



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**October 18, 2010**

**Motion 13366**

**Proposed No. 2010-0560.2**

**Sponsors Patterson**

1           A MOTION of the county council accepting a bid for the  
2           purchase of the county's Unlimited Tax General Obligation  
3           Refunding Bonds, 2010, Series A, in the aggregate  
4           principal amount of \$19,805,000, and establishing certain  
5           terms of such bonds and the plan of refunding, all in  
6           accordance with Ordinance 16657.

7           WHEREAS, pursuant to Ordinance 16657 (the "UTGO Bond Ordinance"), the  
8           county council authorized the issuance of one or more series of its unlimited tax general  
9           obligation refunding bonds in an outstanding aggregate principal amount not to exceed  
10          \$45,000,000 to refund all or a portion of the county's Unlimited Tax General Obligation  
11          Refunding Bonds, 2000 and Unlimited Tax General Obligation Bonds, 2001 (Harborview  
12          Medical Center), and

13          WHEREAS, the UTGO Bond Ordinance provided that such bonds may be  
14          publicly sold in one or more series, any of which may be sold in a combined offering  
15          with other bonds of the county, either by negotiated sale or by competitive bid, as  
16          determined by the Finance Director in consultation with the county's financial advisors,  
17          and

18          WHEREAS, the Finance Director has determined that a series of the bonds  
19          authorized pursuant to the UTGO Bond Ordinance, to be designated as the county's

1 Unlimited Tax General Obligation Refunding Bonds, 2010, Series A (the "UTGO  
2 Bonds") be sold by competitive bid as provided herein, and

3 WHEREAS, \$19,570,000 of the bonds authorized by the UTGO Bond Ordinance  
4 are currently outstanding. The aggregate principal amount of all such bonds (including  
5 the UTGO Bonds) to be outstanding on the date of issuance of the UTGO Bonds,  
6 computed as provided in the UTGO Bond Ordinance, will be \$39,375,000, which amount  
7 does not exceed \$45,000,000, and

8 WHEREAS, a preliminary official statement dated October 8, 2010, has been  
9 prepared for the public sale of the UTGO Bonds, the official notice of such sale dated  
10 October 8, 2010 (the "Notice"), has been duly published, and bids have been received in  
11 accordance with the Notice, and

12 WHEREAS, the attached bid of Banc of America Merrill Lynch to purchase the  
13 UTGO Bonds is the best bid received for the UTGO Bonds, and it is in the best interest  
14 of the county that the UTGO Bonds be sold to Banc of America Merrill Lynch on the  
15 terms set forth in the Notice, the attached bid, the UTGO Bond Ordinance and this  
16 motion;

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

18 A. Definitions. Except as expressly authorized herein, terms used in this motion  
19 have the meanings set forth in the UTGO Bond Ordinance.

20 B. Ratification of Notice of Sale, Acceptance of Bids, and Authorization of  
21 UTGO Bonds. The issuance of the UTGO Bonds, designated as the county's Unlimited  
22 Tax General Obligation Refunding Bonds, 2010, Series A, in the aggregate principal  
23 amount of \$19,805,000, and the terms and conditions thereof, as set forth in the Notice

1 attached hereto as Attachment A, are hereby ratified and confirmed. The offer to  
2 purchase the UTGO Bonds, as set forth in the bid of Banc of America Merrill Lynch  
3 attached hereto as Attachment B, which shall be deemed to be adjusted to reflect the  
4 changed aggregate principal amount of the UTGO Bonds and the changed principal  
5 amounts of all of the maturities thereof, as and to the extent permitted by the Notice, is  
6 hereby accepted. The UTGO Bonds shall be dated their date of issue and delivery, and  
7 shall be subject to optional redemption as set forth in the Notice. The UTGO Bonds shall  
8 mature on the dates and in the amounts, and shall bear interest at the rates specified in  
9 Attachment C to this motion. In all other respects, the UTGO Bonds shall conform to the  
10 terms and conditions specified in the Notice and the UTGO Bond Ordinance.

11 C. Application of UTGO Bond Proceeds; Refunding of Refunded 2000 Bonds.

12 1. Application of UTGO Bond Proceeds. All of the net proceeds of the UTGO  
13 Bonds shall be applied to: (a) the refunding of \$20,610,000 of the county's Unlimited  
14 Tax General Obligation Refunding Bonds, 2000 maturing on December 1, 2011, June 1,  
15 2012, December 1 in the years 2012 through 2015, inclusive, and June 1, 2016 (the  
16 "Refunded 2000 Bonds"), by providing for the payment of the interest on those Refunded  
17 2000 Bonds that will become due and payable on or before December 1, 2010 (the  
18 "Refunded 2000 Bond Redemption Date"), and the redemption price of the Refunded  
19 2000 Bonds that will be called for redemption on the Refunded 2000 Bond Redemption  
20 Date; and (b) the payment of the costs and expenses incurred in issuing the UTGO  
21 Bonds.

22 2. Plan of Refunding. The proper county officials are authorized to carry out  
23 the refunding plan in accordance with Section 11 of the UTGO Bond Ordinance. The

1 amounts, maturities and redemption dates of the Refunded 2000 Bonds shall be as  
2 identified in Attachment D to this motion. The amounts, maturities and interest rates of  
3 the Government Obligations to be purchased to accomplish the refunding of the  
4 Refunded 2000 Bonds shall be as identified in Attachment E to this motion.

5 3. Escrow Trustee. The selection of U.S. Bank National Association as Escrow  
6 Trustee for the refunding of the Refunded 2000 Bonds is hereby ratified and confirmed.

7 4. Finding of Savings and Defeasance. The county council finds and determines  
8 that a substantial savings will be effected by the difference between the principal and  
9 interest cost over the life of the UTGO Bonds and the principal and interest cost over the  
10 life of the Refunded 2000 Bonds but for such refunding, and that such Government  
11 Obligations to be deposited with the Escrow Trustee and the income therefrom, together  
12 with any necessary beginning cash balance, are sufficient to defease and redeem the  
13 Refunded 2000 Bonds and will discharge and satisfy the obligations of the county with  
14 respect to the Refunded 2000 Bonds under the ordinance pursuant to which the Refunded  
15 2000 Bonds were issued, and the pledge of the county in such ordinance. Immediately  
16 upon delivery of such Government Obligations to the Escrow Trustee and the deposit of  
17 any necessary beginning cash balance, the Refunded 2000 Bonds shall be deemed not to  
18 be outstanding under the ordinance pursuant to which they were issued and shall cease to  
19 be entitled to any lien, benefit or security under such ordinance except the right to receive  
20 payment from such Government Obligations and beginning cash balance so set aside and  
21 pledged.

22 D. Undertaking to Provide Ongoing Disclosure.

1           1. Contract/Undertaking. This section D. constitutes the county's written  
2 undertaking for the benefit of the owners and beneficial owners of the UTGO Bonds as  
3 required by section (b)(5) of rule 15c2-12 (the "rule") of the Securities and Exchange  
4 Commission (the "SEC").

5           2. Financial Statements/Operating Data. The county agrees to provide or cause  
6 to be provided to the Municipal Securities Rulemaking Board (the "MSRB") the  
7 following annual financial information and operating data for the prior fiscal year  
8 (commencing in 2011 for the fiscal year ended December 31, 2010):

9           (a) annual financial statements prepared in accordance with the Budget  
10 Accounting and Reporting System ("BARS") prescribed by the Washington State Auditor  
11 pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type attached  
12 to the official statement as "Appendix B," which statements will not be audited, except  
13 that if and when audited financial statements are otherwise prepared and available to the  
14 county they will be provided;

15           (b) a summary of the assessed value of taxable property in the county;

16           (c) a summary of budgeted General Fund revenues and appropriations;

17           (d) a summary of *ad valorem* property tax levy rates per \$1,000 of assessed  
18 value and delinquency rates;

19           (e) a summary of outstanding tax-supported indebtedness of the county; and

20           (f) a schedule of the aggregate annual debt service on tax-supported  
21 indebtedness of the county.

22           Items (b) through (f) shall be required only to the extent that such information is  
23 not included in the annual financial statements.

1           Such annual information and operating data described above shall be provided on  
2 or before the end of seven months after the end of the county's fiscal year. The county's  
3 fiscal year currently ends on December 31. The county may adjust such fiscal year by  
4 providing written notice of the change of fiscal year to the MSRB. In lieu of providing  
5 such annual financial information and operating data, the county may cross-reference to  
6 other documents available to the public on the MSRB's internet web site or filed with the  
7 SEC.

8           If not provided as part of the annual financial information discussed above, the  
9 county shall provide the county's audited annual financial statements prepared in  
10 accordance with BARS when and if available to the MSRB.

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

- 14           (a) principal and interest payment delinquencies;
- 15           (b) non-payment related defaults;
- 16           (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- 17           (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- 18           (e) substitution of credit or liquidity providers, or their failure to perform;
- 19           (f) adverse tax opinions or events affecting the tax-exempt status of the UTGO  
20 Bonds;
- 21           (g) modifications to rights of UTGO Bondholders;

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

4 (i) defeasances;

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

7 (k) rating changes.

8 Solely for purposes of disclosure, and not intending to modify this undertaking,  
9 the county advises with reference to section D.3.(c) and (j) of this motion that no debt  
10 service reserves secure payment of the UTGO Bonds and no property secures repayment  
11 of the UTGO Bonds.

12 4. Notification Upon Failure to Provide Financial Data. The county agrees to  
13 provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to  
14 provide the annual financial information described in section D.2. of this motion on or  
15 prior to the date set forth in section D.2. of this motion.

16 5. Electronic Format; Identifying Information. The county agrees that all  
17 documents provided to the MSRB pursuant to this section D. shall be provided in an  
18 electronic format and accompanied by such identifying information, each as prescribed  
19 by the MSRB.

20 6. Termination/Modification. The county's obligations to provide annual  
21 financial information and notices of material events shall terminate upon the legal  
22 defeasance, prior redemption or payment in full of all of the UTGO Bonds. This section  
23 D., or any provision hereof, shall be null and void if the county (i) obtains an opinion of

1 nationally recognized bond counsel to the effect that those portions of the rule which  
2 require this section D., or any such provision, are invalid, have been repealed  
3 retroactively or otherwise do not apply to the UTGO Bonds; and (ii) notifies the MSRB  
4 of such opinion and the cancellation of this section D.

5         Notwithstanding any other provision of this motion, the county may amend this  
6 section D., and any provision of this section D. may be waived, with an approving  
7 opinion of nationally recognized bond counsel and in accordance with the rule.

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

20         7. UTGO Bond Owners' Remedies Under This Section D. The right of any  
21 UTGO Bond owner or beneficial owner of UTGO Bonds to enforce the provisions of this  
22 section D. shall be limited to a right to obtain specific enforcement of the county's  
23 obligations hereunder, and any failure by the county to comply with the provisions of this



1 undertaking shall not be an event of default with respect to the UTGO Bonds. For  
2 purposes of this section D., "beneficial owner" means any person who has the power,  
3 directly or indirectly, to vote or consent with respect to, or to dispose of ownership of,  
4 any UTGO Bonds, including persons holding UTGO Bonds through nominees or  
5 depositories.

6 E. Further Authority. The proper county officials, their agents, and  
7 representatives are hereby authorized and directed to do everything necessary for the  
8 prompt issuance and delivery of the UTGO Bonds, for the preparation, execution and  
9 delivery of the final official statement for the sale of the UTGO Bonds and the county's  
10 Limited Tax General Obligation Refunding Bonds, 2010, Series A, and for the proper use  
11 and application of the proceeds of such sale.

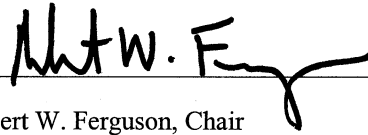
12 F. Severability. The covenants contained in this motion shall constitute a  
13 contract between the county and the owners of each and every UTGO Bond. If any one  
14 or more of the covenants or agreements provided in this motion to be performed on the  
15 part of the county shall be declared by any court of competent jurisdiction to be contrary  
16 to law, then such covenant or covenants, agreement or agreements, shall be null and void  
17 and shall be deemed separable from the remaining covenants and agreements of this

1 motion and shall in no way affect the validity of the other provisions of this motion or of  
2 the UTGO Bonds.  
3

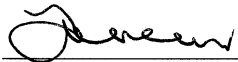
Motion 13366 was introduced on 10/18/2010 and passed by the Metropolitan King County Council on 10/18/2010, by the following vote:

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 \$27,415,000 Limited Tax General Obligation Refunding Bonds, 2010, Series A \$20,610,000 Unlimited Tax General Obligation Refunding Bonds, 2010, Series A, B. Banc of America Merrill Lynch - New York, NY's Bid King County \$20,610,000 Unlimited Tax General Obligation Refunding Bonds, 2010, Series A, C. \$19,805,000 King County, Washington Unlimited Tax General Obligation Refunding Bonds, 2010, Series A, D. \$19,805,000 King County, Washington Unlimited Tax General Obligation Refunding Bonds, 2010, Series A, E. \$19,805,000 King County, Washington Unlimited Tax General Obligation Refunding Bonds, 2010, Series A

**OFFICIAL NOTICE OF BOND SALE**

**KING COUNTY, WASHINGTON**

**\$27,415,000\***

**Limited Tax General Obligation Refunding Bonds, 2010, Series A**

**\$20,610,000\***

**Unlimited Tax General Obligation Refunding Bonds, 2010, Series A**

Separate electronic bids for the Limited Tax General Obligation Refunding Bonds, 2010, Series A (the "LTGO Bonds"), and the Unlimited Tax General Obligation Refunding Bonds, 2010, Series A (the "UTGO Bonds"), of King County, Washington (the "County"), will be received via BiDCOMP/PARITY ("Parity") in the manner described below on

**OCTOBER 18, 2010, AT**

**LTGO BONDS: 9:00 A.M., PACIFIC TIME,**

**UTGO BONDS: 9:30 A.M., PACIFIC TIME,**

or at such later date or time as may be established by the Director (the "Finance Director") of the Finance and Business Operations Division of the King County Department of Executive Services (the "Finance Division") 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 at such meeting.

The LTGO Bonds and the UTGO Bonds are collectively referred to in this Official Statement as the "Bonds."

Each series of the Bonds will be sold on an all-or-none basis. Bidders who choose to bid on more than one series of the Bonds must submit a separate bid for each series. Bids for each series of 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 the County's financial advisor, Seattle-Northwest Securities Corporation, at (206) 628-2879, or Parity at (212) 849-5021.

By submitting an electronic bid for any series of 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, shall 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 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) Upon acceptance of a bid by the County, this Official Notice of Bond Sale and the information that is electronically transmitted through Parity shall form a contract between the bidder and the County.

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\* Preliminary, subject to change.

If all bids for any 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 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, 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), dated October 8, 2010, and further information regarding the details of the Bonds may be obtained from i-Deal Prospectus, a service of i-Deal LLC, at [www.i-dealprospectus.com](http://www.i-dealprospectus.com), or upon request to the Finance Division or the County's financial advisor. See "Contact Information."

#### **Contact Information**

Finance Division	Nigel Lewis King County (206) 296-1168 <a href="mailto:nigel.lewis@kingcounty.gov">nigel.lewis@kingcounty.gov</a>
Financial Advisor	Rob Shelley Seattle-Northwest Securities Corporation Office phone: (206) 628-2879 Day of sale phone: (206) 601-2249 <a href="mailto:rshelley@snwsc.com">rshelley@snwsc.com</a>
Bond Counsel	Dan Gottlieb Gottlieb Fisher PLLC (206) 654-1999 <a href="mailto:dan@goandfish.com">dan@goandfish.com</a>

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

The Bonds will be dated the date of their initial delivery. The Bonds of each series bear interest payable semiannually on each June 1 and December 1, beginning December 1, 2010, to the maturity or earlier redemption of such series 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, currently The Bank of New York Mellon 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

*LTGO Bonds.* The bidder for the LTGO Bonds shall designate whether the principal amounts of the LTGO Bonds as set forth below shall be retired on the dates set forth below as serial bonds maturing in such year or as amortization installments of term bonds maturing in the years specified by the bidder.

<u>Serial Maturities or Amortization Installments (June 1)</u>	<u>Principal Amounts*</u>	<u>Serial Maturities or Amortization Installments (June 1)</u>	<u>Principal Amounts*</u>
December 1, 2010	\$ 510,000	2016	\$ 5,445,000
2012	1,715,000	2017	1,415,000
2013	1,760,000	2018	1,465,000
2014	5,080,000	2019	1,530,000
2015	5,250,000	2020	1,585,000
		2021	1,660,000

The County will deposit certain money as provided in the LTGO Bond Ordinance and will retire the LTGO Bonds by purchase or redemption on the dates and in the amounts provided for above.

*UTGO Bonds.* The bidder for the UTGO Bonds shall designate whether the principal amounts of the UTGO Bonds as set forth below shall be retired on the dates set forth below as serial bonds maturing in such year or as amortization installments of term bonds maturing in the years specified by the bidder.

<u>Serial Maturities or Amortization Installments (December 1)</u>	<u>Principal Amounts*</u>	<u>Serial Maturities or Amortization Installments (December 1)</u>	<u>Principal Amounts*</u>
2010	\$ 490,000	2013	\$ 3,745,000
2011	7,050,000	2014	2,190,000
June 1, 2012	1,825,000	2015	595,000
2012	4,715,000		

The County will deposit certain money as provided in the UTGO Bond Ordinance and will retire the UTGO Bonds by purchase or redemption on the dates and in the amounts provided for above.

### Redemption of the Bonds

*Optional Redemption.* The County reserves the right to redeem outstanding LTGO Bonds maturing on June 1, 2021, in whole or in part at any time on or after December 1, 2020, at the price of par plus accrued interest, if any, to the date fixed for redemption.

The UTGO Bonds are not subject to optional redemption prior to maturity.

*Mandatory Redemption.* The Bonds may be subject to mandatory redemption if the successful bidder for a series of the Bonds specifies term bonds for that series.

### Security

The Bonds are general obligations of the County.

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

\* Preliminary, subject to change.

collection of such taxes and for the prompt payment of the principal of and interest on the LTGO Bonds as the same shall become due.

The County has irrevocably covenanted, for as long as any of the UTGO Bonds are outstanding and unpaid, to include in its budget each year and make an annual levy of taxes without limitation as to rate or amount on all property within the County subject to taxation in an amount that will be sufficient, together with all other revenues, taxes and money of the County legally available for such purposes, to pay the principal of and interest on the UTGO Bonds as the same will become due. The full faith, credit and resources of the County are pledged irrevocably for the annual levy and collection of these taxes and for the prompt payment of the principal and interest on the UTGO Bonds as the same shall become due.

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

#### **Adjustment of Principal Amounts Before Bid Opening**

Bidders are advised that the County may increase or decrease the total principal amount of the Bonds of either series 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.

#### **Bidding Information**

Bidders are invited to submit separate bids for the purchase of either or both series of the Bonds fixing the interest rates that the Bonds of each 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 the Bonds. Bids shall be without condition and shall be only submitted electronically via Parity.

No bid will be considered for the LTGO Bonds that is less than an amount equal to 99.5 percent of the par value of the LTGO Bonds nor more than an amount equal to 113 percent of the par value of the LTGO Bonds, or for less than the entire offering of the LTGO 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.

No bid will be considered for the UTGO Bonds that is less than an amount equal to 99.5 percent of the par value of the UTGO Bonds nor more than an amount equal to 109 percent of the par value of the UTGO Bonds, or for less than the entire offering of the UTGO 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 paragraphs, "price" shall be 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 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.

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 Par Amount and Bid Price After Award**

The County reserves the right to increase or decrease the preliminary principal amount of the LTGO 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 LTGO Bonds by the greater of \$600,000 or 15 percent of the preliminary principal amount of that maturity.

The County reserves the right to increase or decrease the preliminary principal amount of the UTGO 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 UTGO Bonds by the greater of \$150,000 or 15 percent of the preliminary principal amount of that maturity.

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 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 any series of the Bonds.

**Good Faith Deposit**

The successful bidder for the LTGO Bonds is required to deliver a good faith deposit in the amount of \$270,000 and the successful bidder for the UTGO Bonds is required to deliver a good faith deposit in the amount of \$200,000, in each case, 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 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 the Bonds, the good faith deposit for each series of the Bonds may be invested for the sole benefit of the County.

If the Bonds of a series are ready for delivery and the successful bidder fails to complete the purchase of such series of the Bonds within 40 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 shall not be conditioned upon obtaining insurance or any other credit enhancement. If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of a bidder, any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs of issuance of the Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

**Award**

The Bonds of each series will be sold to the bidder making a bid conforming to the terms of the offering and which, on the basis of the County's determination of the lowest true interest cost, is the best bid. The true interest cost to the County for a series of the Bonds will be the rate that, when used to discount to the date of such series of the Bonds all future payments of principal and interest (using semiannual compounding and a 30/360 day basis), produces an amount equal to the bid amount, without regard to the interest accrued to the date of delivery of such series of the Bonds.

If there are two or more equal bids for a 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, such series of 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 for each series of the Bonds 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 of the Bonds, the successful bidder for each series of the Bonds 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 (at least ten percent) of such 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 such series 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 such series 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 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 October 28, 2010.

If, prior to the delivery of the Bonds, the interest receivable by the owners of a 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 opinion of Gottlieb Fisher PLLC, Seattle, Washington, Bond Counsel, will be provided to the purchaser(s) 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 Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule"). 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 each series of the Bonds is responsible for obtaining CUSIP numbers for such series of the Bonds. The applicable charge of the CUSIP Service Bureau will be paid by each 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 paragraph (b)(5) of the Rule, the County will undertake, pursuant to the Sale Motions, 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 the County expects to deem final for the purpose of paragraph (b)(1) of the Rule, 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(s) not later than seven business days after the County's acceptance of each purchaser's bid. The County will deliver no more than 100 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:

- (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 October, 2010.

\_\_\_\_\_/s/\_\_\_\_\_  
Clerk of the Metropolitan King County Council

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



**\$20,610,000 Unlimited Tax General Obligation Refunding  
Bonds, 2010, Series A**

For the aggregate principal amount of \$20,610,000.00, we will pay you \$22,098,392.85, 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 %
12/01/2010	490M	3.0000
12/01/2011	7,050M	5.0000
06/01/2012	1,825M	5.0000
12/01/2012	4,715M	5.0000
12/01/2013	3,745M	4.0000
12/01/2014	2,190M	3.0000
12/01/2015	595M	3.0000

Total Interest Cost: \$1,847,350.42  
 Premium: \$1,488,392.85  
 Net Interest Cost: \$358,957.57  
 TIC: 0.775610  
 Time Last Bid Received On: 10/18/2010 9:29:31 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: 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: \_\_\_\_\_

## ATTACHMENT C

\$19,805,000  
KING COUNTY, WASHINGTON  
UNLIMITED TAX GENERAL OBLIGATION  
REFUNDING BONDS, 2010, SERIES A

Maturity Dates, Principal Amounts and Interest Rates

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
12/1/2010	\$ 455,000	3.000%
12/1/2011	6,630,000	5.000
6/1/2012	1,790,000	5.000
12/1/2012	4,555,000	5.000
12/1/2013	3,720,000	4.000
12/1/2014	2,200,000	3.000
12/1/2015	455,000	3.000

## ATTACHMENT D

\$19,805,000  
 KING COUNTY, WASHINGTON  
 UNLIMITED TAX GENERAL OBLIGATION  
 REFUNDING BONDS, 2010, SERIES A

Description of the Refunded 2000 Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date (December 1)</u>	<u>Redemption Price</u>
12/1/2011	\$6,500,000	5.250%	2010	100.00%
6/1/2012	1,875,000	5.250	2010	100.00
12/1/2012	4,350,000	5.250	2010	100.00
12/1/2013	3,515,000	5.500	2010	100.00
12/1/2014	2,040,000	5.500	2010	100.00
12/1/2015	1,910,000	5.500	2010	100.00
6/1/2016	420,000	5.500	2010	100.00

## ATTACHMENT E

\$19,805,000  
KING COUNTY, WASHINGTON  
UNLIMITED TAX GENERAL OBLIGATION  
REFUNDING BONDS, 2010, SERIES A

Government Obligations

<u>Type of Security</u>	<u>Type of SLGS</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Rate</u>
SLGS	Certificate	12/1/2010	\$21,158,306	0.130%