



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**July 25, 2017**

**Motion 14921**

**Proposed No. 2017-0303.2**

**Sponsors Upthegrove**

1           A MOTION of the county council accepting a bid for the  
2           purchase of the county's Limited Tax General Obligation  
3           Bonds, 2017, Series B, in the aggregate principal amount of  
4           \$33,460,000, and establishing certain terms of such bonds  
5           in accordance with Ordinance 18543.

6           WHEREAS, pursuant to Ordinance 18543 (the "Ordinance"), the county council  
7           authorized the issuance of one or more series of its limited tax general obligation bonds  
8           in an aggregate original principal amount not to exceed \$54,600,000 to provide financing  
9           for the BRC BI Analytics Project, the Courthouse Electrical Distribution System  
10          Replacement Project, the Dolan Interest Settlement Project, the DPD Lease Consolidation  
11          Project, the Elections Tabulation Project, the FMD Asset Management System Project,  
12          the FRED Projects and the Jail Management System Project, defined and described in the  
13          Ordinance, and to pay costs of issuing the bonds, and

14          WHEREAS, the Ordinance provided that such bonds may be issued as Tax-  
15          Exempt Bonds or Taxable Bonds and sold at public sale, either by competitive bid or  
16          negotiated sale, in one or more series as determined by the Finance Director in  
17          consultation with the county's financial advisors, and

18          WHEREAS, the Finance Director has determined that a series of such bonds, to  
19          be designated as the county's Limited Tax General Obligation Bonds, 2017, Series B, in

20 the aggregate principal amount of \$33,460,000 (the "Bonds"), be issued as Tax-Exempt  
21 Bonds and sold to provide financing for the BRC BI Analytics Project, the Courthouse  
22 Electrical Distribution System Replacement Project, the DPD Lease Consolidation  
23 Project, the Elections Tabulation Project, the FMD Asset Management System Project,  
24 the FRED Projects and the Jail Management System Project as provided herein, and

25 WHEREAS, the Finance Director has determined that no bonds will be sold at  
26 this time to provide financing for the Dolan Interest Settlement Project, and

27 WHEREAS, currently, none of the bonds authorized by the Ordinance are  
28 outstanding, and

29 WHEREAS, a preliminary official statement dated July 14, 2017, has been  
30 prepared for the public sale of the Bonds, the official notice of such sale dated July 14,  
31 2017 (the "Notice"), has been duly prepared, and bids have been received in accordance  
32 with the Notice, and

33 WHEREAS, the attached bid of J.P. Morgan Securities LLC to purchase the  
34 Bonds is the best bid received for the Bonds, and it is in the best interest of the county  
35 that the Bonds be sold to J.P. Morgan Securities LLC on the terms set forth in the Notice,  
36 the attached bid, the Ordinance and this motion;

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

38 A. Definitions. Except as expressly authorized herein, terms used in this motion  
39 have the meanings set forth in the Ordinance.

40 B. Ratification of Terms, Acceptance of Bids, and Authorization of Sale of  
41 Bonds. The issuance of the Bonds, designated as the county's Limited Tax General  
42 Obligation Bonds, 2017, Series B, in the aggregate original principal amount of

43 \$33,460,000, and the other terms and conditions thereof set forth in the Notice attached  
44 hereto as Attachment A, are hereby ratified and confirmed. The offer to purchase the  
45 Bonds, as set forth in the bid of J.P. Morgan Securities LLC, is attached hereto as  
46 Attachment B; provided, that such bid has been adjusted with respect to the aggregate  
47 principal amount and principal amount per maturity consistent with the terms of the  
48 Notice, such that the Bonds will mature on the dates and in the amounts, shall bear  
49 interest at the rates, and shall be sold at the purchase price specified in Attachment C.  
50 The Bonds shall be issued as Tax-Exempt Bonds, shall be dated their date of issue and  
51 delivery, and shall be subject to purchase and optional redemption, all as set forth in the  
52 Notice. In all other respects, the Bonds shall conform to the terms and conditions  
53 specified in the Notice and Ordinance.

54 C. Application of Bond Proceeds. The proceeds, including any net original issue  
55 premium but net of the underwriter's discount, of the Bonds received by the county shall  
56 be applied as follows:

57 (1) \$16,238,520.46 shall be deposited into the 2017 G.O. Bonds KCIT Subfund  
58 within the KCIT Capital Projects Fund to be used to provide long-term financing for all  
59 or part of the capital costs of the BRC BI Analytics Project, the Elections Tabulation  
60 Project and the Jail Management System Project and to pay a portion of the costs of  
61 issuing the Bonds;

62 (2) \$6,826,127.45 shall be deposited into the 2017 G.O. Bonds Major  
63 Maintenance Reserve Subfund within the Major Maintenance Reserve Fund to be used to  
64 provide long-term financing for all or part of the capital costs of the Courthouse  
65 Electrical Distribution System Replacement Project and to pay a portion of the costs of

66 issuing the Bonds;

67 (3) \$14,737,852.24 shall be deposited into the 2017 G.O. Bonds Building  
68 Repair and Replacement Subfund within the Building Repair and Replacement Fund to  
69 be used to provide long-term financing for all or part of the capital costs of the DPD  
70 Lease Consolidation Project, the FMD Asset Management System Project and certain of  
71 the FRED Program Projects (Stairwell Lighting, Goat Hill Garage Lighting LED  
72 Upgrade, MRJC Low-Flow Faucet Installation, MRJC Garage Lighting LED Upgrade,  
73 MRJC Lighting LED Upgrade Projects) and to pay a portion of the costs of issuing the  
74 Bonds;

75 (4) \$418,186.21 shall be deposited into the 2017 G.O. Bonds Parks Subfund  
76 within the Parks CIP Fund to be used to provide long-term financing for all or part of the  
77 capital costs of certain of the FRED Program Projects (Parks Lighting and Parks Solar  
78 Projects) and to pay a portion of the costs of issuing the Bonds;

79 (5) \$72,287.94 shall be deposited into the 2017 G.O. Bonds Public Works  
80 Subfund within the Public Works Equipment Rental Fund to be used to provide long-  
81 term financing for all or part of the capital costs of the FRED Program Fleet Renton  
82 Lighting Project and to pay a portion of the costs of issuing the Bonds; and

83 (6) \$161,113.61 shall be deposited into the 2017 G.O. Bonds Solid Waste  
84 Subfund within the Solid Waste Operating Fund to be used to provide long-term  
85 financing for all or part of the capital costs of the FRED Program Bow Lake Lighting  
86 Project and to pay a portion of the costs of issuing the Bonds.

87 D. Undertaking to Provide Ongoing Disclosure.

88 1. Contract/Undertaking. This section D. constitutes the county's written

89 undertaking (the "Undertaking") for the benefit of the owners and beneficial owners of  
90 the Bonds as required by section (b)(5)(i)(C) of rule 15c2-12 (the "rule") of the Securities  
91 and Exchange Commission (the "SEC").

92           2. Financial Statements/Operating Data. The county agrees to provide or cause  
93 to be provided to the Municipal Securities Rulemaking Board (the "MSRB") the  
94 following annual financial information and operating data for the prior fiscal year  
95 (collectively, the "Annual Financial Information") (commencing in 2018 for the fiscal  
96 year ended December 31, 2017):

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

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

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

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

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

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

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

112 The Annual Financial Information will be provided on or before the end of seven  
113 months after the end of the county's fiscal year. The county's fiscal year currently ends  
114 on December 31. The county may adjust such fiscal year by providing written notice of  
115 the change of fiscal year to the MSRB. In lieu of providing such Annual Financial  
116 Information, the county may make specific cross-reference to other documents available  
117 to the public on the MSRB's internet web site or filed with the SEC.

118 If not provided as part of the Annual Financial Information discussed above, the  
119 county will provide to the MSRB the county's audited annual financial statements  
120 prepared in accordance with BARS when and if available.

121 3. Notification Upon Failure to Provide Annual Financial Information. The  
122 county agrees to provide or cause to be provided to the MSRB, in a timely manner, notice  
123 of its failure to provide the Annual Financial Information described in subsection 2 above  
124 on or prior to the date set forth in subsection 2 above.

125 4. Specified Events. The county agrees to provide or cause to be provided to the  
126 MSRB, in a timely manner not in excess of ten business days after the occurrence of the  
127 event, notice of the occurrence of any of the following specified events with respect to  
128 the Bonds:

- 129 (a) principal and interest payment delinquencies;
- 130 (b) non-payment related defaults, if material;
- 131 (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- 132 (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- 133 (e) substitution of credit or liquidity providers, or their failure to perform;
- 134 (f) adverse tax opinions, the issuance by the Internal Revenue Service of

135 proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form  
136 5701-TEB) or other material notices or determinations with respect to the tax status of the  
137 Bonds, or other material events affecting the tax status of the Bonds;

138 (g) modifications to the rights of Bondholders, if material;

139 (h) Bond calls, if material, and tender offers;

140 (i) defeasances;

141 (j) release, substitution or sale of property securing repayment of the Bonds, if  
142 material;

143 (k) rating changes;

144 (l) bankruptcy, insolvency, receivership, or similar event of the county;

145 (m) the consummation of a merger, consolidation or acquisition involving the  
146 county or the sale of all or substantially all of the assets of the county, other than in the  
147 ordinary course of business, the entry into a definitive agreement to undertake such an  
148 action or the termination of a definitive agreement relating to any such actions, other than  
149 pursuant to its terms, if material; and

150 (n) appointment of a successor or additional trustee or the change of name of a  
151 trustee, if material.

152 Solely for purposes of disclosure, and not intending to modify this undertaking,  
153 the county advises with reference to items (c), (j) and (n) above that no debt service  
154 reserves secure payment of the Bonds, no property secures repayment of the Bonds, and  
155 there is no trustee for the Bonds.

156 5. Electronic Format; Identifying Information. Until otherwise designated by  
157 the MSRB or the SEC, any information or notices submitted to the MSRB in compliance

158 with the rule are to be submitted through the MSRB's Electronic Municipal Market  
159 Access system, currently located at *www.emma.msrb.org*. All notices, financial  
160 information and operating data required by the Undertaking to be provided to the MSRB  
161 must be in an electronic format as prescribed by the MSRB. All documents provided to  
162 the MSRB pursuant to the Undertaking must be accompanied by identifying information  
163 as prescribed by the MSRB.

164           6. Termination/Modification. The county's obligations to provide Annual  
165 Financial Information and notices of specified events shall terminate upon the legal  
166 defeasance, prior redemption or payment in full of all of the Bonds. The Undertaking, or  
167 any provision hereof, will be null and void if the county (i) obtains an opinion of  
168 nationally recognized bond counsel to the effect that those portions of the rule which  
169 require the Undertaking, or any such provision, are invalid, have been repealed  
170 retroactively or otherwise do not apply to the Bonds; and (ii) notifies the MSRB of such  
171 opinion and the cancellation of the Undertaking.

172           The county may amend the Undertaking, and any provision of the Undertaking  
173 may be waived, with an approving opinion of nationally recognized bond counsel and in  
174 accordance with the rule.

175           In the event of any amendment or waiver of a provision of the Undertaking, the  
176 county will describe such amendment in the next Annual Financial Information, and will  
177 include, as applicable, a narrative explanation of the reason for the amendment or waiver  
178 and its impact on the type (or in the case of a change of accounting principles, on the  
179 presentation) of financial information or operating data being presented by the county. In  
180 addition, if the amendment relates to the accounting principles to be followed in



181 preparing financial statements, (i) notice of such change will be given in the same manner  
182 as for a specified event under subsection 4, and (ii) the annual financial statements for the  
183 year in which the change is made should present a comparison (in narrative form and  
184 also, if feasible, in quantitative form) between the financial statements as prepared on the  
185 basis of the new accounting principles and those prepared on the basis of the former  
186 accounting principles.

187           7. Remedies Under the Undertaking. The right of any Bond owner or beneficial  
188 owner of Bonds to enforce the provisions of the Undertaking shall be limited to a right to  
189 obtain specific enforcement of the county's obligations hereunder, and any failure by the  
190 county to comply with the provisions of this undertaking shall not be an event of default  
191 with respect to the Bonds. For purposes of the Undertaking, "beneficial owner" means  
192 any person who has the power, directly or indirectly, to vote or consent with respect to, or  
193 to dispose of ownership of, any Bonds, including persons holding Bonds through  
194 nominees or depositories.

195           E. Further Authority. The Finance Director and other proper county officials,  
196 their agents, and representatives are hereby authorized and directed to do everything  
197 necessary for the prompt issuance and delivery of the Bonds, for the preparation,  
198 execution and delivery of the final official statement for the sale of the Bonds, and for the  
199 proper use and application of the proceeds of such sale.

200           F. Severability. The covenants contained in this motion shall constitute a  
201 contract between the county and the owners of each and every Bond. If any one or more  
202 of the covenants or agreements provided in this motion to be performed on the part of the  
203 county shall be declared by any court of competent jurisdiction to be contrary to law, then

204 such covenant or covenants, agreement or agreements, shall be null and void and shall be  
205 deemed separable from the remaining covenants and agreements of this motion and shall  
206 in no way affect the validity of the other provisions of this motion or of the Bonds.  
207


Motion 14921 was introduced on 7/24/2017 and passed by the Metropolitan King  
County Council on 7/24/2017, by the following vote:

Yes: 9 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn,  
Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles  
and Ms. Balducci  
No: 0  
Excused: 0

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



J. Joseph McDermott, Chair



Melani Pedroza, Clerk of the Council

**Attachments:** A. Official Notice of Sale, B. Winning Bid, C. Bond Maturity Dates, Principal Amounts  
and Interest Rates

# ATTACHMENT A

## OFFICIAL NOTICE OF SALE

\$34,300,000<sup>(1)</sup>

KING COUNTY, WASHINGTON

### LIMITED TAX GENERAL OBLIGATION BONDS, 2017, SERIES B

Electronic bids for the Limited Tax General Obligation Bonds, 2017, Series B (the "Bonds"), of King County, Washington (the "County"), will be received via the PARITY Electronic Bidding System ("Parity") in the manner described below on

**JULY 24, 2017, 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**

Bidders are advised that 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 July 21, 2017. 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 municipal advisor (the "Municipal 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 July 14, 2017, 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 Municipal 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 <i>nigel.lewis@kingcounty.gov</i>
Municipal Advisor	Rob Shelley Piper Jaffray & Co. Office: (206) 628-2879 Day of Sale: (206) 601-2249 <i>robert.e.shelley@pjc.com</i>
Bond Counsel	Dan Gottlieb Hillis Clark Martin & Peterson P.S. (206) 470-7627 <i>dan.gottlieb@hcmp.com</i>

**DESCRIPTION OF THE BONDS**

The Bonds will be dated the date of their initial delivery (the "Issue Date"). The Bonds bear interest payable semiannually on each June 1 and December 1, beginning June 1, 2018, to the maturity of the Bonds. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will mature on the dates and in the amounts set forth on page i of the Preliminary Official Statement.

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

**Maturities**

The bidder for the Bonds will designate whether the principal amounts of the Bonds as set forth below will be retired on June 1 of each respective year as serial bonds maturing on such dates or as mandatory sinking fund redemptions of the Bonds maturing in the years specified by the bidder (the "Term Bonds").

Serial Maturity or Mandatory Sinking Fund		Principal	Serial Maturity or Mandatory Sinking Fund		Principal
Redemption (June 1)		Amounts <sup>(1)</sup>	Redemption (June 1)		Amounts <sup>(1)</sup>
2018		\$ 2,950,000	2028		\$ 290,000 <sup>(2)</sup>
2019		3,605,000	2029		305,000 <sup>(2)</sup>
2020		3,710,000	2030		320,000 <sup>(2)</sup>
2021		3,845,000	2031		335,000 <sup>(2)</sup>
2022		3,995,000	2032		355,000 <sup>(2)</sup>
2023		4,175,000	2033		370,000 <sup>(2)</sup>
2024		4,395,000	2034		390,000 <sup>(2)</sup>
2025		1,690,000	2035		410,000 <sup>(2)</sup>
2026		1,770,000	2036		430,000 <sup>(2)</sup>
2027		505,000	2037		455,000 <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.

**Term Bonds.** If the successful bidder for the Bonds designates certain maturities as Term Bonds, the County will deposit money, consistent with the Ordinance (defined in the Preliminary Official Statement), and will retire the Term Bonds by purchase or redemption on June 1 in the years and amounts designated by the successful bidder to be mandatory sinking fund redemptions of the Term Bonds.

#### **Redemption of the Bonds**

**Optional Redemption.** The County reserves the right to redeem outstanding Bonds maturing on or after June 1, 2028, in whole or in part, at any time on or after June 1, 2027, 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 the Term Bonds, if not redeemed as described above or purchased under the provisions described in the Preliminary Official Statement under "Description of the Bonds—Mandatory Sinking Fund Redemption of Term Bonds," randomly (or in such manner as the Registrar determines), at the price of par plus accrued interest, on June 1 in the years and amounts specified by the successful bidder.

If the County redeems the Term Bonds under the optional redemption provisions described above or purchases or defeases the Term Bonds, the Term Bonds so redeemed, purchased, or defeased (irrespective of their redemption or purchase prices) will be credited at the par amount thereof against one or more scheduled mandatory redemption amounts for the Term Bonds. The County will determine the manner in which the credit is to be allocated. If no such determination is made, credit will be allocated on a pro rata basis.

#### **Purchase of Bonds**

The County has reserved the right and option to purchase any or all of the Bonds at any time at any price.

#### **Refunding or Defeasance of Bonds**

The County may issue refunding obligations pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of and premium, if any, and interest on the Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund, or defease all or a portion of the then outstanding Bonds (the "Defeased Bonds"), and to pay the costs of the refunding or defeasance.

If money or noncallable Government Obligations (defined below) maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire, refund, or defease the Defeased Bonds in accordance with their terms are set aside in a special trust or escrow fund or account irrevocably pledged to that redemption, retirement, or defeasance of Defeased Bonds (the "Trust

Account”), then the Defeased Bonds will be deemed not to be outstanding under the Ordinance, no further payments need be made into the applicable redemption account for the payment of the principal of and interest on the Defeased Bonds, and the Owners of the Defeased Bonds will cease to be entitled to any covenant, pledge, benefit, or security of the Ordinance. The owners of Defeased Bonds will have the right to receive payment of the principal of and premium, if any, and interest on the Defeased Bonds from the Trust Account.

Notwithstanding the definition of Government Obligations in the Ordinance, Government Obligations is defined for the Bonds to mean direct obligations of or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

### **Security**

The Bonds are general obligations of the County. The County irrevocably covenants and agrees 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 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, to pay the principal of and interest on the Bonds as the same will become due. The County irrevocably pledges that the annual tax to be levied for the payment of such principal and interest will be within and as a part of the tax levy permitted to counties without a vote of the people, and that a sufficient portion of the taxes to be levied and collected annually by the County prior to the full payment of the principal of and interest on the Bonds will be and is irrevocably set aside, pledged, and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit, and resources of the County are irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same will become due.

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 for the Bonds 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. Bids will be without condition and may be submitted only electronically via Parity.

Bidders must specify interest rates equal to or greater than 4.00% for each maturity of the Bonds maturing on or after June 1, 2028. No bid will be considered for the Bonds that is less than an amount equal to 108% of the par value of the Bonds or more than an amount equal to 115% 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 the Bonds are rejected, the Finance Director may fix a new date and time for the receipt of bids by giving notice under the procedures as described under "Modification, Postponement, Cancellation" on or before the day prior to such new date and time.

#### **Good Faith Deposit**

The successful bidder for the Bonds is required to deliver a good faith deposit in the amount of \$350,000 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 on the delivery of the Bonds to the successful bidder. Pending delivery of the Bonds, the good faith deposit for the Bonds may be invested for the sole benefit of the County.

If the Bonds are ready for delivery and the successful bidder fails to complete the purchase of the Bonds within 30 days following the acceptance of its bid, the applicable 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 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 the 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 proposal for the purchase of 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 re-advertised 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 for the Bonds. The County has also reserved the right to increase or decrease the preliminary principal amount of any maturity of the Bonds by 15% of the 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 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**

*Competitive Sale.* The County expects to determine the issue price of the Bonds under the special rule for competitive sales provided by Treasury Regulation Section 1.148-1(f)(3)(i) because the sale of the Bonds is expected to meet the following requirements (the "competitive sale requirements"):

- (i) the County will disseminate this Official Notice of Sale to potential underwriters of municipal bonds in a manner that is reasonably designed to reach such potential underwriters;
- (ii) all bidders will have an equal opportunity to bid for the Bonds;
- (iii) the County will receive bids for the Bonds from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (iv) the County will award the sale of the Bonds to the bidder who submits a bid in conformance with this Official Notice of Sale to purchase the Bonds at a price that produces the lowest true interest cost to the County, as set forth in this Official Notice of Sale under the heading "Award."

The winning bidder for the Bonds will be required to assist the County in establishing the issue price of the Bonds under the special rule for competitive sales by (i) providing to the Finance Director, in writing, immediately following the award of the sale of the Bonds to the winning bidder, the reasonably expected initial offering price to the public as of the sale date of each maturity of the Bonds on which the price bid by the winning bidder was based; and (ii) executing and delivering to the County on or before the Issue Date an issue price certificate setting forth for each maturity of the Bonds the reasonably expected initial offering price to the public as of the sale date on which the price bid by the winning bidder for the Bonds was based. The issue price certificate shall be substantially in the form of Exhibit I attached to this Official Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the County, and Bond Counsel.

*Use of General Rule (10% Test) If Competitive Sale Requirements Not Met.* If the County determines that the sale of the Bonds failed to meet the competitive sale requirements as previously described, the County will so advise the winning bidder for the Bonds, the bids for the Bonds will not be subject to cancellation by the winning bidder, and the County will determine the issue price for the Bonds on the basis of the first price at which a substantial amount (10%) of each maturity of the Bonds is sold to the public (the "10% test") under the general rule provided by Treasury Regulation Section 1.148-1(f)(2)(i). The County will not require the winning bidder to comply with the special "hold-the-offering-price rule" provided by Treasury Regulation Section 1.148-1(f)(2)(ii).

In this event, the winning bidder for the Bonds will be required to assist the County in establishing the issue price of the Bonds under the 10% test by:

- (i) providing to the Finance Director, in writing, immediately following the award of the sale of the Bonds to such winning bidder, the reasonably expected initial offering price to the public as of the sale date of each maturity of the Bonds on which the price bid by the winning bidder was based;
- (ii) advising the Finance Director, in writing, which maturities of the Bonds satisfy the 10% test as of the close of business on the next business day following the date of the award of the Bonds to the winning bidder and



- which maturities, if any, of the Bonds do not satisfy the 10% test as of the close of business on the next business day following the date of the award of the Bonds to the winning bidder ("undersold maturities");
- (iii) promptly reporting to the County the principal amounts of and prices at which undersold maturities of the Bonds are sold to the public until the earlier of the date on which the 10% test has been satisfied as to each maturity of the Bonds or the date on which all maturities of the Bonds have been sold to the public, whether or not the Issue Date has occurred; and
  - (iv) delivering to the County on or before the Issue Date an issue price certificate substantially in the form of Exhibit 2 attached to this Official Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the County, and Bond Counsel.

By submitting a bid, each bidder confirms that:

- (i) any agreement among underwriters, any selling group agreement, and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires; and
- (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

For the purpose of applying the 10% test, "public" means any person other than an underwriter or a related party to an underwriter, "related party" means any two or more persons who have greater than 50% common ownership, directly or indirectly, and "underwriter" means (i) the underwriter that is the winning bidder for the Bonds and any person that agrees pursuant to a written contract with the lead underwriter to form an underwriting syndicate to participate in the initial sale of the Bonds; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public).

#### **Delivery**

The County will deliver the Bonds (consisting of one certificate per maturity) to DTC in New York, New York, or to the Registrar on behalf of DTC by Fast Automated Securities Transfer, prior to the date of closing. Closing will occur within 30 days after the Sale Date. Settlement will be in federal funds available in Seattle, Washington, on the date of issue of the Bonds (the "Date of Issue"). Delivery is expected to be August 10, 2017.

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 Purchaser of the Bonds will be provided with the approving legal opinion of Hillis Clark Martin & Peterson P.S., Seattle, Washington, Bond Counsel, at the time of the delivery of the Bonds. 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 for the Bonds to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale.

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

### **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 "Legal and Tax Information—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 has deemed 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 of the Bonds 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 proposal, the Purchaser of the Bonds 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 forms of opinion or the information provided by DTC, U.S. Bank National Association, the Purchaser of the Bonds, 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 14th day of July, 2017.

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

**OFFICIAL NOTICE OF SALE—EXHIBIT 1  
FORM OF ISSUE PRICE CERTIFICATE—COMPETITIVE SALE**

**\$34,300,000<sup>(1)</sup>  
KING COUNTY, WASHINGTON  
LIMITED TAX GENERAL OBLIGATION BONDS, 2017, SERIES B  
ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of \_\_\_\_\_ (the "Underwriter"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

**Defined Terms**

- (i) *Maturity* means Bonds having the same maturity date and credit and payment terms.
- (ii) *Public* means any person other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (iii) *Sale Date* means July 24, 2017, the date on which the sale of the Bonds was awarded to the Underwriter pursuant to its bid.
- (iv) *Underwriter* means (a) the Underwriter, as the winning bidder to purchase the Bonds and any person that agrees pursuant to a written contract with the Underwriter as the lead underwriter to form an underwriting syndicate to participate in the initial sale of the Bonds to the Public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

**Reasonably Expected Initial Offering Price**

- (i) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Underwriter are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Underwriter in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds.
- (ii) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.
- (iii) The bid submitted by the Underwriter constituted a firm offer to purchase the Bonds.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the County with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may provide to the County from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

(1) Preliminary, subject to change.

**OFFICIAL NOTICE OF SALE—EXHIBIT 2  
FORM OF ISSUE PRICE CERTIFICATE—GENERAL RULE (10% TEST)**

**\$34,300,000<sup>(1)</sup>  
KING COUNTY, WASHINGTON  
LIMITED TAX GENERAL OBLIGATION BONDS, 2017, SERIES B  
ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of \_\_\_\_\_ (the "Underwriter"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

**Defined Terms**

- (i) *Maturity* means Bonds having the same maturity date and credit and payment terms.
- (ii) *Public* means any person other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (iii) [*Undersold Maturity* means any Maturity at least 10% of which has not been sold to the Public at the same price.
- (iv)] *Underwriter* means (a) the Underwriter as the winning bidder to purchase the Bonds and any person that agrees pursuant to a written contract with the Underwriter as the lead underwriter to form an underwriting syndicate to participate in the initial sale of the Bonds to the Public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

**Sale of the Bonds**

- (i) As of the date of this certificate, for each Maturity of the Bonds listed below, the first price at which at least 10% of each such Maturity of the Bonds was sold to the Public is its respective price listed below.

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(1) Preliminary, subject to change.

Maturity	Principal Amount (\$)	Interest Rate (%)	First Sale Price of at Least 10% (% of Par)	Expected Offering Price (% of Par)	Total Dollar Price Based on Lower of Sale Price or Offer Price (\$)
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
Total	_____				_____

[(ii) As of the date of this certificate, the Maturities of the Bonds listed below are Undersold Maturities.

[INSERT SCHEDULE OF UNDERSOLD MATURITIES]

The Underwriter will promptly report to the County the prices at which the Undersold Maturities of the Bonds are sold to the Public until the earlier of the date on which the 10% test has been satisfied as to each Undersold Maturity of the Bonds or the date on which all Undersold Maturities of the Bonds have been sold to the Public.]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the County with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may provide to the County from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_  
 Name: \_\_\_\_\_

Dated: [ISSUE DATE]

## ATTACHMENT B

**J.P. Morgan Securities LLC - New York , NY's Bid**  
**King County**  
**\$34,300,000 Limited Tax General Obligation Bonds, 2017**  
**Series B**

For the aggregate principal amount of \$34,300,000.00, we will pay you \$39,369,744.85, 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 %
06/01/2018	2,950M	3.0000
06/01/2019	3,605M	5.0000
06/01/2020	3,710M	5.0000
06/01/2021	3,845M	4.0000
06/01/2022	3,995M	5.0000
06/01/2023	4,175M	5.0000
06/01/2024	4,395M	5.0000
06/01/2025	1,690M	5.0000
06/01/2026	1,770M	5.0000
06/01/2027	505M	5.0000
06/01/2028	290M	4.0000
06/01/2029	305M	4.0000
06/01/2030	320M	4.0000
06/01/2031	335M	4.0000
06/01/2032	355M	4.0000
06/01/2033	370M	4.0000
06/01/2034	390M	4.0000
06/01/2035	410M	4.0000
06/01/2036	430M	4.0000
06/01/2037	455M	4.0000

Total Interest Cost: \$9,161,184.58  
Premium: \$5,069,744.85  
Net Interest Cost: \$4,091,439.73  
TIC: 1.849218  
Time Last Bid Received On:07/24/2017 8:59:52 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: J.P. Morgan Securities LLC, New York , NY  
Contact: Steve Mitacek  
Title: Vice President  
Telephone:212-834-7155  
Fax: 212-834-6739

Issuer Name: King County

Company Name: \_\_\_\_\_

Accepted By: \_\_\_\_\_

Accepted By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



## ATTACHMENT C

Bond Maturity Dates, Principal Amounts and Interest Rates

<u>Maturity Date (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$2,685,000	3.00%
2019	3,410,000	5.00
2020	3,600,000	5.00
2021	3,750,000	4.00
2022	3,920,000	5.00
2023	4,125,000	5.00
2024	4,330,000	5.00
2025	1,675,000	5.00
2026	1,760,000	5.00
2027	515,000	5.00
2028	305,000	4.00
2029	320,000	4.00
2030	330,000	4.00
2031	345,000	4.00
2032	360,000	4.00
2033	375,000	4.00
2034	390,000	4.00
2035	405,000	4.00
2036	420,000	4.00
2037	440,000	4.00

Purchase Price

\$38,454,087.91