



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 2, 2001

Motion 11308

Proposed No. 2001-0315.2

Sponsors McKenna

1 A MOTION of the county accepting bids for the
2 purchase of the county's Limited Tax General
3 Obligation Bond Anticipation Notes, 2001, in the
4 aggregate principal amount of \$65,000,000; fixing the
5 interest rates and other terms of such Notes, all in
6 accordance with Ordinance No. 14167 of the County.

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WHEREAS, the county council by Ordinance No. 14167 passed July 16, 2001
(the "Note Ordinance"), authorized the issuance and sale of limited tax general obligation
bond anticipation notes of the county in an outstanding aggregate principal amount of not
to exceed \$125,000,000, and

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WHEREAS, the Note Ordinance provided that such bond anticipation notes be
sold in one or more series at public sale as determined by the Finance Director, and

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WHEREAS, the Finance Director has determined that a series of such bond
anticipation notes to be designated as the county's Limited Tax General Obligation Bond
Anticipation Notes, 2001 (the "Notes") be sold as provided herein, and

18 WHEREAS, pursuant to the Note Ordinance, a preliminary official statement
19 dated September 21, 2001, together with an addendum thereto dated September 25, 2001,
20 has been prepared for the public sale of the Notes, the official Notice of such sale (the
21 "Notice") has been duly published, and bids have been received in accordance with the
22 Notice, and

23 WHEREAS, the attached bid of Morgan Stanley, Dean Witter ("Morgan Stanley,
24 Dean Witter") to purchase the Notes is the best bid received for such Notes, and it is in
25 the best interest of the county that such Notes be sold to Morgan Stanley, Dean Witter on
26 the terms set forth in the Notice, the attached bid, the Note Ordinance and this motion,

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

28 A. Definitions. Except as expressly authorized herein, terms used in this
29 motion have the meanings set forth in the Note Ordinance.

30 B. Ratification of Notice of Sale, Acceptance of Bids, and Authorization of
31 Notes. The issuance of the Notes, designated as the county's Limited Tax General
32 Obligation Bond Anticipation Notes, 2001, in the aggregate principal amount of
33 \$65,000,000 and the terms and conditions thereof set forth in the Notice, attached hereto
34 as Exhibit A, are hereby ratified and confirmed, and the bid to purchase the Notes, as set
35 forth in the purchaser's bid attached hereto as Exhibit B, are hereby accepted. The Notes
36 shall bear interest at the rates set forth on Exhibit B and shall conform in all other
37 respects to the terms and conditions specified in the Notice and Note Ordinance. The
38 Notes shall mature on October 1, 2002.

39 The Notes shall not be subject to redemption.

40 C. Undertaking to Provide Ongoing Disclosure.

41 1. Contract/Undertaking. This section C constitutes the county's
42 written undertaking for the benefit of the owners and beneficial owners of the Notes as
43 required by section (b)(5) of the rule.

44 2. Financial Statements/Operating Data. The county agrees to
45 provide or cause to be provided to each nationally recognized municipal securities
46 information repository ("NRMSIR") and to the state information depository (the "SID"),
47 if any, in each case as designated by the Securities and Exchange Commission (the
48 "commission") in accordance with the rule, the following annual financial information
49 and operating data for the prior fiscal year (commencing in 2002 for the fiscal year ended
50 December 31, 2001):

51 (a) Annual financial statements prepared in accordance with
52 the budget accounting and reporting system prescribed by the Washington State Auditor
53 pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included
54 in the official statement for the Notes under the heading "Appendix B: Audited 2000
55 Financial Statements";

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

57 (c) Property taxes due, property taxes collected and property
58 taxes delinquent;

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

60 (e) Outstanding general obligation debt of the county.

61 Such annual information and operating data described above shall be provided on
62 or before seven months after the end of the county's fiscal year. The county's fiscal year
63 currently ends on December 31. The county may adjust such fiscal year by providing

64 written notice of the change of fiscal year to each then existing NRMSIR and the SID, if
65 any. In lieu of providing such annual financial information and operating data, the
66 county may cross-reference to other documents provided to the NRMSIR the SID or to
67 the commission and, if such document is a final official statement within the meaning of
68 the rule, available from the Municipal Securities Rulemaking Board (the "MSRB").

69 If not provided as part of the annual financial information discussed above, the
70 county shall provide the county's audited annual financial statement prepared in
71 accordance with the budget accounting and reporting system prescribed by the
72 Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when
73 and if available to each then existing NRMSIR and the SID, if any.

74 3. Material Events. The county agrees to provide or cause to be
75 provided, in a timely manner, to the SID, if any, and to each NRMSIR or to the MSRB
76 notice of the occurrence of any of the following events with respect to the Notes, if
77 material:

- 78 (a) Principal and interest payment delinquencies;
- 79 (b) Non-payment related defaults;
- 80 (c) Unscheduled draws on debt service reserves reflecting
81 financial difficulties;
- 82 (d) Unscheduled draws on credit enhancements reflecting
83 financial difficulties;
- 84 (e) Substitution of credit or liquidity providers, or their failure
85 to perform;

86 (f) Adverse tax opinions or events affecting the tax-exempt
87 status of the Notes;

88 (g) Modifications to rights of Note owners;

89 (h) Optional, contingent or unscheduled calls of any Notes
90 other than scheduled sinking fund redemptions for which notice is given pursuant to
91 Exchange Act Release 34-23856;

92 (i) Defeasances;

93 (j) Release, substitution or sale of property securing repayment
94 of the Notes; and

95 (k) Rating changes.

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

99 4. Notification Upon Failure to Provide Financial Data. The county
100 agrees to provide or cause to be provided, in a timely manner, to each NRMSIR or to the
101 MSRB and to the SID, if any, notice of its failure to provide the annual financial
102 information described in subsection 2 above on or prior to the date set forth in subsection
103 2 above.

104 5. Termination/Modification. The county's obligations to provide
105 annual financial information and notices of material events shall terminate upon the legal
106 defeasance, prior redemption or payment in full of all of the Notes. This section, or any
107 provision hereof, shall be null and void if the county (i) obtains an opinion of nationally
108 recognized bond counsel to the effect that those portions of the rule which require this

109 section, or any such provision, are invalid, have been repealed retroactively or otherwise
110 do not apply to the Notes; and (ii) notifies each then existing NRMSIR and the SID, if
111 any, of such opinion and the cancellation of this section.

112 Notwithstanding any other provision of this motion, the county may amend this
113 section C, and any provision of this section C may be waived, with an approving opinion
114 of nationally recognized bond counsel.

115 In the event of any amendment or waiver of a provision of this section C, the
116 county shall describe such amendment in the next annual report, and shall include, as
117 applicable, a narrative explanation of the reason for the amendment or waiver and its
118 impact on the type (or in the case of a change of accounting principles, on the
119 presentation) of financial information or operating data being presented by the county. In
120 addition, if the amendment relates to the accounting principles to be followed in
121 preparing financial statements, (i) notice of such change shall be given in the same
122 manner as for a material event under subsection 3, and (ii) the annual report for the year
123 in which the change is made should present a comparison (in narrative form and also, if
124 feasible, in quantitative form) between the financial statements as prepared on the basis
125 of the new accounting principles and those prepared on the basis of the former accounting
126 principles.

127 6. Note Owner's Remedies Under This Section. The right of any
128 Note owner or beneficial owner of Notes to enforce the provisions of this section shall be
129 limited to a right to obtain specific enforcement of the county's obligations hereunder,
130 and any failure by the county to comply with the provisions of this undertaking shall not
131 be an event of default with respect to the Notes. For purposes of this section, "beneficial

132 owner” means any person who has the power, directly or indirectly, to vote or consent
133 with respect to, or to dispose of ownership of, any Notes, including persons holding
134 Notes through nominees or depositories.

135 D. Further Authority. The county officials, their agents, and representatives
136 are hereby authorized and directed to do everything necessary for the prompt issuance
137 and delivery of the Notes and for the proper use and application of the proceeds of such
138 sale.

139 E. Severability. The covenants contained in this motion shall constitute a
140 contract between the county and the owners of each and every Note. If any one or more
141 of the covenants or agreements provided in this motion to be performed on the part of the
142 county shall be declared by any court of competent jurisdiction to be contrary to law, then
143 such covenant or covenants, agreement or agreements, shall be null and void and shall be
144 deemed separable from the remaining covenants and agreements of this motion and shall
145 in no way affect the validity of the other provisions of this motion or of the Notes.

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147 PASSED by a vote of ___ to ___ this _____ day of

148 _____, 2001.

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KING COUNTY COUNCIL

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KING COUNTY, WASHINGTON

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Chair

153 ATTEST:

Motion 11308

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155 Clerk of the Council

156 Attachments: Exhibit A – Official Notice of Note Sale

157 Exhibit B – Winning Bid for the Notes

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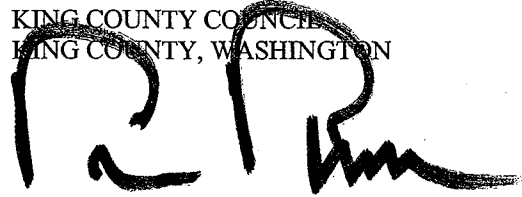
Motion 11308 was introduced on 6/18/01 and passed as amended by the Metropolitan King County Council on 10/1/01, by the following vote:

Yes: 12 - Mr. von Reichbauer, Ms. Miller, Ms. Fimia, Mr. Phillips, Mr. Pelz, Mr. McKenna, Ms. Sullivan, Mr. Pullen, Mr. Gossett, Ms. Hague, Mr. Thomas and Mr. Irons

No: 0

Excused: 1 - Mr. Nickels

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Pete von Reichbauer, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments A. Exhibit A dated 10-01-01, B. Exhibit B dated 10-1-01

If all bids for the Notes are rejected, the Finance Director may fix a new date and time for the receipt of bids for the Notes by giving notice communicated through TM3, the Bond Buyer Wire or the Bloomberg News Network 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 Note Sale.

A copy of the County's Preliminary Official Statement (with the Official Notice of Note Sale and the Official Bid Form), dated September 21, 2001, and further information regarding the details of the Notes may be obtained upon request to the King County Finance Director, 6th Floor, King County Administration Building, 500 Fourth Avenue, Seattle, Washington 98104 (telephone: (206) 296-7345), or the County's financial advisor, Seattle-Northwest Securities Corporation, 1420 Fifth Avenue, Suite 4300, Seattle, Washington 98101 (telephone: (206) 628-2882).

Description of the Notes

The Notes will be dated October 1, 2001. Interest on the Notes will be payable at maturity.

The Notes are issuable only as fully registered notes and when issued will be registered in the name of Cede & Co. as Note owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. Purchases of the Notes 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 Notes purchased. The principal of and interest on the Notes are payable by the fiscal agency for the State of Washington, currently The Bank of New York in New York, New York (the "Note Registrar"), to DTC, which in turn is obligated to remit such principal and interest to the DTC participants for subsequent disbursement to beneficial owners of the Notes.

Security

The Notes are a general obligation of the County. The County irrevocably covenants, for as long as the Notes are outstanding, to include in its budget each year and levy an *ad valorem* tax within the constitutional and statutory tax limitations provided by law without a vote of the people upon all property within the County subject to taxation in an amount that will be sufficient, together with all other revenues, taxes and money of the County legally available for such purposes, to pay the principal of and interest on the Notes as the same will become due. The full faith, credit and resources of the County are pledged irrevocably for the annual levy and collection of these taxes and for the prompt payment of this principal and interest.

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

Bidding Information

Bidders are invited to submit bids for the purchase of the Notes fixing the interest rate that the Notes will bear. The maximum interest rate bid may not exceed five percent (5%) per annum. The interest rate bid shall be in a multiple of 1/8 or 1/20 of one percent and the Notes shall bear no more than one rate of interest. Bids shall be without condition and shall be submitted only on the Official Bid Form that is contained in the Preliminary Official Statement, or on photocopies of such form, or electronically via **PARITY**.

No bid will be considered for the Notes for less than an amount equal to 99.5 percent of par plus accrued interest or for less than the entire offering of the Notes. The purchaser must pay accrued interest, if any, to the date of delivery of the Notes.

For the purpose of comparing bids only, the interest rate 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 payment from the payment date to the date of the Notes and to the price bid, without regard to interest accrued to the date of delivery of the Notes.

11308

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

Good Faith Deposit

All bids shall be accompanied by a good faith deposit in the amount of \$600,000. 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 Advisors 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 Notes 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 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 Notes on the delivery of the Notes to the successful bidder. Pending delivery of the Notes, the good faith deposit may be invested for the sole benefit of the County.

If the Notes are ready for delivery and the successful bidder fails to complete the purchase of the Notes 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.

Insurance

Bids for the Notes shall not be conditioned upon obtaining insurance or any other credit enhancement. If the Notes 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 Notes resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Notes 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 Notes.

Award

The Notes will be sold to the bidder making a bid that conforms to the terms of the offering and that, on the basis of the lowest net interest cost, is the best bid. For the purpose of comparing bids only, the interest rate bid being controlling, each bid shall state the net interest cost of the bid determined in the manner hereinafter stated. The net interest cost will be equal to the total interest cost plus any premium and minus any discount, divided by the bond year dollars. 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, that Note 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.

Issue Price Information

Upon award of the Notes, the successful bidder shall advise the County and Bond Counsel of the initial reoffering price to the public of the Notes (the "Initial Reoffering Price"). Simultaneously with or before delivery of the Notes, the successful bidder shall furnish to the County and Bond Counsel a certificate in form and substance acceptable to Bond Counsel:

- (i) confirming the Initial Reoffering Price,

11308

- (ii) certifying that a bona fide offering of the Notes has been made to the public (excluding bond houses, brokers and other intermediaries),
- (iii) stating the price at which a substantial amount of the Notes was sold to the public (excluding bond houses, brokers and other intermediaries),
- (iv) stating the price at which any portion of the Notes that remains unsold at the date of closing would have been sold on the date the Notes were awarded, and
- (v) stating the offering price of each portion of the Notes sold to institutional or other investors at discount.

Delivery

The County will deliver the Notes (consisting of a single word-processed certificate) to DTC in New York, New York, or to the Note Registrar on behalf of DTC by Fast Automated Securities Transfer, 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 October 23, 2001.

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

The approving legal opinion of Gottlieb, Fisher & Andrews, PLLC, Seattle, Washington, Bond Counsel, will be provided to the purchaser at the time of the delivery of the Notes. Bond Counsel's opinion will express no opinion concerning the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Notes, 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 Notes.

CUSIP Numbers

It is anticipated that a CUSIP identification number will be printed on the Notes, but neither the failure to print such number on the Notes 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 Notes in accordance with the terms of this Official Notice of Sale. All expenses in relation to the printing of the CUSIP number on the Notes will be paid by the County, but the charge of the CUSIP Bureau shall be paid by the purchaser.

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 this Preliminary Official Statement and will also be set forth in the final Official Statement.

11308

10/1/01

Official Statement

This 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 designated by the Securities and Exchange Commission.

At the time of the delivery of the Notes, 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 Notes, this Official Statement and information furnished by the County supplemental thereto did not and do 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 municipal securities information repository, in which event such period will end on the 25th day.

DATED at Seattle, Washington, this 21st day of September, 2001.

Clerk of the Metropolitan King County Council

11308

