



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**January 30, 2008**

**Motion 12691**

**Proposed No.** 2007-0191.2

**Sponsors** Ferguson

1           A MOTION of the county council approving a purchase  
2           contract for the county's Limited Tax General Obligation  
3           Refunding Bonds (Payable from Sewer Revenue), 2008, in  
4           the aggregate principal amount of \$236,950,000 and  
5           establishing certain terms of such bonds and a plan of  
6           refunding, all in accordance with Ordinance 15779.

7  
8           WHEREAS, the county council by Ordinance 15779 passed on May 21, 2007 (the  
9           "Bond Ordinance"), authorized the issuance and sale of limited tax general obligation  
10          bonds of the county, payable from sewer revenue, in the aggregate principal amount of  
11          not to exceed \$440,000,000 to refund certain sewer revenue bonds of the county, and

12          WHEREAS, the Bond Ordinance provided that such bonds be sold in one or more  
13          series and by negotiated sale or competitive bid as determined by the county's director of  
14          finance and business operations division (the "Finance Director") in consultation with the  
15          county's financial advisors, and

16          WHEREAS, the Finance Director has determined that a series of such bonds in  
17          the aggregate principal amount of \$236,950,000 to be designated as the county's Limited

18 Tax General Obligation Refunding Bonds (payable from Sewer Revenue), 2008 (the  
19 "Bonds"), be sold by negotiated sale, and

20 WHEREAS, pursuant to the Bond Ordinance, a preliminary official statement  
21 dated January 22, 2008, has been prepared for the sale of the Bonds, and the Finance  
22 Director has negotiated the sale of the Bonds to Goldman, Sachs & Co., Citigroup Global  
23 Markets, Inc., Lehman Brothers Inc., Siebert Brandford Shank & Co., L.L.C., and  
24 Wachovia Bank National Association (the "Underwriters"), and

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

28 WHEREAS, in accordance with the Bond Ordinance, the council wishes to ratify  
29 and confirm certain terms of the Bonds and authorize and approve a plan of refunding  
30 certain outstanding sewer revenue bonds of the county from proceeds of the Bonds, as set  
31 forth herein;

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

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

35 B. Approval of Bond Purchase Contract and Authorization of Bonds. The  
36 issuance of the Bonds, designated as set forth in the recitals of this motion, and the terms  
37 and conditions thereof as set forth in the Bond Purchase Contract attached hereto as  
38 Attachment A (the "Purchase Contract") are hereby ratified and confirmed, and the  
39 Purchase Contract is hereby approved. The Bonds shall bear interest at the rates set forth  
40 in the Purchase Contract and shall conform in all other respects to the terms and

41 conditions specified in the Purchase Contract and Bond Ordinance. The Bonds shall be  
42 subject to redemption as set forth in the Purchase Contract.

43 C. Refunding and Redemption of Refunded Bonds.

44 1. Plan of Refunding. In accordance with Section 14 of the Bond Ordinance,  
45 the Finance Director has determined, in consultation with the county's financial advisors,  
46 that proceeds of the Bonds shall be used to refund the following obligations of the county  
47 payable from sewer revenues pursuant to the plan of refunding set forth below and  
48 ratified and confirmed hereby:

49 Refunded 1998 Series B Bonds

Maturity (January 1)	Principal Amount	Interest Rate	Call Date
January 1, 2009	\$ 3,700,000	4.75%	March 13, 2008
January 1, 2010	3,845,000	4.75	March 13, 2008
January 1, 2011	4,000,000	4.75	March 13, 2008
January 1, 2012	4,160,000	4.75	March 13, 2008
January 1, 2013	4,330,000	4.75	March 13, 2008
January 1, 2014	4,505,000	4.75	March 13, 2008
January 1, 2015	4,685,000	4.75	March 13, 2008
January 1, 2016	4,875,000	4.75	March 13, 2008
January 1, 2017	8,165,000	4.75	March 13, 2008
January 1, 2018	8,525,000	4.75	March 13, 2008
January 1, 2020	18,150,000	4.75	March 13, 2008
January 1, 2024	41,365,000	5.00	March 13, 2008

Maturity (January 1)	Principal Amount	Interest Rate	Call Date
January 1, 2030	77,470,000	5.00	March 13, 2008
January 1, 2034	56,495,000	5.25	March 13, 2008

50

51

52

53

54

55

56

57

58

59

60

61

62

The Refunded 1998 Series B Bonds shall be referred to in this motion as the Refunded Bonds. As provided in Section 14 of the Bond Ordinance, the King County 2008 Sewer Revenue Bonds Refunding Account (the "Refunding Account") shall be established and maintained with the Escrow Agent (as identified below). Proceeds of the Bonds (exclusive of accrued interest, if any, which shall be deposited into the Debt Service Account in the Bond Fund) shall be deposited in the Refunding Account and used, together with other funds of the county, if necessary, to purchase certain "Government Obligations" (which obligations so purchased are herein called "Acquired Obligations"), bearing such interest and maturing as to principal and interest in such amounts and at such times that, together with any necessary beginning cash balance, will provide for the payment of the redemption price (101% of the principal amount plus accrued interest) payable on March 13, 2008, of the Refunded Bonds.

63

64

65

66

67

68

Any beginning cash balance and the Acquired Obligations shall be irrevocably deposited with the Escrow Agent in an amount sufficient to defease the Refunded Bonds in accordance with the ordinance authorizing the Refunded Bonds. Any amounts described above that are not provided for in full by such beginning cash balance and the purchase and deposit with the Escrow Agent of the Acquired Obligations shall be provided for by the irrevocable deposit of the necessary amount out of the proceeds of

69 sale of the Bonds or any other money of the county legally available therefor. The  
70 proceeds of the Bonds remaining in the Refunding Account after acquisition of the  
71 Acquired Obligations and provision for the necessary beginning cash balance shall be  
72 utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations  
73 and the costs of issuing the Bonds. The county may, from time to time, transfer, or cause  
74 to be transferred, from the Refunding Account any money not thereafter required for the  
75 purposes set forth above, subject to verification in writing by an independent certified  
76 public accountant that such transfer will not result in inadequate funds being available to  
77 make the required payments therefrom. The county reserves the right to substitute other  
78 securities for the Acquired Obligations in the event it may do so pursuant to Section 148  
79 of the Code and applicable regulations thereunder, upon compliance with the conditions  
80 set forth in the Escrow Agreement.

81 The selection of U.S. Bank National Association as Escrow Agent is hereby  
82 ratified and confirmed.

83 2. Redemption of Refunded Bonds. The county hereby sets aside sufficient  
84 funds through the purchase of the Acquired Obligations and an initial cash deposit to  
85 make the redemption payment specified above.

86 The county hereby defeases and calls for redemption on March 13, 2008, the  
87 Refunded Bonds in accordance with the provisions of the ordinance authorizing the  
88 redemption and retirement of the Refunded Bonds prior to their fixed maturities. Said  
89 defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the  
90 final establishment of the Refunding Account and delivery of the Acquired Obligations  
91 and any necessary cash deposit to the Escrow Agent, except as provided herein relating to

92 the substitution of securities. The Finance Director is authorized and requested to  
93 provide whatever assistance is necessary to accomplish such defeasance and redemption.

94 The Escrow Agent is hereby authorized and directed to notify the fiscal agency of  
95 the State of Washington to give notice of the redemption of the Refunded Bonds in  
96 accordance with the applicable provisions of the ordinance authorizing their issuance.

97 The Finance Director is authorized and requested to provide whatever assistance is  
98 necessary to accomplish such redemption and the giving of notice therefor. The costs of  
99 publication of such notice shall be an expense of the county.

100 The Escrow Agent is hereby authorized and directed to pay to the fiscal agency or  
101 agencies of the State of Washington sums sufficient to make, when due, the redemption  
102 payment specified above. Such sum shall be paid from the money and the Acquired  
103 Obligations deposited with the Escrow Agent pursuant to this section, and the income  
104 therefrom and proceeds thereof. Such sum so paid shall be credited to the Refunding  
105 Account. All money and Acquired Obligations deposited with the Escrow Agent and any  
106 income therefrom shall be held, invested and applied in accordance with the provisions of  
107 the Bond Ordinance and with the laws of the State of Washington for the benefit of the  
108 county and the owners of the Refunded Bonds.

109 3. Findings of Saving and Defeasance. This council hereby finds and  
110 determines that the issuance and sale of the Bonds at this time will effect a savings to the  
111 county and ratepayers of the System. In making such finding and determination, the  
112 council has given consideration to the interest on and the fixed maturities of the Bonds  
113 and the Refunded Bonds, the costs of issuance of the Bonds and the known earned

114 income from the investment of the proceeds of sale of the Bonds pending redemption and  
115 payment of the Refunded Bonds.

116 This council hereby further finds and determines that the Acquired Obligations to  
117 be deposited with the Escrow Agent and the income therefrom, together with any  
118 necessary beginning cash balance, are sufficient to defease and redeem the Refunded  
119 Bonds and will discharge and satisfy the obligations of the county with respect to the  
120 Refunded Bonds under the ordinance authorizing their issuance and the pledges of the  
121 county therein. Immediately upon the delivery of such Acquired Obligations to the  
122 Escrow Agent and the deposit of any necessary beginning cash balance, the Refunded  
123 Bonds shall be deemed not to be outstanding under their authorizing ordinance and shall  
124 cease to be entitled to any lien, benefit or security under such ordinance except the right  
125 to receive payment from the Acquired Obligations and beginning cash balance so set  
126 aside and pledged.

127 D. Undertaking to Provide Ongoing Disclosure.

128 1. Contract/Undertaking. In accordance with Section 25 of the Bond Ordinance,  
129 this Section D constitutes the county's written undertaking for the benefit of the owners  
130 and Beneficial Owners of the Bonds as required by Section (b)(5) of the Rule.

131 2. Financial Statements/Operating Data. The county agrees to provide or cause  
132 to be provided to each NRMSIR and to the SID, if any, in each case as designated by the  
133 Commission in accordance with the Rule, the following annual financial information and  
134 operating data for the prior fiscal year (commencing in 2008 for the fiscal year ended  
135 December 31, 2007):

136 (a) Annual financial statements prepared in accordance with the Budget  
137 Accounting and Reporting System prescribed by the Washington State Auditor pursuant  
138 to RCW 43.09.200 (or any successor statute) ("BARS") and generally of the type  
139 included in the official statement for the Bonds under the heading "Appendix C, Audited  
140 2006 Financial Statements";

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

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

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

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

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

147 (g) Information regarding customers, revenues and expenses of the System  
148 generally in the form set forth in the Official Statement for the Bonds in the table labeled  
149 "Summary of Historical Customers, Revenues and Expenses."

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

152 Such annual information and operating data described above shall be provided on  
153 or before the end of seven months after the end of the county's fiscal year. The county's  
154 fiscal year currently ends on December 31. The county may adjust such fiscal year by  
155 providing written notice of the change of fiscal year to each then existing NRMSIR and  
156 the SID, if any. In lieu of providing such annual financial information and operating  
157 data, the county may cross-reference to other documents provided to the NRMSIR, the  
158 SID or to the Commission and, if such document is a final official statement within the



159 meaning of the Rule, available from the Municipal Securities Rulemaking Board  
160 (“MSRB”).

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

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

- 168 (a) Principal and interest payment delinquencies;
- 169 (b) Non-payment related defaults;
- 170 (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- 171 (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- 172 (e) Substitution of credit or liquidity providers, or their failure to perform;
- 173 (f) Adverse tax opinions or events affecting the tax-exempt status of the  
174 Bonds;
- 175 (g) Modifications to rights of Bond holders;
- 176 (h) Optional, contingent or unscheduled calls of any Bonds other than  
177 scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act  
178 Release 34-23856;
- 179 (i) Defeasances;
- 180 (j) Release, substitution or sale of property securing repayment of the Bonds;
- 181 and

182 (k) Rating changes.

183 Solely for purposes of disclosure, and not intending to modify this undertaking, the  
184 county advises with reference to items (c) and (j) above that no debt service reserves  
185 secure payment of the Bonds and no property secures repayment of the Bonds.

186 4. Notification Upon Failure to Provide Financial Data. The county agrees to  
187 provide or cause to be provided, in a timely manner, to each NRMSIR or to the MSRB  
188 and to the SID, if any, notice of its failure to provide the annual financial information and  
189 operating data described in subsection 2 above on or prior to the date set forth in  
190 subsection 2 above.

191 5. Centralized Filing. Any filing required to be made with any NRMSIR or SID  
192 pursuant to the county's undertaking may be made by transmitting such filing solely to (i)  
193 the Texas Municipal Advisory Council (the "MAC") as provided in  
194 <http://www.disclosureusa.org> unless or until the SEC has withdrawn its approval of this  
195 submission process or (ii) any other entity for whom the SEC has provided interpretive  
196 advice to the effect that a filing solely with such entity shall satisfy an issuer's filing  
197 requirements under the Rule.

198 6. Termination/Modification. The county's obligations to provide annual  
199 financial information and notices of material events shall terminate upon the legal  
200 defeasance or payment in full of all of the Bonds. This section, or any provision hereof,  
201 shall be null and void if the county (i) obtains an opinion of nationally recognized bond  
202 counsel to the effect that those portions of the Rule that require this section, or any such  
203 provision, are invalid, have been repealed retroactively or otherwise do not apply to the

204 Bonds; and (ii) notifies each then existing NRMSIR and the SID, if any, of such opinion  
205 and the cancellation of this section.

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

209 In the event of any amendment or waiver of a provision of this Section D, the  
210 county shall describe such amendment in the next annual report, and shall include, as  
211 applicable, a narrative explanation of the reason for the amendment or waiver and its  
212 impact on the type (or in the case of a change of accounting principles, on the  
213 presentation) of financial information or operating data being presented by the county. In  
214 addition, if the amendment relates to the accounting principles to be followed in  
215 preparing financial statements, (i) notice of such change shall be given in the same  
216 manner as for a material event under subsection 3, and (ii) the annual report for the year  
217 in which the change is made should present a comparison (in narrative form and also, if  
218 feasible, in quantitative form) between the financial statements as prepared on the basis  
219 of the new accounting principles and those prepared on the basis of the former accounting  
220 principles.

221 7. Bond Owner's Remedies Under This Section. The right of any Bond owner  
222 or Beneficial Owner of Bonds to enforce the provisions of this section shall be limited to  
223 a right to obtain specific enforcement of the county's obligations hereunder, and any  
224 failure by the county to comply with the provisions of this undertaking shall not be an  
225 event of default with respect to the Bonds hereunder. For purposes of this section,  
226 "Beneficial Owner" means any person who has the power, directly or indirectly, to vote

227 or consent with respect to, or to dispose of ownership of, any Bonds, including persons  
228 holding Bonds through nominees or depositories.

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

233 F. Severability. If any provision in this motion is declared by any court of  
234 competent jurisdiction to be contrary to law, then such provision shall be null and void

**Motion 12691**

---

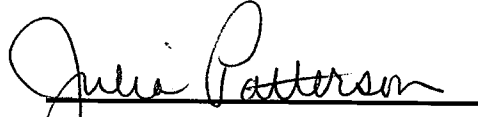
235 and shall be deemed separable from the remaining provisions of this motion and shall in  
236 no way affect the validity of the other provisions of this motion or of the Bonds.

237

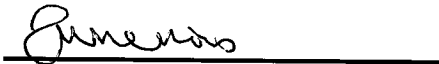
Motion 12691 was introduced on 3/26/2007 and passed as amended by the Metropolitan King County Council on 1/28/2008, by the following vote:

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

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

  
\_\_\_\_\_  
Julia Patterson, Chair

ATTEST:

  
\_\_\_\_\_

Anne Noris, Clerk of the Council

**Attachments**      A. \$236,950,000 King County, Washington Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 2008 Bond Purchase Contract

\$236,950,000  
KING COUNTY, WASHINGTON  
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS  
(PAYABLE FROM SEWER REVENUES), 2008

BOND PURCHASE CONTRACT

January 28, 2008

King County, Washington

Ladies and Gentlemen:

Goldman, Sachs & Co. (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, on behalf of Citigroup Global Markets Inc., Lehman Brothers Inc., Siebert Brandford Shank & Co., L.L.C., and Wachovia Bank, National Association (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 Ordinance (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 \$236,950,000 aggregate principal amount of the County's Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 2008 (the "Bonds"). The 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 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 Official Statement (defined herein). The proceeds of the Bonds shall be used

to refund the County's outstanding Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 1998 Series B, set forth in Exhibit B attached hereto (the "Refunded Bonds") and to pay the costs of issuing the Bonds and refunding the Refunded Bonds. The type, principal amount, maturity dates and interest rates of the Government Obligations to be acquired to accomplish the refunding of the Refunded Bonds shall be as set forth in Exhibit C attached hereto. The purchase price for the Bonds shall be \$249,084,165.59, representing the aggregate principal amount of the Bonds, plus an original issue premium of \$13,000,909.95, less an underwriting discount of \$866,744.36 (the "Purchase Price").

2. Closing. Subject to the terms and conditions of this Contract, the delivery of the Bonds and payment of the Purchase Price (the "Closing") shall take place at the King County Office of Finance no later than 9:00 a.m., Pacific Time, on February 12, 2008, 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 Bonds as provided in clause (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 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 Bonds initially shall be held in fully registered form by the Bond 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 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 Bonds to the Bond Registrar on behalf of DTC at least one full business day before the Closing for purposes of inspection. The 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 Bond nor the failure to print a proper CUSIP number on any Bond shall constitute cause to refuse delivery of that 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 15779 passed on May 21, 2007 and a Motion of the County Council adopted the date of this Contract approving this Contract and the issuance and sale of the Bonds (the "Sale Motion," and together with Ordinance 15779, the "Bond Ordinance") and (b) two copies of the Preliminary Official Statement of the County dated January 22, 2008, relating to the Bonds (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 approved 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 three 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 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 Ordinance; (iii) to execute, issue, sell and deliver the Bonds as provided herein and to perform its obligations with respect thereto; (iv) to execute, deliver and perform this Contract and the Escrow Agreement dated the Closing Date (the "Escrow Agreement"), by and between the County and U.S. Bank National Association, as escrow agent (the "Escrow Agent"); (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 Ordinance, the Bonds, the Escrow Agreement and the Official Statement. The execution, delivery and performance of this Contract, the Bonds and the Escrow Agreement, and the passage of the Bond Ordinance and the issuance of the Bonds thereunder, the execution and delivery by the County and the use and distribution by the Underwriters of the Official Statement and the consummation by the County of the transactions to which it is or is to be a party as contemplated by this Contract and by the Bond Ordinance, the Bonds, the Escrow Agreement



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 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 Escrow Agreement, the Official Statement and the Bonds (when delivered and paid for at the Closing) have been or at the Closing shall be duly authorized, approved, executed, delivered and (in the case of the Bonds) registered and issued. This Contract constitutes, and the Bonds, when registered, issued, executed and delivered, and the Escrow Agreement, when 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 Ordinance, the Bonds and the Escrow Agreement and the consummation by it of all transactions contemplated by this Contract, the Bond Ordinance, the Bonds, the Escrow Agreement 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 Ordinance 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 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 Ordinance and described in the Official Statement. The issuance of the Bonds is permitted by, and the Bonds when issued will be issued in compliance with, the provisions of the Bond Ordinance.

(d) The County is not in material breach of, or in material default under, any indenture, bank loan or credit agreement, bond or note, nor is the County in default under any statute, ordinance, resolution or (in any material respect) any other agreement or instrument, regulation, order, decree, license, permit, judgment, ruling or law or constitutional provision to which the County is a party, which breach or default would adversely affect the validity or enforceability of the Bonds.

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

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

(g) The Bonds and the Bond Ordinance 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" and the information concerning DTC or the book-entry system.

(i) The County does not intend to issue or incur, and the County is not aware of any plans to issue or incur, prior to the issuance of the Bonds, any other bonds, notes or other obligations for borrowed money or any material liabilities, direct or contingent, that will have a material adverse effect on the financial condition of the County or the Sewer System, nor does the County expect, prior to the issuance of the 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 or the Sewer System.

(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 Ordinance, the Bonds or the Escrow Agreement 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 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 Bonds for investment under the laws of such states and other jurisdictions, and use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, 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 Ordinance, the Escrow Agreement and the Official Statement by the Underwriters in obtaining such qualifications.

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

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

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

(b) At the time of the Closing, (i) this Contract, the Bond Ordinance and the Escrow Agreement 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, the Bond Ordinance and the Escrow Agreement 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 Bonds pursuant hereto to give effect to the pledges and other provisions of the Bond Ordinance 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) A copy of the Bond Ordinance, 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) An approving opinion of K&L Preston Gates Ellis LLP ("Bond Counsel"), dated the Closing Date, in substantially the form attached to the Official Statement as Appendix B.

(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 Ordinance and to enter into this Contract and the Escrow Agreement, (2) to issue, sell and deliver the Bonds to the Underwriters, (3) to perform its obligations under this Contract, the Bond Ordinance and the Escrow Agreement, and (4) to carry out the transactions contemplated by this Contract, the Bond Ordinance, the Bonds and the Escrow Agreement; (B) the County has duly passed the Bond Ordinance, has duly approved, authorized, executed and delivered this Contract and the Escrow Agreement, and, assuming with respect to this Contract and the Escrow Agreement due execution and delivery thereof by the other respective parties thereto, this Contract, the Bond Ordinance and the Escrow Agreement constitute the legal, valid and binding obligations of the County, enforceable in accordance with their respective terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, 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 Bonds have been duly authorized, executed and delivered and are entitled to the benefits and security provided by the Bond Ordinance; (D) the Bond Ordinance creates the valid pledge of *ad valorem* property taxes, pledge of the full faith, credit

and resources of the County and pledge of and lien on the Revenue of the System that it purports to create; (E) the County has duly authorized the Director of the County's Finance and Business Operations Division to approve and execute the Official Statement; (F) no consent or approval of, or registration or filing with, any commission, board, authority, regulatory body or instrumentality of the State of Washington is or was required in connection with any of the actions of the County taken in regard to the approval and issuance of the Bonds, except such consents, approvals, registrations or filings as have been obtained on or prior to the Closing, nor is any election or referendum of voters required in connection therewith; provided, that no opinion need be provided with respect to compliance with any Blue Sky laws; (G) the Bonds and their offer and sale are exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the Bond Ordinance is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); (H) the statements contained in the Official Statement under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "INITIATIVE AND REFERENDUM" and "LEGAL AND TAX INFORMATION" (except under the caption "Litigation") and in Appendix A—"Summary of Bond Ordinance," insofar as such statements contained under such captions or in such appendix purport to summarize certain provisions of the Bond Ordinance and the Bonds, are true and correct; and (I) 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 (H), 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 of Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that the money and/or Acquired Obligations set aside in the Refunding Account pursuant to the Escrow Agreement to defease the Refunded Bonds are irrevocably set aside and pledged for such purpose, and the Refunded Bonds are legally defeased and deemed not to be outstanding under the authorizing legislation pursuant to which they were issued.

(v) 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 Bonds by the Underwriters are exempt from the registration requirements of the Securities Act; (B) the Bond Ordinance is exempt from qualification under the Trust Indenture Act; (C) the undertaking, as set forth in the Sale Motion, to provide certain continuing disclosure information pursuant to paragraph (b)(5) of Rule 15c2-12, 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 a written agreement or contract for the benefit of the holders of the 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 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 Bonds is treated for federal income tax purposes, and the information contained in Appendices B, C, D, E, and F 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.

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

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

(viii) A copy of the duly executed Escrow Agreement.

(ix) A report of Grant Thornton LLP, 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 Government Obligations to pay, when due, the principal of and premium and interest on the Refunded Bonds.

(x) Evidence satisfactory to the Representative that the Bonds have been assigned ratings of Aa1, AAA and AA+ by Moody's, Standard & Poor's and Fitch, respectively.

(xi) 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) 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" 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) all payments into all funds or accounts created and established for the payment and security of all outstanding obligations payable from and secured by a lien on and pledge of the Revenue of the System have been made in full and the amounts on deposit in such funds or accounts are the amounts then required to be deposited therein; (E) the County has never defaulted in the payment of principal of or interest on any of its obligations for borrowed money; and (F) the County has complied in all material respects with

all agreements and satisfied in all material respects all conditions contemplated by this Contract, the Bond Ordinance and the Escrow Agreement on its part to be performed or satisfied at or prior to the delivery of the Bonds.

(xii) A tax exemption and non-arbitrage 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 it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended, and stating that to the best of such representative's knowledge and belief, there are no other facts, estimates or circumstances that would adversely affect such expectations.

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

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

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



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

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

(e) A general banking moratorium shall have been established by the United States or State of New York or State of Washington authorities 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 Bonds, or the Bonds, are not exempt from the registration requirements of the Securities Act, or that the Bond Ordinance is not exempt from qualification under the Trust Indenture Act.

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

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

(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 to the Underwriters of the Bonds, as herein contemplated, is not carried out by the Underwriters for any reason permitted hereunder or if such sale is not carried out because the County shall be unable to comply with any of the terms hereof, the County shall 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.

8. Payment of Costs.

(a) Whether or not the Bonds are issued as contemplated by this Contract, the Underwriters shall be under no obligation to pay, and the County hereby agrees to pay, any expenses incident to the performance of the County's obligations hereunder, including (i) the costs of the preparation and printing of the Bonds and the Bond Ordinance, 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 Bonds; (v) the fees of the Bond 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 Bond Registrar, Escrow Agent and verification agent; and (vii) any other costs and expenses, including costs and expenses of credit enhancement for the Bonds and any costs and expenses of the County incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriters.

(b) The Underwriters shall pay (i) any fees assessed upon the Underwriters with respect to the Bonds by the MSRB, the NASD or any NRMSIR; (ii) all advertising expenses in connection with any public offering of the Bonds; (iii) the costs of qualifying the Bonds under the Blue Sky or other securities laws of such jurisdictions as the Underwriters may determine and the costs of the preparation and printing of Blue Sky memoranda; and (iv) all other costs and expenses incurred by them in connection with any public offering and distribution of the Bonds, including the fees and disbursements of 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 Bonds should have been registered under the Securities Act or the Bond Ordinance 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 Director of the Finance and Business Operations Division, 500 Fourth Avenue, Sixth Floor, Seattle, Washington 98104, and any such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to Goldman, Sachs & Co., 121 S.W. Salmon Street, Suite 1100, Portland, Oregon 97204, Attention: Beth deHamel.

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

12. Waivers. Notwithstanding any provision 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.

[Signature page follows]

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

Very truly yours,

GOLDMAN, SACHS & CO.,  
CITIGROUP GLOBAL MARKETS, INC.,  
LEHMAN BROTHERS INC.,  
SIEBERT BRANDFORD SHANK & CO.,  
L.L.C., and  
WACHOVIA BANK, NATIONAL  
ASSOCIATION,  
as Underwriters

By GOLDMAN, SACHS & CO.,  
as Representative

---

Accepted on: January 28, 2008

KING COUNTY, WASHINGTON

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

**EXHIBIT A**

**MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES  
AND REDEMPTION PROVISIONS**

<u>Maturity Dates</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
January 1, 2009	\$ 3,905,000	5.00%
January 1, 2010	2,530,000	5.00
January 1, 2011	2,630,000	5.00
January 1, 2012	2,730,000	3.25
January 1, 2013	2,795,000	3.25
January 1, 2014	2,855,000	5.00
January 1, 2015	2,965,000	5.00
January 1, 2016	3,080,000	3.50
January 1, 2017	8,215,000	5.00
January 1, 2018	8,595,000	5.00
January 1, 2019	8,985,000	5.00
January 1, 2020	9,385,000	5.00
January 1, 2021	9,820,000	5.00
January 1, 2022	10,260,000	5.25
January 1, 2023	10,760,000	5.25
January 1, 2024	11,265,000	5.00
January 1, 2025	11,775,000	5.00
January 1, 2026	12,310,000	5.00
January 1, 2027	12,860,000	5.00
January 1, 2028	13,440,000	5.00
***	***	***
January 1, 2034	85,790,000	4.75

Optional Redemption. The County reserves the right to redeem outstanding Bonds maturing on January 1, 2019 through January 1, 2021, inclusive, and Bonds maturing on or after January 1, 2024, in whole or in part at any time on or after January 1, 2018, at the price of par plus accrued interest, if any, to the date fixed for redemption.

Mandatory Redemption. If not previously redeemed as described above, the Term Bonds maturing on January 1, 2034, will be called for redemption (in such manner as DTC shall determine) at a price of par, plus accrued interest to the date fixed for redemption, on January 1 in the years and amounts as follows:

<b>Mandatory Redemption Years</b>	<b>Mandatory Redemption Amounts</b>
2029	\$14,050,000
2030	14,645,000
2031	15,260,000
2032	15,920,000
2033	16,585,000
2034 (maturity)	9,330,000

**EXHIBIT B**

**REFUNDED BONDS**

**Limited Tax General Obligation Refunding Bonds  
(Payable from Sewer Revenues), 1998 Series B**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
January 1, 2009	\$ 3,700,000	4.75%	March 13, 2008	101%
January 1, 2010	3,845,000	4.75	March 13, 2008	101
January 1, 2011	4,000,000	4.75	March 13, 2008	101
January 1, 2012	4,160,000	4.75	March 13, 2008	101
January 1, 2013	4,330,000	4.75	March 13, 2008	101
January 1, 2014	4,505,000	4.75	March 13, 2008	101
January 1, 2015	4,685,000	4.75	March 13, 2008	101
January 1, 2016	4,875,000	4.75	March 13, 2008	101
January 1, 2017	8,165,000	4.75	March 13, 2008	101
January 1, 2018	8,525,000	4.75	March 13, 2008	101
January 1, 2020	18,150,000	4.75	March 13, 2008	101
January 1, 2024	41,365,000	5.00	March 13, 2008	101
January 1, 2030	77,470,000	5.00	March 13, 2008	101
January 1, 2034	56,495,000	5.25	March 13, 2008	101

**EXHIBIT C**

**GOVERNMENT OBLIGATIONS**

<u>Type*</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
CERT	3/13/2008	\$248,719,015	2.11%

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



## EXHIBIT D

### 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 Refunding Bonds (Payable from Sewer Revenues), 2008, in the principal amount of \$236,950,000 (the "Bonds"), DO HEREBY CERTIFY as follows:

1. That as of the time and date written below, there is no litigation pending or, to the best of my knowledge, after due inquiry, threatened affecting the issuance and delivery of the Bonds, the levy and collection of taxes or the collection of 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. That as of the time and date written below, no authority or proceedings for the issuance of the Bonds has or have been repealed, revoked or rescinded.

3. That as of the time and date written below, neither the execution nor delivery by the County of the Bond Purchase Contract relating to the Bonds (the "Purchase Contract") or the Bonds nor the adoption by the County of the Bond Ordinance (as defined in the Purchase Contract), nor the compliance by the County with the terms and conditions hereof and thereof have resulted or will result in either (a) a conflict with or a breach of any writ, injunction or decree of any court; or (b) a breach of or default under the terms or provisions of any agreement to which the County is a party or by which the County is bound; in each case which conflict, breach or default would have a material adverse effect on the County's authority to provide for the timely payment of the principal of and interest on the Bonds.

4. That as of the time and date written below, the statements contained in the Official Statement relating to the Bonds dated January 28, 2008, under the caption "LEGAL AND TAX INFORMATION—Litigation," insofar as such statements purport to summarize litigation affecting the County, present a fair and accurate summary of such litigation, and are true and correct.

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

For DAN SATTERBERG,  
King County Prosecuting Attorney

---

Kevin Wright  
Chief Civil Deputy