

February 21 , 1985

Introduced by: BOB GREIVE

Proposed by: 85-84

7140

ORDINANCE NO. _____

AN ORDINANCE providing for the issuance and sale of tax anticipation notes of the county in the aggregate principal amount of \$24,100,000 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 a special account; 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 tax anticipation notes of the county.

During 1985, 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 the aggregate principal amount of \$24,100,000.

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:

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

1 "Authorized Officer" means any of the following: The King
2 County executive or deputy executive or director of the office
3 of finance of the county, and such other persons as may be
4 designated from time to time by the county executive.

5 "Co-paying Agents" means Seattle-First National Bank,
6 Seattle, Washington and J. Henry Schroder Bank & Trust Company,
7 New York, New York, or their successors as fiscal agents of the
8 State of Washington.

9 "Note Fund" means the Tax Anticipation Note Account, 1985,
10 in the current expense fund of the county created by Section II
11 3. hereof.

12 "Notes" means the Tax Anticipation Notes, 1985, of King
13 County authorized to be issued pursuant to Article II, Section
14 1. hereof.

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

20 SECTION 2. Ordinance to Constitute Contract. In consid-
21 eration of the purchase and acceptance of any of the Notes
22 authorized to be issued hereunder by those who shall hold the
23 same from time to time, this ordinance shall be deemed to be
24 and shall constitute a contract between the county and the
25 holders from time to time of the Notes; and the pledge of and
26 claim on the Note Fund and the covenants and agreements set
27 forth in this ordinance to be performed on behalf of the county
28 shall be for the equal benefit, protection and security of the
29 holders of any and all of the Notes, all of which, regardless
30 of the time or times of their delivery, shall be of equal rank
31 without preference, priority or distinction of any of the Notes
32 over any other thereof.

1 like principal amount to be designated "Tax Anticipation Notes,
2 1985," of King County (heretofore defined as the "Notes"). The
3 Notes are issued in anticipation of the receipt by the county
4 of Taxes for the county's current expense fund for the purpose
5 of providing funds to enable the county to pay current expenses
6 prior to the receipt of such Taxes and to pay the expenses of
7 issuing the Notes. The county covenants that it will deposit
8 sufficient money, with the Co-paying Agents, but solely from the
9 sources specified in Article II, Section 3. hereof, to pay the
10 principal of and interest on the Notes when the same becomes
11 due. The county authorizes and directs the Co-paying Agents to
12 pay the principal of and interest on the Notes when due from
13 money provided by the county.

14 SECTION 2. Terms and Form of Notes. The Notes shall be
15 dated March 19, 1985, shall mature March 10, 1986, and shall be
16 substantially in the form attached as Appendix A hereto with
17 such appropriate variations, omissions and insertions as are
18 permitted or required by this ordinance. The Notes shall be
19 negotiable and payable to bearer. The county and the Co-paying
20 Agents may treat the bearer thereof as the absolute owner of
21 any Note for the purpose of receiving payment thereof and for
22 all other purposes, and neither the county nor the Co-paying
23 Agents shall be affected by any notice or knowledge to the
24 contrary. The Notes shall be in denominations of integral
25 multiples of \$25,000, shall be numbered serially from 1 upwards
26 and shall bear interest payable at maturity at the rate fixed
27 at the time of their sale, computed on a 30-day month, 360-day
28 year basis. The Notes are not subject to redemption prior to
29 their stated maturity.

30 The Notes shall be executed on behalf of the county by the
31 facsimile signature of an Authorized Officer. The seal of the
32 county council shall be impressed or a facsimile thereof

1 imprinted on each Note. In case any person whose signature
2 shall appear on any Notes shall cease to be an Authorized
3 Officer before the delivery of such Notes, such signature shall
4 nevertheless be valid and sufficient for all purposes, and such
5 Note may be authenticated and delivered the same as if such
6 Authorized Officer had remained an Authorized Officer until
7 such delivery. The Notes shall be payable, both as to princi-
8 pal and interest, in immediately available lawful money of the
9 United States of America at the principal corporate trust
10 offices of the Co-paying Agents in Seattle, Washington and New
11 York, New York.

12 SECTION 3. Note Fund - Security and Sources of Payment of
13 Notes.

14 A. There is established a special account in the current
15 expense fund of the county to be known as the "Tax Anticipation
16 Note Account, 1985," (hereinbefore defined as the "Note Fund")
17 which account shall be drawn upon only for the payment of the
18 principal of and interest on the Notes. The county covenants
19 and agrees that it will deposit in the Note Fund on or before
20 the 10th days of January, February and March of 1986, at least
21 one-third of the amount required for the payment of the princi-
22 pal of and interest on the Notes at their maturity out of Taxes
23 received by the county and other money available to pay such
24 principal of and interest. In order to secure the payment when
25 due of the principal of and interest on the Notes and the
26 performance of any other obligation of the county to the
27 holders of the Notes, the county pledges to such payment and
28 performance all amounts from time to time on deposit in the
29 Note Fund and the current expense fund.

30 B. The county irrevocably pledges to include in its
31 budget and to levy Taxes annually, including ad valorem proper-
32 ty taxes within and as a part of the tax levy permitted to

1 counties without a vote of the people on all of the property in
2 the county subject to taxation in an amount sufficient, togeth-
3 er with other money legally available for such purpose and to
4 be used therefor, to pay the principal of and interest on the
5 Notes as the same shall accrue, and the full faith, credit and
6 resources of the county are pledged irrevocably for the annual
7 collection of those taxes and the prompt payment of that
8 principal and interest.

9 SECTION 4. Application of Proceeds. The county shall
10 deposit the proceeds of the issuance and sale of Notes into the
11 current expense fund of the county to be used, together with
12 other money on deposit in such fund, to pay the expenses and
13 obligations of the current expense fund when due and to pay the
14 costs of issuance of the Notes.

15 SECTION 5. Lost, Destroyed or Mutilated Notes. In the
16 event any Note is lost, destroyed or mutilated, the county will
17 cause to be issued a new Note, substantially similar to the
18 original, to replace the same, in such manner and upon such
19 reasonable terms and conditions as any Authorized Officer may
20 from time to time determine and in compliance with the laws of
21 the State of Washington.

22 SECTION 6.. Custody of Cancelled Notes. All Notes
23 surrendered to the Co-paying Agents upon the payment of the
24 principal and interest upon maturity thereof shall be cancelled
25 by the Co-paying Agents and forthwith transmitted to the
26 county, and thereafter the county shall have the custody of all
27 thereof.

28 ARTICLE III

29 Representations and Warranties

30 The county represents, warrants and agrees as follows:

31 SECTION 1. Corporate Authority. The county has full
32 legal right, power and authority to: A. adopt this ordinance,

1 B. to sell, issue and deliver the Notes as provided herein, and
2 C. to carry out and consummate all other transactions contem-
3 plated by this ordinance.

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

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

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

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

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

17 As long as any Notes are outstanding, the county will
18 cause an office or agency where any Notes may be presented for
19 payment to be maintained in the Borough of Manhattan, City and
20 State of 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 ex-
24 emption from federal income taxation of the interest on the
25 Notes and will take or require to be taken such acts as may
26 reasonably be within its ability and as may from time to time
27 be required under applicable law to continue the exemption from
28 federal income taxation of the interest on the Notes. Without
29 limiting the generality of the foregoing, the county covenants
30 that it will not issue an amount of Notes or take any action or
31 fail to take any action with respect to the investment of the
32 proceeds of any Notes or other funds which would result in

1 constituting the Notes "arbitrage bonds" within the meaning of
2 such term as used in Section 103(c) of the Internal Revenue
3 Code of 1954, as amended (the "Code"), or which would violate
4 Treasury Regulations under Section 103(c) of the Code applica-
5 ble to the Notes. The county further covenants that it will
6 not expend, or permit to be expended, Note proceeds in any
7 manner inconsistent with its expectations as certified in the
8 Arbitrage Certificate to be executed with respect to the Notes,
9 except that the county may expend Note proceeds in any manner
10 if the county first obtains an unqualified opinion of Bond
11 Counsel that such expenditure will not impair the exemption
12 from federal income taxes of the interest on the Notes.

13 The county represents that it has not been notified of any
14 listing or proposed listing by the Internal Revenue Service to
15 the effect that it is a bond issuer whose arbitrage certifica-
16 tions may not be relied upon.

17 SECTION 3. Use of Note Proceeds; Restrictions on Amend-
18 ments. The county covenants that none of the proceeds of the
19 Notes will be used for any purpose other than as provided in
20 this ordinance and that the county shall not suffer any amend-
21 ment or supplement to this ordinance, or any departure from the
22 due performance of the obligations of the county hereunder,
23 which might materially adversely affect the rights of the
24 holders from time to time of the Notes.

25 SECTION 4. Financial Information. The county covenants
26 that it will make available for inspection by the Note holders,
27 at the office of the county, a copy of the latest audit report
28 on the county's books and accounts and will also furnish a copy
29 thereof, upon request, to any Note holder.
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ARTICLE V

Miscellaneous

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

SECTION 2. Successors of County. In the event that any board, body or commission shall lawfully succeed to the principal functions of the county under the Act or that the powers and duties given to the county by the laws of the State of Washington or King County Charter shall be lawfully transferred to some other board, body or commission, all of the covenants, obligations and agreements contained in this ordinance by or on behalf of or for the benefit of the county shall bind or inure to the benefit of the successor or successors of the county from time to time.

SECTION 3. Effect of Partial Invalidity. In case any one or more of the provisions of this ordinance or of the Notes shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this ordinance or of the Notes, but this ordinance and the Notes shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, obligation or agreement contained in the Notes or in this ordinance shall for any reason be held to be in violation of law, then such covenant, obligation or agreement shall be deemed to be the covenant, obligation or agreement of the county to the full extent permitted by law.

SECTION 4. Effect of Covenants, etc. All covenants, obligations and agreements of the county contained in this ordinance shall be deemed to be covenants, obligations and agreements of the county to the full extent authorized by the

1 Act and permitted by the Constitution of the State of
2 Washington. No covenant, obligation or agreement contained
3 herein shall be deemed to be a covenant, obligation or agree-
4 ment of any present or future member, agent or employee of the
5 county in his or her individual capacity, and neither the
6 members of the county council nor any Authorized Officer
7 thereof executing the Notes shall be liable personally on the
8 Notes or be subject to any personal liability or accountability
9 by reason of the issuance thereof. No member, officer, agent
10 or employee of the county shall incur any liability in acting
11 or proceeding or in not acting or not proceeding in good faith
12 in accordance with the terms of this ordinance and the Act.
13 This ordinance is passed with the intent that the laws of the
14 State of Washington shall govern its construction.

15 SECTION 5. Severability. If any one or more of the
16 covenants or agreements provided in this ordinance to be
17 performed on the part of the county shall be declared by any
18 court of competent jurisdiction to be contrary to law, then
19 such covenant or covenants, agreement or agreements, shall be
20 null and void and shall be deemed separable from the remaining
21 covenants and agreements in this ordinance and shall in no way
22 affect the validity of the other provisions of this ordinance
23 or of the Notes.

24 SECTION 6. Defeasance. In the event that cash and/or
25 United States Treasury obligations (or repurchase agreements of
26 such obligations) bearing such interest and maturity date or
27 dates as will assure the payment of the principal of and
28 interest on any Note at maturity are set aside in the Note Fund
29 and irrevocably pledged to the payment of such principal and
30 interest, such Note shall cease to be entitled to any lien,
31 benefit or security of this ordinance except the right to
32 receive payment in full from the cash and/or proceeds of such

obligations (or repurchase agreements) so set aside and pledged and such Note shall not be deemed to be outstanding for any purpose.

SECTION 7. Sale of Notes. The Notes shall be sold at public sale. Bids must be on an all or none basis and agree to pay not less than the par amount of the Notes, together with accrued interest to the date of delivery of the Notes to the purchaser. The director of finance is hereby directed to cause a notice of such sale to be published at least once in a financial newspaper or journal of general circulation throughout the United States and to provide such other notice as he may deem advisable. All actions heretofore taken by the director of the office of finance in causing notice of the sale of the Notes are hereby ratified and confirmed. Notwithstanding the provisions of chapter 4.16 of the King County Code, the manner of issuance and sale of the Notes shall be subject only to the provisions of this ordinance.

SECTION 8. 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 25th day of February, 1985.

PASSED this 25th day of February, 1985.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

[Signature]
VICE Chairman

ATTEST:

[Signature]
Clerk of the Council

APPROVED this 15th day of March, 1985.

[Signature]
King County Executive

APPENDIX A

\$ _____

No. _____

KING COUNTY

STATE OF WASHINGTON

TAX ANTICIPATION NOTE, 1985

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, 1986, 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.

Pursuant to Ordinance No. _____ (the "Ordinance") passed by the County Council on _____, 1985, this Note is one of an Authorized issue of Notes payable, as to both principal and interest, from the "Tax Anticipation Note Account, 1985," (the "Note Fund") in the Current Expense Fund of the County. The County, by the Ordinance, has covenanted and agreed to deposit in the Note Fund on or before the 10th days of January, February and March, 1986, at least one-third of 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 right to redeem the Notes of this issue prior to their stated maturity.

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.

It is certified and declared that this Note is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and the ordinances and Charter of the County, and all acts, conditions and things required by law to exist, happen and be performed precedent to and in the

