



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 20, 2010

Motion 13272

Proposed No. 2010-0230.2

Sponsors Patterson

1 A MOTION of the county council approving a bid for the
2 county's Sewer Revenue and Refunding Bonds, 2010, in
3 the aggregate principal amount of \$334,365,000 and
4 establishing certain terms of such bonds and a plan of
5 refunding, all in accordance with Ordinance 16868.

6 WHEREAS, the county council by Ordinance 16868 passed on June 28, 2010 (the
7 "Bond Ordinance"), authorized the issuance and sale of bonds of the county payable from
8 sewer revenues, as follows: (i) not to exceed \$475,000,000 principal amount of bonds to
9 pay costs of certain capital improvements to the county's sewer system (the "System") in
10 accordance with the county's comprehensive water pollution abatement plan (the "Project
11 Bonds") and (ii) not to exceed \$1,000,000,000 principal amount of bonds to refund
12 certain outstanding bonds payable from sewer revenues (the "Refunding Bonds"), and

13 WHEREAS, the Bond Ordinance authorizes such bonds to be sold in one or more
14 series, as Parity Bonds or Parity Lien Obligations (as such terms are defined in the Bond
15 Ordinance), as Tax-Exempt Bonds, Tax-Benefited Bonds or otherwise, and by negotiated
16 sale or competitive bid, as determined by the county's director of finance and business
17 operations division (the "Finance Director") in consultation with the county's financial
18 advisors, and

19 WHEREAS, the Finance Director has determined that \$300,000,000 principal
20 amount of Project Bonds (the "Project Portion") and \$34,365,000 principal amount of
21 Refunding Bonds (the "Refunding Portion") be sold in a series of Parity Bonds in the
22 aggregate principal amount of \$334,365,000 to be designated as the county's Sewer
23 Revenue and Refunding Bonds, 2010 (the "Bonds"), structured as Tax-Exempt Bonds,
24 and sold by competitive bid, and

25 WHEREAS, pursuant to the Bond Ordinance, a preliminary official statement
26 dated July 8, 2010, has been prepared for the sale of the Bonds, the Official Notice of
27 Bond Sale (the "Notice") has been distributed, and bids have been received in accordance
28 with the Notice, and

29 WHEREAS, the attached bid of Banc of America Merrill Lynch (the "Purchaser")
30 to purchase the Bonds is the best bid received for the Bonds, and it is in the best interest
31 of the county that the Bonds be sold to the Purchaser on the terms set forth in the Notice,
32 the attached bid, the Bond Ordinance, and this motion, and

33 WHEREAS, in accordance with the Bond Ordinance, the council wishes to ratify
34 and confirm certain terms of the Bonds and approve a plan of refunding certain
35 outstanding sewer revenue bonds of the county from proceeds of the Refunding Portion,
36 as set forth herein;

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

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

40 B. Ratification of Notice of Sale, Acceptance of Bid, and Authorization of
41 Bonds. The issuance of the Bonds, designated as set forth in the recitals of this motion,

42 and the terms and conditions thereof as set forth in the Official Notice of Bond Sale,
43 attached hereto as Attachment A (the "Notice"), are hereby ratified and confirmed, and
44 Purchaser's bid to purchase the Bonds, as set forth on Attachment B (the "Bid"), is hereby
45 accepted. The Bonds shall bear interest at the rates set forth in the Bid and shall conform
46 in all other respects to the terms and conditions specified in the Notice, Bid (adjusted by
47 the county's financial advisor, as shown on Attachment C, to accomplish the plan of
48 refunding set forth in Section E of this motion) and Bond Ordinance. The Bonds shall be
49 subject to redemption as set forth in the Notice and Bid.

50 C. Satisfaction of Parity Conditions. In accordance with the provisions of the
51 ordinances authorizing the issuance of the currently outstanding Parity Bonds, which
52 permit the issuance of additional Parity Bonds upon compliance with the conditions set
53 forth therein (the "Parity Conditions"), the county council hereby finds and determines, as
54 follows:

55 (i) The Project Portion of the Bonds is to be issued for the purpose of
56 acquiring, constructing and installing portions of the Comprehensive Plan and for
57 acquiring, constructing and installing necessary renewals or replacements of the System.

58 (ii) The Refunding Portion of the Bonds is to be issued for the purpose
59 of refunding and retiring prior to their maturity certain outstanding obligations of the
60 county payable from Revenue of the System.

61 (iii) There is not now, and when the Bonds are issued there will not
62 then be, any deficiency in the Parity Bond Fund or any account therein.

63 (iv) The Bond Ordinance provides for payment out of the Parity Bond
64 Fund of the principal of and interest on the Bonds and this motion provides for
65 satisfaction of the Reserve Requirement, as required by the Parity Conditions.

66 (v) The county will have on file at the Closing of the Bonds a
67 certificate of the Finance Director to satisfy the revenue test for issuance of Future Parity
68 Bonds required by the Parity Conditions.

69 The applicable Parity Conditions having been complied with in connection
70 with the issuance of the Bonds, the pledge contained in the Bond Ordinance of Revenue
71 of the System to pay and secure the payment of the Bonds shall constitute a lien and
72 charge upon such revenue equal in rank with the lien and charge upon the Revenue of the
73 System to pay and secure the payment of the outstanding Parity Bonds.

74 D. Application of Project Bond Proceeds; Satisfaction of Reserve
75 Requirement. In accordance with Section 15.A of the Bond Ordinance, there is hereby
76 established a special subaccount within the Construction Account to be designated as the
77 Series 2010 Construction Subaccount (the "Construction Subaccount"). Proceeds of the
78 Project Portion (exclusive of accrued interest, if any, which shall be deposited into the
79 Debt Service Account in the Parity Bond Fund) shall be deposited in the Construction
80 Subaccount and applied to pay costs of improvements to the System and costs of issuance
81 of the Project Portion, in accordance with Section 15.A of the Bond Ordinance.

82 In accordance with Section 9.C of the Bond Ordinance, proceeds of the Project
83 Portion shall be deposited into the Bond Reserve Account in an amount sufficient to
84 satisfy the Reserve Requirement with respect to the Bonds.

85 E. Refunding and Redemption of Refunded Bonds.

86 1. Plan of Refunding. In accordance with Sections 16 and 28 of the
 87 Bond Ordinance, the Finance Director has determined, in consultation with the county's
 88 financial advisors, that proceeds of the Refunding Portion shall be used to refund the
 89 following obligations of the county payable from sewer revenues pursuant to the plan of
 90 refunding set forth below and ratified and confirmed hereby:

91 Refunded Series 2001 Bonds

Maturity	Principal Amount	Interest Rate	Call Date
01/01/2013	\$3,775,000	5.250%	01/01/2012
01/01/2014	3,975,000	5.250	01/01/2012
01/01/2015	4,185,000	5.250	01/01/2012
01/01/2016	4,400,000	5.250	01/01/2012
01/01/2017	2,435,000	5.250	01/01/2012
01/01/2018	2,565,000	5.250	01/01/2012
01/01/2019	2,700,000	5.250	01/01/2012
01/01/2020	2,840,000	5.125	01/01/2012
01/01/2021	2,985,000	5.000	01/01/2012
01/01/2022	3,135,000	5.000	01/01/2012
01/01/2023	3,295,000	5.000	01/01/2012

92 The Refunded Series 2001 Bonds shall be referred to collectively in this motion
 93 as the Refunded Bonds. As provided in Section 16 of the Bond Ordinance, the King
 94 County Series 2010 Sewer System Bonds Refunding Account (the "Refunding Account")
 95 shall be established and maintained with the Escrow Agent (as identified below).

96 Proceeds of the Refunding Portion (exclusive of accrued interest, if any, which shall be
97 deposited into the Debt Service Account in the Bond Fund) shall be deposited in the
98 Refunding Account and used, together with other funds of the county, if necessary, to
99 purchase certain "Government Obligations" (which obligations so purchased are herein
100 called "Escrow Securities"), bearing such interest and maturing as to principal and
101 interest in such amounts and at such times that, together with any necessary beginning
102 cash balance, will provide for the payment of:

103 (a) the interest on the Refunded Bonds due and payable on and
104 prior to January 1, 2012; and

105 (b) the redemption price (100% of the principal amount)
106 payable on January 1, 2012, of the Refunded Bonds.

107 Any beginning cash balance and the Escrow Securities shall be irrevocably
108 deposited with the Escrow Agent in an amount sufficient to defease the Refunded Bonds
109 in accordance with the ordinance authorizing the Refunded Bonds. Any amounts
110 described above that are not provided for in full by such beginning cash balance and the
111 purchase and deposit with the Escrow Agent of the Escrow Securities shall be provided
112 for by the irrevocable deposit of the necessary amount out of the proceeds of sale of the
113 Refunding Portion or any other money of the county legally available therefor. The
114 proceeds of the Refunding Portion remaining in the Refunding Account after acquisition
115 of the Escrow Securities and provision for the necessary beginning cash balance shall be
116 utilized to pay expenses of the acquisition and safekeeping of the Escrow Securities and
117 the costs of issuing the Refunding Portion. The county may, from time to time, transfer,
118 or cause to be transferred, from the Refunding Account any money not thereafter required

119 for the purposes set forth in subparagraphs (a) and (b) above, subject to verification in
120 writing by an independent certified public accountant that such transfer will not result in
121 inadequate funds being available to make the required payments therefrom. The county
122 reserves the right to substitute other securities for the Escrow Securities in the event it
123 may do so pursuant to Section 148 of the Code and applicable regulations thereunder,
124 upon compliance with the conditions set forth in the Escrow Agreement.

125 The selection of U.S. Bank National Association as Escrow Trustee is hereby
126 ratified and confirmed.

127 2. Redemption of Refunded Bonds. The county hereby irrevocably sets
128 aside sufficient funds through the purchase of the Escrow Securities and an initial cash
129 deposit to make the payments, as specified in subparagraphs (a) and (b) above.

130 The county hereby irrevocably defeases and calls for redemption on January 1,
131 2012, the Refunded Bonds in accordance with the provisions of the ordinance authorizing
132 the redemption and retirement of the Refunded Bonds prior to their fixed maturities.

133 Said defeasance and call for redemption of the Refunded Bonds shall be
134 irrevocable after the final establishment of the Refunding Account and delivery of the
135 Escrow Securities and the requisite cash deposit, if any, to the Escrow Agent, except as
136 provided herein relating to the substitution of securities. The Finance Director is
137 authorized and requested to provide whatever assistance is necessary to accomplish such
138 defeasance and redemption.

139 The Escrow Agent is hereby authorized and directed to notify the fiscal agency of
140 the State of Washington to give notice of the redemption of the Refunded Bonds in
141 accordance with the applicable provisions of the ordinance authorizing their issuance.

142 The Finance Director is authorized and requested to provide whatever assistance is
143 necessary to accomplish such redemption and the giving of notice therefor. The costs of
144 publication of such notice shall be an expense of the county.

145 The Escrow Agent is hereby authorized and directed to pay to the fiscal agency or
146 agencies of the State of Washington sums sufficient to make, when due, the payments
147 specified in subparagraphs (a) and (b) above. All such sums shall be paid from the
148 money and the Escrow Securities deposited with the Escrow Agent pursuant to this
149 section, and the income therefrom and proceeds thereof. All such sums so paid shall be
150 credited to the Refunding Account. All money and Escrow Securities deposited with the
151 Escrow Agent and any income therefrom shall be held, invested and applied in
152 accordance with the provisions of the Bond Ordinance and with the laws of the State of
153 Washington for the benefit of the county and the owners of the Refunded Bonds.

154 3. Findings of Saving and Defeasance. This council hereby finds and
155 determines that the issuance and sale of the Refunding Portion at this time will effect a
156 savings to the county and ratepayers of the System. In making such finding and
157 determination, the council has given consideration to the interest on and the fixed
158 maturities of the Refunding Portion and the Refunded Bonds, the costs of issuance of the
159 Refunding Portion and the known earned income from the investment of the proceeds of
160 sale of the Refunding Portion pending redemption and payment of the Refunded Bonds.

161 This council hereby further finds and determines that the Escrow Securities to be
162 deposited with the Escrow Agent and the income therefrom, together with any necessary
163 beginning cash balance, are sufficient to defease and redeem the above-referenced
164 Refunded Bonds and will discharge and satisfy the obligations of the county with respect

165 to the Refunded Bonds under the ordinance authorizing their issuance and the pledges of
166 the county therein. Immediately upon the delivery of such Escrow Securities to the
167 Escrow Agent and the deposit of any necessary beginning cash balance, the Refunded
168 Bonds shall be deemed not to be outstanding under their authorizing ordinance and shall
169 cease to be entitled to any lien, benefit or security under such ordinance except the right
170 to receive payment from the Escrow Securities and beginning cash balance so set aside
171 and pledged.

172 F. Undertaking to Provide Ongoing Disclosure.

173 1. Contract/Undertaking. In accordance with Section 31 of the Bond
174 Ordinance, this Section F constitutes the county's written undertaking for the benefit of
175 the owners and Beneficial Owners of the Bonds as required by Section (b)(5) of the Rule.

176 2. Financial Statements/Operating Data. The county agrees to
177 provide or cause to be provided to the MSRB the following annual financial information
178 and operating data for the prior fiscal year (commencing in 2011 for the fiscal year ended
179 December 31, 2010):

180 (a) Annual financial statements showing year-end fund balance for the
181 County's Water Quality Enterprise fund prepared in accordance with the Budget
182 Accounting and Reporting System prescribed by the Washington State Auditor pursuant
183 to RCW 43.09.200 (or any successor statutes) and generally of the type included in the
184 official statement for the Bonds under the heading "Appendix C: King County Water
185 Quality Enterprise 2009 Audited Financial Statements";

186 (b) Amount of outstanding Parity Bonds; and

187 (c) Information regarding customers, revenues and expenses of the
188 Sewer System generally in the form set forth in the Official Statement for the Bonds in
189 the table titled "Historical Customers, Revenues and 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 the end of seven months after the end of the county's fiscal year. The county's
194 fiscal year currently ends on December 31. The county may adjust such fiscal year by
195 providing written notice of the change of fiscal year to the MSRB. In lieu of providing
196 such annual financial information and operating data, the county may cross-refer to other
197 documents available to the public on the MSRB's internet website or filed with the
198 Commission.

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

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

207 (a) Principal and interest payment delinquencies;

208 (b) Non-payment related defaults;

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

225 Solely for purposes of disclosure, and not intending to modify this undertaking,
226 the county advises with reference to items (d), (e) and (j) above that no credit
227 enhancement, liquidity facility or property secures repayment of the Bonds.

228 4. Notification Upon Failure to Provide Financial Data. The county
229 agrees to provide or cause to be provided to the MSRB, in a timely manner, notice of its
230 failure to provide the annual financial information described in subsection 2 above on or
231 prior to the date set forth in subsection 2 above.

232 5. EMMA; Format for Filings with the MSRB. Until otherwise designated
233 by the MSRB or the Commission, any information or notices submitted to the MSRB in
234 compliance with the Rule are to be submitted through the MSRB's Electronic Municipal
235 Market Access system ("EMMA"), currently located at www.emma.msrb.org. All
236 notices, financial information and operating data required by this undertaking to be
237 provided to the MSRB must be in an electronic format as prescribed by the MSRB. All
238 documents provided to the MSRB pursuant to this undertaking must be accompanied by
239 identifying information as prescribed by the MSRB.

240 6. Termination/Modification. The county's obligations to provide annual
241 financial information and notices of material events shall terminate upon the legal
242 defeasance or payment in full of all of the Bonds. These obligations, or any provision of
243 this section, shall be null and void if the county (i) obtains an opinion of nationally
244 recognized bond counsel to the effect that those portions of the Rule that require these
245 obligations, or any such provision, are invalid, have been repealed retroactively or
246 otherwise do not apply to the Bonds; and (ii) notifies the MSRB of such opinion and the
247 cancellation of these obligations.

248 Notwithstanding any other provision of this motion, the county may amend this
249 Section F, and any provision of this Section F may be waived, with an approving opinion
250 of nationally recognized bond counsel and in accordance with the Rule.

251 In the event of any amendment or waiver of a provision of this Section F, the
252 county shall describe such amendment in the next annual report, and shall include, as
253 applicable, a narrative explanation of the reason for the amendment or waiver and its
254 impact on the type (or in the case of a change of accounting principles, on the

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

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

270 G. Further Authority. The county officials, their agents, attorneys and
271 representatives are hereby authorized and directed to do everything necessary for the
272 prompt issuance and delivery of the Bonds and for the proper use and application of the
273 proceeds of such sale.

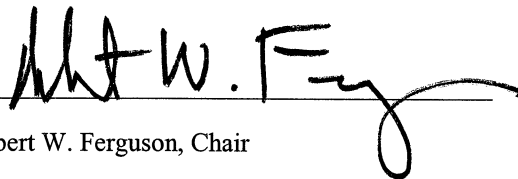
274 H. Severability. If any provision in this motion is declared by any court of
275 competent jurisdiction to be contrary to law, then such provision shall be null and void

276 and shall be deemed separable from the remaining provisions of this motion and shall in
277 no way affect the validity of the other provisions of this motion or of the Bonds.
278

Motion 13272 was introduced on 5/3/2010 and passed by the Metropolitan King County Council on 7/19/2010, by the following vote:

Yes: 9 - Ms. Drago, Mr. Phillips, Mr. von Reichbauer, Mr. Gossett,
Ms. Hague, Ms. Patterson, Ms. Lambert, Mr. Ferguson and Mr. Dunn
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Robert W. Ferguson, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments: A. Official Notice of Bond Sale King County, Washington \$336,035,000* Sewer Revenue and Refunding Bonds, 2010, B. Banc of America Merrill Lynch - New York, NY's Bid King County \$336,035,000 Sewer Revenue and Refunding Bonds, 2010, C. King County, Washington Sewer Revenue and Refunding Bonds, Series 2010

ATTACHMENT A**OFFICIAL NOTICE OF BOND SALE****KING COUNTY, WASHINGTON****\$336,035,000*****SEWER REVENUE AND REFUNDING BONDS, 2010**

Electronic bids for the Sewer Revenue and Refunding Bonds, 2010 (the "Bonds"), of King County, Washington (the "County"), will be received via BiDCOMP/PARITY ("Parity") in the manner described below until

9:00 A.M., PACIFIC TIME, ON JULY 19, 2010,

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 18 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 for the Bonds, it will be awarded to the successful bidder and its terms will be approved by the County Council by a Sale Motion at such meeting.

The Bonds will be sold on an all-or-none basis. Bids for the Bonds must be submitted electronically via Parity in accordance with its Rules of Participation and this notice, and no bid will be received after the time for receiving bids specified above. For further information about Parity, potential bidders may contact Parity at (212) 849-5021.

By submitting an electronic bid for the Bonds, each 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, will control.
- (ii) 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 has no duty or obligation to provide or assure access to Parity, and is not 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) Upon acceptance of a bid by the County, this Official Notice of Bond Sale and the information that is electronically transmitted through Parity will form a contract between the bidder and the County.

If all bids for the Bonds are rejected, the Finance Director may fix a new date and time for the receipt of bids for the Bonds by giving notice communicated through TM3, the Bond Buyer Wire or the Bloomberg News Network not less than 18 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, will be considered an amendment to this Official Notice of Bond Sale.

A copy of the County's Preliminary Official Statement (with this Official Notice of Sale), dated July 8, 2010, and further information regarding the details of the Bonds may be obtained from i-Deal Prospectus, a service

* Preliminary, subject to change.

of i-Deal LLC, at www.i-dealprospectus.com, or upon request to the King County Finance and Business Operations Division (the "Finance Division") or the County's financial advisor. See "Contact Information."

Contact Information

Finance Division	Nigel Lewis King County (206) 296-1168 nigel.lewis@kingcounty.gov
Financial Advisor	Rob Shelley Seattle-Northwest Securities Corporation office (206) 628-2879; cell (206) 601-2249 rshelley@snwsc.com
Bond Counsel	David Thompson K&L Gates LLP (206) 623-7580 david.thompson@klgates.com

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 January 1, 2011, to the maturity or earlier redemption of the Bonds.

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 in New York, New York, currently The Bank of New York Mellon (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 the Bonds will designate whether the principal amounts of the Bonds as set forth below will 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.

<u>Serial Maturity or Amortization Installment</u>	<u>Principal Amounts*</u>	<u>Serial Maturity or Amortization Installments</u>	<u>Principal Amounts*</u>
2011	\$ 220,000	2031	\$ 6,745,000
2012	175,000	2032	7,085,000
2013	3,955,000	2033	7,435,000
2014	7,225,000	2034	7,810,000
2015	7,515,000	2035	8,200,000
2016	7,810,000	2036	8,610,000
2017	5,930,000	2037	9,040,000
2018	6,165,000	2038	9,490,000
2019	6,415,000	2039	9,965,000
2020	6,665,000	2040	10,465,000
2021	6,935,000	2041	10,990,000
2022	7,285,000	2042	11,540,000
2023	7,650,000	2043	12,115,000
2024	4,795,000	2044	12,720,000
2025	5,035,000	2045	13,355,000
2026	5,285,000	2046	14,025,000
2027	5,550,000	2047	14,725,000
2028	5,825,000	2048	15,460,000
2029	6,120,000	2049	16,235,000
2030	6,425,000	2050	17,045,000

The County will deposit certain money as provided in the Bond 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.

Redemption of the Bonds

The County reserves the right to redeem outstanding Bonds maturing on or after January 1, 2021, in whole or in part, at any time on or after July 1, 2020, at the price of par plus accrued interest, if any, to the date fixed for redemption. In addition, the Bonds may be subject to mandatory redemption if the successful bidder for the Bonds specifies term bonds.

Security

The Bonds are secured by a pledge of Revenue of the System subject to prior payment of all Operating and Maintenance Expenses of the Sewer System. The lien of the Bonds on Revenue of the System is equal to the lien securing the outstanding Parity Bonds and any Future Parity Bonds, and senior to all other obligations of the Sewer System except Operating and Maintenance Expenses.

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 fixing the interest rates that the Bonds will bear. The interest rates bid must 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 the Bonds. Bids must be without condition and may only be submitted electronically via Parity.

* Preliminary, subject to change.

No bid will be considered for the Bonds that is less than an amount equal to 99 percent of the par value of the Bonds nor more than an amount equal to 108.5 percent of the par value of the Bonds, or for less than the entire offering 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" is defined as the lesser of the price at the redemption date or the price at the maturity date.

For the purpose of comparing bids only, the interest rate bid being controlling, each bid must 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 the Bonds and to the price bid.

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 Principal Amounts Before Bid Opening

Bidders are advised that the County may increase or decrease the total principal amount of the Bonds and/or the amounts of individual maturities stated in this Official Notice of Bond Sale (including any amendments issued by the County through a wire service) prior to the bidding. If such changes are made, they will be made available through Parity.

Adjustment of Par Amount and Bid Price After Award

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 following the opening of the bids. The County also reserves the right to increase or decrease the preliminary principal amount of any maturity of the Bonds by the greater of \$500,000 or 15 percent of the preliminary principal amount of that maturity.

The price bid by the successful bidder for 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 the Bonds by 3:00 p.m., Pacific Time, on the day 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 the Bonds.

Good Faith Deposit

The successful bidder for the Bonds is required to deliver a good faith deposit in the amount of \$3,300,000 by federal funds wire transfer to the Treasury Section of the Finance Division by no later than 90 minutes following the successful bidder's receipt of the verbal award. Wiring instructions will be provided to the successful bidder at the time of the verbal award.

The good faith deposit of the successful bidder for 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 the Bonds on the delivery of the 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 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 the Bonds will not be conditioned upon obtaining insurance or any other credit enhancement. If the Bonds qualify for the 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 will 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, will be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of

insurance to be issued will not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

Award

The Bonds 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 the Bonds. For the purpose only of comparing bids, 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 the Bonds and to the price bid.

If there are two or more equal bids for 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. If all bids for an offering are rejected, the Bonds may be readvertised for sale in the manner provided by law and as provided above.

Issue Price Information

Upon award of the Bonds, the successful bidder will advise the County and Bond Counsel of the initial reoffering prices to the public of the Bonds (the "Initial Reoffering Prices"). Simultaneously with or before delivery of the Bonds, the successful bidder is required to 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 Bonds has been made to the public (excluding bond houses, brokers and other intermediaries),
- (iii) stating the prices at which a substantial amount (at least ten percent) 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 Bonds that remains unsold at the date of closing would have been sold on the date the Bonds were awarded, and
- (v) stating the offering price of each portion of the Bonds sold to institutional or other investors at discount.

Delivery

The County will deliver the Bonds (consisting of one word-processed certificate for each maturity 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 will occur within 40 days after the sale date. Settlement will be in federal funds available in Seattle, Washington, on the date of delivery. Delivery is expected to be July 29, 2010.

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 this Preliminary Official Statement for the Bonds, the successful bidder for the Bonds, 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 K&L Gates 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 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 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 of the Bonds thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale.

The successful bidder for the Bonds is responsible for obtaining CUSIP numbers for the Bonds. The charge of the CUSIP Service Bureau will be paid by the successful bidder; however, all expenses for printing the CUSIP numbers on the Bonds will be paid by the County.

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.

Preliminary Official Statement

This Preliminary Official Statement is in a form that the County expects to deem final 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, in sufficient quantities to permit the successful bidder to comply with SEC Rule 15c2-12(b)(1).

By submitting the successful proposal, the purchaser's designated senior representative agrees:

- (i) to provide to the Finance Division, in writing, within 24 hours after the acceptance of the bid, pricing and other related information, including the Initial Reoffering Prices of the Bonds, necessary for completion of the final Official Statement;
- (ii) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any amendments or supplements prepared by the County;
- (iii) to take any and all actions necessary to comply with applicable rules of the SEC and Municipal Securities Rulemaking Board ("MSRB") governing the offering, sale and delivery of the Bonds to ultimate purchasers, including the delivery of a final Official Statement to each investor who purchases the Bonds; and
- (iv) to file the final Official Statement or cause it to be filed with the MSRB within one business day following its receipt from the County.

Official Statement

At closing, the County will furnish a certificate of an official or officials of the County, stating that, to the best knowledge of such official(s) and relying on the opinions of Bond Counsel where appropriate, as of the date of the Official Statement and as of the date of delivery of the Bonds,

- (i) the information (including financial information) regarding the County contained in the Official Statement was and is true and correct in all material respects and did not and does not contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (however, the County will make no representation regarding Bond Counsel's form of opinion or the information provided by DTC, The Bank of New York Mellon, or any entity providing bond insurance, reserve insurance or other credit facility); and

- (ii) the descriptions and statements, including financial data, of or pertaining to other bodies and their activities contained in the Official Statement have been obtained from sources that the County believes to be reliable and the County has no reason to believe that they are untrue in any material respect.

DATED at Seattle, Washington, this 8th day of July, 2010.

/s/

Clerk of the Metropolitan King County Council

**Banc of America Merrill Lynch - New York , NY's Bid
King County**



\$336,035,000 Sewer Revenue and Refunding Bonds, 2010

For the aggregate principal amount of \$336,035,000.00, we will pay you \$356,968,881.37, 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 %
01/01/2011	220M	2.0000
01/01/2012	175M	2.0000
01/01/2013	3,955M	4.0000
01/01/2014	7,225M	4.0000
01/01/2015	7,515M	4.0000
01/01/2016	7,810M	4.0000
01/01/2017	5,930M	5.0000
01/01/2018	6,165M	5.0000
01/01/2019	6,415M	5.0000
01/01/2020	6,665M	5.0000
01/01/2021	6,935M	5.0000
01/01/2022	7,285M	5.0000
01/01/2023	7,650M	5.0000
01/01/2024	4,795M	5.0000
01/01/2025	5,035M	5.0000
01/01/2026	5,285M	5.0000
01/01/2027	5,550M	5.0000
01/01/2028	5,825M	5.0000
01/01/2029	6,120M	5.0000
01/01/2030	6,425M	5.0000
01/01/2031	6,745M	5.0000
01/01/2032	7,085M	5.0000
01/01/2033		
01/01/2034		
01/01/2035		
01/01/2036	32,055M	4.2500
01/01/2037		
01/01/2038		
01/01/2039		
01/01/2040	38,960M	5.0000
01/01/2041		
01/01/2042		
01/01/2043		
01/01/2044		
01/01/2045	60,720M	5.0000
01/01/2046		

01/01/2047		
01/01/2048		
01/01/2049		
01/01/2050	77,490M	5.0000

Total Interest Cost: \$405,153,826.39
Premium: \$20,933,881.37
Net Interest Cost: \$384,219,945.02
TIC: 4.451005
Time Last Bid Received On:07/19/2010 8:59:50 PDST

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: Banc of America Merrill Lynch, New York , NY
Contact: Brendan Troy
Title: Vice President
Telephone:212-449-5081
Fax: 212-449-3733

Issuer Name: King County

Company Name: _____

Accepted By: _____

Accepted By: _____

Date: _____

Date: _____

King County, Washington
Sewer Revenue and Refunding Bonds, Series 2010

ATTACHMENT C

Bond Component	Maturity Date	Amount	Rate
Serial Bonds:			
	01/01/2011	150,000	2.000%
	01/01/2012		
	01/01/2013	3,780,000	4.000%
	01/01/2014	7,080,000	4.000%
	01/01/2015	7,370,000	4.000%
	01/01/2016	7,660,000	4.000%
	01/01/2017	5,765,000	5.000%
	01/01/2018	6,020,000	5.000%
	01/01/2019	6,290,000	5.000%
	01/01/2020	6,560,000	5.000%
	01/01/2021	6,850,000	5.000%
	01/01/2022	7,195,000	5.000%
	01/01/2023	7,555,000	5.000%
	01/01/2024	4,795,000	5.000%
	01/01/2025	5,035,000	5.000%
	01/01/2026	5,285,000	5.000%
	01/01/2027	5,550,000	5.000%
	01/01/2028	5,825,000	5.000%
	01/01/2029	6,120,000	5.000%
	01/01/2030	6,425,000	5.000%
	01/01/2031	6,745,000	5.000%
	01/01/2032	7,085,000	5.000%
		125,140,000	
Term Bond 1:			
	01/01/2033	7,435,000	4.250%
	01/01/2034	7,810,000	4.250%
	01/01/2035	8,200,000	4.250%
	01/01/2036	8,610,000	4.250%
		32,055,000	
Term Bond 2:			
	01/01/2037	9,040,000	5.000%
	01/01/2038	9,490,000	5.000%
	01/01/2039	9,965,000	5.000%
	01/01/2040	10,465,000	5.000%
		38,960,000	
Term Bond 3:			
	01/01/2041	10,990,000	5.000%
	01/01/2042	11,540,000	5.000%
	01/01/2043	12,115,000	5.000%
	01/01/2044	12,720,000	5.000%
	01/01/2045	13,355,000	5.000%
		60,720,000	
Term Bond 4:			
	01/01/2046	14,025,000	5.000%
	01/01/2047	14,725,000	5.000%
	01/01/2048	15,460,000	5.000%
	01/01/2049	16,235,000	5.000%
	01/01/2050	17,045,000	5.000%
		77,490,000	
		334,365,000	