



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**March 1, 2004**

**Motion 11879**

**Proposed No. 2003-0305.2**

**Sponsors Phillips**

1           A MOTION of the county council accepting bids for the  
2           county's Sewer Revenue Bonds, Series 2004A, in the  
3           aggregate principal amount of \$185,000,000 and Sewer  
4           Revenue Refunding Bonds, Series 2004B, in the aggregate  
5           principal amount of \$61,760,000, and establishing certain  
6           terms of such bonds and a plan of refunding; all in  
7           accordance with Ordinance 14753.

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10           WHEREAS, the county council by Ordinance 14753 passed on September 18,  
11           2003 (the "Bond Ordinance"), authorized the issuance and sale of not to exceed  
12           \$65,000,000 principal amount of sewer revenue bonds of the county to refund certain  
13           outstanding sewer revenue bonds (the "Refunding Bonds") and not to exceed  
14           \$185,000,000 principal amount of sewer revenue bonds of the county to finance the  
15           construction of improvements to the county's sewer system (the "Project Bonds"); and

16           WHEREAS, the Bond Ordinance provided that such bonds be sold in one or more  
17           series and by negotiated sale or competitive bid as determined by the county's manager

18 of finance and business operations (the "Finance Manager") in consultation with the  
19 county's financial advisor; and

20 WHEREAS, the Finance Manager has determined that a series of Refunding  
21 Bonds in the aggregate principal amount of \$61,760,000 (as hereinafter identified, the  
22 "Series 2004A Bonds") and a series of Project Bonds in the aggregate principal amount  
23 of \$185,000,000 (hereinafter identified, the "Series 2004B Bonds") be sold by  
24 competitive bid as provided herein; and

25 WHEREAS, pursuant to the Bond Ordinance, a preliminary official statement  
26 dated February 23, 2004, has been prepared for the sale of the Bonds, the Official Notice  
27 of Bond Sale (the "Notice") has been published, and bids have been received in  
28 accordance with the Notice; and

29 WHEREAS, the attached bid of Merrill Lynch & Co. to purchase the Series  
30 2004A Bonds (the "Series 2004A Bonds Purchaser") is the best bid received for the  
31 Series 2004A Bonds and the attached bid of Merrill Lynch & Co. to purchase the Series  
32 2004B Bonds (the "Series 2004B Bonds Purchaser") is the best bid received for the  
33 Series 2004B Bonds, and it is in the best interest of the county that the Series 2004A  
34 Bonds be sold to the Series 2004A Bonds Purchaser and that the Series 2004B Bonds be  
35 sold to the Series 2004B Bonds Purchaser on the terms set forth in the Notice, the  
36 attached bids, the Bond Ordinance, and this motion; and

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

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

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

44 B. Ratification of Notice of Sale, Acceptance of Bid, and Authorization of  
45 Bonds. The issuance of a series of the Project Bonds, designated as the King County,  
46 Washington, Sewer Revenue Bonds, Series 2004A, in the aggregate principal amount of  
47 \$185,000,000 (the "Series 2004A Bonds"), the issuance of the Refunding Bonds,  
48 designated as the King County, Washington, Sewer Revenue Refunding Bonds, Series  
49 2004B, in the aggregate principal amount of \$61,760,000 (the "Series 2004B Bonds," and  
50 together with the Series 2004A Bonds, the "Bonds"), and the terms and conditions  
51 thereof as set forth in the Official Notice of Bond Sale, attached hereto as Attachment A  
52 (the "Notice"), are hereby ratified and confirmed, and the Series 2004A Purchaser's bid  
53 to purchase the Series 2004A Bonds, as set forth on Attachment B (the "Series 2004A  
54 Bid") and the Series 2004B Purchaser's bid to purchase the Series 2004B Bonds, as set  
55 forth on Attachment C (the "Series 2004B Bid" and together with the Series 2004A Bid,  
56 the "Bids"), are hereby accepted. The Bonds shall bear interest at the rates set forth in  
57 the Bids and shall conform in all other respects to the terms and conditions specified in  
58 the Notice, Bids and Bond Ordinance. The Bonds shall be subject to optional and  
59 mandatory redemption as set forth in the Notice and Bids.

60 C. Application of Project Bond Proceeds. In accordance with Section 13.A  
61 of the Bond Ordinance, there is hereby established a special subaccount within the  
62 Construction Account to be designated as the Series 2004A Construction Subaccount (the  
63 "Construction Subaccount"). Proceeds of the Series 2004A Bonds (exclusive of accrued

64 interest, if any, which shall be deposited into the Debt Service Account in the Bond  
65 Fund) shall be deposited in the Construction Subaccount and applied to pay costs of  
66 improvements to the System, in accordance with Section 13.A of the Bond Ordinance,  
67 and costs of issuance of the Series 2004A Bonds.

68 D. Refunding and Redemption of Refunded Bonds.

69 1. Plan of Refunding. In accordance with Sections 14 and 24 of the  
70 Bond Ordinance, the Finance Manager has determined, in consultation with the county's  
71 financial advisors, that proceeds of the Series 2004B Bonds shall be used to refund the  
72 following obligations of the county payable from sewer revenues pursuant to the plan of  
73 refunding set forth below and ratified and confirmed hereby:

74 Refunded Series 1999 Bonds (Second Series)

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Maturity (January 1)	Principal Amount	Interest Rate	Call Date
2010	\$1,395,000	6.000	01/01/2009
2011	1,460,000	6.000	01/01/2009
2012	1,530,000	6.000	01/01/2009
2013	1,630,000	6.000	01/01/2009
2014	4,720,000	6.250	01/01/2009
2015	5,020,000	6.250	01/01/2009
2016	3,965,000	6.250	01/01/2009
2017	1,020,000	6.000	01/01/2009

2020	3,420,000	6.000	01/01/2009
2029	14,620,000	6.200	01/01/2009
2035	14,995,000	6.200	01/01/2009

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The Refunded Series 1999 (Second Series) shall be referred to in this motion as the Refunded Bonds. As provided in Section 14 of the Bond Ordinance, the King County Sewer Revenue Refunding Bonds, Series 2004B Account (the "Refunding Account") shall be established and maintained with the Escrow Agent (as identified below). Proceeds of the Series 2004B Bonds (exclusive of accrued interest, if any, which shall be deposited into the Debt Service Account in the Bond Fund) shall be deposited in the Refunding Account and used, together with other funds of the county, if necessary, to purchase certain "Government Obligations" (which obligations so purchased are herein called "Acquired Obligations"), bearing such interest and maturing as to principal and interest in such amounts and at such times that, together with any necessary beginning cash balance, will provide for the payment of:

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- (a) the interest on the Refunded Bonds due and payable on and prior to January 1, 2009; and
- (b) the redemption price (101% of the principal amount) payable on January 1, 2009, of the Refunded Bonds.

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

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

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

117                   The county hereby irrevocably defeases and calls for redemption on January 1,  
118 2009, the Refunded Bonds in accordance with the provisions of the ordinance authorizing  
119 the redemption and retirement of the Refunded Bonds prior to their fixed maturities.

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

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

132                   The Escrow Agent is hereby authorized and directed to pay to the fiscal agency or  
133 agencies of the State of Washington sums sufficient to make, when due, the payments  
134 specified in subparagraphs (a) and (b) above. All such sums shall be paid from the  
135 money and the Acquired Obligations deposited with the Escrow Agent pursuant to this  
136 section, and the income therefrom and proceeds thereof. All such sums so paid shall be

137 credited to the Refunding Account. All money and Acquired Obligations deposited with  
138 the Escrow Agent and any income therefrom shall be held, invested and applied in  
139 accordance with the provisions of the Bond Ordinance and with the laws of the State of  
140 Washington for the benefit of the county and the owners of the Refunded Bonds.

141           3.     Findings of Saving and Defeasance. This council hereby finds and  
142 determines that the issuance and sale of the Series 2004B Bonds at this time will effect a  
143 savings to the county and ratepayers of the System. In making such finding and  
144 determination, the council has given consideration to the interest on and the fixed  
145 maturities of such Refunding Bonds and the Refunded Bonds, the costs of issuance of the  
146 Series 2004B Bonds and the known earned income from the investment of the proceeds  
147 of sale of the Series 2004B Bonds pending redemption and payment of the Refunded  
148 Bonds.

149           This council hereby further finds and determines that the Acquired Obligations to  
150 be deposited with the Escrow Agent and the income therefrom, together with any  
151 necessary beginning cash balance, are sufficient to defease and redeem the Refunded  
152 Bonds and will discharge and satisfy the obligations of the county with respect to the  
153 Refunded Bonds under the ordinance authorizing their issuance and the pledges of the  
154 county therein. Immediately upon the delivery of such Acquired Obligations to the  
155 Escrow Agent and the deposit of any necessary beginning cash balance, the Refunded  
156 Bonds shall be deemed not to be outstanding under their respective authorizing ordinance  
157 and shall cease to be entitled to any lien, benefit or security under such ordinance except  
158 the right to receive payment from the Acquired Obligations and beginning cash balance  
159 so set aside and pledged.



160 E. Reserve Requirement. In accordance with Section 9.C of the Bond  
161 Ordinance, proceeds of the Bonds shall be used to purchase Qualified Insurance in the  
162 form of a Surety Bond (the "Surety Bond") from MBIA Insurance Corporation ("MBIA")  
163 in an amount sufficient to satisfy the Reserve Requirement with respect to the Bonds.  
164 The county agrees to the conditions for obtaining the Surety Bond, including the payment  
165 of the premium therefor and the other requirements to be set forth in an agreement to be  
166 approved and executed by the Finance Manager on behalf of the county. The council  
167 further authorizes and directs all proper officers, agents, attorneys and employees of the  
168 county to cooperate with the Insurer in preparing such additional agreements, certificates,  
169 and other documentation on behalf of the county as shall be necessary or advisable in  
170 providing for the Surety Bond.

171 F. Undertaking to Provide Ongoing Disclosure.

172 1. Contract/Undertaking. In accordance with Section 27 of the Bond  
173 Ordinance, this section constitutes the county's written undertaking for the benefit of the  
174 owners and Beneficial Owners of the Bonds as required by Section (b)(5) of the Rule.

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

180 (a) Annual financial statements, which may or may not be  
181 audited, prepared in accordance with the Budget Accounting and Reporting System  
182 prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any

183 successor statute) and generally of the type included as Appendix C in the official  
184 statement for the Bonds;

185 (b) Amount of outstanding Parity Bonds; and

186 (c) Information regarding customers, revenues and expenses of  
187 the sewer system generally in the form set forth in the Official Statement for the Bonds in  
188 the table labeled "Summary of Historical Sewer System Customers, Revenues and  
189 Expenses."

190 Items (b) and (c) shall be required only to the extent that such information is not  
191 included in the annual financial statements.

192 Such annual information and operating data described above shall be provided on  
193 or before nine months after the end of the county's fiscal year. The county's fiscal year  
194 currently ends on December 31. The county may adjust such fiscal year by providing  
195 written notice of the change of fiscal year to each then existing NRMSIR and the SID, if  
196 any. In lieu of providing such annual financial information and operating data, the  
197 county may cross-reference to other documents provided to the NRMSIR, the SID or to  
198 the Commission and, if such document is a final official statement within the meaning of  
199 the Rule, available from the MSRB.

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

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

- 209                   (a)    Principal and interest payment delinquencies;
- 210                   (b)    Non-payment related defaults;
- 211                   (c)    Unscheduled draws on debt service reserves reflecting  
212 financial difficulties;
- 213                   (d)    Unscheduled draws on credit enhancements reflecting  
214 financial difficulties;
- 215                   (e)    Substitution of credit or liquidity providers, or their failure  
216 to perform;
- 217                   (f)    Adverse tax opinions or events affecting the tax-exempt  
218 status of the Bonds;
- 219                   (g)    Modifications to rights of Bond holders;
- 220                   (h)    Optional, contingent or unscheduled calls of any Bonds  
221 other than scheduled sinking fund redemptions for which notice is  
222 given pursuant to Exchange Act Release 34-23856;
- 223                   (i)    Defeasances;
- 224                   (j)    Release, substitution or sale of property securing repayment  
225 of the Bonds; and
- 226                   (k)    Rating changes.

227 Solely for purposes of disclosure, and not intending to modify this undertaking,  
228 the county advises with reference to item (j) above that no property secures payment of  
229 the Bonds.

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

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

243 Notwithstanding any other provision of this motion, the county may amend this  
244 section, and any provision of this section may be waived, with an approving opinion of  
245 nationally recognized bond counsel and in accordance with the Rule.

246 In the event of any amendment or waiver of a provision of this section, the county  
247 shall describe such amendment in the next annual report, and shall include, as applicable,  
248 a narrative explanation of the reason for the amendment or waiver and its impact on the  
249 type (or in the case of a change of accounting principles, on the presentation) of financial

250 information or operating data being presented by the county. In addition, if the  
251 amendment relates to the accounting principles to be followed in preparing financial  
252 statements, (i) notice of such change shall be given in the same manner as for a material  
253 event under subsection 3, and (ii) the annual report for the year in which the change is  
254 made should present a comparison (in narrative form and also, if feasible, in quantitative  
255 form) between the financial statements as prepared on the basis of the new accounting  
256 principles and those prepared on the basis of the former accounting principles.

257           6.     Bond Owner's Remedies under this Section. The right of any  
258 Bond Owner or Beneficial Owner of Bonds to enforce the provisions of this section shall  
259 be limited to a right to obtain specific enforcement of the county's obligations hereunder,  
260 and any failure by the county to comply with the provisions of this undertaking shall not  
261 be an event of default with respect to the Bonds hereunder. For purposes of this section,  
262 "Beneficial Owner" means any person who has the power, directly or indirectly, to vote  
263 or consent with respect to, or to dispose of ownership of, any Bonds, including persons  
264 holding Bonds through nominees or depositories.

265           G.     Further Authority. The county officials, their agents, and representatives  
266 are hereby authorized and directed to do everything necessary for the prompt issuance  
267 and delivery of the Bonds and for the proper use and application of the proceeds of such  
268 sale.

269           H.     Severability. If any provision in this motion is declared by any court of  
270 competent jurisdiction to be contrary to law, then such provision shall be null and void  
271 and shall

**Motion 11879**

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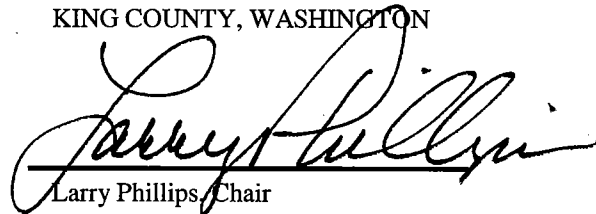
272 be deemed separable from the remaining provisions of this motion and shall in no way  
273 affect the validity of the other provisions of this motion or of the Bonds.

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Motion 11879 was introduced on 7/7/2003 and passed by the Metropolitan King County Council on 3/1/2004, by the following vote:

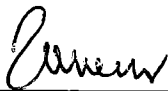
Yes: 13 - Mr. Phillips, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr. Pelz, Mr. McKenna, Mr. Ferguson, Mr. Hammond, Mr. Gossett, Ms. Hague, Mr. Irons, Ms. Patterson and Mr. Constantine  
No: 0  
Excused: 0

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

**Attachments**

A. Official Notice of Bond Sale, Bond Purchase Contract- Preliminary Official Statement Dated February 23, 2004, B. Winning Bid for the Bond- Merrill Lynch & Co. - New York, NY's Bid King County \$180,565,000 Sewer Revenue Bonds, Series 2004A, C. Winning Bid for the Bond - Merrill Lynch & Co. - New York, NY's Bid King County \$60,420,000 Sewer Revenue Refunding Bonds, Series 2004B

# ATTACHMENT A 11879

SALE DATE: MARCH 1, 2004  
SALE TIME: 9:00 A.M. PACIFIC TIME

## PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 23, 2004

New Issue  
Full Book-Entry Only

Moody's Rating:  
Standard & Poor's Rating:  
(See "Other Bond Information—Ratings" herein.)

*In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income subject to federal income taxation pursuant to the Internal Revenue Code of 1986, as amended, subject to certain conditions and assumptions described herein under "Legal and Tax Information—Tax Exemption for the Bonds." The Bonds are not private activity bonds. Interest on the Bonds is included in the computation of certain federal taxes on corporations.*

### KING COUNTY, WASHINGTON

\$180,565,000\*  
SEWER REVENUE BONDS,  
SERIES 2004A

\$60,420,000\*  
SEWER REVENUE REFUNDING BONDS,  
SERIES 2004B

DATED: Date of Delivery

DUE: January 1, as shown on inside cover

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 DTC. DTC will act as securities depository for the Bonds. The Bonds will be initially issued in book-entry form only in the value of \$5,000 or any integral multiple thereof within a single maturity. Purchasers will not receive certificates representing their interest in the Bonds purchased. The Bonds will bear interest payable semiannually on each January 1 and July 1, beginning July 1, 2004, to maturity or earlier redemption thereof. The principal of and interest on the Bonds are payable by the fiscal agency of the State of Washington, currently The Bank of New York in New York, New York (the "Bond Registrar"). For so long as the Bonds remain in a "book-entry only" transfer system, the Bond Registrar will make such payments only 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 Bonds as described herein under Appendix G—Book-Entry Transfer System.

The Series 2004A Bonds are being issued to finance the construction of improvements to the County's sewer system, , to provide for the reserve requirement and to pay the costs of issuing the Series 2004A Bonds. The Series 2004B Bonds are being issued to refund certain outstanding obligations of the Sewer System for debt service savings and to pay the costs of issuing the Series 2004B Bonds.

The Bonds are subject to optional and mandatory redemption prior to maturity, as described herein.

The Bonds are secured by a pledge of the revenue of the Sewer System subject to payment of all operating and maintenance expenses of the Sewer System. The lien of the Bonds on sewer revenue is equal to the lien securing the outstanding Parity Bonds and senior to all other obligations of the Sewer System.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE COUNTY AND ARE NOT OBLIGATIONS OF THE STATE OF WASHINGTON OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE COUNTY. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY OR THE STATE OF WASHINGTON OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS.

#### MATURITY SCHEDULES ON INSIDE COVER

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

The Bonds are offered when, as and if issued, subject to approval of legality by Preston Gates & Ellis LLP, Seattle, Washington, Bond Counsel, and certain other conditions. Forms of Bond Counsel's opinions are attached hereto as Appendix B. It is anticipated that the Bonds in definitive book-entry form will be available for delivery through the facilities of DTC in New York, New York, or to the Registrar on behalf of DTC by Fast Automated Securities Transfer, on or about March 18, 2004.

Dated: \_\_\_\_\_

\* Preliminary, subject to change.

This is a Preliminary Official Statement, subject to correction and change. The County has authorized the distribution of the Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Bonds, the County will complete and deliver an Official Statement substantially in this form.

## MATURITY SCHEDULES

\$180,565,000\*

KING COUNTY, WASHINGTON  
SEWER REVENUE BONDS, SERIES 2004A

<u>Due</u> <u>January 1</u>	<u>Amounts*</u>	<u>Interest</u> <u>Rates</u>	<u>Yields</u> <u>or Prices</u>	<u>CUSIP</u>
2017	\$ 6,000,000			
2018	6,285,000			
2019	6,595,000			
2020	6,910,000			
2021	7,250,000			
2022	7,600,000			
2023	7,970,000			
2024	8,360,000			
2025	8,765,000			
2026	9,185,000			
2027	9,625,000			
2028	10,100,000			
2029	10,590,000			
2030	11,110,000			
2031	11,650,000			
2032	12,220,000			
2033	12,815,000			
2034	13,435,000			
2035	14,100,000			

\$60,420,000\*

KING COUNTY, WASHINGTON  
SEWER REVENUE REFUNDING BONDS, SERIES 2004B

<u>Due</u> <u>January 1</u>	<u>Amounts*</u>	<u>Interest</u> <u>Rates</u>	<u>Yields</u> <u>or Prices</u>	<u>CUSIP</u>
2005	\$ 1,015,000			
2006	410,000			
2007	415,000			
2008	425,000			
2009	435,000			
2010	1,845,000			
2011	1,880,000			
2012	1,930,000			
2013	2,005,000			
2014	5,070,000			
2015	5,280,000			
2016	4,175,000			
2017	1,190,000			
2018	1,245,000			
2019	1,305,000			
2020	1,365,000			
2021	1,435,000			
2022	1,500,000			
2023	1,570,000			
2024	1,645,000			
2025	1,725,000			
2026	1,805,000			
2027	1,895,000			
2028	1,990,000			
2029	2,080,000			
2030	2,185,000			
2031	2,290,000			
2032	2,400,000			
2033	2,515,000			
2034	2,635,000			
2035	2,760,000			

\* Preliminary, subject to change.



# 11879

## OFFICIAL NOTICE OF BOND SALE

### KING COUNTY, WASHINGTON

\$180,565,000\*  
SEWER REVENUE BONDS,  
SERIES 2004A

\$60,420,000\*  
SEWER REVENUE REFUNDING BONDS,  
SERIES 2004B

Separate sealed and electronic (as explained below) bids for each Series of the above-referenced bonds (together, the "Bonds") of King County, Washington (the "County"), will be received, in the case of sealed bids, in the King County Administration Building, Room 610, 500 4th Avenue, Seattle, Washington, and, in the case of electronic bids, via *PARITY*, in the manner described below, until

9:00 A.M., PACIFIC TIME, ON MARCH 1, 2004,

or at such later date or time as may be established by the King County Finance Director (the "Finance Director") and communicated through TM3, the Bond Buyer Wire or the Bloomberg News Network not less than 24 hours prior to the time bids are to be received, for the purchase of each Series of the Bonds. All bids received with respect to each Series of 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 for either Series of the Bonds, it will be awarded to the successful bidder of such Series and its terms will be approved by the County Council at such meeting.

Bids must be submitted either:

- (i) In a sealed envelope to the Finance Director as described above; or
- (ii) Electronically via *PARITY* in accordance with its Rules of Participation and this notice, between 8:30 a.m. and 9:00 a.m., Pacific time, but no bid will be received after the time for receiving bids specified above. In the event of a malfunction in the electronic bidding process, bidders may submit their bids by facsimile transmission to the Finance Director at (206) 296-7345. For further information about *PARITY*, potential bidders may contact the County's financial advisors, Hattori & Associates, LLC, at (206) 524-4665, or Seattle-Northwest Securities, at (206) 628-2882, or *PARITY* at (212) 806-8304.

Bidders who choose to bid on both Series of the Bonds must submit a separate bid for each Series. In the event a bidder submits an electronic bid for either Series of the Bonds, such bidder hereby agrees to the following terms and conditions:

- (i) If any provision in this Official Notice of Bond Sale conflicts with information or terms provided or required by *PARITY*, this Official Notice of Bond Sale, including any amendments issued by public wire, shall control.
- (ii) Electronic bids may only be submitted via *PARITY*. The bidder is solely responsible for making necessary arrangements to access *PARITY* for purposes of submitting a bid timely and in compliance with the requirements of this Official Notice of Bond Sale.
- (iii) The County shall have no duty or obligation to provide or assure access to *PARITY*, and shall not be responsible for the proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, use of *PARITY*.
- (iv) The County is using *PARITY* as a communication mechanism, and not as an agent of the County.
- (v) The County may regard the electronic transmission of a bid through *PARITY* (including information regarding the purchase price for the Bonds and the interest rates for any maturity of the Bonds) as though the information were submitted on the Official Bid Form and executed on the bidder's behalf by a duly authorized signatory.

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\* Preliminary, subject to change.

- (vi) Upon acceptance of a bid by the County, this Official Notice of Bond Sale, the Official Bid Forms and the information that is electronically transmitted through *PARITY* shall form a contract between the bidder and the County.

If all bids for either Series of the Bonds are rejected, the Finance Director may fix a new date and time for the receipt of bids for such Series of the Bonds 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 Bond Sale.

A copy of the County's Preliminary Official Statement (with the Official Notice of Bond Sale and the Official Bid Form), dated February 23, 2004, and further information regarding the details of the Bonds 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 advisors, Hattori & Associates, LLC, 6837 17th Avenue Northeast, Seattle, Washington 98115 (telephone: (206) 524-4665), and Seattle-Northwest Securities Corporation, 1420 Fifth Avenue, Suite 4300, Seattle, Washington 98101 (telephone: (206) 628-2882).

#### **Description of the Bonds**

The Bonds will be dated the date of their initial delivery. The Bonds bear interest payable semiannually on each January 1 and July 1, beginning on July 1, 2004, to maturity or earlier redemption of the Bonds.

The County reserves the right to redeem outstanding Bonds of either Series maturing on or after January 1, 2015, in whole or in part at any time on or after January 1, 2014, at the price of par plus accrued interest, if any, to the date of redemption.

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 and interest on the Bonds are payable by the fiscal agency for the State of Washington, currently The Bank of New York in New York, New York (the "Bond 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 Bonds.

**Election of Maturities**

The bidder for each Series of the Bonds shall designate whether the principal amounts of the Bonds of such Series as set forth below shall be retired on January 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 of such Series.

\$180,565,000

**SERIES 2004A BONDS**

<u>Serial Maturity or Amortization Installment</u>	<u>Principal Amounts*</u>	<u>Serial Maturity or Amortization Installments</u>	<u>Principal Amounts*</u>
2017	\$ 6,000,000	2027	\$ 9,625,000
2018	6,285,000	2028	10,100,000
2019	6,595,000	2029	10,590,000
2020	6,910,000	2030	11,110,000
2021	7,250,000	2031	11,650,000
2022	7,600,000	2032	12,220,000
2023	7,970,000	2033	12,815,000
2024	8,360,000	2034	13,435,000
2025	8,765,000	2035	14,100,000
2026	9,185,000		

\$60,420,000

**SERIES 2004B BONDS**

<u>Serial Maturity or Amortization Installment</u>	<u>Principal Amounts*</u>	<u>Serial Maturity or Amortization Installments</u>	<u>Principal Amounts*</u>
2005	\$ 1,015,000	2021	\$ 1,435,000
2006	410,000	2022	1,500,000
2007	415,000	2023	1,570,000
2008	425,000	2024	1,645,000
2009	435,000	2025	1,725,000
2010	1,845,000	2026	1,805,000
2011	1,880,000	2027	1,895,000
2012	1,930,000	2028	1,990,000
2013	2,005,000	2029	2,080,000
2014	5,070,000	2030	2,185,000
2015	5,280,000	2031	2,290,000
2016	4,175,000	2032	2,400,000
2017	1,190,000	2033	2,515,000
2018	1,245,000	2034	2,635,000
2019	1,305,000	2035	2,760,000
2020	1,365,000		

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

**Security**

The Bonds are secured by a pledge of the revenue of the Sewer System subject to payment of all operating and maintenance expenses of the Sewer System. The lien of the Bonds on sewer revenue is equal to the lien securing the outstanding Parity Bonds and senior to all other obligations of the Sewer System.

\* Preliminary, subject to change.

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 Bonds of either Series fixing the interest rates that the Bonds of such Series will bear. The interest rates bid shall be in a multiple of 1/8 or 1/20 of one percent. No more than one rate of interest may be fixed for any one maturity of either Series of the Bonds. Bids shall be without condition and shall be submitted only on the Official Bid Forms that are contained in the Preliminary Official Statement, or on photocopies of such forms, or electronically via *PARITY*.

No bid will be considered for the Bonds of either Series of the Bonds that is less than an amount equal to 100 percent of the par value of such Series of the Bonds nor more than an amount equal to 105 percent of the par value of such Series of the Bonds, or for less than the entire offering of such Series of the Bonds. Each individual maturity must be reoffered at a yield that will produce a price of not less than 98 percent of the principal amount for that maturity. For the purpose of the preceding sentence, "price" shall be defined as the lesser of the price at the redemption date or the price at the maturity date.

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.

### **Adjustment of Amount of Bonds and Bid Price**

The County has reserved the right to increase or decrease the preliminary principal amount of either Series of the Bonds by an amount not to exceed ten percent (10%) following the opening of the bids. The County also reserves the right to increase or decrease the preliminary principal amount of any maturity of either Series of the Bonds by the greater of fifteen percent (15%) of the preliminary principal amount of that maturity or \$200,000. The price bid by the successful bidder for each Series of the Bonds will be adjusted by the County on a proportionate basis to reflect an increase or decrease in the principal amount and maturity schedule of such Series within 24 hours of the bid opening. The County will not be responsible in the event and to the extent that any adjustment affects the net compensation to be realized by the successful bidder of such Series.

### **Good Faith Deposit**

All bids shall be accompanied by a good faith deposit in the amount of \$1,800,000 with respect to the Series 2004A Bonds and/or \$600,000 with respect to the Series 2004B Bonds. 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 Bonds of either Series 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 of each Series of the Bonds will be retained by the County as security for the performance of such bid, and will be applied to the purchase price of such Series of the Bonds on the delivery of such Series of the Bonds to the successful bidder. Pending delivery of each Series of the Bonds, the good faith deposit may be invested for the sole benefit of the County.

If the Bonds of either Series are ready for delivery and the successful bidder for such Series fails to complete the purchase of such Series of the 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.

**Insurance**

Bids for either Series of 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 either Series of the Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds of either Series 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 such Series of the Bonds.

**Award**

The Bonds of each Series 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 true interest cost, is the best bid for such Series. 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 by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payment from the payment date to the date of such Series of the Bonds and to the price bid.

If there are two or more equal bids for either Series of the Bonds 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 Bonds of such Series may be readvertised for sale in the manner provided by law and as provided above. Any bid for either Series of the Bonds 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 each Series of the Bonds, the successful bidder for each Series shall advise the County and Bond Counsel of the initial reoffering prices to the public of such Series of the Bonds (the "Initial Reoffering Prices"). Simultaneously with or before delivery of each Series the Bonds, the successful bidder for each Series shall furnish to the County and Bond Counsel a certificate in form and substance acceptable to Bond Counsel:

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

**Delivery**

The County will deliver the Bonds of each Series of the Bonds (consisting of one word-processed certificate for each maturity of each Series of the Bonds) to DTC in New York, New York, or to the Bond 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 March 18, 2004.

It is understood that if, prior to the delivery of the Bonds, the interest receivable by the owners of either Series 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 this Preliminary Official Statement for the Bonds, the successful bidder for such Series of the Bonds, at its option, may be relieved of its obligation to purchase such Series of the Bonds, and in that case the good faith deposit accompanying its bid will be returned without interest.

The approving legal opinions 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 opinions will express no opinion concerning the accuracy, completeness or sufficiency of this Preliminary Official Statement or other offering material relating to the Bonds, nor will there be an opinion of Bond Counsel 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.

#### **CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on each Series of the Bonds, but neither the failure to print such numbers on either Series of 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 such Series of 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 each Series of the Bonds will be paid by the County, but the charge of the CUSIP Bureau shall be paid by the purchaser.

#### **Ongoing Disclosure Undertaking**

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.

#### **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 to the purchaser of each Series of the Bonds. Additional copies will be provided at the purchaser's expense.

By submitting the successful proposal, each 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 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 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.

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The County will advise the purchasers of each Series of the Bonds, 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 proposals 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 23rd day of February, 2004.

/s/  
Clerk of the Metropolitan King County Council

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# 11879

## OFFICIAL BID FORM—SERIES 2004A

\$180,565,000\*

### KING COUNTY, WASHINGTON SEWER REVENUE BONDS, SERIES 2004A

Finance Director  
King County  
Seattle, Washington

Dear Sir:

For the above-referenced bonds (the "Series 2004A Bonds"), 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 Series 2004A Bonds, with interest rates per annum on the Series 2004A Bonds maturing on January 1 in the years and amounts set forth in this Official Bid Form as indicated below:

<u>Years</u>	<u>Amounts*</u>	<u>Rates</u>	<u>Years</u>	<u>Amounts*</u>	<u>Rates</u>
2017	6,000,000		2027	9,625,000	
2018	6,285,000		2028	10,100,000	
2019	6,595,000		2029	10,590,000	
2020	6,910,000		2030	11,110,000	
2021	7,250,000		2031	11,650,000	
2022	7,600,000		2032	12,220,000	
2023	7,970,000		2033	12,815,000	
2024	8,360,000		2034	13,435,000	
2025	8,765,000		2035	14,100,000	
2026	9,185,000				

we offer to pay the sum of \$ \_\_\_\_\_  
(must be no less than \$180,565,000\* and no more than \$189,593,250\*).

In accordance with the terms of the Official Notice of Bond Sale, a good faith deposit in the amount of \$1,800,000 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 King County. 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 Series 2004A Bonds are not awarded to us and a check has been submitted, such check is to be returned to us. If the Series 2004A 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.

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We hereby specify that a portion of the Series 2004A Bonds be aggregated into Series 2004A Term Bonds maturing on January 1 in the following years and in the following amounts (leave blank if no Series 2004A Term Bonds are specified):

Years Aggregated	Maturity Year	Amount
20__ through 20__	_____	_____
20__ through 20__	_____	_____
20__ through 20__	_____	_____

If our proposal to purchase the Series 2004A Bonds is successful, the person at the designated senior representative's office whom the County or its representatives should contact regarding closing is \_\_\_\_\_ at the following telephone number: \_\_\_\_\_.

Very truly yours,

\_\_\_\_\_

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

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

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

Estimated true interest cost \_\_\_\_\_ % (not a part of the proposal).

## OFFICIAL BID FORM—SERIES 2004B

\$60,420,000\*

KING COUNTY, WASHINGTON  
SEWER REVENUE REFUNDING BONDS, SERIES 2004BFinance Director  
King County  
Seattle, Washington

Dear Sir:

For the above-referenced bonds (the "Series 2004B Bonds"), 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 Series 2004B 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>Years</u>	<u>Amounts*</u>	<u>Rates</u>	<u>Years</u>	<u>Amounts*</u>	<u>Rates</u>
2005	\$ 1,015,000		2021	\$ 1,435,000	
2006	410,000		2022	1,500,000	
2007	415,000		2023	1,570,000	
2008	425,000		2024	1,645,000	
2009	435,000		2025	1,725,000	
2010	1,845,000		2026	1,805,000	
2011	1,880,000		2027	1,895,000	
2012	1,930,000		2028	1,990,000	
2013	2,005,000		2029	2,080,000	
2014	5,070,000		2030	2,185,000	
2015	5,280,000		2031	2,290,000	
2016	4,175,000		2032	2,400,000	
2017	1,190,000		2033	2,515,000	
2018	1,245,000		2034	2,635,000	
2019	1,305,000		2035	2,760,000	
2020	1,365,000				

we offer to pay the sum of \$ \_\_\_\_\_

(must be no less than \$60,420,000\* and no more than \$63,441,000\*).

In accordance with the terms of the Official Notice of Bond Sale, a good faith deposit in the amount of \$600,000 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 King County. The good faith deposit is to be applied in accordance with the terms of the Official Notice of Bond Sale if the Series 2004B Bonds are awarded to us. If the Series 2004B Bonds are not awarded to us and a check has been submitted, such check is to be returned to us. If the Series 2004B 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.

\* Preliminary, subject to change.

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.

We hereby specify that a portion of the Series 2004B Bonds be aggregated into Series 2004B Term Bonds maturing on January 1 in the following years and in the following amounts (leave blank if no Series 2004B Term Bonds are specified):

Years Aggregated	Maturity Year	Amount
20__ through 20__	_____	_____
20__ through 20__	_____	_____
20__ through 20__	_____	_____

If our proposal to purchase the Series 2004B Bonds is successful, the person at the designated senior representative's office whom the County or its representatives should contact regarding closing is \_\_\_\_\_ at the following telephone number: \_\_\_\_\_.

Very truly yours,

\_\_\_\_\_

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

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

\_\_\_\_\_

\_\_\_\_\_

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

Estimated true interest cost \_\_\_\_\_ % (not a part of the proposal).

**Merrill Lynch & Co. - New York, NY's Bid  
King County  
\$180,565,000 Sewer Revenue Bonds,  
Series 2004A**

For the aggregate principal amount of \$180,565,000.00, we will pay you \$180,738,418.78, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
01/01/2017	6,000M	4.5000
01/01/2018	6,285M	4.5000
01/01/2019	6,595M	4.5000
01/01/2020	6,910M	4.5000
01/01/2021	7,250M	4.5000
01/01/2022	7,600M	4.5000
01/01/2023	7,970M	4.5000
01/01/2024	8,360M	4.5000
01/01/2025	8,765M	4.5000
01/01/2026	9,185M	4.5000
01/01/2027	9,625M	4.5000
01/01/2028	10,100M	4.5000
01/01/2029	10,590M	4.5000
01/01/2030	11,110M	4.5000
01/01/2031		
01/01/2032	23,870M	4.5000
01/01/2033	12,815M	4.7500
01/01/2034		
01/01/2035	27,535M	5.0000

Total Interest Cost:	\$193,533,249.76
Premium:	\$173,418.78
Net Interest Cost:	\$193,359,830.98
TIC:	4.602720

Time Last Bid Received On:03/01/2004 8:59:30 PST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Merrill Lynch & Co., New York, NY  
 Contact: Paul Kuhns  
 Title: Managing Director  
 Telephone:212-449-5081  
 Fax: 212-449-3733

Issuer  
Name: King County

Company  
Name: \_\_\_\_\_

Accepted  
By: \_\_\_\_\_

Accepted  
By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Merrill Lynch & Co. - New York, NY's Bid**  
**King County**  
**\$60,420,000 Sewer Revenue Refunding**  
**Bonds, Series 2004B**

For the aggregate principal amount of \$60,420,000.00, we will pay you \$61,190,482.72, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
01/01/2005	1,015M	2.0000
01/01/2006	410M	3.0000
01/01/2007	415M	3.0000
01/01/2008	425M	3.0000
01/01/2009	435M	3.0000
01/01/2010	1,845M	3.5000
01/01/2011	1,880M	3.5000
01/01/2012	1,930M	3.5000
01/01/2013	2,005M	3.5000
01/01/2014	5,070M	5.0000
01/01/2015	5,280M	5.0000
01/01/2016	4,175M	5.0000
01/01/2017	1,190M	3.8000
01/01/2018	1,245M	3.9000
01/01/2019	1,305M	4.0000
01/01/2020	1,365M	4.0000
01/01/2021	1,435M	4.1250
01/01/2022	1,500M	4.2000
01/01/2023	1,570M	4.3000
01/01/2024	1,645M	4.3750
01/01/2025	1,725M	4.4000
01/01/2026	1,805M	4.4000
01/01/2027		
01/01/2028		
01/01/2029		
01/01/2030	8,150M	4.5000
01/01/2031		
01/01/2032		
01/01/2033		
01/01/2034		
01/01/2035	12,600M	4.5000

Total Interest Cost:	\$46,233,459.73
Premium:	\$770,482.72
Net Interest Cost:	\$45,462,977.01
TIC:	4.315937

Time Last Bid Received On:03/01/2004 8:59:49 PST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Merrill Lynch & Co., New York, NY  
Contact: Paul Kuhns  
Title: Managing Director  
Telephone:212-449-5081  
Fax: 212-449-3733

Issuer Name: King County Company Name: \_\_\_\_\_

Accepted By: \_\_\_\_\_ Accepted By: \_\_\_\_\_

Date: \_\_\_\_\_ Date: \_\_\_\_\_