

# ATTACHMENT A

## KING COUNTY, WASHINGTON

### LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2005, SERIES A \$22,510,000

#### BOND PURCHASE CONTRACT

May 31, 2005

King County, Washington

Ladies and Gentlemen:

UBS Financial Services Inc. (the "Underwriter") offers to enter into this Bond Purchase Contract (together with the Exhibits, the "Contract") with King County, Washington (the "County"), regarding \$22,510,000 aggregate principal amount of the County's Limited Tax General Obligation Refunding Bonds, 2005, Series A (the "Bonds"), which upon acceptance of this offer by the County will be binding upon the County and the Underwriter. This offer is made subject to receipt by the Underwriter of the documents described herein and to the County's acceptance by executing this Contract and delivering it to the Underwriter at or prior to 8:00 p.m. Pacific Time, on the date hereof. If not so accepted, this offer will be subject to withdrawal by the Underwriter upon notice delivered to the County at any time prior to acceptance hereof by the County. Upon acceptance of this offer in accordance with the terms hereof, this Contract will constitute a binding contract between the County and the Underwriter.

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

The County and the Underwriter hereby agree as follows:

#### **1. PURCHASE AND SALE**

On the terms and conditions and on the basis of the representations, warranties and covenants herein set forth, the Underwriter hereby agree to purchase from the County, and the County hereby agrees to execute, sell and deliver to the Underwriter, all (but not less than all) of the Bonds. Proceeds of the Bonds shall be used to refund on a current basis \$24,360,000 principal amount of the County's Limited Tax General Obligation and Refunding Bonds (Various Purpose), 1993 Series B, as described on Exhibit B attached hereto (collectively, the "Refunded Bonds"), and to pay costs of issuing the Bonds.

The Bonds will be dated the date of their initial delivery to the Underwriter and are anticipated to be delivered to the Underwriter on June 29, 2005. The Bonds shall be fully registered as to both principal and interest, shall bear interest at the rates per annum calculated in such manner, payable as to principal and interest, and shall have such terms relating to redemption and other such provisions and terms as set forth in the Bond Legislation and as described on Exhibit A attached hereto.

The purchase price for the Bonds shall be \$24,520,513.23, representing the par amount of the Bonds plus original issue premium of \$2,111,698.60, less an underwriting discount of \$101,185.37 (the "Purchase Price").

## **2. CLOSING**

Subject to the terms and conditions hereof, the delivery of the Bonds and payment of the Purchase Price (the "Closing") shall take place at the King County Office of Finance at 9:00 a.m., Pacific Time, on June 29, 2005, or at such other time or place, or on such other day, as the Underwriter and the County shall agree. At the Closing:

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

(b) the Purchase Price shall be paid to the County in federal funds (by wire transfer or by any combination of one or more wires as may be agreeable to the County and the Underwriter), net of the premium for the Bond Insurance Policy, which the Underwriter shall pay directly by wire transfer to the Insurer; and

(c) the Bonds initially shall be held in fully registered form by The Depository Trust Company ("DTC") acting as depository pursuant to the terms and conditions set forth in the County's Blanket Issuer Letter of Representations with DTC dated May 1, 1995. 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 Bonds shall be delivered to DTC, at least one full business day before the Closing for purposes of inspection, unless an alternate arrangement (e.g., FAST closing) is made between the parties. The Bonds delivered hereunder shall bear proper CUSIP numbers to be obtained by the Underwriter (provided, however, that neither the printing of an incorrect CUSIP number on any Bond nor the failure to print the CUSIP number thereon shall constitute cause for the Underwriter to refuse delivery of any Bond).

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

At or prior to the time of the execution of this Contract, the County shall deliver to the Underwriter (a) copies of Ordinance 14890 authorizing issuance of the Bonds and a motion of the King County Council approving the sale of the Bonds (the "Sale Motion," and Ordinance 14890, the "Bond Legislation"), certified by the Clerk of the County Council to have been duly adopted by the County and to be in full force and effect, as amended, as of the date hereof, and (b) a copy of the preliminary official statement of the County dated May 24, 2005 (the "Preliminary Official Statement") relating to the Bonds that the County has "deemed final" except as to certain specified items and that, together with the cover page thereof and all appendices, exhibits, reports and statements included therein or attached thereto and such amendments or supplements thereto as shall have been approved by the Underwriter as of the

date hereof, is hereinafter referred to as the "Official Statement," executed by the Finance Director.

As soon as possible, but in any event no more than seven business days after the time of the County's acceptance hereof, it shall deliver to the Underwriter as many copies of the Official Statement as required to permit the Underwriter to comply with the requirements of the Municipal Securities Rulemaking Board ("MSRB") Rule G-32 and Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), including but not limited to the requirement that three copies of the Official Statement be delivered by the Underwriter to a nationally recognized municipal securities information repository ("NRMSIR"). The County hereby ratifies, approves and confirms the distribution and use of the Preliminary Official Statement by the Underwriter and authorizes the Underwriter to use and distribute the Official Statement in connection with the public offering and sale of the Bonds.

If, between the date of this Contract and the earlier to occur of (i) 60 days after the date of the Closing and (ii) 25 days after the "end of the underwriting period," as the term is used in paragraph (e)(2) of Rule 15c2-13, 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 Underwriter, and if, in the reasonable opinion of the Underwriter, 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 Underwriter, which approval shall not be unreasonably withheld. The end of the underwriting period shall be the date of the Closing unless the County is informed otherwise in writing by the Underwriter. If the Official Statement is supplemented or amended pursuant to this subsection, as of the date of each supplement or amendment thereto, to the best of the County's knowledge after due review and investigation, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit or fail to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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

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

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

the transactions to which it is or is to be a party as contemplated hereby and by the Bond Legislation and the Official Statement have been duly authorized by all necessary action on the part of the County.

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

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

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

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

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

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

(h) The Official Statement 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 need be given with respect to information under the captions entitled "THE BONDS - Book-Entry System," "LEGAL AND TAX INFORMATION - Tax Exemption for the Bonds" and "— Other Federal Tax Matters," and the information concerning DTC in "Appendix E - Book-Entry System."

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

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

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

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

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

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

## **5. CONDITIONS TO THE OBLIGATIONS OF THE UNDERWRITER**

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

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

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

(c) As of the date of the Official Statement, the Official Statement did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and at the time of the Closing, the Official Statement shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. However, no warranty or representation need be made with respect to the information contained under the captions entitled "THE BONDS - Book-Entry System," "LEGAL AND TAX INFORMATION - Tax Exemption for the Bonds" and "- Other Federal Tax Matters," and the information concerning DTC in "Appendix E - Book-Entry System."

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

(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 Underwriter in writing, the Underwriter shall receive the following documents:

(i) An approving legal opinion of Gottlieb Fisher & Andrews, PLLC ("Bond Counsel"), dated the date of the Closing and addressed to the Underwriter, in substantially the form attached to the Official Statement as Appendix A.

(ii) A supplemental opinion of Bond Counsel dated the date of the Closing and addressed to the Underwriter, to the effect that (A) the County has the legal right, power and authority to adopt the Bond Legislation and to enter into this Contract; to issue, sell and deliver the Bonds; to perform its obligations under the Bond Legislation and this Contract and to carry out the transactions contemplated thereby; (B) the County has duly adopted the Bond Legislation and has duly approved, authorized and executed this Contract, and, assuming due execution and delivery of this Contract by the Underwriter, the Bond Legislation and this Contract constitute the legal, valid and binding obligations of the County, enforceable in accordance with their terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights; (C) the Bonds have been duly authorized, executed and delivered, and are entitled to the benefits and security provided by the Bond Legislation; (D) the Bond Legislation creates the valid pledge of ad valorem property taxes that it purports to create; (E) the County has duly authorized an appropriate representative to approve and execute the Official Statement; (F) no consent or approval of, or registration or filing with, any commission, board, authority, reimbursement body

or instrumentality of the State of Washington is or was required in connection with any of the actions of the County described in the preceding clauses hereof, except such consents, approvals, registrations or filings as have been obtained on or prior to this date, nor is any election or referendum of voters required in connection therewith; provided, however, that no opinion is to be provided with respect to compliance with any Blue Sky laws; (G) the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the Bond Legislation are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); and (H) the statements contained in the Official Statement under the captions "THE BONDS" (except under the caption "Book-Entry System"), "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "INITIATIVE AND REFERENDUM" and "LEGAL AND TAX INFORMATION – Tax Exemption for the Bonds", insofar as such statements contained under such captions purport to summarize certain provisions of the Bonds, the Bond Legislation, this Contract and their legal opinion concerning certain federal tax matters relating to the Bonds are true and correct and that based solely upon their participation as Bond Counsel in certain conferences with representatives of the County, the Underwriter, the financial advisors to the County and Underwriter's 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 contained in the Official Statement under the caption "LEGAL AND TAX INFORMATION – Other Federal Tax Matters," information concerning DTC, the book-entry system and Appendix E to the Official Statement and any references to such information set forth in the Official Statement, and other financial, demographic and statistical data and projections included in the Official Statement, as to all of which no opinion shall be required) as of its date contained, or that the Official Statement as the same may have been amended or supplemented prior 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 supplemental 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.

(iii) An opinion of Bond Counsel dated the date of the Closing and addressed to the County and the Escrow Agent to the effect that, upon the issuance of the Bonds, the Refunded Bonds are defeased in accordance with the ordinance authorizing their issuance, are deemed no longer outstanding thereunder and are no longer entitled to any lien, benefit or security thereunder;

(iv) An opinion, dated the date of the Closing and addressed to the Underwriter, of Preston Gates & Ellis LLP ("Underwriter's Counsel") to the effect that (A) the Bonds constitute exempted securities within the meaning of Section 3(a)(2) of the Securities Act, and Section 304(a)(4)(A) of the Trust Indenture Act, and it is not necessary, in connection with

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

(v) An opinion or certificate of a County Prosecuting Attorney, dated the date of the Closing and addressed to the Underwriter, based on such inquiry and investigation as he or she has deemed sufficient, to the effect that except as disclosed in the Official Statement, (A) there is no litigation pending or threatened affecting the issuance and delivery of the Bonds, the pledge of taxes to pay the principal thereof and interest thereon, or in any manner questioning or contesting the proceedings and authority under which the Bonds are issued, the validity of the Bonds, the corporate existence or boundaries of the County, or the title of the present officers to their respective offices, which litigation would impair the County's ability to pay when due the principal of or interest on the Bonds; (B) 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, present a fair and accurate summary of such litigation and are true and correct; (C) to the best of such counsel's knowledge, neither the execution nor delivery by the County of the Bonds, nor the adoption by the County of the Bond Legislation, have resulted or will result in a conflict with or a breach of any of the terms or provisions of any writ, injunction or decree of any court naming the County as a party, which conflict or breach would have a material adverse effect on the County's authority to issue the Bonds; and (D) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded.

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

(vii) A copy of the municipal bond insurance policy issued by Financial Security Assurance Inc. (the "Insurer") with respect to the Bonds, an enforceability opinion of

counsel to the Insurer, addressed to the Underwriter, and a certificate of the Insurer, addressed to the Underwriter, to the effect that the information in the Official Statement regarding the Insurer and its municipal bond insurance policy is accurate and complete in all material respects for the purposes for which provided.

(viii) Evidence satisfactory to the Underwriter that the Bonds have been rated "Aaa" by Moody's and "AAA" by Standard & Poor's, based on the delivery of the municipal bond insurance policy described in paragraph (vii) above, and that the Bonds have underlying ratings of "Aa1" by Moody's and "AA+" by Standard & Poor's.

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

(x) A certificate signed by the Finance Director setting forth facts, estimates and circumstances (including covenants of the County) in existence on the date 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 the 1986, as amended, and stating that to the best of his or her knowledge and belief, there are not other facts, estimates or circumstances that would adversely affect such expectations.

(xi) An executed copy of the Escrow Agreement.

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

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

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

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

## **6. TERMINATION OF CONTRACT**

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

(a) The marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by (i) an amendment to the Constitution of the United States of America or by any legislation that shall have been introduced in or enacted by the Congress of the United States; (ii) legislation pending in the Congress of the United States; or (iii) legislation (including any amendment thereto, whether or not in formal bill form) recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Underwriter; 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 Washington shall be rendered, which in the Underwriter's opinion, materially adversely affects the marketability of the Bonds or the ability of the Underwriter to enforce contracts for sale of the Bonds.

(c) In the Underwriter'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 Underwriter 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 New York or Washington State authorities.

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

(g) Any rating of the Bonds or any other general obligations of the County shall have been downgraded or withdrawn by a national rating service, which event, in the Underwriter's opinion, materially adversely affects the market price of the Bonds, or any

proceeding shall be pending or threatened by the Securities and Exchange Commission or the Attorney General of the State of Washington against the County relating to the Bonds.

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

## **7. EFFECT OF TERMINATION**

If the sale to the Underwriter of the Bonds, as herein contemplated, is not carried out by the Underwriter for any reason permitted hereunder or if such sale is not carried out because the County shall be unable to comply with any of the terms hereof, the County shall be under no obligation or liability under this Contract (except to the extent provided in section 8 hereof), and the Underwriter 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 Underwriter shall be under no obligation to pay, and the County hereby agrees to pay, any expenses incident to the performance of the County's obligations hereunder, including but not limited to (i) the costs of preparation and printing of the Bonds and the Bond Legislation, preparation, printing and distribution of the Official Statement, and preparation of all other documents prepared by the County or its counsel; (ii) the fees and disbursements of Bond Counsel; (iii) the fees and disbursements of other counsel to the County; (iv) the fees of agencies rating the Bonds; (v) the fees of the Bond Registrar; (vi) the fees and disbursement of accountants, consultants and advisors to the County, including, without limitation and the fees of the financial advisors to the County; and (vii) any other expenses and costs, including costs and expenses of credit enhancement, if any, of the County incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriter.

(b) The Underwriter shall pay (i) any fees assessed upon the Underwriter 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 Underwriter 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 Underwriter's Counsel.

## **9. INDEMNIFICATION**

To the extent permitted by law, the County shall indemnify and hold harmless the Underwriter, each of their partners, officers and employees and each person who controls any of the Underwriter within the meaning of Section 15 of the Securities Act any such person being

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

#### **10. NOTICES**

Any notice or other communication to be given to the County under this Contract may be given by delivering the same in writing to the King County Finance and Business Operations Division, 500 Fourth Avenue, Seattle, Washington 98101, Attention: Director, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to UBS Financial Services Inc., 777 South Figueroa Street, Los Angeles, California 90017, Attention: Jeffrey D. Bower.

#### **11. GENERAL**

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

#### **12. WAIVERS**

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

#### **13. EFFECTIVENESS OF CONTRACT**

This Contract shall become effective upon the execution hereof by the Finance Director and the execution of the acceptance hereof by the Underwriter and shall be valid and enforceable as of the time of such execution and acceptance.

**14. GOVERNING LAW**

This Contract shall be construed in accordance with and governed by the laws of the State of Washington. Venue for any action under this Contract shall be in the Superior Court of the State of Washington for King County.

**15. COUNTERPARTS**

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

Respectfully submitted,

UBS FINANCIAL SERVICES INC.

By: \_\_\_\_\_  
Authorized Officer

By: \_\_\_\_\_  
Authorized Officer

Accepted at \_\_\_\_\_ Pacific Time, May  
31, 2005

KING COUNTY, WASHINGTON

By: \_\_\_\_\_  
Ken Guy  
Interim Director of Finance and Business  
Operations Division

**EXHIBIT A**

**King County, Washington  
Limited Tax General Refunding Obligation Bonds, 2005, Series A**

| <b>Maturity<br/>(January 1)</b> | <b>Principal Amount</b> | <b>Interest Rate</b> | <b>Yield</b> |
|---------------------------------|-------------------------|----------------------|--------------|
| 2012                            | \$ 3,020,000            | 5.0%                 | 3.42%        |
| 2013                            | 3,185,000               | 5.0                  | 3.53         |
| 2014                            | 3,350,000               | 5.0                  | 3.62         |
| 2015                            | 2,335,000               | 5.0                  | 3.70         |
| 2016                            | 2,460,000               | 5.0                  | 3.80         |
| 2017                            | 2,585,000               | 5.0                  | 3.88         |
| 2018                            | 2,720,000               | 5.0                  | 3.94         |
| 2019                            | 2,855,000               | 5.0                  | 4.00         |

The Bonds will be dated and bear interest from the date of their delivery, calculated on the basis of a 360-day year consisting of twelve 30-day months, payable semiannually on each January 1 and July 1, commencing January 1, 2006, to their stated dates of maturity or prior redemption.

*Optional Redemption.* The Bonds maturing on and after January 1, 2016, are subject to optional redemption in whole or in part at any time on or after July 1, 2015, at par plus accrued interest.

*Refunding Account.* None of the proceeds of the Bonds will be invested in Government Obligations, but all such proceeds will be held by the Escrow Trustee as the initial cash deposit.

**EXHIBIT B**

**Refunded Bonds**

**King County, Washington  
Limited Tax General Obligation and Refunding Bonds (Various Purpose), 1993 Series B**

| <b>Maturity<br/>(January 1)</b> | <b>Principal<br/>Amount</b> | <b>Interest<br/>Rate</b> | <b>Call Date</b> | <b>Redemption<br/>Price</b> |
|---------------------------------|-----------------------------|--------------------------|------------------|-----------------------------|
| 2012                            | \$ 3,260,000                | 4.50%                    | 7/1/2005         | 100%                        |
| 2013                            | 3,420,000                   | 4.50                     | 7/1/2005         | 100                         |
| 2014                            | 3,580,000                   | 4.50                     | 7/1/2005         | 100                         |
| 2015                            | 2,565,000                   | 4.50                     | 7/1/2005         | 100                         |
| 2016                            | 2,685,000                   | 4.50                     | 7/1/2005         | 100                         |
| 2019                            | 8,850,000                   | 4.75                     | 7/1/2005         | 100                         |