

WAC 173-360A-1070 Mechanism—Local government bond rating test.

(1) **Applicability of mechanism.** A local government owner or operator and/or local government serving as a guarantor may satisfy the requirements of WAC 173-360A-1015 by meeting the bond rating test requirements in subsection (2) of this section.

(2) **Bond rating test requirements.**

(a) **General purpose local governments.** To pass the bond rating test, a general purpose local government owner or operator and/or local government must have a currently outstanding issue or issues of general obligation bonds of one million dollars or more, excluding refunded obligations, with a Moody's rating of Aaa, Aa, A, or Baa, or a Standard & Poor's rating of AAA, AA, A, or BBB. Where a local government has multiple outstanding issues, or where a local government's bonds are rated by both Moody's and Standard & Poor's, the lowest rating must be used to determine eligibility. Bonds that are backed by credit enhancement other than municipal bond insurance may not be considered in determining the amount of applicable bonds outstanding.

(b) **Nongeneral purpose local governments.** To pass the bond rating test, a local government owner or operator or local government that is not a general-purpose local government and does not have the legal authority to issue general obligation bonds must have a currently outstanding issue or issues of revenue bonds of one million dollars or more, excluding refunded issues, and by also having a Moody's rating of Aaa, Aa, A, or Baa, or a Standard & Poor's rating of AAA, AA, A, or BBB as the lowest rating for any rated revenue bond issued by the local government. Where bonds are rated by both Moody's and Standard & Poor's, the lower rating for each bond must be used to determine eligibility. Bonds that are backed by credit enhancement may not be considered in determining the amount of applicable bonds outstanding.

(3) **Letter from chief financial officer.**

(a) **General purpose local governments.** To demonstrate that it meets the local government bond rating test, the chief financial officer of a general purpose local government owner or operator and/or guarantor must sign a letter worded exactly as specified in WAC 173-360A-1088, except that the instructions in brackets are to be replaced by the relevant information and the brackets deleted.

(b) **Nongeneral purpose local governments.** To demonstrate that it meets the local government bond rating test, the chief financial officer of local government owner or operator and/or guarantor other than a general purpose government must sign a letter worded exactly as specified in WAC 173-360A-1089, except that the instructions in brackets are to be replaced by the relevant information and the brackets deleted.

(4) **Maintaining records of bond rating.** The local government owner or operator and/or guarantor must maintain a copy of its bond rating published within the last twelve months by Moody's or Standard & Poor's.

(5) **Obtaining alternate coverage if fail test.** If a local government owner or operator using the bond rating test to provide financial assurance finds that it no longer meets the bond rating test requirements, then the local government owner or operator must obtain alternate coverage within one hundred fifty days of the change in status.

(6) **Requests by department and findings of failure.** The department may require reports of financial condition at any time from the local government owner or operator, and/or local government guarantor. If the department finds, on the basis of such reports or other infor-

mation, that the local government owner or operator, and/or guarantor, no longer meets the local government bond rating test requirements of this section, the local government owner or operator must obtain alternate coverage within thirty days after notification of such a finding.

(7) **Notification of department if fail to obtain alternate coverage.** If a local government owner or operator fails to obtain alternate coverage within one hundred fifty days of finding that it no longer meets the requirements of the bond rating test or within thirty days of notification by the department that it no longer meets the requirements of the bond rating test, then by that date the owner or operator must notify the department of such failure and submit the evidence of financial responsibility specified in WAC 173-360A-1040(2).

[Statutory Authority: Chapter 90.76 RCW. WSR 18-15-083 (Order 16-02), § 173-360A-1070, filed 7/18/18, effective 10/1/18.]