

RCW 81.112.310 Sale and leaseback—Conditions. Transactions undertaken under RCW 81.112.300 are subject to the following conditions:

(1) The financial institution, insurance company, or other entity that enters into a payment undertaking agreement with the regional transit authority or public development corporation or entity created under RCW 81.112.320 as a counterparty must have a rating from at least two nationally recognized credit rating agencies, as of the date of execution of the payment undertaking agreement, that is within the two highest long-term investment grade rating categories, without regard to subcategories, or the obligations of the counterparty must be guaranteed by a financial institution, insurance company, or other entity with that credit rating. The payment undertaking agreement must require that the obligations of the counterparty or the guarantor, as the case may be, must be collateralized by collateral of a type and in an amount specified by the governing body of the regional transit authority if the credit ratings of the counterparty or its guarantor fall below the level required by this subsection.

(2) The amount to be paid by the counterparties under payment undertaking agreements for a transaction under the terms of the agreements, when combined with the amount of securities, deposits, and investments set aside by the regional transit authority for payment in respect of the transactions, together with interest or other earnings on the securities, deposits, or investments, must be sufficient to pay when due all amounts required to be paid by the regional transit authority, or public corporation or entity created under RCW 81.112.320, as rent, debt service, or installments of purchase price, as the case may be, over the full term of the transaction plus any optional purchase price due under the transaction. A certification by an independent financial expert, banker, or certified public accountant, who is not an employee of the regional transit authority or public corporation or entity created under RCW 81.112.320, certifying compliance with this requirement is conclusive evidence that the arrangements, by their terms, comply with the requirement under this subsection on the sufficiency of the amount.

(3) The payment undertaking agreements, and all other basic and material agreements entered into in connection with the transactions, must specify that the parties to the agreements consent to the jurisdiction of state courts of Washington for disputes arising out of the agreements and agree not to contest venue before such courts. Regardless of the choice of law specified in the foregoing agreements, the agreements must acknowledge that the regional transit authority or public development corporation or entity created under RCW 81.112.320 that is a party to the agreements is an entity created under the laws of the state of Washington whose power and authority and limitations and restrictions on the power and authority are governed by the laws of the state of Washington.

Payment undertaking agreements that meet the foregoing requirement must be treated for all relevant purposes as agreements under which future services are performed for a present payment and shall not be treated as payment agreements within the meaning of chapter 39.96 RCW. [2000 2nd sp.s. c 4 § 19.]

Findings—Construction—2000 2nd sp.s. c 4 §§ 18-30: See notes following RCW 81.112.300.