

**OFFICIAL NOTICE OF SALE**

**\$15,360,000\***

**KING COUNTY, WASHINGTON**

**LIMITED TAX GENERAL OBLIGATION BONDS, 2014, SERIES B (FEDERALLY TAX-EXEMPT)**

Electronic bids for the Limited Tax General Obligation Bonds, 2014, Series B (Federally Tax-Exempt) (the "Bonds"), of King County, Washington (the "County"), will be received via the PARITY Electronic Bidding System ("Parity") in the manner described below on

**JUNE 9, 2014, AT 9:30 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 (the "Finance Division") of the King County Department of Executive Services and communicated through Parity and I-Deal Prospectus, as described under "Modification, Cancellation, Postponement." All bids received with respect to the Bonds will be considered by the Metropolitan King County Council (the "County Council") at its regularly scheduled meeting on the day bids are received. If the County accepts a bid for the Bonds, it will be awarded to the successful bidder and its terms will be approved by the County Council at such meeting.

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 will be received after the time for receiving bids specified above. For further information about Parity, potential bidders may contact Parity at (212) 849-5021.

*Modification, Cancellation, Postponement.* 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 June 6, 2014, except when infeasible due to emergency or unforeseen events or circumstances. As an accommodation to bidders, telephone, facsimile, or electronic notice of any amendment or modification of this Official Notice of Sale 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 June 2, 2014, 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 Division or the Financial Advisor. See "Contact Information."

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\* Preliminary, subject to change.

## Contact Information

Finance Division	Nigel Lewis King County (206) 296-1168 <i>nigel.lewis@kingcounty.gov</i>
Financial Advisor	Rob Shelley Piper Jaffray/Seattle-Northwest Division Office: (206) 628-2879 Day of Sale: (206) 601-2249 <i>robert.e.shelley@pjc.com</i>
Bond Counsel	Daniel S. 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 Bonds bear interest payable semiannually on each June 1 and December 1, beginning December 1, 2014, 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 agency for the State of Washington, currently The Bank of New York Mellon in New York, New York (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 in such year or as mandatory sinking fund redemptions of Bonds maturing in the years specified by the bidder (“Term Bonds”).

<b>Serial Maturity or Mandatory Sinking Fund Redemption (June 1)</b>	<b>Principal Amounts<sup>(1)</sup></b>	<b>Serial Maturity or Mandatory Sinking Fund Redemption (June 1)</b>	<b>Principal Amounts<sup>(1)</sup></b>
2015	\$ 105,000	2025	\$ 800,000 <sup>(2)</sup>
2016	110,000	2026	835,000 <sup>(2)</sup>
2017	570,000	2027	875,000 <sup>(2)</sup>
2018	585,000	2028	915,000 <sup>(2)</sup>
2019	610,000	2029	955,000 <sup>(2)</sup>
2020	635,000	2030	1,000,000 <sup>(2)</sup>
2021	670,000	2031	1,050,000 <sup>(2)</sup>
2022	700,000	2032	1,100,000 <sup>(2)</sup>
2023	730,000	2033	1,150,000 <sup>(2)</sup>
2024	765,000	2034	1,200,000 <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 June 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 County reserves the right to redeem outstanding Bonds maturing on or after June 1, 2025, in whole or in part, at any time on or after June 1, 2024, at the price of par plus accrued interest, if any, to the date fixed for redemption.

*Mandatory Sinking Fund Redemption of Term Bonds.* If not previously redeemed as described above or purchased under the provisions described below, the Term Bonds will be called for mandatory sinking fund redemption (in such manner as the Registrar may determine) at a price of par, plus accrued interest to the date fixed for redemption, on June 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 actual redemption or purchase prices) will be credited at the par amount thereof against one or more scheduled mandatory redemption amounts for the Term Bonds in the manner to be determined by the County or, if no such determination is made, on a *pro rata* basis.

*Selection of Bonds for Redemption.* If fewer than all of the Bonds subject to optional redemption are called for redemption, the County will choose the maturities to be redeemed. If fewer than all of the Bonds maturing on the same date are called for redemption, the Registrar will select for redemption such Bonds or portions thereof randomly, or in such other manner as the Registrar determines, except that, for so long as the Bonds are registered in the name of DTC or its nominee, DTC will select for redemption such Bonds or portions thereof in accordance with the Blanket Issuer Letter of Representations, dated May 1, 1995, from the County to DTC (the “Letter of Representations”). In no event will any Bond be outstanding in a principal amount that is not \$5,000 or any integral multiple thereof.

*Notice of Redemption.* While Bonds are held by DTC in book-entry only form, any notice of redemption must be given at the time, to the entity, and in the manner required by DTC in accordance with the Letter of Representations, and the Registrar is not required to give any other notice of redemption. See “The Bonds—Book-Entry System” and Appendix E in the Preliminary Official Statement. If the Bonds cease to be in book-entry only form, unless waived by any registered owner of the Bonds to be redeemed, the County will cause notice of any intended redemption of Bonds to be given by the Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address appearing on the registration books for the Bonds maintained by the Registrar at the time the Registrar prepares the notice. The notice requirements of the Bond Ordinance will be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the owner of any Bond.

*Conditional Redemption; Rescission of Redemption.* Any optional redemption of Bonds may be subject to such conditions, including but not limited to the receipt of proceeds of refunding bonds, as the County may specify in the notice of redemption. The County may also rescind any notice of an optional redemption of Bonds by giving written notice of such rescission no later than the business day before the designated redemption date to all parties who were given notice of redemption in the same manner as such notice was given.

*Effect of Redemption.* Unless the County has rescinded a notice of redemption or a condition to the redemption has not been satisfied, the County will transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar, will be sufficient to redeem, on the redemption date, all the Bonds to be redeemed. From the redemption date, interest on each Bond to be redeemed will cease to accrue.

### **Purchase of Bonds**

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

## **Security**

The Bonds are general obligations of the County.

The County has irrevocably covenanted in the Bond Ordinance 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 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 all other revenues, taxes, and money of the County legally available for such purposes, to pay the principal of and interest on the Bonds as they become due. The County has irrevocably pledged its full faith, credit, and resources for the annual levy and collection of such taxes and for the prompt payment of the principal of and interest on the Bonds as they become due. The Bonds do not constitute a debt or indebtedness of the State of Washington or any political subdivision thereof other than the County.

The County always has met 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 one single maturity of the Bonds. Bidders must specify interest rates equal to or greater than 4.00% for each maturity of the Bonds maturing on or after June 1, 2025. Bids will be without condition and may only be submitted 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 nor more than an amount equal to 119% 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 of 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 hereby 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 amendments issued by public wire, will control.
- (ii) 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 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 communicated to Parity and I-Deal Prospectus on or before the day 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, will be considered an amendment to this Official Notice of Sale.

### **Good Faith Deposit**

The successful bidder for the Bonds is required to deliver a good faith deposit in the amount of \$150,000 by federal funds wire transfer to the Treasury Section of the Finance 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 for the Bonds 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 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, and, in that event, the County Council may accept the next best bid or call for additional proposals.

### **Insurance**

Bids for the Bonds will 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 purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

If the successful bidder 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 present value (calculated using the same yield as the yield on the insured Bonds) of 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 the debt service payment from the payment date to the date of the Bonds and to the price bid.

If there are two or more equal bids for the Bonds and those bids are the best bids received, the 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 provided 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 par amount of that maturity or \$100,000.

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 alter the size of the Bonds 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 the Bonds, the successful bidder for the Bonds will 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 for the Bonds 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 at least 10% of each maturity of the Bonds was in fact sold to the Public in the initial offering of the Bonds 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 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"). Delivery is expected to be June 24, 2014.

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 for the Bonds, at its option, may be relieved of its obligation to purchase the Bonds, and in that case the good faith deposit accompanying its bid will be returned without interest.

### **Legal Matters**

The approving legal opinion of Hillis Clark Martin & Peterson P.S., Seattle, Washington, Bond Counsel, will be provided to the purchaser at the time of the delivery of the Bonds. Bond Counsel's opinion will express no opinion concerning the accuracy, completeness, or sufficiency of 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 purchaser of 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; however, all expenses of printing the CUSIP numbers on the Bonds will be paid by the County.***

## OTHER INFORMATION

### Ongoing Disclosure Undertaking

To assist bidders in complying with paragraph (b)(5) of Rule 15c2-12, the County will undertake, pursuant to a County Council motion, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement 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 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 successful bidder to comply with Rule 15c2-12.

By submitting the successful proposal, the purchaser agrees:

- (i) to provide to the Finance 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) and relying on the opinions of Bond Counsel where appropriate, 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, The Bank of New York Mellon, 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 2nd day of June, 2014.

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