



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 16, 2012

Motion 13695

Proposed No. 2012-0257.1

Sponsors McDermott

1 A MOTION of the county council approving the final
2 aggregate principal amount, interest payment dates, interest
3 rates, maturity schedule and principal amounts per
4 maturity, and redemption provisions of the county's
5 Unlimited Tax General Obligation Refunding Bonds, 2012,
6 all in accordance with Ordinance 17363.

7 WHEREAS, pursuant to Ordinance 17363 (the "Bond Ordinance"), the county
8 authorized the issuance of county unlimited tax general obligation refunding bonds to
9 provide all or part of the funds with which to pay the cost of refunding, defeasing, or
10 refunding and defeasing, all or a portion of the outstanding unlimited tax general
11 obligation bonds of the county listed in Exhibit A to the Bond Ordinance, and to pay all
12 or part of the costs of issuing and selling such unlimited tax general obligation refunding
13 bonds, and

14 WHEREAS, the Bond Ordinance provided that the unlimited tax general
15 obligation refunding bonds might be issued in one or more series, any of which may be
16 sold separately or in one or more combined series, either by negotiated sale or by
17 competitive bid, as determined by the Finance Director in consultation with the county's
18 financial advisor, and

19 WHEREAS, the Finance Director has determined that a series of the unlimited tax
20 general obligation refunding bonds authorized pursuant to the Bond Ordinance, to be
21 designated as the county's "Unlimited Tax General Obligation Refunding Bonds, 2012"
22 (the "Bonds"), be sold by competitive bid to obtain all or part of the funds with which to
23 pay the cost of refunding and defeasing the following bonds, which are among those
24 listed in Exhibit A to the Bond Ordinance: the county's outstanding Unlimited Tax
25 General Obligation Bonds, 2004 (Harborview Medical Center) maturing on or after
26 December 1, 2014, and the county's outstanding Unlimited Tax General Obligation
27 Bonds, Series 2004B (Harborview Medical Center) maturing on or after June 1, 2015
28 (collectively, the "Refunded Bonds"), and

29 WHEREAS, the Finance Director has reviewed and approved the information
30 contained in the preliminary official statement dated July 9, 2012 (the "Preliminary
31 Official Statement"), prepared in connection with the public offer and sale of the Bonds
32 and, for the sole purpose of the Bond purchasers' compliance with SEC Rule 15c2-12,
33 has "deemed final" the Preliminary Official Statement as of its date, except for the
34 omission of information on offering prices, interest rates, selling compensation, delivery
35 dates, any other terms or provisions subject to final pricing, ratings, and other terms of
36 the Bonds dependent on such matters and the identity of the Bond purchasers; and the
37 Preliminary Official Statement has been distributed to prospective purchasers of the
38 Bonds, and

39 WHEREAS, the Finance Director has prepared an official notice of bond sale for
40 the Bonds dated July 9, 2012 (the "Notice of Sale"), establishing the year and series
41 designation, date, estimated aggregate principal amount, interest payment dates,

42 estimated maturity schedule and principal amount per maturity, and redemption
43 provisions of such Bonds, and has caused the Notice of Sale to be published in the
44 Preliminary Official Statement and such newspapers or financial journals as may be
45 deemed desirable or appropriate by the Finance Director, and

46 WHEREAS, bids have been received in accordance with the Notice of Sale, and
47 have been opened and mathematically verified by the Finance Director or his designee,
48 who has determined that the bid of J.P. Morgan Securities LLC to purchase the Bonds is
49 the winning bid, and

50 WHEREAS, the Finance Director, on behalf of the county, has delivered his
51 certificate and notice of acceptance (together with its annexes, the "Notice of
52 Acceptance") accepting such bid, which bid has been adjusted with respect to the
53 aggregate principal amount and principal amount per maturity consistent with the terms
54 of the Bond Ordinance and with the county's debt management policy, as reflected
55 therein, and establishing the refunding plan for the Refunded Bonds (the "Refunding
56 Plan");

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

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

60 B. Approval of Bond Terms. The aggregate principal amount, interest payment
61 dates, interest rates, maturity schedule and principal amounts per maturity, and

62 redemption provisions of the Bonds, all as set forth in the Notice of Acceptance attached
63 hereto as Attachment A, are hereby approved.

64

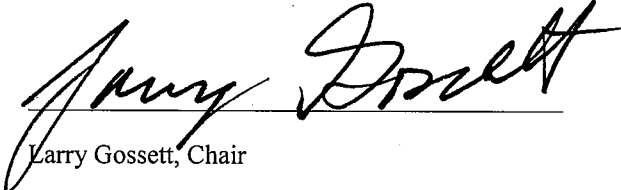
Motion 13695 was introduced on 7/16/2012 and passed by the Metropolitan King County Council on 7/16/2012, by the following vote:

Yes: 7 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,
Mr. Ferguson, Mr. Dunn and Mr. McDermott


No: 0

Excused: 2 - Ms. Patterson and Ms. Lambert

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments: A. Certificate of Finance Director and Notice of Acceptance

ATTACHMENT A

CERTIFICATE OF FINANCE DIRECTOR AND NOTICE OF ACCEPTANCE

I, KEN GUY, Director of the Finance and Business Operations Division, Department of Executive Services, King County, Washington (the "County"), acting in my official capacity on behalf of the County, hereby certify that:

1. This Certificate is made and delivered pursuant to the authorization and direction contained in County Ordinance 17363 (the "Bond Ordinance") in connection with the authorization, sale, issuance and delivery of the \$94,610,000 KING COUNTY, WASHINGTON UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2012 (the "Bonds"), to be dated their date of issuance and delivery (currently anticipated to be August 14, 2012), to obtain all or part of the funds with which to pay the cost of refunding and defeasing the County's outstanding Unlimited Tax General Obligation Bonds, 2004 (Harborview Medical Center) maturing on or after December 1, 2014, which are described in Annex 1A (the "Refunded 2004 Bonds") and the County's outstanding Unlimited Tax General Obligation Bonds, Series 2004B (Harborview Medical Center) maturing on or after June 1, 2015 which are described in Annex 1B (the "Refunded 2004B Bonds" and, together with the Refunded 2004 Bonds, the "Refunded Bonds").

2. U.S. Bank National Association is hereby appointed as Escrow Agent for the Bonds.

3. The Refunding Plan for the Refunded Bonds shall be as follows: proceeds of the Bonds shall be used (a) to refund and defease the Refunded Bonds by paying or providing for the payment of the principal of and the interest on the Refunded Bonds that will become due and payable before June 1, 2014 (the "Refunded Bond Redemption Date"), if any, and the redemption price of the Refunded Bonds payable on the Refunded Bond Redemption Date equal to the principal amount thereof plus accrued interest to the Refunded Bond Redemption Date; and (b) to pay costs of issuing the Bonds.

Net proceeds of the Bonds in the amount of \$116,148,715.62 shall be deposited in and credited to the Escrow Subaccount of the Refunding Account established pursuant to Section 14 of the Bond Ordinance. The government obligations to be purchased with a portion of such funds in the Escrow Subaccount (the "Acquired Obligations") and the initial cash balance (the "Initial Cash") to remain therein for the refunding of the Refunded Bonds shall be as identified in Annex 2 hereto. Net proceeds of the Bonds in the amount of \$234,790.65 shall be deposited in and credited to the Issuance Costs Subaccount of the Refunding Account, and applied to pay costs of issuing the Bonds.

4. On behalf of the County, I hereby find and determine that the issuance and sale of the Bonds will affect a savings to the County, consistent with the County's debt management policy (the "Debt Management Policy"). In making such finding and determination, I have given consideration to the fixed maturities of the Bonds and the Refunded Bonds, the costs of issuance and sale of the Bonds, and the known earned income from the investment of the proceeds of the issuance and sale of the Bonds and other money of the County used in the Refunding Plan pending payment and redemption of the Refunded Bonds.

5. On behalf of the County, I hereby further find and determine that the Acquired Obligations to be deposited with the Escrow Agent and the income therefrom, together with the Initial Cash, are sufficient to defease and redeem the Refunded Bonds and will discharge and satisfy the obligations of the County under the ordinance pursuant to which the Refunded Bonds were issued, and the pledge of the County in such ordinance. Immediately upon the irrevocable deposit of such Acquired Obligations and the Initial Cash with the Escrow Agent, the Refunded Bonds shall be deemed not to be outstanding under the ordinance pursuant to which they were issued and shall cease to be entitled to any lien, benefit or security under such ordinance except the right to receive payment from such Acquired Obligations, the income therefrom and Initial Cash so set aside and pledged.

6. In accordance with the Bond Ordinance, an official notice of bond sale for the Bonds dated July 9, 2012 (the "Notice of Sale"), was prepared and published. A copy of the Notice of Sale is attached hereto as Annex 3.

7. At 9:00 a.m., Pacific Time on July 16, 2012, bids for the purchase of the Bonds, as summarized on Annex 4 hereto, were received, opened and mathematically verified in accordance with the Notice of Sale.

8. On behalf of the County, I hereby accept the bid of J.P. Morgan Securities LLC (the "Purchaser") to purchase the Bonds, such bid being the best responsible bid determined by the method of calculation therefor contained in the Notice of Sale as follows:

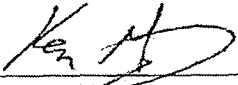
True Interest Cost: 1.655310%

A copy of the Purchaser's bid setting forth interest rates and purchase price for the Bonds is attached as Annex 5 hereto; provided, that such bid has been adjusted with respect to the aggregate principal amount and principal amount per maturity consistent with the terms of the Bond Ordinance and with the County's debt management policy, such that the Bonds will mature on the dates and in the amounts, and shall bear interest at the rates specified in Annex 6.

9. All bids received other than that of the Purchaser are hereby rejected.

DATED the 16th day of July, 2012.

KING COUNTY, WASHINGTON

By: 
KEN GUY
Director of Finance and
Business Operations Division,
Department of Executive Services

ANNEX 1A

Description of the Refunded 2004 Bonds

| <u>Maturity Date (December 1)</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Redemption Date</u> | <u>Redemption Price</u> | <u>CUSIP No.</u> |
|---|-----------------------------|--------------------------|----------------------------|-----------------------------|------------------|
| 2015 | \$5,695,000 | 5.000% | 6/1/2014 | 100.00% | 49474ERC9 |
| 2016 | 6,165,000 | 5.000 | 6/1/2014 | 100.00 | 49474ERD7 |
| 2017 | 6,660,000 | 4.250 | 6/1/2014 | 100.00 | 49474ERE5 |
| 2018 | 7,185,000 | 4.250 | 6/1/2014 | 100.00 | 49474ERF2 |
| 2019 | 7,740,000 | 5.000 | 6/1/2014 | 100.00 | 49474ERG0 |
| 2020 | 8,325,000 | 5.000 | 6/1/2014 | 100.00 | 49474ERH8 |
| 2021 | 8,950,000 | 5.000 | 6/1/2014 | 100.00 | 49474ERJ4 |
| 2022 | 9,605,000 | 5.000 | 6/1/2014 | 100.00 | 49474ERK1 |
| 2023 | 10,295,000 | 5.000 | 6/1/2014 | 100.00 | 49474ERL9 |

ANNEX 1B

Description of the Refunded 2004B Bonds

| <u>Maturity Date (June 1)</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Redemption Date</u> | <u>Redemption Price</u> | <u>CUSIP No.</u> |
|---------------------------------------|-----------------------------|--------------------------|----------------------------|-----------------------------|------------------|
| 2015 | \$2,860,000 | 5.000% | 6/1/2014 | 100.00% | 49474EUS0 |
| 2016 | 3,100,000 | 5.000 | 6/1/2014 | 100.00 | 49474EUT8 |
| 2017 | 3,355,000 | 4.000 | 6/1/2014 | 100.00 | 49474EUU5 |
| 2018 | 3,625,000 | 5.000 | 6/1/2014 | 100.00 | 49474EUV3 |
| 2019 | 3,910,000 | 5.000 | 6/1/2014 | 100.00 | 49474EUW1 |
| 2020 | 4,210,000 | 5.000 | 6/1/2014 | 100.00 | 49474EUX9 |
| 2021 | 4,530,000 | 4.500 | 6/1/2014 | 100.00 | 49474EUY7 |
| 2022 | 4,870,000 | 5.000 | 6/1/2014 | 100.00 | 49474EUZ4 |
| 2023 | 5,230,000 | 4.500 | 6/1/2014 | 100.00 | 49474EVA8 |

ANNEX 2

Acquired Obligations

| Type of Security | Type of SLGS | Maturity Date | First Interest Payment Date | Par Amount | Rate | Maximum Rate |
|------------------|--------------|---------------|-----------------------------|--------------|-------|--------------|
| SLGS | Certificate | 12/01/2012 | 12/01/2012 | \$ 2,494,653 | 0.09% | 0.09% |
| SLGS | Certificate | 06/01/2013 | 06/01/2013 | 2,445,330 | 0.15 | 0.15 |
| SLGS | Note | 12/01/2013 | 12/01/2012 | 2,448,254 | 0.18 | 0.18 |
| SLGS | Note | 06/01/2014 | 12/01/2012 | 108,760,457 | 0.21 | 0.21 |

Initial Cash Balance

\$21.62

ANNEX 3

OFFICIAL NOTICE OF SALE

\$100,870,000*

KING COUNTY, WASHINGTON

UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2012

Electronic bids for the Unlimited Tax General Obligation Refunding Bonds, 2012 (the "Bonds"), of King County, Washington (the "County"), will be received via the PARITY Electronic Bidding System ("Parity") in the manner described below on

JULY 16, 2012, 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 (the "Finance Division") of the King County Department of Executive Services and communicated through TM3, the Bond Buyer Wire, or the Bloomberg News Network (the "News Services") not less than 18 hours prior to the time and date that the bids are to be received for the purchase of the Bonds (the "Sale Date"). All bids received with respect to the Bonds will be considered by the Metropolitan King County Council (the "County Council") at its regularly scheduled meeting on the day bids are received. If the County accepts a bid for the Bonds, it will be awarded to the successful bidder and its terms will be approved by the County Council at such meeting.

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

Modification, Cancellation, Postponement. Bidders are advised that the County may modify the terms of this Official Notice of Sale prior to the time for receipt of bids, including to change the principal amount and principal payments of the Bonds if the County elects not to refund or defease all or any of the notes expected to be refunded with the Bonds or if the County elects to change the principal amounts or the redemption provisions. Any such modification will be announced through the News Services not less than 18 hours prior to the Sale Date. As an accommodation to bidders, telephone, facsimile, or electronic notice of any amendment or modification of this Official Notice of Bond Sale will be given to any bidder requesting such notice from the County's Financial Advisor at the 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 the Official Notice of Sale), dated July 9, 2012, 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, or upon request to the Finance Division or the County's financial advisor (the "Financial Advisor"). See "Contact Information."

* Preliminary, subject to change.

Contact Information

| | |
|-------------------|--|
| Finance Division | Nigel Lewis King County (206) 296-1168 <i>nigel.lewis@kingcounty.gov</i> |
| Financial Advisor | Bill Starkey Seattle-Northwest Securities Corporation Office: (206) 689-2743 Day of Sale: (206) 696-2950 <i>bstarkey@snwsc.com</i> |
| Bond Counsel | Dan Gottlieb Gottlieb Fisher PLLC (206) 654-1999 <i>dan@goandfish.com</i> |

DESCRIPTION OF THE BONDS

The Bonds will be dated the date of their initial delivery. The Bonds bear interest payable semiannually on each June 1 and December 1, beginning December 1, 2012, to the maturity or prior redemption of the Bonds. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will mature on the dates and in the years and amounts set forth on page i of this Official Statement.

The Bonds are issuable only as fully registered bonds and when issued will be registered in the name of Cede & Co. as Bond owner and nominee for DTC. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. The principal of and interest on the Bonds are payable by the fiscal agency for the State of Washington, currently The Bank of New York Mellon in New York, New York (the "Registrar"), to DTC, which in turn is obligated to remit such principal and interest to the DTC participants for subsequent disbursement to beneficial owners of the Bonds.

Election of Maturities

The bidder for the Bonds will designate whether the principal amounts of the Bonds as set forth below will be retired on December 1 or June 1 of each respective year as serial bonds maturing in such year or as mandatory sinking fund redemptions of term bonds maturing in the years specified by the bidder.

| <u>Serial Maturity or Mandatory Sinking Fund Redemption)</u> | <u>Principal Amounts*</u> | <u>Serial Maturity or Mandatory Sinking Fund Redemption</u> | <u>Principal Amounts*</u> |
|--|-------------------------------|---|-------------------------------|
| December 1, 2012 | \$ 1,340,000 | December 1, 2019 | \$ 10,945,000 |
| December 1, 2015 | 8,285,000 | December 1, 2020 | 11,680,000 |
| December 1, 2016 | 8,810,000 | December 1, 2021 | 12,470,000 |
| December 1, 2017 | 9,460,000 | December 1, 2022 | 13,290,000 |
| December 1, 2018 | 10,195,000 | June 1, 2023 | 9,625,000 |
| | | December 1, 2023 | 4,770,000 |

* Preliminary, subject to change.

The County will deposit certain money as provided in the Bond Ordinance and will retire the Bonds by purchase or redemption on or before the dates and in the amounts, if any, designated by the bidder to be mandatory sinking fund redemptions as provided for above.

Redemption of the Bonds

The County reserves the right to redeem outstanding Bonds maturing on or after June 1, 2023, in whole or in part, at any time on or after December 1, 2022, at the price of par plus accrued interest, if any, to the date fixed for redemption. In addition, the Bonds may be subject to mandatory redemption if the successful bidder for the Bonds specifies term bonds.

Mandatory Sinking Fund Redemption of Term Bonds. If not previously redeemed as described above or purchased under the provisions described below, the Bonds maturing on December 1, ____ (the "Term Bonds"), will be called for mandatory sinking fund redemption (in such manner as the Bond Registrar may determine) at a price of par, plus accrued interest to the date fixed for redemption, on December 1 in the years and amounts as follows:

| TERM BONDS | |
|--------------|----------------|
| <u>Years</u> | <u>Amounts</u> |

* Maturity.

If the County redeems Term Bonds under the optional redemption provisions described above or purchases or defeases Term Bonds, the Term Bonds so redeemed, purchased, or defeased (irrespective of their actual redemption or purchase prices) will be credited at the par amount thereof against one or more scheduled mandatory redemption amounts for the Term Bonds in the manner to be determined by the County or, if no such determination is made, on a *pro rata* basis.

Security

The Bonds are general obligations of the County. The County has irrevocably covenanted that, for so long as any of the Bonds remain outstanding and unpaid, unless the principal of and interest on the Bonds are paid from other sources, it will make annual levies of taxes without limitation as to rate or amount upon all property within the County subject to taxation in amounts sufficient to pay such principal and interest as the same become due. The full faith, credit, and resources of the County are pledged irrevocably for the annual levy and collection of those taxes and for the prompt payment of that principal and interest.

The County always has met 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 one single maturity of the Bonds. Bids will be without condition and may only be submitted electronically via Parity.

No bid will be considered for the Bonds that is less than an amount equal to 108% of the par value of the Bonds nor more than an amount equal to 123% of the par value of the Bonds, or for less than the entire offering of the Bonds. Each individual maturity must be reoffered at a yield that will produce a price of not less than 98 percent of the principal amount for that maturity.

For the purpose of the paragraph above, "price" is defined as the lesser of the price at the redemption date or the price at the maturity date.

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

Bidding Process

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

- (i) If any provision in this Official Notice of Sale conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any amendments issued by public wire, will control.
- (ii) Bids may only be submitted via Parity. The bidder is solely responsible for making necessary arrangements to access Parity for purposes of submitting a bid timely and in compliance with the requirements of this Official Notice of 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, or have any liability for, any delays or interruptions of, or any damages caused by, use of Parity.
- (iv) The County is using Parity as a communication mechanism, and not as an agent of the County.
- (v) Upon acceptance of a bid by the County, this Official Notice of Sale and the information that is electronically transmitted through Parity will form a contract between the bidder and the County.

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

Good Faith Deposit

The successful bidder for the Bonds is required to deliver a good faith deposit in the amount of \$1,000,000 by federal funds wire transfer to the Treasury Section of the Finance Division by no later than 90 minutes following the successful bidder's receipt of the verbal award. Wiring instructions will be provided to the successful bidder for the Bonds 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 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, and, in that event, the County Council may accept the next best bid or call for additional proposals.

Insurance

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

Award

The Bonds will be sold to the bidder making a bid 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, the interest rate being controlling, each bid must state the true interest cost of the bid determined by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payment from the payment date to the date of the Bonds and to the price bid.

If there are two or more equal bids for the Bonds and those bids are the best bids received, the Finance Director will determine by lot 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 readvertised for sale in the manner provided by law and as provided 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 up to the greater of 15% of the total par amount or \$400,000.

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. In the event that the County elects to alter the size of the Bonds after the bid pursuant to this Official Notice of Sale, the underwriter's discount, 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

Upon award of the Bonds, the successful bidder for the Bonds will advise the County and Bond Counsel of the initial reoffering prices to the public of the Bonds (the "Initial Reoffering Prices"). Simultaneously with or before delivery of the Bonds, the successful bidder for the Bonds is required to furnish to the County and Bond Counsel a certificate in form and substance acceptable to Bond Counsel:

- (i) confirming the Initial Reoffering Price for each maturity of the Bonds;
- (ii) certifying that a *bona fide* initial public offering of the Bonds ("Public Offering") was made on the Sale Date;
- (iii) certifying facts establishing the successful bidder's reasonable expectations, as of the Sale Date, that the Initial Reoffering Price for each maturity of the Bonds would be the first price at which at least 10% of the par amount of such maturity would be sold to the public, excluding bond houses, brokers, and other intermediaries, including, without limitation, the successful bidder and any selling group of which the successful bidder is a part, directly or indirectly (the "Public"); and
- (iv) certifying that at least 10% of each maturity of the Bonds was in fact sold to the Public in the Initial Offering, except for specified maturities, if applicable.

DELIVERY

The County will deliver the Bonds (consisting of one certificate) to DTC in New York, New York, or to the Bond Registrar on behalf of DTC by Fast Automated Securities Transfer, prior to the date of closing. Closing will occur within 30 days after the Sale Date. Settlement will be in federal funds available in Seattle, Washington, on the date of delivery. Delivery is expected to be August 14, 2012.

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 for the Bonds, at its option, may be relieved of its obligation to purchase the Bonds, and in that case the good faith deposit accompanying its bid will be returned without interest.

Legal Opinion

The approving legal opinion of Gottlieb Fisher PLLC, 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 Preliminary Official Statement or other offering material relating to the Bonds, nor will there be an opinion of Bond Counsel relating to the undertaking of the County to provide ongoing disclosure pursuant to Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule"). A no-litigation certificate will be included in the closing papers of the Bonds.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on the Bonds nor any error with respect thereto will constitute cause for a failure or refusal by the purchaser of the Bonds thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale.

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

OTHER INFORMATION

Ongoing Disclosure Undertaking

To assist bidders in complying with paragraph (b)(5) of the Rule, the County will undertake, pursuant to written "Continuing Disclosure Undertaking" for the Bonds, 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.

Preliminary Official Statement

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

By submitting the successful proposal, the purchaser agrees:

- (i) to provide to the Finance Division, in writing, within 24 hours after the acceptance of the bid, pricing and other related information, including the Initial Reoffering Price for 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) and relying on the opinions of Bond Counsel where appropriate, as of the date of the Official Statement and as of the date of delivery of the Bonds,

- (i) the information (including financial information) regarding the County contained in the Official Statement was and is true and correct in all material respects and did not and does not contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading

ANNEX 4

Summary of Bids

| <u>Name of Bidder</u> | <u>Bidder's True Interest Cost</u> |
|--|------------------------------------|
| J.P. Morgan Securities LLC | 1.655310% |
| Wells Fargo Bank, National Association | 1.668430 |
| Goldman, Sachs & Co. | 1.670616 |
| Citigroup Global Markets Inc. | 1.674176 |
| Barclays Capital Inc. | 1.701661 |
| Piper Jaffray | 1.713906 |
| Stifel Nicolaus & Company, Inc. | 1.716781 |
| Morgan Stanley & Co, LLC | 1.727629 |
| US Bancorp Investments, Inc. | 1.729954 |
| FTN Financial Capital Markets | 1.767352 |

ANNEX 5

Copy of Winning Bid

See Attached

ANNEX 6Bond Maturity Dates, Principal Amounts and Interest Rates

| <u>Maturity Date</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|--------------------------|-----------------------------|--------------------------|
| 12/1/2012 | \$ 1,190,000 | 2.00% |
| 12/1/2015 | 7,365,000 | 4.00 |
| 12/1/2016 | 7,940,000 | 5.00 |
| 12/1/2017 | 8,635,000 | 5.00 |
| 12/1/2018 | 9,420,000 | 5.00 |
| 12/1/2019 | 10,235,000 | 5.00 |
| 12/1/2020 | 11,040,000 | 5.00 |
| 12/1/2021 | 11,915,000 | 5.00 |
| 12/1/2022 | 12,830,000 | 5.00 |
| 06/1/2023 | 9,385,000 | 5.00 |
| 12/1/2023 | 4,655,000 | 4.00 |