeds of such sale.

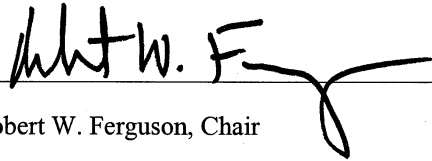
209 F. Severability. The covenants contained in this motion shall constitute a  
210 contract between the county and the owners of each and every 2010B Bond. If any one  
211 or more of the covenants or agreements provided in this motion to be performed on the  
212 part of the county shall be declared by any court of competent jurisdiction to be contrary  
213 to law, then such covenant or covenants, agreement or agreements, shall be null and void  
214 and shall be deemed separable from the remaining covenants and agreements of this

215 motion and shall in no way affect the validity of the other provisions of this motion or of  
216 the 2010B Bonds.  
217

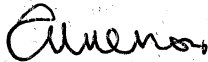
Motion 13373 was introduced on 7/19/2010 and passed by the Metropolitan King  
County Council on 11/15/2010, by the following vote:

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

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

  
Robert W. Ferguson, Chair

ATTEST:

  
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Anne Noris, Clerk of the Council

**Attachments:** A. \$45,035,000 Limited Tax General Obligation Bonds, 2010, Series B (Federally  
Taxable Build America Bonds) Bond Purchase Contract

**KING COUNTY, WASHINGTON****\$45,035,000 LIMITED TAX GENERAL OBLIGATION BONDS, 2010, SERIES B  
(FEDERALLY TAXABLE BUILD AMERICA BONDS)****BOND PURCHASE CONTRACT**

November 15, 2010

King County, Washington

Ladies and Gentlemen:

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Representative"), acting on behalf of itself and, based on representations made to it in an Agreement Among Underwriters among the Representative and the underwriters named therein relating to the above-referenced bonds (the "2010B Bonds") on behalf of Citigroup Global Markets Inc. and Siebert Brandford Shank & Co., L.L.C. (collectively, the "Underwriters"), offers to enter into this bond purchase contract (together with the exhibits attached hereto, the "Contract") with King County, Washington (the "County"), which upon acceptance of this offer by the County will be binding upon the County and the Underwriters. This offer is made subject to receipt by the Representative of the documents described in this Contract and to the County's acceptance by executing this Contract and delivering it to the Representative at or prior to 5:00 p.m., Pacific Time, on the date of this Contract. If not so accepted, this offer will be subject to withdrawal by the Representative upon notice delivered to the County at any time prior to acceptance of this Contract by the County.

All capitalized terms used in this Contract shall have the respective meanings ascribed to them in the Bond Legislation (defined herein), unless otherwise defined herein.

The County and the Underwriters hereby agree as follows:

1. Purchase and Sale. Subject to the terms and conditions and in reliance upon the representations, warranties and covenants set forth in this Contract, the Underwriters hereby agree to purchase from the County, and the County hereby agrees to issue, sell and deliver to the Underwriters, all (but not less than all) of the 2010B Bonds. The 2010B Bonds shall be dated the date of their initial delivery to the Underwriters; shall be fully registered as to both principal and interest; and shall bear interest at the rates per annum, be payable as to principal and interest, be initially reoffered to the public at the prices and have such terms relating to redemption as are set forth in Exhibit A attached hereto and such other terms and provisions as are set forth in the Preliminary Official Statement (defined herein). The proceeds of the 2010B Bonds shall be used as described in the Preliminary Official Statement. The

purchase price for the 2010B Bonds shall be \$44,842,659.73, representing the aggregate principal amount of the 2010B Bonds, less an underwriting discount of \$192,340.27.

2. Closing. Subject to the terms and conditions of this Contract, the delivery of the 2010B Bonds and payment of the purchase price of the 2010B Bonds set forth in paragraph 1 (the "Closing") shall take place at the office of the King County Treasury Operations Section no later than 10:00 a.m., Pacific Time, on December 1, 2010, or on such other day or at such other place as shall be agreed to by the Representative and the County (the "Closing Date"). At the Closing:

(a) the County shall deliver to the Underwriters (i) the 2010B Bonds as provided in subparagraph (c) of this paragraph and (ii) the other instruments and documents required to be delivered to the Representative at the Closing pursuant to paragraph 5(f);

(b) the Underwriters shall pay the purchase price of the 2010B Bonds set forth in paragraph 1 to or to the order of the County in federal funds (by any combination of one or more electronic funds or wire transfers as may be agreeable to the County and the Representative); and

(c) the 2010B Bonds initially shall be held in fully registered form by the Registrar on behalf of The Depository Trust Company ("DTC"), acting as depository pursuant to the terms and conditions set forth in the County's Blanket Issuer Letter of Representations with DTC. The 2010B Bonds shall be issued in denominations equal to the aggregate principal amount of each maturity and initially shall be registered in the name of Cede & Co., as the nominee of DTC. The County shall deliver the 2010B Bonds to the Registrar on behalf of DTC at least one full business day before the Closing for purposes of inspection. The 2010B Bonds delivered at the Closing shall bear proper CUSIP numbers to be obtained by the Representative; provided, that neither the printing of an incorrect CUSIP number on any 2010B Bond nor the failure to print a proper CUSIP number on any 2010B Bond shall constitute cause to refuse delivery of that 2010B Bond.

3. Deliveries to Be Made Upon Acceptance; Delivery of Official Statement.

(a) At or prior to the time of the execution of this Contract, the County shall deliver to the Representative (i) a copy of Ordinance 16920 passed on August 30, 2010, and a motion of the County Council adopted on the date of this Contract approving this Contract and the issuance and sale of the 2010B Bonds (the "Sale Motion" and, together with Ordinance 16920, the "Bond Legislation") and (ii) two copies of the Preliminary Official Statement of the County dated November 5, 2010, relating to the 2010B Bonds and the other limited tax general obligation bonds of the County described therein (including the cover and inside cover thereof and all appendices, exhibits, reports and statements included therein or attached thereto, the "Preliminary Official Statement"); which the County has deemed final, except for information permitted to be omitted under paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"). The Official Statement of the County, dated the date of this Contract, in the form of the Preliminary Official Statement, with only such amendments or supplements thereto as have been accepted by the Representative, is referred to as the "Official Statement."

(b) As soon as possible, but in any event no more than seven business days after the time of the County's acceptance of this Contract and in any event not later than five Business Days prior to the Closing Date, the County shall deliver to the Representative as many copies of the Official Statement as are required to permit the Underwriters to comply with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board ("MSRB") and Rule 15c2-12. The County hereby ratifies, approves and confirms the distribution and use of the Preliminary Official Statement by the Underwriters and hereby authorizes the distribution and use of the Official Statement in connection with the public offering and sale of the 2010B Bonds.

(c) If, between the date of this Contract and 25 days after the "end of the underwriting period," as that term is defined in paragraph (f)(2) of Rule 15c2-12, any event shall occur or any 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 Closing Date unless the County is informed otherwise in writing by the Representative. If the Official Statement is supplemented or amended pursuant to this subparagraph, as of the date of each supplement or amendment thereto, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit or fail to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. Representations and Warranties of the County. The County hereby represents and warrants to the Underwriters, and (as appropriate) covenants to the Underwriters, as follows:

(a) The County is a duly created and existing political subdivision of the State of Washington and has all requisite legal right, power and authority (i) to enter into this Contract; (ii) to pass the Bond Legislation; (iii) to execute, issue, sell and deliver the 2010B Bonds as provided herein and to perform its obligations with respect thereto; (iv) to execute, deliver and perform this Contract; (v) to execute and deliver the Official Statement; and (vi) to consummate the transactions to which it is or is to be a party as contemplated by this Contract and by the Bond Legislation, the 2010B Bonds and the Official Statement. The execution, delivery and performance of this Contract and the 2010B Bonds, and the passage of the Bond Legislation and the issuance of the 2010B Bonds thereunder, the execution and delivery by the County and the use and distribution by the Underwriters of the Preliminary Official Statement and the Official Statement and the consummation by the County of the transactions to which it is or is to be a party as contemplated by this Contract and by the Bond Legislation, the 2010B Bonds and the Official Statement have been duly authorized by all necessary action on the part of the County.

(b) In the Sale Motion, the County entered into a written agreement or contract constituting an undertaking to provide ongoing disclosure for the benefit of the holders

of the 2010B Bonds as required by paragraph (b)(5)(i) of Rule 15c2-12 and in the form summarized in the Preliminary Official Statement and the Official Statement.

(c) This Contract, the Official Statement and the 2010B 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 2010B Bonds) registered and issued. This Contract constitutes, and the 2010B Bonds, when registered, issued, executed and delivered, will constitute, legal, valid and binding obligations of the County enforceable in accordance with their respective terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally. The performance by the County of its obligations contained in this Contract, the Bond Legislation and the 2010B Bonds and the consummation by it of all transactions contemplated by this Contract, the Bond Legislation, the 2010B Bonds and the Official Statement to have been performed or consummated at or prior to the Closing, as the case may be, have been duly authorized and approved by the County. The Bond Legislation has been duly and lawfully passed by the County, is in full force and effect and is valid and binding upon the County and enforceable in accordance with its terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally. When delivered and paid for at the Closing, the 2010B Bonds will constitute valid, legally binding limited tax general obligations of the County and shall be entitled to the benefits and the security, and shall be subject only to the terms and conditions, set forth in the Bond Legislation and described in the Official Statement. The issuance of the 2010B Bonds is permitted by, and the 2010B Bonds when issued will be issued in compliance with, the provisions of the Bond Legislation.

(d) To the best knowledge of the Director of the Business and Finance Division of the County's Department of Executive Services (the "Finance Director"), after due inquiry, the County is not in material breach of, or in material default under, any indenture, bank loan or credit agreement, bond or note, nor is the County in default under any statute, ordinance, resolution or (in any material respect) any other agreement or instrument, regulation, order, decree, license, permit, judgment, ruling or law or constitutional provision to which the County is a party, which breach or default would adversely affect the validity or enforceability of the 2010B Bonds.

(e) The passage of the Bond Legislation, the execution, delivery and performance of this Contract, the issuance and sale of the 2010B Bonds and the consummation of the transactions contemplated by this Contract and by the Bond Legislation, the 2010B Bonds and the Official Statement will not, in any material respect, conflict with or constitute on the part of the County a material breach of or material default under any agreement, indenture, bond, note, statute, ordinance, resolution or other instrument to which the County is a party or to which it is bound or subject, which breach or default would adversely affect the validity or enforceability of the 2010B Bonds.

(f) Except as described in the Official Statement, no litigation or other action, suit, proceeding, inquiry or investigation before or by any court or agency or other administrative body (either of the State of Washington or the United States) is pending or, to the knowledge of the County, threatened, that in any way restrains or enjoins, or threatens or seeks

to restrain or enjoin, the issuance, sale or delivery of the 2010B Bonds or in any way contests, questions or affects (i) the validity or enforceability of any provision of this Contract, the Bond Legislation or the 2010B Bonds; (ii) the accuracy, completeness or fairness of the Preliminary Official Statement or the Official Statement; or (iii) the legal existence of the County, the title of its elected officers to their respective offices, or the County's authority to perform its obligations hereunder or with respect to the 2010B Bonds, or to consummate any of the transactions to which it is or is to be a party as contemplated by this Contract, the Bond Legislation, the 2010B Bonds or the Official Statement; and to the best knowledge of the Finance Director, after due inquiry, there is no other event or circumstance that would have a material adverse effect on the power or ability of the County to perform its obligations hereunder or with respect to the 2010B Bonds or to consummate the transactions to which it is or is to be a party as contemplated by this Contract, the Bond Legislation, the 2010B Bonds or the Official Statement.

(g) The 2010B Bonds and the Bond Legislation conform in all material respects to the descriptions thereof contained in the Official Statement.

(h) The Official Statement as of the date of this Contract is true and complete in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the information contained therein not misleading. However, no warranty is given with respect to the information under the caption entitled "LEGAL AND TAX INFORMATION—Tax Matters—2010A Bonds—*General*" and "—Tax Matters—Taxable Bonds" and the information concerning DTC or the book-entry system.

(i) Except as described in the Official Statement, the County does not intend to issue or incur, and the County is not aware of any plans to issue or incur, prior to the issuance of the 2010B Bonds, any other general obligation bonds, notes or other obligations for borrowed money the repayment of which is backed by a pledge of the full faith and credit of the County or any material liabilities, direct or contingent, that will have a material adverse effect on the financial condition of the County, nor does the County expect, prior to the issuance of the 2010B Bonds, there to be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the County.

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

(k) Except as described in the Official Statement, all approvals, consents and other actions by, and all filings or registrations with or notices to, any governmental or administrative authority or agency having jurisdiction in the matter required to be obtained by the County as a condition precedent to the performance by the County of its obligations under this Contract, the Bond Legislation or the 2010B Bonds have been obtained and are in full force and effect (except no representation is made as to compliance with Blue Sky laws).

(l) Any certificates signed by any authorized representative or officer of the County and delivered to the Representative shall be deemed a representation and warranty



by the County to the Underwriters as to the statements made therein with the same effect as if such representation and warranty were set forth herein.

(m) The County will furnish such information, execute such instruments and take such other action not inconsistent with law or established policy of the County in cooperation with the Representative as may be requested (i) to qualify the 2010B Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as may be designated by the Representative; and (ii) to determine the eligibility of the 2010B 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 2010B Bonds; provided, that the County shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction. The County consents to the use of this Contract, the Bond Legislation and the Official Statement by the Underwriters in obtaining such qualifications.

(n) The County has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the County is a bond issuer whose arbitrage certificates may not be relied upon.

(o) The financial statements of the County contained in the Preliminary Official Statement and the Official Statement fairly present the financial position of the County as of the dates and for the periods therein set forth; such financial statements have been prepared in accordance with generally accepted accounting principles applicable to governmental entities in the State of Washington, except to the extent described therein, and there has been no material adverse change in the financial position or results of operations of the County from those set forth in the Preliminary Official Statement and the Official Statement.

(p) The County acknowledges and agrees that (i) the purchase and sale of the 2010B Bonds pursuant to this Contract is an arm's-length commercial transaction between the County and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as agents or fiduciaries of the County, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the County with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the County on other matters), and (iv) the County has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

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 2010B Bonds shall be issued and secured under and pursuant to the Bond Legislation and shall be as described in and shall have the terms and conditions set forth in the Bond Legislation, this Contract and the Preliminary Official Statement.

(b) At the time of the Closing, (i) this Contract and the Bond Legislation shall be in full force and effect and shall not have been amended, modified or supplemented; (ii) the County shall perform or have performed all of its respective obligations required under or specified in this Contract and the Bond Legislation to be performed at or prior to the Closing; and (iii) all actions by or on behalf of the County or otherwise necessary to execute, authenticate, issue, deliver and sell the 2010B Bonds pursuant hereto to give effect to the pledges and other provisions of the Bond Legislation shall have been taken.

(c) As of the date of the Official Statement, the Official Statement shall not have contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and at the time of the Closing, the Official Statement shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

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

(e) The representations and warranties of the County contained herein 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) Copies of Ordinance 16920 and the Sale Motion, each certified by the Clerk of the County Council to have been duly passed by the County and to be in full force and effect as of the Closing.

(ii) The approving opinion of Gottlieb Fisher PLLC ("Bond Counsel") with respect to the 2010B Bonds, dated the Closing Date, in substantially the form attached to the Preliminary Official Statement as Appendix A-2.

(iii) A supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that (A) the County has the legal right, power and authority (1) to pass the Bond Legislation and to enter into this Contract, (2) to issue, sell and deliver the 2010B Bonds to the Underwriters, (3) to perform its obligations under this Contract and the Bond Legislation and (4) to carry out the transactions contemplated by this Contract, the Bond Legislation and the 2010B Bonds; (B) the County has duly passed the Bond Legislation, has duly approved, authorized, executed and delivered this Contract and, assuming with respect to this Contract due execution and delivery thereof by the Representative, this

Contract and the Bond Legislation constitute the legal, valid and binding obligations of the County, enforceable in accordance with their respective terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, to the application of equitable principles and to the exercise of judicial discretion, except that no opinion need be expressed with respect to any provisions of this Contract providing for indemnification; (C) the 2010B Bonds have been duly authorized, executed and delivered and are entitled to the benefits and security provided by the Bond Legislation; (D) the County has duly authorized the Finance Director to approve and execute the Official Statement; (E) 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 2010B 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; (F) the 2010B 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"); (G) the statements contained in the Official Statement under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "INITIATIVES AND REFERENDA," "LEGAL AND TAX INFORMATION—Tax Matters—Taxable Bonds" and "LEGAL AND TAX INFORMATION—Continuing Disclosure Undertaking," insofar as such statements contained under such captions purport to summarize certain provisions of the Bond Legislation and the 2010B Bonds, are true and correct; and (H) based solely upon our participation as Bond Counsel in certain conferences with representatives of the County, the Underwriters, the financial advisor to the County and Underwriters' counsel, during which conferences the contents of the Official Statement and related matters were discussed, and without having undertaken to determine independently the accuracy and completeness of the statements contained in the Official Statement, except as expressly set forth in the preceding clause (G), no facts came to the attention of the attorneys of such firm rendering legal services in connection with their representation as Bond Counsel that caused such firm to believe that the Official Statement (except for information concerning DTC and the book-entry system and any financial, demographic and statistical data and projections included in the Official Statement, as to all of which no view need be expressed) as of its date contained, or that the Official Statement as the same may have been amended or supplemented as of the Closing (except as aforesaid) as of the Closing contains, any untrue statement of a material fact or that the Official Statement as of its date omitted, or that the Official Statement as so amended or supplemented as of the Closing (except as aforesaid) as of the Closing omits, to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(iv) An opinion, dated the Closing Date and addressed to the Underwriters, of Foster Pepper PLLC, counsel to the Underwriters, to the effect that (A) the offer and sale of the 2010B Bonds by the Underwriters are exempt from the registration requirements of the Securities Act; (B) the Bond Legislation is exempt from qualification under the Trust Indenture Act; (C) the undertaking set forth in the Sale Motion, together with this Contract, provide a suitable basis for the Underwriters to reasonably determine, pursuant to paragraph (b)(5)(i) of Rule 15c2-12, that the County has undertaken in written agreements or

contracts for the benefit of the holders of the 2010B Bonds to provide the annual financial information and notices required by Rule 15c2-12; and (D) no information came to the attention of the attorneys in such firm rendering legal services in connection with the issuance of the 2010B Bonds that caused such attorneys to believe that the Official Statement (except any financial, economic or statistical data contained in the Official Statement, any information contained in the Official Statement regarding DTC or how interest on the 2010B Bonds is treated for federal income tax purposes, and the information contained in the appendices to the Official Statement, as to all of which no opinion or belief need be expressed), as of its date and as of the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(v) A certificate of the County Prosecuting Attorney substantially in the form set forth in Exhibit B attached hereto.

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

(vii) Evidence satisfactory to the Representative that the 2010B Bonds have been assigned ratings of “AA+,” “Aa1” and “AAA” by Fitch Ratings, Moody’s Investors Service and Standard & Poor’s Ratings Services, respectively.

(viii) A certificate of the County, executed by an authorized representative of the County, dated the Closing Date, to the effect that (A) the representations, warranties and covenants of the County contained in this Contract are true and correct in all material respects on and as of the Closing with the same effect as if made as of the Closing; (B) to the best knowledge of such authorized representative, as of the date of this Contract and as of the Closing, the Official Statement was and is true and complete in all material respects and does not contain an untrue statement of a material fact or omit or fail to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that no representation or warranty need be made with respect to the information contained under the caption entitled “LEGAL AND TAX INFORMATION—Tax Matters—2010A Bonds—*General*” and “—Tax Matters—Taxable Bonds” and the information concerning DTC or the book-entry system); (C) the County is not in default as to any covenant, obligation or agreement contained in any ordinance or other proceeding relating to any obligations for borrowed money of the County; (D) to the best knowledge of such authorized representative, the County has never defaulted in the payment of principal of or interest on any of its obligations for borrowed money; and (E) 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 2010B Bonds.

(ix) A tax certificate dated the Closing Date signed by an authorized representative of the County setting forth facts, estimates and circumstances (including covenants of the County) in existence as of the Closing, sufficient to support the conclusion that the 2010B Bonds are “build America bonds” within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”), and stating that to the best of such

representative's knowledge and belief, there are no other facts, estimates or circumstances that would adversely affect such conclusion.

(x) Such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the accuracy, as of the date of this Contract and as of the Closing, of the County's representations and warranties contained herein and in the Official Statement and contained in any of the certificates or other documents referred to in this Contract, as the same may be supplemented or amended, and the due performance and satisfaction by the County at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the County.

All certificates, opinions and other documents and instruments delivered pursuant to this paragraph shall be satisfactory in form and substance to the Representative and to Foster Pepper PLLC, counsel to the Underwriters, approval of such form and substance not to be unreasonably withheld.

6. Termination of Contract. The Representative shall have the right in its sole discretion to cancel the Underwriters' obligations hereunder to purchase the 2010B Bonds (and such cancellation shall not constitute a default hereunder) by notifying the County of its election to do so between the date of this Contract and the Closing if, at any time hereafter and prior to the Closing:

(a) 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 2010B Bonds or the ability of the Underwriters to enforce contracts for sale of the 2010B Bonds.

(b) 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 2010B Bonds or (ii) the ability of the Underwriters to enforce contracts for sale of the 2010B Bonds.

(c) The New York Stock Exchange or other national securities exchange, the MSRB, the Financial Industry Regulatory Authority ("FINRA"), or any governmental authority or agency shall impose, as to the 2010B Bonds or obligations of the general character of the 2010B 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 2010B Bonds.

(d) A general suspension of trading on the New York Stock Exchange or other major securities exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction.

(e) A general banking moratorium shall have been established by the United States or State of New York or State of Washington authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred.

(f) Any amendment to the Constitution of the United States, any legislation enacted by the United States, any decision of any court of the United States, or any order, ruling, regulation or official statement issued or made by or on behalf of the Securities and Exchange Commission, or of any other governmental agency having jurisdiction over the subject matter, having the effect that obligations of the general character of the 2010B Bonds, or the 2010B 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 2010B Bonds or any other general obligations of the County shall have been downgraded, suspended or withdrawn or placed on credit watch with a negative outlook by a national rating service, which event, in the Representative's opinion, materially adversely affects the market price or marketability of the 2010B 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 2010B 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 2010B Bonds or to enforce contracts for the sale of the 2010B Bonds.

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

7. Effect of Termination. If the sale of the 2010B Bonds to the Underwriters, as herein contemplated, is not carried out by the Underwriters for any reason permitted hereunder or if such sale is not carried out because the County shall be unable to comply with any of the terms hereof, the County shall not be under any obligation or liability under this Contract (except to the extent provided in paragraph 8), and the Underwriters shall be under no obligation or liability to the County hereunder.

8. Payment of Costs.

(a) Whether or not the 2010B Bonds are issued as contemplated by this Contract, the Underwriters shall be under no obligation to pay, and the County hereby agrees to pay, any expenses incident to the performance of the County's obligations hereunder, including (i) the costs of the preparation and printing of the 2010B Bonds and the Bond Legislation, preparation, printing and distribution of the Official Statement, and preparation of all other documents prepared by the County, Bond Counsel or other counsel to the County; (ii) the fees and disbursements of Bond Counsel; (iii) the fees and disbursements of other counsel

to the County; (iv) the fees of agencies rating the 2010B Bonds; (v) the fees of the Registrar; (vi) the fees and disbursement of accountants, consultants and advisors to the County, including the fees of the financial advisor to the County and fees of the Registrar; and (vii) any other costs and expenses, including costs and expenses of the County incident to the performance of its obligations in connection with the authorization, issuance and sale of the 2010B Bonds to the Underwriters.

(b) The Underwriters shall pay (i) any fees assessed upon the Underwriters with respect to the 2010B Bonds by the MSRB and FINRA; (ii) all advertising expenses in connection with any public offering of the 2010B Bonds; (iii) the costs of qualifying the 2010B 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 2010B Bonds, including the fees and disbursements of Foster Pepper PLLC, counsel to the Underwriters.

9. Indemnification. To the extent permitted by law, the County shall indemnify and hold harmless the Underwriters, each of their partners, members, officers and employees and each person who controls any of the Underwriters within the meaning of Section 15 of the Securities Act (each, an "Indemnified Party"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall reimburse any such Indemnified Party for any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon (i) determination that the 2010B Bonds should have been registered under the Securities Act or the Bond Legislation should have been qualified under the Trust Indenture Act, or (ii) any untrue statement of a material fact contained in the Official Statement or any supplement thereto, or the omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The indemnity as described in this paragraph is limited to such losses or damages as are directly the result of the acts or omissions of the County and, should any Indemnified Party make a claim for indemnity under this Contract, the County shall have the right to (i) retain counsel to defend any such action and (ii) control and direct any defense of such claims in such action. This indemnity shall not be construed as a limitation on any other liability that the County may otherwise have to any Indemnified Party; provided, that in no event shall the County be obligated for double indemnification.

10. Notices. Any notice or other communication to be given to the County under this Contract may be given by delivering the same in writing to the office of the Finance Director, 500 Fourth Avenue, ADM-FI-0611, 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, 800 Fifth Avenue, 35th Floor, Seattle, Washington 98104, Attention: Greg Sundberg.

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 2010B Bonds and any termination of this Contract.

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

13. Effectiveness of Contract. This Contract shall become effective upon the execution hereof by each of the Representative and an authorized representative of the County and shall be valid and enforceable as of such time.

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

15. Entire Agreement. This Contract constitutes the entire agreement between the Underwriters and the County with respect to the matters covered hereby and supersedes all prior agreements and understandings between the Underwriters and the County. This Contract shall only be amended, supplemented or modified in a writing signed by both the Representative and the County.

[Signature page follows]



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

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER &  
SMITH INCORPORATED,  
CITIGROUP GLOBAL MARKETS INC., and  
SIEBERT BRANDFORD SHANK & CO.,  
L.L.C.,  
as Underwriters

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

By: \_\_\_\_\_  
Greg Sundberg, Managing Director

Accepted on: November 15, 2010

KING COUNTY, WASHINGTON

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

## EXHIBIT A

### MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING PRICES AND REDEMPTION PROVISIONS

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Reoffering Price</u>
2015	\$5,500,000	2.851%	100%
2016	4,945,000	3.252	100
2017	5,050,000	3.552	100
2018	4,760,000	3.980	100
2019	4,875,000	4.180	100
2020	5,010,000	4.330	100
2021	2,355,000	4.580	100
2022	1,210,000	4.830	100
2023	1,245,000	5.030	100
2024	1,290,000	5.230	100
2025	1,330,000	5.430	100
***	***	***	***
2030	7,465,000	6.047	100

Optional Redemption with Make-Whole Premium. The County reserves the right and option to redeem the 2010B Bonds prior to their stated maturity dates, as a whole or in part, on any Business Day, at the Make-Whole Redemption Price determined by the Designated Investment Banker.

“Make-Whole Redemption Price” means, with respect to any redemption date for a particular 2010B Bond, the greater of (i) the initial reoffering price of such 2010B Bond (as set forth above), but not less than 100% of the principal amount of such 2010B Bond, or (ii) the sum of the present values of the remaining scheduled payments of principal of and interest on such 2010B Bond (taking into account any mandatory sinking fund redemptions), not including any portion of those payments of interest accrued and unpaid as of such date, discounted on a semi-annual basis to such date, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 25 basis points, plus accrued and unpaid interest on such 2010B Bond on such date.

“Treasury Rate” means, with respect to any redemption date for a particular 2010B Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semi-annual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on such date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

“Comparable Treasury Issue” means, with respect to any redemption date for a particular 2010B Bond, the United States Treasury security or securities selected by the Designated

Investment Banker that has an actual or interpolated maturity comparable to the remaining average life of such 2010B Bond, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of such 2010B Bond.

“Comparable Treasury Price” means, with respect to any redemption date for a particular 2010B Bond:

(i) if the Designated Investment Banker receives at least five Reference Treasury Dealer Quotations, the average of such quotations for such date, after excluding the highest and lowest such Reference Treasury Dealer Quotation, or

(ii) if the Designated Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all such quotations.

“Designated Investment Banker” means one of the Reference Treasury Dealers appointed by the County.

“Reference Treasury Dealer” means each of five firms, specified by the County from time to time, that are primary United States Government securities dealers in the City of New York (each, a “Primary Treasury Dealer”), which may include one or more of the Underwriters; provided, that if any of them ceases to be a Primary Treasury Dealer, the County will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date for a particular 2010B Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the County and the Registrar by such Reference Treasury Dealer at 3:30 p.m., New York City time, on a date that is no earlier than four days prior to the date the redemption notice is mailed.

Extraordinary Optional Redemption. The 2010B Bonds are subject to extraordinary optional redemption at any time prior to their stated maturity at the option of the County, in whole or in part, upon the occurrence of an Extraordinary Event, at a redemption price (the “Extraordinary Optional Redemption Price”) equal to the greater of (i) 100% of the principal amount of the 2010B Bonds to be redeemed, or (ii) the sum of the present values of the remaining scheduled payments of principal of and interest on the 2010B Bonds to be redeemed (taking into account any mandatory sinking fund redemptions), not including any portion of those payments of interest accrued and unpaid as of the date on which the 2010B Bonds are to be redeemed, discounted on a semi-annual basis to such date, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 100 basis points, plus accrued and unpaid interest on such 2010B Bonds on such date.

An “Extraordinary Event” will have occurred if (i) Section 54AA or Section 6431 of the Code is modified or amended in a manner pursuant to which the Refundable Credit payment due to the County from the United States Treasury with respect to the 2010B Bonds is reduced or eliminated, or (ii) guidance is published by the Internal Revenue Service or the United States Treasury with respect to such Code sections that places one or more substantive new conditions

on the receipt by the County of such Refundable Credit payments and such condition(s) are unacceptable to the County.

Mandatory Redemption. If not previously redeemed as described above, purchased or defeased, the 2010B Bonds maturing on December 1, 2030 (the “2010B Term Bonds”), will be called for redemption at a price of par, plus accrued interest to the date fixed for redemption, on December 1 in the years and amounts as follows:

<u>Years</u>	<u>Amounts</u>
2026	\$1,380,000
2027	1,435,000
2028	1,490,000
2029	1,550,000
2030*	1,610,000

\* Maturity.

Credit for 2010B Term Bonds. If the County redeems the 2010B Term Bonds under the optional redemption provisions described above or purchases or defeases the 2010B Term Bonds, the 2010B Term Bonds so redeemed, purchased or defeased (irrespective of their actual redemption or purchase prices) will be credited at the par amount thereof against one or more scheduled mandatory redemption amounts for those 2010B Term Bonds in the manner described below regarding the selection of 2010B Bonds for redemption.

Selection of 2010B Bonds for Redemption. If fewer than all of the 2010B Bonds are to be redeemed prior to maturity, the County will select the maturity or maturities to be redeemed. If, at the time notice of redemption is given:

(i) the 2010B Bonds are in book-entry form and DTC operational arrangements allow for redemption on a *pro rata* pass-through distribution of principal basis, then the Registrar, upon written instruction from the County, will select the 2010B Bonds to be redeemed on a *pro rata* pass-through distribution of principal basis in accordance with DTC procedures;

(ii) the 2010B Bonds are in book-entry form and DTC operational arrangements do not allow for redemption on a *pro rata* pass-through distribution of principal basis, then the 2010B Bonds are to be selected for redemption, in accordance with DTC procedures, by lot; and

(iii) the 2010B Bonds are not in book-entry form, then the Registrar is required to select the 2010B Bonds for redemption on a *pro rata* basis.

Notice of Redemption. Notice of any intended redemption of 2010B Bonds will be given not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the registered owner of any 2010B Bond to be redeemed at the address for such registered owner appearing on the Bond Register at the time the Registrar prepares the notice. The requirements of this paragraph will be deemed to have been fulfilled when notice is

mailed, whether or not it actually is received by the owner of any 2010B Bond to be redeemed. As long as the 2010B Bonds are held in book-entry form, redemption notices will be given in accordance with procedures established by DTC.

In the case of an optional redemption, the notice may state that the County retains the right to rescind the redemption notice and the related optional redemption of 2010B Bonds by giving a notice of rescission to the affected registered owners at any time prior to the scheduled optional redemption date. Any notice of such optional redemption that is so rescinded will be of no effect, and the 2010B Bonds for which the notice of optional redemption has been rescinded will remain outstanding.

Effect of Redemption. Interest on the 2010B Bonds called for redemption will cease to accrue on the date fixed for redemption unless such 2010B Bonds called are not redeemed when presented pursuant to the call.

## EXHIBIT B

### CERTIFICATE OF CHIEF CIVIL DEPUTY COUNTY PROSECUTING ATTORNEY

I, Kevin Wright, the duly appointed and qualified Chief Civil Deputy Prosecuting Attorney of King County, Washington (the “County”), in connection with the issuance by the County of its Limited Tax General Obligation Bonds, 2010, Series B (Federally Taxable Build America Bonds) (the “2010B 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 2010B Bonds, the levy and collection of taxes pledged to pay the principal thereof and interest thereon, or in any manner questioning or contesting the proceedings and authority under which the 2010B Bonds are issued, the validity of the 2010B 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 2010B Bonds when due.

2. That as of the time and date written below, no authority or proceedings for the issuance of the 2010B Bonds has or have been repealed, revoked or rescinded.

3. That as of the time and date written below, the statements contained in the Official Statement relating to the 2010B Bonds and the other limited tax general obligation bonds of the County described therein dated November 15, 2010, under the captions “LEGAL AND TAX INFORMATION—Litigation” and “LEGAL AND TAX INFORMATION—Recent Developments in Non-Tort Litigation,” insofar as such statements purport to summarize litigation affecting the County, present a fair and accurate summary of such litigation, and are true and correct.

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

For DAN SATTERBERG,  
King County Prosecuting Attorney

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Kevin Wright  
Chief Civil Deputy