

**ATTACHMENT A**

**OFFICIAL NOTICE OF SALE**

**OFFICIAL NOTICE OF SALE**

**\$279,075,000<sup>(1)</sup>**

**KING COUNTY, WASHINGTON  
SEWER REFUNDING REVENUE BONDS, 2016, SERIES A**

Electronic bids for the Sewer Refunding Revenue Bonds, 2016, Series A (the “Bonds”), of King County, Washington (the “County”), will be received via the PARITY Electronic Bidding System (“Parity”) in the manner described below on

**FEBRUARY 1, 2016, AT 9:00 A.M., PACIFIC TIME**

or at such later date or time as may be established by the Director (the “Finance Director”) of the Finance and Business Operations Division of the King County Department of Executive Services and communicated through Parity and i-Deal Prospectus, as described under “Modification, Postponement, Cancellation.”

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, the Bonds will be awarded to the successful bidder and the terms of the bid will be approved by the County Council at such meeting.

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

*Modification, Postponement, Cancellation.* The County may modify the terms of this Official Notice of Sale prior to the time for receipt of bids, or postpone or cancel the sale of the Bonds, at its discretion. Any such modification, postponement, or cancellation will be provided to Parity and i-Deal Prospectus on or before January 29, 2016. As an accommodation to bidders, telephone, facsimile, or electronic notice of such modification, postponement, or cancellation will be given to any bidder requesting such notice from the County’s financial advisor (the “Financial Advisor”) at the address and phone number provided under “Contact Information” below. Failure of any bidder to receive such notice will not affect the legality of the sale.

A copy of the County’s Preliminary Official Statement (with this Official Notice of Sale), dated January 26, 2016, and further information regarding the details of the Bonds may be obtained from i-Deal Prospectus, a service of i-Deal LLC, at [www.i-dealprospectus.com](http://www.i-dealprospectus.com), or upon request to the Finance and Business Operations Division or the Financial Advisor. See “Contact Information.”

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(1) Preliminary, subject to change.

**Contact Information**

Finance and Business Operations Division

Nigel Lewis  
King County  
(206) 263-2857  
*nigel.lewis@kingcounty.gov*

Financial Advisor

Rob Shelley  
Piper Jaffray/Seattle-Northwest Division  
Office: (206) 628-2879  
Day of Sale: (206) 601-2249  
*robert.e.shelley@pjc.com*

Bond Counsel

Marc Greenough  
Foster Pepper PLLC  
(206) 447-7888  
*greem@foster.com*

**DESCRIPTION OF THE BONDS**

The Bonds will be dated the date of their initial delivery. The Bonds bear interest payable semiannually on each January 1 and July 1, beginning July 1, 2016, to their maturities or prior redemption. The Bonds will bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their dated date or from the most recent interest payment date for which interest has been paid or duly provided for, whichever is later.

The Bonds will be fully registered as to both principal and interest and will be in the denomination of \$5,000 or any integral multiple thereof within a maturity. The Bonds initially will be registered in the name of Cede & Co., as the nominee of The Depository Trust Company (“DTC”). Each Bond registered in the name of DTC or its nominee will be held fully immobilized in book-entry only form by DTC in accordance with the provisions of the Letter of Representations. Purchasers will not receive certificates representing their interest in the Bonds purchased. For so long as the Bonds are registered in the name of DTC or its nominee, DTC will be deemed to be the Registered Owner, and all references to Registered Owners will mean DTC and not the Beneficial Owners. The principal of and interest on the Bonds are payable by the fiscal agent for the State of Washington (the “Bond Registrar”), currently U.S. Bank National Association, to DTC, which in turn is obligated to remit such principal and interest to DTC participants for subsequent disbursement to the Beneficial Owners of the Bonds.

**Maturities**

Each bidder for the Bonds must designate whether the principal amounts of the Bonds as set forth below will be retired in each respective year as serial bonds maturing in such year or as mandatory sinking fund redemptions of Bonds maturing in the years specified by the bidder (“Term Bonds”).

Serial Maturity or Mandatory Sinking Fund Redemption (July 1)		Principal Amounts <sup>(1)</sup>	Serial Maturity or Mandatory Sinking Fund Redemption (July 1)		Principal Amounts <sup>(1)</sup>
2016	\$	835,000	2029	\$	6,950,000 <sup>(2)</sup>
2017		2,355,000	2030		7,305,000 <sup>(2)</sup>
2018		2,480,000	2031		7,685,000 <sup>(2)</sup>
2019		2,130,000	2032		940,000 <sup>(2)</sup>
2020		4,535,000	2033		4,155,000 <sup>(2)</sup>
2021		6,500,000	2034		4,370,000 <sup>(2)</sup>
2022		4,915,000	2035		25,855,000 <sup>(2)</sup>
2023		5,150,000	2036		24,415,000 <sup>(2)</sup>
2024		5,415,000	2037		25,535,000 <sup>(2)</sup>
2025		5,685,000	2038		26,575,000 <sup>(2)</sup>
2026		5,980,000 <sup>(2)</sup>	2039		27,660,000 <sup>(2)</sup>
2027		6,285,000 <sup>(2)</sup>	2040		28,790,000 <sup>(2)</sup>
2028		6,610,000 <sup>(2)</sup>	2041		29,965,000 <sup>(2)</sup>

(1) Preliminary, subject to change.

(2) These amounts will constitute principal maturities of the Bonds unless Term Bonds are specified by the successful bidder, in which case these amounts may constitute mandatory sinking fund redemptions of the Term Bonds.

The County will deposit money, consistent with the Bond Ordinance (defined in the Preliminary Official Statement), and will retire the Bonds by purchase or redemption on or before July 1 of the years and in the amounts, if any, designated by the bidder to be mandatory sinking fund redemptions as provided for above.

### Redemption of the Bonds

*Optional Redemption.* The Bonds maturing on and after July 1, 2026, are subject to redemption prior to their stated maturity at the option of the County in whole or in part, at any time on or after January 1, 2026, at the price of par plus accrued interest, if any, to the date fixed for redemption.

*Mandatory Sinking Fund Redemption of Term Bonds.* The County will redeem Term Bonds, if not redeemed as described above or purchased under the provisions described below, at par plus accrued interest on July 1 in the years and amounts specified by the successful bidder.

If the County redeems Term Bonds under the optional redemption provisions described above or purchases or defeases Term Bonds, the Term Bonds so redeemed, purchased, or defeased (irrespective of their redemption or purchase prices) will be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The County will determine the manner in which the credit is to be allocated.

## **Purchase of Bonds**

The County has reserved the right and option to purchase any or all of the Bonds in the open market or offered to the County at any time at any price acceptable to the County plus accrued interest to the date of purchase

## **Security**

The Bonds are secured by a lien and charge on Revenue of the System superior to all other charges of any kind or nature except Operating and Maintenance Expenses, and of equal lien to any charges heretofore or hereafter made on Revenue of the System for the payment of the principal of and interest on any Parity Bonds. The Bonds are special limited obligations of the County, and are not obligations of the State of Washington (the "State") or any political subdivision thereof other than the County. Neither the full faith and credit nor the taxing power of the County or the State or any political subdivision thereof is pledged to the payment of the Bonds

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

## **BIDDING INFORMATION AND AWARD**

### **Bidding Information**

Bidders are invited to submit bids for the purchase of the Bonds fixing the interest rate that the Bonds will bear. The interest rates bid must be in a multiple of 1/8 or 1/20 of 1%. No more than one rate of interest may be fixed for any single maturity of the Bonds. For any maturity of the Bonds, no interest rate greater than 5.00% may be used, and for those Bonds maturing on and after July 1, 2026, no interest rate less than 4.00% may be used. Bids must be without condition and may be submitted only electronically via Parity.

No bid will be considered for the Bonds that is less than an amount equal to 106% of the par value of the Bonds or more than an amount equal to 120.5% of the par value of the Bonds, or for less than the entire offering of the Bonds.

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

### **Bidding Process**

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

- (i) If any provision in this Official Notice of Sale conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any modification or postponement communicated as described under "Modification, Postponement, Cancellation," will control.
- (ii) Bids may be submitted only via Parity. The bidder is solely responsible for making necessary arrangements to access Parity for purposes of submitting a bid timely and in compliance with the requirements of this Official Notice of Sale.

- (iii) The County has no duty or obligation to provide or assure access to Parity, and will not be responsible for the proper operation of Parity, or have any liability for any delays or interruptions or any damages caused by the use or attempted use of Parity.
- (iv) The County is using Parity as a communication mechanism, and not as an agent of the County.
- (v) Upon acceptance of a bid by the County, this Official Notice of Sale and the information that is electronically transmitted through Parity will form a contract between the bidder and the County.

If all bids for the Bonds are rejected, the Finance Director may fix a new date and time for the receipt of bids for the Bonds by giving notice as described under "Modification, Postponement, Cancellation" on or before the day prior to such new date and time.

### **Good Faith Deposit**

The successful bidder is required to deliver a good faith deposit in the amount of \$2,800,000 by federal funds wire transfer to the Treasury Section of the Finance and Business Operations Division by no later than 90 minutes following the successful bidder's receipt of the verbal award. Wiring instructions will be provided to the successful bidder at the time of the verbal award.

The good faith deposit of the successful bidder for the Bonds will be retained by the County as security for the performance of such bid, and will be applied to the purchase price of the Bonds on the delivery of the Bonds to the successful bidder. Pending delivery of the Bonds, the good faith deposit for the Bonds may be invested for the sole benefit of the County.

If the Bonds are ready for delivery and the successful bidder for the Bonds fails to complete the purchase of the Bonds within 30 days following the acceptance of its bid, the good faith deposit will be forfeited to the County as liquidated damages and not as a penalty, and, in that event, the County Council may accept the next best bid or call for additional bids.

### **Insurance**

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

If the successful bidder for the Bonds purchases insurance for the Bonds, the County may require the successful bidder to furnish to the County and Bond Counsel a certificate in form and substance acceptable to Bond Counsel confirming that the insurance premium is less than the present value (calculated using the same yield as the yield on the insured Bonds) of the interest cost savings represented by the comparative differences between interest amounts that would have been payable on the various maturities of the insured Bonds at interest rates on the insured Bonds issued with and without the insurance on the insured Bonds.

## **Award**

The Bonds will be sold to the bidder making a bid for the Bonds that conforms to the terms of the offering and that, on the basis of the lowest true interest cost, is the best bid. For the purpose of comparing bids only, each bid must state the true interest cost of the bid determined by doubling the semiannual interest rate (compounded semiannually) necessary to discount each debt service payment from the payment date to the date of the Bonds and to the price bid.

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

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

The County has reserved the right to increase or decrease the preliminary principal amount of the Bonds by an amount not to exceed 10% of the principal amount of the Bonds following the opening of the bids. The County has also reserved the right to increase or decrease the preliminary principal amount of any maturity of the Bonds by the greater of 15% of the principal amount of that maturity or \$1,100,000 following the opening of the bids. Note that, as a result of the resizing, the July 1, 2016, and the July 1, 2032, maturities may be removed.

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 of the Bonds. In the event that the County elects to increase or decrease the principal amount of the Bonds after the bid pursuant to this Official Notice of Sale, the underwriter's discount for the Bonds, expressed in dollars per thousand, will be held constant. The County will not be responsible in the event and to the extent that any adjustment affects (i) the net compensation to be realized by the successful bidder, or (ii) the true interest cost of the winning bid or its ranking relative to other bids.

## **Issue Price Information**

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

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

- (iv) certifying that the Initial Reoffering Price for each maturity of the Bonds was in fact the first price at which at least 10% of the principal amount of such maturity was sold to the Public, except for specified maturities, if applicable.

### **Delivery**

The County will deliver the Bonds (consisting of one certificate per maturity) to DTC in New York, New York, or to the Bond Registrar on behalf of DTC by Fast Automated Securities Transfer, prior to the date of closing. Closing will occur within 30 days after the Sale Date. Settlement will be in federal funds available in Seattle, Washington, on the date of delivery of the Bonds (the “Date of Issue”). The Date of Issue is expected to be February 17, 2016.

If, prior to the delivery of the Bonds, the interest receivable by the owners of the Bonds becomes includable in gross income for federal income tax purposes, or becomes subject to federal income tax other than as described in the Preliminary Official Statement, the successful bidder, at its option, may be relieved of its obligation to purchase the Bonds, and in that case the good faith deposit accompanying its bid will be returned without interest.

### **Legal Matters**

The approving legal opinion of Foster Pepper PLLC, Seattle, Washington, Bond Counsel, for the Bonds will be provided to the Purchaser at the time of the delivery of the Bonds. Bond Counsel’s opinion will express no opinion concerning the accuracy, completeness, or sufficiency of the Preliminary Official Statement or other offering material relating to the Bonds, nor will there be an opinion of Bond Counsel relating to the undertaking of the County to provide ongoing disclosure pursuant to Securities and Exchange Commission (“SEC”) Rule 15c2-12 (“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 successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale.

*The successful bidder is responsible for obtaining CUSIP numbers for the Bonds. The charge of the CUSIP Service Bureau will be paid by the successful bidder.*

## **OTHER INFORMATION**

### **Ongoing Disclosure Undertaking**

To assist bidders in complying with paragraph (b)(5) of Rule 15c2-12, the County will undertake to provide certain annual financial information and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement under “Continuing Disclosure Undertaking” and will also be set forth in the final Official Statement.



**Preliminary Official Statement**

The Preliminary Official Statement is in a form that the County expects to deem final for the purpose of paragraph (b)(1) of Rule 15c2-12, but is subject to revision, amendment, and completion in a final Official Statement, which the County will deliver, at the County’s expense, to the Purchaser through its designated representative not later than seven business days after the County’s acceptance of the Purchaser’s bid, in sufficient quantities to permit the Purchaser to comply with Rule 15c2-12.

By submitting the successful bid, the Purchaser agrees:

- (i) to provide to the Finance and Business Operations Division, in writing, within 24 hours after the acceptance of the bid, pricing and other related information, including the Initial Reoffering Price of each maturity of the Bonds, necessary for completion of the final Official Statement;
- (ii) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any amendments or supplements prepared by the County;
- (iii) to take any and all actions necessary to comply with applicable rules of the SEC and the Municipal Securities Rulemaking Board (“MSRB”) governing the offering, sale, and delivery of the Bonds to the ultimate purchasers, including the delivery of a final Official Statement to each investor who purchases the Bonds; and
- (iv) to file the final Official Statement or cause it to be filed with the MSRB within one business day following its receipt from the County.

**Official Statement**

At closing, the County will furnish a certificate of an official or officials of the County, stating that, to the best knowledge of such official(s), as of the date of the Official Statement and as of the Date of Issue of the Bonds:

- (i) the information (including financial information) regarding the County contained in the Official Statement was and is true and correct in all material respects and did not and does not contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (however, the County will make no representation regarding Bond Counsel’s form of opinion or the information provided by DTC, U.S. Bank National Association, or any entity providing bond insurance or other credit facility); and
- (ii) the descriptions and statements, including financial data, of or pertaining to other bodies and their activities contained in the Official Statement have been obtained from sources that the County believes to be reliable and the County has no reason to believe that they are untrue in any material respect.

DATED at Seattle, Washington, this 26th day of January, 2016.

By: \_\_\_\_\_ /s/ Ken Guy  
Ken Guy  
Director of Finance and Business Operations Division  
Department of Executive Services