

MASON COUNTY

LIMITED TAX GENERAL OBLIGATION BONDS (PAYABLE FROM SEWER REVENUE)
SERIES 2008A AND SERIES 2008B

RESOLUTION NO. 82-08

A RESOLUTION of the Board of County Commissioners of Mason County, Washington, providing for the issuance of two series of limited tax general obligation bonds (payable from sewer revenue) of the County in the principal amounts of not to exceed \$831,000 and \$525,000, respectively, to finance the cost of constructing sewer improvements; and fixing the dates, forms, terms, maturities and covenants of such bonds; and authorizing the sale of the bonds to the United States Department of Agriculture, Rural Development.

ADOPTED: June 24, 2008

Prepared by:

K&L PRESTON GATES ELLIS LLP
Seattle, Washington

MASON COUNTY
LIMITED TAX GENERAL OBLIGATION BONDS (PAYABLE FROM SEWER REVENUE)
SERIES 2008A AND SERIES 2008B

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* This table of contents and the cover page hereof are included for convenience of reference only and are not a part of this resolution.

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WHEREAS, Mason County, Washington (the "County") has created a sewer utility and now owns, operates and maintains a sewerage collection and treatment system known as the Rustlewood Sewer System (the "System"); and

WHEREAS, the County has authorized the undertaking of additions and betterments to and extensions of the System, including improvements to the Rustlewood Wastewater Treatment Plant (the "Project"); and

WHEREAS, the Board now deems it to be in the best interest of the County to provide for the permanent financing of the Project by the issuance and sale of two series of limited tax general obligation bonds (payable from sewer revenue) that are additionally secured by revenues of the System (the "Bonds"); and

WHEREAS, the United States of America acting through its Department of Agriculture, Rural Development (the "Government") has agreed to purchase the Bonds authorized herein under the terms and conditions set forth in this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MASON COUNTY, WASHINGTON, as follows:

Section 1. Definitions. As used in this resolution the following terms shall have the following meanings:

Board means the Board of County Commissioners of Mason County as the general legislative authority of the County as the same shall be duly and regularly constituted from time to time.

Bonds means collectively, the Series 2008A Bond and the Series 2008B Bond.

Bond Fund means the “Mason County RD LTGO Bond Fund 2008” authorized to be created by Section 6 of this resolution to pay and secure the payment of the Bonds.

Bond Registrar means the Treasurer of the County or the successor to such office.

Code means the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder.

Construction Fund means the capital facilities improvement fund of the County designated as the Sewer Fund.

Costs of Maintenance and Operation means all necessary operating expenses, current maintenance expenses, expenses of reasonable upkeep and repairs, and insurance and administrative expenses, but excludes depreciation, payments for debt service or into reserve accounts and costs of capital additions to or replacements of the System, taxes levied by the County or payments in lieu of such taxes.

County means Mason County, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington.

Government means the United States of America, acting through the Department of Agriculture, as the initial registered owner of the Bonds.

Gross Revenue means all of the earnings, revenue and money, except utility local improvement district assessments, received by the County from or on account of the operation of the System including proceeds from the sale, lease or other disposition of any of the properties or

facilities of the System, and the income from investments of money in the Sewer Fund and any bond fund or from any other investment thereof except the income from investments irrevocably pledged to the payment of revenue bonds pursuant to a plan of retirement or refunding. Gross Revenue shall not include grants or bond proceeds, but shall include federal or state reimbursements of operating expenses to the extent such expenses are included as Costs of Maintenance and Operation.

Project means the construction of improvements to the Rustlewood Wastewater Treatment Plant.

Senior Lien Bonds means any revenue bonds, revenue warrants or other revenue obligations of the County that have a lien on money in the Sewer Fund to pay and secure the payment of the principal thereof and interest thereon senior to all other revenue obligations of the System and subject to the Costs of Maintenance and Operation.

Series 2008A Bond means Series A of the Bonds.

Series 2008B Bond means Series B of the Bonds.

Sewer Fund means the Sewer Fund of the County.

System means the existing sewerage system of the County and such improvements or additions as may be made to such system and shall include the water supply and distribution system of the County and/or the storm drainage system of the County if either is or both are ever combined with the sanitary sewer system.

Treasurer means the County Treasurer of Mason County or the successor to the duties of such office.

Section 2. Authorization of Bonds. For the purpose of providing permanent financing for a portion of the Project, the County shall now issue and sell two series of Limited

Tax General Obligation Bonds (the “Bonds”) in the principal amounts of not to exceed \$831,000 and \$525,000, respectively.

Section 3. Description of the Bonds.

(a) The Series 2008A Bond shall be designated “Mason County, Washington, Limited Tax General Obligation Bond (Payable from Sewer Revenue), Series 2008A,” shall be in the principal amount of not to exceed \$831,000, shall be dated as of the date of delivery thereof to the Government, as the initial purchaser, shall be numbered R-1, and shall be fully registered. The Series 2008A Bond shall bear interest at the rate of 4.125% per annum (computed on the basis of a 365-day year for actual number of days elapsed) and interest shall accrue from the date of issuance of the Series 2008A Bond. Principal of and interest on the Series 2008A Bond shall be payable in semiannual amortized installments in the amount set forth in the Government’s proposal beginning six months following the date of the Series 2008A Bond and semiannually thereafter, with the last payment to be made not later than the 40th anniversary of the date of the Series 2008A Bond, except that the last payment may be more or less than the annual installment as required to pay the remaining principal and interest due. (If the date of loan closing is the 29th, 30th, or 31st of the month, the due date will be the 28th). If any installment of principal and interest is not paid when due, the County shall be obligated to pay interest on that installment at the same rate provided herein from and after its due date until that installment is paid in full. Payments shall be applied first to interest and then to principal.

(b) The Series 2008B Bond shall be designated “Mason County, Washington, Limited Tax General Obligation Bond (Payable from Sewer Revenue), Series 2008B,” shall be in the principal amount of not to exceed \$525,000, shall be dated as of the date of delivery thereof to the Government, as the initial purchaser, shall be numbered R-1, and shall be fully registered.

The Series 2008B Bond shall bear interest on the unpaid balance at the rate of 4.375% per annum (computed on the basis of a 365-day year for actual number of days elapsed) and interest shall accrue from the date of each draw on the Series 2008B Bond until paid. Interest shall be payable 12 months from the date of delivery of the Bond and semi-annually thereafter until maturity. The first principal payment shall be payable 12 months after the date of delivery of the Bond and semi-annually thereafter until maturity. Principal of and interest on the Series 2008B Bond shall be amortized in equal semi-annual installments due over a period of 39 years in the amounts set forth in the Government's proposal beginning twelve months following the date of the Series 2008B Bond and semiannually thereafter, with the last payment to be made not later than the 40th anniversary of the date of the Series 2008B Bond, except that the last payment may be more or less than the annual installment as required to pay the remaining principal and interest due. (If the date of loan closing is the 29th, 30th, or 31st of the month, the due date will be the 28th). If any installment of principal and interest is not paid when due, the County shall be obligated to pay interest on that installment at the same rate provided herein from and after its due date until that installment is paid in full. Payments shall be applied first to interest and then to principal.

The outstanding principal balance of the Series 2008B Bond on any particular date shall be the aggregate of all funds which the County has drawn from the date of the Series 2008B Bond to that day less the aggregate of all principal payments made by the County on or before that date. Interest on a particular principal amount so advanced shall be determined from the date of the advance of 2008B Bond proceeds pursuant to a request for draw by which the County drew that principal amount from the Government.

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America to the owner or owners thereof at the address appearing on the registration books of the County maintained by the Treasurer; provided, however, that as long as the Government is the owner and holder of the Bonds, the County shall make payments directly to the financial office of the Government serving the Mason County area; and provided further, however, that the Treasurer is hereby requested to establish a Preauthorized Debit Payment (“PAD”) process whereby the Bond Registrar authorizes funds to be withdrawn electronically from the County’s bank account on the exact day that the payment is due. The Bonds shall be an obligation only of the Bond Fund and shall be payable and secured as provided herein.

The Bonds shall be registered as to both principal and interest as long as any of the installments of the Bonds remain unpaid, and the County shall maintain in the office of the County Treasurer books for the registration and transfer of the Bonds. No transfer of the Bonds so registered shall be valid unless made on said books upon the written request of the registered owner or the owner’s duly authorized agent.

Section 4. Prepayment. The County hereby reserves the right to prepay principal installments remaining unpaid at the price of par plus accrued interest, in whole, or in part, at any time. Advance notice of such intended prepayment shall be given at least 30 days prior to the date of such prepayment by mailing the registered owner a notice fixing the date and amount of such prepayment.

Section 5. Priority of Payments from Sewer Fund. There has been established in the office of the Treasurer a special fund of the County designated as the “Sewer Fund” (the “Sewer Fund”). All of the Gross Revenue shall be deposited in the Sewer Fund as collected. The Sewer Fund shall be held separate and apart from all other funds and accounts of the County, and the

Gross Revenue deposited in the Sewer Fund shall be used only for the following purposes and in the following order of priority:

First, to pay the Costs of Maintenance and Operation;

Second, to pay the interest on any Senior Lien Bonds;

Third, to pay the principal of any Senior Lien Bonds;

Fourth, to make all payments required to be made into any reserve account created to secure the payment of Senior Lien Bonds;

Fifth, to make all payments required to be made into any revenue bond redemption fund or revenue warrant redemption fund and debt service account or reserve account created to pay and secure the payment of the principal of and interest on any revenue bonds or revenue warrants of the County having a lien upon the Gross Revenue junior and inferior to the lien thereon for the payment of the principal of and interest on the Senior Bonds including any Department of Ecology loans;

Sixth, to pay the principal of and interest on the Bonds and any other limited tax general obligation of the County that is also payable from Gross Revenue; and

Seventh, to retire by redemption or purchase in the open market any outstanding revenue bonds or revenue warrants of the County, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the System of the County, or for any other lawful County purposes.

Section 6. Bond Fund. A special fund of the County designated as the “Mason County RD Limited Tax General Obligation Bond Fund 2008” (the “Bond Fund”) is hereby authorized to be created in the office of the Treasurer, which fund is to be drawn upon for the sole purpose of paying the principal of and interest on the Bonds.

Section 7. Pledge of Taxation and Credit. The County hereby irrevocably covenants and agrees for as long as any installments of the Bonds are outstanding and unpaid that each year it will include in its budget and levy an *ad valorem* tax upon all property within the County subject to taxation in an amount that will be sufficient together with other sewer revenues and money of the County legally available for such purposes, to pay the principal of and interest on the Bonds as the same shall become due. All of such taxes so collected shall be paid into the Bond Fund no later than the date such funds are required for the payment of principal and interest on the Bonds.

The County hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the tax levy permitted to counties without a vote of the people, and that a sufficient portion of each annual levy to be levied and collected by the County prior to the full payment of the principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds.

The full faith, credit and resources of the County are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same shall become due.

Section 8. Pledge of Sewer Revenue. As long as the Bonds remain outstanding, the County hereby irrevocably obligates and binds itself to set aside and pay from the Sewer Fund into the Bond Fund, those amounts necessary, after taking into consideration such other funds as are on hand in the Bond Fund and available for the payment of principal and interest on the Bond, to pay the interest or principal and interest next coming due on the Bonds. Such payments from the Sewer Fund shall be made on or before the day on which the regular semiannual

payment of principal of and interest on the Bonds is due and payable in an amount equal to such regular semiannual payment.

Said amounts so pledged to be paid into the Bond Fund out of the Sewer Fund are hereby declared to be a lien and charge upon Gross Revenue and the money in the Sewer Fund junior, subordinate and inferior to the Costs of Maintenance and Operation, junior, subordinate and inferior to the lien and charge thereon of any lien and charge that may hereafter be made to pay and secure the payment of any Senior Lien Bonds and other sewer revenue obligations that the County may issue. Nothing in this resolution shall restrict the County's right to issue future sewer revenue obligations with a lien on Gross Revenue superior to the lien of the Bonds.

Section 9. Tax Covenants; Special Designation.

A. The County hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the County that may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Code that will cause the Bonds to be "arbitrage bonds" within the meaning of said section and said regulations.

The County further covenants that it will not take any action or permit any action to be taken that would cause the Bonds to constitute "private activity bonds" under Section 141 of the Code.

B. The County hereby designates the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code for investment by financial institutions. The County does not anticipate issuing more than \$10,000,000 of qualified tax-exempt obligations during 2008.

Section 10. Transfer. The Bonds may be transferred by the registered owner thereof, provided that such transfer relates to the entire unpaid principal amount of the Bonds, and any such transfer shall be noted on the bond registration books of the County.

Section 11. Lost or Destroyed Bond. In case either series of the Bonds shall be lost, stolen or destroyed, the County may execute and deliver a new bond of like date, number and tenor to the registered owner thereof in the manner provided by law and upon the owner paying the expenses and charges of the County in connection therewith

Section 12. Form of Bonds. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. R-1

Not to Exceed
\$ _____

STATE OF WASHINGTON

MASON COUNTY

LIMITED TAX GENERAL OBLIGATION BOND (PAYABLE FROM SEWER REVENUE),
[SERIES 2008A/SERIES 2008B]

PRINCIPAL AMOUNT: _____ DOLLARS

INTEREST RATE: _____ %

MATURITY DATE: _____, _____

MASON COUNTY, WASHINGTON (the "County"), a municipal corporation duly organized and existing under the laws of the State of Washington, promises to pay to the UNITED STATES OF AMERICA, ACTING THROUGH THE UNITED STATES DEPARTMENT OF AGRICULTURE (the "Government") but solely from the Bond Fund of the County, established by Resolution No. ___ of the County.

This bond shall bear interest [on such portion thereof as is drawn on this bond] at the rate of _____% per annum (computed on the basis of a 365-day year for actual number of days elapsed) and shall accrue from the date [hereof/of each draw on this bond until paid]. [Series 2008A Bond: Principal of and interest shall be payable in semiannual amortized installments in the amount of \$ _____ on each _____ and _____, commencing _____, _____, with final payment of principal and interest nevertheless due on the Maturity Date.] [Series 2008B Bond: Interest shall be payable 12 months from the date of delivery of this bond and semi-annually thereafter until maturity. The first principal payment shall be payable 12 months after the date of delivery of this bond and semi-annually thereafter until maturity. Principal of and interest on this bond shall be amortized in equal semi-annual installments due over a period of 39 years.] If any installment of principal and interest is not paid when due, the County shall be obligated to pay interest on that installment at the same rate provided herein from and after its due date until that installment is paid in full. Simultaneously herewith, the County is issuing its

Limited Tax General Obligation Bond (Payable from Sewer Revenue), [Series 2008A/Series 2008B] in the aggregate principal amount of not to exceed \$_____.

This bond, designated as the “Limited Tax General Obligation Bond (Payable from Sewer Revenue), [Series 2008A/Series 2008B],” is issued by the County in fully registered form to provide funds to provide a portion of the funds to finance improvements to the Rustlewood Wastewater Treatment Plant and betterments to and extensions of the sewerage system of the County, and to pay the costs of issuance of this bond, all as set forth in the Bond Resolution.

As long as the Government is the registered owner of this bond, payments of principal and interest shall be made by the County Treasurer directly to the Government at the office of the Government serving Mason County, Washington. Upon final payment of the principal of and interest on this bond, it shall be submitted to the County for cancellation and surrender.

Both principal of and interest on this bond are payable solely out of the special fund of the County known as the “Mason County RD LTGO Bond Fund 2008” (the “Bond Fund”) created by a Resolution of the Board adopted on June 24, 2008 (the “Bond Resolution”).

The County has reserved the right to prepay at any time, without penalty or premium, all or any portion of the unpaid principal amount of this bond. Notice of any optional prepayment shall be given at least 30 days prior to the prepayment date by mailing to the registered owner a notice fixing such prepayment date and the amount of principal to be prepaid.

The County has irrevocably covenanted and agreed with the registered owner of this bond that it will annually include in its budget and levy taxes, within and as a part of the tax levy permitted to counties without a vote of the people, upon all the property subject to taxation, in an amount sufficient, together with all other moneys legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the County are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The County further does hereby pledge and bind itself to set aside from the Gross Revenue and to pay into the Bond Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund, on the dates and at the times provided by the Bond Resolution.

Reference is made to the Bond Resolution for a more complete description of the covenants with and the rights of the owner of this bond. The County hereby covenants and agrees with the owner of this bond that it will keep and perform all the covenants of this bond and of the Bond Resolution to be by it kept and performed.

The County in the Bond Resolution has designated this bond as a qualified tax-exempt obligation for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This bond shall not be valid or become obligatory for any purpose until the Registration Certificate hereon has been signed by the Bond Registrar.

This bond may be assigned, and upon such assignment the assignor shall promptly notify the County Treasurer by registered mail.

It is hereby certified and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and Resolutions of the County, and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, Mason County, Washington, has caused this bond to be signed on behalf of the County with the manual or facsimile signatures of its Chairman of the Board and the Clerk of the Board of County Commissioners, as of this _____ day of June, 2008.

MASON COUNTY, WASHINGTON

/s/ manual or facsimile signature
Chairman of the Board of County
Commissioners

ATTEST:

/s/ manual signature
Clerk of the Board

REGISTRATION CERTIFICATE

This bond is registered in the name of the owner on the books of the County in the office of the County Treasurer as to both principal and interest as noted in the registration blank below. No transfer hereof shall be valid unless made by the registered owner or his/her duly authorized agent in writing, and similarly noted hereon and on the bond registration books of the County. All payments of principal of and interest on this bond shall be made by the County with full acquittance by Treasurer's check, or by warrant of the County drawn on the Treasurer, made payable to the last registered holder shown hereon and delivered to such owner or mailed to him/her at his/her address noted hereon.

<u>Date of Registration</u>	<u>Name and Address of Registered Owner</u>	<u>Signature of Bond Registrar</u>
_____, 2008	United States of America acting through its Department of Agriculture 1835 Black Lake Blvd. S.W. Suite C Olympia, WA 98512-5716	_____ Treasurer

Section 13. Execution of the Bonds. The Bonds shall be executed on behalf of the County with the manual or facsimile signatures of the Chairman of the Board and the Clerk of the Board, and shall have the seal of the County impressed or imprinted thereon.

In case either or both of the officers who shall have executed the Bonds shall cease to be an officer or officers of the County before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the County, such Bonds may nevertheless be authenticated, delivered and issued, and upon such authentication, delivery and issuance, shall be as binding upon the County as though those who signed the same had continued to be such officers of the County. The Bonds also may be signed and attested on behalf of the County by such persons as at the actual date of execution of the Bonds shall be the proper officers of the County although at the original date of the Bonds any such person shall not have been such officer of the County.

Only such Bond as shall bear thereon a Registration Certificate in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Registration Certificate shall be conclusive evidence that the Bonds so authenticated has been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

Section 14. Sale of Bonds. The Bonds shall be sold to the Government at a price of par on the terms and conditions set forth herein.

Section 15. Application of Bond Proceeds. The principal proceeds of the sale of the Bonds shall be paid into the Construction Fund and shall be utilized to pay costs of the Project and costs of issuing the Bonds.

Section 16. Short-Lived Asset Reserve Account. The County Treasurer shall establish a fund to be named the Short-Lived Asset Reserve Account, or such other designation as shall meet applicable accounting requirements. The County shall deposit the sum of \$6,350 annually into the Short-Lived Asset Reserve Account. Money in the Short-Lived Asset Reserve Account shall be used by the County from time to time to replace short-lived equipment or apparatus of the System. The required balance on hand may be adjusted annually based on inflation at the direction of the Government

Section 17. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the County shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

Section 18. General Authorization. The members of the Board, the Clerk of the Board, the Treasurer and all other appropriate officers of the County are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their

judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this resolution.

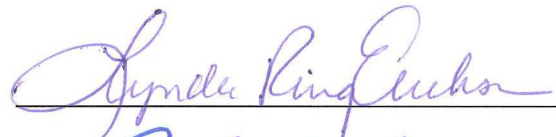
Section 19. Prior Acts. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified and confirmed.


Section 20. Effective Date. This resolution shall become effective immediately upon adoption.

ADOPTED by the Board of County Commissioners of Mason County, Washington, at a regular meeting thereof held this 24th day of June, 2008.

MASON COUNTY, WASHINGTON







Commissioners

ATTEST:



Clerk of the Board


CERTIFICATE

I, the undersigned, Clerk of the Board of Commissioners of Mason County, Washington (herein called the "County") and keeper of the records of the Board of Commissioners of the County (herein called the "Board"), DO HEREBY CERTIFY:

1. That the attached Resolution is a true and correct copy of Resolution No. 82-08 of the County (herein called the "Resolution"), as finally passed at a regular meeting of the Board of the County held on the 24th day of June, 2008, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Board was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the passage of said Resolution; that all other requirements and proceedings incident to the proper adoption or passage of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

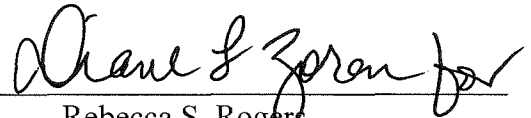
IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the County this 24th day of June, 2008.


Clerk of the Board

CERTIFICATE FOR TRANSCRIPT

I, Rebecca S. Rogers, Clerk of the Board of County Commissioners of Mason County, Washington (the "County"), do hereby certify that the attached documents are in each case true and correct copies of the originals of such documents and that none of the resolutions, proceedings, statements or certificates contained herein has been amended, revised, repealed or rescinded, except as expressly set forth herein, and all of the officers last certified as holding offices have continued to hold their respective offices from such date to and including the date of this certificate.

Dated this 1st day of July, 2008.



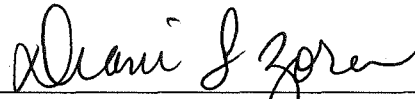
Rebecca S. Rogers
Clerk, Board of County Commissioners

CERTIFICATE

I, Rebecca S. Rogers, Clerk of the Board of County Commissioners of Mason County, Washington, do hereby certify that the members of the Board of County Commissioners serve four-year terms. The present holders of such offices and the expiration dates of their terms are as follows:

	<u>Name</u>	<u>Term Expires</u>
Chairman	Tim Sheldon	December 31, 2008
Commissioner District No. 1	Lynda Ring-Erickson	December 31, 2008
Commissioner District No. 2	Tim Sheldon	December 31, 2008
Commissioner District No. 3	Ross Gallagher	December 31, 2010

Dated this 1st day of July, 2008.



Rebecca S. Rogers
Clerk, Board of County Commissioners

CERTIFICATE

I, Tim Sheldon, the duly elected Chairman of the Board of County Commissioners of Mason County, Washington, do hereby certify that Rebecca S. Rogers is the duly appointed Clerk of the Board of Mason County.

Dated this 1st day of July, 2008.



Tim Sheldon
Chairman, Board of County Commissioners

CERTIFICATE

I, Rebecca S. Rogers, Clerk of the Board of County Commissioners of Mason County, Washington, do hereby certify that the attached is a true and correct copy of the proceedings of the Board setting the date, time, and place for regular meetings of the Board.

Dated this 1st day of July, 2008.



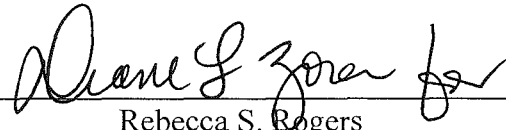
Handwritten signature of Rebecca S. Rogers in cursive script, written over a horizontal line.

Rebecca S. Rogers
Clerk, Board of County Commissioners

CERTIFICATE

I, Rebecca S. Rogers, Clerk of the Board of County Commissioners of Mason County, Washington, do hereby certify that the attached is a true and correct copy of the proceedings of the Board showing the election of Tim Sheldon as Chairman of the Board.

Dated this 1st day of July, 2008.

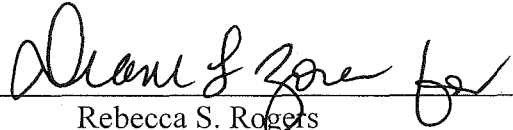
A handwritten signature in cursive script, appearing to read "Rebecca S. Rogers", is written over a horizontal line.

Rebecca S. Rogers
Clerk, Board of County Commissioners

CERTIFICATE

I, Rebecca S. Rogers, Clerk of the Board of County Commissioners of Mason County, Washington (the "County"), do hereby certify that the attached is a full, true and correct copy of the minutes of the June 24, 2008 regular meeting of the Board of County Commissioners.

Dated this 1st day of July, 2008.

A handwritten signature in black ink, appearing to read "Rebecca S. Rogers", is written over a horizontal line.

Rebecca S. Rogers
Clerk, Board of County Commissioners

CERTIFICATE OF PAYMENT AND DELIVERY

I, Elisabeth Frazier, County Treasurer of Mason County, Washington, DO HEREBY CERTIFY that I have delivered to the United States of America, Rural Development, Olympia, Washington, or its duly appointed agent, the Mason County, Washington, Limited Tax General Obligation Bond (Payable from Sewer Revenue), Series 2008A, in the principal amount of \$831,000 (the "Series 2008A Bond) and the Mason County, Washington, Limited Tax General Obligation Bond (Payable from Sewer Revenue), Series 2008B, in the principal amount not to exceed \$525,000 (the "Series 2008B Bond"). I further certify that at the time of such delivery I received payment as follows:

Principal of Series 2008A Bond	\$ 831,000.00
Amount of first draw on Series 2008B Bond	<u>14,317.31</u>
Amount received this 1 st day of July, 2008	\$ <u>844,317.31</u>

Dated this 1st day of July, 2008.

Elisabeth Frazier, Treasurer
Mason County, Washington

CERTIFICATE

I, Elisabeth Frazier, the duly elected, qualified and acting Treasurer of Mason County, Washington (the "County"), hereby certify that the following are all of the County's currently outstanding general obligation bonds and long-term leases and financing contracts (as of June 1, 2008):

- (1) Voted General Obligation Bonds \$ -0-
- (2) Nonvoted General Obligation Bonds and long-term debt obligations:

<u>Designation</u>	<u>Outstanding Balance</u>
Mason County LTGO, 1998	\$ 745,000
Mason County LTGO, 2008	3,170,000
Mason County Rural Devel LTGO, 2002	4,986,437.05

- (3) Long-term Leases: \$

Dated this 1st day of July, 2008.

MASON COUNTY, WASHINGTON

Elisabeth Frazier, Treasurer

SIGNATURE IDENTIFICATION AND NONLITIGATION CERTIFICATE

We, Tim Sheldon and ~~Rebecca S. Rogers~~ ^{Diane L Zolner acting}, the Chairman and Clerk of the Board of County Commissioners, respectively, of Mason County, Washington (the "County"), do hereby certify that our signatures appearing on each of the following-described Limited Tax General Obligation Bonds (Payable from Sewer Revenue), Series 2008A and Series 2008B of the County (collectively, the "Bonds") are true and correct facsimiles of our signatures.

The Series 2008A Bond is designated as the "Mason County, Washington, Limited Tax General Obligation Bond (Payable from Sewer Revenue), Series 2008A," is dated as of the date of delivery thereof to the original purchaser, is fully registered in the principal amount of \$831,000, bears interest on unpaid principal at the rate of 4.125% per annum and is payable as set forth in a Resolution of the County, adopted on June 24, 2008.

The Series 2008B Bond is designated as the "Mason County, Washington, Limited Tax General Obligation Bond (Payable from Sewer Revenue), Series 2008B," is dated as of the date of delivery thereof to the original purchaser, is fully registered in the principal amount of not to exceed \$525,000, bears interest on unpaid principal amounts drawn at the rate of 4.375% per annum and is payable as set forth in a Resolution of the County, adopted on June 24, 2008.

WE FURTHER CERTIFY that there is no controversy or litigation pending or, to the best of our knowledge, threatened affecting the issuance and delivery of the Bonds, the levy and collection of taxes to pay the installments of principal and interest on the Bonds, the pledge by the County of revenues derived from the operation of its sewer system to pay the installments of principal and interest on the Bonds, the proceedings and authority under which the Bonds are issued, the taxes levied and collected, and the revenues pledged, the validity of the Bonds and the title of the present officers of the County to their respective offices.

Dated this 1st day of July, 2008.

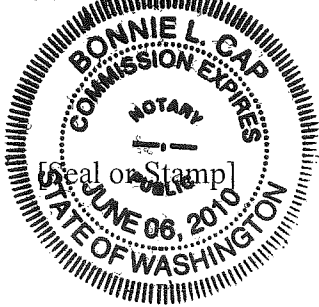
Signatures	Title
<u>Tim Sheldon</u>	Chairman, Board of County Commissioners
<u>Diane L Zolner</u>	Clerk, Board of County Commissioners

STATE OF WASHINGTON)

) ss.

COUNTY OF MASON)

On this 25th day of ~~July~~^{June}, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Tim Sheldon, to me known to be the Chairman of the Board of County Commissioners, respectively, of Mason County, Washington, described and who executed the within and foregoing instrument, and acknowledge to me that they signed said instrument as their free and voluntary act and deed for the uses and purpose therein mentioned.



Bonnie L. Cap
Notary Public
Bonnie L. Cap
[Printed Name]
Residing at Shelton
My appointment expires 6-6-10

STATE OF WASHINGTON)

) ss.

COUNTY OF MASON)

On this 25th day of ~~July~~^{June}, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared ~~Rebecca S. Rogers~~^{Diane L. Zalen}, to me known to be the Clerk of the Board of County Commissioners, respectively, of Mason County, Washington, described and who executed the within and foregoing instrument, and acknowledge to me that they signed said instrument as their free and voluntary act and deed for the uses and purpose therein mentioned.



Bonnie L. Cap
Notary Public
Bonnie L. Cap
[Printed Name]
Residing at Shelton

UNITED STATES OF AMERICA

R-1

\$831,000

STATE OF WASHINGTON

MASON COUNTY

LIMITED TAX GENERAL OBLIGATION BOND (PAYABLE FROM SEWER REVENUE),
SERIES 2008A

PRINCIPAL AMOUNT: EIGHT HUNDRED THIRTY-ONE THOUSAND AND NO/100 DOLLARS
INTEREST RATE: 4.125%
MATURITY DATE: JULY 1, 2048

MASON COUNTY, WASHINGTON (the "County"), a municipal corporation duly organized and existing under the laws of the State of Washington, promises to pay to the UNITED STATES OF AMERICA, ACTING THROUGH THE UNITED STATES DEPARTMENT OF AGRICULTURE (the "Government") but solely from the Bond Fund of the County, established by a Resolution of the County, adopted on June 24, 2008.

This bond shall bear interest at the rate of 4.125% per annum (computed on the basis of a 365-day year for actual number of days elapsed) and shall accrue from the date hereof. Principal of and interest shall be payable in semiannual amortized installments in the amount equal to \$21,307.00, on each January 1 and July 1, commencing January 1, 2009, with final payment of principal and interest nevertheless due on the Maturity Date. If any installment of principal and interest is not paid when due, the County shall be obligated to pay interest on that installment at the same rate provided herein from and after its due date until that installment is paid in full. Simultaneously herewith, the County is issuing its Limited Tax General Obligation Bond (Payable from Sewer Revenue), Series 2008B in the aggregate principal amount of not to exceed \$525,000.

This bond, designated as the "Limited Tax General Obligation Bond (Payable from Sewer Revenue), Series 2008A," is issued by the County in fully registered form to provide funds to provide a portion of the funds to finance improvements to the Rustlewood Wastewater Treatment Plant and betterments to and extensions of the sewerage system of the County, and to pay the costs of issuance of this bond, all as set forth in the Bond Resolution.

As long as the Government is the registered owner of this bond, payments of principal and interest shall be made by the County Treasurer directly to the Government at the office of the Government serving Mason County, Washington. Upon final payment of the principal of and interest on this bond, it shall be submitted to the County for cancellation and surrender.

Both principal of and interest on this bond are payable solely out of the special fund of the County known as the "Mason County RD LTGO Bond Fund 2008" (the "Bond Fund") created by a Resolution of the Board adopted on June 24, 2008 (the "Bond Resolution").

The County has reserved the right to prepay at any time, without penalty or premium, all or any portion of the unpaid principal amount of this bond. Notice of any optional prepayment shall be given at least 30 days prior to the prepayment date by mailing to the registered owner a notice fixing such prepayment date and the amount of principal to be prepaid.

The County has irrevocably covenanted and agreed with the registered owner of this bond that it will annually include in its budget and levy taxes, within and as a part of the tax levy permitted to counties without a vote of the people, upon all the property subject to taxation, in an amount sufficient, together with all other moneys legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the County are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The County further does hereby pledge and bind itself to set aside from the Gross Revenue and to pay into the Bond Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund, on the dates and at the times provided by the Bond Resolution.

Reference is made to the Bond Resolution for a more complete description of the covenants with and the rights of the owner of this bond. The County hereby covenants and agrees with the owner of this bond that it will keep and perform all the covenants of this bond and of the Bond Resolution to be by it kept and performed.

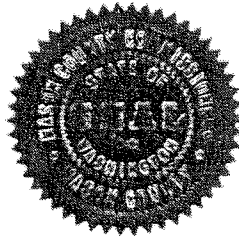
The County in the Bond Resolution has designated this bond as a qualified tax-exempt obligation for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This bond shall not be valid or become obligatory for any purpose until the Registration Certificate hereon has been signed by the Bond Registrar.

This bond may be assigned, and upon such assignment the assignor shall promptly notify the County Treasurer by registered mail.

It is hereby certified and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and Resolutions of the County, and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, Mason County, Washington, has caused this bond to be signed on behalf of the County with the manual or facsimile signatures of its Chairman of the Board and the Clerk of the Board of County Commissioners, as of this 1st day of July, 2008.



MASON COUNTY, WASHINGTON

Tim Stelmach
Chairman of the Board of County Commissioners

ATTEST:

Rebecca D. Rogers
Clerk of the Board

REGISTRATION CERTIFICATE

This bond is registered in the name of the owner on the books of the County in the office of the County Treasurer as to both principal and interest as noted in the registration blank below. No transfer hereof shall be valid unless made by the registered owner or his/her duly authorized agent in writing, and similarly noted hereon and on the bond registration books of the County. All payments of principal of and interest on this bond shall be made by the County with full acquittance by Treasurer's check, or by warrant of the County drawn on the Treasurer, made payable to the last registered holder shown hereon and delivered to such owner or mailed to him/her at his/her address noted hereon.

Date of Registration	Name and Address of Registered Owner	Signature of Bond Registrar
June 27, 2008	United States of America acting through its Department of Agriculture 1835 Black Lake Blvd. S.W. Suite C Olympia, WA 98512-5716	 Treasurer

July 1, 2008

Mason County
Shelton, Washington

United States of America, acting through the
United States Department of Agriculture, Rural Development
Mount Vernon, Washington

Re: Mason County, Washington, Limited Tax General Obligation Bonds (Payable from Sewer Revenue), Series 2008A – \$831,000 and Series 2008B – Not to exceed \$525,000

Ladies and Gentlemen:

We have acted as bond counsel to Mason County, Washington (the "County") and have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the County of its Limited Tax General Obligation Bond (Payable from Sewer Revenue), Series 2008A in the principal amount of \$831,000 (the "Series 2008A Bond") and its Limited Tax General Obligation Bond (Payable from Sewer Revenue), Series 2008B in the principal amount of not to exceed \$525,000 (the "Series 2008B Bond" and together with the Series 2008A Bond, the "Bonds"), issued pursuant to a Resolution of the County, adopted June 24, 2008 (the "Bond Resolution") for the purpose providing part of the financing the costs of constructing improvements to the Rustlewood wastewater treatment facility.

The Series 2008A Bond is dated as of the date of delivery thereof to the United States Department of Agriculture, Rural Development, is numbered R-1, is fully registered in the principal amount of \$831,000, and bears interest at the rate of 4.125% per annum on unpaid principal and is repayable in semiannual installments of principal and interest payable on the first day of the sixth month following the date of the Series 2008A Bond and semiannually thereafter, with the final payment nevertheless due on July 1, 2048.

The Series 2008B Bond is dated as of the date of delivery thereof to the United States Department of Agriculture, Rural Development, is numbered R-1, is fully registered in the principal amount of not to exceed \$525,000, and bears interest on unpaid principal amounts drawn at the rate of 4.375% per annum and is repayable in semiannual installments of principal and interest payable on the first day of the 12th month following the date of the Series 2008B Bond and semiannually thereafter, with the final payment nevertheless due on July 1, 2048.

As to questions of fact material to our opinion, we have relied upon representations of the County contained in the Bond Resolution and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

From such examination it is our opinion, as of this date and under existing law, that:

1. The Bonds have been legally issued and constitute valid special obligations of the County, both principal thereof and interest thereon being payable solely out of the Bond Fund, except to the extent that the enforcement of the rights and remedies of such owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. Both principal of and interest on the Bonds are payable from annual levies of *ad valorem* taxes to be made upon all the taxable property within the County, within and as part of the property taxes authorized by law to be levied by the County without a vote of the people, in amounts which, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due. The full faith, credit and resources of the County are irrevocably pledged for the payment of the principal of and interest on the Bonds.

3. The County has further obligated and bound itself to set aside and pay into the Bond Fund out of the Gross Revenue (as defined in the Bond Resolution) amounts sufficient to pay the principal of and interest on the Bonds as the same become due and payable. The pledge of Gross Revenue to make payments on the Bonds constitutes a lien and charge thereon junior, subordinate and inferior to the Costs of Maintenance and Operation, junior, subordinate and inferior to the lien and charge thereon of any lien and charge that may be made to pay and secure the payment of any Senior Lien Bonds, equal in rank to the lien and charge thereon for amounts pledged to pay any other outstanding sewer revenue obligations that the County, and superior to all other charges of any kind or nature, all as provided in the Bond Resolution.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes, except that no opinion is expressed with respect to the excludability of interest on the Bonds if sold out of the Agriculture Credit Insurance Fund or the Rural Development Insurance Fund as an insured loan (such Funds being referred to in 7 U.S.C. Sections 1926(a)(1) or 1929a(h)). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The County has covenanted to comply with all applicable requirements. Failure to comply with certain of such covenants may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

K&L PRESTON GATES ELLIS LLP

K&L Preston Gates Ellis LLP

UNITED STATES OF AMERICA

R-1

Not to exceed
\$525,000

STATE OF WASHINGTON
MASON COUNTY
LIMITED TAX GENERAL OBLIGATION BOND (PAYABLE FROM SEWER REVENUE),
SERIES 2008B

PRINCIPAL AMOUNT: NOT TO EXCEED FIVE HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS
INTEREST RATE: 4.375%
MATURITY DATE: JULY 1, 2048

MASON COUNTY, WASHINGTON (the "County"), a municipal corporation duly organized and existing under the laws of the State of Washington, promises to pay to the UNITED STATES OF AMERICA, ACTING THROUGH THE UNITED STATES DEPARTMENT OF AGRICULTURE (the "Government") but solely from the Bond Fund of the County, established by a Resolution of the County, adopted on June 24, 2008.

This bond shall bear interest on such portion thereof as is drawn on this bond at the rate of 4.375% per annum (computed on the basis of a 365-day year for actual number of days elapsed) and shall accrue from the date of each draw on this bond until paid. Interest shall be payable 12 months from the date of delivery of this bond and semi-annually thereafter until maturity. The first principal payment shall be payable 12 months after the date of delivery of this bond and semi-annually thereafter until maturity. Principal of and interest on this bond shall be amortized in equal semi-annual installments due over a period of 39 years. If any installment of principal and interest is not paid when due, the County shall be obligated to pay interest on that installment at the same rate provided herein from and after its due date until that installment is paid in full. Simultaneously herewith, the County is issuing its Limited Tax General Obligation Bond (Payable from Sewer Revenue), Series 2008A in the aggregate principal amount of \$831,000.

This bond, designated as the "Limited Tax General Obligation Bond (Payable from Sewer Revenue), Series 2008B," is issued by the County in fully registered form to provide funds to provide a portion of the funds to finance improvements to the Rustlewood Wastewater Treatment Plant and betterments to and extensions of the sewerage system of the County, and to pay the costs of issuance of this bond, all as set forth in the Bond Resolution.

As long as the Government is the registered owner of this bond, payments of principal and interest shall be made by the County Treasurer directly to the Government at the office of the Government serving Mason County, Washington. Upon final payment of the principal of and interest on this bond, it shall be submitted to the County for cancellation and surrender.

Both principal of and interest on this bond are payable solely out of the special fund of the County known as the "Mason County RD LTGO Bond Fund 2008" (the "Bond Fund") created by a Resolution of the Board adopted on June 24, 2008 (the "Bond Resolution").

The County has reserved the right to prepay at any time, without penalty or premium, all or any portion of the unpaid principal amount of this bond. Notice of any optional prepayment shall be given at least 30 days prior to the prepayment date by mailing to the registered owner a notice fixing such prepayment date and the amount of principal to be prepaid.

The County has irrevocably covenanted and agreed with the registered owner of this bond that it will annually include in its budget and levy taxes, within and as a part of the tax levy permitted to counties without a vote of the people, upon all the property subject to taxation, in an amount sufficient, together with all other moneys legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the County are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The County further does hereby pledge and bind itself to set aside from the Gross Revenue and to pay into the Bond Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund, on the dates and at the times provided by the Bond Resolution.

Reference is made to the Bond Resolution for a more complete description of the covenants with and the rights of the owner of this bond. The County hereby covenants and agrees with the owner of this bond that it will keep and perform all the covenants of this bond and of the Bond Resolution to be by it kept and performed.

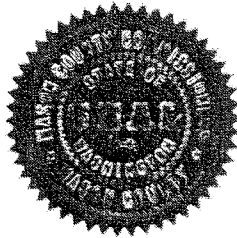
The County in the Bond Resolution has designated this bond as a qualified tax-exempt obligation for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This bond shall not be valid or become obligatory for any purpose until the Registration Certificate hereon has been signed by the Bond Registrar.

This bond may be assigned, and upon such assignment the assignor shall promptly notify the County Treasurer by registered mail.

It is hereby certified and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and Resolutions of the County, and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

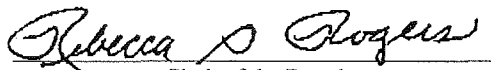
IN WITNESS WHEREOF, Mason County, Washington, has caused this bond to be signed on behalf of the County with the manual or facsimile signatures of its Chairman of the Board and the Clerk of the Board of County Commissioners, as of this 1st day of July, 2008.



MASON COUNTY, WASHINGTON

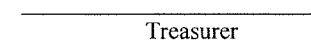

Chairman of the Board of County Commissioners

ATTEST:


Clerk of the Board

REGISTRATION CERTIFICATE

This bond is registered in the name of the owner on the books of the County in the office of the County Treasurer as to both principal and interest as noted in the registration blank below. No transfer hereof shall be valid unless made by the registered owner or his/her duly authorized agent in writing, and similarly noted hereon and on the bond registration books of the County. All payments of principal of and interest on this bond shall be made by the County with full acquittance by Treasurer's check, or by warrant of the County drawn on the Treasurer, made payable to the last registered holder shown hereon and delivered to such owner or mailed to him/her at his/her address noted hereon.

<u>Date of Registration</u>	<u>Name and Address of Registered Owner</u>	<u>Signature of Bond Registrar</u>
June 27, 2008	United States of America acting through its Department of Agriculture 1835 Black Lake Blvd. S.W. Suite C Olympia, WA 98512-5716	 Treasurer

July 1, 2008

Mason County
Shelton, Washington

United States of America, acting through the
United States Department of Agriculture, Rural Development
Mount Vernon, Washington

Re: Mason County, Washington, Limited Tax General Obligation Bonds (Payable from Sewer Revenue), Series 2008A – \$831,000 and Series 2008B – Not to exceed \$525,000

Ladies and Gentlemen:

We have acted as bond counsel to Mason County, Washington (the "County") and have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the County of its Limited Tax General Obligation Bond (Payable from Sewer Revenue), Series 2008A in the principal amount of \$831,000 (the "Series 2008A Bond") and its Limited Tax General Obligation Bond (Payable from Sewer Revenue), Series 2008B in the principal amount of not to exceed \$525,000 (the "Series 2008B Bond" and together with the Series 2008A Bond, the "Bonds"), issued pursuant to a Resolution of the County, adopted June 24, 2008 (the "Bond Resolution") for the purpose providing part of the financing the costs of constructing improvements to the Rustlewood wastewater treatment facility.

The Series 2008A Bond is dated as of the date of delivery thereof to the United States Department of Agriculture, Rural Development, is numbered R-1, is fully registered in the principal amount of \$831,000, and bears interest at the rate of 4.125% per annum on unpaid principal and is repayable in semiannual installments of principal and interest payable on the first day of the sixth month following the date of the Series 2008A Bond and semiannually thereafter, with the final payment nevertheless due on July 1, 2048.

The Series 2008B Bond is dated as of the date of delivery thereof to the United States Department of Agriculture, Rural Development, is numbered R-1, is fully registered in the principal amount of not to exceed \$525,000, and bears interest on unpaid principal amounts drawn at the rate of 4.375% per annum and is repayable in semiannual installments of principal and interest payable on the first day of the 12th month following the date of the Series 2008B Bond and semiannually thereafter, with the final payment nevertheless due on July 1, 2048.

As to questions of fact material to our opinion, we have relied upon representations of the County contained in the Bond Resolution and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

From such examination it is our opinion, as of this date and under existing law, that:

1. The Bonds have been legally issued and constitute valid special obligations of the County, both principal thereof and interest thereon being payable solely out of the Bond Fund, except to the extent that the enforcement of the rights and remedies of such owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. Both principal of and interest on the Bonds are payable from annual levies of *ad valorem* taxes to be made upon all the taxable property within the County, within and as part of the property taxes authorized by law to be levied by the County without a vote of the people, in amounts which, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due. The full faith, credit and resources of the County are irrevocably pledged for the payment of the principal of and interest on the Bonds.

3. The County has further obligated and bound itself to set aside and pay into the Bond Fund out of the Gross Revenue (as defined in the Bond Resolution) amounts sufficient to pay the principal of and interest on the Bonds as the same become due and payable. The pledge of Gross Revenue to make payments on the Bonds constitutes a lien and charge thereon junior, subordinate and inferior to the Costs of Maintenance and Operation, junior, subordinate and inferior to the lien and charge thereon of any lien and charge that may be made to pay and secure the payment of any Senior Lien Bonds, equal in rank to the lien and charge thereon for amounts pledged to pay any other outstanding sewer revenue obligations that the County, and superior to all other charges of any kind or nature, all as provided in the Bond Resolution.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes, except that no opinion is expressed with respect to the excludability of interest on the Bonds if sold out of the Agriculture Credit Insurance Fund or the Rural Development Insurance Fund as an insured loan (such Funds being referred to in 7 U.S.C. Sections 1926(a)(1) or 1929a(h)). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The County has covenanted to comply with all applicable requirements. Failure to comply with certain of such covenants may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

K&L PRESTON GATES ELLIS LLP

K&L Preston Gates Ellis LLP