



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

December 7, 2004

Motion 12054

Proposed No. 2003-0397.2

Sponsors Phillips

1 A MOTION of the county council approving a bond
2 purchase agreement for the county's Limited Tax General
3 Obligation Refunding Bonds (Baseball Stadium), 2004,
4 Series C (Taxable) in the aggregate principal amount of
5 \$13,195,000 and Limited Tax General Obligation
6 Refunding Bonds (Baseball Stadium), 2004, Series D in the
7 aggregate principal amount of \$32,075,000, and
8 establishing certain terms of such bonds and a plan of
9 refunding; all in accordance with Ordinance 14813.

10

11

12 WHEREAS, the county council by Ordinance 14813 passed on December 15,
13 2003 (the "Bond Ordinance"), authorized the issuance and sale of limited tax general
14 obligation bonds of the county in the aggregate principal amount of not to exceed
15 \$115,000,000 to refund certain outstanding limited tax general obligation bonds issued by
16 the county to finance construction of a major league baseball stadium and related parking
17 facilities, and

18 WHEREAS, the Bond Ordinance provided that such bonds be sold in one or more
19 series and by negotiated sale or competitive bid as determined by the county's manager
20 of finance and business operations (the "Finance Manager") in consultation with the
21 county's financial advisor, and

22 WHEREAS, the Finance Manager has determined that two series of such bonds
23 be sold by negotiated sale as follows: a series of the county's Limited Tax General
24 Obligation Refunding Bonds (Baseball Stadium), 2004, Series C (Taxable), in the
25 aggregate principal amount of \$13,195,000 (the "2004 Series C Bonds"), and a series of
26 the county's Limited Tax General Obligation Refunding Bonds (Baseball Stadium),
27 2004, Series D in the aggregate principal amount of \$32,075,000 (the "2004 Series D
28 Bonds," and, together with the 2004 Series C Bonds, the "Bonds"), and

29 WHEREAS, pursuant to the Bond Ordinance, a preliminary official statement
30 dated November 30, 2004, has been prepared for the sale of the Bonds, and the Finance
31 Manager has negotiated the sale of the Bonds to Citigroup Global Markets, Inc. (the
32 "Underwriter"), and

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

36 WHEREAS, in accordance with the Bond Ordinance, the council wishes to ratify
37 and confirm certain terms of the Bonds and authorize and approve the final plan of
38 refunding certain outstanding limited tax general obligation bonds of the county from
39 proceeds of the Bonds, as set forth herein;

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

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

43 B. Approval of Bond Purchase Contract and Authorization of Bonds. The
44 issuance of the Bonds, designated as set forth in the recitals of this motion, and the terms
45 and conditions thereof as set forth in the Bond Purchase Contract attached hereto as
46 Attachment A (the "Purchase Contract") are hereby ratified and confirmed, and the
47 Purchase Contract is hereby approved. The Bonds shall bear interest at the rates set forth
48 in the Purchase Contract and shall conform in all other respects to the terms and
49 conditions specified in the Purchase Contract and Bond Ordinance. The Bonds are not
50 subject to redemption prior to maturity.

51 C. Refunding and Redemption of Refunded Bonds.

52 1. Plan of Refunding. In accordance with Sections 13 and 17 of the Bond
53 Ordinance, the Finance Manager has determined, in consultation with the county's
54 financial advisors, and with the consent of the PFD with respect to refunding certain 1997
55 Series C Bonds, that proceeds of the Bonds shall be used to refund the following limited
56 tax general obligation bonds of the county pursuant to the plan of refunding set forth
57 below and ratified and confirmed hereby:

58 Refunded 1997 Series C Bonds

	<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Call</u>
	<u>(December 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Date</u>
59	Serials			
60	12/01/2009	\$ 1,450,000	7.69%	12/01/2007
61	12/01/2010	1,645,000	7.74	12/01/2007
62	12/01/2011	1,855,000	7.79	12/01/2007
63				

64	Term	12/01/2016	13,220,000	8.12	12/01/2007
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65 Refunded 1997 Series D Bonds

66		Maturity	Principal	Interest	Call
67		<u>(December 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Date</u>
68	Serials	12/01/2010	\$ 22,320,000	5.70%	12/01/2007
69		12/01/2011	13,835,000	5.75	12/01/2007

70 The Refunded 1997 Series C Bonds and the Refunded 1997 Series D Bonds shall
71 be referred to collectively in this motion as the Refunded Bonds. As provided in Section
72 13 of the Bond Ordinance, the King County 2004 Series C (Taxable) Limited Tax
73 General Obligation (Baseball Stadium) Refunding Account (the “2004 Series C
74 Refunding Account”) and the King County 2004 Series D Limited Tax General
75 Obligation (Baseball Stadium) Refunding Account (the “2004 Series D Refunding
76 Account,” and, together with the 2004 Series C Refunding Account, the “2004 Refunding
77 Accounts”) shall be established and maintained with the Escrow Agent (as identified
78 below). Proceeds of each series of the Bonds shall be deposited in the applicable
79 Refunding Account and used, together with other funds of the county, if necessary, to
80 purchase certain “Government Obligations” as such obligations are defined in Chapter
81 39.53 RCW as now or hereafter amended (which obligations so purchased, are herein
82 called “Acquired Obligations”), bearing such interest and maturing as to principal and
83 interest in such amounts and at such times which, together with any necessary beginning
84 cash balance, will provide for the payment of:

- 85 (a) the interest on the Refunded Bonds due and payable on and prior to
86 December 1, 2007; and

87 (b) the redemption price (102% of the principal amount) payable on
88 December 1, 2007, of the Refunded Bonds.

89 Any beginning cash balance and the Acquired Obligations shall be irrevocably
90 deposited with the Escrow Agent in an amount sufficient to defease the Refunded Bonds
91 in accordance with the ordinance authorizing the Refunded Bonds. Any amounts
92 described above that are not provided for in full by such beginning cash balance and the
93 purchase and deposit with the Escrow Agent of the Acquired Obligations described in
94 this section shall be provided for by the irrevocable deposit of the necessary amount out
95 of the proceeds of sale of the Bonds or any other money of the county legally available
96 therefor. The proceeds of the Bonds remaining in the 2004 Refunding Accounts after
97 acquisition of the Acquired Obligations and provision for the necessary beginning cash
98 balance shall be utilized to pay expenses of the acquisition and safekeeping of the
99 Acquired Obligations and the costs of issuing the Bonds. The county may, from time to
100 time, transfer, or cause to be transferred, from either of the 2004 Refunding Accounts any
101 money not thereafter required for the purposes set forth in subparagraphs (a) and (b)
102 above, subject to verification in writing by an independent certified public accountant
103 that such transfer will not result in inadequate funds being available to make the required
104 payments therefrom. The county reserves the right to substitute other securities for the
105 Acquired Obligations in the event it may do so pursuant to Section 148 of the Code and
106 applicable regulations thereunder, upon compliance with the conditions set forth in the
107 Escrow Agreement.

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

110 2. Redemption of Refunded Bonds. The county hereby irrevocably sets aside
111 sufficient funds through the purchase of Acquired Obligations and an initial cash deposit
112 to make the payments, as specified in subparagraphs (a) and (b) above.

113 The county hereby irrevocably defeases and calls for redemption on December 1,
114 2007, the Refunded Bonds in accordance with the provisions of the ordinance authorizing
115 the redemption and retirement of certain of the 1997 Series C Bonds and 1997 Series D
116 Bonds prior to their fixed maturities.

117 Said defeasance and call for redemption of the Refunded Bonds shall be
118 irrevocable after the final establishment of the 2004 Refunding Accounts and delivery of
119 the Acquired Obligations and the requisite cash deposit, if any, to the Escrow Agent,
120 except as provided herein relating to the substitution of securities. The Finance Manager
121 is authorized and requested to provide whatever assistance is necessary to accomplish
122 such defeasance.

123 The Escrow Agent is hereby authorized and directed to notify the fiscal agency of
124 the State of Washington to give notice of the redemption of the Refunded Bonds in
125 accordance with the applicable provisions of the resolutions authorizing their issuance.
126 The Finance Manager is authorized and requested to provide whatever assistance is
127 necessary to accomplish such redemption and the giving of notice therefor. The costs of
128 publication of such notice shall be an expense of the county.

129 The Escrow Agent is hereby authorized and directed to pay to the fiscal agency or
130 agencies of the State of Washington sums sufficient to make, when due, the payments
131 specified in subparagraphs (a) and (b) above. All such sums shall be paid from the
132 money and Acquired Obligations deposited with said Escrow Agent pursuant to this

133 section, and the income therefrom and proceeds thereof. All such sums so paid shall be
134 credited to the Refunding Account. All money and Acquired Obligations deposited with
135 said Escrow Agent and any income therefrom shall be held, invested and applied in
136 accordance with the provisions of the Bond Ordinance and with the laws of the State of
137 Washington for the benefit of the county and the owners of the Refunded Bonds.

138 3. Findings of Saving and Defeasance. This council hereby finds and
139 determines that the issuance and sale of the Bonds at this time will effect a savings to the
140 county and its taxpayers. In making such finding and determination, the council has
141 given consideration to the interest on and the fixed maturities of the Bonds and the
142 Refunded Bonds, the costs of issuance of the Bonds and the known earned income from
143 the investment of the proceeds of sale of the Bonds pending redemption and payment of
144 the Refunded Bonds.

145 This council hereby further finds and determines that the Acquired Obligations to
146 be deposited with the Escrow Agent and the income therefrom, together with any
147 necessary beginning cash balance, are sufficient to defease and redeem the above-
148 referenced Refunded Bonds and will discharge and satisfy the obligations of the county
149 with respect to such Refunded Bonds under the ordinances authorizing their issuance and
150 the pledges of the county therein. Immediately upon the delivery of such Acquired
151 Obligations to the Escrow Agent and the deposit of any necessary beginning cash
152 balance, such Refunded Bonds shall be deemed not to be outstanding under their
153 respective authorizing resolutions and ordinances and shall cease to be entitled to any
154 lien, benefit or security under such resolutions and ordinances except the right to receive

155 payment from the Acquired Obligations and beginning cash balance so set aside and
156 pledged.

157 D. Undertaking to Provide Ongoing Disclosure.

158 1. Contract/Undertaking. In accordance with Section 20 of the Bond Ordinance,
159 this Section D constitutes the county's written undertaking for the benefit of the owners
160 and Beneficial Owners of the Bonds as required by Section (b)(5) of the Rule.

161 2. Financial Statements/Operating Data. The county agrees to provide or cause
162 to be provided to each NRMSIR and to the SID, if any, in each case as designated by the
163 Commission in accordance with the Rule, the following annual financial information and
164 operating data for the prior fiscal year (commencing in 2005 for the fiscal year ended
165 December 31, 2004):

166 (a) Annual financial statements prepared in accordance with the Budget
167 Accounting and Reporting System prescribed by the Washington State Auditor pursuant
168 to RCW 43.09.200 (or any successor statute) and generally of the type included in the
169 official statement for the Bonds in Appendix B: "Excerpts from Audited 2003 Financial
170 Statements";

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

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

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

174 (e) A schedule of the aggregate annual debt service on tax-supported

175 indebtedness of the county;

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

177 (g) A summary of revenues received by the county with regard to Food and
178 Beverage Taxes, Car Rental Taxes, County Sales Taxes, State Lottery Receipts, State
179 License Plate Receipts, Club Payments and Stadium Admissions Taxes.

180 Items (b) through (g) shall be required only to the extent that such information is
181 not included in the annual financial statements.

182 Such annual information and operating data described above shall be provided on
183 or before seven months after the end of the county's fiscal year. The county's fiscal year
184 currently ends on December 31. The county may adjust such fiscal year by providing
185 written notice of the change of fiscal year to each then existing NRMSIR and the SID, if
186 any. In lieu of providing such annual financial information and operating data, the
187 county may cross-reference to other documents provided to the NRMSIR, the SID or to
188 the Commission and, if such document is a final official statement within the meaning of
189 the Rule, available from the MSRB.

190 If not provided as part of the annual financial information discussed above, the
191 county shall provide the county's audited annual financial statement prepared in
192 accordance with the Budget Accounting and Reporting System prescribed by the
193 Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when
194 and if available to each then existing NRMSIR and the SID, if any.

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

198 (a) Principal and interest payment delinquencies;

199 (b) Non-payment related defaults;

- 200 (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
201 (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
202 (e) Substitution of credit or liquidity providers, or their failure to perform;
203 (f) Adverse tax opinions or events affecting the tax-exempt status of the
204 Bonds;
205 (g) Modifications to rights of Bond holders;
206 (h) Optional, contingent or unscheduled calls of any Bonds other than
207 scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act
208 Release 34-23856;
209 (i) Defeasances;
210 (j) Release, substitution or sale of property securing repayment of the Bonds;
211 and
212 (k) Rating changes.

213 Solely for purposes of disclosure, and not intending to modify this undertaking,
214 the county advises with reference to items (c) and (j) above that no debt service reserves
215 or property secure payment of the Bonds.

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

220 5. DisclosureUSA. Any filing required to be made with any NRMSIR or SID
221 under this Section D may be made by transmitting such filing solely to the Texas
222 Municipal Advisory Council (the "MAC") as provided at , unless the United States

223 Securities and Exchange Commission has withdrawn the interpretive advice in its letter to
224 the MAC dated September 7, 2004.

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

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

236 In the event of any amendment or waiver of a provision of this Section D, the
237 county shall describe such amendment in the next annual report, and shall include, as
238 applicable, a narrative explanation of the reason for the amendment or waiver and its
239 impact on the type (or in the case of a change of accounting principles, on the
240 presentation) of financial information or operating data being presented by the county. In
241 addition, if the amendment relates to the accounting principles to be followed in
242 preparing financial statements, (i) notice of such change shall be given in the same
243 manner as for a material event under subsection 3, and (ii) the annual report for the year
244 in which the change is made should present a comparison (in narrative form and also, if
245 feasible, in quantitative form) between the financial statements as prepared on the basis

246 of the new accounting principles and those prepared on the basis of the former accounting
247 principles.

248 7. Bond Owner's Remedies Under This Section. The right of any Bond Owner
249 or Beneficial Owner of Bonds to enforce the provisions of this section shall be limited to
250 a right to obtain specific enforcement of the county's obligations hereunder, and any
251 failure by the county to comply with the provisions of this undertaking shall not be an
252 event of default with respect to the Bonds hereunder. For purposes of this section,
253 "Beneficial Owner" means any person who has the power, directly or indirectly, to vote
254 or consent with respect to, or to dispose of ownership of, any Bonds, including persons
255 holding Bonds through nominees or depositories.

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

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

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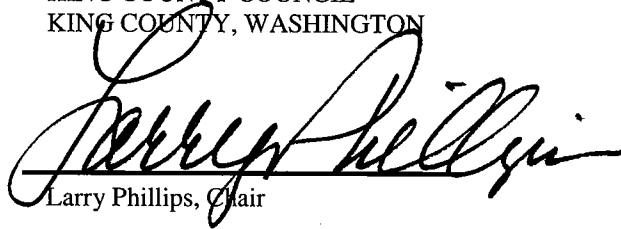
261 and shall be deemed separable from the remaining provisions of this motion and shall in
262 no way affect the validity of the other provisions of this motion or of the Bonds.

263

Motion 12054 was introduced on 9/2/2003 and passed by the Metropolitan King County Council on 12/6/2004, by the following vote:

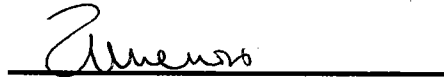
Yes: 13 - Mr. Phillips, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr. Pelz, Mr. McKenna, Mr. Ferguson, Mr. Hammond, Mr. Gossett, Ms. Hague, Mr. Irons, Ms. Patterson and Mr. Constantine
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments A. Bond Purchase Agreement

12054 ATTACHMENT A

December 6, 2004

King County Council
516 Third Avenue
Seattle, WA 98104

Re: King County, Washington, \$13,195,000 Limited Tax General Obligation Refunding Bonds (Baseball Stadium), 2004, Series C (Taxable), and \$32,075,000 Limited Tax General Obligation Refunding Bonds (Baseball Stadium), 2004, Series D

Honorable Council Members:

Citigroup Global Markets Inc. (the "Underwriter") offers to purchase from King County, Washington ("County"), all the above-described bonds (collectively, the "Bonds"), on the terms and based upon the covenants, representations and warranties set forth below. Appendix A, which is incorporated into this Bond Purchase Agreement (the "Agreement") by reference, contains a brief description of the Bonds, including principal amounts, maturities, interest rates, purchase price, and the proposed date and place of delivery and payment (the "Closing"). All capitalized terms used below shall have the respective meanings set forth in the Bond Ordinance (as defined below) unless otherwise defined herein.

Other provisions of this Agreement are as follows:

1. Prior to the Closing, the County Council will adopt a motion supplementing Ordinance 14813 authorizing the Bonds (the motion together with Ordinance 14813 are collectively referred to below as the "Bond Ordinance"). The Underwriter is authorized by the County to use the Bond Ordinance and the Preliminary Official Statement dated November 30, 2004 (the "Preliminary Official Statement"), and the information contained in them in connection with the public offering of the Bonds and the Final Official Statement in connection with the sale and delivery of the Bonds.
2. The County, to the best of its knowledge, represents and covenants to the Underwriter that:

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- (a) it has and will have at the Closing the power and authority to enter into and perform this Agreement, to pass the Bond Ordinance and to deliver and sell the Bonds to the Underwriter;
- (b) this Agreement and the Bonds do not and will not conflict with, or constitute or create a breach or default under, any existing law, regulation, order or agreement to which the County is subject;
- (c) no governmental approval or authorization other than the Bond Ordinance which has not been obtained, or will not be obtained prior to Closing, is required in connection with the sale of the Bonds to the Underwriter;
- (d) the Preliminary Official Statement with corrections, if any, noted by the County and its counsel, as of its date and (except as to matters corrected or added in the Final Official Statement) as of the Closing, is accurate and complete in all material respects to the knowledge and belief of the officers and employees of the County, after due review;
- (e) the County has previously provided the Underwriter with a copy of its Preliminary Official Statement. As of its date, the Preliminary Official Statement has been "deemed final" by the County for purposes of Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(1);
- (f) the County agrees to deliver or cause to be delivered, within seven business days after any final agreement to purchase, offer, or sell the securities and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, a sufficient number of copies of a Final Official Statement in sufficient quantity so that the Underwriter may comply with paragraph (b)(4) of the S.E.C. Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board ("MSRB"). The Underwriter agrees to deliver three copies of the Final Official Statement to a nationally recognized municipal securities information repository on the business day on which the Final Official Statement is available, and in any event no later than seven business days after the date hereof;
- (g) the Bond Ordinance constitutes the County's written agreement or contract constituting the "Undertaking" to provide ongoing disclosure about the County for the benefit of the owners of the Bonds on or before the Closing as required by paragraph (b)(5)(i) of the SEC Rule 15c2-12(b)(5) (the "Rule"), and in the form as

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summarized by the Preliminary Official Statement, with such changes as may be agreed to in writing by the Underwriter;

- (h) if, at any time prior to the Closing, any event occurs as a result of which the Preliminary Official Statement or the Final Official Statement includes an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the County shall promptly notify the Underwriter thereof; and
- (i) the County has never failed to comply with any continuing disclosure undertaking made with respect to the Rule.

3. The Underwriter shall have the right to terminate this Agreement to purchase the Bonds by notifying the County of its election to do so if, after the execution of this Agreement and prior to the Closing:

- (a) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially or adversely affected by (i) an amendment to the Constitution of the United States of America or by any legislation which shall have been introduced in or enacted by the Congress of the United States, or (ii) legislation pending in the Congress of the United States shall have been amended, or (iii) legislation (including any amendment thereto, whether or not in formal bill form) shall have been 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) shall have been proposed that may have an effective date prior to the Closing for consideration by either such Committee, 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 shall have been 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, or (vi) a decision by a court of the United States or the Tax Court of the United States shall be rendered, or (vii) a ruling, regulation or official

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statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made, 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 have the effect of changing, directly or indirectly, the federal income tax consequences resulting from ownership of or receipt of interest on securities of the general character of the Bonds in the hands of the owners thereof;

- (b) any legislation, ordinance, rule or regulation shall be introduced in or be enacted by any governmental body, department or agency in the State of Washington, or a decision by a court within Washington shall be rendered, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability of the Bonds or the ability of the Underwriter to enforce contracts for sale of the Bonds;
- (c) in the Underwriter's reasonable opinion, the subject matter of any amendment or supplement to the Final Official Statement materially and adversely affects (i) the market price or marketability of the Bonds or (ii) the ability of the Underwriter to enforce contracts for sale of the Bonds;
- (d) there shall have occurred any outbreak or escalation of existing hostilities or any national or international calamity or crisis, including financial crisis, the effect of which on the financial markets of the United States being such, as in the reasonable judgment of the Underwriter, would materially adversely affect the market for the Bonds or the sale of the Bonds by the Underwriter at the initial offering prices set forth in the Final Official Statement;
- (e) there shall have occurred and be in effect a general suspension of trading on the New York Stock Exchange;
- (f) a general banking moratorium shall have been declared by United States, New York State or Washington State authorities;
- (g) legislation shall hereafter be enacted, or actively considered for enactment, with an effective date prior to the date of the delivery of the Bonds, or a decision by a court of the United States shall hereafter be rendered, or a ruling or regulation by

the S.E.C. or other governmental agency having jurisdiction of the subject matter shall hereafter be made, the effect of which is that:

- (1) the Bonds are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and then in effect, or
 - (2) the Bond Ordinance is not exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect;
- (h) a stop order, ruling or regulation by the S.E.C. shall hereafter be issued or made, the effect of which is that the issuance, offering or sale of the Bonds, as contemplated herein or in the Final Official Statement, is in violation of any provision of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect, and which, in the reasonable judgment of the Underwriter, adversely affects the marketability of the Bonds or the market price thereof;
- (i) establishment by any governmental authority having jurisdiction of the subject matter of any restriction binding upon the Underwriter which has a material and adverse effect on the free market for "municipal securities," as defined in the Securities Exchange Act of 1934, as amended;
- (j) legislative or regulatory action shall be taken by, or on behalf of, the U.S. Treasury Department that renders the proposed revisions to Circular 230 applicable to the Bonds, resulting in a material change in the forms of opinion of Bond Counsel from that included as Appendix A to the Final Official Statement; or
- (k) The New York Stock Exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force or being enforced, or increase materially those now in force, with respect to the extension of credit by, or the charges to the net capital requirements of, the Underwriter.

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4. The Underwriter's obligations hereunder are also subject to the following conditions:
- (a) at or prior to the Closing, the County will deliver, make available to the Underwriter, or have adopted:
 - (1) the Bonds, in definitive form and duly executed;
 - (2) a certificate from an authorized officer of the County, in form and substance acceptable to the County and the Underwriter, stating that execution of the certificate shall constitute execution of the Final Official Statement by the County, that the Final Official Statement attached thereto, to the knowledge and belief of such officer, after due review, does not contain any untrue statement of a material fact or omit to state a material fact which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that the representations of the County contained in this Agreement were true and correct when made and are true and correct as of the Closing;
 - (3) the approving opinions of Bond Counsel dated the date of Closing, substantially in the form of Appendix A to the Official Statement, with a reliance opinion addressed to the Underwriter;
 - (4) an opinion of Bond Counsel, dated the date of Closing and addressed to the Underwriter, to the effect that (a) the County has the legal right, power and authority to enter into the Agreement and to carry out its obligations hereunder; (b) the County has the legal right, power and authority to issue, sell and deliver the Bonds to the Underwriter pursuant to the terms of the Agreement; (c) the Agreement has been duly executed and delivered by the County and, assuming due execution and delivery thereof by the Underwriter, the Agreement constitutes a legal, valid and binding obligation of the County, enforceable in accordance with its terms, and no authorization or approval is required for the execution and delivery thereof of the performance of the County's obligations thereunder, except such authorizations or approvals as have been obtained on or prior to this date; (d) the County is duly authorized to approve and execute the Final Official Statement; (e) 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

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actions of the County taken in regard to the approval and issuance of the Bonds; (f) the Bonds and their offer and sale are exempt from the registration requirements of the Securities Act of 1933, as amended, and the Bond Ordinance is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended and (g) the statements contained in the Final Official Statement under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "PROPERTY TAX INFORMATION" (except for the information in the last paragraph of the subsection entitled "(i) *Maximum rate limitations*"), "INITIATIVE AND REFERENDUM" and "LEGAL AND TAX INFORMATION" (except under the caption "Litigation"), insofar as such statements purport to summarize certain provisions of the Bonds, the Bond Ordinance and applicable law, are true and correct, and that based solely on their participating as Bond Counsel in certain conferences with representatives of the County, the Underwriter and the financial advisors to the County during which conferences the contents of the Final Official Statement and related matters were discussed and without having undertaken to determine independently the accuracy and completeness of the statements contained in the Final Official Statement, no facts came to the attention of the attorneys of such counsel rendering legal services in connection with such representation that caused such counsel to believe that as of its date the Final Official Statement 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 opinion need be expressed with respect to information under the captions entitled "THE BONDS—Book-Entry System," and "APPENDIX E—Book-Entry System," nor need any opinion be expressed with respect to any financial, demographic and statistical data and projections included in the Final Official Statement. Such opinion may be subject to laws relating to bankruptcy, insolvency, reorganization or moratorium by other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with principles of equity, and counsel may rely, without investigation, upon the following assumptions: (i) the County will not in the future take any discretionary action (including a decision not to act) permitted under the Bond Ordinance that would result in the violation of law or constitute a break or default under any other agreement or court order; and (ii) all parties to the transaction will act in accordance with, and

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will refrain from taking any action that is forbidden by, the terms and conditions of the Bond Ordinance.

- (5) an opinion of counsel to the Underwriter dated the date of closing and addressed solely to the Underwriter, to the effect that: (a) the offer and sale of the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"); (b) the Bond Ordinance is exempt from qualification under the Trust Indenture Act of 1939, as amended; (c) the undertakings of the County to provide continuing disclosure, which are contained in the Bond Ordinance, provide a suitable basis for the Underwriter to reasonably determine, pursuant to the Rule, that the County has undertaken, in a written agreement or contract for the benefit of the holders of the Bonds, to provide the annual financial information and notices required by the Rule; and (d) the Agreement has been duly authorized, executed and delivered by the Underwriter and constitutes a valid and binding agreement enforceable in accordance with its terms, except as such enforceability may be subject to judicial discretion, the valid exercise of the sovereign police powers of the State of Washington and the constitutional powers of the United States of America, and valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors. In rendering such opinions, counsel to the Underwriter may rely upon the approving opinion of Preston Gates & Ellis LLP, to the extent that such opinion addresses the validity of the Bonds and the governmental status of the County;
- (6) written evidence that Moody's Investors Service, Inc., and Standard & Poor's Ratings Group have issued underlying ratings on the Bonds of "Aa1" and "AA+" respectively, and that such ratings are in full force and effect on and as of the Closing;
- (7) A certificate of a County Prosecuting Attorney, dated the date of the Closing, based on such inquiry and investigation as he or she has deemed sufficient, to the effect that, (1) there is no litigation pending or threatened affecting the issuance and delivery of the Bonds, the levy and collection of the 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

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their respective offices, which litigation would prevent the payment by the County of the principal of or interest on the Bonds, when due; and (2) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded.

- (8) the following documents executed by authorized officers of the County:
- (a) a certificate, dated the date of Closing, to the effect that no litigation or other proceedings are pending or threatened in any way affecting the issuance, sale or delivery of, or security for, any of the Bonds;
 - (b) a certificate setting forth the facts, estimates and circumstances in existence on the date of Closing which establish that it is not expected that the proceeds of the Series D Bonds will be used in a manner that could cause the Series D Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and any applicable regulations thereunder;
 - (c) a certificate from Grant Thornton, 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 Acquired Obligations to pay, when due, the principal of and interest on the Refunded Bonds; and
 - (d) such additional certificates, instruments or opinions or other evidence as the Underwriter may deem reasonably necessary or desirable to evidence the due authorization, execution, authentication and delivery of the Bonds, the truth and accuracy as of the time of the Closing of the County's representations and warranties, and the conformity of the Bonds and Bond Ordinance with the terms thereof as summarized in the Final Official Statement, and to cover such other matters as it reasonably requests.

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5. County will pay the cost of preparing, printing and executing the Bonds, the fees and disbursements of Bond Counsel and the County's Financial Advisor, bond registration, rating fees and expenses, the cost of printing and distributing the Preliminary and Final Official Statements, travel and lodging expenses of County's employees and representatives, and other expenses of County.

Underwriter will pay fees and disbursements of Underwriter's counsel, the cost of preparation and filing of blue sky and legal investment surveys where necessary, Underwriter's travel expenses, and other expenses of Underwriter.

6. This Agreement is intended to benefit only the parties hereto, and County's representations and warranties shall survive any investigation made by or for the purchase, delivery and payment for the Bonds, and the termination of this Agreement. Should the County fail to satisfy any of the foregoing conditions or covenants, or if the Underwriter's obligations are terminated for any reasons permitted under this Agreement, then neither the Underwriter nor the County shall have any further obligations under this Agreement, except that any expenses incurred shall be borne in accordance with Section 5.
7. This offer expires on the date, and at the time, set forth on Appendix A.

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Respectfully submitted,

Citigroup Global Markets Inc.

By: _____
Jerry Bobo, Director

Accepted December 6, 2004.

King County, Washington

Title: _____

APPENDIX A

DESCRIPTION OF THE SERIES C (TAXABLE) BONDS

- (a) Purchase Price: \$13,141,937.25 (includes an Underwriter's Discount of \$53,062.75).
- (b) Dated: Date of initial delivery, expected to be December 21, 2004.
- (c) Denominations: \$5,000.00, or integral multiples thereof.
- (d) Form: Fully registered.
- (e) Interest Payment Dates: June 1 and December 1, commencing June 1, 2005. Interest calculated on a 30/360-day, 12-month year basis.
- (f) Maturity Schedule: The Bonds shall mature on December 1 and bear interest as follows:

<u>Due December 1</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Prices</u>
2005	\$1,670,000	2.92%	100%
2006	1,620,000	3.27	100
2007	1,595,000	3.56	100
2008	1,575,000	3.90	100
2009	3,010,000	4.14	100
2010	3,135,000	4.32	100
2011	590,000	4.49	100

- (g) Redemption: *Optional Redemption*. The Bonds are not subject to optional redemption prior to maturity.
- (h) Closing Date and Delivery: It is expected that the Bonds will be delivered to DTC in definitive book-entry form on or about December 21, 2004.
- (i) Offer Expires: 5:00 p.m. Pacific Time, December 6, 2004.
- (j) Bond Counsel: Preston Gates & Ellis LLP, Seattle, Washington

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DESCRIPTION OF THE SERIES D BONDS

- (k) Purchase Price: \$34,647,445.82 (includes an Underwriter's Discount of \$131,631.98 and an Original Issue Premium of \$2,704,077.80).
- (l) Dated: Date of initial delivery, expected to be December 21, 2004.
- (m) Denominations: \$5,000.00, or integral multiples thereof.
- (n) Form: Fully registered.
- (o) Interest Payment Dates: June 1 and December 1, commencing June 1, 2005. Interest calculated on a 30/360-day, 12-month year basis.
- (p) Maturity Schedule: The Bonds shall mature on December 1 and bear interest as follows:

<u>Due</u> <u>December 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Prices</u>
2005	\$ 1,945,000	3.00%	100.789%
2006	1,450,000	3.00	101.322
2007	970,000	3.00	101.523
2008	420,000	3.00	101.114
2009	--	--	--
2010	23,385,000	5.00	109.671
2011	3,905,000	5.00	109.950

- (q) Redemption: *Optional Redemption*. The Bonds are not subject to optional redemption prior to maturity.
- (r) Closing Date and Delivery: It is expected that the Bonds will be delivered to DTC in definitive book-entry form on or about December 21, 2004.
- (s) Offer Expires: 5:00 p.m. Pacific Time, December 6, 2004.
- (t) Bond Counsel: Preston Gates & Ellis LLP, Seattle, Washington