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11926

ATTACHMENT A

EXHIBIT A

Official Notice of Bond Sale

# 11926

## OFFICIAL NOTICE OF BOND SALE

\$50,000,000\*

### KING COUNTY, WASHINGTON LIMITED TAX GENERAL OBLIGATION (PUBLIC TRANSPORTATION SALES TAX) BONDS, 2004

Separate sealed 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 sealed 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 MAY 24, 2004,

or at such later date or time as may be established by the King County Finance Director (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. 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.

Bids must be submitted either:

- (i) In a sealed 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 advisors, Hattori & Associates, LLC, at (206) 524-4665, or Seattle-Northwest Securities, at (206) 628-2882, or *PARITY* at (212) 806-8304.

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

\* Preliminary, subject to change.

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 Forms 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 May 18, 2004, and further information regarding the details of the Bonds may be obtained upon request to the King County Finance Director, 6th Floor, King County Administration Building, 500 Fourth Avenue, Seattle, Washington 98104 (telephone: (206) 296-7345), or the County's financial advisors, Hattori & Associates, LLC, 6837 17th Avenue Northeast, Seattle, Washington 98115 (telephone: (206) 524-4665), and 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. The Bonds bear interest payable semiannually on each June 1 and December 1, beginning on December 1, 2004, to maturity or earlier redemption of the Bonds.

The County reserves the right to redeem outstanding Bonds maturing on or after June 1, 2015, in whole or in part at any time on or after June 1, 2014, 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, currently The Bank of New York in New York, 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 June 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 Installment</u>	<u>Principal Amounts*</u>	<u>Serial Maturity or Amortization Installments</u>	<u>Principal Amounts*</u>
2005	\$ 805,000	2020	\$ 1,540,000
2006	830,000	2021	1,625,000
2007	855,000	2022	1,710,000
2008	880,000	2023	1,805,000
2009	910,000	2024	1,900,000
2010	945,000	2025	1,995,000
2011	985,000	2026	2,100,000
2012	1,030,000	2027	2,205,000
2013	1,080,000	2028	2,325,000
2014	1,130,000	2029	2,445,000
2015	1,185,000	2030	2,575,000
2016	1,250,000	2031	2,710,000
2017	1,315,000	2032	2,855,000
2018	1,385,000	2033	3,005,000
2019	1,460,000	2034	3,160,000

The County will deposit certain money as provided in the Ordinance and will retire the Bonds by purchase or redemption on or before June 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 general obligations of the County. The County irrevocably covenants that, for as long as any of the Bonds are outstanding and unpaid, it will include in its budget and levy the Public Transportation Sales Tax annually in an amount that will be sufficient, together with all other funds legally available for such purposes, to pay the principal of and interest on the Bonds as they become due. The County further irrevocably covenants that, for as long as any of the Bonds are outstanding and unpaid, each year it will include in its budget and levy an *ad valorem* tax upon all the property within the County that is subject to taxation in an amount that will be sufficient, together with all other revenues and money of the County legally available for such purposes (including Sales Tax Revenues and Assessment Income, if any, as described herein) to pay the principal of and interest on the Bonds as they become due. The full faith, credit and resources of the County are pledged irrevocably for the annual levy and collection of such taxes and for the prompt payment of the principal and interest on the Bonds as the same become due.

The County always has met principal and interest payments on 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 forms, or electronically via *PARITY*.

No bid will be considered for the Bonds that is less than an amount equal to 100.5 percent of the par value of the Bonds nor more than an amount equal to 104 percent of the par value of the Bonds, or for less than the

\* Preliminary, subject to change.

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 preceding sentence, "price" shall be defined as the lesser of the price at the redemption date or the price at the maturity date.

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.

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.

#### **Adjustment of Amount of Bonds and Bid Price**

The County has reserved the right to increase or decrease the preliminary principal amount of the Bonds by an amount not to exceed ten percent (10%) following the opening of the bids. The County also reserves the right to increase or decrease the preliminary principal amount of any maturity of the Bonds by fifteen percent (15%) of the preliminary principal amount of that maturity. 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 and maturity schedule of the Bonds within 24 hours of the bid opening. The County will not be responsible in the event and to the extent that any adjustment affects the net compensation to be realized by the successful bidder of the Bonds.

#### **Good Faith Deposit**

All bids shall be accompanied by a good faith deposit in the amount of \$500,000. The good faith deposit shall be in the form of cash or a certified or bank cashier's check made payable to the order of the King County Treasury Division Manager or a financial surety bond. If a financial surety bond is used, it must be from an insurance company licensed to issue such a bond in the State of Washington and preapproved by the County. Such bond must be submitted to the County's Financial 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. If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of a bidder, any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs of issuance of the Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

**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.

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.

**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 June 8, 2004.

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 Foster Pepper & Shefelman 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 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 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

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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 this Preliminary Official Statement and will also be set forth in the final Official Statement.

**Official Statement**

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

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

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

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

DATED at Seattle, Washington, this 18th day of May, 2004.

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/s/

Clerk of the Metropolitan King County Council

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## OFFICIAL BID FORM

\$50,000,000\*

### KING COUNTY, WASHINGTON LIMITED TAX GENERAL OBLIGATION (PUBLIC TRANSPORTATION SALES TAX) BONDS, 2004

Finance Director  
King County  
Seattle, Washington

Dear Sir:

For the above-referenced bonds (the "Bonds"), described in the attached Official Notice of Bond Sale, which is hereby made a part of this bid, and for all but not less than all of the Bonds, with interest rates per annum on the Bonds maturing on June 1 in the years and amounts set forth in this Official Bid Form as indicated below:

<u>Years</u>	<u>Amounts*</u>	<u>Rates</u>	<u>Years</u>	<u>Amounts*</u>	<u>Rates</u>
2005	\$ 805,000		2020	\$1,540,000	
2006	830,000		2021	1,625,000	
2007	855,000		2022	1,710,000	
2008	880,000		2023	1,805,000	
2009	910,000		2024	1,900,000	
2010	945,000		2025	1,995,000	
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2014	1,130,000		2029	2,445,000	
2015	1,185,000		2030	2,575,000	
2016	1,250,000		2031	2,710,000	
2017	1,315,000		2032	2,855,000	
2018	1,385,000		2033	3,005,000	
2019	1,460,000		2034	3,160,000	

we offer to pay the sum of \$ \_\_\_\_\_  
(must be no less than \$50,250,000\* and no more than \$52,000,000\*).

In accordance with the terms of the Official Notice of Bond Sale, a good faith deposit in the amount of \$500,000 has been provided in the form of either a certified or bank cashier's check or a financial surety bond, each payable to the order of King County. The good faith deposit is to be applied in accordance with the terms of the Official Notice of Bond Sale if the Bonds are awarded to us. If the Bonds are not awarded to us and a check has been submitted, such check is to be returned to us. If the Bonds are not awarded to us and we provided the good faith deposit in the form of a surety bond, neither we nor the County have any further obligations with respect to the surety bond.

\* Preliminary, subject to change.



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This bid is submitted in accordance with and subject to all provisions contained in the Official Notice of Bond Sale which is incorporated herein by reference and made a part of this bid.

We hereby specify that a portion of the Bonds be aggregated into Term Bonds maturing on June 1 in the following years and in the following amounts (leave blank if no Term Bonds are specified):

Years Aggregated	Maturity Year	Amount
20__ through 20__	_____	_____
20__ through 20__	_____	_____
20__ through 20__	_____	_____

If our proposal to purchase the Bonds is successful, the person at the designated senior representative's office whom the County or its representatives should contact regarding closing is \_\_\_\_\_ at the following telephone number: \_\_\_\_\_

Very truly yours,

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

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

Estimated true interest cost \_\_\_\_\_% (not a part of the proposal).