

Bear Creek School TEFRA Agreement

THIS AGREEMENT ("Agreement") is dated this 25 day of August, 2005, between The Bear Creek School ("School") and the Metropolitan King County Council ("King County"). The School has requested that King County hold a public hearing and consider approval, pursuant to the provisions of the federal Tax Equity and Fiscal Responsibility Act ("TEFRA"), of the proposed issuance by the Colorado Educational and Cultural Facilities Authority of its Adjustable Rate Demand Revenue Bonds, Series 2005 (The Bear Creek School Project), in the aggregate principal amount of approximately \$15,000,000 (the "Bonds"). A form of the proposed notice of TEFRA Hearing is attached as Attachment A.


In order to avoid any argument that the unreimbursed utilization of King County resources in responding to the School's TEFRA request would violate the Washington State Constitution and in consideration for King County's administrative acts in response to the School's TEFRA request, including but not limited to clerical and other staff work, costs of advertising, and overhead costs associated with the public hearing and action on the request:

1. The School acknowledges that King County will undergo certain direct and indirect costs in responding to the School's request. The School and King County agree that a reasonable calculation of these costs is \$3000.00 (Three Thousand Dollars), plus the actual cost of advertising as billed by the publishing newspaper. The School hereby agrees to pay this amount
2. The School agrees that it shall indemnify and hold harmless King County and its officials, agents and employees ("Indemnified Parties") from and against any and all claims, suits, actions, expenses, losses, costs, penalties, damages or liabilities of any kind arising out of, in connection with or incident to any and all King County's actions in response to the School's TEFRA request ("Claims"); provided, however, the School shall not be obligated to provide such indemnification to an Indemnified Party for any Claim resulting from such Indemnified Party's gross negligence or criminal misconduct. In addition, the School shall assume the reasonable defense expenses of King County and its officials and employees incurred in relation to any such Claims, including the payment of all defense expenses, including reasonable attorney's fees, expert fees and costs incurred by King County and its officials and employees on account of such litigation or claims. This indemnification obligation shall include, but is not limited to, all Claims against King County by an employee or former employee of the School or its Subcontractors, and the School, by mutual negotiation, expressly waives all immunity and limitation on liability, as respects King County and its officials and employees only, under any industrial insurance act, including Title 51 RCW, other Worker's compensation act, disability benefit act, or other employee benefit act of any jurisdiction which would otherwise be applicable in the case of such claim. In the event that King County incurs any judgment, award and/or cost including attorney's fees arising from the provisions of this Agreement, or to enforce the provisions of this Agreement, any such judgment, award, fees, expenses and costs shall be recoverable from the School. In the event of

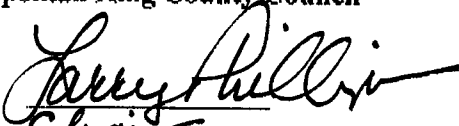
litigation between the parties to enforce the rights under this subsection, reasonable attorney fees shall be allowed to the substantially prevailing party.

Dated the day and date first written above.

The Bear Creek School

By: 
Its: President

Metropolitan King County Council

By: 
Its: Chair

METROPOLITAN KING COUNTY COUNCIL
 NOTICE OF HEARING
 Proposed Ordinance 2005-XXXX

NOTICE IS HEREBY GIVEN that a public hearing will be held before the Metropolitan King County Council, Room 1001, King County Courthouse, Seattle, Washington, on the 19th day of September, 2005, at 1:30 p.m. to consider adoption of Proposed Ordinance 2005-XXXX.

SUMMARY

Proposed Ordinance 2005-XXXX is an ordinance approving the proposed issuance by the Colorado Educational and Cultural Facilities Authority (the "Authority") of its Adjustable Rate Demand Revenue Bonds, Series 2005 (The Bear Creek School Project), in the aggregate principal amount of approximately \$15,000,000 (the "Bonds") for the purposes of: (a) financing the cost of acquiring, constructing and equipping various educational facilities for The Bear Creek School, a Washington nonprofit corporation (the "Corporation"), a K-12 independent school located in Redmond, Washington (the "Facilities") including a lower school building of approximately 45,000 square feet, a residence of approximately 3000 square feet, athletic facilities, and two parking lots of approximately 200 parking stalls; (b) refinancing certain existing indebtedness of the Borrower, the proceeds of which were used to finance the cost of acquiring, constructing and equipping the Facilities; (c) funding capitalized interest on a portion of the Bonds; (d) funding a debt service reserve fund, if required; and (e) paying certain costs of issuance of the Bonds, including initial costs of any credit enhancement (collectively, the "Project").

The locations of the Facilities, together with the approximate amount of Bond proceeds to be spent on such Facilities at each location, are: (i) Facilities located at the Corporation's main campus at 8905 208th Ave. NE, Redmond, WA 98053 (together with adjacent parcels owned or under contract by the Corporation, including 8537 208th Ave. NE, Redmond, WA 98053; 20628 NE 85th St., Redmond, WA 98053; portions of 20602 NE 90th St., Redmond, WA 98053; 20626 NE 90th St., Redmond, WA 98053 – collectively, the "Main Campus") (\$10,200,000); (ii) Facilities located at the Main Campus (\$2,600,000); and (iii) Facilities located at 19315 NE 95th St., Redmond, WA 98052 (\$2,200,000).

~~The Facilities are located at 8905 208th Ave NE, Redmond, WA 98053, (together with adjacent parcels owned or under contract by the Corporation, including 8537 208th Ave NE, Redmond, WA 98053, 20628 NE 85th St, Redmond, WA 98053, portions of 20602 NE 90th St, Redmond, WA 98053, 20626 NE 90th St, Redmond, WA 98053) and 19315 NE 95th Street, Redmond, WA 98052. The proceeds of the Bonds will be loaned to ACSI Capital Corporation which will in turn loan the proceeds to the Corporation and the Corporation will continue to be the owner, operator and manager of the Facilities.~~

Federal law requires this public hearing and County action in order to allow interest on such bonds to be treated as tax-exempt. Interested persons are invited to attend the public hearing which will be the only public hearing held prior to the consideration by the Council of the ordinance authorizing the issuance of the Bonds for the proposed purposes set out above.

The Bonds shall not be an obligation of the state of Washington or King County and no public funds or credit shall be pledged or used to pay the principal or interest on the Bonds. Approval of the Bonds does not constitute county approval or disapproval of any other permits, certifications or actions or waive any of the permitting, environmental review, financial obligations or legal requirements applicable to the project.

A copy of Proposed Ordinance 2005-XXXX is available for review at the Office of the Clerk of the Council, Room W1025, King County Courthouse, 516 Third Avenue, Seattle, WA 98104, telephone (206) 296-1020, and a copy of the proposed ordinance is available upon request to the Clerk of the Council. It is also available on the Internet at http://www.metrokc.gov/mkcc/clerk/Ordinances_advertised.htm

Dated August 31, 2005 at Seattle, Washington.

METROPOLITAN KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Anne Noris
Clerk of the Council

DATED: July __, 2005
METROPOLITAN KING COUNTY COUNCIL,
KING COUNTY, WASHINGTON

By: _____
Clerk of the Council