



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

May 21, 2002

Motion 11431

Proposed No. 2002-0124.2

Sponsors Phillips

1 A MOTION of the county council approving a bond
2 purchase agreement for the county's Limited Tax General
3 Obligation (Baseball Stadium) Refunding Bonds, 2002, in
4 the aggregate principal amount of \$124,575,000, and
5 establishing certain terms of such bonds and a plan of
6 refunding; all in accordance with Ordinance 14315.

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WHEREAS, the county council by Ordinance 14315 passed on April 1, 2002 (the
"Bond Ordinance"), authorized the issuance and sale of limited tax general obligation
bonds of the county in the aggregate principal amount of not to exceed \$240,000,000 to
refund certain outstanding limited tax general obligation bonds issued by the county to
finance construction of a major league baseball stadium; and

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WHEREAS, the Bond Ordinance provided that such bonds be sold in one or more
series as determined by the county's manager of finance and business operations (the
"Finance Manager") in consultation with the county's financial advisor; and

17 WHEREAS, the Finance Manager has determined that a series of such bonds in
18 the aggregate principal amount of \$124,575,000 (the "Bonds") be sold as provided
19 herein; and

20 WHEREAS, pursuant to the Bond Ordinance, the Finance Manager has
21 negotiated the sale of the Bonds to Salomon Smith Barney Inc., UBS Paine Webber Inc.
22 and Siebert Brandford Shank & Co., LLC (the "Underwriters"), and a preliminary official
23 statement dated May 10, 2002 has been prepared for the sale of the Bonds; and

24 WHEREAS, it is in the best interest of the county that the Bonds be sold to the
25 Underwriters on the terms set forth in the attached bond purchase agreement, the Bond
26 Ordinance, and this motion; and

27 WHEREAS, in accordance with the Bond Ordinance, the council wishes to
28 authorize and approve the final plan of refunding certain outstanding limited tax general
29 obligation bonds of the county from proceeds of the Bonds, as set forth herein.

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

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

33 B. Approval of Bond Purchase Agreement and Authorization of Bonds. The
34 issuance of the Bonds, designated as the county's Limited Tax General Obligation
35 (Baseball Stadium) Refunding Bonds, 2002, in the aggregate principal amount of
36 \$124,575,000, and the terms and conditions thereof as set forth in the Bond Purchase
37 Agreement attached hereto as Attachment A (the "Purchase Agreement") are hereby
38 ratified and confirmed, and the Purchase Agreement is hereby approved. The Bonds
39 shall bear interest at the rates set forth in the Purchase Agreement and shall conform in all

40 other respects to the terms and conditions specified in the Purchase Agreement and Bond
41 Ordinance. The Bonds shall not be subject to optional redemption, as set forth in the
42 Purchase Agreement.

43 C. Refunding and Redemption of Refunded Bonds.

44 1. Plan of Refunding. In accordance with Section 17 of the Bond
45 Ordinance, the Finance Manager has determined, in consultation with the county's
46 financial advisors, that proceeds of the Bonds shall be used to refund the following
47 limited tax general obligation bonds of the county pursuant to the plan of refunding set
48 forth below and ratified and confirmed hereby:

49 Refunded Series B Bonds

50	Maturity	Principal	Interest	Call
51	<u>(December 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Date</u>
52				
53	2011	\$11,315,000	5.75%	December 1, 2007
54	2012	28,210,000	5.80	December 1, 2007
55	2013	21,340,000	5.85	December 1, 2007
56	2014	25,500,000	5.90	December 1, 2007
57	2015	35,000,000	6.625	December 1, 2007
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59 The Refunded Series B Bonds shall be referred to in this motion as the Refunded
60 Bonds. As provided in Section 13 of the Bond Ordinance, the King County 2002 Limited
61 Tax General Obligation (Baseball Stadium) Refunding Account (the "Refunding
62 Account") shall be established and maintained with the Escrow Agent (as identified

63 below). Proceeds of the Bonds shall be deposited in the Refunding Account and used,
64 together with other funds of the county, if necessary, to purchase certain "Government
65 Obligations" as such obligations are defined in Chapter 39.53 RCW as now or hereafter
66 amended (which obligations so purchased, are herein called "Acquired Obligations"),
67 bearing such interest and maturing as to principal and interest in such amounts and at
68 such times which, together with any necessary beginning cash balance, will provide for
69 the payment of:

- 70 (a) the interest on the Refunded Bonds due and payable on and
71 prior to December 1, 2007; and
- 72 (b) the redemption price (102% of the principal amount)
73 payable on December 1, 2007, of the Refunded Bonds.

74 Any beginning cash balance and the Acquired Obligations shall be irrevocably
75 deposited with the Escrow Agent in an amount sufficient to defease the Refunded Bonds
76 in accordance with this Section C. Any amounts described above that are not provided
77 for in full by such beginning cash balance and the purchase and deposit with the Escrow
78 Agent of the Acquired Obligations described in this section shall be provided for by the
79 irrevocable deposit of the necessary amount out of the proceeds of sale of the Bonds or
80 any other money of the county legally available therefor. The proceeds of the Bonds
81 remaining in the Refunding Account after acquisition of the Acquired Obligations and
82 provision for the necessary beginning cash balance shall be utilized to pay expenses of
83 the acquisition and safekeeping of the Acquired Obligations and the costs of issuing the
84 Bonds. The county may, from time to time, transfer, or cause to be transferred, from the
85 Refunding Account any money not thereafter required for the purposes set forth in

86 subparagraphs (a) and (b) above, subject to verification in writing by an independent
87 certified public accountant that such transfer will not result in inadequate funds being
88 available to make the required payments therefrom. The county reserves the right to
89 substitute other securities for the Acquired Obligations in the event it may do so pursuant
90 to Section 148 of the Code and applicable regulations thereunder, upon compliance with
91 the conditions set forth in the Escrow Agreement.

92 The selection of The Bank of New York, New York, New York, as Escrow Agent
93 is hereby ratified and confirmed.

94 2. Redemption of Refunded Bonds. The county hereby irrevocably
95 sets aside sufficient funds through the purchase of Acquired Obligations and an initial
96 cash deposit to make the payments, as specified in subparagraphs (a) and (b) above.

97 The county hereby irrevocably defeases and calls for redemption on December 1,
98 2007, the Refunded Bonds in accordance with the provisions of the ordinance authorizing
99 the redemption and retirement of certain of the Series B Bonds prior to their fixed
100 maturities.

101 Said defeasance and call for redemption of the Refunded Bonds shall be
102 irrevocable after the final establishment of the Refunding Account and delivery of the
103 Acquired Obligations and the requisite cash deposit, if any, to the Escrow Agent, except
104 as provided herein relating to the substitution of securities. The Finance Manager is
105 authorized and requested to provide whatever assistance is necessary to accomplish such
106 defeasance.

107 The Escrow Agent is hereby authorized and directed to notify the fiscal agency of
108 the State of Washington to give notice of the redemption of the Refunded Bonds in

109 accordance with the applicable provisions of the ordinance authorizing their issuance.
110 The Finance Manager is authorized and requested to provide whatever assistance is
111 necessary to accomplish such redemption and the giving of notice therefor. The costs of
112 publication of such notice shall be an expense of the county.

113 The Escrow Agent is hereby authorized and directed to pay to the fiscal agency or
114 agencies of the State of Washington sums sufficient to make, when due, the payments
115 specified in subparagraphs (a) and (b) above. All such sums shall be paid from the
116 money and Acquired Obligations deposited with said Escrow Agent pursuant to this
117 section, and the income therefrom and proceeds thereof. All such sums so paid shall be
118 credited to the Refunding Account. All money and Acquired Obligations deposited with
119 said Escrow Agent and any income therefrom shall be held, invested and applied in
120 accordance with the provisions of the Bond Ordinance and with the laws of the State of
121 Washington for the benefit of the county and the owners of the Refunded Bonds.

122 3. Findings of Saving and Defeasance. This council hereby finds and
123 determines that the issuance and sale of the Bonds at this time will effect a savings to the
124 county and its taxpayers. In making such finding and determination, the council has
125 given consideration to the interest on and the fixed maturities of the Bonds and the
126 Refunded Bonds, the costs of issuance of the Bonds and the known earned income from
127 the investment of the proceeds of the sale of the Bonds pending redemption and payment
128 of the Refunded Bonds.

129 This council hereby further finds and determines that the Acquired Obligations to
130 be deposited with the Escrow Agent and the income therefrom, together with any
131 necessary beginning cash balance, are sufficient to defease and redeem the above-

132 referenced Refunded Bonds and will discharge and satisfy the obligations of the county
133 with respect to such Refunded Bonds under the ordinance authorizing their issuance and
134 the pledges of the county therein. Immediately upon the delivery of such Acquired
135 Obligations to the Escrow Agent and the deposit of any necessary beginning cash
136 balance, such Refunded Bonds shall be deemed not to be outstanding under their
137 authorizing ordinance and shall cease to be entitled to any lien, benefit or security under
138 such ordinance except the right to receive payment from the Acquired Obligations and
139 beginning cash balance so set aside and pledged.

140 D. Undertaking to Provide Ongoing Disclosure.

141 1. Contract/Undertaking. In accordance with Section 20 of the Bond
142 Ordinance, this Section D constitutes the county's written undertaking for the benefit of
143 the owners and Beneficial Owners of the Bonds as required by Section (b)(5) of the Rule.

144 2. Financial Statements/Operating Data. The county agrees to
145 provide or cause to be provided to each NRMSIR and to the SID, if any, in each case as
146 designated by the Commission in accordance with the Rule, the following annual
147 financial information and operating data for the prior fiscal year (commencing in 2003
148 for the fiscal year ended December 31, 2002):

149 (a) Annual financial statements prepared in accordance with
150 the Budget Accounting and Reporting System prescribed by the Washington State
151 Auditor pursuant to RCW 43.09.200 (or any successor statute) and generally of the type
152 included in the official statement for the Bonds under the heading "Appendix B: Audited
153 2000 Financial Statements";

154 (b) A summary of budgeted general fund revenues and
155 appropriations;

156 (c) A summary of the assessed valuation of taxable property in
157 the county;

158 (d) A summary of the ad valorem property tax levy and
159 delinquency rate;

160 (e) A schedule of the aggregate annual debt service on
161 tax-supported indebtedness of the county;

162 (f) A summary of outstanding tax-supported indebtedness of
163 the county; and

164 (g) A summary of revenues received by the county with regard
165 to Food and Beverage Taxes, Car Rental Taxes, County Sales Taxes, State Lottery
166 Receipts, and State License Plate Receipts.

167 Items (b) through (g) shall be required only to the extent that such information is
168 not included in the annual financial statements.

169 Such annual information and operating data described above shall be provided on
170 or before seven months after the end of the county's fiscal year. The county's fiscal year
171 currently ends on December 31. The county may adjust such fiscal year by providing
172 written notice of the change of fiscal year to each then existing NRMSIR and the SID, if
173 any. In lieu of providing such annual financial information and operating data, the
174 county may cross-reference to other documents provided to the NRMSIR, the SID or to
175 the Commission and, if such document is a final official statement within the meaning of
176 the Rule, available from the MSRB.

177 If not provided as part of the annual financial information discussed above, the
178 county shall provide the county's audited annual financial statement prepared in
179 accordance with the Budget Accounting and Reporting System prescribed by the
180 Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when
181 and if available to each then existing NRMSIR and the SID, if any.

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

- 186 (a) Principal and interest payment delinquencies;
- 187 (b) Non-payment related defaults;
- 188 (c) Unscheduled draws on debt service reserves reflecting
189 financial difficulties;
- 190 (d) Unscheduled draws on credit enhancements reflecting
191 financial difficulties;
- 192 (e) Substitution of credit or liquidity providers, or their failure
193 to perform;
- 194 (f) Adverse tax opinions or events affecting the tax-exempt
195 status of the Bonds;
- 196 (g) Modifications to rights of Bond holders;
- 197 (h) Optional, contingent or uncheduled calls of any Bonds
198 other than scheduled sinking fund redemptions for which notice is
199 given pursuant to Exchange Act Release 34-23856;

- 200 (i) Defeasances;
- 201 (j) Release, substitution or sale of property securing repayment
- 202 of the Bonds; and
- 203 (k) Rating changes.

204 Solely for purposes of disclosure, and not intending to modify this undertaking,
205 the county advises with reference to items (c) and (j) above that no debt service reserves
206 or property secure payment of the Bonds.

207 4. Notification Upon Failure to Provide Financial Data. The county
208 agrees to provide or cause to be provided, in a timely manner, to each NRMSIR or to the
209 MSRB and to the SID, if any, notice of its failure to provide the annual financial
210 information described in subsection 2 above on or prior to the date set forth in
211 subsection 2 above.

212 5. Termination/Modification. The county's obligations to provide
213 annual financial information and notices of material events shall terminate upon the legal
214 defeasance, prior redemption or payment in full of all of the Bonds. This section, or any
215 provision hereof, shall be null and void if the county (i) obtains an opinion of nationally
216 recognized bond counsel to the effect that those portions of the Rule which require this
217 section, or any such provision, are invalid, have been repealed retroactively or otherwise
218 do not apply to the Bonds; and (ii) notifies each then existing NRMSIR and the SID, if
219 any, of such opinion and the cancellation of this section.

220 Notwithstanding any other provision of this motion, the county may amend this
221 Section D, and any provision of this Section D may be waived, with an approving
222 opinion of nationally recognized bond counsel and in accordance with the Rule.

223 In the event of any amendment or waiver of a provision of this Section D, the
224 county shall describe such amendment in the next annual report, and shall include, as
225 applicable, a narrative explanation of the reason for the amendment or waiver and its
226 impact on the type (or in the case of a change of accounting principles, on the
227 presentation) of financial information or operating data being presented by the county. In
228 addition, if the amendment relates to the accounting principles to be followed in
229 preparing financial statements, (i) notice of such change shall be given in the same
230 manner as for a material event under subsection 3, and (ii) the annual report for the year
231 in which the change is made should present a comparison (in narrative form and also, if
232 feasible, in quantitative form) between the financial statements as prepared on the basis
233 of the new accounting principles and those prepared on the basis of the former accounting
234 principles.

235 6. Bond Owner's Remedies Under This Section. The right of any
236 Bond Owner or Beneficial Owner of Bonds to enforce the provisions of this section shall
237 be limited to a right to obtain specific enforcement of the county's obligations hereunder,
238 and any failure by the county to comply with the provisions of this undertaking shall not
239 be an event of default with respect to the Bonds hereunder. For purposes of this section,
240 "Beneficial Owner" means any person who has the power, directly or indirectly, to vote
241 or consent with respect to, or to dispose of ownership of, any Bonds, including persons
242 holding Bonds through nominees or depositories.

243 E. Further Authority. The county officials, their agents, and representatives
244 are hereby authorized and directed to do everything necessary for the prompt issuance

245 and delivery of the Bonds and for the proper use and application of the proceeds of such
246 sale.

247 F. Severability. If any provision in this motion is declared by any court of
248 competent jurisdiction to be contrary to law, then such provision shall be null and void
249 and shall be deemed separable from the remaining provisions of this motion and shall in
250 no way affect the validity of the other provisions of this motion or of the Bonds.

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Motion 11431 was introduced on 3/18/2002 and passed by the Metropolitan King County Council on 5/20/2002, by the following vote:

Yes: 11 - Ms. Sullivan, Mr. von Reichbauer, Ms. Lambert, Mr. Phillips, Mr. Pelz, Mr. McKenna, Mr. Constantine, Mr. Pullen, Mr. Gossett, Mr. Irons and Ms. Patterson

No: 0

Excused: 2 - Ms. Edmonds and Ms. Hague

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Cynthia Sullivan, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments A. Letter from Salomon Smith Barney Inc, Siebert Brandford Shank & Co., LLC, UBS PaineWebber Inc. dated May 20, 2002

May 20, 2002

Honorable Councilmembers
King County Council
King County Courthouse
516 3rd Avenue
Seattle, Washington 98104

Re: King County, Washington, \$124,575,000
Limited Tax General Obligation (Baseball Stadium) Refunding Bonds, 2002
Dated: Date of Delivery

Honorable Councilmembers:

Salomon Smith Barney Inc, Siebert Brandford Shank & Co., LLC, and UBS PaineWebber Inc. (collectively, the "Underwriters"), offer to purchase from King County, Washington (the "County"), all the above-described bonds (the "Bonds"), on the terms and based upon the covenants, representations and warranties set forth below. Appendix A, which is incorporated into this Bond Purchase Agreement (the "Agreement") by reference, contains a brief description of the Bonds, including principal amounts, maturities, interest rates, purchase price, and the proposed date and place of delivery and payment (the "Closing"). Other provisions of this Agreement are as follows:

All capitalized terms used herein shall have the respective meanings set forth in the Official Statement and in the Bond Ordinance (defined below), unless otherwise defined herein.

1. Prior to the Closing, the County will pass an ordinance and a motion authorizing the issuance and sale of the Bonds (collectively, the "Bond Ordinance"). The Underwriters are authorized by the County to use the Bond Ordinance and the Preliminary Official Statement and the information contained in them in connection with the public offering of the Bonds and the Final Official Statement in connection with the sale and delivery of the Bonds.
2. The County, to the best of its knowledge, represents and covenants to the Underwriters that:
 - (a) it has and will have at the Closing the power and authority to enter into and perform this Agreement, to pass the Bond Ordinance, to deliver and sell the Bonds to the Underwriters, and to enter into and perform the Escrow Agreement dated as of the Closing, by and between the County and The Bank of New York, as Escrow Agent (the "Escrow Agreement");
 - (b) this Agreement and the Bonds do not and will not conflict with, or constitute or create a breach or default under, any existing law, regulation, order or agreement to which the County is subject;

- (c) except for any filings that may be required in connection with state "Blue Sky" laws, no governmental approval or authorization other than the Bond Ordinance which has not been obtained, or will not be obtained prior to Closing, is required in connection with the sale of the Bonds to the Underwriters;
- (d) the Preliminary Official Statement with corrections, if any, noted by the County and its counsel, as of its date and (except as to matters corrected or added in the Final Official Statement) as of the Closing, is accurate and complete in all material respects as of its date to the knowledge and belief of the officers and employees of the County, after due review;
- (e) the County has previously provided the Underwriters with a copy of its Preliminary Official Statement dated May 10, 2002. As of its date, the Preliminary Official Statement has been "deemed final" by the County for purposes of Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(1);
- (f) the County agrees to deliver or cause to be delivered, within seven business days after any final agreement to purchase, offer or sell the securities and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriters a sufficient number of copies of a Final Official Statement so that the Underwriters may comply with paragraph (b)(4) of the S.E.C. Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board ("MSRB"). The Underwriters agree to deliver three copies of the Final Official Statement to a nationally recognized municipal securities information repository on the business day on which the Final Official Statement is available, and in any event no later than seven business days after the date hereof;
- (g) by the Bond Ordinance, the County entered into a written agreement or contract constituting the "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 the SEC Rule 15c2-12(b)(5) (the "Rule"), and in the form as summarized by the Preliminary Official Statement;
- (h) if, at any time prior to the Closing, any event occurs as a result of which the Preliminary Official Statement or the Final Official Statement includes an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made not misleading, the County shall promptly notify the Underwriters thereof; and
- (i) the County has never failed to comply with any continuing disclosure undertaking made with respect to the Rule.

3. The Underwriters shall have the right to terminate this Agreement to purchase the Bonds by notifying the County of their election to do so if, after the execution of this Agreement and prior to the Closing:
 - (a) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriters, has been materially or adversely affected by (i) an amendment to the Constitution of the United States of America or by any legislation which shall have been introduced in or enacted by the Congress of the United States, or (ii) legislation pending in the Congress of the United States shall have been amended, or (iii) legislation (including any amendment thereto, whether or not in formal bill form) shall have been 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) shall have been proposed that may have an effective date prior to the Closing for consideration by either such Committee, 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 shall have been 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, or (vi) a decision by a court of the United States or the Tax Court of the United States shall be rendered, 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 shall be made, 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 have the effect of changing, 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 Washington shall be rendered, which, in the Underwriters' reasonable 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 Underwriters' reasonable opinion, 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) 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 Underwriters, would make it impracticable for the Underwriters to market the Bonds or to enforce contracts for the sale of the Bonds;
- (e) there shall have occurred and be in effect a general suspension of trading on the New York Stock Exchange;
- (f) a general banking moratorium shall have been declared by United States, New York State or Washington State authorities;
- (g) legislation shall hereafter be enacted, or actively considered for enactment, with an effective date prior to the date of the delivery of the Bonds, or a decision by a court of the United States shall hereafter be rendered, or a ruling or regulation by the S.E.C. or other governmental agency having jurisdiction of the subject matter shall hereafter be made, the effect of which is that
 - (1) the Bonds are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and then in effect, or
 - (2) the Bond Ordinance is not exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or
- (h) a stop order, ruling or regulation by the S.E.C. shall hereafter be issued or made, the effect of which is that the issuance, offering or sale of the Bonds, as contemplated herein or in the Final Official Statement, is in violation of any provision of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect, and which, in the reasonable judgment of the Underwriters, adversely affects the marketability of the Bonds or the market price thereof.

4. The Underwriters' obligations hereunder are also subject to the following items having, at or prior to the Closing, been made available to the Underwriters:

- (a) the Bonds, in definitive form and duly executed;

- (b) a certificate from an authorized officer of County, in form and substance acceptable to the County and the Underwriters, stating that execution of the certificate shall constitute execution of the Final Official Statement by the County, that the Final Official Statement attached thereto, to the knowledge and belief of such officer, after due review, does not contain any untrue statement of a material fact or omit to state a material fact which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that the representations of the County contained in this Agreement were true and correct when made and are true and correct as of the Closing;
- (c) the approving opinion of Bond Counsel dated the Closing date, addressed to the Underwriters, in substantially the form set forth in Appendix A to the Final Official Statement;
- (d) an opinion of Bond Counsel, dated the date of Closing and addressed to the Underwriters, to the effect that (1) the County has the legal right, power and authority to enter into the Agreement and to carry out its obligations thereunder; (2) the County has the legal right, power and authority to issue, sell and deliver the Bonds to the Underwriters pursuant to the terms of the Agreement; (3) the Agreement has been duly executed and delivered by the County and, assuming due execution and delivery thereof by the Underwriters, the Agreement constitutes a legal, valid and binding obligation of the County, enforceable in accordance with its terms, and no authorization or approval is required for the execution and delivery thereof or the performance of the County's obligations thereunder, except such authorizations or approvals as have been obtained on or prior to this date; (4) the County is duly authorized to approve and execute the Final Official Statement; (5) 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; (6) the Bonds and their offer and sale are exempt from the registration requirements of the Securities Act of 1933, as amended, and the Bond Ordinance is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; (7) as a consequence of the irrevocable deposit of the Acquired Obligations (as defined in the Escrow Agreement) and the beginning cash balance specified by the Escrow Agreement in trust with the Escrow Agent pursuant to the Escrow Agreement, the Refunded Bonds are no longer to be considered outstanding under their authorizing legislation; and (8) the statements contained in the Official Statement under the captions "THE BONDS," "USE OF PROCEEDS," "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 purport to summarize certain provisions of the Bonds and the Bond Ordinance 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 advisors to the County and Underwriters' counsel during which conferences the contents of such 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 counsel rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date (except for information concerning "THE BONDS-Book-Entry Transfer," and "APPENDIX C-BOOK-ENTRY TRANSFER SYSTEM" and any references to such information set forth therein in the Official Statement, and other 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 to the date of the Closing (except as aforesaid) as of the date of the Closing contains, any untrue statement of a material fact or that the Official Statement omitted as of its date, or that the Official Statement as so amended or supplemented omits as of the date 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. Such opinion may be subject to laws relating to bankruptcy, insolvency, reorganization or moratorium by other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with principles of equity, and counsel may rely, without investigation, upon the following assumptions: (i) the County will not in the future take any discretionary action (including a decision not to act) permitted under the Bond Ordinance that would result in the violation of law or constitute a breach or default under any other agreement or court order; and (ii) all parties to the transaction will act in accordance with, and will refrain from taking any action that is forbidden by, the terms and conditions of the Bond Ordinance.

- (e) an opinion of counsel to the Underwriters dated the date of closing and addressed solely to the Underwriters, to the effect that: (1) the Bonds constitute exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and Section 304(a)(4)(A) of the Trust Indenture Act of 1939, as amended, and it is not necessary, in connection with the offering and sale of the Bonds, to register any securities under the Securities Act of 1933, as amended, or to qualify the Bond Ordinance under the Indenture Act of 1939, as amended, it being understood that in rendering such opinion counsel may rely upon the approving legal opinion of Preston Gates & Ellis LLP, bond counsel to the County, to the extent that such opinion addresses the validity of the Bonds and the governmental status of the County; (2) the County's undertaking to provide certain continuing disclosure information pursuant to paragraph (b)(5) of Rule 15c-12, provides a suitable basis for the Underwriter to reasonably 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 (3) without passing upon or assuming responsibility for the

accuracy, completeness or fairness of any of the statements in the Final Official Statement and without making a representation that they have independently verified the accuracy, completeness or fairness of any such statements, no information came to the attention of the attorneys in counsel's firm rendering legal services in connection with the issuance of the Bonds that caused them to believe that the Final Official Statement (except for any financial information or statistical data or forecasts, numbers, estimates, assumptions or expressions of opinion and information concerning The Depository Trust Company and the book-entry system for the Bonds contained in the Official Statement), contained any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

- (f) An opinion of a County Prosecuting Attorney, dated the date of the Closing and addressed to the Underwriters, based on such inquiry and investigation as he or she has deemed sufficient, to the effect that except as disclosed in the Official Statement, (1) there is no litigation pending or threatened affecting the issuance and delivery of the Bonds, the collection of the taxes and revenues pledged to pay the principal thereof and interest thereon, or in any manner questioning or contesting the proceedings and authority under which the Bonds are issued, the validity of the Bonds, the corporate existence or boundaries of the County, or the title of the present officers to their respective offices, which litigation would prevent the payment by the County of the principal of or interest on the Bonds, when due; (2) the statements contained in the Official Statement under the caption "LEGAL AND TAX INFORMATION-Litigation," insofar as such statements purport to summarize litigation affecting the County and certain contracts and agreements, present a fair and accurate summary of such litigation or contracts and agreements as applicable, and are true and correct; (3) to the best of such counsel's knowledge, after due inquiry, neither the execution nor delivery by the County of this Agreement, the Escrow Agreement, nor the Bonds nor the adoption by the County of the Bond Ordinance, nor the compliance by the County with the terms and conditions hereof and thereof have resulted or will result in either (i) a conflict with or a breach of any of the terms or provisions of any law in force on the date of such opinion, or any regulation, writ, injunction or decree of any court or government instrumentality; or (ii) a material breach under the terms or provisions of any permit, license, resolution, ordinance, agreement or other instrument to which the County is a party or by which the County is bound; and (4) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded.
- (g) written evidence that Moody's Investors Service, Inc. and Standard & Poor's Ratings Group have issued ratings on the Bonds of "Aa1" and "AA+" respectively, and that such ratings are in full force and effect on and as of Closing.
- (h) the following documents executed by authorized officers of the County:

- (1) a certified copy of the Bond Ordinance;
 - (2) a certificate, dated the day of the Closing, to the effect that no litigation or other proceedings are pending or threatened in any way affecting the issuance, sale or delivery of, or security for, any of the Bonds;
 - (3) a certificate setting forth the facts, estimates and circumstances in existence on the date of Closing which establish that it is not expected that the proceeds of the Bonds will be used in a manner that could cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and any applicable regulations thereunder;
 - (4) a duly executed copy of the Escrow Agreement;
 - (5) a report from Grant Thornton, independent certified public accountants, verifying the mathematical accuracy of the computations determining the adequacy of the cash and the maturing principal of and interest on the Acquired Obligations to pay, when due, the principal of and interest on the Refunded Bonds; and
 - (6) such additional certificates or instruments or other evidence as the Underwriters may deem reasonably necessary or desirable to evidence the due authorization, execution, authentication and delivery of the Bonds, the truth and accuracy as of the time of the Closing of the County's representations and warranties, and the conformity of the Bonds and Bond Ordinance with the terms thereof as summarized in the Official Statement, and to cover such other matters as it reasonably requests.
5. The County will pay the cost of preparing, printing and executing the Bonds, the fees and disbursements of Bond Counsel and Financial Advisor, bond registration, and rating fees and expenses, the cost of printing and distributing the Preliminary and Final Official Statements, travel and lodging expenses of County's employees and representatives, and other expenses of County.
- Underwriters will pay fees and disbursements of Underwriters' counsel, the cost of preparation and filing of blue sky and legal investment surveys where necessary, Underwriters' travel expenses, and other expenses of Underwriters.
6. This Agreement is intended to benefit only the parties hereto, and County's representations and warranties shall survive any investigation made by or for the purchase, delivery and payment for the Bonds, and the termination of this Agreement. Should the County fail to satisfy any of the foregoing conditions or covenants, or if the Underwriters' obligations are terminated for any reasons permitted under this Agreement, then neither the Underwriters nor the County shall have

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any further obligations under this Agreement, except that any expenses incurred shall be borne in accordance with Section 5.

7. This offer expires on the date, and at the time, set forth on Appendix A.

Respectfully submitted,

Salomon Smith Barney Inc.
Siebert Brandford Shank & Co., LLC
UBS PaineWebber Inc.

By: _____
Jerry L. Bobo, Director
Salomon Smith Barney Inc.

Accepted May 20, 2002.

King County, Washington

APPENDIX A

DESCRIPTION OF THE BONDS

- (a) Purchase Price: \$133,044,335.55 (the \$124,575,000.00 par amount of the Bonds less an underwriters' discount of \$465,777.25 plus an original issue premium of \$8,935,112.80).
- (b) Denominations: \$5,000, or integral multiples thereof.
- (c) Form: Fully registered.
- (d) Dated: Date of delivery.
- (e) Interest Payment Dates: June 1 and December 1, commencing December 1, 2002. Interest calculated on a 30/360-day, 12-month year basis.
- (f) Maturity Schedule: The Bonds shall mature on December 1 and bear interest as follows:

<u>Due December 1</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Prices or Yields</u>	<u>Due December 1</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Prices or Yields</u>
2002	\$4,055,000	4.00%	1.70%	2009	\$4,135,000	5.50%	4.14%
2003	4,040,000	4.00	2.03	2010	4,310,000	5.50	4.33
2004	3,685,000	5.00	2.61	2011	15,800,000	5.50	4.46
2005	3,745,000	5.00	3.08	2012	32,865,000	5.50	4.56
2006	3,815,000	5.00	3.37	2013	36,310,000	5.50	4.64
2007	3,900,000	5.00	3.64	2014	3,910,000	5.50	4.73
2008	4,005,000	5.00	3.94				

- (g) Redemption: The Bonds are not subject to optional redemption prior to maturity.
- (h) Closing Date and Delivery: It is expected that the Bonds will be delivered to DTC in definitive book-entry form on or about June 4, 2002.
- (i) Offer Expires: 11:00 p.m. May 20, 2002.
- (j) Bond Counsel: Preston Gates & Ellis LLP, Seattle, Washington

For Information Purposes Only:

True Interest Cost: 4.497%