

1 January 14, 1991

INTRODUCED BY: BRUCE LAING

2 PROPOSED NO.: 91-41

3
4 ORDINANCE NO. 9867

5 AN ORDINANCE authorizing the issuance of King
6 County Road Improvement District No. 106 bond
7 anticipation notes in the principal amount of
8 \$1,552,000; providing the terms, date, maturity
9 and form thereof; providing for the sale
10 thereof; and authorizing extension of term by
11 issuance of substitute notes.

12 PREAMBLE:

13 By Ordinance No. 8091, King County (the "county")
14 established Road Improvement District No. 106 ("RID 106"),
15 created the King County Road Improvement District No. 106
16 Construction Fund, ordered certain street improvements and
17 authorized and directed the office of finance [now, the
18 finance division of the office of financial management]
19 to obtain interim financing for the costs of such
20 improvements.

21 By chapter 39.50 RCW, the county is authorized to borrow
22 money in anticipation of the sale of bonds for road
23 improvement districts, and RCW 39.50.030 requires approval
24 of such borrowing by ordinance.

25 The King County Council (the "council") has determined
26 that it is in the best interests of the county that bond
27 anticipation notes in the aggregate principal amount of
28 \$1,552,000 (the "Notes") be issued to provide such interim
29 financing.

30 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Authorization of Bonds. For the purpose of paying
the cost and expense of the improvements to be constructed in
RID 106, the county shall issue and sell bonds of RID 106 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 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. 106 Construction Fund (the
"Construction Fund") and shall be applied, together with other

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1 available monies therein, to pay costs of the improvements, costs
2 of issuance of such bonds, and the principal of and unpaid interest
3 on the Notes and on any substitute notes issued in accordance with
4 this ordinance.

5 SECTION 2. Authorization of Notes. For the purpose of
6 providing interim financing for the improvements in RID 106, the
7 county shall issue and sell its King County Road Improvement
8 District No. 106 Bond Anticipation Notes in the principal amount of
9 \$1,552,000 (the "Notes"). The Notes shall be dated July 15,
10 1991, shall be fully registered, shall be in denominations of \$5,000
11 or any integral multiple of \$5,000, except one note shall be in any
12 such denomination plus \$2,000, shall mature on August 1, 1994,
13 (the "original maturity date") or such later date or dates as may
14 be endorsed on the Notes from time to time in accordance with this
15 ordinance (the "extended maturity date") and shall bear interest
16 from their date payable semiannually on each February 1 and
17 August 1, commencing February 1, 1992, to the registered owner
18 thereof, with full obligation on the part of the county to pay
19 interest until maturity and thereafter until such Notes, both
20 principal and interest, are paid in full; or, at the option of the
21 Noteowner, exchanged for a substitute note or notes of equal
22 aggregate principal amount as authorized by this ordinance, when,
23 as and if such substitute notes are offered by the county; or funds
24 are available in the Construction Fund sufficient to make such
25 payment in full. The interest shall accrue and be payable at the
26 original interest rate (not to exceed 26% per annum) to be
27 hereafter determined by the county executive in the manner provided
28 in this ordinance.

29 Principal of the Notes shall be payable upon presentation and
30 surrender of the Notes by the registered owner or nominee of such

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1 owner at the office of either of the fiscal agencies of the State
2 of Washington in the cities of Seattle, Washington and New York,
3 New York (the "Bond Registrar"). Interest on the Notes shall be
4 paid by check or draft mailed to the registered owner thereof or
5 nominee of such owner at the address appearing on the registry books
6 of the Bond Registrar on the 15th day of the month preceding the
7 interest payment date.

8 SECTION 3. Redemption. The county has reserved the right to
9 redeem the Notes on August 1, 1993, and on the first day of each
10 month thereafter. Notice of any such intended redemption shall be
11 given not less than 30 nor more than 60 days prior to the date fixed
12 for redemption by first class mail, postage prepaid, to the
13 registered owner hereof. The requirements of this paragraph shall
14 be deemed to be complied with when notice is mailed as herein
15 provided, regardless of whether or not it is actually received.
16 Interest on the Notes so called for redemption shall cease to accrue
17 on the date fixed for redemption unless such Notes are not paid upon
18 presentation made pursuant to such call. In addition, such notice
19 shall be mailed to the original purchaser of the Notes, but such
20 mailing shall not be a condition precedent to the redemption of the
21 Notes.

22 SECTION 4. Security; Additional Notes. The county covenants
23 that it will, in good faith make every reasonable effort to levy
24 assessments in RID 106 and sell a sufficient amount of Road
25 Improvement District No. 106 bonds so that, on or before the
26 maturity of the notes, monies will be accumulated in the
27 Construction Fund sufficient to pay at maturity the principal of
28 and interest then due on all outstanding Notes. The county further
29 covenants that it will set aside from the proceeds of the Notes,
30 earnings on investment of monies in the Construction Fund, and/or

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1 proceeds of an interfund loan or additional short term obligations
2 amounts sufficient, together with other monies legally available
3 therefor, to pay interest when due.

4 The county, in the discretion of the council, may issue
5 additional bond anticipation notes payable from the Construction
6 Fund to pay additional costs of the improvements and/or interest on
7 the Notes.

8 SECTION 5. Tax Code Covenant. The county covenants that it
9 will apply the principal proceeds of the Notes to the payment of
10 costs of right-of-way acquisition, costs of construction of the
11 improvements, interest on the Notes during construction and costs
12 of formation of RID 106 and of issuing the Notes and the substitute
13 notes, if any, and will make no use of the proceeds of the Notes at
14 any time during the term of the Notes which will cause the Notes to
15 become taxable under Sections 103, 141, 148 or 149 of the United
16 States Internal Revenue Code of 1986 and applicable regulations
17 promulgated thereunder.

18 SECTION 6. Form of the Notes. The Notes shall be printed,
19 lithographed, or typewritten on good bond paper in substantially
20 the following form:

21 UNITED STATES OF AMERICA

22 KING COUNTY, WASHINGTON

23 ROAD IMPROVEMENT DISTRICT NO. 106
24 BOND ANTICIPATION NOTE

25 NO. _____ \$ _____

26 Sections 36.88.240 and 39.50.050 of the Revised Code of
Washington provide, in part, as follows:

27 The owner of any bond or [short term
28 obligation] issued under the provisions of
[chapter 36.88 RCW] shall not have any claim
29 therefor against the county by which the same
is issued, except for payment from the special
30 assessments made for the improvement for which
said bond or [short term obligation] was issued
and except as against the improvement guaranty

1 fund of such county, and the county shall not
 2 be liable to any owner of such bond or [short
 3 term obligation] for any loss to the guaranty
 4 fund occurring in the lawful operation thereof
 5 by the county. The remedy of the owner of a
 6 bond, or [short term obligation,] in case of
 7 nonpayment shall be confined to the enforcement
 8 of any assessments made in such road
 9 improvement district and to the guaranty fund.

10 INTEREST RATE MATURITY DATE CUSIP NO.

11 SEE REVERSE SIDE FOR
 12 CERTAIN DEFINITIONS

13 REGISTERED OWNER:

14 PRINCIPAL AMOUNT: DOLLARS

15 King County, Washington, (the "County"), for value received
 16 hereby promises to pay to the Registered Owner identified above, or
 17 registered assigns, on the Maturity Date set forth above the
 18 Principal Amount indicated above and to pay interest thereon from
 19 the date of this note or the most recent date to which interest has
 20 been paid or duly provided for at the above Interest Rate, payable
 21 on _____, 19__, and semiannually thereafter on the first days
 22 of each _____ and _____. Interest at the applicable rate
 23 shall be payable until this note with interest is paid in full, or
 24 funds are available in the "King County Road Improvement District
 25 No. 106 Construction Fund" for payment in full, or at the option of
 26 the owner of this note, is exchanged for a substitute note or notes
 27 of equal aggregate principal amount when, as and if any such
 28 substitute notes are offered by the County. Both principal of and
 29 interest on this note are payable in lawful money of the United
 30 States of America. Principal of and interest due at maturity on
 this note shall be payable upon presentation and surrender of this
 certificate at the office of either of the fiscal agencies of the
 State of Washington in the cities of Seattle, Washington, and New
 York, New York (the "Bond Registrar"). Interest due prior to
 maturity is payable by check or draft mailed to the Registered Owner
 or assigns at the address appearing on the registry books of the
 Bond Registrar on the 15th day of the month preceding the interest
 payment date.

21 The County has reserved the right to redeem this note on
 22 _____, 19__, and on the first day of any month thereafter.
 23 Notice of any such intended redemption shall be given not less than
 24 30 nor more than 60 days prior to the date fixed for redemption by
 25 first class mail, postage prepaid to the Registered Owner hereof.
 26 The requirements of this paragraph shall be deemed to be complied
 27 with when notice is mailed as herein provided, regardless of whether
 28 or not it is actually received. Interest on this note shall cease
 29 to accrue on the date fixed for redemption unless the note is not
 30 paid upon presentation made pursuant to such call. In addition,
 such notice shall be mailed to _____, Attention:
 _____, but such mailing shall not be a condition
 precedent to the redemption of this note.

This note is one of an issue of \$1,552,000 of notes of like
 date, maturity, interest rate, tenor and effect, except as to number

1 and denomination, and is issued pursuant to Ordinance No. _____ of
2 the County (the "Note Ordinance") for the purpose of paying costs
3 of the improvements to be constructed in King County Road
4 Improvement District No. 106. The principal of and interest on this
5 note are payable solely from the King County Road Improvement
6 District No. 106 Construction Fund created by Ordinance No. 8091
7 (the "Construction Fund") and the King County Road Improvement
8 Guaranty Fund created by Resolution No. 13558.

9 By the Note Ordinance, the County has covenanted that it will
10 in good faith, make every reasonable effort to issue and sell a
11 sufficient amount of its Road Improvement District No. 106 bonds,
12 together with other monies legally available therefor, to pay
13 principal of and interest due at maturity on this note. Reference
14 is made to the Note Ordinance for a complete statement of the terms
15 and conditions upon which this note is issued.

16 It is hereby certified and declared that the notes of this
17 issue are issued pursuant to and in strict compliance with the
18 constitution and laws of the State of Washington and ordinances of
19 the County and that all acts, conditions and things required to be
20 done, to happen or to be performed precedent to the issuance of this
21 note have been done, have happened and have been performed.

22 IN WITNESS WHEREOF, the County has caused this note to be
23 signed by the manual or facsimile signature of the County Executive
24 and attested by the manual or facsimile signature of the Clerk of
25 the Council and its corporate seal to be impressed or a facsimile
26 imprinted hereon this 1st day of _____, 19__.

27 KING COUNTY OF WASHINGTON

28 By _____ (facsimile signature)
29 County Executive

30 Attest:

(facsimile signature)
Clerk of the Council

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This note is one of the fully registered King County,
Washington, Road Improvement District No. 106 Bond Anticipation
Notes described in the within mentioned Note Ordinance.

WASHINGTON STATE FISCAL AGENCY
Bond Registrar

By _____ (manual)
Authorized Officer

The following abbreviations, when used in the inscription on the face of the within note, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF (GIFT) (TRANSFER) MIN ACT _____ Custodian _____
(Custodian) (Minor)
 under _____ Uniform (Gifts)
(State)
 (Transfers) to Minors Act

Additional abbreviations may also be used though not in list above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

Please insert Social Security or Taxpayer
 Identification Number of Transferee

(Please print or typewrite name and address, including zip code of Transferee)

the within note and does hereby irrevocably constitute and appoint _____,
 or its successor, as Bond Registrar, to transfer said note on the

1 books kept for registration thereof with full power of substitution
2 in the premises.

3 DATED: _____

4 SIGNATURE GUARANTEED:
5
6 _____

NOTE: The signature on this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within note in every particular, without alteration or enlargement or any change whatever.

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9
10
11 SECTION 7. Transfer; Ownership. The Notes may be transferred
12 only on the Bond Register upon the surrender thereof to the
13 Registrar by the registered owner or duly authorized agent and only
14 if endorsed in the manner provided thereon. Such transfer shall be
15 without cost to the owner or transferee.

16 The county and the Bond Registrar may deem the person in whose
17 name such Note or Notes are registered to be the absolute owner
18 thereof for the purpose of receiving payment of the principal of
19 and interest on the Notes and for any and all other purposes
20 whatsoever.

21 SECTION 8. Execution of Notes. The Notes shall be signed on
22 behalf of the county with the facsimile or manual signature of the
23 county executive, shall be attested with the facsimile or manual
24 signature of the clerk of the council and shall have the corporate
25 seal of the county impressed or a facsimile thereof imprinted
26 thereon.

27 The Notes shall not be valid or obligatory for any purpose or
28 entitled to the benefits of this ordinance unless it shall bear
29 thereon a certificate of authentication in the form hereinbefore
30 recited, manually executed by the Bond Registrar. Such certificate

1 of authentication shall be conclusive evidence that the Notes so
2 authenticated have been duly executed, authenticated and delivered
3 hereunder and are entitled to the benefits of this ordinance.

4 In case either of the officers who shall have executed the
5 Notes or any Note which may be hereafter issued in substitution for
6 any Note shall cease to be such officer or officers of the county
7 before the Note so signed shall have been authenticated or delivered
8 by the Bond Registrar, or issued by the county, such Note may
9 nevertheless be authenticated, delivered and issued and upon such
10 authentication, delivery and issuance, shall be binding upon the
11 county as though those who signed the same had continued to be such
12 officers of the county. The Notes or any substitute Note may also
13 be signed and attested on behalf of the county by such persons as
14 at the actual date of execution of such Note shall be the proper
15 officers of the county although at the original date of such Note
16 any such person shall not have been such officer of the county.

17 SECTION 9. Lost or Destroyed Notes. In case any Note shall
18 be lost, stolen or destroyed, the Bond Registrar may authenticate
19 and deliver a new Note of like amount, date, principal amount,
20 maturity, interest rate, tenor and effect to the registered owner
21 or nominee thereof upon payment to the county for the expenses and
22 charges in connection therewith and upon its filing with the Bond
23 Registrar evidence satisfactory to said Bond Registrar that such
24 Note was actually lost, stolen or destroyed and of its ownership
25 thereof, and upon furnishing the county with indemnity satisfactory
26 to them both.

27 SECTION 10. Application and Use of Note Proceeds. The
28 principal proceeds and accrued interest received from the sale of
29 the Notes shall be deposited in the Construction Fund and shall be
30 used to pay costs of the improvements to be made in RID 106 and to

1 pay the costs of issuance of the Notes and may be used for any other
2 authorized expenses of RID 106, including the payment of interest
3 on the Notes.

4 Pending the expenditure of the principal proceeds, the county
5 may temporarily invest such proceeds in any investments permitted
6 by the laws of the State of Washington. The investment earnings
7 shall be retained in the Construction Fund and expended for the
8 purpose of such Fund.

9 From and after the deposit of Note proceeds in the Construction
10 Fund, expenditures from such Fund shall be deemed to have been
11 expended as follows: First, earnings from investment of Note
12 proceeds; second, all proceeds of the Notes; and third, any other
13 monies then on deposit or thereafter deposited in the Construction
14 Fund.

15 Provided that:

16 The accrued interest, if any, received upon delivery of the
17 Notes shall be deemed to be applied to payment of interest on the
18 Notes first coming due.

19 SECTION 11. Sale of the Notes. The manager of the finance
20 division of the office of financial management is hereby authorized
21 and directed to solicit proposals for purchase of the Notes from
22 such national banking associations, banks chartered by the State of
23 Washington and/or investment banking firms and in such manner as he
24 deems appropriate and in the best interests of the county, and the
25 county executive is authorized to approve and accept on behalf of
26 the county the one of such proposals at such price and such fixed
27 interest rate as shall result in the lowest net effective interest
28 cost to the county.

29 Provided that:
30

1 If he shall deem it to be in the best interests of the county,
2 the county executive may reject all proposals and solicit or cause
3 the manager of the finance division to solicit new proposals from
4 such financial institutions and/or investment banking firms and in
5 such manner as the county executive shall deem appropriate.

6 SECTION 12. Authorization of Substitute Notes. It is hereby
7 found and determined that the inherent nature of the procedures
8 required to confirm final assessment rolls and issue bonds to
9 finance road improvement district improvements, in addition to the
10 uncertainties in estimating improvement completion dates, has
11 required the county to extend the terms of interim financing through
12 interfund loans or other means, which creates uncertainty in
13 estimating financing costs for computing final assessment rolls
14 and/or increases the costs of the improvements. For these reasons,
15 the council is desirous of providing alternative, flexible means
16 for extending the term of the interim financing for RID 106 and
17 minimizing the interest and other costs of such financing.

18 The county executive and the manager of the finance division
19 of the office of financial management (the "finance manager") are
20 hereby authorized, for the foregoing purposes, to take such action
21 as necessary or appropriate to cause to be issued and delivered
22 substitute bond anticipation notes and to approve and execute such
23 instruments as may be necessary or desirable to effect such purposes
24 consistent with and subject to the following restrictions and
25 limitations.

26 Without further action by the council, the county executive is
27 hereby authorized to extend the maturity date of the interim
28 financing for the RID 106 improvements and to reset the interest
29 rate or set and reset an index percentage, as defined hereinbelow,
30 to be applicable to substitute notes for replacing the then

1 outstanding interim financing. Such maturity date may be extended
2 and the interest rate or index percentage may be reset by the
3 issuance of one or more series of substitute notes, which may be
4 sold to provide moneys to pay the then outstanding Notes or
5 substitute notes, or may be exchanged therefor, or both.

6 Provided that:

7 Unless otherwise approved by ordinance of the council, any
8 extended maturity date shall be on or before August 1, 1996, and
9 the interest rate shall not, at any time, exceed a rate per annum
10 which is the sum of the interest rate applicable to the Notes on
11 their date of issuance plus 5%.

12 Any reset interest rate may be a fixed rate or may be set as
13 a variable rate determined by a fixed percentage of a prime rate
14 regularly published in a daily financial newspaper of national
15 circulation or of the publicly announced prime rate of any specified
16 national banking association applicable to loans to the best
17 commercial customers of such banking association (the "index
18 percentage").

19 At any time that the maturity date is to be extended, the
20 county executive shall set the extended maturity date after taking
21 into account the then best estimates of the manager of the
22 engineering services section of the department of public works and
23 the finance manager as to the time required for completion of the
24 improvements, confirmation of the final assessment roll and issuance
25 of bonds for RID 106. The interest rate or index percentage
26 applicable to such extension shall be set after the finance manager
27 has solicited proposals for substitute notes in the manner provided
28 for the sale of the Notes, but the county executive may choose to
29 issue substitute notes in an aggregate principal amount equal to the
30 outstanding notes, solely for the purpose of exchange for the

1 outstanding and maturing Notes or substitute notes if, in his
2 discretion, after consultation with an independent financial
3 advisor, engaged for such purpose or under contract to the county
4 with respect to RID or other county financing, he deems the new
5 interest rate to be reasonable in the circumstances and it is
6 acceptable to the holders of the outstanding notes.

7 The aggregate amount of any substitute notes to be issued for
8 cash payment shall not exceed the principal amount of the notes then
9 outstanding plus so much of the accrued interest to the date of
10 their maturity for which moneys are not then available in the
11 Construction Fund, rounded to the nearest \$5,000. In no event shall
12 the aggregate amount of substitute notes be increased for any reason
13 or in any amount except to assure that the county shall not default
14 on the outstanding notes, except with prior approval of the council
15 by ordinance.

16 In the event that substitute notes are issued under the
17 authority of this section, they shall be in substantially the form
18 contained in this ordinance for the Notes with the following
19 exceptions:

20 A. If the term is one year or less, they may be in bearer
21 form.

22 B. Interest may be payable quarterly, semiannually or only
23 at maturity.

24 C. They may provide for payment to be made at the office of
25 the finance division or the Bond Registrar or both.

26 D. They shall be subject to redemption at the option of the
27 county at least as frequently as monthly, otherwise they may be made
28 subject to redemption at such intervals and provide for notice of
29 redemption during such period as the county executive shall approve.
30

1 The approval of any substitute notes for exchange or sale shall
2 be approved by the county executive in writing; such approval shall
3 include the terms, and a copy of the form of, such notes. Copies
4 of such approval shall be provided to the finance manager and to the
5 clerk of the council prior to delivery of any substitute notes.

6 SECTION 13. Severability. Should any section, subsection,
7 paragraph, sentence, clause or phrase of this ordinance be declared
8 unconstitutional or invalid for any reason, such decision shall not
9 affect the validity of the remaining portions of this ordinance.

10 SECTION 14. Effective Date. This ordinance shall take effect
11 ten days after signature by the county executive as provided by King
12 County Charter.

13 INTRODUCED AND READ for the first time this 22nd day of
14 January, 1991.

15 PASSED this 25th day of March, 1991.

16 KING COUNTY COUNCIL
17 KING COUNTY, WASHINGTON

18 Lois North
19 Chairman

20 ATTEST:

21 Gerald A. Peterson
22 Clerk of the Council

23
24 APPROVED THIS 5th day of April, 1991

25 Q. Hill
26 King County Executive
27
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