

1 December 16, 1996

2 INTRODUCED BY: PETE VON REICHBAUER

3  
4 PROPOSED NO. **96-1018**

5  
6 MOTION NO. **10024**

7  
8 A MOTION of the county council accepting a bid for the  
9 purchase of the county's Limited Tax General Obligation  
10 Refunding Bonds (Payable from Sewer Revenues), 1996,  
11 Series C, in the aggregate principal amount of not to exceed  
12 \$131,340,000; fixing the interest rates and other terms of the  
13 bonds; approving a plan of refunding certain outstanding  
14 sewer revenue bonds of the county and authorizing the  
15 county's finance director to establish the final maturity  
16 schedule for such bonds and to report to the council; and  
17 approving an undertaking for ongoing disclosure, all in  
18 accordance with Ordinance No. 12314 of the county.  
19

20 WHEREAS, the county council by Ordinance No. 12314 passed June 3, 1996 (the  
21 "Bond Ordinance"), authorized the issuance and sale of the county's limited tax general  
22 obligation bonds (payable from sewer revenues) in the principal amount of not to exceed  
23 \$560,000,000 (the "Authorized Bonds") for the purpose of refunding one or more of certain  
24 series of the county's outstanding sewer revenue bonds and financing the construction of  
25 portions of the sewer system of the county; and

26 WHEREAS, the Bond Ordinance provided that the Authorized Bonds may be sold at  
27 public sale, in one or more series, as the county's finance director may determine; and

28 WHEREAS, the finance director, in consultation with the county's financial advisors,  
29 have determined that the county and ratepayers of the county's sewer system will realize  
30 savings from the issuance of a series of the Authorized Bonds to provide funds to refund  
31 certain of the bonds authorized to be refunded pursuant to the Bond Ordinance; and

32 WHEREAS, pursuant to the Bond Ordinance, a preliminary official statement dated  
33 December 5, 1996 has been prepared for the public sale of a series of the Authorized Bonds to  
34 be designated "King County, Washington, Limited Tax General Obligation Refunding Bonds  
35 (Payable from Sewer Revenues), 1996, Series C" (the "Series C Bonds"), the official notice of  
36 such sale (the "Notice") has been duly published, and bids have been received in accordance  
37 with the Notice; and

38 WHEREAS, the attached bid of Goldman, Sachs & Co. (the "Purchaser") to purchase  
39 the Bonds is the best bid received, and it is in the best interest of the county that the Series C  
40 Bonds be sold to the Purchaser on the terms set forth in the Notice, the attached bid and the  
41 Bond Ordinance; and

1 WHEREAS, in accordance with the Bond Ordinance, the council wishes to authorize  
2 and approve the final plan of refunding of certain outstanding sewer revenue bonds of the  
3 county, as set forth herein; and

4 WHEREAS, the exact amount of the Series C Bonds required for the refunding of the  
5 outstanding bonds cannot be determined until the prices of certain government obligations  
6 acquired to defease the outstanding bonds are established; and

7 WHEREAS, in accordance with the Bond Ordinance, the council wishes to establish  
8 the terms for ongoing disclosure with respect to the Series C Bonds in compliance with SEC  
9 Rule 15c2-12;

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

11 A. Definitions. Except as expressly authorized herein, capitalized terms used in  
12 this motion have the meanings set forth in the Bond Ordinance. The following term shall have  
13 the following meaning in this motion:

14 "Series C Bonds" means the county's Limited Tax General Obligation Refunding Bonds  
15 (Payable from Sewer Revenues), 1996, Series C, authorized to be issued pursuant to the Bond  
16 Ordinance and this motion.

17 B. Ratification of Notice of Sale, Acceptance of Bid, and Authorization of Series C  
18 Bonds. The issuance of a first series of the Authorized Bonds, designated as the county's  
19 Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 1996,  
20 Series C, and the terms and conditions thereof set forth in the Official Notice of Bond Sale,  
21 attached hereto as Exhibit A (the "Notice"), are hereby ratified and confirmed, and the bid to  
22 purchase the Series C Bonds, as set forth in the Purchaser's bid attached hereto as Exhibit B, is  
23 hereby accepted. The Series C Bonds shall bear interest at the rates set forth on Exhibit B and  
24 shall conform in all other respects to the terms and conditions specified in the Notice and Bond  
25 Ordinance.

26 The Series C Bonds shall be subject to optional redemption as set forth in the Notice,  
27 and in accordance with the Purchaser's bid, the Series C Bonds maturing in 2017, 2021, 2030,  
28 and 2032 shall be term bonds subject to mandatory redemption as provided in the Notice.

29 The council hereby delegates to the finance director the authority to determine the final  
30 principal maturity amounts and the aggregate principal amount of Series C Bonds in order to  
31 accomplish the plan of refunding set forth below; provided, however, that the aggregate  
32 principal amount shall not exceed \$131,340,000. The finance director shall report to the  
33 council within 24 hours regarding the principal maturity amounts and aggregate principal  
34 amount of the Series C Bonds.

1 C. Refunding and Redemption of Refunded Bonds.

2 1. Plan of Refunding. In accordance with Section 17 of the Bond Ordinance, the  
3 finance director has determined, in consultation with the county's financial advisors, that the  
4 certain of the potential Refunded Bonds shall be refunded from the proceeds of the Series C  
5 Bonds pursuant to the plan of refunding set forth below and ratified and confirmed hereby. In  
6 accordance with the Bond Ordinance, proceeds of the Series C Bonds shall be deposited in a  
7 subaccount to be created in the Refunding Account (the "Series C Refunding Account") and  
8 used, together with other funds of the county, if necessary, to purchase the Acquired  
9 Obligations, bearing such interest and maturing as to principal and interest in such amounts and  
10 at such times which, together with any necessary beginning cash balance, will provide for the  
11 payment of:

12 (a) the interest on the Series J Bonds maturing on January 1 in 2006 (the  
13 "Refunded Series J Bonds") due and payable on and prior to July 1, 1997;

14 (b) the redemption price (100% of the principal amount) of the Refunded  
15 Series J Bonds payable on July 1, 1997;

16 (c) the interest on the Series P Bonds maturing on January 1 in years 1999  
17 and 2000 (the "Refunded Series P Bonds") due and payable on and prior to July 1, 1997;

18 (d) the redemption price (101.5% of the principal amount) of the Refunded  
19 Series P Bonds payable on July 1, 1997;

20 (e) the interest on the Series Q Bonds maturing on January 1 in years 1999  
21 through 2002 (the "Refunded Series Q Bonds") due and payable on and prior to July 1, 1997;

22 (f) the redemption price (101% of the principal amount) of the Refunded  
23 Series Q Bonds payable on July 1, 1997;

24 (g) the interest on the Series R Bonds maturing on January 1 in years 1999  
25 and 2000 (the "Refunded Series R Bonds") due and payable on and prior to July 1, 1997;

26 (h) the redemption price (101.5% of the principal amount) of the Refunded  
27 Series R Bonds payable on July 1, 1997;

28 (i) the interest on the Series S Bonds maturing on January 1 in years 1999  
29 through 2005 (the "Refunded Series S Bonds") due and payable on and prior to January 1,  
30 1998;

31 (j) the redemption price (102% of the principal amount) of the Refunded  
32 Series S Bonds payable on January 1, 1998;

33 (k) the interest on the Series T Bonds maturing on January 1 in years 2001  
34 through 2013 (the "Refunded Series T Bonds") due and payable on and prior to January 1,  
35 2000;

1 (l) the redemption price (102% of the principal amount) of the Refunded  
2 Series T Bonds payable on January 1, 2000;

3 (m) the interest on the Series U Bonds maturing on January 1 in years 2002  
4 through 2014 and in 2032 (the "Refunded Series U Bonds") due and payable on and prior to  
5 January 1, 2001; and

6 (n) the redemption price (102% of the principal amount) of the Refunded  
7 Series U Bonds payable on January 1, 2001.

8 Any beginning cash balance and the Acquired Obligations shall be irrevocably deposited  
9 with the Escrow Agent in an amount sufficient to defease the above-referenced Refunded  
10 Bonds in accordance with this section C. Any amounts described above that are not provided  
11 for in full by such beginning cash balance and the purchase and deposit with the Escrow Agent  
12 of the Acquired Obligations described in this section shall be provided for by the irrevocable  
13 deposit of the necessary amount out of the proceeds of sale of the Series C Bonds or any other  
14 money of the county legally available therefor. The proceeds of the Series C Bonds remaining  
15 in the Series C Refunding Account after acquisition of the Acquired Obligations and provision  
16 for the necessary beginning cash balance shall be utilized to pay expenses of the acquisition and  
17 safekeeping of the Acquired Obligations and the costs of issuing the Series C Bonds. The  
18 county may, from time to time, transfer, or cause to be transferred, from the Series C  
19 Refunding Account any money not thereafter required for the purposes set forth in  
20 subparagraphs (a) through (n) above, subject to verification in writing by an independent  
21 certified public accountant that such transfer will not result in inadequate funds being available  
22 to make the required payments therefrom. The county reserves the right to substitute other  
23 securities for the Acquired Obligations in the event it may do so pursuant to Section 148 of the  
24 Code and applicable regulations thereunder, upon compliance with the conditions set forth in  
25 the Escrow Agreement.

26 2. Redemption of Refunded Bonds. The county hereby irrevocably calls for  
27 redemption on the dates set forth in Section C.1 above the Refunded Bonds set forth in Section  
28 C.1 above, all in accordance with the resolution authorizing the issuance of such bonds and the  
29 provisions therein for redeeming and retiring such bonds prior to their fixed maturities. The  
30 county hereby irrevocably sets aside sufficient funds through the purchase of Acquired  
31 Obligations and an initial cash deposit to make the payments, as specified in subparagraphs (a)  
32 through (n) in Section C.1 above.

33 Said defeasance and call for redemption of the above-referenced Refunded Bonds shall  
34 be irrevocable after the final establishment of the escrow account and delivery of the Acquired  
35 Obligations and the requisite cash deposit, if any, to the Escrow Agent, except as provided

1 herein relating to the substitution of securities. The finance director is authorized and  
2 requested to provide whatever assistance is necessary to accomplish such defeasance.

3 The Escrow Agent is hereby authorized and directed to notify the fiscal agency of the  
4 State of Washington to give notice of the redemption of the above-referenced Refunded Bonds  
5 in accordance with the applicable provisions of the Series J Bond Resolution, the Series P  
6 Bond Resolution, the Series Q Bond Resolution, the Series R Bond Resolution, the Series S  
7 Bond Resolution and the Series T Bond Resolution. The finance director is authorized and  
8 requested to provide whatever assistance is necessary to accomplish such redemption and the  
9 giving of notice therefor. The costs of publication of such notice shall be an expense of the  
10 county.

11 The Escrow Agent is hereby authorized and directed to pay to the fiscal agency or  
12 agencies of the State of Washington sums sufficient to pay, when due, the payments specified  
13 in subparagraphs (a) through (n) above. All such sums shall be paid from the money and  
14 Acquired Obligations deposited with said Escrow Agent pursuant to this section, and the  
15 income therefrom and proceeds thereof. All such sums so paid shall be credited to the Series C  
16 Refunding Account. All money and Acquired Obligations deposited with said Escrow Agent  
17 and any income therefrom shall be held, invested and applied in accordance with the provisions  
18 of this ordinance and with the laws of the State of Washington for the benefit of the county and  
19 the owners of the above-referenced Refunded Bonds.

20 3. Findings of Savings and Defeasance. In accordance with Section 17.B of the  
21 Bond Ordinance, this council hereby finds and determines that the issuance and sale of the  
22 Series C Bonds at this time will effect a saving to the county and the ratepayers of the System.  
23 In making such finding and determination, this council has given consideration to the interest  
24 on and the fixed maturities of the Series C Bonds and the Refunded Bonds set forth in Section  
25 C.1 above, the costs of issuance of the Series C Bonds and the known earned income from the  
26 investment of the proceeds of sale of the Series C Bonds pending redemption and payment of  
27 the above-referenced Refunded Bonds.

28 This council hereby also finds and determines that the Acquired Obligations to be  
29 deposited with the Escrow Agent and the income therefrom, together with any necessary  
30 beginning cash balance, are sufficient to redeem the above-referenced Refunded Bonds and will  
31 discharge and satisfy the obligations of the county with respect to such Refunded Bonds under  
32 the resolutions authorizing their issuance and the pledges of the county therein. Immediately  
33 upon the delivery of such Acquired Obligations to the Escrow Agent and the deposit of any  
34 necessary beginning cash balance, such Refunded Bonds shall be deemed not to be outstanding  
35 under their respective authorizing resolutions and shall cease to be entitled to any lien, benefit

1 or security under such resolutions except the right to receive payment from the Acquired  
2 Obligations and beginning cash balance so set aside and pledged.

3 D. Undertaking to Provide Ongoing Disclosure.

4 1. Contract/Undertaking. This section D constitutes the county's written  
5 undertaking for the benefit of the owners and Beneficial Owners of the Series C Bonds as  
6 required by Section (b)(5) of the Rule.

7 2. Financial Statements/Operating Data. The county agrees to provide or cause to  
8 be provided to each NRMSIR and to the SID, if any, in each case as designated by the  
9 Commission in accordance with the Rule, the following annual financial information and  
10 operating data for the prior fiscal year (commencing in 1997 for the fiscal year ended  
11 December 31, 1996):

12 (a) Annual financial statements prepared in accordance with the Budget  
13 Accounting and Reporting System prescribed by the Washington State Auditor pursuant to  
14 RCW 43.09.200 (or any successor statute) and generally of the type included in the official  
15 statement for the Series C Bonds under the heading "Appendix C: Audited 1995 Financial  
16 Statements";

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

18 (c) Property taxes due, property taxes collected and property taxes  
19 delinquent;

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

21 (e) Outstanding general obligation debt of the county; and

22 (f) Information regarding customers, revenues and expenses of the System  
23 generally in the form set forth in the Official Statement for the Series C Bonds in the table  
24 labeled "Summary of Historical Sewer System Customers, Revenues and Expenses."

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

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

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

- 4 (a) Principal and interest payment delinquencies;
- 5 (b) Non-payment related defaults;
- 6 (c) Unscheduled draws on debt service reserves reflecting financial  
7 difficulties;
- 8 (d) Unscheduled draws on credit enhancements reflecting financial  
9 difficulties;
- 10 (e) Substitution of credit or liquidity providers, or their failure to perform;
- 11 (f) Adverse tax opinions or events affecting the tax-exempt status of the  
12 Series C Bonds;
- 13 (g) Modifications to rights of Series C Bond holders;
- 14 (h) Optional, contingent or unscheduled calls of any Series C Bonds other  
15 than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act  
16 Release 34-23856;
- 17 (i) Defeasances;
- 18 (j) Release, substitution or sale of property securing repayment of the  
19 Series C Bonds; and
- 20 (k) Rating changes.

21 Solely for purposes of disclosure, and not intending to modify this undertaking, the  
22 county advises with reference to items (c) and (j) above that no debt service reserves secure  
23 payment of the Series C Bonds and no property secures repayment of the Series C Bonds.

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

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

1 Notwithstanding any other provision of this motion, the county may amend this  
2 section D, and any provision of this section D may be waived, with an approving opinion of  
3 nationally recognized bond counsel.

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

15 6. Series C Bond Owner's Remedies Under This Section. The right of any Series  
16 C Bond Owner or Beneficial Owner of Series C Bonds to enforce the provisions of this section  
17 shall be limited to a right to obtain specific enforcement of the county's obligations hereunder,  
18 and any failure by the county to comply with the provisions of this undertaking shall not be an  
19 event of default with respect to the Series C Bonds hereunder. For purposes of this section,  
20 "Beneficial Owner" means any person who has the power, directly or indirectly, to vote or  
21 consent with respect to, or to dispose of ownership of, any Series C Bonds, including persons  
22 holding Series C Bonds through nominees or depositories.

23 E. Further Authority. The county officials, their agents, and representatives are  
24 hereby authorized and directed to do everything necessary for the prompt issuance and delivery  
25 of the Series C Bonds and for the proper use and application of the proceeds of such sale.

26 F. Severability. The covenants contained in this motion shall constitute a contract  
27 between the county and the owners of each and every Series C Bond. If any one or more of  
28 the covenants or agreements provided in this motion to be performed on the part of the county  
29 shall be declared by any court of competent jurisdiction to be contrary to law, then such  
30 covenant or covenants, agreement or agreements, shall be null and void and shall be deemed  
31 separable from



1 the remaining covenants and agreements of this motion and shall in no way affect the validity of  
2 the other provisions of this motion or of the Series C Bonds.

3 PASSED by a vote of 11 to 0 this 16th day of  
4 December, 1996.

6 KING COUNTY COUNCIL  
7 KING COUNTY, WASHINGTON

8  
9  
10   
11 \_\_\_\_\_  
12 Chair

13 ATTEST:

14  
15   
16 \_\_\_\_\_  
17 Clerk of the Council

18  
19  
20 Attachments: Exhibit A - Official Notice of Bond Sale  
21 Exhibit B - Winning Bid for Series C Bonds  
22

**\$130,340,000\***  
**King County, Washington**  
**Limited Tax General Obligation Refunding**  
**Bonds (Payable from Sewer Revenues), 1996 Series C**

Sealed bids for the above-referenced bonds (the "Bonds") of King County, Washington (the "County") will be received at the County's Purchasing Office, Room 620, King County Administration Building, 500 Fourth Avenue, Seattle, Washington, until 9:00 a.m., Pacific Standard Time, on

**December 16, 1996**

or on such later date or time as may be established by the King County Finance Director (the "Finance Director") and communicated through Munifacts News Service not less than 24 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, it will be awarded to the successful bidder and its terms will be approved by the County Council at such meeting.

If all bids for the Bonds are rejected, the Finance Director may fix a new date and time for the receipt of bids for such Bonds by giving notice communicated through Munifacts Wire Service not less than 24 hours prior to such new date and time. Any notice specifying a new date and/or time for the receipt of bids, following the rejection of bids received or otherwise, shall be considered an amendment to this Official Notice of Bond Sale.

#### **Description of Bonds**

##### **Bond Details**

The Bonds will be dated December 15, 1996. Interest on the Bonds will be payable on July 1, 1997, and semiannually thereafter on each January 1 and July 1.

##### **Registration and Book-Entry Only System**

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 only 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 agencies of the State of Washington in the cities of Seattle, Washington and New York, New York to DTC, which in turn is obligated to remit such principal and interest to the DTC participants for subsequent disbursement to beneficial owners of the Bonds.

##### **Election of Maturities**

The bidder shall designate whether the principal amounts of the Bonds set forth below shall be retired on January 1 of each respective year as serial bonds maturing in such year or as amortization installments of term bonds due in the years specified by the bidder.

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\* Preliminary, subject to change



Serial Maturity or Amortization Installment	Principal Amounts*	Serial Maturity or Amortization Installment	Principal Amounts*
1998	\$ 605,000	2016	\$ 1,770,000
1999	7,560,000	2017	1,880,000
2000	7,875,000	2018	1,985,000
2001	4,755,000	2019	2,100,000
2002	5,680,000	2020	2,220,000
2003	3,465,000	2021	2,355,000
2004	3,645,000	2022	2,495,000
2005	4,490,000	2023	2,640,000
2006	2,910,000	2024	2,800,000
2007	2,560,000	2025	2,970,000
2008	2,685,000	2026	3,145,000
2009	2,845,000	2027	3,335,000
2010	3,015,000	2028	3,535,000
2011	3,185,000	2029	3,745,000
2012	3,360,000	2030	3,975,000
2013	3,565,000	2031	11,620,000
2014	1,580,000	2032	12,315,000
2015	1,675,000		

**Adjustment of Principal Amounts and Bid Price**

The County has reserved the right to increase or decrease the preliminary principal amount of the Bonds by an amount not to exceed ten percent (10%) following the opening of the bids. No single preliminary principal amount of any maturity will be increased or decreased by more than ten percent (10%). The price bid by the successful bidder will be adjusted by the County on a proportionate basis to reflect an increase or decrease in the principal amount and maturity schedule within 24 hours of the bid opening.

**Redemption**

The Bonds maturing on and after January 1, 2008 will be subject to redemption prior to maturity, at the option of the County, on any date on or after January 1, 2007, in whole or in part, at the respective redemption prices (expressed in percentages of principal amount) set forth below, together with accrued interest, if any, to the date of redemption:

Redemption Period	Redemption Prices
January 1, 2007 through July 1, 2007	102%
July 2, 2007 through January 1, 2008	101
January 2, 2008 and thereafter	100

If fewer than all of the Bonds subject to optional redemption are called for redemption, the County will choose the maturities to be redeemed. If less than the whole of a maturity is called for redemption, the Bonds to be redeemed will be chosen by lot by the Bond Registrar or, if the Bonds are registered in the name of Cede & Co. or its registered assign, the Bonds to be redeemed will be chosen by lot by DTC.

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

\* Preliminary, subject to change

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Any Bond in the principal amount of greater than \$5,000 may be redeemed partially in any integral multiple of \$5,000. In such event, upon surrender of that Bond at either of the principal offices of the Bond Registrar, a new Bond or Bonds, at the option of the registered owner, of the same interest rate and maturity in the aggregate principal amount remaining unredeemed, will be issued to the registered owner in the denomination of \$5,000 or any integral multiple thereof, and will be authenticated and delivered to such registered owner without charge.

The County further has reserved the right and option to purchase any or all of the Bonds in the open market at any time and at any price.

### **Security**

The County irrevocably has pledged to include in its budgets and to levy taxes annually that counties are permitted to levy without a vote of the people, on all of the property within the County subject to taxation, in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bonds, and the full faith, credit and resources of the County have been pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

The Bonds are also payable from and secured by a pledge of earnings, moneys and revenues received by the County from, or on account of, the operation of the Sewer System. The lien of the pledge is subject to the prior payment of normal expenses of maintenance and operation of the System and any other necessary expenses of maintenance and operation of the System for which reserves or other moneys are not available and is junior, subordinate and inferior to the lien on Revenue of the System securing payment of the County's outstanding Sewer Revenue Bonds and junior, subordinate and inferior to the lien on such Revenue securing Revolving Fund Loans made by the Washington State Department of Ecology.

### **Interest Rates and Bidding Information**

Bids must be submitted on the Official Bid Form that is contained in the Preliminary Official Statement, or on photocopies of such form.

Bidders are invited to submit bids for the purchase of the Bonds fixing the interest rate or rates that the Bonds will bear. Interest rates bid shall be in multiples of 1/8 or 1/20 of 1 percent, or both. No more than one rate of interest may be fixed for any one maturity. The interest rate for any maturity of the Bonds shall not be less than the interest rate stated for any earlier maturity. No bid will be considered for the Bonds for less than an amount equal to 99 percent of par plus accrued interest or for less than the entire offering of Bonds. The purchaser must pay accrued interest, if any, to the date of delivery of the Bonds.

For the purpose of comparing bids only, the interest rates bid being controlling, each bid shall state the true interest cost of the bid determined in the manner hereinafter stated. The true interest cost will be determined by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from the payment dates to the date of the Bonds and to the price bid, without regard to interest accrued to the date of delivery of the Bonds.

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

### **Issue Price Information**

Upon award of the Bonds, the successful bidder shall advise the County and Bond Counsel of the initial re-offering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the County and Bond Counsel a

certificates in form and substance acceptable to Bond Counsel (a) confirming the Initial Reoffering Prices, (b) certifying that a bona fide offering of the Bonds has been made to the public (excluding bond houses, brokers, and other intermediaries), (c) stating the prices at which a substantial amount of each maturity of the Bonds was sold to the public (excluding bond houses, brokers, and other intermediaries), (d) stating the price at which any Bonds that remain unsold at the date of closing would have been sold on the date the Bonds were awarded, and (e) the offering price of each Bond sold to institutional or other investors at discount.

### **Bid Deposit**

All bids shall be without condition, shall be made only on the Official Bid Form furnished by the County or on photocopies of such form and shall be sealed and accompanied by a good faith deposit in the amount of \$1,300,000. The good faith deposit shall be in the form of cash or a certified or bank cashier's check made payable to the order of the King County Treasury Division Manager or a financial surety bond. If a financial surety bond is used, it must be from an insurance company licensed to issue such a bond in the State of Washington and preapproved by the County. Such bond must be submitted to the County's Financial Advisor prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder using a financial surety bond, then that purchaser is required to submit its deposit to the County in the form of a certified or bank cashier's or treasurer's check or wire transfer as instructed by the County not later than 3:30 p.m., Pacific Standard Time, on the next business day following the award. If such deposit is not received by that time, the financial surety bond may be drawn upon by the County to satisfy the deposit requirement. Each good faith deposit in a form other than a financial surety bond shall be returned promptly if the bid is not accepted. The good faith deposit of the successful bidder will be retained by the County as security for the performance of such bid, and will be applied to the purchase price of the Bonds on the delivery of such Bonds to the successful bidder. Pending delivery of the Bonds, the good faith deposit may be invested for the sole benefit of the County. If the Bonds are ready for delivery and the successful bidder fails to complete the purchase of such Bonds within 50 days following the acceptance of its bid, the good faith deposit will be forfeited to the County, and, in that event, the County Council may accept the next best bid or call for additional proposals.

### **Award**

The Bonds will be sold to the bidder making a bid conforming to the terms of the offering and which, on the basis of the lowest true interest cost, is the best bid. If there are two or more equal bids and those bids are the best bids received, the County Council will determine by lot which bid will be accepted. The County reserves the right to reject any or all bids submitted and to waive any formality in the bidding or bidding process, and, if all bids for an offering are rejected, that Bond Offering may be readvertised for sale in the manner provided by law and as provided above. Any bid presented after the time specified for the receipt of bids will not be received, and any bid not accompanied by the required good faith deposit at the time of opening that bid will not be read or considered.

### **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.

The County will deliver the Bonds (consisting of one typewritten certificate for each maturity) to DTC in New York, New York, 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 early January 1997.

It is understood that 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 Official Statement for the Bonds, 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.

The approving legal opinion of Preston Gates & Ellis, Seattle, Washington, Bond Counsel, will be provided to the purchaser at the time of the delivery of the Bonds. Bond counsel's opinion will express no opinion concerning the accuracy, completeness or sufficiency of the Official Statement, or other offering material relating to the Bonds. Nor will there be an opinion of Bond Counsel expressed relating to the undertaking of the County to provide ongoing disclosure pursuant to SEC Rule 15c2-12. A no-litigation certificate will be included in the closing papers of the Bonds.

#### Ongoing Disclosure Undertaking

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the County will undertake, pursuant to the Sale Motion, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

#### 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 thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale. All expenses in relation to the printing of the CUSIP numbers on the Bonds will be paid by the County, but the charge of the CUSIP Bureau shall be paid by the purchaser.

#### Official Statement and Other Information

A copy of the County's Preliminary Official Statement (with the Official Notice of Bond Sale and the Official Bid Form), dated December 15, 1996, and further information regarding the details of the Bonds may be obtained upon request to the King County Finance Director, Room 611, King County Administration Building, 500 Fourth Avenue, Seattle, Washington 98104 (telephone: (206) 296-7326), or the County's financial advisor, Seattle-Northwest Securities Corporation, 1420 Fifth Avenue, Suite 4300, Seattle, Washington 98101 (telephone: (206) 628-2882).

The Preliminary Official Statement is in a form deemed final by the County for the purpose of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final Official Statement, which the County will deliver, at the expense of the County, to the purchaser not later than seven business days after the County's acceptance of the purchaser's bid. The County will deliver no more than 250 copies of the final Official Statement. Additional copies will be provided at the purchaser's expense.

By submitting the successful proposal, the purchaser's designated senior representative agrees to file, or cause to be filed, within one business day following the receipt from the County, the final Official Statement with each nationally recognized municipal securities information repository designated by the Securities and Exchange Commission.

At the time of the delivery of the Bonds, one or more officials of the County will furnish a certificate stating that to the best of his or her knowledge and belief at the time of the acceptance of the bid for and at the time of delivery of the Bonds, this Official Statement and information furnished by the County supplemental thereto did not and do not contain any untrue statements of material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading in any material respect.

The County will advise the managing underwriter, by written notice, of any "developments that impact the accuracy and completeness of the key presentations" (within the meaning of Rule 15c2-12) contained in the final Official Statement, which may occur during the period commencing on the date of the acceptance by the County of the successful proposal and ending on the 90th day next following that date of acceptance, unless the final Official Statement has been filed with each municipal securities information repository, in which event such period will end on the 25th day.

DATED at Seattle, Washington, this fifth day of December, 1996.

/s/ Gerald A. Peterson  
Clerk of the Metropolitan King County Council

Official Bid Form

Proposal for the Purchase of \$130,340,000\*  
King County, Washington  
Limited Tax General Obligation Refunding Bonds  
(Payable from Sewer Revenues), 1996 Series C

10024

Mr. Gerald A. Peterson  
Clark of the Metropolitan King County Council  
King County  
Seattle, Washington

Dear Sir:

For One Hundred Thirty Million Three Hundred and Forty Thousand Dollars (\$130,340,000\*) par value Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenues), 1996 Series C (the "Bonds"), of King County, Washington, dated December 15, 1996, described in the attached Official Notice of Bond Sale, which is hereby made a part of this bid, and for all but not less than all of the Bonds, with interest rates per annum on the Bonds maturing on January 1 in the years and amounts set forth in this Official Bid Form as indicated below:

Year	Amount*	Rate	Year	Amount*	Rate
1998	\$ 605,000	5.00	2016	\$ 1,770,000	
1999	7,560,000	5.25	2017	1,880,000	
2000	7,875,000	5.25	2018	1,985,000	
2001	4,755,000	5.25	2019	2,100,000	
2002	5,680,000	5.25	2020	2,220,000	
2003	3,465,000		2021	2,355,000	
2004	3,645,000		2022	2,495,000	
2005	4,490,000		2023	2,640,000	
2006	2,910,000		2024	2,800,000	
2007	2,560,000		2025	2,970,000	
2008	2,685,000		2026	3,145,000	
2009	2,845,000		2027	3,335,000	
2010	3,015,000		2028	3,535,000	
2011	3,185,000		2029	3,745,000	
2012	3,360,000		2030	3,975,000	
2013	3,565,000		2031	11,620,000	
2014	1,580,000		2032	12,315,000	
2015	1,675,000				

same

same

We offer to pay the sum of \$ 1,29,414,526.40 together with accrued interest, if any, to the date of delivery.

The amortization installments checked above, if any, shall be applied for mandatory redemption of Term Bonds due January 1, of the following year(s) in the following principal amount(s) and bearing interest as follows:

\$ 5,325,000 Term Bonds due on January 1, 2017 at 5.25% per annum.  
 \$ 8,660,000 Term Bonds due on January 1, 2021 at 5.25% per annum.  
 \$ 28,640,000 Term Bonds due on January 1, 2030 at 6.25% per annum.  
\$23,985,000 2032 6.25

\* Preliminary, subject to change in accordance with the provisions of the Official Notice of Bond Sale.



If Term Bond(s) are included in this bid, the mandatory redemption installments and maturity of such Term Bond(s) will correspond to the revised principal amounts for the applicable years as adjusted in accordance with the Official Notice of Bond Sale.

In accordance with the terms of the Official Notice of Bond Sale there is enclosed a certified or bank cashier's check for \$1,300,000 payable to the order of the King County Treasury Division Manager or a financial surety bond has been provided to the County's Financial Advisor in such amount. The proceeds of this check are to be applied in accordance with the terms of the Official Notice of Bond Sale if the Bonds are awarded to us, or the check is to be returned to us if the Bonds are not awarded to us.

If our proposal to purchase the Bonds is successful, the person at the designated senior representative's office whom the County or its representatives should contact regarding closing is K. BECKER OR G. MEDITZ at the following telephone number: (212) 902-6582.

85 BROAD ST.,  
N.Y., N.Y. 10004.

Return of the good faith deposit in the amount of \$1,300,000 is hereby acknowledged

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

Very truly yours,

*Goldman Sachs Co.*  
*Kathleen K. Becker, V.P.*  
KATHLEEN K. BECKER

Representing: GOLDMAN, SACHS + Co.

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

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

Note: Not a part of the Proposal

Estimated true interest cost \_\_\_\_\_ %

RE: \$130,340,000  
KING COUNTY, WASHINGTON  
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS  
1996 SERIES C  
Monday, December 16, 1996 at 12:00 Noon E.S.T.

100241

Members \*

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Goldman, Sachs & Co. ) Joint  
Merrill Lynch & Co. )  
Dillon, Read & Co. Inc. ) Managers

First Albany Corporation  
Dean Witter Reynolds Inc.

Advest, Inc.  
Artemis Capital Group, Inc. \*--WBE  
William Blair & Company, L.L.C.  
Alex. Brown & Son Incorporated  
Carmona, Motley & Company, Inc. \*--MBE  
Craigie Incorporated  
Fahnestock & Co. Inc.  
Fidelity Capital Markets  
Fitzgerald, Davis & Associates  
Fleet Securities  
Grigsby & Associates, Inc. \*--MBE  
Gruntal & Co., Inc.  
Interstate/Johnson Lane Corporation  
Isaak Bond Investments, Inc  
Kirkpatrick, Pettis, Inc.  
Lafayette Square Partners, Inc.  
E.A. Moos & Co.  
Prager McCarthy & Sealy  
Ragen MacKenzie Incorporated  
Roosevelt & Cross, Inc.  
R. Seelaus & Company., Inc.  
William E. Simon & Sons Municipal Securities  
Inc.  
State Street Bank and Trust Company  
Sterne, Agee & Leach, Inc.  
Wachovia Bank of North Carolina  
Schroder Wertheim & Co. Inc.  
A.H. Williams & Company

IN ASSOCIATION WITH:  
-----  
Morgan Stanley & Co. Incorporated ) Manager

\* SUBJECT TO CHANGE