



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**October 17, 2006**

**Motion 12373**

**Proposed No.** 2006-0356.2

**Sponsors** Ferguson

1           A MOTION of the county council accepting a bid for the  
2           purchase of the county's Limited Tax General Obligation  
3           Bond Anticipation Notes, 2006, Series A in the aggregate  
4           principal amount of \$52,715,000 and fixing the interest rate  
5           and other terms thereof in accordance with Ordinance  
6           14167, as amended by Ordinance 14463, Ordinance 14745,  
7           Ordinance 14992, Ordinance 15285 and Ordinance 15604;  
8           and accepting a bid for the purchase of the county's Limited  
9           Tax General Obligation Bond Anticipation Notes, 2006,  
10          Series B in the aggregate principal amount of \$31,275,000  
11          and fixing the interest rate and other terms thereof in  
12          accordance with Ordinance 14991, as amended by  
13          Ordinance 15286.

14  
15  
16           WHEREAS, pursuant to Ordinance 14167, the county council authorized the  
17          issuance of one or more series of its limited tax general obligation bonds in an

18 outstanding aggregate principal amount not to exceed \$125,000,000 to provide long-term  
19 financing for the Courthouse Seismic Project, the North Rehabilitation Facility Project  
20 and the Regional Communications and Emergency Control Center Project, each defined  
21 and described in Ordinance 14167, and further authorized the issuance and public sale of  
22 one or more series of its limited tax general obligation bond anticipation notes in an  
23 outstanding aggregate principal amount not to exceed \$125,000,000 to provide interim  
24 financing for such projects pending the issuance of the bonds, and

25 WHEREAS, pursuant to Ordinance 14463, the county council amended  
26 Ordinance 14167 to revise the description of the North Rehabilitation Facility Project and  
27 to augment the projects authorized to be financed, on a long-term basis, by such bonds,  
28 and pending the sale of such bonds, on an interim basis, by such bond anticipation notes  
29 by the addition of the Courthouse Earthquake Repairs, all as defined and described in  
30 Ordinance 14463, and

31 WHEREAS, pursuant to Ordinance 14745, the county council amended  
32 Ordinance 14167, as previously amended by Ordinance 14463, to add the Integrated  
33 Security and Jail Health Remodel Project to the list of projects that are authorized to be  
34 financed, on a long-term basis, by such bonds, and pending the sale of such bonds, on an  
35 interim basis, by such bond anticipation notes, and that the maximum outstanding  
36 aggregate principal amount of such bonds and bond anticipation notes be increased to  
37 \$145,000,000 as a result; and also to amend certain provisions of Ordinance 14167, as  
38 previously amended by Ordinance 14463, pertaining to such bonds and bond anticipation  
39 notes, and

40           WHEREAS, pursuant to Ordinance 14992, the county council amended  
41           Ordinance 14167, as previously amended by Ordinance 14463 and Ordinance 14745, to  
42           add the Courthouse Lobby Project and the Jail ITR Remodel Project to the list of projects  
43           that are authorized to be financed, on a long-term basis, by such bonds, and pending the  
44           sale of such bonds, on an interim basis, by such bond anticipation notes, and increase the  
45           maximum outstanding aggregate principal amount of such bonds and bond anticipation  
46           notes to \$150,000,000 as a result; and amend certain provisions of Ordinance 14167, as  
47           previously amended by Ordinance 14463 and Ordinance 14745 (as so amended, the  
48           "Series A Note Ordinance"), pertaining to such bonds and bond anticipation notes, and

49           WHEREAS, pursuant to Ordinance 15285, the county council amended  
50           Ordinance 14167, as previously amended by Ordinance 14463, Ordinance 14745 and  
51           Ordinance 14992, to add the Orcas Building Acquisition and Tenant Improvement  
52           Project, the PAO 4th Floor Courthouse Move Project, the Pedestrian Tunnel Project, the  
53           Sky Bridge Feasibility Study Project to the list of projects that are authorized to be  
54           financed, on a long-term basis, by such bonds, and pending the sale of such bonds, on an  
55           interim basis, by such bond anticipation notes, and increase the maximum outstanding  
56           aggregate principal amount of such bonds and bond anticipation notes to \$160,000,000 as  
57           a result; and amend certain provisions of Ordinance 14167, as previously amended by  
58           Ordinance 14463, Ordinance 14745 and Ordinance 14992 (as so amended, the "Series A  
59           Note Ordinance"), pertaining to such bonds and bond anticipation notes, and

60           WHEREAS, pursuant to Ordinance 15604, the county council amended  
61           Ordinance 14167, as previously amended by Ordinance 14463, Ordinance 14745,  
62           Ordinance 14992 and Ordinance 15285, to change the scope of the Pedestrian Tunnel

63 Project to include construction as well as design, add the NCOB Equipping Project to the  
64 list of projects that are authorized to be financed, on a long-term basis, by such bonds,  
65 and pending the sale of such bonds, on an interim basis, by such bond anticipation notes,  
66 and increase the maximum outstanding aggregate principal amount of such bonds and  
67 bond anticipation notes to \$170,000,000 as a result; and amend certain provisions of  
68 Ordinance 14167, as previously amended by Ordinance 14463, Ordinance 14745,  
69 Ordinance 14992 and Ordinance 15285 (as so amended, the "Series A Note Ordinance"),  
70 pertaining to such bonds and bond anticipation notes, and

71 WHEREAS, the Series A Note Ordinance provided that such bond anticipation  
72 notes may be sold at public sale by competitive bid in one or more series as determined  
73 by the Finance Director, and

74 WHEREAS, the Finance Director has determined that a series of such bond  
75 anticipation notes, to be designated as the county's Limited Tax General Obligation Bond  
76 Anticipation Notes, 2006, Series A, in the aggregate principal amount of \$52,715,000  
77 (the "Series A Notes"), be sold as provided herein, and

78 WHEREAS, currently, \$105,510,000 in aggregate principal amount of the bonds  
79 authorized by the Series A Note Ordinance are outstanding. Currently, \$30,000,000 of  
80 the bond anticipation notes authorized by the Series A Note Ordinance are outstanding,  
81 all of which will be paid and retired from the proceeds of the Series A Notes  
82 simultaneously with the issuance thereof. The aggregate principal amount of all such  
83 bonds and bond anticipation notes (including the Series A Notes) to be outstanding on the  
84 date of issuance of the Series A Notes will be \$158,225,000, which amount does not  
85 exceed \$170,000,000, and

86 WHEREAS, pursuant to Ordinance 14991, the county council authorized the  
87 issuance of one or more series of limited tax general obligation bonds of the county in an  
88 outstanding aggregate principal amount not to exceed \$30,000,000 to provide long-term  
89 financing for the Juanita Woodlands Open Space Acquisition Project and the Forestry  
90 and Nearshore Initiative Project, each defined and described in Ordinance 14991, and  
91 further authorized the issuance and public sale of one or more series of its limited tax  
92 general obligation bond anticipation notes in an outstanding aggregate principal amount  
93 not to exceed \$30,000,000 to provide interim financing for such projects pending the  
94 issuance of the bonds, and

95 WHEREAS, pursuant to Ordinance 15286, the county council amended  
96 Ordinance 14991 to increase the maximum outstanding aggregate principal amount of  
97 such bonds and bond anticipation notes to \$40,000,000 (as so amended, the "Series B  
98 Note Ordinance"), and

99 WHEREAS, the Series B Note Ordinance provided that such bond anticipation  
100 notes may be publicly sold in one or more series, any of which may be sold in a  
101 combined offering with other notes of the county, either by negotiated sale or by  
102 competitive bid, as determined by the Finance Director in consultation with the county's  
103 financial advisor, and

104 WHEREAS, the Finance Director has determined that a series of such bond  
105 anticipation notes, to be designated as the county's Limited Tax General Obligation Bond  
106 Anticipation Notes, 2006, Series B, in the aggregate principal amount of \$31,275,000  
107 (the "Series B Notes" and, together with the Series A Notes, the "Notes"), be sold as  
108 provided herein, and

109 WHEREAS, currently, none of the bonds and \$30,000,000 of the bond  
110 anticipation notes authorized by the Series B Note Ordinance are outstanding, all of  
111 which will be paid and retired from the proceeds of the Series B Notes simultaneously  
112 with the issuance thereof. The aggregate principal amount of all such bonds and bond  
113 anticipation notes (including the Series B Notes) to be outstanding on the date of issuance  
114 of the Series B Notes will be \$31,275,000, which amount does not exceed \$40,000,000,  
115 and

116 WHEREAS, a preliminary official statement dated October 10, 2006, has been  
117 prepared for the public sale of the Notes, the official Notice of such sale dated  
118 October 10, 2006 (the "Notice") has been duly published, and bids have been received in  
119 accordance with the Notice, and

120 WHEREAS, the attached bid of Lehman Brothers to purchase the Series A Notes  
121 is the best bid received for the Series A Notes, and it is in the best interest of the county  
122 that such Series A Notes be sold to Lehman Brothers on the terms set forth in the Notice,  
123 the attached bid, the Series B Note Ordinance and this motion, and

124 WHEREAS, the attached bid of Lehman Brothers to purchase the Series B Notes  
125 is the best bid received for the Series B Notes, and it is in the best interest of the county  
126 that such Series B Notes be sold to Lehman Brothers on the terms set forth in the Notice,  
127 the attached bid, the Series B Note Ordinance and this motion;

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

129 A. Definitions. Except as expressly authorized herein, terms used in this motion  
130 have the meanings set forth in the Series A Note Ordinance and the Series B Note  
131 Ordinance.

132           B. Ratification of Notice of Sale, Acceptance of Bids, and Authorization of  
133 Notes. The issuance of the Series A Notes, designated as the county's Limited Tax  
134 General Obligation Bond Anticipation Notes, 2006, Series A, in the aggregate principal  
135 amount of \$52,715,000, and the other terms and conditions thereof set forth in the Notice  
136 attached hereto as Attachment A, are hereby ratified and confirmed. The offer to  
137 purchase the Series A Notes, as set forth in the bid of Lehman Brothers attached hereto as  
138 Attachment B, which shall be deemed to be adjusted to reflect the changed aggregate  
139 principal amount of the Series A Notes, as and to the extent permitted by the Notice, is  
140 hereby accepted. The Series A Notes shall be dated their date of issue and delivery, shall  
141 mature on the date, and shall bear interest payable only at maturity at the rate specified in  
142 Attachment B to this motion. The Series A Notes shall not be subject to redemption.  
143 The Series A Notes shall conform in all other respects to the terms and conditions  
144 specified in the Notice and Series A Note Ordinance.

145           The issuance of the Series B Notes, designated as the county's Limited Tax  
146 General Obligation Bond Anticipation Notes, 2006, Series B, in the aggregate principal  
147 amount of \$31,275,000, and the other terms and conditions thereof set forth in the Notice,  
148 are hereby ratified and confirmed. The offer to purchase the Series B Notes, as set forth  
149 in the bid of Lehman Brothers attached hereto as Attachment C, which shall be deemed to  
150 be adjusted to reflect the changed aggregate principal amount of the Series B Notes, as  
151 and to the extent permitted by the Notice, is hereby accepted. The Series B Notes shall  
152 be dated their date of issue and delivery, shall mature on the date, and shall bear interest  
153 payable only at maturity at the rate specified in Attachment C to this motion. The Series

154 B Notes shall not be subject to redemption. The Series B Notes shall conform in all other  
155 respects to the terms and conditions specified in the Notice and Series B Note Ordinance.

156 C. Application of Note Proceeds. The proceeds of the Series A Notes shall be  
157 applied to provide interim financing for some of the following projects, and paying costs  
158 and expenses incurred in issuing the Series A Notes: the Courthouse Seismic Project, the  
159 Courthouse Earthquake Repairs, the North Rehabilitation Facility Project, the Integrated  
160 Security and Jail Health Remodel Project, the Courthouse Lobby Project, the Jail ITR  
161 Remodel Project, the Orcas Building Acquisition and Tenant Improvement Project, the  
162 PAO 4th Floor Courthouse Move Project, the Pedestrian Tunnel Project, the Sky Bridge  
163 Feasibility Study Project, the NCOB Equipping Project and the Kent Pullen Regional  
164 Communications and Emergency Coordination Center Project.

165 The proceeds of the Series B Notes shall be applied to provide interim financing  
166 for the Juanita Woodlands Open Space Acquisition Project and the Forestry and  
167 Nearshore Initiative Project, and paying costs and expenses incurred in issuing the Series  
168 B Notes.

169 D. Undertaking to Provide Ongoing Disclosure.

170 1. Contract/Undertaking. This section D constitutes the county's written  
171 undertaking for the benefit of the owners and beneficial owners of the Notes as required  
172 by section (b)(5) of rule 15c2-12 (the "rule") of the Securities and Exchange Commission  
173 (the "commission").

174 2. Financial Statements/Operating Data. The county agrees to provide or cause  
175 to be provided to each nationally recognized municipal securities information repository  
176 ("NRMSIR") and to the state information depository (the "SID"), if any, in each case as



177 designated by the commission in accordance with the rule, the following annual financial  
178 information and operating data for the prior fiscal year (commencing in 2007 for the  
179 fiscal year ended December 31, 2006):

180 (a) annual financial statements prepared in accordance with the Budget  
181 Accounting and Reporting System ("BARS") prescribed by the Washington State Auditor  
182 pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type attached  
183 to the official statement as "Appendix B," which statements will not be audited, except  
184 that if and when audited financial statements are otherwise prepared and available to the  
185 county they will be provided;

186 (b) a summary of the assessed value of taxable property in the county;

187 (c) a summary of budgeted General Fund revenues and appropriations;

188 (d) a summary of ad valorem property tax levy rates per \$1,000 of assessed  
189 value and delinquency rates;

190 (e) a summary of outstanding tax-supported indebtedness of the county; and

191 (f) a schedule of the aggregate annual debt service on tax-supported  
192 indebtedness of the county.

193 Items (b) through (f) shall be required only to the extent that such information is  
194 not included in the annual financial statements.

195 Such annual information and operating data described above shall be provided on  
196 or before the end of seven months after the end of the county's fiscal year. The county's  
197 fiscal year currently ends on December 31. The county may adjust such fiscal year by  
198 providing written notice of the change of fiscal year to each then existing NRMSIR and  
199 the SID, if any. In lieu of providing such annual financial information and operating

200 data, the county may cross-reference to other documents provided to the NRMSIR, the  
201 SID or to the commission, and, if such document is a final official statement within the  
202 meaning of the rule, such document will be available from the Municipal Securities  
203 Rulemaking Board (the "MSRB").

204 If not provided as part of the annual financial information discussed above, the  
205 county shall provide the county's audited annual financial statement prepared in  
206 accordance with BARS when and if available to each then existing NRMSIR and the  
207 SID, if any.

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

- 211 (a) principal and interest payment delinquencies;
- 212 (b) non-payment related defaults;
- 213 (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- 214 (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- 215 (e) substitution of credit or liquidity providers, or their failure to perform;
- 216 (f) adverse tax opinions or events affecting the tax-exempt status of the Notes;
- 217 (g) modifications to rights of Noteholders;
- 218 (h) optional, contingent or unscheduled calls of any Notes other than scheduled  
219 sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-  
220 23856;
- 221 (i) defeasances;

222 (j) release, substitution or sale of property securing repayment of the Notes;  
223 and  
224 (k) rating changes.

225 Solely for purposes of disclosure, and not intending to modify this undertaking,  
226 the county advises with reference to items (c) and (j) above that no debt service reserves  
227 secure payment of the Notes and no property secures repayment of the Notes.

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

232 5. Centralized Filing. Any filing required to be made with any NRMSIR or  
233 SID pursuant to the County's undertaking may be made by transmitting such filing solely  
234 to (i) the Texas Municipal Advisory Council (the "MAC") as provided in  
235 *http://www.disclosureusa.org* unless the SEC has withdrawn the interpretive advice in its  
236 letter to the MAC dated September 7, 2004, or (ii) any other entity for whom the SEC has  
237 provided interpretive advice to the effect that a filing solely with such entity shall satisfy  
238 an issuer's filing requirements under the Rule.

239 6. Termination/Modification. The county's obligations to provide annual  
240 financial information and notices of material events shall terminate upon the legal  
241 defeasance, prior redemption or payment in full of all of the Notes. This section, or any  
242 provision hereof, shall be null and void if the county (i) obtains an opinion of nationally  
243 recognized bond counsel to the effect that those portions of the rule which require this  
244 section, or any such provision, are invalid, have been repealed retroactively or otherwise

245 do not apply to the Notes; and (ii) notifies each then existing NRMSIR and the SID, if  
246 any, of such opinion and the cancellation of this section.

247 Notwithstanding any other provision of this motion, the county may amend this  
248 section D, and any provision of this section D may be waived, with an approving opinion  
249 of nationally recognized bond counsel and in accordance with the rule.

250 In the event of any amendment or waiver of a provision of this section D, the  
251 county shall describe such amendment in the next annual report, and shall include, as  
252 applicable, a narrative explanation of the reason for the amendment or waiver and its  
253 impact on the type (or in the case of a change of accounting principles, on the  
254 presentation) of financial information or operating data being presented by the county. In  
255 addition, if the amendment relates to the accounting principles to be followed in  
256 preparing financial statements, (i) notice of such change shall be given in the same  
257 manner as for a material event under subsection 3, and (ii) the annual report for the year  
258 in which the change is made should present a comparison (in narrative form and also, if  
259 feasible, in quantitative form) between the financial statements as prepared on the basis  
260 of the new accounting principles and those prepared on the basis of the former accounting  
261 principles.

262 7. Note Owners' Remedies Under This Section. The right of any Note owner or  
263 beneficial owner of Notes to enforce the provisions of this section shall be limited to a  
264 right to obtain specific enforcement of the county's obligations hereunder, and any failure  
265 by the county to comply with the provisions of this undertaking shall not be an event of  
266 default with respect to the Notes. For purposes of this section, "beneficial owner" means  
267 any person who has the power, directly or indirectly, to vote or consent with respect to, or

268 to dispose of ownership of, any Notes, including persons holding Notes through  
269 nominees or depositories.

270 E. Further Authority. The county officials, their agents, and representatives are  
271 hereby authorized and directed to do everything necessary for the prompt issuance and  
272 delivery of the Notes and for the proper use and application of the proceeds of such sale.

273 F. Severability. The covenants contained in this motion shall constitute a  
274 contract between the county and the owners of each and every Note. If any one or more  
275 of the covenants or agreements provided in this motion to be performed on the part of the  
276 county shall be declared by any court of competent jurisdiction to be contrary to law, then  
277 such covenant or covenants, agreement or agreements, shall be null and void and shall be

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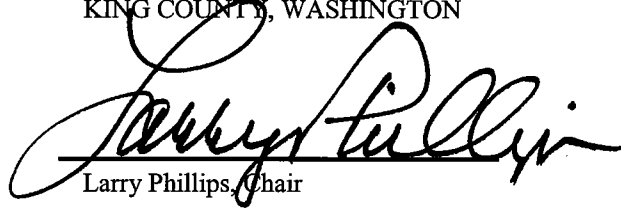
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278 deemed separable from the remaining covenants and agreements of this motion and shall  
279 in no way affect the validity of the other provisions of this motion or of the Notes.  
280

Motion 12373 was introduced on 8/21/2006 and passed by the Metropolitan King County Council on 10/16/2006, by the following vote:

Yes: 9 - Mr. Phillips, Mr. von Reichbauer, Ms. Lambert, Mr. Dunn, Mr. Ferguson, Mr. Gossett, Ms. Hague, Mr. Constantine and Ms. Patterson  
No: 0  
Excused: 0

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

**Attachments**      A. Official Notice of Note Sale King County, Washington Limited General Obligation Bond Anticipation Notes \$53,000,000 2006, Series A \$31,445,000 2006, Series B., B. Lehman Brothers - New York, NY's Bid King County \$53,000,000 Limited Tax General Obligation Bond Anticipation Notes, 2006 Series A, C. Lehman Brothers - New York, NY's Bid King County \$31,445,000 Limited Tax General Obligation Bond Anticipation Notes, 2006 Series B

## ATTACHMENT A

## OFFICIAL NOTICE OF NOTE SALE

KING COUNTY, WASHINGTON  
LIMITED TAX GENERAL OBLIGATION BOND ANTICIPATION NOTES\$53,000,000\*  
2006, SERIES A\$31,445,000\*  
2006, SERIES B

Sealed and electronic (as explained below) bids for each series of the above-referenced notes (the "Notes") 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 OCTOBER 16, 2006,

or at such later date or time as may be established by the King County Director of 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 Notes. All bids received with respect to the Notes will be considered by the Metropolitan King County Council (the "County Council") at its regularly scheduled meeting on the day bids are received. If the County accepts a bid, it will be awarded to the successful bidder and its terms will be approved by the County Council at such meeting.

Each series of the Notes will be sold separately, on an all-or-none basis. Bidders who choose to bid on more than one series must submit a separate bid for each series.

Bids for each series of the Notes 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 Official Notice of Sale, 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) 806-8304.

In the event a bidder submits an electronic bid for either or both series of the Notes, such bidder hereby agrees to the following terms and conditions:

- (i) If any provision in this Official Notice of Note Sale conflicts with information or terms provided or required by *PARITY*, this Official Notice of Note 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 Note 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.

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\* Preliminary, subject to change.

- (v) The County may regard the electronic transmission of a bid through *PARITY* (including information regarding the purchase price for each series of the Notes and the interest rate for each series of the Notes) 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 for each series of the Notes by the County, this Official Notice of Note Sale, the applicable 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 either series of the Notes are rejected, the Finance Director may fix a new date and time for the receipt of bids for the applicable series of Notes 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 Note Sale.

A copy of the County's Preliminary Official Statement (with the Official Notice of Note Sale and the Official Bid Forms), dated October 10, 2006, and further information regarding the details of the Notes may be obtained upon request to the Director of the King County Finance and Business Operations Division, 6th 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 Notes**

The Notes will be dated the date of their initial delivery to the purchaser thereof, which is expected to be November 1, 2006. Interest on the Notes will be payable at maturity.

The Notes are not subject to redemption prior to maturity.

The Notes are issuable only as fully registered notes and when issued will be registered in the name of Cede & Co. as Note owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. Purchases of the Notes 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 Notes purchased. The principal of and interest on the Notes are payable by the fiscal agency for the State of Washington, currently The Bank of New York in New York, New York (the "Note 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 Notes.

#### **Security**

The Notes are general obligations of the County. The County has irrevocably covenanted that, for as long as any of the Notes 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 property within the County subject to taxation in an amount that will be sufficient, together with bond proceeds and all other revenues, taxes and money of the County legally available for such purposes, to pay the principal of and interest on the Notes as the same will 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 such principal and interest.

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 either series of the Notes fixing the interest rate that the applicable series of Notes will bear. The maximum interest rate bid may not exceed five percent (5%) per annum. The interest rate bid shall be in a multiple of 1/8 or 1/20 of one percent and the Notes of the applicable series shall bear no more than one rate of interest. Bids shall be without condition and shall be



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submitted only on the applicable 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 either series of the Notes that is less than an amount equal to 98 percent of the par value of the applicable series of the Notes nor more than an amount equal to 102.5 percent of the par value of such series, or for less than the entire offering of the applicable series of the Notes.

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 \$500,000 for the 2006A Notes and \$300,000 for the 2006B Notes. The good faith deposit for the applicable series shall be in the form of cash or a certified or bank cashier's check made payable to the order of the Director of the King County 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 either of the County's financial advisor prior to the opening of the bids. The financial surety bond must identify each bidder whose deposit is guaranteed by such financial surety bond.

If the Notes of either series 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 2:00 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 for each series of the Notes will be retained by the County as security for the performance of such bid, and will be applied to the purchase price of the applicable series of Notes on the delivery of such series of Notes to the successful bidder. Pending delivery of the applicable series of Notes, the good faith deposit may be invested for the sole benefit of the County.

If the Notes of either series are ready for delivery and the successful bidder fails to complete the purchase of such series of Notes 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 either series of the Notes shall not be conditioned upon obtaining insurance or any other credit enhancement. If the Notes 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 Notes resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder. Any failure of either series of the Notes 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 such series of the Notes.

#### **Award**

The Notes of each series will be sold to the bidder making a bid for that series of Notes that conforms to the terms of the offering and that, on the basis of the lowest net interest cost, is the best bid. For the purpose of comparing bids only, the interest rate bid being controlling, each bid shall state the net interest cost of the bid determined in the manner hereinafter stated. The net interest cost will be equal to the total interest cost plus any premium and minus any discount, divided by the bond year dollars.

If there are two or more equal bids for either series of the Notes 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 Notes of that series may be readvertised for sale in the manner provided by law and as provided above. Any bid for the Notes 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.

#### **Adjustment of Principal Amounts and Bid Price After Bid Opening**

The County has reserved the right to increase or decrease the preliminary principal amount of each Series of the Bonds by an amount not to exceed ten percent (10%) following the opening of the bids. The price bid by the successful bidder will be adjusted by the County on a proportionate basis to reflect an increase or decrease in the principal amount and maturity schedule within 24 hours after the bid opening. In the event that the County elects to alter the bond size 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 each series of the Notes, the successful bidder for such series of Notes shall advise the County and Bond Counsel of the initial reoffering price to the public of such series of Notes (the "Initial Reoffering Price"); such reoffering price will be printed on the front cover of the final Official Statement. Simultaneously with or before delivery of the Notes, the successful bidder of each series of Notes shall furnish to the County and Bond Counsel a certificate in form and substance acceptable to Bond Counsel:

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

#### **Delivery**

The County will deliver the Notes (consisting of a single word-processed certificate for each series of the Notes) to DTC in New York, New York, or to the Note 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 November 1, 2006.

It is understood that if, prior to the delivery of either series of the Notes, the interest receivable by the owners of such series of Notes becomes includable in gross income for federal income tax purposes, or becomes subject to federal income tax other than as described in this Official Statement for the applicable series of Notes, the successful bidder, at its option, may be relieved of its obligation to purchase such Notes, and in that case the good faith deposit accompanying its bid will be returned without interest.

The approving legal opinion of Gottlieb, Fisher & Andrews, PLLC, Seattle, Washington, Bond Counsel, for each series of the Notes will be provided to the applicable purchaser at the time of the delivery of the Notes. Bond Counsel's opinion will express no opinion concerning the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Notes, nor will there be an opinion of Bond Counsel expressed relating to the undertaking of the County to provide ongoing disclosure pursuant to SEC Rule 15c2-12. A no-litigation certificate will be included in the closing papers of the Notes.

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**CUSIP Number**

It is anticipated that a CUSIP identification number will be printed on each series of the Notes, but neither the failure to print such number on the Notes 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 Notes in accordance with the terms of this Official Notice of Sale. The successful purchaser of each series of the Notes is responsible for obtaining the CUSIP number. All expenses in relation to the printing of the CUSIP number on the Notes will be paid by the County, but the charge of the CUSIP Bureau shall be paid by the purchaser(s).

**Ongoing Disclosure Undertaking**

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

**Official Statement**

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

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

At the time of the delivery of the Notes, 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 Notes, 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 purchaser(s) of the Notes, 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 10th day of October, 2006.

/s/  
Clerk of the Metropolitan King County Council



