



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

December 5, 2006

Motion 12401

Proposed No. 2005-0501.2

Sponsors Gossett

1 A MOTION of the county council accepting a bond
2 purchase contract for the purchase of the county's Limited
3 Tax General Obligation Refunding Bonds, 2006, in the
4 aggregate principal amount of \$46,325,000, and
5 establishing certain terms of such bonds and the plan of
6 refunding.

7
8
9 WHEREAS, pursuant to Ordinance 15386 (the "Bond Ordinance"), the county
10 council authorized the issuance of one or more series of its limited tax general obligation
11 refunding bonds in an outstanding aggregate principal amount not to exceed \$60,000,000
12 to refund all or a portion of the county's Limited Tax General Obligation 501(c)(3)
13 Refunding Bonds 1996 Series B, Limited Tax General Obligation and Refunding Bonds
14 (Various Purpose), 1997 Series G and Limited Tax General Obligation and Refunding
15 Bonds (Various Purpose) 1999, Series A, and

16 WHEREAS, the Bond Ordinance provided that such bonds may be publicly sold
17 in one or more series, any of which may be sold in a combined offering with other bonds

18 of the county, either by negotiated sale or by competitive bid, as determined by the
19 Finance Director in consultation with the county's financial advisor, and

20 WHEREAS, the Finance Director has determined that a series of the bonds
21 authorized pursuant to the Bond Ordinance, to be designated as the county's Limited Tax
22 General Obligation Refunding Bonds, (the "Bonds") be sold by negotiated sale as
23 provided herein, and

24 WHEREAS, none of the bonds authorized by the Bond Ordinance are currently
25 outstanding, and

26 WHEREAS, pursuant to the Bond Ordinance, the Finance Director has negotiated
27 the sale of the Bonds as a combined offering to Merrill Lynch, Pierce, Fenner & Smith
28 Incorporated (the "Representative"), acting on behalf of itself, A.G. Edwards & Sons,
29 Inc. and Siebert Brandford Shank & Co., L.L.C. (collectively, the "Underwriters"), and a
30 preliminary official statement dated November 29, 2006, has been prepared for the sale
31 of the Bonds, and

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

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

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

38 B. Approval of Bond Purchase Contract and Authorization of Bonds. The
39 issuance of the county's Limited Tax General Obligation Refunding Bonds, 2006 in the
40 aggregate principal amount of \$46,325,000, and the terms and conditions thereof, as set

41 forth in the bond purchase contract attached hereto as Exhibit A (the "Purchase
42 Contract"), are hereby ratified and confirmed, and the Purchase Contract is hereby
43 approved. The Bonds shall be dated, shall mature on the dates in each of the years and in
44 the amounts, and shall bear interest at the rates and payable on the dates specified in the
45 Purchase Contract. The Bonds shall be subject to optional redemption as set forth in the
46 Purchase Contract. In all other respects, the Bonds shall conform to the terms and
47 conditions specified in the Purchase Contract and Ordinance 15386, which terms are
48 hereby ratified and confirmed.

49 C. Refunding of Refunded Bonds.

50 1. Plan of Refunding. The proper county officials are authorized to carry out
51 the refunding plan in accordance with Section 11 of the Bond Ordinance. The amounts,
52 maturities and redemption dates of the Refunded Bonds and the amounts, maturities and
53 interest rates of the Government Obligations to be acquired to accomplish the refunding
54 thereof shall be as identified in the Purchase Contract, which identification is hereby
55 ratified and confirmed.

56 2. Escrow Trustee. The selection of U.S. Bank National Association as Escrow
57 Trustee for the refunding of the Refunded Bonds is hereby ratified and confirmed.

58 3. Finding of Savings and Defeasance. The county council finds and determines
59 that a substantial savings will be effected by the difference between the principal and
60 interest cost over the life of the Bonds and the principal and interest cost over the life of
61 the Refunded Bonds but for such refunding, and that such Government Obligations to be
62 deposited with the Escrow Trustee and the income therefrom, together with any
63 necessary beginning cash balance, are sufficient to defease and redeem the Refunded

64 Bonds and will discharge and satisfy the obligations of the county with respect to each
65 series of the Refunded Bonds under the respective ordinance pursuant to which such
66 series was issued, and the pledges of the county in each such ordinance. Immediately
67 upon delivery of such Government Obligations to the Escrow Trustee and the deposit of
68 any necessary beginning cash balance, the Refunded Bonds shall be deemed not to be
69 outstanding under the ordinance(s) pursuant to which they were issued and shall cease to
70 be entitled to any lien, benefit or security under such ordinance(s) except the right to
71 receive payment from such Government Obligations and beginning cash balance so set
72 aside and pledged.

73 D. Undertaking to Provide Ongoing Disclosure.

74 1. Contract/Undertaking. This section D constitutes the county's written
75 undertaking for the benefit of the owners and beneficial owners of the Bonds as required
76 by section (b)(5) of rule 15c2-12 (the "rule") of the Securities and Exchange Commission
77 (the "commission").

78 2. Financial Statements/Operating Data. The county agrees to provide or cause
79 to be provided to each nationally recognized municipal securities information repository
80 ("NRMSIR") and to the state information depository (the "SID"), if any, in each case as
81 designated by the commission in accordance with the rule, the following annual financial
82 information and operating data for the prior fiscal year (commencing in 2007 for the
83 fiscal year ended December 31, 2006):

84 (a) annual financial statements prepared in accordance with the Budget
85 Accounting and Reporting System ("BARS") prescribed by the Washington State Auditor
86 pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type attached

87 to the official statement as "Appendix B," which statements will not be audited, except
88 that if and when audited financial statements are otherwise prepared and available to the
89 county they will be provided;

90 (b) a summary of the assessed value of taxable property in the county;

91 (c) a summary of budgeted General Fund revenues and appropriations;

92 (d) a summary of *ad valorem* property tax levy rates per \$1,000 of assessed
93 value and delinquency rates;

94 (e) a summary of outstanding tax-supported indebtedness of the county; and

95 (f) a schedule of the aggregate annual debt service on tax-supported
96 indebtedness of the county.

97 Items (b) through (f) shall be required only to the extent that such information is
98 not included in the annual financial statement.

99 Such annual information and operating data described above shall be provided on
100 or before the end of seven months after the end of the county's fiscal year. The county's
101 fiscal year currently ends on December 31. The county may adjust such fiscal year by
102 providing written notice of the change of fiscal year to each then existing NRMSIR and
103 the SID, if any. In lieu of providing such annual financial information and operating
104 data, the county may cross-reference to other documents provided to the NRMSIR, the
105 SID or to the commission, and, if such document is a final official statement within the
106 meaning of the rule, such document will be available from the Municipal Securities
107 Rulemaking Board (the "MSRB").

108 If not provided as part of the annual financial information discussed above, the
109 county shall provide the county's audited annual financial statement prepared in

110 accordance with BARS when and if available to each then existing NRMSIR and the
111 SID, if any.

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

- 115 (a) principal and interest payment delinquencies;
- 116 (b) non-payment related defaults;
- 117 (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- 118 (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- 119 (e) substitution of credit or liquidity providers, or their failure to perform;
- 120 (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- 121 (g) modifications to rights of Bondholders;
- 122 (h) optional, contingent or unscheduled calls of any Bonds other than
123 scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act
124 Release 34-23856;
- 125 (i) defeasances;
- 126 (j) release, substitution or sale of property securing repayment of the Bonds;
- 127 and
- 128 (k) rating changes.

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

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

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

144 Notwithstanding any other provision of this motion, the county may amend this
145 section D, and any provision of this section D may be waived, with an approving opinion
146 of nationally recognized bond counsel and in accordance with the rule.

147 In the event of any amendment or waiver of a provision of this section D, the
148 county shall describe such amendment in the next annual report, and shall include, as
149 applicable, a narrative explanation of the reason for the amendment or waiver and its
150 impact on the type (or in the case of a change of accounting principles, on the
151 presentation) of financial information or operating data being presented by the county. In
152 addition, if the amendment relates to the accounting principles to be followed in
153 preparing financial statements, (i) notice of such change shall be given in the same
154 manner as for a material event under subsection 3, and (ii) the annual report for the year

155 in which the change is made should present a comparison (in narrative form and also, if
156 feasible, in quantitative form) between the financial statements as prepared on the basis
157 of the new accounting principles and those prepared on the basis of the former accounting
158 principles.

159 6. Centralized Filing. Any filing required to be made with any NRMSIR or SID
160 pursuant to the County's undertaking may be made by transmitting such filing solely to
161 (i) the Texas Municipal Advisory Council (the "MAC") as provided in
162 *<http://www.disclosureusa.org>* unless the SEC has withdrawn the interpretive advice in its
163 letter to the MAC dated September 7, 2004, or (ii) any other entity for whom the SEC has
164 provided interpretive advice to the effect that a filing solely with such entity shall satisfy
165 an issuer's filing requirements under the Rule.

166 7. Bond Owner's Remedies Under This Section. The right of any Bond owner
167 or beneficial owner of Bonds to enforce the provisions of this section shall be limited to a
168 right to obtain specific enforcement of the county's obligations hereunder, and any failure
169 by the county to comply with the provisions of this undertaking shall not be an event of
170 default with respect to the Bonds. For purposes of this section, "beneficial owner" means
171 any person who has the power, directly or indirectly, to vote or consent with respect to, or
172 to dispose of ownership of, any Bonds, including persons holding Bonds through
173 nominees or depositories.

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

177 F. Severability. The covenants contained in this motion shall constitute a
178 contract between the county and the owners of each and every Bond. If any one or more
179 of the covenants or agreements provided in this motion to be performed on the part of the
180 county shall be declared by any court of competent jurisdiction to be contrary to law, then
181 such covenant or covenants, agreement or agreements, shall be null and void and shall be
182 deemed separable from the remaining covenants and agreements of this motion and shall
183 in no way affect the validity of the other provisions of this motion or of the Bonds.
184

Motion 12401 was introduced on 11/21/2005 and passed by the Metropolitan King
County Council on 12/4/2006, by the following vote:

Yes: 7 - Ms. Lambert, Mr. Dunn, Mr. Ferguson, Mr. Gossett, Ms. Hague, Mr.
Constantine and Ms. Patterson


No: 0

Excused: 2 - Mr. Phillips and Mr. von Reichbauer

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments A. Exhibit A--Bond Purchase Contract--December 4, 2006

\$46,325,000
KING COUNTY, WASHINGTON
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2006.

BOND PURCHASE CONTRACT

December 4, 2006

King County, Washington

Ladies and Gentlemen:

Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Representative"), acting on behalf of itself, A.G. Edwards & Sons, Inc. 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"), regarding the above-referenced bonds (the "Bonds"), 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 8:00 p.m., Pacific Time, on the date hereof. If not so accepted, this offer will be subject to withdrawal by the Underwriters 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 Underwriters.

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 \$46,325,000 aggregate principal amount of 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). Payment when due of the regularly scheduled principal of and interest on the Bonds maturing in the years 2013 through 2019, inclusive (collectively, the "Insured Bonds") shall be insured by a municipal bond insurance policy (the "Policy") issued by Financial Security Assurance Inc. (the "Insurer"). The proceeds of the Bonds shall be used to refund the outstanding general obligation bonds of the County set forth in Exhibit B attached

hereto (the "Refunded Bonds") and to pay the costs of issuing the Bonds. The type, principal amount, maturity dates and interest rates of the Government Obligations to be acquired to accomplish the refunding of the Refunding Bonds shall be as set forth in Exhibit C attached hereto. The purchase price for the Bonds shall be \$48,049,245.19 (representing the aggregate principal amount of the Bonds plus an original issue premium of \$1,908,418 less an underwriting discount of \$184,172.81) (the "Purchase Price").

2. Closing. Subject to the terms and conditions of this Contract, the delivery of the Bonds and payment of the Purchase Price (the "Closing") shall take place at the King County Office of Finance no later than 10:00 a.m., Pacific Time, on December 14, 2006, 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 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 or to the order 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, however, 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 (a) a copy of Ordinance 15386 passed on March 13, 2006, and a Motion of the County Council adopted the date of this Contract (the "Sale Motion," and together with the foregoing ordinance, the "Bond Ordinance"), approving the execution of this Contract and authorizing the issuance and sale of the Bonds, and (b) two copies of the Preliminary Official Statement of the County dated November 29, 2006, relating to the Bonds (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 ("Rule 15c2-12") of the Securities and Exchange Commission. The Official Statement of the County, dated the date of this Contract, in the form of the Preliminary Official Statement (including the cover and inside cover thereof and all appendices, exhibits, reports and statements included therein or attached thereto), together with such amendments or supplements thereto that have been approved by the

Representative as of the date of this Contract, as executed by the Director of the County's Finance and Business Operations Division, 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, 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 Municipal Securities Rulemaking Board ("MSRB") Rule G-32 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, 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 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 and deliver the Bonds as provided herein and to perform its obligations with respect thereto; (iv) to execute, deliver and perform this Contract and the Escrow Agreement, dated as of the Closing Date (the "Escrow Agreement"), by and between the County and U.S. Bank National Association, as escrow trustee (the "Escrow Trustee"); (v) to execute and deliver the Official Statement; and (vi) to consummate the transactions to which it is or is to be a party as contemplated by this Contract and by the Bond Ordinance, the Bonds, the Escrow Agreement and the Official Statement. The execution, delivery and performance of this Contract, the Bonds and the Escrow Agreement, and the passage of the Bond Ordinance and the issuance of the Bonds thereunder, the execution and delivery by the County and the use and distribution by the Underwriters of the Official Statement and the consummation by the County of the transactions to which it is or is to be a party as contemplated by this Contract and by the Bond Ordinance, the Bonds, the Escrow Agreement

and the Official Statement have been duly authorized by all necessary action on the part of the County.

(b) In the Sale Motion, the County entered into a written agreement or contract constituting the "Undertaking" to provide ongoing disclosure about the County 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 Official Statement.

(c) This Contract, the Escrow Agreement, the Official Statement and the Bonds (when delivered and paid for at the Closing) have been or at the Closing shall be duly authorized, approved, executed, delivered and (in the case of the Bonds) registered and issued. This Contract constitutes, and the Bonds, when registered, issued, executed and delivered, will constitute, legal, valid and binding obligations of the County enforceable in accordance with their respective terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally. The performance by the County of its obligations contained in this Contract, the Bond Ordinance, the Bonds and the Escrow Agreement and the consummation by it of all transactions contemplated by this Contract, the Bond Ordinance, the Bonds, the Escrow Agreement and the Official Statement to have been performed or consummated at or prior to the Closing have been duly authorized and approved by the County, as the case may be. The Bond Ordinance has been duly and lawfully passed by the County, is in full force and effect and is valid and binding upon the County and enforceable in accordance with its terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally. When delivered and paid for at the Closing, the Bonds will constitute valid, legally binding limited tax general obligations of the County 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 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) To the best of the knowledge of the Director of the County's Finance and Business Operations Division, 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 Ordinance, the execution, delivery and performance of this Contract and the Escrow Agreement, the issuance and sale of the Bonds and the consummation of the transactions contemplated by this Contract and by the Bond Ordinance, the Bonds, the Escrow Agreement and the Official Statement will not 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, and which breach or default would adversely affect the validity or enforceability of the Bonds.

(f) Except as described in the Official Statement, no litigation or other action, suit, proceeding, inquiry or investigation before or by any court or agency or other administrative body (either of the State of Washington or the United States) is pending or, to the knowledge of the County, threatened, that in any way restrains or enjoins, or threatens or seeks to restrain or enjoin, the issuance, sale or delivery of the Bonds or in any way contests, questions or affects (i) the validity or enforceability of any provision of this Contract, the Bond Ordinance, the Bonds or the Escrow Agreement; (ii) the County's pledge under the Bond Ordinance of ad valorem property taxes; (iii) the County's covenant in the Bond Ordinance 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 authority to perform its obligations hereunder or with respect to the Bonds, or to consummate any of the transactions to which it is or is to be a party as contemplated by this Contract, the Bond Ordinance, the Bonds, the Escrow Agreement or the Official Statement; to the best knowledge of the Director of the County's Finance and Business Operations Division, after due inquiry, there is no other event or circumstance that would have a material adverse effect on the power or ability of the County to perform its obligations hereunder or with respect to the Bonds or to consummate the transactions to which it is or is to be a party as contemplated by this Contract, the Bond Ordinance, the Bonds, the Escrow Agreement or the Official Statement.

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

(h) The Official Statement as of the date of this Contract is true and complete in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the information contained therein not misleading. However, no warranty is given with respect to the information under the caption entitled "LEGAL AND TAX INFORMATION—Tax Exemption for the Bonds" and the information concerning the Insurer, the Policy, DTC and the 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, any other bonds, notes or other obligations for borrowed money the repayment of which is backed by a pledge of taxes or any material liabilities, direct or contingent, that will have a material adverse effect on the financial condition of the County, 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) In the previous five years, the County has not failed to comply, in all material respects, with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12.

(k) Except as described in the Official Statement, all approvals, consents and other actions by, and all filings or registrations with or notices to, any governmental or administrative authority or agency having jurisdiction in the matter required to be obtained by the County as a condition precedent to the performance by the County of its obligations under this Contract, the Bond Ordinance, the Bonds or the Escrow Agreement have been obtained and

are in full force and effect (except no representation is made as to compliance with Blue Sky laws).

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

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

(n) The financial statements of the County contained in the Official Statement fairly present the financial position of the County as of the dates and for the periods therein set forth; such financial statements have been prepared in accordance with generally accepted accounting principles applicable to governmental entities in the State of Washington, except to the extent described therein, and there has been no material adverse change in the financial position or results of operations of the County from those set forth in the Official Statement.

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

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

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

(d) Subsequent to the respective dates as of which information is given in the Official Statement, 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 and of Foster Pepper PLLC, counsel to the Underwriters ("Underwriters' 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 Representative and Underwriters' Counsel.

(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 or adopted by the County, as applicable, and to be in full force and effect as of the Closing.

(ii) The approving opinions of Gottlieb, Fisher & Andrews, PLLC ("Bond Counsel"), dated the Closing Date, in substantially the forms attached to the Official Statement as Appendix A, together with a letter, dated the Closing Date and addressed to the Underwriters, entitling the Underwriters to rely thereon.

(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 (I) to pass the Bond Ordinance and to enter into this Contract and the Escrow Agreement, (II) to issue, sell and deliver the Bonds to the Underwriters, (III) to perform its obligations under this Contract, the Bond Ordinance and the Escrow Agreement, and (IV) to carry out the transactions contemplated by this Contract, the Bond Ordinance, the Bonds and the Escrow Agreement; (B) the County has duly passed the Bond Ordinance, has duly approved, authorized, executed and delivered this Contract and the Escrow Agreement, and, assuming due execution and delivery of this Contract and the Escrow Agreement by the other parties thereto, this Contract, the Bond Ordinance and the Escrow Agreement, constitute the legal, valid and binding obligations of the County, enforceable in accordance with their respective terms, except to the extent that enforceability is subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally; (C) the Bonds have been duly authorized, executed and delivered and are entitled to the benefits and security provided by the Bond Ordinance; (D) the Bond Ordinance creates the valid pledge of ad valorem property taxes and the full faith, credit and resources of the County 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"); and (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"), insofar as such statements contained under such captions purport to summarize certain provisions of the Bond Ordinance and 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 Underwriters, the financial advisor to the County and Underwriters' Counsel, during which conferences the contents of the 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 firm rendering legal services in connection with such representation that caused such firm to believe that the Official Statement (except for information concerning the Insurer, the Policy, DTC and the book-entry transfer system and any financial, demographic and statistical data 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 (except as aforesaid) as of its date omitted, or that the Official Statement as so amended or supplemented (except as aforesaid) omits as 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.

(iv) An opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that the Refunded Bonds are legally defeased and deemed not to be outstanding under the authorizing legislation pursuant to which they were issued.

(v) An opinion, dated the Closing Date and addressed to the Underwriters, of Underwriters' Counsel, 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 and this Contract together 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 paragraph (b)(5)(i) of 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 the Insurer, the Policy, DTC or how interest on the Bonds is treated for federal income tax purposes, and the information contained in the appendices to the Official Statement, as to all of which no opinion or belief need be expressed), as of its date and as of the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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

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

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

(ix) A report of Grant Thornton LLP, independent certified public accountants, verifying the mathematical accuracy of the computations determining the adequacy of the cash and the maturing principal of and interest on the Government Obligations to pay, when due, the principal of and premium and interest on the Refunded Bonds.

(x) Evidence of the County's purchase of the Policy, together with an opinion of counsel to the Insurer and certificate of the Insurer in form and substance satisfactory to the Representative;

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

(xii) A certificate or certificates of the County, each executed by an authorized representative or officer of the County, dated the Closing Date, to the effect that on the date of the certificate (A) the representations, warranties and covenants of the County contained in this Contract are true and correct in all material respects on and as of the Closing with the same effect as if made as of the Closing; (B) to the best of his or her knowledge, the Official Statement, as of the date of this Contract and as 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 "LEGAL AND TAX INFORMATION—Tax Exemption for the Bonds" and "-- Other Federal Tax Matters," and the information concerning the Insurer, the Policy, DTC and the book-entry system); (C) 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 omit 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 caption entitled "LEGAL AND TAX INFORMATION—Tax Exemption for the Bonds" and "Other Federal Tax Matters" and the information concerning the Insurer, the Policy, DTC and the 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, the Bond Ordinance and the Escrow Agreement on its part to be performed or satisfied at or prior to the delivery of the Bonds.

(xiii) A tax exemption and non-arbitrage certificate dated the Closing Date signed by an authorized representative or officer of the County setting forth facts, estimates and circumstances (including covenants of the County) in existence as of the Closing, sufficient to support the conclusion that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended, and stating that to the best of his or her knowledge and belief, there are no other facts, estimates or circumstances that would adversely affect such expectations.

(xiv) A certificate of the Escrow Trustee, executed by an authorized officer of the Escrow Trustee, dated the Closing Date, to the effect that (A) the Escrow Trustee is a duly organized and validly existing national banking association under the laws of the United States of America, legally doing business in and duly qualified to exercise trust powers in the State of Washington, eligible under the Escrow Agreement to act as Escrow Trustee thereunder, and has full corporate right, power and authority to accept the trusts contemplated by and to perform all duties and obligations on its part to be performed and to take all actions required or permitted on its part to be taken under and pursuant to the Escrow Agreement; (B) the Escrow Trustee has duly authorized the acceptance of the trusts contemplated by the Escrow Agreement, has duly accepted the duties and obligations of Escrow Trustee thereunder, and the duties and obligations of the Escrow Trustee under the Escrow Agreement constitute valid, legal and binding obligations of the Escrow Trustee in accordance with the terms of the Escrow Agreement subject to customary qualifications and exceptions; (C) all approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, agency, board or commission having jurisdiction in the matter which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Escrow Trustee of its duties and obligations under the Escrow Agreement, have been obtained and are in full force and effect; (D) the acceptance of the duties and obligations of the Escrow Trustee under the Escrow Agreement and the performance or the consummation of the transactions on the part of the Escrow Trustee contemplated in the Escrow Agreement and the compliance by the Escrow Trustee with the terms, conditions and provisions of the Escrow Agreement have been duly authorized by all necessary corporate action on the part of the Escrow Trustee and do not contravene any provision of applicable law or regulation or any order, decree, writ or injunction or the Escrow Trustee's articles of association or bylaws, and do not require consent under (except to the extent such consent has been obtained), or result in a breach of or default under, any credit agreement or other instrument to which the Escrow Trustee

is a party or is otherwise subject or bound; and (E) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency or public board or body, pending or threatened, in any way contesting or affecting the creation, organization or existence of the Escrow Trustee or the authority of the Escrow Trustee to accept or perform the duties and obligations of the Escrow Trustee under the Escrow Agreement.

(xv) Such additional legal opinions, certificates, instruments and other documents as the Representative 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 paragraph shall be satisfactory in form and substance to the Representative and to Underwriters' Counsel, provided approval of such form and substance shall not be unreasonably withheld.

6. Termination of Contract. The Representative shall have the right in its sole discretion to cancel the Underwriters' obligations hereunder to purchase the Bonds (and such cancellation shall not constitute a default hereunder) by notifying the County of its election to do so between the date 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 Representative, 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 Representatives; or (iv) legislation (including any amendment thereto, whether or not in formal bill form) proposed that may have an effective date prior to the Closing for consideration by either such Committee or by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States; or (v) legislation favorably presented for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration; (vi) a decision by a court of the United States or the Tax Court of the United States; or (vii) a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency, with respect to federal taxation of revenues or other income of the general character expected to be derived by the County or upon interest received on securities of the general character of the Bonds or which would change, directly or indirectly, the federal income tax consequences resulting from ownership of or receipt of interest on securities of the general character of the Bonds in the hands of the owners thereof.

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

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

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

(e) A general banking moratorium shall have been established by the United States or State of New York or State of Washington authorities.

(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 Ordinance is not exempt from qualification under the Trust Indenture Act.

(g) Any rating of the Bonds or any other general obligations of the County or the claims-paying ability of the Insurer shall have been downgraded or withdrawn by a national rating service, which event, in the Representative'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 Representative, would make it impracticable for the Underwriters to market the Bonds or to enforce contracts for the sale of the Bonds.

7. Effect of Termination. If the sale to the Underwriters of the Bonds, as herein contemplated, is not carried out by the Underwriters for any reason permitted hereunder or if such sale is not carried out because the County shall be unable to comply with any of the terms hereof, the County shall not be under any obligation or liability under this Contract (except to the

extent provided in paragraph 8), and the Underwriters shall be under no obligation or liability to the County.

8. Payment of Costs.

(a) Whether or not the Bonds are issued as contemplated by this Contract, the Underwriters shall be under no obligation to pay, and the County hereby agrees to pay, any expenses incident to the performance of the County's obligations hereunder, including without limitation (i) the costs of the preparation and printing of the Bonds and the Bond Ordinance, preparation, printing and distribution of the Official Statement, and preparation of all other documents prepared by the County, Bond Counsel or other counsel to the County; (ii) the fees and disbursements of Bond Counsel; (iii) the fees and disbursements of other counsel to the County; (iv) the fees of agencies rating the Bonds; (v) the fees of the Bond Registrar; (vi) the fees and disbursement of accountants, consultants and advisors to the County, including the fees of the financial advisor to the County and fees of the Escrow Trustee and verification agent; and (vii) any other costs and expenses, including costs and expenses of credit enhancement for the Bonds and any costs and expenses of the County incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriters.

(b) The Underwriters shall pay (i) any fees assessed upon the Underwriters with respect to the Bonds by the MSRB, the NASD or any NRMSIR; (ii) all advertising expenses in connection with any public offering of the Bonds; (iii) the costs of qualifying the Bonds under the Blue Sky or other securities laws of such jurisdictions as the Underwriters may determine and the costs of the preparation and printing of Blue Sky memoranda; and (iv) all other costs and expenses incurred by them in connection with any public offering and distribution of the Bonds, including the fees and disbursements of Underwriters' Counsel.

9. Indemnification. To the extent permitted by law, the County shall indemnify and hold harmless the Underwriters, each of their officers and employees and each person who controls any of the Underwriters within the meaning of Section 15 of the Securities Act (each, an "Indemnified Party"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise, and shall reimburse any such Indemnified Party for any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, but only to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon (i) a determination that the Bonds should have been registered under the Securities Act or the Bond Ordinance should have been qualified under the Trust Indenture Act, or (ii) any untrue statement of a material fact contained in the Official Statement 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 paragraph is limited to such losses or damages as are directly the result of the acts or omissions of the County and, should any Indemnified Party make a claim for indemnity under this Contract, the County shall have the right to (i) retain counsel to defend any such action and (ii) control and direct any defense of such claims in such action. This indemnity shall not be construed as a limitation on any other liability that the County may otherwise have to any Indemnified Party, provided that in no event shall the County be obligated for double indemnification.

10. Notices. Any notice or other communication to be given to the County under this Contract may be given by delivering the same in writing to the County, Office of the Director of the Finance and Business Operations Division, 500 Fourth Avenue, Sixth Floor, Seattle, Washington, 98104, and any such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to Merrill Lynch, Pierce, Fenner & Smith Incorporated, 999 Third Avenue, Suite 3610, Seattle, WA 98104, Attention: Greg Sundberg.

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

12. Waivers. Notwithstanding any provision 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 Underwriters may be waived by them at their discretion.

13. Effectiveness of Contract. This Contract shall become effective upon the execution hereof by each of the Representative and an authorized representative or officer of the County and shall be valid and enforceable as of such time.

14. Governing Law. This Contract shall be construed in accordance with and governed by the laws of the State of Washington. Venue for any action under this Contract shall be in the Superior Court of the State of Washington for King County or in the United States District Court for the Western District of Washington, Seattle, Washington.

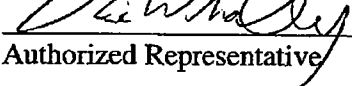
[Signature page follows]

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

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED,
A.G. EDWARDS & SONS, INC. and
SIEBERT BRANDFORD SHANK & CO., L.L.C., as
Underwriters

By MERRILL LYNCH, PIERCE, FENNER &
SMITH INCORPORATED, as Representative

By:  _____
Authorized Representative

Accepted on: December 4, 2006

KING COUNTY, WASHINGTON

By: _____
Authorized Representative

EXHIBIT A

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

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
July 1, 2007	\$ 785,000	4.000%
January 1, 2008	3,885,000	5.000
January 1, 2009	4,090,000	5.000
January 1, 2010	6,010,000	5.000
January 1, 2011	3,675,000	4.000
January 1, 2012	3,870,000	5.000
January 1, 2013	4,060,000	4.000
January 1, 2014	4,230,000	4.000
January 1, 2015	4,435,000	5.000
January 1, 2016	3,910,000	4.000
January 1, 2017	4,110,000	5.000
January 1, 2018	1,600,000	4.000
January 1, 2019	1,665,000	4.000

Optional Redemption. The County reserves the right to redeem outstanding Bonds maturing on or after January 1, 2018, in whole or in part at any time on or after January 1, 2017, at the price of par plus accrued interest, if any, to the date of redemption.

EXHIBIT B**REFUNDED BONDS****Limited Tax General Obligation 501(c)(3) Refunding Bonds 1996 Series B**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
January 1, 2008	\$2,300,000	4.60%	January 13, 2007	100%
January 1, 2009	2,405,000	4.75	January 13, 2007	100
January 1, 2010	2,530,000	4.75	January 13, 2007	100

Limited Tax General Obligation Bonds (Various Purpose), 1997 Series G

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
December 1, 2008	\$1,675,000	5.00%	December 1, 2007	100%
December 1, 2009	1,765,000	5.00	December 1, 2007	100
December 1, 2010	1,860,000	5.00	December 1, 2007	100
December 1, 2011	1,965,000	5.00	December 1, 2007	100
December 1, 2012	2,080,000	5.00	December 1, 2007	100
December 1, 2013	2,195,000	5.00	December 1, 2007	100
December 1, 2014	2,305,000	5.00	December 1, 2007	100
December 1, 2015	2,435,000	5.00	December 1, 2007	100
December 1, 2016	2,565,000	5.00	December 1, 2007	100
December 1, 2017	2,715,000	5.00	December 1, 2007	100

Limited Tax General Obligation and Refunding Bonds (Various Purpose) 1999, Series A

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
December 1, 2010	\$1,665,000	4.50%	December 1, 2009	100%
December 1, 2011	1,725,000	5.25	December 1, 2009	100
December 1, 2012	1,825,000	5.25	December 1, 2009	100
December 1, 2013	1,920,000	5.25	December 1, 2009	100
December 1, 2014	2,025,000	5.25	December 1, 2009	100
December 1, 2015	2,125,000	5.25	December 1, 2009	100
December 1, 2016	1,515,000	5.25	December 1, 2009	100
December 1, 2017	1,595,000	5.25	December 1, 2009	100
December 1, 2018	1,670,000	5.25	December 1, 2009	100
December 1, 2019	1,755,000	5.25	December 1, 2009	100

EXHIBIT B

EXHIBIT C

GOVERNMENT OBLIGATIONS

<u>Type*</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maximum Rate</u>
CERT	01/01/2007	\$170,106	0.000%	-
CERT	01/13/2007	7,215,619	5.180	5.180%
CERT	06/01/2007	671,554	5.040	5.040
CERT	12/01/2007	16,198,110	4.900	4.900
CERT	12/01/2007	5,259,576	0.000	4.900
NOTE	06/01/2008	124,125	4.790	4.790
NOTE	12/01/2008	127,098	4.610	4.610
NOTE	06/01/2009	130,027	4.470	4.470
NOTE	12/01/2009	14,801,706	4.440	4.440
NOTE	12/01/2009	3,151,227	0.000	4.440

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

EXHIBIT D

CERTIFICATE OF CHIEF CIVIL DEPUTY COUNTY PROSECUTING ATTORNEY

I, Sally Bagshaw, the duly appointed and qualified Chief Civil Deputy Prosecuting Attorney of King County, Washington (the "County"), in connection with the issuance by the County of its Limited Tax General Obligation Refunding Bonds, 2006, in the principal amount of \$ _____ (the "Bonds"), DO HEREBY CERTIFY as follows:

1. That as of the time and date written below, to the best of my knowledge, there is no litigation pending or threatened affecting the issuance and delivery of the Bonds, the levy and collection of taxes pledged to pay the principal thereof and interest thereon, or in any manner questioning or contesting the proceedings and authority under which the Bonds are issued, the validity of the Bonds, the corporate existence or boundaries of the County, or the title of the present officers to their respective offices, which litigation would prevent the payment by the County of the principal of or interest on the Bonds when due.

2. That as of the time and date written below, no authority or proceedings for the issuance of the Bonds has or have been repealed, revoked or rescinded.

3. That as of the time and date written below, the statements contained in the Official Statement relating to the Bonds dated December 4, 2006, under the caption "LEGAL AND TAX INFORMATION—Litigation," insofar as such statements purport to summarize litigation affecting the County, present a fair and accurate summary of such litigation, and are true and correct.

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

For NORM MALENG,
King County Prosecuting Attorney

Sally Bagshaw
Chief Civil Deputy

EXHIBIT D