



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**November 6, 2018**

**Motion 15243**

**Proposed No. 2018-0544.2**

**Sponsors Upthegrove**

1           A MOTION of the county council accepting a bid for the  
2           purchase of the county's Sewer Revenue Bonds, 2018,  
3           Series B, in the aggregate principal amount of  
4           \$124,455,000, and establishing certain terms of such bonds,  
5           all in accordance with Ordinance 18588.

6           PREAMBLE

7           Pursuant to Ordinance 18588 passed on October 23, 2017 (the  
8           "Ordinance"), the county council authorized the issuance of sewer revenue  
9           bonds and limited  
10          tax general obligation bonds (payable from sewer revenues), in the  
11          aggregate principal amount of \$500,000,000, to pay costs of capital  
12          improvements to the System, in accordance with the Comprehensive Plan  
13          and the Capital Improvement Budget (each as defined in the Ordinance).  
14          The Ordinance provides that such bonds may be publicly sold in one or  
15          more series, as Parity Bonds or Parity Lien Obligations, either by  
16          negotiated sale or by competitive bid, as determined by the Finance  
17          Director in consultation with the county's financial advisor.  
18          The Finance Director has determined that a series of bonds authorized  
19          pursuant to the Ordinance, designated as the county's Sewer Revenue

20 Bonds, 2018, Series B in the aggregate principal amount of \$124,455,000  
21 (the "Bonds"), be sold as provided herein.

22 The Bonds are the second series of bonds issued pursuant to the  
23 Ordinance; the county authorized the issuance of its Sewer Revenue Bond,  
24 2018 (WIFIA- N17107WA) (the "WIFIA Loan"), in the principal amount  
25 of not to exceed \$134,500,000; the sum of the maximum principal amount  
26 of the WIFIA Loan and the aggregate principal amount of the Bonds to be  
27 issued pursuant to the Ordinance is \$124,455,000 and that amount does  
28 not exceed \$500,000,000.

29 Pursuant to the Ordinance, a preliminary official statement dated October  
30 29, 2018, has been prepared for the public sale of the Bonds, the official  
31 notice of such sale dated October 29, 2018, and attached as Attachment A  
32 (the "Notice"), has been duly published, and bids have been received in  
33 accordance with the Notice.

34 The bid of J.P. Morgan Securities LLC to purchase the Bonds (attached as  
35 Attachment B) is the best bid received for the Bonds, and it is in the best  
36 interest of the county that the Bonds be sold to J.P. Morgan Securities  
37 LLC on the terms set forth in the Notice, the attached bid, the Ordinance  
38 and this motion.

39 BE IT MOVED BY THE COUNCIL OF KING COUNTY:

40 A. **Definitions.** Capitalized words that are used in this motion but not  
41 defined in this motion have the meanings set forth in the Ordinance for all purposes of  
42 this motion, unless some other meaning is plainly intended. The words and terms defined

43 in the preamble to this motion, as used in this motion, have the meanings assigned such  
44 terms in the preamble to this motion, for all purposes of this motion, unless some other  
45 meaning is plainly intended.

46       **B.       Ratification of Notice of Sale, Acceptance of Bids, and Authorization**  
47 **of Bonds.** The issuance of the Bonds, designated as the county's Sewer Revenue Bonds,  
48 2018, Series B, in the aggregate principal amount of \$124,455,000 to pay costs of capital  
49 improvements to the System and costs of issuance and sale of the Bonds, and the other  
50 terms and conditions thereof set forth in the Notice, are hereby ratified and confirmed.

51       The offer to purchase the Bonds, as set forth in the bid of J.P. Morgan Securities  
52 LLC attached as Attachment B, is hereby accepted, and the sale of the Bonds pursuant to  
53 such offer is hereby ratified and confirmed. All other bids that have been received are  
54 attached as Attachment C. The Bonds will be dated their date of delivery, will be subject  
55 to optional redemption, will mature on the dates and in the amounts, and will bear interest  
56 at the rates and on the dates, all as specified in Attachment D. The Bonds will be issued  
57 as Parity Bonds and as Tax-Exempt Bonds under the Ordinance. The Bonds will  
58 conform in all respects to the terms and conditions specified in the Notice and the  
59 Ordinance.

60       **C.       Application of Bond Proceeds.** In accordance with Section 15.A of the  
61 Ordinance, there has been established a special subaccount within the Construction  
62 Account designated as the Series 2018B Construction Subaccount (the "Construction  
63 Subaccount"). Proceeds of the Bonds will be deposited into the Construction Subaccount  
64 and applied to pay costs of acquiring, constructing and equipping improvements,  
65 additions or betterments to the System as set forth in the Comprehensive Plan and the

66 Capital Improvement Budget and costs incidental thereto, including engineering,  
67 architectural, planning, financial, legal, urban design or any other incidental costs, and to  
68 repay advances heretofore or hereafter made on account of such costs, in accordance with  
69 Section 15.A of the Ordinance.

70           D.       **Satisfaction of Parity Conditions.** In accordance with the Ordinance and  
71 the provision of the Ordinance authorizing the issuance of the outstanding Parity Bonds,  
72 which permit the issuance of Future Parity Bonds upon compliance with the conditions  
73 set forth therein, the county council hereby finds and determines, as follows:

74           1.       There is not now, and when the Bonds are issued there will not then be,  
75 any deficiency in the Parity Bond Fund or any account therein.

76           2.       The Ordinance provides for payment of the principal of and interest on the  
77 Bonds out of the Parity Bond Fund.

78           3.       The amount that will be on deposit in the Parity Bond Reserve Account at  
79 the Closing of the Bonds will satisfy the Reserve Requirement, without the need for any  
80 additional deposit.

81           4.       The county will have on file at the Closing of the Bonds a certificate of the  
82 Finance Director demonstrating that, during any 12 consecutive calendar months out of  
83 the immediately preceding 18 calendar months, Net Revenue was at least equal to 1.25  
84 times the amount required to pay, in each year that the Bonds will be outstanding, the  
85 Annual Parity Debt Service for such year.

86           5.       The Finance Director will provide to the registered owner of the county's  
87 Junior Lien Variable Rate Demand Sewer Revenue Bond, Series 2012, a certificate  
88 showing that Net Revenue in any 12 consecutive months out of the most recent 18

89 months preceding the issuance of the Bonds, based on financial statements of the System  
90 prepared by the county, is at least equal to 1.0 times the Annual Debt Service for the  
91 Bonds and all then outstanding obligations of the System secured by a lien on Revenue of  
92 the System, in each year during the life of the Bonds.

93 The applicable conditions for Future Parity bonds having been complied with in  
94 connection with the issuance of the Bonds, the pledge contained in the Ordinance of  
95 Revenue of the System to pay and secure the payment of the Bonds will constitute a lien  
96 and charge on Revenue of the System equal in rank with the lien and charge on the  
97 Revenue of the System to pay and secure the payment of the outstanding Parity Bonds.

98 E. **Designation as Refunding Candidates.** The Bonds are hereby designated  
99 as "Refunding Candidates" for purposes of ordinances of the county authorizing the  
100 issuance of bonds to refund outstanding obligations of the county payable from Revenue  
101 of the System, including without limitation Ordinance 18587, passed on October 23,  
102 2017.

103 F. **Undertaking to Provide Ongoing Disclosure.** In accordance with  
104 Section 30 of the Ordinance, the county will enter into an undertaking to provide  
105 continuing disclosure for the Bonds in substantially the form described in the preliminary  
106 official statement for the Bonds.

107 G. **Further Authority.** The county officials and their agents, attorneys and  
108 representatives are hereby authorized and directed to do everything necessary for the  
109 prompt issuance and delivery of the Bonds and for the proper use and application of the  
110 proceeds of sale of the Bonds.

111 H. **Severability.** If any provision in this motion is declared by any court of

112 competent jurisdiction to be contrary to law, then that provision will be null and void and  
113 will be deemed separable from the remaining provisions of this motion and will in no  
114 way affect the validity of the other provisions of this motion or of the Bonds.  
115  
116

Motion 15243 was introduced on 11/5/2018 and passed by the Metropolitan King  
County Council on 11/5/2018, by the following vote:

Yes: 8 - Mr. von Reichbauer, Ms. Lambert, Mr. Dunn, Mr.  
McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles and  
Ms. Balducci  
No: 0  
Excused: 1 - Mr. Gossett

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

  
Joseph McDermott, Chair  


ATTEST:



Melani Pedroza, Clerk of the Council

**Attachments:** A. Official Notice of Sale, B. Winning Bid, C. All Remaining Bids, D. Description of  
the Bonds

**OFFICIAL NOTICE OF SALE**  
**\$125,235,000<sup>(1)</sup>**  
**KING COUNTY, WASHINGTON**  
**SEWER REVENUE BONDS, 2018, SERIES B**

Electronic bids for the Sewer Revenue Bonds, 2018, Series B (the "Bonds"), of King County, Washington (the "County"), will be received via the PARITY Electronic Bidding System ("Parity") in the manner described below on

**NOVEMBER 5, 2018, AT 9:00 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 and communicated through Parity and i-Deal Prospectus, as described under "Modification, Postponement, Cancellation."

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, the Bonds will be awarded to the successful bidder and the terms of the bid will be approved by the County Council 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 received after the time for receiving bids specified above will be considered. For further information about Parity, potential bidders may contact Parity at (212) 849-5021.

### **Modification, Postponement, Cancellation**

Bidders are advised that the County may modify the terms of this Official Notice of Sale prior to the time for receipt of bids, or postpone or cancel the sale of the Bonds, at its discretion. Any such modification, postponement, or cancellation will be provided to Parity and i-Deal Prospectus on or before November 2, 2018. As an accommodation to bidders, telephone, facsimile, or electronic notice of such modification, postponement, or cancellation will be given to any bidder requesting such notice from the County's municipal advisor (the "Municipal Advisor") at the e-mail address and phone number provided under "Contact Information" below. Failure of any bidder to receive such notice will not affect the legality of the sale.

A copy of the County's Preliminary Official Statement (with this Official Notice of Sale), dated October 29, 2018, 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 and Business Operations Division or the Municipal Advisor. See "Contact Information."

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(1) Preliminary, subject to change.

**Contact Information**

Finance and Business Operations Division

Nigel Lewis  
King County  
(206) 263-2857  
*nigel.lewis@kingcounty.gov*

Municipal Advisor

Rob Shelley  
Piper Jaffray & Co.  
Office: (206) 628-2879  
Day of Sale: (206) 601-2249  
*robert.e.shelley@pjc.com*

Bond Counsel

Stacey Lewis  
Pacifica Law Group LLP  
(206) 245-1714  
*stacey.lewis@pacificalawgroup.com*

**DESCRIPTION OF THE BONDS**

The Bonds will be dated the date of their initial delivery. The Bonds will bear interest payable semiannually on each January 1 and July 1, beginning January 1, 2019, to their maturities or prior redemption. The Bonds will bear interest (computed on the basis of a 360-day year of twelve 30-day months) from the issue date or from the most recent interest payment date for which interest has been paid or duly provided for, whichever is later. The Bonds will mature on July 1 in the years and amounts and bear interest at the rates set forth on page i of this Official Statement

The Bonds will be issued only in fully registered form as to both principal and interest, will be in the denomination of \$5,000 or any integral multiple thereof within a single maturity and interest rate, and initially will be registered in the name of Cede & Co., as the nominee of The Depository Trust Company (“DTC”). DTC will act as initial Securities Depository for the Bonds. Each Bond registered in the name of DTC or its nominee will be held fully immobilized in book-entry only form by DTC in accordance with the provisions of the Letter of Representations. Purchasers will not receive certificates representing their interest in the Bonds purchased. For so long as the Bonds are registered in the name of DTC or its nominee, DTC will be deemed to be the Registered Owner, and all references to Registered Owners will mean DTC and not the Beneficial Owners. The principal of and interest on the Bonds are payable by the fiscal agent for the State of Washington (the State”), currently U.S. Bank National Association (the “Registrar”), to DTC, which in turn is obligated to remit such principal and interest to DTC participants for subsequent disbursement to the Beneficial Owners of the Bonds.

**Maturities**

Each bidder for the Bonds must designate whether the principal amounts of the Bonds maturing on or after July 1, 2029, will be retired in each respective year as serial bonds maturing in such year or as mandatory sinking fund redemptions of Bonds maturing in the years specified by the bidder (“Term Bonds”).



<b>Serial Maturity or Mandatory Sinking Fund Redemption (July 1)</b>	<b>Principal Amounts<sup>(1)</sup></b>	<b>Serial Maturity or Mandatory Sinking Fund Redemption (July 1)</b>	<b>Principal Amounts<sup>(1)</sup></b>
2021	\$ 1,875,000	2027	\$ 11,240,000
2022	10,740,000	2028	11,850,000
2023	15,035,000	2029	12,500,000 <sup>(2)</sup>
2024	18,315,000	2030	11,370,000 <sup>(2)</sup>
2025	10,040,000	2031	8,940,000 <sup>(2)</sup>
2026	10,695,000	2032	2,635,000 <sup>(2)</sup>

(1) Preliminary, subject to change.

(2) These amounts will constitute principal maturities of the Bonds unless Term Bonds are specified by the successful bidder, in which case these amounts may constitute mandatory sinking fund redemptions of the Term Bonds.

The County will deposit money, consistent with the Bond Ordinance (defined in the Preliminary Official Statement), and will retire the Bonds by purchase or redemption on or before July 1 of the years and in the amounts, if any, designated by the bidder to be mandatory sinking fund redemptions as provided for above.

### **Redemption of the Bonds**

*Optional Redemption.* The Bonds maturing on and after July 1, 2029, are subject to redemption prior to their stated maturity at the option of the County in whole or in part, at any time on or after July 1, 2028, at the price of par plus accrued interest, if any, to the date fixed for redemption.

*Mandatory Sinking Fund Redemption of Term Bonds.* The County will redeem Term Bonds, if not optionally redeemed as described above or purchased under the provisions described in the Bond Ordinance, at par plus accrued interest on July 1 in the years and amounts specified by the successful bidder.

If the County redeems Term Bonds under the optional redemption provisions described above or purchases for cancellation or defeases Term Bonds, the Term Bonds so redeemed, purchased, or defeased (irrespective of their redemption or purchase prices) will be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The County will determine the manner in which the credit is to be allocated.

### **Purchase of Bonds**

The County reserves the right and option to purchase any or all of the Bonds offered to the County or in the open market at any time at any price acceptable to the County, plus accrued interest to the date of purchase

### **Security**

The amounts covenanted to be paid out revenues of the Sewer System ("Revenue of the System") constitute a lien and charge on Revenue of the System superior to all other charges of any kind or nature except Operating and Maintenance Expenses, and of equal lien to any charges

heretofore or hereafter made on Revenue of the System for the payment of the principal of and interest on any Parity Bonds (as such capitalized terms are defined herein). The Bonds are special limited obligations of the County, and are not obligations of the State 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 or any political subdivision thereof is pledged to the payment of the Bonds.

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

## **BIDDING INFORMATION AND AWARD**

### **Bidding Information**

Bidders are invited to submit bids for the purchase of the Bonds fixing the interest rate that the Bonds will bear. The interest rates bid must be in a multiple of 1/8 or 1/20 of 1%. No more than one rate of interest may be fixed for any single maturity of the Bonds. Bids will be without condition and only may be submitted electronically via Parity.

Bidders must specify interest rates equal to or greater than 5.00% for each maturity of the Bonds. No bid will be considered for the Bonds that is less than an amount equal to 110% of the par value of the Bonds or more than an amount equal to 117% of the par value of the Bonds, or for less than the entire offering of the Bonds.

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

### **Bidding Process**

By submitting an electronic bid for the Bonds, each bidder thereby agrees to the following terms and conditions:

- (i) If any provision in this Official Notice of Sale conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any modification or postponement communicated as described under "Modification, Postponement, Cancellation," will control.
- (ii) Bids may be submitted only 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 Sale.
- (iii) The County has no duty or obligation to provide or assure access to Parity, and will not be responsible for the proper operation of Parity, or have any liability for any delays or interruptions or any damages caused by the use or attempted 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 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 as described under "Modification, Postponement, Cancellation" on or before the day prior to such new date and time.

### **Good Faith Deposit**

The successful bidder for the Bonds is required to deliver a good faith deposit in the amount of \$1,250,000 by federal funds wire transfer to the Treasury Section of the Finance and Business Operations 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 for the Bonds may be invested for the sole benefit of the County.

If the Bonds are ready for delivery and the successful bidder for the Bonds fails to complete the purchase of the Bonds within 30 days following the acceptance of its bid, the good faith deposit will be forfeited to the County as liquidated damages and not as a penalty, and, in that event, the County Council may accept the next best bid or call for additional bids.

### **Insurance**

Bids for the Bonds may 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 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 will be paid by such bidder, unless otherwise paid. 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 successful bidder of its contractual obligations arising from the acceptance of its bid for the Bonds.

If the successful bidder for the Bonds purchases insurance for the Bonds, the County may require the successful bidder to furnish to the County and Bond Counsel a certificate in form and substance acceptable to Bond Counsel confirming that the insurance premium is less than the present value (calculated using the same yield as the yield on the insured Bonds) of the interest cost savings represented by the comparative differences between interest amounts that would have been payable on the various maturities of the insured Bonds at interest rates on the insured Bonds issued with and without the insurance on the insured Bonds.

### **Award**

The Bonds will be sold to the bidder making a bid for the Bonds 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 purpose of comparing bids only, each bid must state the true interest cost of the bid determined by doubling the semiannual interest rate (compounded semiannually) necessary to discount each 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 Finance Director will determine which bid will be presented to the County Council for its consideration. 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 re-advertised for sale in the manner provided by law and as described above.

#### **Adjustment of Principal Amount and Bid Price After Bid Opening**

The County has reserved the right to increase or decrease the preliminary principal amount of the Bonds by an amount not to exceed 10% of the principal amount of the Bonds following the opening of the bids. The County has also reserved the right to increase or decrease the preliminary principal amount of any maturity of the Bonds by 15% of the principal amount of that maturity following the opening of the bids.

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 of the Bonds. In the event that the County elects to increase or decrease the principal amount of the Bonds after the bid pursuant to this Official Notice of Sale, the underwriter's discount for the Bonds, expressed in dollars per thousand, will be held constant. The County will not be responsible in the event and to the extent that any adjustment affects (i) the net compensation to be realized by the successful bidder, or (ii) the true interest cost of the winning bid or its ranking relative to other bids.

#### **Issue Price Information**

*Competitive Sale.* The County expects to determine the issue price of the Bonds under the special rule for competitive sales provided by Treasury Regulation Section 1.148-1(f)(3)(i) because the sale of the Bonds is expected to meet the following requirements (the "competitive sale requirements"):

- (i) the County will disseminate this Official Notice of Sale to potential underwriters of municipal bonds in a manner that is reasonably designed to reach such potential underwriters;
- (ii) all bidders will have an equal opportunity to bid for the Bonds;
- (iii) the County will receive bids for the Bonds from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (iv) the County will award the sale of the Bonds to the bidder who submits a bid in conformance with this Official Notice of Sale to purchase the Bonds at a price that produces the lowest true interest cost to the County, as set forth in this Official Notice of Sale under the heading "Award."

The successful bidder for the Bonds will be required to assist the County in establishing the issue price of the Bonds under the special rule for competitive sales by (i) providing to the Finance Director, in writing, immediately following the award of the sale of the Bonds to the successful bidder, the reasonably expected initial offering price to the public as of the sale date of each maturity of the Bonds on which the price bid by the successful bidder was based; and (ii) executing and delivering to the County on or before the issue date of the Bonds an issue price certificate setting forth for each maturity of the Bonds the reasonably expected initial offering

price to the public as of the sale date on which the price bid by the successful bidder for the Bonds was based. The issue price certificate shall be substantially in the form of Exhibit 1 attached to this Official Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the County, and Bond Counsel.

*Use of General Rule (10% Test) If Competitive Sale Requirements Not Met.* If the County determines that the sale of the Bonds failed to meet the competitive sale requirements as previously described, the County will so advise the successful bidder for the Bonds, the bids for the Bonds will not be subject to cancellation by the successful bidder, and the County will determine the issue price for the Bonds on the basis of the first price at which a substantial amount (10%) of each maturity of the Bonds is sold to the public (the "10% test") under the general rule provided by Treasury Regulation Section 1.148-1(f)(2)(i). The County will not require the successful bidder to comply with the special "hold-the-offering-price rule" provided by Treasury Regulation Section 1.148-1(f)(2)(ii).

In this event, the successful bidder for the Bonds will be required to assist the County in establishing the issue price of the Bonds under the 10% test by:

- (i) providing to the Finance Director, in writing, immediately following the award of the sale of the Bonds to such successful bidder, the reasonably expected initial offering price to the public as of the sale date of each maturity of the Bonds on which the price bid by the successful bidder was based;
- (ii) advising the Finance Director, in writing, which maturities of the Bonds satisfy the 10% test as of the close of business on the next business day following the date of the award of the Bonds to the successful bidder and which maturities, if any, of the Bonds do not satisfy the 10% test as of the close of business on the next business day following the date of the award of the Bonds to the successful bidder ("undersold maturities");
- (iii) promptly reporting to the County the principal amounts of and prices at which undersold maturities of the Bonds are sold to the public until the earlier of the date on which the 10% test has been satisfied as to each maturity of the Bonds or the date on which all maturities of the Bonds have been sold to the public, whether or not the issue date has occurred; and
- (iv) delivering to the County on or before the issue date an issue price certificate substantially in the form of Exhibit 2 attached to this Official Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the County, and Bond Counsel.

By submitting a bid, each bidder confirms that:

- (i) any agreement among underwriters, any selling group agreement, and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to

the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires; and

- (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

For the purpose of applying the 10% test, “public” means any person other than an underwriter or a related party to an underwriter, “related party” means any two or more persons who have greater than 50% common ownership, directly or indirectly, and “underwriter” means (i) the underwriter that is the successful bidder for the Bonds and any person that agrees pursuant to a written contract with the lead underwriter to form an underwriting syndicate to participate in the initial sale of the Bonds; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public).

### **Delivery**

The County will deliver the Bonds (consisting of one certificate per maturity) to DTC in New York, New York, or to the Registrar on behalf of DTC by Fast Automated Securities Transfer, prior to the date of closing. Closing will occur within 30 days after the Sale Date. Settlement will be in federal funds available in Seattle, Washington, on the date of delivery of the Bonds (the “Date of Issue”). The issue date is expected to be November 15, 2018.

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

### **Legal Matters**

The approving legal opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel, for the Bonds will be provided to the successful bidder at the time of the delivery of the Bonds. Bond Counsel’s opinion will express no opinion concerning the accuracy, completeness, or sufficiency of the 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 (“Rule 15c2-12”).

### **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 successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale.

*The County's Municipal Advisor is responsible for obtaining CUSIP numbers for the Bonds, and the charge of the CUSIP Service Bureau will be paid by the successful bidder.*

## OTHER INFORMATION

### **Ongoing Disclosure Undertaking**

To assist bidders in complying with paragraph (b)(5) of Rule 15c2-12, the County will undertake to provide certain annual financial information and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement under "Continuing Disclosure Undertaking" and will also be set forth in the final Official Statement.

### **Preliminary Official Statement**

The Preliminary Official Statement is in a form that the County has deemed final for the purpose of paragraph (b)(1) of Rule 15c2-12, but is subject to revision, amendment, and completion in a final Official Statement as permitted by Rule 15c2-12, which the County will deliver, at the County's expense, to the successful bidder through its designated representative not later than seven business days after the County's acceptance of the successful bidder's bid, in sufficient quantities to permit the successful bidder to comply with Rule 15c2-12.

By submitting the successful bid, the successful bidder agrees:

- (i) to provide to the Finance and Business Operations Division, in writing, within 24 hours after the acceptance of the bid, pricing and other related information, including the Initial Reoffering Price of each maturity 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 the Municipal Securities Rulemaking Board ("MSRB") governing the offering, sale, and delivery of the Bonds to the 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), as of the date of the Official Statement and as of the Date of Issue 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, U.S. Bank National Association, the successful bidder for the Bonds, or any entity providing bond 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 29th day of October, 2018.

By: \_\_\_\_\_ /s/ Ken Guy  
Ken Guy  
Director of Finance and Business Operations Division  
Department of Executive Services



**OFFICIAL NOTICE OF SALE—EXHIBIT 1  
FORM OF ISSUE PRICE CERTIFICATE—COMPETITIVE SALE**

§ \_\_\_\_\_  
**KING COUNTY, WASHINGTON  
SEWER REVENUE BONDS, 2018, SERIES B  
ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of \_\_\_\_\_ (the “Underwriter”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

**Defined Terms**

- (i) *Maturity* means Bonds having the same maturity date and credit and payment terms.
- (ii) *Public* means any person other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (iii) *Sale Date* means November 5, 2018, the date on which the sale of the Bonds was awarded to the Underwriter pursuant to its bid.
- (iv) *Underwriter* means (a) the Underwriter, as the successful bidder to purchase the Bonds and any person that agrees pursuant to a written contract with the Underwriter as the lead underwriter to form an underwriting syndicate to participate in the initial sale of the Bonds to the Public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

**Reasonably Expected Initial Offering Price**

- (i) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Underwriter are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Underwriter in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds.
- (ii) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.
- (iii) The bid submitted by the Underwriter constituted a firm offer to purchase the Bonds.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the County with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the

Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may provide to the County from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

**OFFICIAL NOTICE OF SALE—EXHIBIT 2  
FORM OF ISSUE PRICE CERTIFICATE—GENERAL RULE (10% TEST)**

§ \_\_\_\_\_  
**KING COUNTY, WASHINGTON  
SEWER REVENUE BONDS, 2018, SERIES B  
ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of \_\_\_\_\_ (the “Underwriter”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

**Defined Terms**

- (i) *Maturity* means Bonds having the same maturity date and credit and payment terms.
- (ii) *Public* means any person other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (iii) [*Undersold Maturity* means any Maturity at least 10% of which has not been sold to the Public at the same price.
- (iv)] *Underwriter* means (a) the Underwriter as the successful bidder to purchase the Bonds and any person that agrees pursuant to a written contract with the Underwriter as the lead underwriter to form an underwriting syndicate to participate in the initial sale of the Bonds to the Public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

**Sale of the Bonds**

- (i) As of the date of this certificate, for each Maturity of the Bonds listed below, the first price at which at least 10% of each such Maturity of the Bonds was sold to the Public is its respective price listed below.

<u>Maturity</u>	<u>Principal Amount (\$)<sup>(1)</sup></u>	<u>Interest Rate (%)</u>	<u>First Sale Price of at Least 10% (% of Par)</u>	<u>Expected Offering Price (% of Par)</u>	<u>Total Dollar Price Based on Lower of Sale Price or Offer Price (\$)</u>
2021	\$ 1,875,000				
2022	10,740,000				
2023	15,035,000				
2024	18,315,000				
2025	10,040,000				
2026	10,695,000				
2027	11,240,000				
2028	11,850,000				
2029	12,500,000				
2030	11,370,000				
2031	8,940,000				
2032	2,635,000				
Total	<u>\$ 125,235,000</u>				

(1) Preliminary, subject to change.

[(ii) As of the date of this certificate, the Maturities of the Bonds listed below are Undersold Maturities.

[INSERT SCHEDULE OF UNDERSOLD MATURITIES]

The Underwriter will promptly report to the County the prices at which the Undersold Maturities of the Bonds are sold to the Public until the earlier of the date on which the 10% test has been satisfied as to each Undersold Maturity of the Bonds or the date on which all Undersold Maturities of the Bonds have been sold to the Public.]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the County with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may provide to the County from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Dated: [ISSUE DATE]

Upcoming Calendar | Overview | Result | Excel

J.P. Morgan Securities LLC - New York , NY's Bid



King County

\$125,235,000 Sewer Revenue Bonds, 2018, Series B

For the aggregate principal amount of \$125,235,000.00, we will pay you \$143,230,586.94, 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 %
07/01/2021	1,875M	5.0000
07/01/2022	10,740M	5.0000
07/01/2023	15,035M	5.0000
07/01/2024	18,315M	5.0000
07/01/2025	10,040M	5.0000
07/01/2026	10,695M	5.0000
07/01/2027	11,240M	5.0000
07/01/2028	11,850M	5.0000
07/01/2029	12,500M	5.0000
07/01/2030	11,370M	5.0000
07/01/2031	8,940M	5.0000
07/01/2032	2,635M	5.0000

Total Interest Cost: \$49,479,237.50  
 Premium: \$17,995,586.94  
 Net Interest Cost: \$31,483,650.56  
 TIC: 2.921150  
 Time Last Bid Received On: 11/05/2018 8:59:32 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: J.P. Morgan Securities LLC, New York , NY  
 Contact: Steve Mitacek  
 Title: Vice President  
 Telephone: 212-834-7155  
 Fax: 212-834-6739

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

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

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

Upcoming Calendar	Overview	Result	Excel
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Morgan Stanley & Co, LLC - New York , NY's Bid



King County

**\$125,235,000 Sewer Revenue Bonds, 2018, Series B**

For the aggregate principal amount of \$125,235,000.00, we will pay you \$143,223,729.05, 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 %
07/01/2021	1,875M	5.0000
07/01/2022	10,740M	5.0000
07/01/2023	15,035M	5.0000
07/01/2024	18,315M	5.0000
07/01/2025	10,040M	5.0000
07/01/2026	10,695M	5.0000
07/01/2027	11,240M	5.0000
07/01/2028	11,850M	5.0000
07/01/2029	12,500M	5.0000
07/01/2030	11,370M	5.0000
07/01/2031	8,940M	5.0000
07/01/2032	2,635M	5.0000

Total Interest Cost: \$49,479,237.50  
 Premium: \$17,988,729.05  
 Net Interest Cost: \$31,490,508.45  
 TIC: 2.921876  
 Time Last Bid Received On: 11/05/2018 8:59:53 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: Morgan Stanley & Co, LLC, New York , NY  
 Contact: Daniel Kelly  
 Title: Executive Director  
 Telephone: 212-761-1541  
 Fax: 212-507-2510

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

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

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

Upcoming Calendar	Overview	Result	Excel
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**Wells Fargo Bank, National Association - Charlotte , NC's Bid  
King County**



**\$125,235,000 Sewer Revenue Bonds, 2018, Series B**

For the aggregate principal amount of \$125,235,000.00, we will pay you \$143,213,114.24, 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 %
07/01/2021	1,875M	5.0000
07/01/2022	10,740M	5.0000
07/01/2023	15,035M	5.0000
07/01/2024	18,315M	5.0000
07/01/2025	10,040M	5.0000
07/01/2026	10,695M	5.0000
07/01/2027	11,240M	5.0000
07/01/2028	11,850M	5.0000
07/01/2029	12,500M	5.0000
07/01/2030	11,370M	5.0000
07/01/2031	8,940M	5.0000
07/01/2032	2,635M	5.0000

Total Interest Cost: \$49,479,237.50  
 Premium: \$17,978,114.24  
 Net Interest Cost: \$31,501,123.26  
 TIC: 2.922999  
 Time Last Bid Received On: 11/05/2018 8:59:46 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: Wells Fargo Bank, National Association, Charlotte , NC  
 Contact: Parks Lineberger  
 Title: Vice President  
 Telephone: 704-410-3441  
 Fax: 704-383-0065

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

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

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







Upcoming Calendar	Overview	Result	Excel
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**Bank of America Merrill Lynch - New York , NY's Bid  
King County**



**\$125,235,000 Sewer Revenue Bonds, 2018, Series B**

For the aggregate principal amount of \$125,235,000.00, we will pay you \$143,097,680.67, 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 %
07/01/2021	1,875M	5.0000
07/01/2022	10,740M	5.0000
07/01/2023	15,035M	5.0000
07/01/2024	18,315M	5.0000
07/01/2025	10,040M	5.0000
07/01/2026	10,695M	5.0000
07/01/2027	11,240M	5.0000
07/01/2028	11,850M	5.0000
07/01/2029	12,500M	5.0000
07/01/2030	11,370M	5.0000
07/01/2031	8,940M	5.0000
07/01/2032	2,635M	5.0000

Total Interest Cost: \$49,479,237.50  
 Premium: \$17,862,680.67  
 Net Interest Cost: \$31,616,556.83  
 TIC: 2.935224  
 Time Last Bid Received On: 11/05/2018 8:59:02 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: Bank of America Merrill Lynch, New York , NY  
 Contact: Robert Holmes  
 Title:  
 Telephone: 212-449-5081  
 Fax:

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

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

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



Upcoming Calendar	Overview	Result	Excel
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Mesirow Financial, Inc. - Chicago , IL's Bid



**King County  
\$125,235,000 Sewer Revenue Bonds, 2018, Series B**

For the aggregate principal amount of \$125,235,000.00, we will pay you \$142,678,942.59, 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 %
07/01/2021	1,875M	5.0000
07/01/2022	10,740M	5.0000
07/01/2023	15,035M	5.0000
07/01/2024	18,315M	5.0000
07/01/2025	10,040M	5.0000
07/01/2026	10,695M	5.0000
07/01/2027	11,240M	5.0000
07/01/2028	11,850M	5.0000
07/01/2029	12,500M	5.0000
07/01/2030	11,370M	5.0000
07/01/2031	8,940M	5.0000
07/01/2032	2,635M	5.0000

Total Interest Cost: \$49,479,237.50  
 Premium: \$17,443,942.59  
 Net Interest Cost: \$32,035,294.91  
 TIC: 2.979678  
 Time Last Bid Received On: 11/05/2018 8:59:55 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: Mesirow Financial, Inc., Chicago , IL  
 Contact: Dave Officer  
 Title:  
 Telephone: 212-530-7661  
 Fax:

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

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

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

## Attachment D - 15243

### Description of the Bonds

- (a) Principal Amount: \$124,455,000
- (b) Purchase Price: \$142,339,714.50, representing the stated principal amount of the Bonds plus a premium of \$17,919,859.35, minus an underwriter's discount of \$35,144.85.
- (c) Interest Payment Dates: January 1 and July 1, beginning January 1, 2019.
- (d) Maturity and Interest Rates: The Bonds shall mature on the dates and bear interest at the rates (computed on the basis of a 360-day year of twelve 30-day months), as follows:

<u>Maturity Year</u> <u>July 1</u>	<u>Principal Amount</u>	<u>Interest Rates</u>
2021	\$ 1,810,000	5.00%
2022	10,680,000	5.00
2023	14,980,000	5.00
2024	18,250,000	5.00
2025	9,970,000	5.00
2026	10,620,000	5.00
2027	11,165,000	5.00
2028	11,775,000	5.00
2029	12,415,000	5.00
2030	11,290,000	5.00
2031	8,880,000	5.00
2032	2,620,000	5.00

- (e) Optional Redemption: The Bonds maturing on and after July 1, 2029, are subject to redemption prior to their stated maturity at the option of the County in whole or in part, at any time on or after July 1, 2028, at the price of par plus accrued interest, if any, to the date fixed for redemption.