

1 September 24, 1985

INTRODUCED BY BOB GRIEVE

2 PROPOSED NO. 85-494

3
4 ORDINANCE NO. 7361

5
6 AN ORDINANCE providing for the obtaining of a
7 loan from the Road Fund in the total principal
8 sum of not to exceed \$330,000 for the purpose of
9 providing the funds necessary for the defeasance
10 or release by anticipatory marshaling of the
11 claim or lien of certain outstanding sewer
revenue bonds of the county; providing for the
application of the proceeds of such loan and the
transfer of money and investments and investing
or reinvesting the same to accomplish the
defeasance, and declaring an emergency.

12 PREAMBLE:

13 King County (the "county") presently has outstanding
14 \$80,000 par value of Sewer Revenue Bonds, 1979 ("Trend
15 Bonds"), issued under date of March 1, 1979, pursuant
to Ordinance 4065 of the county, passed on January 29,
1979.

16 The county presently has outstanding \$340,000 par
17 value of the Sewer Revenue Bonds, 1981 ("Duwamish
18 Bonds"), issued under date of October 1, 1981,
pursuant to Ordinance 5683 of the county, passed on
September 21, 1981.

19 The county has the right to sell or dispose of the
20 properties of its Sewer Utility if provision is made
for the defeasance of the outstanding Duwamish Bonds
and Trend Bonds, as provided in Section 12 of
Ordinance 4065 and Section 13 of Ordinance 5683.

21 The properties of the Sewer Utility acquired, con-
22 structed and installed out of the proceeds of the sale
of the Duwamish Bonds and Trend Bonds are to be
23 conveyed to the Val Vue Sewer District and Water
District No. 81, respectively.

24
25 The King County Council has determined that it is in
the best interest of the county and the ratepayers of
its Sewer Utility to obtain a loan from the King
26 County Road Fund, the proceeds of which shall be used,
together with money on deposit in the Bond Fund, to
27 effect a defeasance or release by anticipatory
marshaling of the claim or lien of the entire out-
28 standing Duwamish Bonds and Trend Bonds upon the Gross
Sewer Revenue of the county.

29 The King County director of finance has evidenced his
30 willingness to accept the trust provided for in this
ordinance.

31
32 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

33 SECTION 1. Definitions. As used in this ordinance, the
following words shall have the following meanings:

1 A. "Acquired Obligations" shall mean United States
2 Treasury Certificates of Indebtedness, Notes and Bonds, State
3 and Local Government Series, and other obligations of the United
4 States of America purchased to accomplish the defeasance author-
5 ized by this ordinance.

6 B. "Assessment Income" shall mean the amounts which
7 are collected on account of the principal of, interest and any
8 penalties on, ULID Assessments.

9 C. "Bond Fund" shall mean Fund No. 890, Assessment
10 and Revenue Bond Fund created by Ordinance 4065 for the purpose
11 of paying the principal of and interest on the Trend Bonds and,
12 as provided by Ordinance 5683, the Duwamish Bonds.

13 D. "Council" shall mean the County Council of King
14 County, Washington, as the same shall be duly and regularly
15 constituted from time to time.

16 E. "County" shall mean King County, Washington, a
17 municipal corporation duly organized and existing under and by
18 virtue of the laws of the state of Washington, and the corporate
19 authorities thereof.

20 F. "Defeasance Trust Account" shall mean the account
21 of the Bond Fund created by Section 4 of this ordinance for the
22 purposes set forth in that section.

23 G. "Duwamish Bonds" shall mean the outstanding Sewer
24 Revenue Bonds, 1981, issued under date of October 1, 1981,
25 pursuant to Ordinance 5683 of the County, of which \$340,000 in
26 aggregate principal amount is outstanding.

27 H. "Duwamish Sewer Utility properties" shall mean
28 those properties of the Sewer Utility acquired, constructed and
29 installed out of the proceeds of the sale of the Duwamish Bonds.

30 I. "Gross Sewer Revenue of the County" shall mean
31 all of the earnings and revenue received by the Sewer Utility
32 from any source whatsoever, including without limitation
33

1 earnings in the Bond Fund, but not ULID Assessments and other
2 assessments and installments thereof and interest and any
3 penalties thereon levied or collected in any ULID of the county,
4 nor general taxes, utility taxes, nor federal or state grants.

5 J. "Net Sewer Revenue of the County" shall mean the
6 gross sewer revenue of the county, less the Operation and
7 Maintenance Expenses.

8 K. "Operation and Maintenance Expenses" shall mean
9 all reasonable expenses incurred by the Sewer Utility in causing
10 that utility to be administered, operated and maintained in good
11 repair, working order and condition, and shall include payments
12 made to any other municipal corporation or entity for sewage
13 treatment and disposal in lieu of or in addition to the opera-
14 tion of the county's own sewage treatment and disposal facili-
15 ties, but shall not include depreciation, county-levied taxes
16 for county purposes, charges levied by the county in lieu of
17 taxes, and payments attributable to the acquisition of capacity
18 rights in facilities of such municipal corporation or entity.

19 L. "Outstanding Bonds" shall mean collectively the
20 Trend Bonds and the Duwamish Bonds which are to be defeased as
21 authorized by this ordinance.

22 M. "Principal and Interest Account" shall mean the
23 account of that name created in the Bond Fund from which money
24 has been used first to pay the principal of and interest on the
25 Outstanding Bonds.

26 N. "Reserve Account" shall mean the account of that
27 name created in the Bond Fund to secure the payment of the
28 principal of and interest on the Outstanding Bonds.

29 O. "Road Fund" shall mean the King County Road Fund
30 created in the county in accordance with the provisions of RCW
31 36.82.010.

1 P. "Sewer Utility" shall mean the public sanitary
2 sewage collection and disposal system now owned by the county
3 and acquired, constructed and installed out of the proceeds of
4 the sale of the Duwamish Bonds and Trend Bonds and as the same
5 has been added to, bettered, improved and extended, which are to
6 be conveyed to the Val Vue Sewer District and Water District No.
7 81. respectively.

8 Q. "Trend Bonds" shall mean the outstanding Sewer
9 Revenue Bonds, 1979, issued under date of March 1, 1979,
10 pursuant to Ordinance 4065 of the county, of which \$80,000 in
11 aggregate principal amount is outstanding.

12 R. "Trend Sewer Utility properties" shall mean those
13 properties of the Sewer Utility acquired, constructed and
14 installed out of the proceeds of the sale of the Trend Bonds.

15 S. "ULID" shall mean utility local improvement
16 district of the county.

17 T. "ULID Assessments" shall mean the special
18 assessments levied in ULIDs Nos. 1 and 2 of the county and in
19 any ULID, and installments, interest and any penalties thereon,
20 which are pledged and/or required to be paid into the Bond Fund.

21 SECTION 2. Defeasance Plan. The county shall pay, call
22 and redeem the Outstanding Bonds as follows (the "Defeasance
23 Plan"):

24 Trend Bonds: The county irrevocably calls for redemption
25 at par plus accrued interest to date of redemption the
26 Trend Bonds in accordance with the following schedule and
27 in accordance with Section 3 of Ordinance 4065 and shall
28 pay the interest on such bonds as the same comes due until
29 those Trend Bonds are fully paid.

<u>Bond Numbers</u> <u>(Inclusive)</u>	<u>Amounts</u>	<u>Interest</u> <u>Rate</u>	<u>Redemption</u> <u>Dates</u>
55 to 58	\$20,000	6.40%	March 1, 1986
59 to 62	20,000	6.40	March 1, 1987

September 24, 1985

<u>Bond Numbers (Inclusive)</u>	<u>Amounts</u>	<u>Interest Rate</u>	<u>Redemption Dates</u>
63 to 65	15,000	6.40	March 1, 1988
66 to 70	25,000	6.40	March 1, 1989

Duwamish Bonds: The county shall pay the principal of and interest on the Duwamish Bonds Nos. 29 to 58, inclusive, as the same shall become due up to and including October 1, 1991. The county irrevocably calls for redemption at par plus accrued interest to date of redemption the remaining Duwamish Bonds in accordance with the following schedule and in accordance with Section 4 of Ordinance 5683 and shall pay the interest on such bonds as the same comes due until those Duwamish Bonds are fully paid.

<u>Bond Numbers (inclusive)</u>	<u>Amounts</u>	<u>Interest Rates</u>	<u>Redemption Dates</u>
83 to 84	\$10,000	14.000%	April 1, 1986
85 to 92	40,000	14.000	October 1, 1987
93 to 104	60,000	14.000	October 1, 1989
105 to 120	80,000	14.375	October 1, 1996

The Defeasance Trustee is authorized and directed to publish and give notice of such bond calls at the times and in the manner required by Ordinances 4065 and 5683.

SECTION 3. Authorization of Loan. A loan of up to \$330,000 is authorized to be made from the Road Fund to the Bond Fund for the purpose of providing part of the funds to defease the Outstanding Bonds. The amount of such loan, plus all money and other assets currently in the Principal and Interest Account and Reserve Account, shall be deposited irrevocably in the Defeasance Trust Account hereinafter created and used to pay the principal of and interest on the Outstanding Bonds in accordance with the Defeasance Plan.

Security for the loan from the Road Fund shall be the ULID Assessments and the county's right to receive the surcharge described in this paragraph. The repayment to the Road Fund of such loan shall be made out of the Assessment Income as

1 collected and any other funds which may be available for
2 repayment of the loan or Outstanding Bonds, including the
3 surcharge to be made by Val Vue Sewer District in accordance
4 with the agreement for the conveyance of the Duwamish Sewer
5 Utility properties, dated _____, 1985, but shall
6 not include the Acquired Obligations and earnings thereon
7 purchased in accordance with Section 5 of this ordinance and
8 other money in the Defeasance Trust Account. Repayment of the
9 loan shall be made immediately as Assessment Income is collected
10 and as other funds become available and shall be applied first
11 to interest and then reduction of the principal amount of the
12 loan. The interest rate on the loan shall be eight percent per
13 year on the declining balance.

14 SECTION 4. Defeasance Trust Account. There is created a
15 new account of the Bond Fund to be known as the Defeasance Trust
16 Account, into which account shall be made the deposits described
17 in Section 3 and out of which shall be made the payments pro-
18 vided in Section 2 of this ordinance. The King County director
19 of finance and any successor in office or duties (hereinafter
20 collectively referred to as the "Defeasance Trustee") shall
21 purchase from money deposited in the Defeasance Trust Account,
22 to the extent necessary, the Acquired Obligations, and
23 administer the assets in the Defeasance Trust Account in
24 accordance with the provisions of this ordinance.

25 SECTION 5. Provisions for Defeasance. The claim or lien
26 of the bondholders of the Outstanding Bonds on the Gross Sewer
27 Revenue of the County and the remaining unpaid ULID Assessments
28 shall be defeased as provided in this ordinance. To accomplish
29 the defeasance by anticipatory marshaling of the claim or lien
30 of the Outstanding Bonds, the county agrees to and shall hold
31 irrevocably and maintain with the Defeasance Trustee in the
32 Defeasance Trust Account in trust for the security and benefit
33

1 of the holders and owners of the Outstanding Bonds \$ _____
2 in cash (which amount may be increased or decreased as required)
3 and the Acquired Obligations purchased with the funds deposited
4 in accordance with Section 3, for the purpose of paying the
5 principal of and interest on the Outstanding Bonds as they shall
6 become due. The Acquired Obligations are more particularly
7 described and are set forth in Schedule A attached hereto, but
8 are subject to substitution as set forth below. Such cash and
9 Acquired Obligations, together with the investment income
10 therefrom, shall be held irrevocably in trust as aforesaid to
11 provide for the payments as provided in Section 2.

12 The county reserves the right to substitute other govern-
13 ment obligations defined by RCW 39.53.010, as it now reads or
14 hereafter may be amended, and which are otherwise lawful invest-
15 ments of the county at the time of such investment, for any of
16 the Acquired Obligations set forth in such Schedule A and to use
17 any savings created thereby for any lawful county purposes if,
18 in the opinion of the county's bond counsel, such substitution
19 shall not impair the timely payment of the principal of and
20 interest on the Outstanding Bonds in accordance with the
21 Defeasance Plan.

22 SECTION 6. Date of Defeasance. The defeasance shall
23 become effective upon the confirmation by the Defeasance Trustee
24 of the deposit in the Defeasance Trust Account of the cash and
25 Acquired Obligations specified in Section 4. The time of such
26 confirmation shall be deemed the "date of defeasance" and shall
27 be no later than the effective date of the divestment of the
28 Duwamish Sewer Utility properties and Trend Sewer Utility
29 properties in accordance with the provisions of Ordinance _____.

30 SECTION 7. Investment of Cash Deposit. Until needed for
31 payments of principal and interest installments on the Outstand-
32 ing Bonds as provided in Section 2, the Defeasance Trustee shall
33

1 invest the original cash deposit and any other money available
2 in the Defeasance Trust Account in any government obligation
3 defined in RCW 39.53.010.

4 SECTION 8. Disbursements by Defeasance Trustee. The
5 Defeasance Trustee shall present for payment on the respective
6 due dates thereof all Acquired Obligations deposited with him
7 hereunder, and all investments and reinvestments thereof,
8 including the investments of the cash deposited with his
9 approval under Section 7 hereof, and shall apply the proceeds
10 derived therefrom for the payments required under the Defeasance
11 Plan. Funds in trust hereunder in excess of those required for
12 the purpose of the trust herein created may, from time to time,
13 at the option of the county, be held in the Defeasance Trust
14 Account as cash or reinvested in any legal investment permitted
15 by law for the county, in any combination. The county may, from
16 time to time, repay the principal of and interest on the Road
17 Fund loan from the Defeasance Trust Account with any money not
18 required for the purpose of the trust herein created upon
19 securing a verification from the Defeasance Trustee and an
20 opinion of bond counsel as set forth in the next succeeding
21 paragraph. Under no circumstances shall funds and investments
22 on hand in the trust in the Defeasance Trust Account be reduced
23 at any time to cash or direct or indirect obligations of the
24 United States which, together with the interest to be received
25 therefrom, shall be less than sufficient to pay timely the
26 principal of and interest on the Outstanding Bonds as provided
27 in the Defeasance Plan and thereby effect a full defeasance by
28 anticipatory marshaling of the claim or lien of all Outstanding
29 Bonds upon the Gross Sewer Revenue of the county and the unpaid
30 ULID Assessments as of the date of the defeasance.

31 The county reserves the right to substitute higher yield
32 Acquired Obligations for investments in the Defeasance Trust
33

1 Account if at all times the money and Acquired Obligations in
2 that account shall be sufficient to accomplish the defeasance of
3 the then Outstanding Bonds. . Prior to each such substitution,
4 the county shall obtain a verification by the Defeasance Trustee
5 which shall be satisfactory to bond counsel to the county that
6 the money and acquired obligations on deposit after such substi-
7 tution will be sufficient to effect such defeasance of the then
8 Outstanding Bonds.

9 SECTION 9. Custody and Safekeeping of Trust Funds and
10 Investments. All funds deposited in the Defeasance Trust
11 Account or received by the Defeasance Trustee as maturing
12 principal of or interest on investments in that account shall be
13 held by the Defeasance Trustee subject to the terms and condi-
14 tions of the trust herein created. The Defeasance Trustee shall
15 preserve and keep safe the rest of the trust herein created,
16 subject only to required and permitted releases as provided in
17 Section 8.

18 SECTION 10. Resignation and Successor Trustees. The
19 Defeasance Trustee may at any time resign from the trust herein
20 created by giving 30 days' written notice to the council. The
21 council shall then designate by ordinance another trustee and
22 enter into an appropriate trust agreement with that trustee
23 consistent with this ordinance, all within such time so that the
24 trust ordinance shall be subject to the administration and
25 custody of a trustee.

26 Every trustee hereunder other than the Defeasance Trustee
27 shall be a bank having trust powers, having a capital and
28 surplus of not less than \$2,500,000, and shall be a member of
29 the Federal Reserve System.

30 The Defeasance Trustee or any successor trustee, ceasing to
31 act, shall, nevertheless, on the written request of the county
32 council and of the new trustee, and at the cost and expense of
33

1
2 the county, and upon the payment by the county of all amounts
3 owing to it hereunder, execute any and every instrument
4 necessary, convenient and proper to transfer to such new
5 trustee, upon the trusts herein expressed, all the rights,
6 powers and trusts of the trustee ceasing to act and all money
7 and securities in its possession in respect thereof, and shall
8 make good and sufficient delivery to the new trustee, thus
9 fully relieving and discharging the trustee so ceasing to act
10 from all further liability and responsibility either to the
11 county or to the owners or holders of any of the Outstanding
12 Bonds or coupons appurtenant thereto.

13 SECTION 11. Savings Provision. All provisions of
14 Ordinance No. 4065 and 5683 which are not inconsistent with the
15 provisions of this ordinance, including provisions for the
16 collection and enforcement of ULID assessments, shall remain in
17 full force and effect.

18 SECTION 12. Severability Provision. If any one or more of
19 the covenants or agreements provided in this ordinance to be
20 performed on the part of the county shall be declared by any
21 court of competent jurisdiction to be contrary to law, then
22 such covenant or covenants, agreement or agreements, shall be
23 null and void and shall be separable from the remaining
24 covenants and agreements in this ordinance and shall in no way
25 affect the validity of the other provisions of this ordinance.
26
27
28
29
30
31
32
33

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33

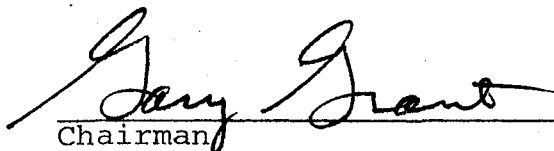
SECTION 13. Ratification of Prior Acts. Any act done pursuant to the authority and prior to the effective date of this ordinance is ratified and confirmed.

SECTION 14. The county council finds as a fact and declares that an emergency exists and that this ordinance is necessary for the immediate preservation of public peace, health or safety or for the support of county government and its existing public institutions.


INTRODUCED AND READ for the first time this 16th day of September, 1985.

PASSED this 23rd day of September, 1985.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON


Chairman

ATTEST:


Clerk of the Council

Approved this _____ day of _____, 1985.

King County Executive

SEWER REVENUE BOND DEFEASANCE

Type of Issue	Par Amount	Purchase Price	Interest Rate	Maturity Date
C.D.	22,576.39	\$21,900	7.22%	3-3-86
C.D.	33,381.79	32,200	7.22	4-1-86
C.D.	1,932.60	1,800	7.87	9-1-86
C.D.	47,736.51	44,200	7.87	10-1-86
C.D.	21,935.14	19,700	7.87	3-2-87
C.D.	21,052.21	18,800	7.87	4-1-87
STRIPS*	87,000	74,000	8.75	8-15-87
C.D.	16,264.71	13,500	8.34	3-1-88
C.D.	16,597.70	13,700	8.34	4-1-88
STRIPS*	42,000	32,000	9.25	8-15-88
C.D.	25,851.32	19,700	9.00	3-1-89
C.D.	14,910.35	11,300	9.00	4-3-89
STRIPS*	100,000	69,000	9.75	8-15-89
C.D.	9,028.80	6,400	9.00	3-1-90
STRIPS*	35,000	21,800	9.90	8-15-90
C.D.	7,548.45	4,900	9.00	3-1-91
STRIPS*	32,500	18,200	10.05	8-15-91
C.D.	5,755.21	3,650	8.75	3-2-92
C.D.	5,755.43	3,550	8.75	10-1-92
C.D.	5,745.92	3,450	8.75	3-1-93
C.D.	5,728.38	3,350	8.75	10-1-93
C.D.	5,788.86	3,300	8.75	3-1-94
C.D.	5,755.77	3,200	8.75	10-3-94
C.D.	5,850.17	3,100	8.75	3-1-95
C.D.	5,756.51	3,050	8.75	10-2-95
C.D.	5,794.89	3,000	8.75	3-1-96
STRIPS*	86,000	27,000	10.75	8-15-96
	<u>\$673,247.11</u>	<u>\$479,750</u>		

17361

*STRIPS: Separate Trading and Registered Interest and Principal Securities.

September 5, 1985
September 20, 1985

Introduced by: BOB GREIVE

Proposed No.: 85-497

ORDINANCE NO. 7362

1
2 AN ORDINANCE authorizing the issuance of a bond
3 anticipation note in the principal amount of
4 \$390,000 for Road Improvement District No. 95 of
5 the county; providing for the sale thereof to
6 Seattle-First National Bank; and amending
7 Ordinance No. 7081; and declaring an emergency.

8
9 PREAMBLE:

10 By Ordinance No. 7081, King County (the "county")
11 established Road Improvement District No. 95 ("RID 95") and
12 created the RID 95 Construction Fund. Section 7 of the
13 ordinance directs the office of finance to issue
14 interest-bearing warrants pursuant to RCW 36.88.330 to pay
15 costs and expenses of accomplishing the project.

16 Pursuant to RCW 39.50 the county is authorized, among other
17 things, to borrow money in anticipation of the sale of bonds
18 for road improvement districts, and RCW 39.50.030 requires
19 approval of such borrowing by ordinance.

20 The King County Council (the "council") has determined that
21 it is in the best interests of the county that a bond
22 anticipation note in the principal amount of \$390,000 (the
23 "Note") be issued to provide interim financing for the costs
24 of the improvements in RID 95, and that such Note be sold to
25 Seattle-First National Bank pursuant to its offer dated
26 August 6, 1985.

27 It is therefore necessary to amend Section 7 of Ordinance
28 No. 7081.

29 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

30 NEW SECTION. SECTION 1. Authorization of Bonds. For the
31 purpose of paying the cost and expense of the improvements
32 ordered by Ordinance No. 7081 of the county to be constructed in
RID 95, the county shall issue and sell bonds of RID 95 in such
principal amount and with such date, interest rates, maturities,
provisions for redemption, and other terms and conditions as
shall hereafter be determined by the county council after
completion of the improvements and confirmation of the assessment
roll in the manner provided by law. The proceeds of such bonds
shall be paid into the King County Road Improvement District No.
95 Construction Fund (the "Construction Fund") and shall be
applied, together with other available moneys therein, to pay the
principal of and interest on the Note.