

05/18/98

Introduced By: Rob McKenna  
Greg Nickels

Proposed No.: 98-296

MOTION NO. **10459**

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A MOTION accepting bids for the purchase of the county's Limited Tax General Obligation (Public Transportation Sales Tax) Refunding Bonds, 1998, in the aggregate principal amount of \$85,715,000; fixing the interest rates and other terms of such bonds; approving a plan of refunding certain outstanding limited sales tax general obligation bonds of the county and authorizing the county's finance director to establish the final maturity schedule for the refunding bonds and to report to the council, all in accordance with Ordinance No. 13128 of the county.

WHEREAS, the county council by Ordinance No. 13128 passed May 4, 1998 (the "Bond Ordinance"), authorized the issuance and sale of the county's limited tax general obligation (public transportation sales tax) refunding bonds in the aggregate principal amount of not to exceed \$90,000,000 for the purpose of refunding certain outstanding limited sales tax general obligation bonds of the county (the "Bonds"); and

WHEREAS, the Bond Ordinance provided that the Bonds be sold at public sale as determined by the finance director in consultation with the county's financial advisors; and

WHEREAS, the finance director has determined that the Bonds be sold as provided herein; and

1           WHEREAS, pursuant to the Bond Ordinance, a preliminary official statement dated  
2 May 7, 1998 has been prepared for the public sale of the Bonds, the official notice of such  
3 sale (the "Notice") has been duly published, and bids have been received in accordance  
4 with the Notice; and

5           WHEREAS, the attached bid of Morgan Stanley & Co., Inc. ("Morgan Stanley") to  
6 purchase the Bonds is the best bid received for such bonds, and it is in the best interest of  
7 the county that the Bonds be sold to Morgan Stanley on the terms set forth in the Notice,  
8 the attached bid, the Bond Ordinance and this motion; and

9           WHEREAS, in accordance with the Bond Ordinance, the Council wishes to  
10 authorize and approve the final plan of refunding of certain outstanding limited sales tax  
11 general obligation bonds of the county from proceeds of the Bonds, as set forth herein; and

12           WHEREAS, the exact amount of the Bonds required for the refunding of the  
13 outstanding bonds cannot be determined until the prices of certain government obligations  
14 acquired to defease the outstanding bonds are established;

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

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

18           B.     Ratification of Notice of Sale, Acceptance of Bids, and Authorization of  
19 Bonds. The issuance of the Bonds, designated as the county's Limited Tax General  
20 Obligation (Public Transportation Sales Tax) Refunding Bonds, 1998, in the aggregate  
21 principal amount of \$85,715,000, and the terms and conditions thereof set forth in the  
22 Official Notice of Bond Sale, attached hereto as Exhibit A (the "Notice"), are hereby  
23 ratified and confirmed, and the bid to purchase the Bonds, as set forth in the purchaser's  
24 bid attached hereto as Exhibit B, is hereby accepted. The Bonds shall bear interest at the  
25 rates set forth on Exhibit B and shall conform in all other respects to the terms and  
26 conditions specified in the Notice and Bond Ordinance.

27           The Bonds shall be subject to optional redemption as set forth in the Notice.

1 C. Refunding and Redemption of Refunded Bonds.

2 1. Plan of Refunding. In accordance with Section 15 of the Bond  
3 Ordinance, the finance director has determined, in consultation with the county's financial  
4 advisors, that proceeds of the Bonds shall be used to refund on July 1, 1998, the Series  
5 1989 Bonds maturing on and after January 1, 2000 (the "Refunded 1989 Bonds") and the  
6 Series 1991 Refunding Bonds maturing on and after January 1, 2000 (the "Refunded 1991  
7 Bonds") (collectively, the "Refunded Bonds"), and such plan of refunding is hereby  
8 ratified and confirmed.

9 As provided in the Bond Ordinance, proceeds of the Bonds shall be deposited in the  
10 Refunding Account and used, together with other funds of the county, if necessary, to  
11 purchase certain "Government Obligations" as such obligations are defined in  
12 Chapter 39.53 RCW as now or hereafter amended (which obligations so purchased, are  
13 herein called "Acquired Obligations"), bearing such interest and maturing as to principal  
14 and interest in such amounts and at such times which, together with any necessary  
15 beginning cash balance, will provide for the payment of:

- 16 (a) The interest on the Refunded 1989 Bonds to and including July 1,  
17 1998;
- 18 (b) The redemption price (101.5% of the principal amount) payable on  
19 July 1, 1998, of the Refunded 1989 Bonds;
- 20 (c) The interest on the Refunded 1991 Bonds to and including July 1,  
21 1998; and
- 22 (d) the redemption price (101.5% of the principal amount) payable on  
23 July 1, 1998, of the Refunded 1991 Bonds.

24 Any beginning cash balance and the Acquired Obligations shall be irrevocably  
25 deposited with the Escrow Agent in an amount sufficient to defease the Refunded Bonds in  
26 accordance with this Section C. Any amounts described above that are not provided for in  
27 full by such beginning cash balance and the purchase and deposit with the Escrow Agent of

1 the Acquired Obligations described in this section shall be provided for by the irrevocable  
2 deposit of the necessary amount out of the proceeds of sale of the Bonds or any other  
3 money of the county legally available therefor. The proceeds of the Bonds remaining in  
4 the Refunding Account after acquisition of the Acquired Obligations and provision for the  
5 necessary beginning cash balance shall be utilized to pay expenses of the acquisition and  
6 safekeeping of the Acquired Obligations and the costs of issuing the Bonds. The county  
7 may, from time to time, transfer, or cause to be transferred, from the Refunding Account  
8 any money not thereafter required for the purposes set forth in subparagraphs (a) through  
9 (d) above, subject to verification in writing by an independent certified public accountant  
10 that such transfer will not result in inadequate funds being available to make the required  
11 payments therefrom. The county reserves the right to substitute other securities for the  
12 Acquired Obligations in the event it may do so pursuant to Section 148 of the Code and  
13 applicable regulations thereunder, upon compliance with the conditions set forth in the  
14 Escrow Agreement.

15 The selection of The Bank of New York as Escrow Agent is hereby ratified and  
16 confirmed.

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

20 The county hereby irrevocably defeases and calls for redemption on July 1, 1998,  
21 the Refunded Bonds in accordance with the provisions of the Refunding Bond Resolutions  
22 authorizing the redemption and retirement of certain of the Refunded Bonds prior to their  
23 fixed maturities.

24 The county hereby irrevocably sets aside sufficient funds through the purchase of  
25 Acquired Obligations and an initial cash deposit to make the payments, as specified in  
26 subparagraphs (a) through (d) in Section C.1 above.

1 Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable  
2 after the final establishment of the escrow account and delivery of the Acquired  
3 Obligations and the requisite cash deposit, if any, to the Escrow Agent, except as provided  
4 herein relating to the substitution of securities. The finance director is authorized and  
5 requested to provide whatever assistance is necessary to accomplish such defeasance.

6 The Escrow Agent is hereby authorized and directed to notify the fiscal agency of  
7 the State of Washington to give notice of the redemption of the Refunded Bonds in  
8 accordance with the applicable provisions of the Refunding Bond Resolutions. The  
9 finance director is authorized and requested to provide whatever assistance is necessary to  
10 accomplish such redemption and the giving of notice therefor. The costs of publication of  
11 such notice shall be an expense of the county.

12 The Escrow Agent is hereby authorized and directed to pay to the fiscal agency or  
13 agencies of the State of Washington sums sufficient to make, when due, the payments  
14 specified in subparagraphs (a) through (d) above. All such sums shall be paid from the  
15 money and Acquired Obligations deposited with said Escrow Agent pursuant to this  
16 section, and the income therefrom and proceeds thereof. All such sums so paid shall be  
17 credited to the Refunding Account. All money and Acquired Obligations deposited with  
18 said Escrow Agent and any income therefrom shall be held, invested and applied in  
19 accordance with the provisions of the Bond Ordinance and with the laws of the State of  
20 Washington for the benefit of the county and the owners of the Refunded Bonds.

21 3. Findings of Defeasance. This council hereby finds and determines  
22 that the Acquired Obligations to be deposited with the Escrow Agent and the income  
23 therefrom, together with any necessary beginning cash balance, are sufficient to defease  
24 and redeem the above-referenced Refunded Bonds and will discharge and satisfy the  
25 obligations of the county with respect to such Refunded Bonds under the ordinances  
26 authorizing their issuance and the pledges of the county therein. Immediately upon the  
27 delivery of such Acquired Obligations to the Escrow Agent and the deposit of any

1 necessary beginning cash balance, such Refunded Bonds shall be deemed not to be  
2 outstanding under their respective authorizing ordinances and shall cease to be entitled to  
3 any lien, benefit or security under such ordinances except the right to receive payment  
4 from the Acquired Obligations and beginning cash balance so set aside and pledged.

5 D. Undertaking to Provide Ongoing Disclosure.

6 1. Contract/Undertaking. This Section D constitutes the county's  
7 written undertaking for the benefit of the owners and Beneficial Owners of the Bonds as  
8 required by Section (b)(5) of the Rule.

9 2. Financial Statements/Operating Data. The county agrees to provide  
10 or cause to be provided to each NRMSIR and to the SID, if any, in each case as designated  
11 by the Commission in accordance with the Rule, the following annual financial  
12 information and operating data for the prior fiscal year (commencing in 1999 for the fiscal  
13 year ended December 31, 1998):

14 (a) Annual financial statements prepared in accordance with the  
15 Budget Accounting and Reporting System prescribed by the Washington State Auditor  
16 pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included in  
17 the official statement for the Bonds under the heading "Appendix B: Audited 1996  
18 Financial Statements";

19 (b) The assessed valuation of taxable property in the county;

20 (c) Property taxes due, property taxes collected and property  
21 taxes delinquent;

22 (d) Property tax levy rate per \$1,000 of assessed valuation;

23 (e) Outstanding general obligation debt of the county; and

24 (f) Public transportation sales taxes collected by the county  
25 pursuant to RCW 82.14.045

26 Such annual information and operating data described above shall be provided on  
27 or before seven months after the end of the county's fiscal year. The county's fiscal year

1 currently ends on December 31. The county may adjust such fiscal year by providing  
2 written notice of the change of fiscal year to each then existing NRMSIR and the SID, if  
3 any. In lieu of providing such annual financial information and operating data, the county  
4 may cross-reference to other documents provided to the NRMSIR, the SID or to the  
5 Commission and, if such document is a final official statement within the meaning of the  
6 Rule, available from the MSRB.

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

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

- 15 (a) Principal and interest payment delinquencies;
- 16 (b) Non-payment related defaults;
- 17 (c) Unscheduled draws on debt service reserves reflecting  
18 financial difficulties;
- 19 (d) Unscheduled draws on credit enhancements reflecting  
20 financial difficulties;
- 21 (e) Substitution of credit or liquidity providers, or their failure to  
22 perform;
- 23 (f) Adverse tax opinions or events affecting the tax-exempt  
24 status of the Series F Bonds;
- 25 (g) Modifications to rights of Bond holders;

1 (h) Optional, contingent or unscheduled calls of any Bonds other  
2 than scheduled sinking fund redemptions for which notice is given pursuant to Exchange  
3 Act Release 34-23856;

4 (i) Defeasances;

5 (j) Release, substitution or sale of property securing repayment  
6 of the Bonds; and

7 (k) Rating changes.

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

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

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

24 Notwithstanding any other provision of this motion, the county may amend this  
25 Section D, and any provision of this Section D may be waived, with an approving opinion  
26 of nationally recognized bond counsel.



1           In the event of any amendment or waiver of a provision of this Section D, the  
2 county shall describe such amendment in the next annual report, and shall include, as  
3 applicable, a narrative explanation of the reason for the amendment or waiver and its  
4 impact on the type (or in the case of a change of accounting principles, on the presentation)  
5 of financial information or operating data being presented by the county. In addition, if the  
6 amendment relates to the accounting principles to be followed in preparing financial  
7 statements, (i) notice of such change shall be given in the same manner as for a material  
8 event under subsection 3, and (ii) the annual report for the year in which the change is  
9 made should present a comparison (in narrative form and also, if feasible, in quantitative  
10 form) between the financial statements as prepared on the basis of the new accounting  
11 principles and those prepared on the basis of the former accounting principles.

12           6.     Bond Owner's Remedies Under This Section. The right of any Bond  
13 Owner or Beneficial Owner of Bonds to enforce the provisions of this section shall be  
14 limited to a right to obtain specific enforcement of the county's obligations hereunder, and  
15 any failure by the county to comply with the provisions of this undertaking shall not be an  
16 event of default with respect to the Bonds hereunder. For purposes of this section,  
17 "Beneficial Owner" means any person who has the power, directly or indirectly, to vote or  
18 consent with respect to, or to dispose of ownership of, any Bonds, including persons  
19 holding Bonds through nominees or depositories.

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

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F. Severability. The covenants contained in this motion shall constitute a contract between the county and the owners of each and every Bond. If any one or more of the covenants or agreements provided in this motion 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 of this motion and shall in no way affect the validity of the other provisions of this motion or of the Bonds.

PASSED by a vote of 11 to 0 this 18<sup>th</sup> day of MAY

1998

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

*Louise Miller*  
Chair

ATTEST:

*[Signature]*  
Clerk of the Council

Attachments: Exhibit A - Official Notices of Bond Sale  
Exhibit B - Winning Bid for the Bonds

**Official Notice of Bond Sale****\$87,190,000\***  
**King County, Washington**  
**Limited Tax General Obligation (Public Transportation Sales Tax)**  
**Refunding Bonds, 1998 Series A**

Sealed bids for the above-referenced bonds of King County, Washington (the "County"), will be received at the County's Purchasing Office, Room 620, King County Administration Building, 500 Fourth Avenue, Seattle, Washington, until 9:00 a.m., Pacific Daylight time, on

**May 18, 1998**

or on such later date or time as may be established by the King County Finance Director (the "Finance Director") and communicated through Munifacts News Service not less than 24 hours prior to the time bids are to be received, for the purchase of the Bonds. All bids received with respect to the Bonds will be considered by the Metropolitan King County Council (the "County Council") at its regularly scheduled meeting on the day bids are received. If the County accepts a bid, it will be awarded to the successful bidder and its terms will be approved by the County Council at such meeting.

If all bids for the Bonds are rejected, the Finance Director may fix a new date and time for the receipt of bids for such Bonds by giving notice communicated through Munifacts News Service not less than 24 hours prior to such new date and time. Any notice specifying a new date and/or time for the receipt of bids, following the rejection of bids received or otherwise, shall be considered an amendment to this Official Notice of Bond Sale.

**Description of the Bonds****Bond Details**

The Bonds will be dated May 15, 1998. Interest on the Bonds will be payable on December 1, 1998 and semiannually thereafter on each June 1 and December 1.

**Registration and Book-Entry Only System**

The Bonds are issuable only as fully registered bonds and when issued will be registered in the name of Cede & Co. as bond owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. The principal of, premium, if any, and interest on the Bonds are payable by the paying agent and registrar for the Bonds, which are the fiscal agencies for the State of Washington (currently The Bank of New York in New York, New York, and Wells Fargo Bank, National Association, in Seattle, Washington) to DTC, which in turn is obligated to remit such principal, premium, if any, and interest to the DTC participants for subsequent disbursement to Beneficial Owners of the Bonds.

**Election of Maturities**

The bidder shall designate whether the principal amounts of the Bonds set forth below shall be retired on December 1 of each respective year as serial bonds maturing in such year or as amortization installments of term bonds maturing in the years specified by the bidder.

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\* Preliminary, subject to change.

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
1998	\$ 2,615,000	2009	\$ 3,595,000
1999	4,000,000	2010	3,765,000
2000	4,150,000	2011	3,950,000
2001	4,340,000	2012	4,150,000
2002	2,615,000	2013	4,360,000
2003	2,735,000	2014	4,580,000
2004	2,860,000	2015	4,810,000
2005	2,990,000	2016	5,055,000
2006	3,125,000	2017	5,315,000
2007	3,280,000	2018	5,585,000
2008	3,430,000	2019	5,885,000

The County will deposit certain money as provided in the Ordinance and will retire the Bonds by purchase or redemption on or before December 1 of the years and in the amounts, if any, designated by the bidder to be amortization installments as provided for above.

### Adjustment of Principal Amounts and Bid Price

The County has reserved the right to increase or decrease the preliminary principal amount of the Bonds by an amount not to exceed ten percent (10%) following the opening of the bids. No single preliminary principal amount of any maturity will be increased or decreased by more than ten percent (10%). The price bid by the successful bidder will be adjusted by the County on a proportionate basis to reflect an increase or decrease in the principal amount and maturity schedule within 24 hours of the bid opening.

### Optional Redemption

The County has reserved the right to redeem outstanding Bonds maturing on or after December 1, 2009, in whole or in part at any time, on or after December 1, 2008, maturities to be redeemed to be selected by the County (by lot within a maturity, in increments of \$5,000, with the manner of selection to be chosen by the registrar), at the prices, which are expressed as a percentage of the principal amount of the Bonds, plus accrued interest, if any, to the date of redemption as follows:

<u>Redemption Period</u>	<u>Redemption Price</u>
From December 1, 2008 to November 30, 2009	101%
On December 1, 2009 and thereafter	100

So long as the Bonds are in book-entry form, the selection of Bonds within a maturity to be redeemed and the manner of providing notice of redemption to Beneficial Owners shall be governed by the operational arrangements of DTC, as then in effect.

### Security

The Bonds are general obligations of King County, Washington. The Bonds are secured by an irrevocable pledge of the Public Transportation Sales Tax, which includes a pledge of the Two-Tenths Sales Tax Revenues that is subordinate to the lien which secures approximately \$74,020,000 par amount of outstanding Limited Sales Tax Bonds. The County further has pledged to include in its budget and to levy an *ad valorem* tax annually, within the Constitutional and statutory limitations provided by law without a vote of the electors of the County, on all property in the County subject to taxation in an amount that, together with other money legally available and to be used therefor, will be sufficient to pay the principal of and interest on the Bonds as they come due.

The County always has met principal and interest payments on outstanding bonds and notes when due.

### Interest Rates and Bidding Information

Bids must be submitted on the Official Bid Form which is contained in the Preliminary Official Statement, or on photocopies of such form.

Bidders are invited to submit bids for the purchase of the Bonds fixing the interest rate or rates that the Bonds will bear. Interest rates bid shall be in multiples of 1/8 or 1/20 of one percent, or both. No more than one rate of interest may be fixed for any one maturity. The interest rate for any maturity of the Bonds shall not be less than the interest rate stated for any earlier maturity. No bid will be considered for the Bonds for less than an amount equal to 98.5 percent of par plus accrued interest or for less than the entire offering of Bonds, and no bid will be considered for more than an amount equal to the par amount of the Bonds plus accrued interest. The purchaser must pay accrued interest, if any, to the date of delivery of the Bonds.

For the purpose of comparing bids only, the interest rates bid being controlling, each bid shall state the true interest cost of the bid determined in the manner hereinafter stated. The true interest cost will be determined by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the price bid, without regard to interest accrued to the date of delivery of the Bonds.

The County strongly encourages the inclusion of women and minority business enterprise firms in bidding syndicates. Bidders are requested to provide a list of any syndicate members with their bids or within 24 hours of submitting their bids.

### Issue Price Information

Within one hour of the opening of the bids for the Bonds, the successful bidder shall advise the County and Bond Counsel of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the County and Bond Counsel a certificate in form and substance acceptable to Bond Counsel (a) confirming the Initial Reoffering Prices, (b) certifying that a bona fide offering of the Bonds has been made to the public (excluding bond houses, brokers and other intermediaries), (c) stating the prices at which a substantial amount of each maturity of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries), (d) stating the price at which any Bonds that remain unsold at the date of closing would have been sold on the date the Bonds were awarded, and (e) the offering price of each Bond sold to institutional or other investors at discount.

### Bid Deposit

All bids shall be without condition, shall be made only on the Official Bid Form furnished by the County or on photocopies of such form and shall be sealed and accompanied by a good faith deposit in the amount of \$870,000. The good faith deposit shall be in the form of cash or a certified or bank cashier's check made payable to the order of the King County Treasury Division Manager or a financial surety bond. If a financial surety bond is used, it must be from an insurance company licensed to issue such a bond in the State of Washington and preapproved by the County. Such bond must be submitted to the County's Financial Advisor prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder using a financial surety bond, then that purchaser is required to submit its deposit to the County in the form of a certified or bank cashier's or treasurer's check or wire transfer as instructed by the County not later than 3:30 p.m., Pacific Daylight Time, on the next business day following the award. If such deposit is not received by that time, the financial surety bond may be drawn upon by the County to satisfy the deposit requirement. Each good faith deposit in a form other than a financial surety bond shall be returned promptly if the bid is not accepted. The good faith deposit of the successful bidder will be retained by the County as security for the performance of such bid, and will be applied to the purchase price of the Bonds on the delivery of such Bonds to the successful bidder. Pending delivery of the Bonds, the good faith deposit may be invested for the sole benefit of the County. If the Bonds are ready for delivery and the successful bidder fails to complete the purchase of such Bonds within 50 days following the acceptance of its bid, the good faith deposit will be forfeited to the County, and, in that event, the County Council may accept the next best bid or call for additional proposals.

### Award

The Bonds will be sold to the bidder making a bid conforming to the terms of the offering and which, on the basis of the lowest true interest cost, is the best bid. If there are two or more equal bids and those bids are the best bids received, the County Council will determine by lot which bid will be accepted. The County reserves the right to reject any or all bids submitted and to waive any formality in the bidding or bidding process, and, if all bids for an offering are rejected, the Bond offering may be readvertised for sale in the manner provided by law and as provided above. Any bid presented

after the time specified for the receipt of bids will not be received, and any bid not accompanied by the required good faith deposit at the time of opening that bid will not be read or considered.

### Insurance

Bids for the Bonds shall not be conditioned upon obtaining insurance or any other credit enhancement. If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of a bidder, any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs of issuance of the Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

### Delivery

The County will deliver the Bonds (consisting of one typewritten certificate for each maturity) to DTC in New York, New York, prior to the date of closing. Closing shall occur within 40 days after the sale date. Settlement shall be in federal funds available in Seattle, Washington, on the date of delivery. Delivery is expected to be June 3 1998.

It is understood that if, prior to the delivery of the Bonds, the interest receivable by the owners of the Bonds becomes includable in gross income for federal income tax purposes, or becomes subject to federal income tax other than as described in the Official Statement for the Bonds, the successful bidder, at its option, may be relieved of its obligation to purchase the Bonds, and in that case the good faith deposit accompanying its bid will be returned without interest.

The approving legal opinion of Preston Gates & Ellis LLP, Seattle, Washington, Bond Counsel, will be provided to the purchaser at the time of the delivery of the Bonds. Bond Counsel's opinion will express no opinion concerning the accuracy, completeness or sufficiency of the Official Statement, or other offering material relating to the Bonds. Nor will there be an opinion of Bond Counsel expressed relating to the undertaking of the County to provide ongoing disclosure pursuant to SEC Rule 15c2-12. A no-litigation certificate will be included in the closing papers of the Bonds.

### Ongoing Disclosure Undertaking

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the County will undertake, pursuant to the Sale Motion, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

### CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on the Bonds nor any error with respect thereto will constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale. All expenses in relation to the printing of the CUSIP numbers on the Bonds will be paid by the County, but the charge of the CUSIP Bureau shall be paid by the purchaser.

### Official Statement and Other Information

A copy of the County's Preliminary Official Statement (with the Official Notice of Bond Sale and the Official Bid Form), dated May 7, 1998, and further information regarding the details of the Bonds may be obtained upon request to the King County Finance Department, 6th Floor, King County Administration Building, 500 Fourth Avenue, Seattle, Washington 98104 (telephone: (206) 296-7326), or the County's Financial Advisor, Seattle-Northwest Securities Corporation, 1420 Fifth Avenue, Suite 4300, Seattle, Washington 98101 (telephone: (206) 628-2882).

The Preliminary Official Statement is in a form deemed final by the County for the purpose of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final Official Statement, which the County will deliver, at the expense of the County, to the purchaser not later than seven business days after the County's acceptance of the

purchaser's bid. The County will deliver no more than 250 copies of the final Official Statement. Additional copies will be provided at the purchaser's expense.

By submitting the successful proposal, the purchaser's designated senior representative agrees to file, or cause to be filed, within one business day following the receipt from the County, the final Official Statement with each nationally recognized municipal securities information repository ("NRMSIR") designated by the Securities and Exchange Commission.

At the time of the delivery of the Bonds, one or more officials of the County will furnish a certificate stating that to the best of his or her knowledge and belief at the time of the acceptance of the bid for and at the time of delivery of the Bonds, this Official Statement and supplemental information furnished by the County did not and does not contain any untrue statements of material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading in any material respect.

The County will advise the managing underwriter, by written notice, of any "developments that impact the accuracy and completeness of the key presentations" (within the meaning of Rule 15c2-12) contained in the final Official Statement, which may occur during the period commencing on the date of the acceptance by the County of the successful proposal and ending on the 90th day next following that date of acceptance, unless the final Official Statement has been filed with each NRMSIR, in which event such period will end on the 25th day.

DATED at Seattle, Washington, this 7th day of May, 1998.

/s/ Anne Noris  
Clerk of the Metropolitan King County Council

EXHIBIT B

10459

Official Bid Form  
 Proposal for the Purchase of \$87,190,000\*  
 King County, Washington  
 Limited Tax General Obligation (Public Transportation Sales Tax)  
 Refunding Bonds, 1998 Series A

Finance Director  
 King County  
 Seattle, Washington

Dear Sir:

For Eighty Seven Million One Hundred Ninety Thousand\* (\$87,190,000\*) par value Limited Tax General Obligation (Public Transportation Sales Tax) Refunding Bonds, 1998 Series A (the "Bonds"), of King County, Washington, dated May 15, 1998, described in the attached Official Notice of Bond Sale, which is hereby made a part of this bid, and for all but not less than all of the Bonds, with interest rates per annum on the Bonds maturing on January 1 in the years and amounts set forth in this Official Bid Form as indicated below:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
1998	\$ 2,615,000	<u>4.50</u>	2009	\$ 3,595,000	<u>5.00</u>
1999	4,000,000	<u>4.50</u>	2010	3,765,000	<u>5.00</u>
2000	4,150,000	<u>4.625</u>	2011	3,950,000	<u>5.00</u>
2001	4,340,000	<u>4.625</u>	2012	4,150,000	<u>5.00</u>
2002	2,615,000	<u>4.625</u>	2013	4,360,000	<u>5.00</u>
2003	2,735,000	<u>4.625</u>	2014	4,580,000	<u>5.00</u>
2004	2,860,000	<u>4.625</u>	2015	4,810,000	<u>5.00</u>
2005	2,990,000	<u>4.625</u>	2016	5,055,000	<u>5.00</u>
2006	3,125,000	<u>4.625</u>	2017	5,315,000	<u>5.00</u>
2007	3,280,000	<u>4.625</u>	2018	5,585,000	<u>5.00</u>
2008	3,430,000	<u>4.625</u>	2019	5,885,000	<u>5.00</u>

We offer to pay the sum of \$ 87,189,981.75 together with accrued interest, if any, to the date of delivery.

In accordance with the terms of the Official Notice of Bond Sale, a good faith deposit in the amount of \$870,000 has been provided in the form of either a certified or bank cashier's check or a financial surety bond, each payable to the order of the King County Treasury Division Manager. The good faith deposit is to be applied in accordance with the terms of the Official Notice of Bond Sale if the Bonds are awarded to us. If the Bonds are not awarded to us and a check has been submitted, such check is to be returned to us. If the Bonds are not awarded to us and we provided the good faith deposit in the form of a surety bond, neither we nor the County have any further obligations with respect to the surety bond.

This bid is submitted in accordance with and subject to all provisions contained in the Official Notice of Bond Sale which is incorporated herein by reference and made a part of this bid.


\* Preliminary, subject to change



10459

If our proposal to purchase the Bonds is successful, the person at the designated senior representative's office whom the County or its representatives should contact regarding closing is Matthew Nicotia at the following telephone number: 212-762-8105.

Very truly yours,

X 

Return of the good faith deposit is hereby acknowledged

**MORGAN STANLEY & CO., INC.**

Representing: \_\_\_\_\_

For: \_\_\_\_\_

Representing: \_\_\_\_\_

(Please provide a list of the managers and account members of your bidding group.)

Note: Not a part of the Proposal

Estimated true interest cost 4.915882%