



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 28, 2009

Motion 13040

Proposed No. 2008-0233.2

Sponsors Phillips

1 A MOTION of the county council approving a bond
2 purchase agreement for the county's Sewer Revenue Bonds,
3 2009, in the aggregate principal amount of \$250,000,000
4 and establishing certain terms of such bonds, all in
5 accordance with Ordinance 16133.

6
7 WHEREAS, the county council by Ordinance 16133 passed on June 16, 2008 (the
8 "Bond Ordinance"), authorized the issuance and sale of sewer revenue bonds of the
9 county in the aggregate principal amount of not to exceed \$900,000,000 (the "Project
10 Bonds") to pay costs of certain capital improvements to the county's sewer system (the
11 "System"), in accordance with the county's comprehensive water pollution abatement
12 plan and not to exceed \$200,000,000 (the "Refunding Bonds") to refund certain
13 outstanding sewer revenue bonds, and

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

18 WHEREAS, of the \$900,000,000 in authorized Project Bonds, the county issued
19 \$350,000,000 in August 2008 and \$300,000,000 in April 2009, and

20 WHEREAS, the Finance Director has determined that \$250,000,000 principal
21 amount of Project Bonds be sold in a final series of such bonds in the aggregate principal
22 amount of \$250,000,000 to be designated as the county's Sewer Revenue Bonds, 2009
23 (the "Bonds"), by negotiated sale, and

24 WHEREAS, pursuant to the Bond Ordinance, a preliminary official statement
25 dated July 14, 2009, has been prepared for the sale of the Bonds, and the Finance
26 Director has negotiated the sale of the Bonds to Barclays Capital Inc. as representative of
27 itself and other underwriters named in the attached bond purchase contract (the
28 "Underwriters"), and

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

32 WHEREAS, in accordance with the Bond Ordinance, the council wishes to ratify
33 and confirm certain terms of the Bonds, as set forth herein;

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

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

37 B. Approval of Bond Purchase Contract and Authorization of Bonds. The
38 issuance of the Bonds, designated as set forth in the recitals of this motion, and the terms
39 and conditions thereof as set forth in the Bond Purchase Contract attached hereto as
40 Attachment A (the "Purchase Contract") are hereby ratified and confirmed, and the

41 Purchase Contract is hereby approved. The Bonds shall bear interest at the rates set forth
42 in the Purchase Contract and shall conform in all other respects to the terms and
43 conditions specified in the Purchase Contract and Bond Ordinance. The Bonds shall be
44 subject to redemption as set forth in the Purchase Contract.

45 C. Application of Project Bond Proceeds; Satisfaction of Reserve Requirement.

46 In accordance with Section 15.A of the Bond Ordinance, there is hereby established a
47 special subaccount within the Construction Account to be designated as the 2009 Second
48 Series Construction Subaccount (the "Construction Subaccount"). Proceeds of the
49 Project Bonds (exclusive of accrued interest, if any, which shall be deposited into the
50 Debt Service Account in the Parity Bond Fund) shall be deposited in the Construction
51 Subaccount and applied to pay costs of improvements to the System, capitalized interest
52 and costs of issuance of the Bonds, in accordance with Section 15.A of the Bond
53 Ordinance.

54 In accordance with Section 9.C of the Bond Ordinance, proceeds of the Bonds
55 shall be deposited into the Parity Bond Reserve Account in an amount sufficient to satisfy
56 the Reserve Requirement with respect to the Bonds.

57 D. Undertaking to Provide Ongoing Disclosure.

58 1. Contract/Undertaking. In accordance with Section 31 of the Bond Ordinance,
59 this Section D constitutes the county's written undertaking for the benefit of the owners
60 and Beneficial Owners of the Bonds as required by Section (b)(5) of the Rule.

61 2. Financial Statements/Operating Data. The county agrees to provide or cause
62 to be provided to the Municipal Securities Rulemaking Board (the "MSRB"), the

63 following annual financial information and operating data for the prior fiscal year
64 (commencing in 2009 for the fiscal year ended December 31, 2008):

65 a. Annual financial statements, which may or may not be audited, showing
66 year-end fund balance for the County's Water Quality Enterprise fund prepared in
67 accordance with the Budget Accounting and Reporting System ("BARS") prescribed by
68 the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statutes) and
69 generally of the type included in the official statement for the Bonds under the heading
70 "Appendix C: King County Water Quality Enterprise 2007 Audited Financial
71 Statements";

72 b. Amount of outstanding Parity Bonds; and

73 c. Information regarding customers, revenues and expenses of the Sewer
74 System as set forth in the table titled "Historical Customers, Revenues and Expenses."

75 Items b. and c. shall be required only to the extent that such information is not
76 included in the annual financial statements.

77 The annual information and operating data described above shall be provided on
78 or before seven months after the end of the county's fiscal year. The county's fiscal year
79 currently ends on December 31. The county may adjust such fiscal year by providing
80 written notice of the change of fiscal year to the MSRB. In lieu of providing such annual
81 financial information and operating data, the county may cross-refer to other documents
82 available to the public on the Internet Website of the MSRB.

83 If not provided as part of the annual financial information discussed above, the
84 county shall provide the county's audited annual financial statement prepared in
85 accordance with BARS when and if available to the MSRB.

86 3. Material Events. The county agrees to provide or cause to be provided, in a
87 timely manner, to the MSRB, notice of the occurrence of any of the following events
88 with respect to the Bonds, if material:

- 89 a. Principal and interest payment delinquencies;
- 90 b. Non-payment related defaults;
- 91 c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- 92 d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- 93 e. Substitution of credit or liquidity providers, or their failure to perform;
- 94 f. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- 95 g. Modifications to rights of Bond holders;
- 96 h. Optional, contingent or unscheduled calls of any Bonds other than scheduled
97 sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-
98 23856;
- 99 i. Defeasances;
- 100 j. Release, substitution or sale of property securing repayment of the Bonds;
- 101 and
- 102 k. Rating changes.

103 Solely for purposes of disclosure, and not intending to modify this undertaking,
104 the county advises with reference to items d, e and j above that no credit enhancement,
105 liquidity facility or property secures repayment of the Bonds.

106 4. Notification Upon Failure to Provide Financial Data. The county agrees to
107 provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to

108 provide the annual financial information and operating data described in subsection 2
109 above on or prior to the date set forth in subsection 2 above.

110 5. EMMA: Format for Filings with the MSRB. Until otherwise designated by
111 the MSRB or the Commission, any information or notices submitted to the MSRB in
112 compliance with the Rule are to be submitted through MSRB's Electronic Municipal
113 Market Access system ("EMMA"), currently located at www.emma.msrb.org. All
114 notices, financial information and operating date required by this undertaking to be
115 provided to the MSRB must be in an electronic format as prescribed by the MSRB. All
116 documents provided to the MSRB pursuant to this undertaking must be accompanied by
117 identifying information as prescribed by the MSRB.

118 6. Termination/Modification. The county's obligations to provide annual
119 financial information and notices of material events shall terminate upon the legal
120 defeasance, prior redemption or payment in full of all of the Bonds. This section, or any
121 provision hereof, shall be null and void if the county (i) obtains an opinion of nationally
122 recognized bond counsel to the effect that those portions of the Rule that require this
123 section, or any such provision, are invalid, have been repealed retroactively or otherwise
124 do not apply to the Bonds; and (ii) notifies the MSRB of such opinion and the
125 cancellation of this section.

126 Notwithstanding any other provision of the Bond Ordinance or this motion, the
127 county may amend this Section D, and any provision of this Section D may be waived,
128 with an approving opinion of nationally recognized bond counsel and in accordance with
129 the Rule.

130 In the event of any amendment or waiver of a provision of this Section D, the
131 county shall describe such amendment in the next annual report, and shall include, as
132 applicable, a narrative explanation of the reason for the amendment or waiver and its
133 impact on the type (or in the case of a change of accounting principles, on the
134 presentation) of financial information or operating data being presented by the county. In
135 addition, if the amendment relates to the accounting principles to be followed in
136 preparing financial statements, (i) notice of such change shall be given in the same
137 manner as for a material event under subsection 3, and (ii) the annual report for the year
138 in which the change is made should present a comparison (in narrative form and also, if
139 feasible, in quantitative form) between the financial statements as prepared on the basis
140 of the new accounting principles and those prepared on the basis of the former accounting
141 principles.

142 7. Bond Owners' Remedies Under This Section. The right of any Bond Owner
143 or Beneficial Owner of Bonds to enforce the provisions of this section shall be limited to
144 a right to obtain specific enforcement of the county's obligations hereunder, and any
145 failure by the county to comply with the provisions of this undertaking shall not be an
146 event of default with respect to the Bonds hereunder. For purposes of this section,
147 "Beneficial Owner" means any person who has the power, directly or indirectly, to vote
148 or consent with respect to, or to dispose of ownership of, any Bonds, including persons
149 holding Bonds through nominees or depositories.

150 E. Further Authority. The county officials, their agents, attorneys and
151 representatives are hereby authorized and directed to do everything necessary for the

152 prompt issuance and delivery of the Bonds and for the proper use and application of the
153 proceeds of such sale.

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

156

157 and shall be deemed separable from the remaining provisions of this motion and shall in
158 no way affect the validity of the other provisions of this motion or of the Bonds.
159

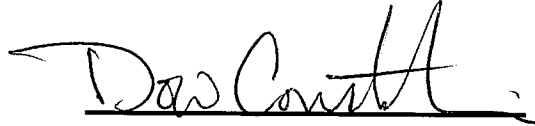
Motion 13040 was introduced on 4/28/2008 and passed by the Metropolitan King County Council on 7/27/2009, by the following vote:

Yes: 7 - Mr. Constantine, Mr. Ferguson, Ms. Hague, Mr. von Reichbauer, Mr. Gossett, Mr. Phillips and Mr. Dunn

No: 0

Excused: 2 - Ms. Lambert and Ms. Patterson

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Dow Constantine, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments A. \$250,000,000 King County, Washington Sewer Revenue Bonds, 2009, Bond Purchase Contract, Execution Version, July 27, 2009

ATTACHMENT **A**

1304.0

EXECUTION VERSION

\$250,000,000
KING COUNTY, WASHINGTON
SEWER REVENUE BONDS, 2009

BOND PURCHASE CONTRACT

July 27, 2009

King County, Washington

Ladies and Gentlemen:

Barclays Capital Inc. (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., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Siebert Brandford Shank & Co., L.L.C. (collectively, the "Underwriters"), offers to enter into this bond purchase contract (together with the exhibits attached hereto, the "Contract") with King County, Washington (the "County"), which upon acceptance of this offer by the County will be binding upon the County and the Underwriters. This offer is made subject to receipt by the Representative of the documents described in this Contract and to the County's acceptance by executing this Contract and delivering it to the Representative at or prior to 5:00 p.m., Pacific Time, on the date of this Contract. If not so accepted, this offer will be subject to withdrawal by the Representative upon notice delivered to the County at any time prior to acceptance of this Contract by the County.

All capitalized terms used in this Contract shall have the respective meanings ascribed to them in the Bond 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 \$250,000,000 aggregate principal amount of the County's Sewer Revenue Bonds, 2009 (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 as described in the Official Statement. The purchase price for the Bonds shall be \$245,594,677.05, representing the aggregate principal amount of the Bonds, less a net

original issue discount of \$3,244,153.95, less an underwriting discount of \$1,161,169.00 (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 office of the King County Treasury Operations Section no later than 10:00 a.m., Pacific Time, on August 12, 2009, 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 16133 passed on June 16, 2008, 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 16133, the "Bond Ordinance") and (b) two copies of the Preliminary Official Statement of the County dated July 14, 2009, 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 five Business Days prior to the Closing Date, the County shall deliver to the Representative as many

copies of the Official Statement as are required to permit the Underwriters to comply with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board ("MSRB") and Rule 15c2-12. The County hereby ratifies, approves and confirms the distribution and use of the Preliminary Official Statement by the Underwriters and hereby authorizes the distribution and use of the Official Statement in connection with the public offering and sale of the 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; (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 and the Official Statement. The execution, delivery and performance of this Contract and the Bonds, 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 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 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 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 and the Bonds and the consummation by it of all transactions contemplated by this Contract, the Bond Ordinance, the Bonds and the Official Statement to have been performed or consummated at or prior to the Closing, as the case may be, have been duly authorized and approved by the County. The Bond 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 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, the issuance and sale of the Bonds and the consummation of the transactions contemplated by this Contract and by the Bond Ordinance, the Bonds 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 or the Bonds; (ii) the County's pledge under the Bond Ordinance of the Revenue of the System and all money credited to the Parity Bond Fund; (iii) the accuracy, completeness or fairness of the Preliminary Official Statement or the Official Statement; or (iv) 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 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 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 the repayment of which is backed by a pledge of or lien on Revenue of the System or any material liabilities, direct or contingent, that will have a material adverse effect on the financial condition of 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 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 or the Bonds have been obtained and are in full force and effect (except no representation is made as to compliance with Blue Sky laws).

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

(m) The County will furnish such information, execute such instruments and take such other action not inconsistent with law or established policy of the County in cooperation with the Representative as may be requested (i) to qualify the 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 and the Official Statement by the Underwriters in obtaining such qualifications.

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

(o) The financial statements of the County contained in the Official Statement fairly present the financial position of the Sewer System 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 Sewer System 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 and the Bond Ordinance shall be in full force and effect and shall not have been amended, modified or supplemented; (ii) the County shall perform or have performed all of its respective obligations required under or specified in this Contract and the Bond Ordinance 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 Gates 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, (2) to issue, sell and deliver the Bonds to the Underwriters, (3) to perform its obligations under this Contract and the Bond Ordinance, and (4) to carry out the transactions contemplated by this Contract, the Bond Ordinance and the Bonds; (B) the County has duly passed the Bond Ordinance, has duly approved, authorized, executed and delivered this Contract and, assuming with respect to this Contract due execution and delivery thereof by the Representative, this Contract and the Bond Ordinance 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 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 the 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, 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.

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

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

(vii) Evidence satisfactory to the Representative that the Bonds have been assigned ratings of Aa3 and AA+ by Moody's Investors Service Inc. and Standard & Poor's Ratings Services, respectively.

