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April 27, 1984

INTRODUCED BY

BOB GREIVE
GARY GRANT

PROPOSED NO.

84-259

ORDINANCE NO. 6803

AN ORDINANCE adopting a system of registration of bonds and obligations of the County; and declaring an emergency.

PREAMBLE:

Section 103(j) of the Internal Revenue Code of 1954, as amended, requires municipal bonds and obligations offered to the public, having a maturity of more than one year and issued after June 30, 1983, to be in registered form as a condition of the exemption from federal income taxation of the interest on those bonds and obligations; and

Section 3, chapter 167, Laws of 1983, authorizes counties to establish a system of registering the ownership of their bonds or obligations as to principal and interest, or principal only.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Definitions. The following words shall have the following meanings when used in this ordinance:

A. The term "bond" or "bonds" shall have the meaning defined in section 2(1), chapter 167, Laws of 1983, as the same may be from time to time amended.

B. The term "county" shall mean King County, Washington.

C. The term "fiscal agencies" shall mean the duly appointed fiscal agencies of the State of Washington serving as such at any given time.

D. The term "obligation" or "obligations" shall have the meaning defined in section 2(3), chapter 167, Laws of 1983, as the same from time to time may be amended.

E. The term "registrar" shall be the person or persons designated by the county to register ownership of bonds or obligations under this ordinance.

1 SECTION 2. Findings. The county council finds that it
2 is in the county's best interest to establish a system of
3 registering the ownership of the county's bonds and obligations
4 in the manner permitted by law.

5 SECTION 3. Adoption of Registration System. The county
6 adopts the following system of registering the ownership of its
7 bonds and obligations.

8 A. Registration Requirement. All bonds and obligations
9 offered to the public, having a maturity of more than one year
10 and issued by the county after June 30, 1983, on which the
11 interest is intended to be exempt from federal income taxation,
12 shall be registered as to both principal and interest as pro-
13 vided in this ordinance.

14 B. Method of Registration. The registration of all
15 county bonds and obligations required to be registered shall be
16 carried out either by

- 17 1. a book entry system of recording the owner-
18 ship of the bond or obligation on the books of the
19 County or the fiscal agencies, whether or not a
20 physical instrument is issued; or
- 21 2. by recording the ownership of the bond or
22 obligation and requiring as a condition of the
23 transfer of ownership of any bond or obligation the
24 surrender of the old bond or obligation and either
25 the reissuance of the old bond or obligation or the
26 issuance of a new bond or obligation to the new
27 owners.

28 No transfer of, any bond or obligation subject to registration
29 requirements shall be effective until the name of the new owner
30 and the new owner's mailing address, together with such other
31 information deemed appropriate by the registrar, shall be
32 recorded on the books of the registrar.
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1 C. Denominations. Except as may be provided otherwise by
2 the ordinance authorizing their issuance, registered bonds or
3 obligations may be issued and reissued in any denomination up to
4 the outstanding principal amount of the bonds or obligations of
5 which they are a part. Such denominations may represent all or
6 a part of a maturity or several maturities and on reissuance may
7 be in smaller amounts than the individual denominations for
8 which they are reissued.

9 D. Appointment of Registrar. Unless otherwise provided
10 in the ordinance authorizing the issuance of registered bonds or
11 obligations, the director of the office of finance of King
12 County shall be the registrar for all registered interest-
13 bearing warrants, installment contracts, interest-bearing leases
14 and other registered bonds or obligations not usually subject to
15 trading and the fiscal agencies shall be the registrar for all
16 other county bonds and obligations.

17 E. Duties of Registrar. The registrar shall serve as the
18 county's authenticating trustee, transfer agent, regis- trar and
19 paying agent for all registered bonds and obligations for which
20 he, she, or it serves as registrar and shall comply fully with
21 all applicable federal and state laws and regulations respecting
22 the carrying out of those duties.

23 The rights, duties, responsibilities and compensation of
24 the registrar shall be prescribed in each ordinance authoriz-
25 ing the issuance of the bonds or obligations, which rights,
26 duties, responsibilities and compensation shall be embodied in a
27 contract executed by the director of the office of finance of
28 King County and the registrar, except in instances when the
29 fiscal agencies serve as registrar, the county adopts by refer-
30 ence the contract between the state finance committee of the
31 State of Washington and the fiscal agencies in lieu of executing
32 a separate contract and prescribing by ordinance the rights,
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1 duties, obligations and compensation of the registrar. When the
2 director of the office of finance of King County serves as
3 registrar, a separate contract shall not be required.

4 In all cases when the registrar is not the fiscal agencies
5 and the obligation is assignable, the ordinance authorizing the
6 issuance of the registered bonds or obligations shall specify
7 the terms and conditions of

- 8 1. making payments of principal and interest;
- 9 2. printing any physical instruments, including
10 the use of identifying numbers or other designation;
- 11 3. specifying record and payment dates;
- 12 4. determining denominations;
- 13 5. establishing the manner of communicating with
14 the owners of the bonds or obligations;
- 15 6. establishing the methods of receipting for the
16 physical instruments for payment of principal, the
17 destruction of such instruments and the certifica-
18 tion of such destruction;
- 19 7. registering or releasing security interests, if
20 any; and
- 21 8. such other matters pertaining to the registra-
22 tion of the bonds or obligations authorized by such
23 ordinance as the county may deem to be necessary or
24 appropriate.

25 SECTION 4. Statement of Transfer Restrictions. Any physi-
26 cal instrument issued or executed by the county subject to
27 registration under this ordinance shall state on its face that
28 the principal of and interest on the bonds or obligations shall
29 be paid only to the owner thereof registered as such on the
30 books of the registrar as of the record date defined in the
31 instrument and to no other person, and that such instrument,
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1 either principal or interest, may not be assigned except on the
2 books of the registrar.

3 SECTION 5. Ratification. Any act done pursuant to the
4 authority and prior to the effective date of this ordinance is
5 approved, ratified and confirmed.

6 SECTION 6. The county council finds as a fact and declares
7 that an emergency exists and that this ordinance is necessary for
8 the immediate preservation of public peace, health or safety or
9 for the support of county government and its existing public
10 institutions.

11 INTRODUCED AND READ for the first time this 29th day of
12 May, 1984.

13 PASSED this 29th day of May, 1984.

14 KING COUNTY COUNCIL
15 KING COUNTY, WASHINGTON

16 Gary Grant
17 Chairman

18 ATTEST:

19 Janet M. Owens
20 Clerk of the Council

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22 APPROVED this 7th day of June, 1984.

23 Randy Reville
24 King County Executive
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