

**NEW ISSUE  
BOOK-ENTRY ONLY  
2009A BONDS BANK QUALIFIED**

**Moody's Rating: Aa3  
Standard & Poor's Rating: AA+  
(See "RATINGS" herein)**

*In the opinion of Bond Counsel, under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issue date of the 2009A Bonds, interest on the 2009A Bonds is excluded from gross income for federal income tax purposes and is not subject to the federal alternative minimum tax. However, interest on the 2009A Bonds received by certain S corporations may be subject to tax, and interest on the 2009A Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. Receipt of interest on the 2009A Bonds may have other federal tax consequences for certain taxpayers. In the opinion of Bond Counsel, interest on the 2009B Bonds is not excludable from gross income for federal income tax purposes. See "TAX MATTERS" herein.*

**\$80,095,000  
Cascade Water Alliance  
(King County, Washington)  
Water System Revenue Bonds**

**\$4,940,000 2009A**

**\$75,155,000 2009B  
(Taxable Build America Bonds –  
Direct Payment)**

**Dated: Date of Delivery**

**Due: September 1, as shown on inside cover**

The Water System Revenue Bonds, 2009A (the "2009A Bonds") and the Water System Revenue Bonds, 2009B (Taxable Build America Bonds – Direct Payment) (the "2009B Bonds," and together with the 2009A Bonds, the "Bonds") are being issued by Cascade Water Alliance ("Cascade"), a nonprofit corporation composed of municipal corporations and special purpose municipal corporations of the State of Washington (the "State") and organized for the purpose of providing water supply to meet future demands of its Members. The Bonds are being issued for the purposes of paying the cost of carrying out a portion of the capital program described in its 2009 Watershed Management Plan adopted on August 26, 2009 as Amendment No. 1 to the 2006 Watershed Management Plan, providing for a debt service reserve and paying the costs of issuing the Bonds. The Bonds are being issued only as fully registered bonds, registered in the name of Cede & Co., as nominee for The Depository Trust Company, in New York, New York ("DTC"), which will act as initial securities depository for the Bonds. Individual purchases of the Bonds will be made in the principal amount of \$5,000 or any integral multiple thereof within a single maturity and series. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive certificates representing their ownership interests.

Interest on the Bonds is payable on March 1 and September 1, commencing March 1, 2010, until maturity or prior redemption, by the fiscal agent of the State, currently The Bank of New York Mellon in New York, New York, as paying agent and registrar (the "Bond Registrar"). So long as DTC or its nominee is the Registered Owner of the Bonds, such payments will be made by the Bond Registrar to DTC, which is obligated to remit such payments to its broker-dealer Participants, which in turn are obligated to remit such payments to the Beneficial Owners of the Bonds as described herein.

The Bonds are payable from and secured by a pledge of and lien on Cascade's Net Revenue as described herein. The pledge of Net Revenue for the payment of the Bonds, all outstanding Parity Bonds, all Future Parity Bonds, all Payment Agreement Payments and all payments required to be made into the Reserve Accounts under any Parity Bond Authorizing Resolution constitutes a charge upon the Net Revenue superior to any other charges whatsoever.

**Maturity Schedule on Inside Cover**

The Bonds are subject to redemption prior to their stated maturities as described herein.

**The Bonds will not be secured by a mortgage, deed of trust or other security interest in Cascade's physical assets. The Bonds do not constitute a debt, liability or obligation of the State of Washington or any political subdivision thereof, nor the contracting of indebtedness or a pledge of the full faith and credit or taxing power of the State of Washington or any political subdivision thereof. The Bonds are payable solely from Cascade's Net Revenue and money and investments held by Cascade in certain funds and are not secured by a pledge of the full faith and credit or taxing power of any Member and are not payable from the revenue, assets or funds of any Member, except as expressly provided in the Interlocal Contract and the 2009 Bond Resolution. The Bonds are not obligations of King County or of any of the Members. The Bonds are not general obligations of Cascade. Cascade has no taxing power.**

The Bonds are offered for delivery when, as and if issued, subject to prior sale, to withdrawal or modification of the offer without notice, and to receipt of the approving legal opinion of Foster Pepper PLLC, Seattle, Washington, Bond Counsel. Certain other legal matters will be passed on for Cascade by its General Counsel, GordonDerr LLP, Seattle, Washington, and for the Underwriters by their counsel Orrick, Herrington & Sutcliffe LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, by Fast Automated Securities Transfer on or about October 15, 2009.

*This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.*

September 23, 2009



**\$80,095,000**  
**Cascade Water Alliance**  
**(King County, Washington)**  
**Water System Revenue Bonds, 2009**

**Water System Revenue Bonds, 2009A**  
**(Tax-Exempt – Bank Qualified)**  
**Principal Amount of \$4,940,000**

<u>Due</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No. *</u>
2015	\$2,410,000	5.00%	2.25%	14739HAX9
2016	2,530,000	5.00	2.49	14739HAY7

**Water System Revenue Bonds, 2009B**  
**(Taxable Build America Bonds – Direct Payment)**  
**Principal Amount of \$75,155,000**

<u>Due</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP No. *</u>
2010	\$1,980,000	1.030%	100.000	14739HAZ4
2011	2,265,000	1.523	100.000	14739HBA8
2012	2,290,000	2.123	100.000	14739HBB6
2013	2,320,000	2.600	100.000	14739HBC4
2014	2,360,000	3.076	100.000	14739HBD2
***	***	***	***	***
2017	2,655,000	4.219	100.000	14739HBR1
2018	2,730,000	4.448	100.000	14739HBE0
2019	2,805,000	4.548	100.000	14739HBF7
2020	2,890,000	4.818	100.000	14739HBG5
2021	2,980,000	5.048	100.000	14739HBH3
2022	3,080,000	5.168	100.000	14739HBJ9
2023	3,180,000	5.318	100.000	14739HBK6
2024	3,290,000	5.418	100.000	14739HBL4
2025	3,405,000	5.518	100.000	14739HBM2
2026	3,530,000	5.618	100.000	14739HBN0

\$11,385,000 5.668% Term Bonds due September 1, 2029 at a price of 100.000% CUSIP No. 14739HBP5\*

\$22,010,000 5.907% Term Bonds due September 1, 2034 at a price of 100.000% CUSIP No. 14739HBQ3\*

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No quotations from or summaries or explanations of the provisions of laws or documents herein purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between Cascade and the purchasers or owners of any of the Bonds. The cover page hereof and appendices attached hereto are part of this Official Statement.

No dealer, broker, sales representative or other person has been authorized by Cascade to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by Cascade. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from Cascade, Cascade's Members and other sources that Cascade believes to be reliable, but it is not guaranteed as to accuracy or completeness. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Cascade or any Member since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information set forth in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with the offering of the Bonds, the Underwriters may overallocate or effect transactions that stabilize or maintain the market price of such Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Certain statements contained in this Official Statement reflect not historical facts but forecasts and "forward-looking statements." The words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as described in the continuing disclosure certificate of Cascade, Cascade does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations or events, conditions or circumstances on which such statements are based occur.

The prospective financial information included in this Official Statement, including any forward-looking or prospective financial information, has been prepared by and is the responsibility of the management of Cascade.