



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

June 12, 2007

Motion 12528

Proposed No. 2007-0179.2

Sponsors Phillips

1 A MOTION of the county council approving a bid for the
2 county's Sewer Revenue Bonds, Series 2007, in the
3 aggregate principal amount of \$250,000,000 and
4 establishing certain terms of such bonds, all in accordance
5 with Ordinance 15758.

6
7

8 WHEREAS, the county council by Ordinance 15758 passed on May 7, 2007 (the
9 “Bond Ordinance”), authorized the issuance and sale of sewer revenue bonds of the
10 county in the aggregate principal amount of not to exceed \$250,000,000 to pay costs of
11 certain capital improvements to the county's sewer system (the “System”), in accordance
12 with the county's comprehensive water pollution abatement plan, and

13 WHEREAS, the Bond Ordinance provided that such bonds be sold in one or more
14 series and by negotiated sale or competitive bid as determined by the county's director of
15 finance and business operations division (the “Finance Director”) in consultation with the
16 county's financial advisors, and

17 WHEREAS, the Finance Director has determined that a series of such bonds in
18 the aggregate principal amount of \$250,000,000 to be designated as the county's Sewer
19 Revenue Bonds, Series 2007 (the "Bonds"), be sold by competitive bid, and

20 WHEREAS, pursuant to the Bond Ordinance, a preliminary official statement
21 dated June 1, 2007, has been prepared for the sale of the Bonds, the Official Notice of
22 Bond Sale (the "Notice") has been published, and bids have been received in accordance
23 with the Notice, and

24 WHEREAS, the attached bid of Merrill Lynch & Co. (the "Purchaser") to
25 purchase the Bonds is the best bid received for the Bonds, and it is in the best interest of
26 the county that the Bonds be sold to the Purchaser on the terms set forth in the Notice, the
27 attached bid, the Bond Ordinance, and this motion, and

28 WHEREAS, in accordance with the Bond Ordinance, the council wishes to ratify
29 and confirm certain terms of the Bonds, as set forth herein;

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

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

33 B. Ratification of Notice of Sale, Acceptance of Bid, and Authorization of
34 Bonds. The issuance of the Bonds, designated as set forth in the recitals of this motion,
35 and the terms and conditions thereof as set forth in the Official Notice of Bond Sale,
36 attached hereto as Attachment A (the "Notice"), are hereby ratified and confirmed, and
37 Purchaser's bid to purchase the Bonds, as set forth on Attachment B (the "Bid"), is hereby
38 accepted. The Bonds shall bear interest at the rates set forth in the Bid and shall conform
39 in all other respects to the terms and conditions specified in the Notice, Bid and Bond

40 Ordinance. The Bonds shall be subject to redemption as set forth in the Notice and Bid.
41 As set forth in the Notice, the county has approved Financial Security Assurance Inc. (the
42 “Insurer”) to provide, at the option of bidders, a municipal bond insurance policy
43 guaranteeing the scheduled payment of principal of and interest on the Bonds (the “Bond
44 Insurance Policy”). The Purchaser has elected to purchase the Bond Insurance Policy at
45 its sole expense. The council hereby authorizes and directs all proper officers, agents,
46 attorneys and employees of the county to cooperate with the Purchaser and the Insurer in
47 preparing such additional agreements, certificates, and other documentation on behalf of
48 the county as shall be necessary or advisable in providing for the Bond Insurance Policy.

49 C. Application of Bond Proceeds; Satisfaction of Reserve Requirement. In
50 accordance with Section 13.A of the Bond Ordinance, there is hereby established a
51 special subaccount within the Construction Account to be designated as the Series 2007
52 Construction Subaccount (the “Construction Subaccount”). Proceeds of the Bonds
53 (exclusive of accrued interest, if any, which shall be deposited into the Debt Service
54 Account in the Bond Fund) shall be deposited in the Construction Subaccount and
55 applied to pay costs of improvements to the System and costs of issuance of the Bonds, in
56 accordance with Section 13.A of the Bond Ordinance.

57 In accordance with Section 9.C of the Bond Ordinance, proceeds of the Bonds
58 shall be used to purchase Qualified Insurance in the form of a surety bond (the “Surety
59 Bond”) from the Insurer in an amount sufficient to satisfy the Reserve Requirement with
60 respect to the Bonds. The County agrees to the conditions for obtaining the Surety Bond,
61 including the payment of the premium therefor and the other requirements to be set forth
62 in an agreement to be approved and executed by the Finance Director on behalf of the

63 county. The council further authorizes and directs all proper officers, agents, attorneys
64 and employees of the county to cooperate with the Insurer in preparing such additional
65 agreements, certificates, and other documentation on behalf of the county as shall be
66 necessary or advisable in providing for the Surety Bond.

67 D. Undertaking to Provide Ongoing Disclosure.

68 1. Contract/Undertaking. In accordance with Section 25 of the Bond Ordinance,
69 this Section D constitutes the county's written undertaking for the benefit of the owners
70 and Beneficial Owners of the Bonds as required by Section (b)(5) of the Rule.

71 2. Financial Statements/Operating Data. The county agrees to provide or cause
72 to be provided to each NRMSIR and to the SID, if any, in each case as designated by the
73 Commission in accordance with the Rule, the following annual financial information and
74 operating data for the prior fiscal year (commencing in 2007 for the fiscal year ended
75 December 31, 2006):

76 (a) Annual financial statements showing year-end fund balance for the
77 County's Water Quality Enterprise fund prepared in accordance with the Budget
78 Accounting and Reporting System prescribed by the Washington State Auditor pursuant
79 to RCW 43.09.200 (or any successor statute) and generally of the type included in the
80 official statement for the Bonds under the heading "Appendix C: Excerpts from the
81 County's 2005 Comprehensive Annual Financial Report";

82 (b) Amount of outstanding Parity Bonds; and

83 (c) Information regarding customers, revenues and expenses of the System
84 generally in the form set forth in the Official Statement for the Bonds in the table labeled
85 "Historical Customers, Revenues and Expenses."

86 Items (b) and (c) shall be required only to the extent that such information is not
87 included in the annual financial statements.

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

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

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

- 104 (a) Principal and interest payment delinquencies;
- 105 (b) Non-payment related defaults;
- 106 (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- 107 (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- 108 (e) Substitution of credit or liquidity providers, or their failure to perform;

- 109 (f) Adverse tax opinions or events affecting the tax-exempt status of the
110 Bonds;
- 111 (g) Modifications to rights of Bond holders;
- 112 (h) Optional, contingent or unscheduled calls of any Bonds other than
113 scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act
114 Release 34-23856;
- 115 (i) Defeasances;
- 116 (j) Release, substitution or sale of property securing repayment of the Bonds;
117 and
- 118 (k) Rating changes.

119 Solely for purposes of disclosure, and not intending to modify this undertaking,
120 the county advises with reference to item (j) above that no property secures payment of
121 the Bonds.

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

126 5. Centralized Filing. Any filing required to be made with any NRMSIR or SID
127 pursuant to the county's undertaking may be made by transmitting such filing solely to (i)
128 the Texas Municipal Advisory Council (the "MAC") as provided in
129 <http://www.disclosureusa.org> unless the SEC has withdrawn the interpretive advice in its
130 letter to the MAC dated September 7, 2004, or (ii) any other entity for whom the SEC has

131 provided interpretive advice recognizing that a filing solely with such entity shall satisfy
132 an issuer's filing requirements under the Rule.

133 6. Termination/Modification. The county's obligations to provide annual
134 financial information and notices of material events shall terminate upon the legal
135 defeasance, prior redemption or payment in full of all of the Bonds. This section, or any
136 provision hereof, shall be null and void if the county (i) obtains an opinion of nationally
137 recognized bond counsel to the effect that those portions of the Rule that require this
138 section, or any such provision, are invalid, have been repealed retroactively or otherwise
139 do not apply to the Bonds; and (ii) notifies each then existing NRMSIR and the SID, if
140 any, of such opinion and the cancellation of this section.

141 Notwithstanding any other provision of this motion, the county may amend this
142 Section D, and any provision of this Section D may be waived, with an approving
143 opinion of nationally recognized bond counsel and in accordance with the Rule.

144 In the event of any amendment or waiver of a provision of this Section D, the
145 county shall describe such amendment in the next annual report, and shall include, as
146 applicable, a narrative explanation of the reason for the amendment or waiver and its
147 impact on the type (or in the case of a change of accounting principles, on the
148 presentation) of financial information or operating data being presented by the county. In
149 addition, if the amendment relates to the accounting principles to be followed in
150 preparing financial statements, (i) notice of such change shall be given in the same
151 manner as for a material event under subsection 3, and (ii) the annual report for the year
152 in which the change is made should present a comparison (in narrative form and also, if
153 feasible, in quantitative form) between the financial statements as prepared on the basis

154 of the new accounting principles and those prepared on the basis of the former accounting
155 principles.

156 7. Bond Owner's Remedies Under This Section. The right of any Bond owner
157 or Beneficial Owner of Bonds to enforce the provisions of this section shall be limited to
158 a right to obtain specific enforcement of the county's obligations hereunder, and any
159 failure by the county to comply with the provisions of this undertaking shall not be an
160 event of default with respect to the Bonds hereunder. For purposes of this section,
161 "Beneficial Owner" means any person who has the power, directly or indirectly, to vote
162 or consent with respect to, or to dispose of ownership of, any Bonds, including persons
163 holding Bonds through nominees or depositories.

164 E. Further Authority. The county officials, their agents, attorneys and
165 representatives are hereby authorized and directed to do everything necessary for the
166 prompt issuance and delivery of the Bonds and for the proper use and application of the
167 proceeds of such sale.

168 F. Severability. If any provision in this motion is declared by any court of
169 competent jurisdiction to be contrary to law, then such provision shall be null and void


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170 and shall be deemed separable from the remaining provisions of this motion and shall in
171 no way affect the validity of the other provisions of this motion or of the Bonds.
172

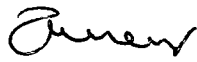
Motion 12528 was introduced on 3/12/2007 and passed by the Metropolitan King County Council on 6/11/2007, by the following vote:

Yes: 8 - Mr. Gossett, Ms. Patterson, Ms. Lambert, Mr. von Reichbauer, Mr. Dunn, Mr. Ferguson, Mr. Phillips and Mr. Constantine
No: 0
Excused: 1 - Ms. Hague

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments A. Notice of Bond Sale, B. Winning Bid for the Bond

12528

OFFICIAL NOTICE OF BOND SALE

\$250,000,000

KING COUNTY, WASHINGTON SEWER REVENUE BONDS, 2007

Scaled and electronic (as explained below) bids for the above-referenced bonds (the "Bonds") of King County, Washington (the "County"), will be received, in the case of scaled bids, in the King County Administration Building, Room 610, 500 4th Avenue, Seattle, Washington, and, in the case of electronic bids, via *PARITY*, in the manner described below, until

9:00 A.M., PACIFIC TIME, ON JUNE 11, 2007,

or at such later date or time as may be established by the Director of the King County Finance and Business Operations Division (the "Finance Director") and communicated through TM3, the Bond Buyer Wire or the Bloomberg News Network 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 for the Bonds, it will be awarded to the successful bidder and its terms will be approved by the County Council at such meeting.

Bids must be submitted either:

- (i) In a scaled envelope to the Finance Director as described above; or
- (ii) Electronically via *PARITY* in accordance with its Rules of Participation and this notice, between 8:30 a.m. and 9:00 a.m., Pacific time, but no bid will be received after the time for receiving bids specified above. In the event of a malfunction in the electronic bidding process, bidders may submit their bids by facsimile transmission to the Finance Director at (206) 296-7345. For further information about *PARITY*, potential bidders may contact the County's financial advisor, Seattle-Northwest Securities Corporation, at (206) 628-2882, or *PARITY* at (212) 849-5021.

In the event a bidder submits an electronic bid for the Bonds, such bidder hereby agrees to the following terms and conditions:

- (i) If any provision in this Official Notice of Bond Sale conflicts with information or terms provided or required by *PARITY*, this Official Notice of Bond Sale, including any amendments issued by public wire, shall control.
- (ii) Electronic bids may only be submitted via *PARITY*. The bidder is solely responsible for making necessary arrangements to access *PARITY* for purposes of submitting a bid timely and in compliance with the requirements of this Official Notice of Bond Sale.
- (iii) The County shall have no duty or obligation to provide or assure access to *PARITY*, and shall not be responsible for the proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, use of *PARITY*.
- (iv) The County is using *PARITY* as a communication mechanism, and not as an agent of the County.
- (v) The County may regard the electronic transmission of a bid through *PARITY* (including information regarding the purchase price for the Bonds and the interest rates for any maturity of the Bonds) as though the information were submitted on the Official Bid Form and executed on the bidder's behalf by a duly authorized signatory.
- (vi) Upon acceptance of a bid by the County, this Official Notice of Bond Sale, the Official Bid Form and the information that is electronically transmitted through *PARITY* shall 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 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.

A copy of the County's Preliminary Official Statement (with the Official Notice of Bond Sale and the Official Bid Form), dated June 1, 2007, may be obtained from i-Deal Prospectus, a service of i-Deal LLC, at www.i-dealprospectus.com, telephone 212-849-5024. Further information regarding the details of the Bonds may be obtained from the Director of the King County Finance and Business Operations Division, Sixth Floor, King County Administration Building, 500 Fourth Avenue, Seattle, Washington 98104 (telephone: (206) 296-7345), or the County's financial advisor, Seattle-Northwest Securities Corporation, 1420 Fifth Avenue, Suite 4300, Seattle, Washington 98101 (telephone: (206) 628-2882).

Description of the Bonds

The Bonds will be dated the date of their initial delivery to the purchaser thereof. The Bonds will bear interest payable semiannually on each January 1 and July 1, beginning January 1, 2008, to maturity or earlier redemption of the Bonds.

The County reserves the right to redeem outstanding Bonds maturing on or after January 1, 2018, in whole or in part at any time on or after July 1, 2017, at the price of par plus accrued interest, if any, to the date of redemption.

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

Election of Maturities

The bidder for the Bonds shall designate whether the principal amounts of the Bonds as 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 maturing in the years specified by the bidder.

<u>Serial Maturity or Amortization Installments (January 1)</u>	<u>Principal Amounts</u>	<u>Serial Maturity or Amortization Installments (January 1)</u>	<u>Principal Amounts</u>
2017	\$ 1,750,000	2033	\$ 3,585,000
2018	1,835,000	2034	3,760,000
2019	1,925,000	2035	3,950,000
2020	2,025,000	2036	4,150,000
2021	2,125,000	2037	13,925,000
2022	2,230,000	2038	14,625,000
2023	2,340,000	2039	15,355,000
2024	2,460,000	2040	16,120,000
2025	2,580,000	2041	16,930,000
2027	2,710,000	2042	17,775,000
2027	2,845,000	2043	18,660,000
2028	2,990,000	2044	19,595,000
2029	3,140,000	2045	20,575,000
2030	3,295,000	2046	21,605,000
2031	1,225,000	2047	22,685,000
2032	1,230,000		

The County will retire the Bonds by payment at maturity or by redemption of term bonds on January 1 of the years and in the amounts, if any, designated by the bidder to be amortization installments as provided for above.

Security

The Bonds are payable from and secured by a pledge of earnings, revenues and money received by the County from or on account of the operation of the Sewer System ("Revenue of the System"), subject to Operating and Maintenance Expenses of the Sewer System. The lien of the Bonds is on parity with the lien on Revenue of the System securing payment of the outstanding Parity Bonds and senior to the liens securing the Parity Lien Obligations, the Junior Lien Obligations, the Subordinate Lien Obligations, and the SRF and Public Works Trust Fund Loans, all of which are described in the Preliminary Official Statement under "Outstanding Sewer System Obligations."

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

Bidding Information

Bidders are invited to submit bids for the purchase of the Bonds fixing the interest rates that the Bonds will bear. The interest rates bid shall be in a multiple of 1/8 or 1/20 of one percent. No more than one rate of interest may be fixed for any one maturity of the Bonds. Bids shall be without condition and shall be submitted only on the Official Bid Form that is contained in the Preliminary Official Statement, or on photocopies of such form, or electronically via **PARITY**.

No bid will be considered for the Bonds that is less than an amount equal to 100 percent of the par value of the Bonds nor more than an amount equal to 105 percent 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. The County reserves the right to increase or decrease the total par amount of the Bonds by ten percent of the total par amount of the Bonds. The

County also reserves the right to increase or decrease the preliminary principal amount of any maturity of the Bonds by up to fifteen percent (15%) of the preliminary principal amount of that maturity.

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.

Good Faith Deposit

All bids shall be accompanied by a good faith deposit in the amount of \$2,500,000. The good faith deposit shall be in the form of a certified or bank cashier's check made payable to the order of the King County Director of the Finance and Business Operations Division 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 Advisors 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 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 of the Bonds will be retained by the County as security for the performance of such bid, and will be applied to the purchase price of the Bonds on the delivery of the 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 the 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.

Insurance

Bids for the Bonds shall not be conditioned upon obtaining insurance or any other credit enhancement. The Bonds have been qualified for municipal bond insurance by Financial Security Assurance Inc. Any purchase of municipal bond insurance or commitment therefor shall be at the sole option and expense of the bidder and shall be provided only by Financial Security Assurance Inc. 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 bid for the purchase of the Bonds.

Award

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

If there are two or more equal bids for the Bonds and those bids are the best bids received, the County Council will determine by lot which bid will be accepted. The County reserves the right to reject any or all bids submitted and to waive any formality in the bidding or bidding process and, if all bids for an offering are rejected, the Bonds may be readvertised for sale in the manner provided by law and as provided above. Any bid for the Bonds 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.

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Issue Price Information

Upon award of the Bonds, the successful bidder shall 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 shall furnish to the County and Bond Counsel a certificate in form and substance acceptable to Bond Counsel:

- (i) confirming the Initial Reoffering Prices,
- (ii) certifying that a *bona fide* offering of the Bonds has been made to the public (excluding bond houses, brokers and other intermediaries),
- (iii) stating the prices at which a substantial amount of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries),
- (iv) stating the prices at which any portion of the Bonds that remains unsold at the date of closing would have been sold on the date the Bonds were awarded, and
- (v) stating the offering price of each portion of the Bonds sold to institutional or other investors at discount.

Delivery

The County will deliver the Bonds (consisting of one word-processed certificate for each maturity of the Bonds) to DTC in New York, New York, or to the Bond Registrar on behalf of DTC by Fast Automated Securities Transfer, prior to the date of closing. Closing shall occur within 40 days after the sale date. Settlement shall be in federal funds available in Seattle, Washington, on the date of delivery. Delivery is expected to be May 30, 2007.

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 this Preliminary Official Statement for the Bonds, 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 Preston Gates & Ellis, LLP, 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 this Preliminary Official Statement or other offering material relating to the Bonds, nor will there be an opinion of Bond Counsel relating to the undertaking of the County to provide ongoing disclosure pursuant to SEC Rule 15c2-12. A no-litigation certificate of the County 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 thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale. The successful purchaser of the Bonds is responsible for obtaining CUSIP numbers for the Bonds. 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.

Ongoing Disclosure Undertaking

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.

**Merrill Lynch & Co. - New York , NY's Bid
King County**



\$250,000,000 Sewer Revenue Bonds, 2007

For the aggregate principal amount of \$250,000,000.00, we will pay you \$254,849,690.25, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
01/01/2017	1,750M	5.0000
01/01/2018	1,835M	5.0000
01/01/2019	1,925M	5.0000
01/01/2020	2,025M	5.0000
01/01/2021	2,125M	5.0000
01/01/2022	2,230M	5.0000
01/01/2023	2,340M	5.0000
01/01/2024	2,460M	5.0000
01/01/2025	2,580M	5.0000
01/01/2026	2,710M	5.0000
01/01/2027	2,845M	5.0000
01/01/2028	2,990M	5.0000
01/01/2029	3,140M	5.0000
01/01/2030	3,295M	5.0000
01/01/2031	1,225M	5.0000
01/01/2032	1,230M	5.0000
01/01/2033	3,585M	5.0000
01/01/2034		
01/01/2035		
01/01/2036		
01/01/2037	25,785M	5.0000
01/01/2038		
01/01/2039	29,980M	5.0000
01/01/2040		
01/01/2041		
01/01/2042	50,825M	5.0000
01/01/2043		
01/01/2044		
01/01/2045		
01/01/2046		
01/01/2047	103,120M	5.0000

Total Interest Cost:	\$398,858,361.11
Premium:	\$4,849,690.25
Net Interest Cost:	\$394,008,670.86
TIC:	4.877040

Time Last Bid Received On:06/11/2007 8:59:44 PDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Merrill Lynch & Co., New York , NY
Contact: Brendan Troy
Title: Vice President
Telephone: 212-449-5081
Fax: 212-449-3733

Issuer Name: King County

Company Name: _____

Accepted By: _____

Accepted By: _____

Date: _____

Date: _____