

# ATTACHMENT A

## OFFICIAL NOTICE OF SALE

**\$26,930,000\***

**KING COUNTY, WASHINGTON**

**LIMITED TAX GENERAL OBLIGATION BONDS, 2012, SERIES B**

Electronic bids for the Limited Tax General Obligation Bonds, 2012, 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

**APRIL 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 April 5, 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](http://www.i-dealprospectus.com), or upon request to the Finance Division or the County's financial advisor (the "Financial Advisor"). See "Contact Information."

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\* Preliminary, subject to change.

## Contact Information

|                   |  |
|-------------------|--|
| Finance Division  | Nigel Lewis<br>King County<br>(206) 296-1168<br><i>nigel.lewis@kingcounty.gov</i>  |
| Financial Advisor | Rob Shelley<br>Seattle-Northwest Securities Corporation<br>Office: (206) 628-2879;<br>Day of Sale: (206) 601-2249<br><i>rshelley@snwsc.com</i> |
| Bond Counsel      | Dan Gottlieb<br>Gottlieb Fisher PLLC<br>(206) 654-1999<br><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 March 1 and September 1, beginning March 1, 2013, 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 the inside cover 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 some or all of the principal amounts of the Bonds maturing on and after September 1, 2022, as set forth below will be retired on September 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<br/>Mandatory Sinking Fund<br/>Redemption</u> | <u>Principal<br/>Amounts<sup>(1)</sup></u> | <u>Serial Maturity or<br/>Mandatory Sinking Fund<br/>Redemption</u> | <u>Principal<br/>Amounts<sup>(1)</sup></u> |
|---|--|---|--|
| 2013  | \$ 600,000                                 | 2023  | \$ 1,310,000 <sup>(2)</sup>                |
| 2014  | 975,000                                    | 2024  | 1,380,000 <sup>(2)</sup>                   |
| 2015  | 995,000                                    | 2025  | 1,445,000 <sup>(2)</sup>                   |
| 2016  | 1,015,000                                  | 2026  | 1,520,000 <sup>(2)</sup>                   |
| 2017  | 1,045,000                                  | 2027  | 1,595,000 <sup>(2)</sup>                   |
| 2018  | 1,080,000                                  | 2028  | 1,675,000 <sup>(2)</sup>                   |
| 2019  | 1,110,000                                  | 2029  | 1,760,000 <sup>(2)</sup>                   |
| 2020  | 1,155,000                                  | 2030  | 1,845,000 <sup>(2)</sup>                   |
| 2021  | 1,200,000                                  | 2031  | 1,940,000 <sup>(2)</sup>                   |
| 2022  | 1,250,000 <sup>(2)</sup>                   | 2032  | 2,035,000 <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 the amounts so specified will constitute mandatory sinking fund redemptions of Term Bonds.

The County will deposit certain money as provided in the Bond Ordinance and will retire the Bonds by purchase or redemption on or before September 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**

The County reserves the right to redeem outstanding Bonds maturing on and after September 1, 2022, in whole or in part, at any time on or after March 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 September 1, \_\_\_\_ (the "Term Bonds"), will be called for mandatory sinking fund redemption (in such manner as the Registrar may determine) at a price of par, plus accrued interest to the date fixed for redemption, on September 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.

*Selection of Bonds for Redemption.* If fewer than all of the Bonds are to be optionally redeemed prior to maturity, the County will select the maturity or maturities to be redeemed. If fewer than all of the Bonds within a maturity are to be redeemed prior to maturity, the Bonds to be redeemed will be selected, as the case may be, by DTC in accordance with the operational arrangements of DTC's Letter of Representations or, if the Bonds are no longer in book entry-only form, by the Registrar in such manner as the Registrar in its discretion may deem to be fair and appropriate. Any Bond of a denomination more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or any integral multiple thereof.

*Notice of Redemption.* Unless waived by the registered owner of Bonds to be redeemed or the nominee of such owner, official notice of any such redemption is required to be given by the Registrar by certified or registered mail, postage prepaid, not less than 20 days nor more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Registrar. These requirements will be deemed to have been fulfilled when notice is mailed, whether or not it actually is received by the registered owner of any such Bond to be redeemed. As long as the Bonds are held in book-entry form, redemption notices with respect to the Bonds will be given in accordance with procedures established by DTC. See "Book-Entry System" and Appendix E.

In the case of an optional redemption, the notice may state that the County retains the right to rescind the redemption notice and the related optional redemption of Bonds by giving a notice of rescission to the affected registered owners at any time on or prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded will be of no effect, and the Bonds for which the notice of optional redemption has been rescinded will remain outstanding.

*Effect of Redemption.* Interest on Bonds called for redemption will cease to accrue on the date fixed for redemption unless such Bonds called are not redeemed when presented pursuant to the call.

## **Security**

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

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 107% of the par value of the Bonds nor more than an amount equal to 119% 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 \$250,000 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 \$250,000.

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 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 May 8, 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.

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.

### **Legal Opinion**

The approving legal opinion of Gottlieb Fisher PLLC, Seattle, Washington, Bond Counsel, will be provided to the successful bidder for the Bonds at the time of the delivery of the Bonds. A no-litigation certificate will be included in the closing documents for 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 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.

### 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 (however, the County will make no representation regarding Bond Counsel's form of opinion or the information provided by DTC, The Bank of New York Mellon, or any entity providing bond insurance, reserve insurance, or other credit facility); and
- (ii) the descriptions and statements, including financial data, of or pertaining to other bodies and their activities contained in the Official Statement have been obtained from sources that the County believes to be reliable and the County has no reason to believe that they are untrue in any material respect.

DATED at Seattle, Washington, this 5th day of April, 2012.

\_\_\_\_\_  
/s/Anne Noris

Clerk of the Metropolitan King County Council