

February 8, 1986

Introduced by

BOB GREIVE

Proposed by 86-102

ORDINANCE NO. 7510

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AN ORDINANCE providing for the issuance and sale of tax anticipation notes of the county in an aggregate principal amount not to exceed twenty-four million two hundred thousand dollars for the purpose of providing funds to pay the current expenses of the county pending the receipt of taxes; providing the date, form, terms, maturities and manner of sale of the notes; creating special accounts; providing and adopting certain covenants safeguarding the payment of the principal of and interest on those notes; and excluding certain related agreements from the operation of competitive bidding, affirmative action and minority and women's business ordinances, and declaring an emergency.

PREAMBLE:

Pursuant to Chapter 216, Laws of 1982 of the State of Washington (the "Act"), codified as Chapter 39.50 RCW, the county is authorized, among other things, to borrow money in anticipation of the receipt of taxes of the county and to evidence such borrowing by the issuance of tax anticipation notes of the county.

During 1986, the county will experience certain months when it will not have cash on hand to pay its current obligations and will need to borrow money to make those payments.

In order to obtain a favorable rate of interest and to facilitate the processing of payments of current expenses it is deemed advisable that the county issue and sell its tax anticipation notes in an aggregate principal amount not to exceed twenty-four million two hundred thousand dollars.

The county has determined that K.C.C. 4.14 does not apply to the services herein contemplated and that it is in the best interests of the county that certain agreements and transactions relating to the tax anticipation notes be excluded from the operation of King County Code chapters 4.16, 4.18 and 12.16.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

ARTICLE I

SECTION 1. Definitions. The following words and terms as used in this ordinance shall have the following meanings for all purposes of this ordinance, unless some other meaning is plainly intended or is required by the Act as in effect on the date of this ordinance:

1 "Act" means Chapter 216, Laws of 1982 of the State of
2 Washington.

3 "Authorized Officer" means any of the following: The King
4 County executive or deputy executive or the duly authorized
5 successor to the duties of such office or director of the office
6 of finance of the county or the duly authorized successor to the
7 duties of such office, and such other persons as may be desig-
8 nated from time to time by the county executive.

9 "Co-paying Agents" means Seattle-First National Bank,
10 Seattle, Washington and J. Henry Schroder Bank & Trust Company,
11 New York, New York, or their successors as fiscal agents of the
12 State of Washington.

13 "Note Proceeds Fund" means the Tax Anticipation Note Pro-
14 ceeds Account, 1986, in the current expense fund of the county
15 created by Section II 4. hereof.

16 "Notes" means the Tax Anticipation Notes, 1986, of King
17 County authorized to be issued pursuant to Article II, Section 1.
18 hereof.

19 "Redemption Fund" means the Tax Anticipation Note Redemption
20 Account, 1986, in the current expense fund of the county created
21 by Section II 3. hereof.

22 "Taxes" means any and all ad valorem regular property taxes
23 and excise taxes levied by the county, license fees and other
24 charges and revenue collected for King County which are not
25 required by law or ordinance to be paid into a special fund of
26 the county.

27 SECTION 2. Ordinance to Constitute Contract. In considera-
28 tion of the purchase and acceptance of any of the Notes autho-
29 rized to be issued hereunder by those who shall hold the same
30 from time to time, this ordinance shall be deemed to be and shall
31 constitute a contract between the county and the holders from
32 time to time of the Notes; and the pledge of and claim on the

1 Note Fund and the covenants and agreements set forth in this
2 ordinance to be performed on behalf of the county shall be for
3 the equal benefit, protection and security of the holders of any
4 and all of the Notes, all of which, regardless of the time or
5 times of their delivery, shall be of equal rank without prefer-
6 ence, priority or distinction of any of the Notes over any other.

7 SECTION 3. Related Agreements. It is hereby found and
8 determined that chapter 4.14 of the King County Code does not
9 apply to the services contemplated in connection with the issu-
10 ance of the Notes. It is found and determined that it is in the
11 best interests of the county to exclude certain agreements and
12 transactions relating to the Notes from the operation of certain
13 county ordinances concerning competitive bidding, affirmative
14 action, and minority and women's business enterprises because of
15 the expense to the county of delaying the sale of the Notes until
16 the procedures called for in those ordinances can be accomplish-
17 ed. Therefore, notwithstanding the provisions of chapters 4.16,
18 4.18 and 12.16 of the King County Code, the appointment as Co-
19 paying Agents for the Notes, of J. Henry Schroder Bank & Trust
20 Company, New York, New York and Seattle-First National Bank,
21 Seattle, Washington, or their successors as fiscal agents of the
22 State of Washington, under the terms and conditions set forth in
23 the contracts between the state finance committee of the State of
24 Washington and those entities as fiscal agencies, is ratified and
25 approved and those contracts are adopted by reference in perti-
26 nent parts.

27 ARTICLE II

28 Creation, Amount, Designation and Purpose of Issue.

29 SECTION 1. Authorization, Purpose and Payment Pledge. The
30 county is authorized to borrow a sum not to exceed twenty-four
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1 million two hundred thousand dollars and to evidence such borrow-
2 ing by the issuance of obligations in like principal amount to be
3 designated "Tax Anticipation Notes, 1986," of King County (here-
4 tofore defined as the "Notes"). The Notes are issued in antici-
5 pation of the receipt by the county of Taxes for the county's
6 current expense fund for the purpose of providing funds to enable
7 the county to pay current expenses prior to the receipt of such
8 Taxes and to pay the expenses of issuing the Notes. The county
9 covenants that it will deposit sufficient money with the Co-pay-
10 ing Agents, but solely from the sources specified in Article II,
11 Section 3. hereof, to pay the principal of and interest on the
12 Notes when the same becomes due. The county authorizes and
13 directs the Co-paying Agents to pay the principal of and interest
14 on the Notes when due from money provided by the county.

15 SECTION 2. Terms and Form of Notes. The Notes will be
16 dated March 11, 1986, shall mature March 10, 1987, and shall be
17 substantially in the form attached hereto and by this reference
18 made a part hereof with such appropriate variations, omissions
19 and insertions as are permitted or required by this ordinance.
20 The Notes shall be negotiable and payable to bearer. The county
21 and the Co-paying Agents may treat the bearer thereof as the
22 absolute owner of any Note for the purpose of receiving payment
23 thereof and for all other purposes, and neither the county nor
24 the Co-paying Agents shall be affected by any notice or knowledge
25 to the contrary. The Notes shall be in denominations of twenty-
26 five thousand dollars or integral multiples thereof, shall be
27 numbered serially from 1 upwards and shall bear interest payable
28 at maturity at the rate fixed at the time of their sale, computed
29 on a thirty-day month, three hundred sixty-day year basis.

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1 The Notes are not subject to optional redemption prior to
2 their stated maturity, but shall be subject to extraordinary
3 mandatory redemption if the county shall receive an opinion of
4 its bond counsel that due to the enactment of legislation having
5 retroactive application the interest on the Notes will be subject
6 to taxation by the federal government. The date fixed for
7 redemption shall be a date not less than thirty nor more than
8 sixty days from the date of enactment of such legislation.

9 Publication of redemption shall be made at least once in the Bond
10 Buyer, or its successor, or if that is impossible or deemed by
11 the director of the office of finance of the county or the duly
12 authorized successor to the duties of such office not to be
13 effective in notifying holders of the redemption, publication
14 shall be given as determined by the director of the office of
15 finance of the county or the duly authorized successor to the
16 duties of such office to be most likely to effect such a
17 redemption.

18 The Notes shall be executed on behalf of the county by the
19 facsimile signature of the county executive and attested by the
20 facsimile signature of the clerk of the council. The seal of the
21 county council shall be impressed or a facsimile thereof imprint-
22 ed on each Note. In case any person whose signature shall appear
23 on any Notes shall cease to be such officer before the delivery
24 of such Notes, such signature shall nevertheless be valid and
25 sufficient for all purposes, and such Note may be authenticated
26 and delivered the same as if such officer had remained an officer
27 until such delivery. The Notes shall be payable, both as to
28 principal and interest, in immediately available lawful money of
29 the United States of America at the principal corporate trust
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1 offices of the Co-paying Agents in Seattle, Washington and New
2 York, New York.

3 SECTION 3. Redemption Fund - Security and Sources of Pay-
4 ment of Notes.

5 A. There is established a special account in the current
6 expense fund of the county to be known as the "Tax Anticipation
7 Note Redemption Account, 1986," (hereinbefore defined as the
8 "Redemption Fund") which account shall be drawn upon only for the
9 payment of the principal of and interest on the Notes. The
10 county covenants and agrees that it will deposit in the Redemp-
11 tion Fund on or before the 10th day of January 1987 the amount
12 required for the payment of the principal of and interest on the
13 Notes at their maturity out of Taxes received by the county and
14 other money available to pay such principal and interest. In
15 order to secure the payment when due of the principal of and
16 interest on the Notes and the performance of any other obligation
17 of the county to the holders of the Notes, the county pledges to
18 such payment and performance all amounts from time to time on
19 deposit in the Redemption Fund and the current expense fund.

20 B. The county irrevocably pledges to include in its budget
21 and to levy Taxes annually, including ad valorem property taxes
22 within and as a part of the tax levy permitted to counties with-
23 out a vote of the people, on all of the property in the county
24 subject to taxation in an amount sufficient, together with other
25 money legally available for such purpose, to pay the principal of
26 and interest on the Notes as the same shall accrue, and the full
27 faith, credit and resources of the county are pledged irrevocably
28 for the annual collection of those Taxes and the prompt payment
29 of that principal and interest.

1 SECTION 2. Due Authorization and Approval of Ordinance and
2 Notes. By all necessary official action prior to or concurrently
3 herewith, the county has duly authorized and approved the execu-
4 tion and delivery of, and the performance by the county of its
5 obligations contained in the Notes and in this ordinance and the
6 consummation by it of all other transactions necessary to effec-
7 tuate this ordinance in connection with the issuance of the
8 Notes, and such authorizations and approvals are in full force
9 and effect and have not been amended, modified or supplemented in
10 any material respect.

11 SECTION 3. Ordinance to Constitute Legal, Valid and Binding
12 Obligations of County. This ordinance constitutes a legal, valid
13 and binding obligation of the county.

14 SECTION 4. Notes to Constitute Legal, Valid and Binding
15 Obligations of County. The Notes, when issued, authenticated and
16 delivered, will constitute the legal, valid and binding general
17 obligations of the county.

18 SECTION 5. No Breach or Default. The adoption of this
19 ordinance, and compliance on the county's part with the pro-
20 visions contained herein, will not conflict with or constitute a
21 breach of or default under any constitutional provision, law,
22 administrative regulation, judgment, decree, loan agreement,
23 indenture, bond, note, resolution, ordinance, motion, agreement
24 or other instrument to which the county is a party or to which
25 the county or any of its property or assets are otherwise
26 subject, nor will any such adoption, execution, delivery, sale,
27 issuance or compliance result in the creation or imposition of
28 any lien, charge or other security interest or encumbrance of any
29 nature whatsoever upon any of the property or assets of the
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1 county or under the terms of any such law, regulation or instru-
2 ment, except as provided by the Notes and this ordinance.

3 ARTICLE IV

4 Covenants of the County

5 SECTION 1. Punctual Payment of Notes. The county covenants
6 that it will duly and punctually pay or cause to be paid the
7 principal of and interest on every Note at the places, on the
8 date and in the manner provided herein and in the Notes. The
9 principal and interest on the Notes are payable solely from the
10 funds pledged therefor by this ordinance, and, except as provided
11 herein, nothing in the Notes or in this ordinance shall be con-
12 strued as obligating the State of Washington or any political
13 subdivision thereof, other than the county, to pay principal of
14 the Notes or the interest thereon or as pledging the faith and
15 credit or taxing power of the State of Washington or of any such
16 political subdivision.

17 As long as any Notes are outstanding, the county will cause
18 an office or agency where any Notes may be presented for payment
19 to be maintained in the Borough of Manhattan, City and State of
20 New York.

21 SECTION 2. Notes to Remain Tax Exempt; Nonarbitrage. The
22 county covenants that it will not take or permit to be taken on
23 its behalf any action which would adversely affect the exemption
24 from federal income taxation of the interest on the Notes and
25 will take or require to be taken such acts as may reasonably be
26 within its ability and as may from time to time be required under
27 present applicable law and HR, 3838 in its present form to con-
28 tinue the exemption from federal income taxation of the interest
29 on the Notes. Without limiting the generality of the foregoing,
30 the county covenants that it will not issue an amount of Notes or
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1 take any action or fail to take any action with respect to the
2 investment of the proceeds of any Notes or other funds which
3 would result in constituting the Notes "arbitrage bonds" within
4 the meaning of such term as used in Section 103(c) of the
5 Internal Revenue Code of 1954, as amended to the date hereof (the
6 "Code"), or which would violate existing Treasury Regulations
7 under Section 103(c) of the Code applicable to the Notes or by HR.
8 3838 in its present form. The county further covenants that it
9 will not expend, or permit to be expended, Note proceeds in any
10 manner inconsistent with its expectations as certified in the
11 Arbitrage Certificate to be executed with respect to the Notes,
12 except that the county may expend Note proceeds in any manner if
13 the county first obtains an unqualified opinion of bond counsel
14 that such expenditure will not impair the exemption from federal
15 income taxes of the interest on the Notes. To that end the
16 county covenants with the holders from time to time of the Notes
17 as follows:

18 A. the county will expend at least five percent of the
19 bond proceeds for current expenses of the county within thirty
20 days after the date of the issuance of the Notes;

21 B. on and after the date of the issuance of the Notes
22 the county shall pay all expenses to be paid out of the current
23 expense fund first from the moneys in the Note Proceeds Fund to
24 the extent there are any moneys therein;

25 C. all proceeds of the issuance of the Notes will be
26 spent within six months of their date of issuance;

27 Provided, however, that if the county shall obtain an un-
28 qualified opinion of bond counsel that failure to comply with any
29 specific covenant or covenants will not cause interest on the
30 Notes to be taxable, the county, without prior notice to or

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1 approval of any holders of the Notes, shall not be required to
2 observe such specific covenant or covenants.

3 The county represents that it has not been notified of any
4 listing or proposed listing by the Internal Revenue Service to
5 the effect that it is a bond issuer whose arbitrage
6 certifications may not be relied upon.

7 SECTION 3. Use of Note Proceeds; Restrictions on Amend-
8 ments. The county covenants that none of the proceeds of the
9 Notes will be used for any purpose other than as provided in this
10 ordinance and that the county shall not suffer any amendment or
11 supplement to this ordinance, or any departure from the due
12 performance of the obligations of the county hereunder which
13 might materially adversely affect the rights of the holders from
14 time to time of the Notes.

15 SECTION 4. Financial Information. The county covenants
16 that it will make available for inspection by the Note holders,
17 at the office of the county, a copy of the latest audit report on
18 the county's books and accounts and will also furnish a copy
19 thereof, upon request, to any Note holder.

20 ARTICLE V

21 Miscellaneous

22 SECTION 1. General Authorization. Each Authorized Officer
23 and the clerk of the council is authorized to do and perform from
24 time to time any and all acts and things consistent with this
25 ordinance necessary or appropriate to carry the same into effect.

26 SECTION 2. Successors of County. In the event that any
27 board, body or commission shall lawfully succeed to the principal
28 functions of the county under the Act or in the event that the
29 powers and duties given to the county by the laws of the State of
30 Washington or King County Charter shall be lawfully transferred
31 to some other board, body or commission, all of the covenants,

1 obligations and agreements contained in this ordinance by or on
2 behalf of or for the benefit of the county shall bind or inure to
3 the benefit of the successor or successors of the county from
4 time to time.

5 SECTION 3. Effect of Partial Invalidity. In case any one
6 or more of the provisions of this ordinance or of the Notes shall
7 for any reason be held to be illegal or invalid, such illegality
8 or invalidity shall not affect any other provision of this ordi-
9 nance or of the Notes, but this ordinance and the Notes shall be
10 construed and enforced as if such illegal or invalid provision
11 had not been contained therein. In case any covenant, obligation
12 or agreement contained in the Notes or in this ordinance shall
13 for any reason be held to be in violation of law, then such cove-
14 nant, obligation or agreement shall be deemed to be the covenant,
15 obligation or agreement of the county to the full extent per-
16 mitted by law.

17 SECTION 4. Effect of Covenants, etc. All covenants,
18 obligations and agreements of the county contained in this
19 ordinance shall be deemed to be covenants, obligations and
20 agreements of the county to the full extent authorized by the Act
21 and permitted by the Constitution of the State of Washington. No
22 covenant, obligation or agreement contained herein shall be
23 deemed to be a covenant, obligation or agreement of any present
24 or future member, agent or employee of the county in his or her
25 individual capacity, and neither the members of the county
26 council, the clerk of the council nor any Authorized Officer
27 executing the Notes shall be liable personally on the Notes or be
28 subject to any personal liability or accountability by reason of
29 the issuance thereof. No member, officer, agent or employee of
30 the county shall incur any liability in acting or proceeding or
31 in not acting or not proceeding in good faith in accordance with

1 the terms of this ordinance and the Act. This ordinance is
2 passed with the intent that the laws of the State of Washington
3 shall govern its construction.

4 SECTION 5. Severability. If any one or more of the cove-
5 nants or agreements provided in this ordinance to be performed on
6 the part of the county shall be declared by any court of compe-
7 tent jurisdiction to be contrary to law, then such covenant or
8 covenants, agreement or agreements, shall be null and void and
9 shall be deemed separable from the remaining covenants and
10 agreements in this ordinance and shall in no way affect the
11 validity of the other provisions of this ordinance or of the
12 Notes.

13 SECTION 6. Defeasance. In the event that cash and/or
14 obligations that are legal investments for the county (or
15 repurchase agreements of such obligations) bearing such interest
16 and maturity date or dates as will assure the payment of the
17 principal of and interest on any Note at maturity are set aside
18 in the Redemption Fund and irrevocably pledged to the payment of
19 such principal and interest, such Note shall cease to be entitled
20 to any lien, benefit or security of this ordinance except the
21 right to receive payment in full from the cash and/or proceeds of
22 such obligations (or repurchase agreements) so set aside and
23 pledged and such Note shall not be deemed to be outstanding for
24 any purpose.

25 SECTION 7. Sale of Notes. The Notes shall be sold at
26 public sale. Bids must be on an all or none basis and agree to
27 pay not less than the par amount of the Notes, together with
28 accrued interest to the date of delivery of the Notes to the
29 purchaser. The director of the office of finance of the county
30 or the duly authorized successor to the duties of such office is
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1 hereby directed to cause a notice of such sale to be published at
2 least once in a financial newspaper or a journal of general cir-
3 culation throughout the United States and to provide such other
4 notice as he or she may deem advisable. Notwithstanding the pro-
5 visions of chapter 4.16 of the King County Code, the manner of
6 issuance and sale of the Notes shall be subject only to the pro-
7 visions of this ordinance.

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

13 INTRODUCED AND READ for the first time this 18th day of
14 February, 1986.

15 PASSED this 24th day of February, 1986.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Audrey Singer
Chair

19 ATTEST:

20
21 Dorothy M. Owens
Clerk of the Council

22 APPROVED this 25th day of February, 1986.

23 J. Hill
King County Executive

27 3785Y

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ATTACHMENT

\$ _____

NO. _____

KING COUNTY

STATE OF WASHINGTON

TAX ANTICIPATION NOTE, 1986

KING COUNTY (the "County"), a municipal corporation of the State of Washington, for value received promises to pay to the order of Bearer on March 10, 1987, the sum of

_____ DOLLARS

with interest at the rate of ___% per annum calculated on a 30-day month, 360-day year basis upon presentation and surrender of this Note at the principal corporate trust office of J. Henry Schroder Bank & Trust Company, New York, New York, or at the option of the holder, Seattle-First National Bank, Seattle, Washington (or any successor fiscal agent).

Pursuant to Ordinance No. _____ (the "Ordinance") passed by the County Council on February 24, 1986, this Note is one of an authorized issue of Notes payable, as to both principal and interest, from the "Tax Anticipation Note Redemption Account, 1986," (the "Redemption Fund") in the Current Expense Fund of the County. The County, by the Ordinance, has covenanted and agreed to deposit in the Redemption Fund on or before the 10th day of January 1987 the amount required for the payment of the principal of and interest on all of the Notes of this issue at their maturity.

This Note is a general obligation of the County. The County irrevocably pledges to budget and levy any and all ad valorem regular property taxes and excise taxes, license fees and other charges collected for King County which are to be paid into the Current Expense Fund of the County and are not required by law or ordinance to be paid into a special fund of the County in an amount sufficient, together with other money legally available and to be used therefor, to pay the principal of and interest on this Note and the full faith, credit and resources of the County are pledged irrevocably for the payment of such principal and interest.

The County has not reserved the optional right to redeem the Notes of this issue prior to their stated maturity; however, the Notes shall be subject to extraordinary mandatory redemption as provided in the Ordinance in the event that the County receives an opinion of its bond counsel that the interest on the Notes will be subject to taxation by the federal government due to enactment by Congress of legislation having retroactive application.

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication has been manually executed by J. Henry Schroder Bank & Trust Company.

1 It is certified and declared that this Note is issued
2 pursuant to and in strict compliance with the Constitution and
3 laws of the State of Washington and the ordinances and Charter of
4 the County, and all acts, conditions and things required by law
to exist, happen and be performed precedent to and in the
issuance of this Note do exist, have happened and have been
performed as provided by law.

5 IN WITNESS WHEREOF, King County, Washington, has caused this
6 Note to be executed with the facsimile signature of the King
7 County Executive and the Clerk of the County Council and the
official seal of the County Council to be imprinted hereon this
____ day of March, 1986.

8 KING COUNTY

9 By _____ (Facsimile Signature)
10 Clerk of the Council

By _____ (Facsimile Signature)
King County Executive

11 CERTIFICATE OF AUTHENTICATION

12 This Note is one of King County's Tax Anticipation Notes,
13 1986 described in and issued pursuant to the within-mentioned
14 ordinance.

J. HENRY SCHRODER BANK & TRUST
COMPANY
New York, New York

17 By _____

19 [FORM OF LEGAL OPINION TO
20 BE PRINTED ON REVERSE]

22 3785Y