

CITY OF SEATTLE
ORDINANCE _____
COUNCIL BILL 117940

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4 AN ORDINANCE relating to the drainage and wastewater system of The City of Seattle;
5 amending Ordinance 121938, as amended by Ordinance 122209 and Ordinance 122637,
6 to conform Ordinance 121938 to reflect changes recently made by the City to update its
standard form of bond ordinance; and ratifying and confirming certain prior acts.

7 WHEREAS, by Ordinance 122286 the City provided for the issuance and sale of drainage and
8 wastewater system bonds, in one or more series, for the purpose of paying all or part of
9 the cost of refunding certain of the City's outstanding drainage and wastewater bonds,
and the costs of issuance of those bonds; and

10 WHEREAS, by Ordinance 122209 the City provided for the amendment of certain definitions
11 and Ordinance 122637 provided for further amendment to certain definitions; and

12 WHEREAS, the City has recently updated the standard form of its bond ordinances and desires
13 to conform Ordinance 121938 to reflect those changes; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

14 **Section 1. Amendment to Ordinance 121938.** Each section of Ordinance 121938,
15 as amended by Ordinance 122209 and Ordinance 122637 (the "Ordinance"), is amended and
16 restated as set forth in Sections 2 through 39 of this amendatory ordinance. Additions are
17 double underlined and deletions are enclosed in double parentheses and struck through. Section
18 references in the amended text are made with reference to the Ordinance as amended and
19 restated by this ordinance. With respect to any Bonds authorized by the Ordinance, which are
20 outstanding as of the effective date of this amendatory ordinance, the amendments contained
21 herein shall be of no force or effect and the provisions of the Ordinance prior to the effective
22 date of this amendatory ordinance shall continue in effect with respect to those outstanding
23 Bonds.
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1 **Section 2. Amendment to Section 1 of the Ordinance.** Section 1 of Ordinance
2 121938, as amended by Ordinance 122209 and Ordinance 122637, is amended and restated as
3 follows:

4 **Section 1. Definitions.** As used in this ordinance the ~~((words~~
5 ~~hereinafter defined))~~following capitalized terms shall have the following
6 ~~meanings~~~~((set forth in this section.))~~:

7 “**Accreted Value**” means ~~((a))~~with respect to any Capital
8 Appreciation ~~((Bonds, as of the time of calculation, the sum of))~~Bond (a) as of
9 any Valuation Date, the amount set forth ~~((in the ordinance or Bond Resolution~~
10 ~~))~~for such date in any Parity Bond Legislation authorizing ~~((the))~~such Capital
11 Appreciation ~~((Bonds as the amount representing the initial principal amount of~~
12 ~~such Capital Appreciation Bonds plus the interest accumulated, compounded~~
13 ~~and unpaid thereon as of the most recent compounding date, or (b) with respect~~
14 ~~to Original Issue Discount Bonds, as of the date of calculation, the amount~~
15 ~~representing the initial public offering price of such Original Issue Discount~~
16 ~~Bonds plus the amount of the discounted principal which has accreted since the~~
17 ~~date of issue; in each case the Accreted Value shall be determined in accordance~~
18 ~~with the provisions of the ordinance or Bond Resolution authorizing the~~
19 ~~issuance of such bonds.))~~Bond, and (b) as of any date other than a Valuation
20 Date, the sum of (i) the Accreted Value on the preceding Valuation Date and (ii)
21 the product of (A) a fraction, the numerator of which is the number of days
22 having elapsed from the preceding Valuation Date and the denominator of
23 which is the number of days from such preceding Valuation Date to the next
24 succeeding Valuation Date, calculated based on the assumption that Accreted

1 Value accrues during any semiannual period in equal daily amounts on the basis
2 of a year of twelve 30-day months, multiplied by (B) the difference between the
3 Accreted Values for such Valuation Dates.

4 “**Acquired Obligations**” means those Government Obligations
5 purchased to accomplish the(~~refunding of the Refunded Bonds~~) Refunding
6 Plan, consistent with the Refunded Bond Legislation and any applicable
7 agreements with (~~providers~~)a provider of (~~Qualified~~)Bond Insurance or
8 (~~Alternate~~)a Reserve Security.

9 “**Adjusted Annual Debt Service**” for any fiscal year means Annual
10 Debt Service minus (((1))a) an amount equal to ULID Assessments due in that
11 year and not delinquent, (((2))b) an amount equal to earnings from investments
12 in the Reserve Subaccount, and (((3))c) Annual Debt Service provided for by
13 Parity Bond proceeds.

14 “**Adjusted Gross Revenue**” means, for any period, Gross Revenue plus
15 withdrawals from the Rate Stabilization Account made during that period, and
16 less deposits into the Rate Stabilization Account made during that period. *Upon*
17 *the redemption or defeasance of all ((of the then))outstanding ((1998 Bonds,*
18 *1999 Bonds, 2001 Bonds, 2002 Bonds and))2004 Bonds, “Adjusted Gross*
19 *Revenue” shall be defined as follows: “Adjusted Gross Revenue” means, for*
20 *any period, Gross Revenue plus withdrawals from the Rate Stabilization*
21 *Account made during that period, and minus (((1))a) ULID Assessments,*
22 *(((2))b) earnings from investments in the Reserve Subaccount and (((3))c)*
23 *deposits into the Rate Stabilization Account made during that period.*

1 **“Adjusted Net Revenue”** means Adjusted Gross Revenue less
2 Operating and Maintenance Expense.

3 ~~(“Alternate Security” means any insurance policy, collateral, security,~~
4 ~~letter of credit, standby bond purchase agreement, guaranty, surety bond, line of~~
5 ~~credit or similar credit enhancement device providing for or securing the~~
6 ~~payment of the principal of and interest on Parity Bonds, regarding the use of~~
7 ~~which the City receives (a) the approval of any Bond Insurer, and (b) written~~
8 ~~confirmation from Moody’s and S&P to the effect that the use of such Alternate~~
9 ~~Security will not cause a reduction in any then existing ratings for any of the~~
10 ~~Parity Bonds.))~~

11 **“Annual Debt Service”** for any calendar year means the sum of the
12 amounts required in such calendar year to pay~~((:))~~~~((a))~~ the interest due in such
13 calendar year on all Parity Bonds outstanding, excluding interest to be paid from
14 the proceeds of the sale of Parity Bonds or other bonds; ~~((and))~~~~((b))~~ the
15 principal of all outstanding Serial Bonds due in such calendar year; and~~((e))~~
16 the Sinking Fund Requirement, if any, for such calendar year.

17 (a) For purposes of this definition, the principal and interest portions
18 of the Accreted Value of Capital Appreciation Bonds becoming due at maturity
19 or by virtue of a Sinking Fund Requirement shall be included in the calculations
20 of accrued and unpaid and accruing interest or principal in such manner and
21 during such period of time as is specified in any Parity Bond
22 ~~((Ordinance))~~ Legislation authorizing such Capital Appreciation Bonds.

23 (b) For purposes of calculating and determining compliance with the
24 Coverage Requirement, the Reserve Requirement and the conditions for the

1 issuance of Future Parity Bonds and/or entering into Parity Payment
2 Agreements, the following shall apply:

3 ~~((1))~~**(i) Generally.** Except as otherwise provided by subparagraph
4 ~~((2))~~**(ii)** below with respect to Variable Interest Rate Bonds and
5 by subparagraph ~~((3))~~**(iii)** below with respect to Parity Bonds
6 with respect to which a Payment Agreement is in force, interest
7 on any issue of Parity Bonds shall be calculated based on the
8 actual amount of accrued, accreted or otherwise accumulated
interest that is payable in respect of that issue taken as a whole, at
the rate or rates set forth in the applicable Parity Bond
~~((Ordinance))~~Legislation.

9 ~~((2.))~~**(ii) Interest on Variable Interest Rate Bonds.** The amount
10 of interest deemed to be payable on any issue of Variable Interest
11 Rate Bonds shall be calculated on the assumption that the interest
12 rate on those bonds would be equal to the rate that is ~~((ninety
percent (90%)))~~90%~~((90%))~~ of the average RBI during the four calendar
quarters preceding the quarter in which the calculation is made.

13 ~~((3.))~~**(iii) Interest on Parity Bonds With Respect to Which a**
14 **Payment Agreement is in Force.** Debt service on Parity Bonds
15 with respect to which a Payment Agreement is in force shall be
16 based on the net economic effect on the City expected to be
17 produced by the terms of the Parity Bonds and the terms of the
18 Payment Agreement, including but not limited to the effects
19 produced by the following: ~~((a))~~**A)** Parity Bonds that would, but
20 for a Payment Agreement, be treated as obligations bearing
21 interest at a Variable Interest Rate instead shall be treated as
22 obligations bearing interest at a fixed interest rate, and ~~((b))~~**B)**
23 Parity Bonds that would, but for a Payment Agreement, be
24 treated as obligations bearing interest at a fixed interest rate
25 instead shall be treated as obligations bearing interest at a
26 Variable Interest Rate. Accordingly, the amount of interest
27 deemed to be payable on any Parity Bonds with respect to which
a Payment Agreement is in force shall be an amount equal to the
amount of interest that would be payable at the rate or rates stated
in those Parity Bonds plus Payment Agreement Payments minus
Payment Agreement Receipts. For the purposes of calculating as
nearly as practicable Payment Agreement Receipts and Payment

1 Agreement Payments under a Payment Agreement that includes a
2 variable rate component determined by reference to a pricing
3 mechanism or index that is not the same as the pricing
4 mechanism or index used to determine the variable rate interest
5 component on the Parity Bonds to which the Payment Agreement
6 is related, it shall be assumed that the fixed rate used in
7 calculating Payment Agreement Payments will be equal to 105%
8 of the fixed rate specified by the Payment Agreement and that the
9 pricing mechanism or index specified by the Payment Agreement
10 is the same as the pricing mechanism or index specified by the
11 Parity Bonds. Notwithstanding the other provisions of this
12 subparagraph~~((3))~~, the City shall not be required to (but may in
13 its discretion) take into account in determining Annual Debt
14 Service the effects of any Payment Agreement that has a term of
15 ten ~~((10))~~ years or less.

16 ~~((4.))~~ (iv) **Parity Payment Agreements.** No additional debt service
17 shall be taken into account with respect to a Parity Payment
18 Agreement for any period during which Payment Agreement
19 Payments on that Parity Payment Agreement are taken into
20 account in determining Annual Debt Service on related Parity
21 Bonds under ~~((subparagraph 3))~~ subsection (iii) of this definition.
22 However, for any period during which Payment Agreement
23 Payments are not taken into account in calculating Annual Debt
24 Service on any outstanding Parity Bonds because the Parity
25 Payment Agreement is not then related to any outstanding Parity
26 Bonds, payments on that Parity Payment Agreement shall be
27 taken into account by assuming:

(A) **City Obligated to Make Payments Based on Fixed
Rate.** If the City is obligated to make Payment Agreement
Payments based on a fixed rate and the Qualified
Counterparty is obligated to make payments based on a
variable rate index, that payments by the City will be
based on the assumed fixed payor rate, and that payments
by the Qualified Counterparty will be based on a rate
equal to the average rate determined by the variable rate
index specified by the Parity Payment Agreement during
the four calendar quarters preceding the quarter in which
the calculation is made, and

1 **(B) City Obligated to Make Payments Based on Variable**
2 **Rate Index.** If the City is obligated to make Payment
3 Agreement Payments based on a variable rate index and
4 the Qualified Counterparty is obligated to make payment
5 based on a fixed rate, that payments by the City will be
6 based on a rate equal to the average rate determined by
7 the variable rate index specified by the Parity Payment
8 Agreement during the four calendar quarters preceding
9 the quarter in which the calculation is made, and that the
10 Qualified Counterparty will make payments based on the
11 fixed rate specified by the Parity Payment Agreement.

12 “Authorized Denomination” means \$5,000 or any integral multiple
13 thereof within a maturity of a Series.

14 “Average Annual Debt Service” means, at the time of calculation, the
15 sum of the Annual Debt Service remaining to be paid to the last scheduled
16 maturity of the applicable(~~(-issue- or)~~) series of Parity Bonds divided by the
17 number of years such bonds are scheduled to remain outstanding.

18 “Beneficial Owner” means, with regard to a Bond, the owner of any
19 beneficial interest in that Bond.

20 “Bond Counsel” means a lawyer or a firm of lawyers, selected by the
21 City, of nationally recognized (~~(and accepted as bond counsel and so employed~~
22 by the City for any purpose under this ordinance applicable to the use of that
23 term))standing in matters pertaining to bonds issued by states and their political
24 subdivisions.

25 “Bond Insurance(~~-Policy~~)” means ((a municipal))any bond ((new
26 issue insurance policy issued by the Bond Insurer and approved by the City
27 Council by the Bond Resolution or by ordinance, and guaranteeing the timely
28 payment of))insurance, guaranty, surety bond or similar credit enhancement

1 device providing for or securing the payment of all or part of the principal of
2 and interest on any ((issue of-))Parity Bonds((in accordance with the terms of
3 that policy)).

4 ~~((“Bond Insurer” means an insurance company or other financial~~
5 ~~institution that provides a Bond Insurance Policy.))~~

6 “Bond Purchase Contract” means a written offer to purchase a Series,
7 which offer has been accepted by the City in accordance with this ordinance. In
8 the case of a competitive sale, the official notice of sale, the Purchaser’s bid and
9 the award by the City shall comprise the offer and the award by the City in
10 accordance with this ordinance shall be deemed the acceptance of that offer for
11 purposes of this ordinance.

12 “Bond Register” means the books or records maintained by the Bond
13 Registrar for the purpose of ((registration))identifying ownership of ((the))each
14 Bond((s)).

15 ~~“Bond ((Registrar” or “))Registrar” means the ((fiscal agency of the~~
16 ~~State of Washington))Fiscal Agent (unless the Bond Resolution provides for a~~
17 ~~different Bond Registrar with respect to a particular Series), or any successor~~
18 ~~bond registrar selected ((by the City, whose duties include the registration and~~
19 ~~authentication of the Bonds, maintenance of the Bond Register, effecting~~
20 ~~transfer of ownership of the Bonds, and paying the principal of and premium, if~~
21 ~~any, and interest on the Bonds))in accordance with the Registration Ordinance.~~

22 “Bond Resolution” means ((the))a resolution ((or resolutions-))of the
23 City Council adopted pursuant to this ordinance ((to specify certain additional

1 provisions of each series of the Bonds and their sale)) approving the Bond Sale
2 Terms and taking other actions consistent with this ordinance.

3 “Bond Sale Terms” means the terms and conditions for the sale of a
4 Series including the amount, date or dates, denominations, interest rate or rates
5 (or mechanism for determining interest rate or rates), payment dates, final
6 maturity, redemption rights, price, and other terms or covenants set forth in
7 Section 4.

8 “Bonds” means the Drainage and Wastewater System refunding revenue
9 bonds issued((in one or more series from time to time)) pursuant to((, under the
10 authority of and for the purposes provided in)) this ordinance.

11 “Capital Appreciation Bond((s))” means any ((revenue obligations of
12 the Drainage and Wastewater System))Parity Bond, all or a portion of the
13 interest on which is compounded and accumulated at the rates or in the manner,
14 and on the dates, set forth in the ((ordinance or Bond Resolution authorizing
15 those obligations))applicable Parity Bond Legislation and is payable only upon
16 redemption or on the maturity date of such ((obligations. Obligations which
17 are))Parity Bond. A Parity Bond issued as a Capital Appreciation Bond((s)), but
18 which later converts to ((obligations))an obligation on which interest is paid
19 periodically, shall be a Capital Appreciation Bond((s)) until the conversion date,
20 and thereafter shall no longer be a Capital Appreciation Bond((s)), but shall be
21 treated as having a principal amount equal to ((their))its Accreted Value on the
22 conversion date.

23 “City” means The City of Seattle, Washington, a municipal corporation
24 duly organized and existing under the laws of the State of Washington.

1 **“City Council”** means the City Council of the City, as duly and
2 regularly constituted from time to time.

3 **“Code”** means the Internal Revenue Code of 1986, or any successor
4 thereto, as it has been and may be amended from time to time, and regulations
5 thereunder.

6 (~~“Closing Date” means the date on which a series of Bonds is delivered~~
7 ~~to the initial purchaser or purchasers thereof upon payment in full therefor.~~)

8 **“Contract Resource Obligation”** means an obligation of the City,
9 designated as a Contract Resource Obligation and entered into ~~((pursuant to))~~ in
10 accordance with Section ((23 of this ordinance.))21.

11 **“Coverage Requirement”** means, with respect to the Parity Bonds, Net
12 Revenue and money from any other lawful source at least equal to 1.25 times
13 the Average Annual Debt Service. *Upon the redemption or defeasance of all*
14 ~~((of the then))~~ *outstanding ((1995 Bonds, 1998 Bonds, 1999 Bonds, 2001 Bonds,*
15 ~~2002 Bonds and))~~ *2004 Bonds, “Coverage Requirement” shall be defined as*
16 *follows: “Coverage Requirement” means Adjusted Net Revenue ((at*
17 ~~least))~~ *equal to at least 1.25 times Adjusted Annual Debt Service.*

18 **“DTC”** means The Depository Trust Company, New York, New York ~~((~~
19 ~~as initial Securities Depository for the Bonds)).~~

20 **“Director of Finance”** means the Director of the Finance Division of
21 the Department of Finance and Administrative Services of the City, or any other
22 officer who succeeds to substantially all of the responsibilities of that office.

1 **“Drainage and Wastewater Fund”** means the fund created by
2 Ordinance 84390 and later renamed by Ordinance ~~((114155-))~~114155, into
3 which is paid the Gross Revenue of the Drainage and Wastewater System.

4 **“Drainage and Wastewater System”** means the drainage and
5 wastewater system of the City, including the sanitary sewerage and storm
6 drainage systems, as it now exists (except properties, interests, and rights under
7 the jurisdiction of the City’s Parks and Recreation Department, Seattle Center
8 Department, Seattle Public Utilities Water System, City Light Department and
9 Fleets and Facilities Department), ~~((as the same may be added to, improved and~~
10 ~~extended for as long as any Parity Bonds are outstanding. Upon the redemption~~
11 ~~or defeasance of all of the then outstanding 1995 Bonds, “Drainage and~~
12 ~~Wastewater System” shall include))~~and all additions thereto and betterments and
13 extensions thereof at any time made, together with any utility systems of the
14 City here~~((in))~~after combined with the Drainage and Wastewater System~~((, but~~
15 ~~not))~~. The Drainage and Wastewater System shall not include any separate
16 utility system that may be created, acquired or constructed by the City as
17 provided in Section 20~~((of this ordinance))~~.

18 ~~((“Director of Finance” means the Director of the Finance of the City,~~
19 ~~or any successor thereto.))~~

20 **“Event of Default”** shall have the meaning assigned to that term in
21 Section 26.

22 **“Fiscal Agent”** means the fiscal agent of the State, as the same may be
23 designated by the State from time to time.

1 **“Future Parity Bonds”** means, with reference to any ((and))Series of
2 the Bonds, all revenue bonds and obligations of the Drainage and Wastewater
3 System (other than ~~((the))~~that Series and any other Parity Bonds then
4 outstanding), issued or entered into((–hereafter)) after the Issue Date of such
5 Series, the payment of ~~((the principal of and interest on–))~~which constitutes a
6 ~~((lien and–))~~charge ~~((upon))~~and lien on the ~~((Gross))~~Net Revenue ~~((on a~~
7 ~~parity))~~equal in rank with the ~~((lien and–))~~charge and lien upon such ~~((Gross~~
8 ~~Revenue for the Outstanding))~~revenue required to be paid into the Parity
9 ~~((Bonds and the Bonds–))~~Bond Account in accordance with Section 16. Future
10 Parity Bonds may include Parity Payment Agreements and any other obligations
11 issued in compliance with Section ~~((17.))~~18.

12 **“Future Parity Bond Legislation”** means any ordinance or resolution
13 passed or adopted by the City Council providing for the issuance and sale of a
14 series of Future Parity Bonds, and any other ordinance or resolution amending
15 or supplementing the provisions of any such ordinance or resolution.

16 **“Government Obligations”** ~~((means direct obligations of, or obligations~~
17 ~~the principal of and interest on which are unconditionally guaranteed by, the~~
18 ~~United States Government))~~has the meaning given in RCW 39.53.010, as now in
19 effect or as may hereafter be amended.

20 **“Gross Revenue”** means (a) all income, revenues, receipts and profits
21 derived by the City through the ownership and operation of the Drainage and
22 Wastewater System; (b) the proceeds received by the City directly or indirectly
23 from the sale, lease or other disposition of any of the properties, rights or
24 facilities of the Drainage and Wastewater System; (c) Payment Agreement

1 Receipts, to the extent that such receipts are not offset by Payment Agreement
2 Payments; and (d) the investment income earned on money held in any fund or
3 account of the City, including any bond redemption funds and the accounts
4 therein, in connection with the ownership and operation of the Drainage and
5 Wastewater System. Gross Revenue does not include: (a) insurance proceeds
6 compensating the City for the loss of a capital asset; (b) income derived from
7 investments irrevocably pledged to the payment of any defeased bonds payable
8 from Gross Revenue; (c) investment income set aside for or earned on money in
9 any fund or account created or maintained solely for the purpose of complying
10 with the arbitrage rebate provisions of the Code; (d) any gifts, grants, donations
11 or other funds received by the City from any State or federal agency or other
12 person if such gifts, grants, donations or other funds are the subject of any
13 limitation or reservation imposed by the donor or grantor or imposed by law or
14 administrative regulation to which the donor or grantor is subject, limiting the
15 application of such funds in a manner inconsistent with the application of Gross
16 Revenue hereunder; (e) the proceeds of any borrowing for capital improvements
17 (or the refinancing thereof); (f) the proceeds of any liability or other insurance
18 (excluding business interruption insurance or other insurance of like nature
19 insuring against the loss of revenues);~~((and))~~ (g) general *ad valorem* taxes,
20 excise taxes and special assessments, including interest and penalties thereon~~((~~
21 ~~Upon the redemption or defeasance of all of the then outstanding 1995 Bonds,~~
22 ~~Gross Revenue also shall not include))~~; and (h) earnings of any separate utility
23 system that may be created, acquired, or constructed by the City pursuant to
24 Section ~~((22 of this ordinance))~~20.

1 **“Independent ~~((Consulting Engineer))~~Utility Consultant”** means
2 ~~((the))~~an independent person~~((s))~~ or firm~~((s) selected by the City))~~ having a
3 favorable reputation for skill and experience with drainage and wastewater
4 systems of comparable size and character to the Drainage and Wastewater
5 System in such areas as ~~((and))~~are relevant to the purpose~~((s))~~ for which they
6 were retained.

7 **“Issue Date”** means, with respect to a Bond, the date, as determined by
8 the Director of Finance, on which that Bond is issued and delivered to the
9 Purchaser in exchange for its purchase price.

10 **“Letter of Representations”** means~~((, for each series of Bonds, the~~
11 ~~Letter of Representations relating to the Bonds to be delivered by the City to~~
12 ~~DTC.))~~ the Blanket Issuer Letter of Representations between the City and DTC
13 dated October 4, 2006, as it may be amended from time to time, or an agreement
14 with a substitute successor Securities Depository.

15 **“Maximum Annual Debt Service”** means, at the time of calculation,
16 the maximum amount of Annual Debt Service which shall become due in the
17 current calendar year or in any future calendar year on ~~((any outstanding))~~the
18 Parity Bonds then outstanding.

19 ~~((“Moody’s” means Moody’s Investors Service, Inc.))~~

20 **“MSRB”** means the Municipal Securities Rulemaking Board.

21 ~~((“Net Revenue of the Drainage and Wastewater System” or))~~**“Net**
22 **Revenue”** means, for any period, the Gross Revenue less Operating and
23 Maintenance Expense~~((paid from Gross Revenue)).~~

1 **“Operating and Maintenance Expense”** means all reasonable expenses
2 incurred by the City in causing the Drainage and Wastewater System to be
3 operated and maintained in good repair, working order and condition, including
4 without limitation payments (other than payments out of proceeds of Parity
5 Bonds or other obligations not issued to pay current expenses of the Drainage
6 and Wastewater System) into reasonable reserves for items of operating or
7 maintenance expense the payment of which is not immediately required,
8 payments of premiums for insurance, if any, on the Drainage and Wastewater
9 System, ~~((and-))~~any State-imposed taxes, and also including all payments made
10 to another municipal corporation or other agency for treatment or disposal of
11 sewage, and amounts due under any Contract Resource Obligation, but
12 excluding depreciation and amortization, and any City taxes imposed or levied
13 on the Drainage and Wastewater System or Gross Revenue or payments in lieu
14 of taxes payable from the Gross Revenue of the Drainage and Wastewater
15 System, and payments of claims or judgments. Accounting for those expenses
16 shall be in accordance with generally accepted accounting principles. ~~((Upon
17 the redemption or defeasance of all of the then outstanding 1995 Bonds,
18 Operating and Maintenance Expense also shall include amounts due under any
19 Contract Resource Obligation under the conditions described in Section 23 of
20 this ordinance.))~~

21 ~~((“Original Issue Discount Bonds” means revenue obligations of the
22 Drainage and Wastewater System which are sold at an initial public offering
23 price of less than ninety five percent (95%) of their face value and which are
24~~

1 specifically designated as Original Issue Discount Bonds by the ordinance or
2 Bond Resolution under which such obligations are issued.))

3 **“Outstanding Parity Bonds”** means, with reference to any Series of the
4 Bonds, the then outstanding ((1995 Bonds, 1998 Bonds, 1999 Bonds, 2001
5 Bonds, 2002 Bonds and 2004 Bonds, as))series of Parity Bonds described in
6 Exhibit A, and any other Parity Bonds outstanding as of the Issue Date of that
7 Series.

8 **“Owner”** means, without distinction, the Registered Owner and the
9 Beneficial Owner of a Bond.

10 **“Parity Bond Account”** means the ((“))Drainage and Wastewater
11 Revenue Bond Account, ((1990“))1990, created by Ordinance 115098 in the
12 Drainage and Wastewater Fund for the purpose of paying and securing the
13 principal of and interest on Parity Bonds.

14 **“Parity Bond ((Ordinance))Legislation”** means any ordinance or
15 ((Bond Resolution))resolution passed or adopted by the City Council providing
16 for the issuance and sale of a series of Parity Bonds, and any other ordinance or
17 ((Bond Resolution))resolution amending or supplementing the provisions of any
18 Parity Bond ((Ordinance as originally passed or adopted or as theretofore
19 amended or supplemented))Legislation.

20 **“Parity Bonds”** means the Outstanding Parity Bonds, the Bonds, and
21 any outstanding Future Parity Bonds.

22 **“Parity Conditions”** means the conditions for issuing Future Parity
23 Bonds under the Parity Bond Legislation.

1 **“Parity Payment Agreement”** means a Payment Agreement under
2 which the City’s payment obligations are expressly stated to constitute a charge
3 and lien on the Net Revenue (~~((of the Drainage and Wastewater System))~~) equal
4 in rank with the charge and lien upon such (~~((Net Revenue))~~) revenue required to
5 be paid into the Parity Bond Account to pay (~~((and secure the payment of the~~
6 ~~principal of and))~~) interest on Parity Bonds.

7 **“Payment Agreement”** means a written (~~((contract entered~~
8 ~~into))~~) agreement, for the purpose of managing or reducing the City’s exposure to
9 fluctuations or levels of interest rates or for other interest rate, investment, asset
10 or liability management purposes, entered into on either a current or forward
11 basis by the City and a Qualified Counterparty (~~((on either a current or forward~~
12 ~~basis))~~) as authorized by any applicable laws of the State in connection with, or
13 incidental to, the issuance, incurring or carrying of particular bonds, notes, bond
14 anticipation notes, commercial paper or other obligations for borrowed money,
15 or lease, installment purchase or other similar financing agreements or
16 certificates of participation therein, that provides for an exchange of payments
17 based on interest rates, ceilings or floors on such payments, options on such
18 payments, or any combination thereof or any similar device.

19 **“Payment Agreement Payments”** means the amounts (~~((s))~~) periodically
20 required to be paid by the City to the Qualified Counterparty pursuant to a
21 Payment Agreement.

22 **“Payment Agreement Receipts”** means the amounts periodically
23 required to be paid by the Qualified Counterparty to the City pursuant to a
24 Payment Agreement.

1 **“Permitted Investments”** means any ~~((legal))~~investments or investment
2 agreements permitted for ~~((money of the City.))~~the investment of City funds
3 under the laws of the State, as amended from time to time.

4 ~~((“Principal Amount” means, at the time of calculation, (a) with respect~~
5 ~~to any Capital Appreciation Bond, the Accreted Value thereof (the difference~~
6 ~~between the stated amount to be paid at maturity and the Accreted Value being~~
7 ~~deemed unearned interest), and (b) with respect to any Original Issue Discount~~
8 ~~Bond, the Accreted Value thereof, unless the ordinance or Bond Resolution~~
9 ~~under which such obligation was issued shall specify a different amount, in~~
10 ~~which case, the terms of the ordinance or Bond Resolution shall control.))~~

11 **“Principal and Interest Subaccount”** means the subaccount of that
12 name created in the Parity Bond Account by Ordinance 115098 for the payment
13 of the principal of and interest on Parity Bonds.

14 **“Purchaser”** means the entity or entities who have been selected in
15 accordance with this ordinance to serve as underwriter, purchaser or successful
16 bidder in a sale of any Series.

17 **“Qualified Counterparty”** means a party (other than the City or a
18 ~~((person))~~party related to the City) who is the other party to a Payment
19 Agreement~~((and)),~~ (a)(i) whose senior debt obligations are rated in one of the
20 three highest rating categories of each of the Rating Agencies (without regard to
21 any gradations within a rating category), or (ii) whose obligations under the
22 Payment Agreement are guaranteed for the entire term of the Payment
23 Agreement by a bond insurer or other institution which has been assigned a
24 credit rating in one of the two highest rating categories of each Rating Agency;

1 and (b) who is otherwise qualified to act as the other party to a Payment
2 Agreement under any applicable laws of the State.

3 **“Qualified Insurance”** means ~~((any municipal bond insurance policy or~~
4 ~~surety bond issued by any insurance company licensed to conduct an insurance~~
5 ~~business in any state of the United States (or by a service corporation acting on~~
6 ~~behalf of one or more such insurance companies) which insurance company or~~
7 ~~companies))~~Bond Insurance provided by an insurance company that, as of the
8 time of issuance of such ~~((policy or surety bond, are))~~Bond Insurance, is rated in
9 one of the two highest rating categories ~~((by Moody’s and S&P or their~~
10 ~~comparably recognized business successors))~~(without regard to any gradations
11 within a rating category) by at least two nationally recognized rating agencies.

12 **“Qualified Letter of Credit”** means any letter of credit issued by a
13 financial institution for the account of the City on behalf of the Beneficial
14 Owner of any Parity Bond, which institution maintains an office, agency or
15 branch in the United States and, as of the time of issuance of such letter of
16 credit, is rated in one of the two highest rating categories by at least two
17 nationally recognized rating agencies.

18 **“RBI”** means The Bond Buyer Revenue Bond Index or comparable
19 index, or, if no comparable index can be obtained, 80% of the interest rate for
20 actively traded 30-year United States Treasury obligations.

21 **“Rate Stabilization Account”** means the account of that name
22 previously established by Section 26 of Ordinance 118974.

23 **“Rating ((Agencies))Agency”** means~~((Moody’s and S&P, and their~~
24 ~~successors and any ((other--))nationally((-))_recognized((-securities))~~ rating

1 agency (~~or agencies~~)then maintaining a rating on a series of Parity Bonds at
2 the request of the City.

3 (~~“RBI” means *The Bond Buyer Revenue Bond Index* or comparable~~
4 ~~index, or, if no comparable index can be obtained, eighty percent (80%) of the~~
5 ~~interest rate for actively traded thirty (30) year United States Treasury~~
6 ~~obligations.~~)

7 “Record Date” means, unless otherwise defined in the Bond Resolution,
8 in the case of each interest or principal payment or redemption date, the Bond
9 Registrar’s close of business on the 15th day of the month preceding the interest
10 or principal payment date. With regard to redemption of a Bond prior to its
11 maturity, the Record Date shall mean the Bond Registrar’s close of business on
12 the day prior to the date on which the Bond Registrar sends the notice of
13 redemption.

14 “Refundable Bonds” means, collectively, all (~~or a portion of any~~
15 Outstanding Parity Bonds and the Bonds, and all or a portion of those Future
16 Parity Bonds that have been designated))Parity Bonds that the City may from
17 time to time designate as Refundable Bonds(~~in the applicable Parity Bond~~
18 Ordinance)).

19 (~~“Refunded Bonds” means those Refundable Bonds included in a~~
20 ~~Refunding Plan.~~)

21 “Refunded Bond Legislation” means the respective ordinance and
22 resolution, including all amendatory or supplemental ordinances and resolutions,
23 pursuant to which (~~the~~)a series of Refunded Bonds (~~were~~)was issued.

1 “Refunded Bonds” means those Refundable Bonds included in a
2 Refunding Plan.

3 “Refunding Plan” means~~((, with respect to the issuance of each series~~
4 of Bonds, the refunding of all or a portion of the Refundable Bonds through the
5 issuance of such series, as more particularly described in the Bond
6 Resolution.))the plan approved in a Bond Resolution to issue a Series, and to
7 apply the proceeds of the sale of such Series and any other available money
8 included in the plan, to redeem, or to defease and redeem, those Refundable
9 Bonds identified in the plan.

10 “Refunding Trust Agreement” means, with respect to each ((series of
11 Bonds))Series, a refunding trust or escrow agreement, dated as of the Issue Date
12 of such Series, between the City and a Refunding Trustee((, dated as of the
13 Closing Date of such series,)) and providing for the ((safekeeping))irrevocable
14 deposit of ((certain)) Bond proceeds and ((the refunding of all or a portion of the
15 Refundable Bonds)) other available money of the City, to be used to carry out a
16 Refunding Plan.

17 “Refunding Trustee” means, for each ~~((s))Series((of Bonds)),~~ the
18 Director of Finance, or ((the trustee or escrow agent designated))a financial
19 institution selected by the Director of Finance((, consistent with the Refunded
20 Bond Legislation and any applicable agreements with providers of Qualified
21 Insurance or Alternate Security)) to serve as refunding trustee or escrow agent
22 under a Refunding Trust Agreement.

23 “Registered Owner” means, with regard to a Bond, the person
24 ((shown))in whose name that Bond is registered on the Bond Register. For so

1 long as the ((owner of one or more Bonds))City uses a book-entry only system
2 under the Letter of Representations, the Registered Owner shall mean the
3 Securities Depository.

4 “Registration Ordinance” means City Ordinance 111724 establishing a
5 system of registration for the City’s bonds and other obligations pursuant to
6 Seattle Municipal Code Chapter 5.10, as that chapter now exists or may
7 hereafter be amended.

8 “Reserve Requirement” means((an amount equal to)) the least of the
9 Maximum Annual Debt Service at the time of calculation, 1.25 times Average
10 Annual Debt Service at the time of calculation, or ((ten percent (10%)) of
11 the proceeds of each series of then outstanding Parity Bonds((at the time of the
12 dates of their respective issuances and payments therefor by the initial
13 purchasers. The Reserve Requirement may be satisfied to the extent of the
14 amount payable under an Alternate Security which contains a contract to
15 provide money to pay debt service on Parity Bonds. The Reserve Requirement
16 shall be provided by cash, Permitted Investments or Alternate Security or any
17 combination thereof, and shall be subject to the provisions of Section 14(d) of
18 this ordinance. For any issue of Parity Bonds, the Reserve Requirement may be
19 provided within five (5) years after the issuance of such Parity Bonds in
20 accordance with Section 17 of this ordinance.)), as of the date of delivery of
21 each series.

22 “Reserve Security” means any Qualified Insurance or Qualified Letter
23 of Credit obtained by the City to satisfy part or all of the Reserve Requirement,
24 and which is not cancelable on less than three years’ notice.

1 **“Reserve Subaccount”** means the subaccount of that name created in
2 the Parity Bond Account by Ordinance 115098 for the purpose of securing the
3 payment of the principal of and interest on Parity Bonds.

4 **“Rule 15c2-12”** means Rule 15c2-12 promulgated by the SEC under the
5 Securities Exchange Act of 1934, as amended.

6 **“SEC”** means the United States Securities and Exchange Commission.

7 **“Securities Depository”** means(~~any one of the following registered~~
8 ~~securities depositories which has been designated by the City: (i) DTC; (ii)~~
9 ~~Midwest Securities Trust Company, Chicago, Illinois; (iii) Philadelphia~~
10 ~~Depository Trust Company, Philadelphia, Pennsylvania; or (iv) such other~~
11 ~~securities depositories as the City may designate in a certificate of the City~~
12 ~~delivered to the Bond Registrar.)) DTC, any successor thereto, any substitute
13 securities depository selected by the City, or the nominee of any of the
14 foregoing. Any successor or substitute Securities Depository must be qualified
15 under applicable laws and regulations to provide the services proposed to be
16 provided by it.~~

17 **“Serial Bonds”** means Parity Bonds maturing in specified years, for
18 which no Sinking Fund Requirements are mandated.

19 **“Series”** means a series of the Bonds issued pursuant to this ordinance.

20 (~~“Sinking Fund Account” means any account created in the Parity~~
21 ~~Bond Account to amortize the principal or make mandatory redemptions of~~
22 ~~Term Bonds.))~~

23 **“Sinking Fund Requirement”** means, for any calendar year, the
24 principal amount and premium, if any, of Term Bonds required to be purchased,

1 redeemed, paid at maturity or paid into any (~~(Sinking Fund))~~Parity Bond
2 Account for such calendar year as established by the Parity Bond
3 (~~(Ordinance))~~Legislation authorizing the issuance of such Term Bonds.

4 (~~(“S&P” means Standard and Poor’s Ratings Services, a Division of the~~
5 ~~McGraw-Hill Companies, Inc.)~~)

6 **“State”** means the State of Washington.

7 **“State Auditor”** means the office of the Auditor of the State or such
8 other department or office of the State authorized and directed by State law to
9 make audits.

10 **“Tax Credit Subsidy Bond”** means any bond that is designated by the
11 City as a tax credit bond pursuant to the Code, and which is further designated
12 as a “qualified bond” under Section 6431 or similar provision of the Code, and
13 with respect to which the City is eligible to claim a tax credit subsidy payment.

14 **“Tax Credit Subsidy Payment”** means a payment by the federal
15 government with respect to a Tax Credit Subsidy Bond.

16 **“Tax-Exempt Bond”** means any Bond, the interest on which is intended
17 on the Issue Date to be excluded from gross income for federal income tax
18 purposes.

19 **“Term Bond((s))”** means any (~~(bonds))~~Bond(~~(-of any single issue or~~
20 ~~series designated as Term Bonds in the ordinance or resolution authorizing the~~
21 ~~issuance of such bonds.)) that is issued subject to mandatory redemption prior to
22 its maturity in periodic mandatory redemption payments.~~

23 **“ULID(~~-Assessments~~)”** means(~~(-all assessments levied and collected~~
24 ~~in))~~) a utility local improvement district of the City created for the acquisition or

1 construction of additions to and betterments and extensions of the Drainage and
2 Wastewater System.

3 “ULID Assessments” means all assessments levied and collected in a
4 ULID, if ~~((~~)and only if~~(~~) those assessments are pledged to be paid into the
5 Parity Bond Account. ULID Assessments shall include all installments of
6 principal, payments of interest, and penalties and interest on delinquencies, but
7 shall not include any prepaid assessments paid into a construction fund or
8 account.~~((ULID Assessments shall include installments thereof and any interest~~
9 ~~or penalties thereon.))~~

10 “Undertaking” means the ~~((City’s--))~~undertaking ~~((in the Bond~~
11 ~~Resolution--))~~to provide ~~((certain--))~~continuing disclosure ~~((as provided~~
12 ~~by))~~entered into pursuant to Section ~~((18))~~24 of this ordinance, in substantially
13 the form attached as Exhibit B.

14 “Valuation Date” means, with respect to any Capital Appreciation
15 Bond, the date or dates set forth in the relevant Parity Bond Legislation or Bond
16 Purchase Contract on which specific Accreted Values are assigned to that
17 Capital Appreciation Bond.

18 “Variable Interest Rate” means any variable interest rate or rates to be
19 borne by any Parity Bonds. The method of computing such a variable interest
20 rate shall be ~~((as specified))~~set in accordance with the applicable Parity Bond
21 ~~((Ordinance authorizing or specifying the terms of such Parity Bonds, which~~
22 ~~Parity Bond Ordinance also))~~Legislation, which shall specify either ~~((1))~~a) the
23 particular period or periods of time or manner of determining such period or
24 periods of time for which each value of such variable interest rate shall remain

1 in effect or ~~((2))~~b) the time or times upon which any change in such variable
2 interest rate shall become effective.

3 **“Variable Interest Rate Bond((s))”** means, for any period of time, any
4 Parity Bond((s)) that bears a Variable Interest Rate during that period, except
5 that a Parity Bond((s)) shall not be treated as a Variable Interest Rate Bond((s))
6 if the net economic effect of interest rates on a particular Parity Bond((s)) of ~~((an~~
7 ~~issue))~~a series and interest rates on other Parity Bonds of the same
8 ~~((issue))~~series, as set forth in the applicable Parity Bond
9 ~~((Ordinance))~~Legislation, or the net economic effect of a Payment Agreement
10 with respect to a particular Parity Bond((s)), in either case is to produce
11 obligations that bear interest at a fixed interest rate; and a Parity Bond((s)) with
12 respect to which a Payment Agreement is in force shall be treated as a Variable
13 Interest Rate Bond((s)) if the net economic effect of the Payment Agreement is
14 to produce ~~((obligations))~~an obligation that bears interest at a Variable Interest
15 Rate.

16 **Section 3. Amendment to Section 2 of the Ordinance.** Section 2 of
17 Ordinance 121938 is amended and restated as follows:

18 **Section 2. Authorization(~~(-and-Description))~~ of Bonds.** The City is
19 authorized to issue ~~((Bonds for the purpose of providing all or a part of the funds~~
20 ~~with which to pay the cost of refunding, defeasing, or refunding and defeasing,~~
21 ~~the Refunded Bonds and to pay all or part of the costs of issuing and selling the~~
22 ~~Bonds--)) Drainage and Wastewater System revenue bonds, payable from the~~
23 ~~sources described in Section 14, in principal amounts not to exceed the limits~~
24 ~~stated in Section 4 to carry out one or more Refunding Plans, including paying the~~

1 administrative costs of carrying out each such Refunding Plan, and to pay the
2 costs of issuance of the Bonds. The Bonds may be issued in one or more ((series
3 ~~at any time on or before December 31, 2015,))Series and may be combined with~~
4 other Parity Bonds authorized separately. ((~~The maximum principal amount of~~
5 ~~any series of the Bonds shall not exceed 125% of the then outstanding principal~~
6 ~~amount of the Refundable Bonds refunded by that series of Bonds.))The Bonds~~
7 shall be designated Drainage and Wastewater System revenue bonds and shall be
8 numbered separately and shall have any name, year and series or other label as
9 deemed necessary or appropriate by the Director of Finance.((~~dated and have such~~
10 ~~year and series or other designation as determined by the Director of Finance or as~~
11 ~~specified by the Bond Resolution; shall be in the denomination of \$5,000 or any~~
12 ~~integral multiple thereof within a single maturity or such other denomination~~
13 ~~specified in the Bond Resolution; and shall be numbered separately, in the manner~~
14 ~~and with any additional designation as the Bond Registrar deems necessary for the~~
15 ~~purpose of identification. The Bonds shall mature on the dates and in the amounts~~
16 ~~and bear interest payable on the dates and at the rates specified in the Bond~~
17 ~~Resolution, except that the net interest cost shall not exceed a weighted average~~
18 ~~rate of ten percent per annum. All or some of the Bonds may be Term Bonds, as~~
19 ~~specified by the Bond Resolution. The final maturity of any series of Bonds shall~~
20 ~~not exceed 40 years from the issue date for that series.))~~

21 **Section 4. Amendment to Section 3 of the Ordinance.** Section 3 of
22 Ordinance 121938 is deleted in its entirety:

23 ((~~Section 3. Bond Resolution. With respect to each series of Bonds,~~
24 ~~the City Council may adopt the Bond Resolution and in that resolution may~~

1 ~~provide for the matters described in this ordinance, including the manner of sale~~
2 ~~and delivery of and payment for the Bonds, the refunding of the Refunded~~
3 ~~Bonds, and such other matters that the City Council deems necessary and~~
4 ~~appropriate to carry out the purposes of this ordinance. Once adopted, the Bond~~
5 ~~Resolution shall be deemed a part of this ordinance as if set forth herein.))~~

6 ~~((For each series of Bonds, the Bond Resolution may provide for~~
7 ~~Qualified Insurance or Alternate Security, and conditions or covenants relating~~
8 ~~thereto, including additional terms, conditions and covenants relating to the~~
9 ~~Bonds that are required by the bond insurer or letter of credit provider and are~~
10 ~~consistent with the provisions of this ordinance, including but not limited to~~
11 ~~restrictions on investments and requirements of notice to and consent of the~~
12 ~~bond insurer or letter of credit provider.))~~

13 ~~((For each series of Bonds, the Bond Resolution may approve and~~
14 ~~authorize the execution and delivery on behalf of the City of any contracts~~
15 ~~consistent with the provisions of this ordinance for which the City's approval is~~
16 ~~necessary or to which the City is a party and that are related or incidental to the~~
17 ~~initial issuance and sale of the Bonds, the initial establishment of the interest rate~~
18 ~~or rates on the Bonds and any redemption of the Bonds, including but not~~
19 ~~limited to Payment Agreements and similar contracts for such purposes.))~~

20 ~~((The Bond Resolution for each series of Bonds shall identify the~~
21 ~~Refunded Bonds to be refunded by that series, shall establish the terms and~~
22 ~~conditions upon which the Refunded Bonds are to be refunded, and shall~~
23 ~~confirm the Director of Finance as, or the Director of Finance's appointment of,~~
24 ~~the Refunding Trustee. The City Council may specify in the Bond Resolution~~

1 the amount, if any, from the proceeds of or accrued interest on the Bonds to be
2 deposited into specified funds, subfunds, accounts and subaccounts. In the
3 absence of such a determination and specification in the Bond Resolution, the
4 Director of Finance may make such determination and specification.))

5 **Section 5. Amendment to Section 4 of the Ordinance.** Section 4 of
6 Ordinance 121938 is amended and restated as follows:

7 **Section 4. ((Allocation of the Bonds to the Refunded**
8 **Bonds))Bond Sale Terms; Bond Resolution.** ((With respect to each series of
9 Bonds, the City Council shall, by the Bond Resolution, provide for the
10 allocation of that series of Bonds to the various series of the Refunded Bonds in
11 a manner consistent with the Code. Such allocation shall be reflected in
12 schedules attached to the Bond Resolution.))The Director of Finance is
13 appointed to serve as the City's designated representative in connection with the
14 issuance and sale of the Bonds in accordance with RCW 39.46.040(2) and this
15 ordinance. The Director of Finance is authorized to accept, on behalf of the City,
16 an offer to purchase the Bonds on Bond Sale Terms consistent with the
17 parameters set forth in this section. No such acceptance shall be effective until
18 adoption of a Bond Resolution approving the Bond Sale Terms. Once adopted,
19 the Bond Resolution shall be deemed a part of this ordinance as if set forth
20 herein.

21 **(a) Maximum Principal Amount.** The Bonds may be issued in one
22 or more Series and may be combined with other Parity Bonds authorized
23 separately. The aggregate principal amount of the Bonds allocated to each
24 Refunding Plan shall not exceed 125% of the stated principal amount (or

1 Accreted Value, if applicable) of the Refunded Bonds included in that
2 Refunding Plan.

3 (b) Date or Dates. Each Bond shall be dated its Issue Date, as
4 determined by the Director of Finance, which shall be determined by the
5 Director of Finance.

6 (c) Denominations. The Bonds shall be issued in Authorized
7 Denominations.

8 (d) Interest Rate(s); Payment Dates. Each Bond shall bear interest
9 from the Issue Date or from the most recent date to which interest has been paid
10 or duly provided for, whichever is later, and shall be payable on dates
11 determined by the Director of Finance. One or more rates of interest shall be
12 established for each maturity of each Series, which rate or rates may be fixed
13 interest rates or Variable Interest Rates. Fixed interest rates shall be computed
14 on the basis of a 360-day year of twelve 30-day months and the net interest cost
15 shall not exceed a weighted average rate of 10% per annum. Principal payments
16 shall commence on a date and shall be payable at maturity or have Sinking Fund
17 Requirements on dates determined by the Director of Finance.

18 (e) Final Maturity. The Bonds shall mature no later than 40 years
19 after the Issue Date.

20 (f) Redemption Rights. The Bond Sale Terms may include
21 provisions for the optional and mandatory redemption of Bonds determined by
22 the Director of Finance, subject to the following:

23 (i) Optional Redemption. Any Bond may be designated as being
24 (A) subject to redemption at the option of the City prior to its
25 maturity date on the dates and at the redemption prices set forth

1 in the Bond Purchase Contract; or (B) not subject to redemption
2 prior to its maturity date. If a Bond is subject to optional
3 redemption prior to its maturity, it must be subject to such
4 redemption on one or more dates occurring not more than 10½
5 years after the Issue Date.

6 (ii) **Mandatory Redemption.** Any Bond may be designated as a
7 Term Bond, subject to mandatory redemption prior to its maturity
8 on the dates and in Sinking Fund Requirements consistent with
9 Section 7(b).

10 (g) **Price.** The purchase price for each Series shall be acceptable to
11 the Director of Finance.

12 (h) **Other Terms and Conditions.**

13 (i) As of the Issue Date of each Series, (A) the Finance Director
14 must determine that the Parity Conditions have been met or
15 satisfied, so that such Series may be issued as Parity Bonds, and
16 (B) the City Council must find the Bond Resolution that, in
17 creating the Parity Bond Account and in fixing the amounts to be
18 paid into it in accordance with this ordinance, the City Council
19 has had due regard for the cost of maintenance and operation of
20 the Drainage and Wastewater System, and is not setting aside
21 into the Parity Bond Account a greater amount than in the
22 judgment of the City Council, based on the rates to be established
23 from time to time consistent with Section 17(b), will be available
24 over and above such cost of maintenance and operation.

25 (ii) A Series may not be issued unless the Bond Resolution with
26 respect to that Series sets forth a Refunding Plan and includes the
27 findings that:

(A) The Refunding Plan (1) will pay or discharge the City's
obligations with respect to Refundable Bonds that are in
arrears or about to become due, and for which sufficient
funds are not available; (2) is necessary or in the best
interest of the City to modify debt service requirements,
sources of payment covenants or other terms of the
Refunded Bonds; or (3) will effect a savings to the City,
giving consideration to the fixed maturities of the Series

1 to be issued and of the Refunded Bonds, the costs of
2 issuance of that Series and the known earned income from
3 the investment of the sale proceeds and other money of
4 the City used in the Refunding Plan; and

5 (B) the irrevocable deposit of money and securities with the
6 Refunding Trustee in accordance with the Refunding Plan
7 will discharge and satisfy the obligations of the City as to
8 the Refunded Bonds, including all pledges, charges,
9 trusts, covenants and agreements under the Refunded
10 Bond Legislation, and immediately upon such deposit, the
11 Refunded Bonds will no longer be deemed to be
12 outstanding under the Refunded Bond Legislation.

13 (iii) The Bond Sale Terms for any Series may provide for Bond
14 Insurance, a Reserve Security or other credit enhancement, or for
15 a Parity Payment Agreement. To that end, the Bond Sale Terms
16 may include such additional terms, conditions and covenants as
17 may be necessary or desirable, including but not limited to:
18 restrictions on investment of Bond proceeds and pledged funds,
19 and requirements to give notice to or obtain the consent of a
20 credit enhancement provider or a Qualified Counterparty.

21 (iv) The Bond Sale Terms must establish the method of providing for
22 the Reserve Requirement, consistent with Section 16(a)(ii) of this
23 ordinance.

24 (iv) Any Series may be designated or qualified as Tax-Exempt Bonds,
25 Tax Credit Subsidy Bonds, or other taxable bonds, and may
26 include such additional terms and covenants relating to federal
27 tax matters as the Director of Finance deems necessary or
appropriate, consistent with Section 23 of this ordinance.

Section 6. Amendment to Section 5 of the Ordinance. Section 5 of
Ordinance 121938 is amended and restated as follows:

**Section 5. Bond Registrar; Registration and Transfer(~~--or~~
Exchange)) of Bonds.**

1 **(a) Registration of Bonds.** The Bonds shall be issued only in
2 registered form as to both principal and interest and shall be recorded on the
3 Bond Register.

4 **(b) Bond Registrar; Transfer and Exchange of Bonds.** The Bond
5 Registrar shall keep, or cause to be kept, sufficient books for the registration and
6 transfer of the Bonds, which shall be open to inspection by the City at all times.
7 The Bond Register shall contain the name and mailing address of the Registered
8 Owner of each Bond and the principal amount and number of each of the Bonds
9 held by each Registered Owner. The Bond Registrar is authorized, on behalf of
10 the City, to authenticate and deliver Bonds transferred or exchanged in
11 accordance with the provisions of the Bonds and this ordinance, to serve as the
12 City's paying agent for the Bonds and to carry out all of the Bond Registrar's
13 powers and duties under this ordinance and the Registration Ordinance.

14 The Bond Registrar shall be responsible for its representations contained
15 in the Bond Registrar's certificate of authentication on the Bonds. The Bond
16 Registrar may become an Owner of Bonds with the same rights it would have if
17 it were not the Bond Registrar and, to the extent permitted by law, may act as
18 depository for and permit any of its officers or directors to act as members of, or
19 in any other capacity with respect to, any committee formed to protect the rights
20 of Owners. Bonds surrendered to the Bond Registrar may be exchanged for
21 Bonds in any ~~((a))~~ Authorized ~~((d))~~ Denomination of an equal aggregate principal
22 amount and of the same ~~((s))~~ Series, interest rate and maturity. Bonds may be
23 transferred only if endorsed in the manner provided thereon and surrendered to
24 the Bond Registrar. Any exchange or transfer shall be without cost to the

1 ~~((Registered-))~~Owner or transferee. The Bond Registrar shall not be obligated to
2 exchange or transfer any Bond during the ~~((15 days preceding any principal~~
3 ~~or))~~period between the Record Date and the corresponding interest payment or
4 redemption date~~((or other record date established by the Bond Resolution))~~.

5 **(c) Securities Depository; Book-Entry Form.** The Bonds initially
6 shall be registered in the name of the Securities Depository. The Bonds so
7 registered shall be held fully immobilized in book-entry form by the Securities
8 Depository in accordance with the provisions of the Letter of Representations.
9 Neither the City nor the Bond Registrar shall have any responsibility or
10 obligation to participants of the Securities Depository or the persons for whom
11 they act as nominees with respect to the Bonds regarding accuracy of any
12 records maintained by the Securities Depository or its participants of any
13 amount in respect of principal of or interest on the Bonds, or any notice which is
14 permitted or required to be given to Owners hereunder (except such notice as is
15 required to be given by the Bond Registrar to the Securities Depository).
16 Registered ownership of a Bond initially held in book-entry form, or any portion
17 thereof, may not be transferred except: (i) to any successor Securities
18 Depository; (ii) to any substitute Securities Depository appointed by the City or
19 such substitute Securities Depository's successor; or (iii) to any person if the
20 Bond is no longer held in book-entry form.

21 Upon the resignation of the Securities Depository from its functions as
22 depository, or upon a City determination to discontinue services of the Securities
23 Depository, the City may appoint a substitute Securities Depository. If (i) the
24 Securities Depository resigns from its functions as depository, and no substitute

1 Securities Depository can be obtained, or (ii) the City determines that the Bonds
2 are to be in certificated form, then ownership of Bonds may be transferred to any
3 person as provided herein and the Bonds no longer shall be held in book-entry
4 form.

5 ((The City appoints DTC as initial Securities Depository for the Bonds.
6 For so long as DTC is the Securities Depository for the Bonds, DTC or its
7 nominee shall be deemed to be the Registered Owner of the Bonds for all
8 purposes hereunder, and all references in this ordinance or the Bond Resolution
9 to the Registered Owners of the Bonds shall mean DTC or its nominee and shall
10 not mean the owners of any beneficial interests in the Bonds. Payments of
11 principal of, premium, if any, and interest on all outstanding Bonds registered in
12 the name of the nominee of DTC, or its registered assign, shall be made as
13 provided in the Letter of Representations.))

14 ((Bonds executed and delivered in fully immobilized form shall be
15 executed and delivered in the form of one fully registered immobilized
16 certificate for each series and maturity of the Bonds representing the aggregate
17 principal amount of the Bonds of that series and maturity, which Bonds shall
18 (except as provided below for the discontinuation or substitution of Securities
19 Depository) be registered in the name of the Securities Depository or its
20 nominee. For so long as DTC serves as Securities Depository for the Bonds, the
21 Bonds shall be registered in the name of Cede & Co., as nominee of DTC;
22 however, if DTC shall request that the Bonds be registered in the name of a
23 different nominee, the Bond Registrar shall exchange all or any portion of the
24 Bonds for an equal aggregate principal amount of Bonds registered in the name

1 ~~of such other nominee or nominees of DTC. No person other than DTC or its~~
2 ~~nominee shall be entitled to receive from the City or the Bond Registrar any~~
3 ~~Bond or any other evidence of ownership of the Bonds, or any right to receive~~
4 ~~any payment in respect thereof, unless DTC or its nominee shall transfer record~~
5 ~~ownership of all or any portion of the Bonds on the Bond Register, in~~
6 ~~connection with discontinuing the book entry system as provided below or~~
7 ~~otherwise.))~~

8 ~~((For so long as the Bonds are registered in the name of DTC or any~~
9 ~~nominee thereof, all payments of the principal of, or premium, if any, or interest~~
10 ~~with respect to the Bonds shall be made to DTC or its nominee in immediately~~
11 ~~available funds on the dates provided for such payments under this ordinance~~
12 ~~and the Bond Resolution and at such times and in the manner provided in the~~
13 ~~Letter of Representations. Each such payment to DTC or its nominee shall be~~
14 ~~valid and effective to fully discharge all liability of the City or the Bond~~
15 ~~Registrar with respect to the principal of, premium, if any, or interest with~~
16 ~~respect to the Bonds to the extent of the sum or sums so paid. In the event of the~~
17 ~~redemption of less than all of the Bonds of any series and maturity, the Bond~~
18 ~~Registrar shall not require surrender by DTC or its nominee of the Bonds so~~
19 ~~redeemed, and DTC or its nominee may retain such Bonds and make an~~
20 ~~appropriate notation thereon as to the amount of such partial redemption. DTC~~
21 ~~shall deliver to the Bond Registrar, upon request, a written confirmation of such~~
22 ~~partial redemption. The records maintained by the Bond Registrar shall be~~
23 ~~conclusive as to the amount of the Bonds of such series and maturity that have~~
24 ~~been redeemed.))~~

1 ~~((All transfers of beneficial ownership interests in Bonds registered in~~
2 ~~the name of DTC or its nominee shall be effected by the procedures of DTC's~~
3 ~~participants and/or indirect participants for recording and transferring the~~
4 ~~ownership of beneficial interests in bonds.))~~

5 ~~((The City and the Bond Registrar may treat DTC (or its nominee) as the~~
6 ~~sole and exclusive Registered Owner of the Bonds registered in its name for the~~
7 ~~purposes of payment of the principal of, premium, if any, or interest with respect~~
8 ~~to those Bonds, selecting Bonds or portions thereof to be redeemed, giving any~~
9 ~~notice permitted or required to be given to Registered Owners under this~~
10 ~~ordinance or the Bond Resolution, registering the transfer of Bonds, obtaining~~
11 ~~any consent or other action to be taken by Registered Owners of Bonds and for~~
12 ~~all other purposes whatsoever; and the City and the Bond Registrar shall not be~~
13 ~~affected by any notice to the contrary. The City and the Bond Registrar shall not~~
14 ~~have any responsibility or obligation to any direct or indirect DTC participant,~~
15 ~~any person claiming a beneficial ownership interest in the Bonds under or~~
16 ~~through DTC or any such participant, or any other person which is not shown on~~
17 ~~the Bond Register as being a Registered Owner of Bonds, with respect to: (i) the~~
18 ~~Bonds; (ii) any records maintained by DTC or any such participant; (iii) the~~
19 ~~payment by DTC or any such direct or indirect participant of any amount in~~
20 ~~respect of the principal of, premium, if any, or interest with respect to the~~
21 ~~Bonds; (iv) any notice which is permitted or required to be given to Registered~~
22 ~~Owners of Bonds under this ordinance or the Bond Resolution; (v) the selection~~
23 ~~by DTC or any such direct or indirect participant of any person to receive~~

1 ~~payment in the event of a partial redemption of the Bonds; or (vi) any consent~~
2 ~~given or other action taken by DTC as Registered Owner of the Bonds.))~~

3 ~~((For so long as the Bonds are registered in the name of DTC or any~~
4 ~~nominee thereof, all notices required or permitted to be given to the Registered~~
5 ~~Owners of such Bonds under this ordinance or the Bond Resolution shall be~~
6 ~~given to DTC as provided in the Letter of Representations.))~~

7 ~~((In connection with any notice or other communication to be provided~~
8 ~~to Registered Owners pursuant to this ordinance or the Bond Resolution by the~~
9 ~~City or the Bond Registrar with respect to any consent or other action to be~~
10 ~~taken by Registered Owners of the Bonds, DTC shall consider the date of receipt~~
11 ~~of notice requesting such consent or other action as the record date for such~~
12 ~~consent or other action; however, the City or the Bond Registrar may establish a~~
13 ~~special record date for such consent or other action and shall give DTC notice of~~
14 ~~such special record date not less than 15 calendar days in advance of such~~
15 ~~special record date to the extent practical.))~~

16 ~~((Any successor Bond Registrar, in its written acceptance of its duties~~
17 ~~under this ordinance and the Bond Resolution, shall agree to take any actions~~
18 ~~necessary from time to time to comply with the requirements of any applicable~~
19 ~~Letter of Representations.))~~

20 ~~((The book-entry system for registration of the ownership of the Bonds~~
21 ~~delivered in fully immobilized form may be discontinued at any time if: (i) after~~
22 ~~notice to the City and the Bond Registrar, DTC determines to resign as~~
23 ~~Securities Depository for the Bonds; or (ii) after notice to DTC and the Bond~~
24 ~~Registrar, the City determines that a continuation of the system of book-entry~~

1 ~~transfers through DTC (or through a successor Securities Depository) is not in~~
2 ~~the best interests of the City. In each of such events (unless, in the case~~
3 ~~described in clause (i) above, the City appoints a successor Securities~~
4 ~~Depository), the Bonds shall be delivered in registered certificate form to such~~
5 ~~persons, and in such maturities and principal amounts, as may be designated by~~
6 ~~DTC, but without any liability on the part of the City or the Bond Registrar for~~
7 ~~the accuracy of such designation. Whenever DTC requests the City and the~~
8 ~~Bond Registrar to do so, or whenever the City requests DTC and the Bond~~
9 ~~Registrar to do so after the determination by the City to replace DTC with a~~
10 ~~successor Securities Depository, the City and the Bond Registrar shall cooperate~~
11 ~~with DTC in taking appropriate action after reasonable notice to arrange for~~
12 ~~another Securities Depository to maintain custody of certificates evidencing the~~
13 ~~Bonds.))~~

14 **Section 7. Amendment to Section 6 of the Ordinance.** Section 6 of
15 Ordinance 121938 is deleted in its entirety:

16 ~~((Section 6. Mutilated, Lost, Stolen and Destroyed Bonds. In case~~
17 ~~any Bonds issued hereunder shall become mutilated or be destroyed, stolen or~~
18 ~~lost, the City may, if not then prohibited or otherwise required by law, cause to~~
19 ~~be executed and delivered a new Bond of like amount, series, interest rate,~~
20 ~~maturity date and tenor in exchange and substitution for and upon cancellation~~
21 ~~of such mutilated Bonds, or in lieu of and in substitution for such destroyed,~~
22 ~~stolen or lost Bonds, upon payment by the Registered Owner thereof of the~~
23 ~~reasonable expenses and charges of the City and the Bond Registrar in~~
24 ~~connection therewith, and in the case of a Bond destroyed, stolen or lost, the~~

1 ~~filing with the Bond Registrar of evidence satisfactory to the City that such~~
2 ~~Bond was destroyed, stolen or lost, and of the ownership thereof, and))~~
3 ~~((furnishing the City and the Bond Registrar with indemnity satisfactory to each~~
4 ~~of them. If the mutilated, destroyed, stolen or lost Bond already has matured or~~
5 ~~been called for redemption in accordance with its terms it shall not be necessary~~
6 ~~to issue a new Bond prior to payment.))((If the provisions of State law at any~~
7 ~~time differ from the provisions of this Section 6 with respect to the requirements~~
8 ~~or procedures for replacing or otherwise handling mutilated, lost, stolen or~~
9 ~~destroyed Bonds, then the provisions of State law shall prevail.))~~

10 **Section 8. Amendment to Section 7 of the Ordinance.** Section 7 of
11 Ordinance 121938 is renumbered as Section 6 and is amended and restated as follows:

12 **Section ((7))6. Payment of Bonds((Principal and Interest)).** Principal
13 of((, premium, if any,)) and interest on ((the))each Bond((s)) shall be payable
14 solely out of the Parity Bond Account, in lawful money of the United States((of
15 America. Interest on the Bonds shall be paid by checks or drafts mailed by the
16 Bond Registrar)). Principal of and interest on each Bond registered in the name
17 of the Securities Depository is payable in the manner set forth in the Letter of
18 Representations. Interest on each Bond not registered in the name of the
19 Securities Depository is payable by electronic transfer on the interest payment
20 date, or by check or draft of the Bond Registrar mailed on the interest payment
21 date to the Registered Owner((s)) at the address((es)) appearing on the Bond
22 Register on the ((15th day of the month preceding the interest payment date (or
23 other record date established by the Bond Resolution) (the "Record Date") or
24 at))Record Date. However, the City is not required to make electronic transfers

1 except pursuant to a request ((of))by a Registered Owner ((of \$1,000,000 or
2 more in aggregate principal amount of Bonds, by wire transfer to an account in
3 the United States designated in writing by such Registered Owner))in writing
4 received at least ten days prior to the Record Date and at the sole expense of the
5 Registered Owner. Principal of ((and premium, if any, on the Bonds shall
6 be))each Bond not registered in the name of the Securities Depository is payable
7 upon presentation and surrender of the Bond((s)) by the Registered ((Owners
8 at either of the principal corporate trust office or offices of the Bond Registrar at
9 the option of the Registered Owners-))Owner to the Bond Registrar. The Bonds
10 are not subject to acceleration under any circumstances. ((Notwithstanding the
11 foregoing, payment of any Bonds registered in the name of DTC or its nominee
12 shall be made in accordance with the Letter of Representations. The Bonds shall
13 be payable solely out of the Parity Bond Account. The Bonds shall not be
14 general obligations of the City.))

15 **Section 9. Amendment to Section 8 of the Ordinance.** Section 8 of
16 Ordinance 121938 is renumbered as Section 7 and is amended and restated as follows:

17 **Section((~~8~~))7. Redemption and ((Open Market-))Purchase of**
18 **Bonds.**

19 (a) **Optional Redemption.** All or some of the Bonds may be subject
20 to redemption prior to their stated maturity dates at the option of the City at the
21 times and on the terms ((set forth in the Bond Resolution))approved in
22 accordance with Section 4 of this ordinance.

23 (b) **Mandatory Redemption.** ((The City shall redeem any Term
24 Bonds, if))If not redeemed ((under the optional redemption provisions set forth

1 in the Bond Resolution or purchased in the open market under the provisions set
2 forth below, by lot (or in such other manner as the Bond Registrar shall
3 determine) at par)) or purchased at the City's option prior to maturity, Term
4 Bonds (if any) shall be redeemed, at a price equal to the principal amount
5 thereof to be redeemed plus accrued interest, on the dates and in the ((years and
6 principal amounts)) Sinking Fund Requirements as set forth in the Bond
7 Resolution. If the City redeems ((Term Bonds under the optional redemption
8 provisions set forth in the Bond Resolution)) or purchases Term Bonds ((in)) at
9 the ((open market as set forth below)) City's option prior to maturity, the Term
10 Bonds so redeemed or purchased (irrespective of their redemption or purchase
11 prices) shall be credited at the par amount thereof against the remaining
12 ((mandatory redemption requirements in a manner to be)) Sinking Fund
13 Requirements as determined by the Director of Finance ((or, if no such)). In the
14 absence of a determination ((is made, on a pro-)) by the Director of Finance or
15 other direction in the Bond Resolution, credit shall be allocated on a pro rata
16 basis.

17 (c) Selection of Bonds for Redemption; Partial Redemption.

18 ((Whenever less than all of the Bonds of a single series and maturity are to be
19 redeemed, the Bond Registrar shall select the Bonds or portions thereof to be
20 redeemed from the Bonds of that series and maturity by lot, or in such other
21 manner as the Bond Registrar shall determine, except that, so long as the Bonds
22 are)) If fewer than all of the outstanding Bonds are to be redeemed at the option
23 of the City, the Director of Finance shall select the Series and maturity or
24 maturities to be redeemed. If fewer than all of the outstanding Bonds of a

1 maturity of a Series are to be redeemed, the Securities Depository shall select
2 Bonds registered in the name of ~~((DTC or its nominee, DTC shall select the~~
3 ~~Bonds or portions thereof))~~the Securities Depository to be redeemed in
4 accordance with the Letter of Representations~~((. In no event shall any Bond be~~
5 ~~outstanding in a principal amount that is not an authorized denomination.~~
6 ~~Portions of the principal amount of any Bond, in integral multiples of \$5,000)),~~
7 and the Bond Registrar shall select all other Bonds to be redeemed randomly in
8 such manner as the Bond Registrar shall determine. All or a portion of the
9 principal amount of any Bond that is to be redeemed may be redeemed ((unless
10 ~~otherwise provided in the Bond Resolution.))~~in any Authorized Denomination.
11 If less than all of the outstanding principal amount of any Bond is redeemed,
12 upon surrender of that Bond ~~((at either of the principal offices of))~~to the Bond
13 Registrar, there shall be issued to the Registered Owner, without
14 charge((therefor)), a new Bond (or Bonds, at the option of the Registered
15 Owner) of the same ((s))Series, maturity and interest rate in any ((of the
16 ~~denominations authorized by the Bond Resolution))~~Authorized Denomination in
17 the aggregate ((total--))principal amount ((remaining unredeemed))to remain
18 outstanding.

19 (d) ~~((Open Market--))~~Purchase. The City reserves the right and
20 option to purchase any or all of the Bonds ~~((in))~~offered to the ((open
21 market))City at any time at any price acceptable to the City plus accrued interest
22 to the date of purchase.~~((The principal amount of Term Bonds purchased~~
23 ~~pursuant to this Section 8 shall be credited at the par amount thereof against the~~

1 next)) ((mandatory redemption requirement that is at least 60 days after the date
2 of purchase, or as otherwise directed by the Director of Finance.))

3 ~~(((e) **Bonds to be Canceled.** All Bonds purchased or redeemed under~~
4 ~~this Section 8 shall be canceled.))~~

5 **Section 10. Amendment to Section 9 of the Ordinance.** Section 9 of
6 Ordinance 121938 is renumbered as Section 8 and is amended and restated as follows:

7 **Section ~~((9.))~~8. Notice of Redemption.** The City shall cause
8 notice of any intended redemption of Bonds to be given not less than ~~((30))~~20
9 nor more than 60 days prior to the date fixed for redemption by first~~((--))~~ class
10 mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at
11 the address appearing on the Bond Register ~~((at the time the Bond Registrar~~
12 ~~prepares the notice))~~on the Record Date, and the requirements of this sentence
13 shall be deemed to have been fulfilled when notice has been mailed as so
14 provided, whether or not it is actually received by the ~~((Registered--))~~ Owner of
15 any Bond. Interest on Bonds called for redemption shall cease to accrue on the
16 date fixed for redemption unless the Bond or Bonds called are not redeemed
17 when presented pursuant to the call.~~((In addition, the redemption notice shall be~~
18 ~~mailed by the Bond Registrar within the same period, postage prepaid, to the~~
19 ~~Rating Agencies, at their offices in New York, New York, or their successors, to~~
20 ~~any provider of Qualified Insurance or Alternate Security for the Bonds, and to~~
21 ~~such other persons and with such additional information as the Director of~~
22 ~~Finance shall determine or as specified in the Bond Resolution, but none of~~
23 ~~these additional mailings shall be a condition precedent to the redemption of~~
24 ~~Bonds.))~~

1 In the case of an optional redemption, the notice may state that the City
2 retains the right to rescind the redemption notice and the related optional
3 redemption of Bonds by giving a notice of rescission to the affected Registered
4 Owners at any time prior to the scheduled optional redemption date. Any notice
5 of optional redemption that is rescinded by the Director of Finance shall be of no
6 effect, and the Bonds for which the notice of optional redemption has been
7 rescinded shall remain outstanding.

8 **Section 11. Amendment to Section 10 of the Ordinance.** Section 10 of
9 Ordinance 121938 is renumbered as Section 9 and is amended and restated as follows:

10 **Section ~~((10.))~~9. Failure to ~~((Redeem))~~Pay Bonds.** If any Bond is
11 not ~~((redeemed))~~paid when properly presented at its maturity or
12 ~~((each))~~redemption date, the City shall be obligated to pay, solely from the Parity
13 Bond Account and the other sources pledged in this ordinance, interest on that
14 Bond at the same rate provided in th~~((e))~~at Bond from and after its maturity or
15 ~~((each))~~redemption date until that Bond, principal, premium, if any~~((;))~~ and
16 interest, is paid in full or until sufficient money for its payment in full is on
17 deposit in the Parity Bond Account and ~~((the))~~that Bond has been called for
18 payment by giving notice of that call to the Registered Owner of ~~((each of these~~
19 ~~unpaid Bonds))~~that Bond.

20 **Section 12. Amendment to Section 11 of the Ordinance.** Section 11 of
21 Ordinance 121938 is renumbered as Section 10 and is amended and restated as follows:

22 **Section ~~((11.))~~10. Form and Execution of Bonds.** The Bonds shall
23 be typed, ~~((photocopied, —))~~printed or ~~((lithographed — on — good — bond~~
24 ~~paper))~~reproduced in a form consistent with the provisions of this ordinance, the

1 Bond Resolution and State law, shall be signed by the Mayor(~~of The City of~~
2 ~~Seattle~~) and Director of Finance, either or both of whose signatures may be
3 manual or in facsimile, and the seal of the City or a facsimile reproduction
4 thereof shall be impressed or printed thereon.

5 Only Bonds bearing a ~~((C))~~certificate of ~~((A))~~authentication in
6 substantially the following form (with the designation, year(~~(s)~~) and ~~((series of~~
7 ~~the Bonds completed))~~Series adjusted consistent with this ordinance), manually
8 signed by the Bond Registrar, shall be valid or obligatory for any purpose or
9 entitled to the benefits of this ordinance: ~~((CERTIFICATE OF~~
10 ~~AUTHENTICATION))~~“This Bond is one of the fully registered The City of
11 Seattle, Washington, [Drainage and Wastewater System Refunding Revenue
12 Bonds], [Year], [Series], described in ~~((the Bond Ordinance.))~~[this ordinance.”
13 ~~((Bond Registrar By _____ Authorized Signer))~~ The authorized signing of a
14 ~~((C))~~certificate of ~~((A))~~authentication shall be conclusive evidence that the Bond
15 so authenticated has been duly executed, authenticated and delivered and is
16 entitled to the benefits of this ordinance.

17 If any officer whose manual or facsimile signature appears on ~~((the))~~a
18 Bond(~~(s)~~) ceases to be an officer of the City authorized to sign bonds before the
19 Bond(~~(s)~~) bearing his or her manual or facsimile signature ~~((are))~~is authenticated
20 or delivered by the Bond Registrar or issued by the City, ~~((those))~~that Bond(~~(s)~~)
21 nevertheless may be authenticated, delivered and issued and, when
22 authenticated, issued and delivered, shall be as binding on the City as though
23 that person had continued to be an officer of the City authorized to sign bonds.
24 Any Bond also may be signed on behalf of the City by any person who, on the

1 actual date of signing of the Bond, is an officer of the City authorized to sign
2 bonds, although he or she did not hold the required office on the date of issuance
3 of the Bonds.

4 **Section 13. New Section 11 Added to the Ordinance.** A new section is added to
5 Ordinance 121938, to be numbered Section 11, as follows:

6 **Section 11. Deposit and Use of Proceeds.** Unless provided otherwise
7 in the Bond Resolution, the principal proceeds and premium, if any received
8 from the sale of each Series, in the amount necessary to carry out the Refunding
9 Plan (including payment of costs of issuance and administrative costs of
10 carrying out the refunding) approved in connection with such Series, shall be
11 deposited with the Refunding Trustee and used in accordance with the
12 provisions of Section 12 and the Refunding Plan to discharge the obligations of
13 the City relating to the Refunded Bonds.

14 To the extent not necessary to carry out the Refunding Plan, excess
15 proceeds received from the sale of a Series (including interest earnings thereon)
16 shall be deposited into such funds, subfunds, accounts and subaccounts as the
17 Director of Finance shall determine, consistent with the Bond Resolution. The
18 Director of Finance may apply any amounts remaining after the costs of
19 issuance and the administrative costs of the Refunding Plan have been paid (or
20 after the City Council has determined that the expenditure of such amounts for
21 those purposes is no longer necessary or appropriate) to pay principal of and
22 interest on that Series or for any other purposes approved by ordinance or by the
23 Bond Resolution.

1 **Section 14. Amendment to Section 12 of the Ordinance.** Section 12 of
2 Ordinance 121938 is deleted in its entirety:

3 ~~((Section 12. Bond Registrar; Appointment of Other Agents. The~~
4 ~~Bond Registrar shall keep, or cause to be kept, at its principal corporate trust~~
5 ~~office, sufficient books for the registration and transfer of the Bonds which shall~~
6 ~~be open to inspection by the City at all times. The Bond Registrar is))~~
7 ~~((authorized, on behalf of the City, to authenticate and deliver Bonds transferred~~
8 ~~or exchanged in accordance with the provisions of the Bonds and this ordinance,~~
9 ~~to serve as the City's paying agent for the Bonds and to carry out all of the Bond~~
10 ~~Registrar's powers and duties under this ordinance and SMC Chapter 5.10~~
11 ~~establishing a system of registration for the City's bonds and obligations, as that~~
12 ~~chapter now exists or may be amended.))~~

13 ~~((The City reserves the right in its discretion to appoint special paying~~
14 ~~agents, registrars or trustees in connection with the payment of some or all of the~~
15 ~~principal of or interest on the Bonds. If a new Bond Registrar is appointed by the~~
16 ~~City, notice of the name and address of the new Bond Registrar shall be mailed~~
17 ~~to the Registered Owners of the Bonds. The notice may be mailed together with~~
18 ~~the next interest payment due on the Bonds, but, to the extent practicable, shall~~
19 ~~be mailed not less than fifteen (15) days prior to a maturity date of the principal~~
20 ~~of any Bond.))~~

21 ~~((The Bond Registrar shall be responsible for its representations contained~~
22 ~~in the Bond Registrar's Certificate of Authentication on the Bonds. The Bond~~
23 ~~Registrar may become the Registered Owner of Bonds with the same rights it~~
24 ~~would have if it were not the Bond Registrar and, to the extent permitted by law,~~

1 ~~may act as depository for and permit any of its officers or directors to act as~~
2 ~~members of, or in any other capacity with respect to, any committee formed to~~
3 ~~protect the rights of the Registered Owners of the Bonds.))~~

4 **Section 15. Amendment to Section 13 of the Ordinance.** Section 13 of
5 Ordinance 121938 is deleted in its entirety:

6 ~~((Section 13. Finding of Sufficiency of Revenues. A series of Bonds~~
7 ~~will be issued only if the City finds and determines in the Bond Resolution that~~
8 ~~(a) the issuance and sale of the Bonds is in the best interest of the City and in the~~
9 ~~public interest, and (b) the Gross Revenues, at the rates established from time to~~
10 ~~time consistent with Section 15(a) of this ordinance, will be sufficient, in the~~
11 ~~judgment of the City, to meet all expenses of operation and maintenance of the~~
12 ~~Drainage and Wastewater System and to provide the amounts previously~~
13 ~~pledged for the payment of all outstanding obligations payable out of the Gross~~
14 ~~Revenue (including Outstanding Parity Bonds) and pledged herein for the~~
15 ~~payment of the Bonds. In making such findings and determinations, the City~~
16 ~~shall have had due regard to the cost of operation and maintenance of the~~
17 ~~Drainage and Wastewater System and to any portion of the Gross Revenues~~
18 ~~pledged for the payment of any bonds, warrants or other indebtedness.))~~

19 **Section 16. Amendment to Subsections 14(a) and (b) of the Ordinance.**

20 Subsections 14(a) and (b) of Ordinance 121938 are renumbered as Section 15 and are amended
21 and restated as follows:

22 **Section ~~((14))~~15. ~~((Security for Parity Bonds))~~Priority**
23 **Expenditure of Gross Revenue; Flow of Funds.** ~~(((a) Pledge; Lien and~~
24 **Charge of Parity Bonds.** The Net Revenue is pledged for the payment of the

1 ~~Parity Bonds. This pledge shall constitute a lien and charge upon such Net~~
2 ~~Revenue prior and superior to any other liens and charges whatsoever. Upon the~~
3 ~~redemption or defeasance of all outstanding 1995 Bonds, all ULID Assessments~~
4 ~~shall be pledged to the payment of the Parity Bonds.))((b) **Priority**~~
5 ~~**Expenditure of Gross Revenue.** So long as any Parity Bonds are outstanding,~~
6 ~~all))The Gross Revenue((;)) (except for earnings on investments in the Parity~~
7 ~~Bond Account or other bond redemption fund, arbitrage rebate account,~~
8 ~~refunding escrow account or other trust account, unless those earnings are~~
9 ~~transferred from those accounts or funds to the Drainage and Wastewater~~
10 ~~Fund((;)) shall be deposited as received in the Drainage and Wastewater Fund~~
11 ~~and shall be ((used, paid out and distributed))applied in the following order of~~
12 ~~priority((by paragraphs)):~~

13 ((i))a) To pay((; together with any other money made available for such
14 purpose;)) the Operating and Maintenance Expense;

15 ((ii))b) To make the required payments into the Principal and
16 Interest Subaccount for all Parity Bonds;

17 ((iii))c) To make the required payments into the Reserve
18 Subaccount for all Parity Bonds;

19 ((iv))d) To make all required payments into any revenue bond
20 redemption fund created to pay and secure the payment of the principal of and
21 interest on any revenue bonds or short-term obligations of the City having a
22 ((lien and))charge and lien upon the Net Revenue ((of the Drainage and
23 ~~Wastewater System~~)) subordinate to the lien thereon for the payment of the
24 principal of and interest on Parity Bonds; and

1 ~~((v))~~eTo ~~((redeem and --))~~retire ~~((any sewer))~~by redemption and
2 purchase any outstanding revenue bonds ~~((of the City then outstanding or to~~
3 ~~purchase any or all of those bonds in the open market at a price not in excess of~~
4 ~~the price at which those bonds could be redeemed at the next call date))~~or
5 revenue obligations of the Drainage and Wastewater System; to make necessary
6 additions, betterments, repairs, extensions and replacements of the Drainage and
7 Wastewater System~~((or other purposes proper to its maintenance and operation,~~
8 ~~including the payment of any))~~; to pay City taxes or other payments in lieu of
9 taxes payable from Gross Revenue~~((of the Drainage and Wastewater System,))~~;
10 to make deposits to the Rate Stabilization Account; or for any other lawful
11 Drainage and Wastewater System purpose~~((, including, upon the redemption or~~
12 ~~defeasance of all then outstanding 1995 Bonds, to make deposits to the Rate~~
13 ~~Stabilization Account))~~.

14 ~~((The City may transfer from any funds or accounts of the City legally~~
15 ~~available therefor, except bond redemption funds, any money therein to meet the~~
16 ~~required payments to be made into the Parity Bond Account.))~~

17 **Section 17. Amendment to Subsections 14(c) through (g) of the Ordinance.**

18 Subsections 14(c) through (g) of Ordinance 121938 are renumbered as Section 16 and are
19 amended and restated as follows:

20 **Section 16. Parity Bond Account**~~((; Deposit of Net~~
21 ~~Revenue))~~.~~(([Section 14] (e)))~~ The Parity Bond Account~~((has been created in~~
22 ~~the Drainage and Wastewater Fund as a special fund of the City, which~~
23 ~~account))~~ is divided into two subaccounts~~((, a))~~; the Principal and Interest
24 Subaccount and ~~((a Reserve Subaccount.))~~the Reserve Subaccount. The

1 Director of Finance may create sinking fund subaccounts or other subaccounts
2 in the Parity Bond Account for the payment or securing the payment of Parity
3 Bonds, as long as the maintenance of such subaccounts does not conflict with
4 the rights of the Owners of Parity Bonds.

5 (a) Required Payments Into Parity Bond Account. So long as any
6 Parity Bonds are outstanding(~~(against the Parity Bond Account)~~), the City
7 (~~(obligates and binds itself to)~~)shall set aside and pay into the Parity Bond
8 Account (~~(from the Drainage and Wastewater Fund)~~)all ULID Assessments on
9 their collection and, out of the Net Revenue, certain fixed amounts without
10 regard to any fixed proportion, namely:

11 (i) Into the Principal and Interest Subaccount(~~(,)~~) (A) upon receipt
12 thereof, the accrued interest, if any, received by the City from the
13 Purchaser, and (B) on or before each interest or principal and
14 interest payment date(~~(, money)~~) of any Parity Bonds an amount
15 which, together with (~~(the money already deposited in that~~
16 account, is))other money on deposit therein, will be sufficient to
17 pay the interest, or principal and interest (~~((as the case may be)~~
18 due))and Sinking Fund Requirements, to become due and
19 payable on the Parity Bonds on that payment date(~~(including~~
20 any mandatory redemption, mandatory sinking fund or optional
21 redemption)), and net payments(~~(,))~~) due on(~~(the))~~) Parity
22 (~~(Bonds))~~)Payment Agreements; and

23 (ii) Into the Reserve Subaccount an amount necessary to provide for
24 the Reserve Requirement for the Parity Bonds within the time
25 and in the manner required by this ordinance and the Parity Bond
26 Legislation. The amount necessary to satisfy the Reserve
27 Requirement upon the issuance of (~~(the Bonds))~~)a Series may be
funded (i) on the (~~(date of issue of the Bonds))~~)Issue Date, by a
deposit (~~(from the))~~)of bond sale proceeds (~~(of the Bonds or by an~~
Alternate))or a Reserve Security, or (ii) in annual installments
from Net Revenue so that the Reserve Requirement is fully
funded by the fifth anniversary of the (~~(date of issue of the~~

1 ~~Bonds.~~) Issue Date. The manner of funding the Reserve
2 Requirement for the Bonds shall be ~~((specified))~~ set forth in the
3 Bond Resolution.

4 ~~((Upon the redemption or defeasance of all then outstanding 1995 Bonds, the
5 City shall pay into the Parity Bond Account all ULID Assessments on their
6 collection.))~~ The Director of Finance may transfer any money from any funds or
7 accounts of the City legally available therefor, except bond redemption funds,
8 refunding escrow funds or defeasance funds, to meet the required payments to
9 be made into the Parity Bond Account. The Director of Finance may provide for
10 the purchase, redemption or defeasance of any Parity Bonds by the use of money
11 on deposit in any subaccount in the Parity Bond Account as long as the money
12 remaining in those subaccounts is sufficient to satisfy the required deposits in
13 those subaccounts for the remaining Parity Bonds.

14 ~~(((d)))~~ **Reserve Subaccount.** The City covenants ~~((and agrees
15))~~ that it will at all times so long as any Parity Bonds are outstanding, maintain
16 ~~((in))~~ the Reserve Subaccount ~~((an amount equal to))~~ at the Reserve Requirement
17 ((for all Parity Bonds,)) taking into account scheduled payments to fund the
18 Reserve Requirement over time, as it is adjusted from time to time, except for
19 withdrawals ~~((therefrom as authorized herein, until there is a sufficient amount
20 in the Principal and Interest Subaccount and Reserve Subaccount to pay the
21 principal of and interest on all outstanding Parity Bonds, at which time the
22 money in the Reserve Subaccount may be used to pay any such principal and
23 interest so long as the money remaining on deposit in the Reserve Subaccount is
24 no less than the Reserve Requirement of the remaining outstanding Parity
25 Bonds.))~~ as authorized by this ordinance. ~~((If there shall be))~~ The Director of

1 Finance may make withdrawals of cash from the Reserve Subaccount in the
2 event of a deficiency in the Principal and Interest Subaccount to meet maturing
3 installments of either principal ((of or interest on any of the Parity Bonds, such
4 deficiency shall be made up from the Reserve Subaccount by the withdrawal of
5 cash therefrom.)) (or Sinking Fund Requirements) or interest. Any deficiency
6 created in the Reserve Subaccount by reason of any such withdrawal shall will
7 then be made up from the ULID Assessments and Net Revenue ~~((of the~~
8 ~~Drainage and Wastewater System which shall be))~~ first available after making
9 necessary provisions for the required payments into the Principal and Interest
10 Subaccount. The money in the Reserve Subaccount may be applied to the
11 payment of the last outstanding Parity Bonds, and when the total amount in the
12 Parity Bond Account (including investment earnings) equals the total amount of
13 principal and interest for all then-outstanding Parity Bonds to the last maturity
14 thereof, no further payment need be made into the Parity Bond Account. Money
15 in the Reserve Subaccount (including investment earnings) in excess of the
16 Reserve Requirement may be withdrawn and deposited in the Principal and
17 Interest Subaccount and spent for the purpose of retiring Parity Bonds or may be
18 deposited in any other fund or account and spent for any other lawful Drainage
19 and Wastewater System purpose.

20 **(((e))c) Investment of Money in Parity Bond Account.** All money in
21 the Parity Bond Account may be kept in cash or invested in Permitted
22 Investments maturing not later than the date when needed (for investments in the
23 Principal and Interest Subaccount) or the last maturity of any outstanding Parity
24 Bonds (for investments in the Reserve Subaccount). In no event shall any money

1 in the Parity Bond Account or any other money reasonably expected to be used
2 to pay principal and/or interest on the Parity Bonds be invested at a yield which
3 would cause ~~((the))~~any Series issued as Tax-Exempt Bonds or Tax Credit
4 Subsidy Bonds to be arbitrage bonds within the meaning of Section 148 of the
5 Code. Income from investments in the Principal and Interest Subaccount shall be
6 deposited in that subaccount.

7 Income from investments in the Reserve Subaccount shall be deposited
8 in that subaccount until the amount therein is equal to the Reserve Requirement
9 for all Parity Bonds, and thereafter shall be deposited in the Principal and
10 Interest Subaccount.

11 ~~((The City may create sinking fund subaccounts or other subaccounts in
12 the Parity Bond Account for the payment or securing the payment of Parity
13 Bonds as long as the maintenance of such subaccounts does not conflict with the
14 rights of the owners of Parity Bonds.))~~ Notwithstanding the provisions for
15 deposit or retention of earnings in the Parity Bond Account, any earnings which
16 are subject to a federal tax or rebate requirement may be withdrawn from the
17 Parity Bond Account for deposit in a separate fund or account for that purpose.
18 If no longer required for such rebate, money in that separate fund or account
19 shall be returned to the Parity Bond Account.

20 ~~((§))~~d **Failure to Deposit Money in Parity Bond Account.** If
21 the City fails to set aside and pay into the Parity Bond Account, ~~((including))~~or
22 the ~~((Reserve Subaccount))~~subaccounts therein, the amounts set forth above, the
23 ~~((R))~~registered ~~((O))~~owner of any of the outstanding Parity Bonds may bring
24 action against the City ~~((and compel such setting aside and payment. Upon the~~

1 ~~redemption or defeasance of all of the then outstanding 1995 Bonds, a~~
2 ~~Registered Owner of Parity Bonds may bring an action against the City))~~for
3 failure to make the required deposits to the Parity Bond Account only in
4 accordance with Section ~~((25 of this ordinance))~~26 regarding Events of Default.

5 ~~(((g) **Provision for Maintenance and Operation Expense.** It is~~
6 ~~declared that in creating the Parity Bond Account and in fixing the amounts to~~
7 ~~be paid into it as provided in paragraphs (c) and (d) of this Section 14, the City~~
8 ~~Council has had due regard for Operating and Maintenance Expense (and cost of~~
9 ~~maintenance and operation as contemplated by RCW 35.67.130), and is not~~
10 ~~setting aside into the Parity Bond Account a greater amount than in the~~
11 ~~judgment of the City Council, based on the rates to be established from time to~~
12 ~~time consistent with Section 15(a), will be available over and above such~~
13 ~~Operating and Maintenance Expense (and such cost of maintenance and~~
14 ~~operation).))~~

15 **Section 18. New Section 14 Added to the Ordinance.** A new section is added to
16 Ordinance 121938 to be numbered as Section 14, as follows:

17 **Section 14. Security for the Bonds; Parity with other Bonds.** The
18 Bonds shall be special limited obligations of the City payable from and secured
19 solely by the Net Revenue and ULID Assessments, and by money in the Parity
20 Bond Account and the subaccounts therein, including, without limitation, the
21 Reserve Subaccount. The Net Revenue and all ULID Assessments are pledged
22 to the payment of the Parity Bonds. This pledge shall constitute a charge and
23 lien upon the Net Revenue prior and superior to any other charges whatsoever.
24 The City covenants that for as long as any Bond is outstanding that it will not

1 issue any other revenue obligations (or create any special fund or account
2 therefor), which will have any priority over or which will rank on a parity with
3 the payments required in respect of the Bonds and the Outstanding Parity Bonds,
4 nor will it issue Future Parity Bonds, except in accordance with Section 18.

5 The Bonds shall be on a parity with the Outstanding Parity Bonds and all
6 Future Parity Bonds, without regard to date of issuance or authorization and
7 without preference or priority of right or lien. Nothing in this ordinance prevents
8 the City from issuing revenue bonds or other obligations which are a charge or
9 lien upon the Net Revenues subordinate to the payments required to be made
10 from Net Revenue into the Parity Bond Account and the subaccounts therein.

11 The Bonds shall not constitute general obligations of the City, the State
12 or any political subdivision of the State or a charge upon any general fund or
13 upon any money or other property of the City, the State or any political
14 subdivision of the State not specifically pledged by this ordinance.

15 **Section 19. Amendment to Section 15 of the Ordinance.** Section 15 of
16 Ordinance 121938 is renumbered as Section 17 and is amended and restated as follows:

17 **Section ~~((15.))~~17. Parity Bond Covenants.** The City covenants
18 ~~((and agrees))~~ with the owner of each ~~((of the Parity Bonds))~~ Bond at any time
19 outstanding, as follows:

20 (a) **Operation and Maintenance.** It will pay all Operating and
21 Maintenance Expense and otherwise meet the obligations of the City under this
22 ordinance. It will at all times maintain and keep the Drainage and Wastewater
23 System in good repair, working order and condition, will make all necessary and
24 proper additions, betterments, renewals and repairs thereto, and improvements,

1 replacements and extensions thereof so that at all times the business carried on
2 in connection therewith will be properly and advantageously conducted, and will
3 at all times operate the Drainage and Wastewater System and the business in
4 connection therewith in an efficient manner and at a reasonable cost.

5 (b) Establishment of Rates and Charges~~(; Coverage~~
6 ~~Requirement))~~. It will establish, maintain, revise as necessary and collect such
7 rates and charges for drainage and wastewater service furnished which will
8 produce ~~((Net Revenue (or, upon the redemption or defeasance of all then~~
9 ~~outstanding 1995 Bonds, -))~~Adjusted Net Revenue~~((available for debt service))~~
10 each calendar year at least equal to the Coverage Requirement. It will not
11 change any rate or charge for drainage and wastewater service as now
12 established by the ~~((existing rate ordinance or ordinances of the-))~~City that will
13 substantially reduce the annual Gross Revenue ~~((of the Drainage and~~
14 ~~Wastewater System-))~~below that which would have been obtained before such
15 change, unless the City shall have on file a certificate from an Independent
16 ~~((Consulting Engineer or a certified public accountant experienced in drainage~~
17 ~~and wastewater system rates and charges))~~Utility Consultant, stating the rates
18 and charges as so changed will provide Gross Revenue~~((of the Drainage and~~
19 ~~Wastewater System))~~ sufficient to comply with all the covenants and
20 requirements of this ordinance, including the Coverage Requirement. *Upon the*
21 *redemption or defeasance of all ((then-))outstanding((-1995 Bonds, 1998*
22 *Bonds, 1999 Bonds, 2001 Bonds, 2001 Bonds and)) 2004 Bonds, this*
23 *((paragraph (a))subsection shall be replaced in its entirety with the following:*
24 *((a) Rates and Charges; Coverage Requirement.))*It will establish, maintain,

1 *revise as necessary and collect(~~(such)~~) rates and charges for services and*
2 *facilities provided by the Drainage and Wastewater System so that Adjusted Net*
3 *Revenue in each fiscal year will be at least equal to the Coverage Requirement.*
4 *The failure of the City to comply with this (~~(paragraph (a))~~)subsection shall not*
5 *be an Event of Default(~~(under this ordinance)~~) if the City promptly retains an*
6 *Independent(~~(Consulting Engineer)~~) Utility Consultant to recommend to the*
7 *City Council adjustments in the rates of the Drainage and Wastewater System*
8 *necessary to meet the requirements of this (~~(paragraph (a))~~)subsection and if the*
9 *City Council adopts the recommended modifications within 180 days of the date*
10 *the failure became known to the City Council.*

11 ~~((b) **Maintenance of Drainage and Wastewater System.** It will at~~
12 ~~all times maintain and keep the Drainage and Wastewater System in good repair,~~
13 ~~working order and condition, including, from time to time, making or causing to~~
14 ~~be made all necessary and proper repairs, renewals and replacements so that at~~
15 ~~all times the operation of such system shall be properly and advantageously~~
16 ~~conducted, and will at all times operate the Drainage and Wastewater System~~
17 ~~and the business in connection therewith in an efficient manner and at a~~
18 ~~reasonable cost.))~~

19 **(c) Sale or Disposition of Drainage and Wastewater System.** It
20 will not sell, lease, mortgage, or in any manner encumber or dispose of all of the
21 property of the Drainage and Wastewater System unless provision is made for
22 the payment into the Parity Bond Account of an amount sufficient to pay the
23 principal of and interest on Parity Bonds then outstanding; and it will not sell,
24 lease, mortgage, or in any manner encumber or dispose of (each a "transfer")

1 any part of the property of the Drainage and Wastewater System that is used,
2 useful and material to the operation thereof, except consistent with one or more
3 of the following:

4 (i) if provision is made for replacement thereof, or for payment into
5 the Parity Bond Account of the total amount of Gross Revenue
6 received from the portion of the Drainage and Wastewater
7 System ~~((sold, leased, mortgaged, encumbered or disposed
8 of))~~transferred, which shall not be less than an amount which
9 shall bear the same ratio to the amount of Parity Bonds then
10 outstanding as the Gross Revenue available for debt service for
11 such outstanding bonds for the ~~((twelve-))~~12~~((-))~~ months
12 preceding such ~~((sale, lease, mortgage, encumbrance or
13 disposal))~~transfer from the portion of the Drainage and
14 Wastewater System ~~((sold, leased, mortgaged, encumbered or
15 disposed of))~~so transferred bears to the Gross Revenue available
16 for debt service for the then outstanding Parity Bonds from the
17 entire Drainage and Wastewater System of the City for the same
18 period. Any such money so paid into the Parity Bond Account
19 shall be used to retire such Parity Bonds at the earliest possible
20 date; or

21 (ii) ~~((upon the redemption or defeasance of all then outstanding 1995
22 Bonds,))~~if the aggregate depreciated cost value of the property
23 being ~~((encumbered or disposed of))~~transferred under this
24 ~~((subparagraph (ii)))~~subsection in any fiscal year comprises no
25 more than ~~((five percent-))~~5%~~((-))~~ of the total assets of the
26 Drainage and Wastewater System; or

27 ~~((i))~~iii ~~((w))~~Upon the redemption or defeasance of all ((then
28))outstanding ((Outstanding Parity))2004 Bonds((;-)); if the
29 proceeds from such transfer are used to acquire new useful
30 operating facilities or properties of the Drainage and Wastewater
31 System, or are used to retire outstanding Parity Bonds or other
32 revenue obligations of the Drainage and Wastewater System, and
33 if, at the time of such transfer, the City has on file~~((-a))~~ a
34 certificate of both the Director of Finance and the Director of
35 Seattle Public Utilities (or any officer who succeeds to
36 substantially all of the responsibilities of either office)

1 *demonstrating that in their opinion, upon such transfer and the*
2 *use of proceeds of the transfer as proposed by the City, the*
3 *remaining facilities of the Drainage and Wastewater System will*
4 *retain their operational integrity and, based on the financial*
5 *statements for the most recent fiscal year available, the proposed*
6 *transfer would not prevent the Drainage and Wastewater System*
7 *from complying with the Coverage Requirement during the five*
8 *fiscal years following the fiscal year in which the transfer is to*
9 *occur. The certificate shall take into account, (A) the reduction in*
10 *revenue and expenses, if any, resulting from the transfer; (B) the*
11 *use of any proceeds of the transfer for the redemption of Parity*
12 *Bonds, (C) the estimate of revenue from customers anticipated to*
13 *be served by any additions to and betterments and extensions of*
14 *the Drainage and Wastewater System financed in part by the*
15 *proposed portion of the proceeds of the transfer, and (D) any*
16 *other adjustment permitted in the preparation of a certificate*
17 *under Section ((17))18(a)(vi)((of this ordinance)). Before such a*
18 *transfer, the City also must obtain confirmation from each of the*
19 *Rating Agencies to the effect that the rating then in effect will not*
20 *be reduced or withdrawn upon such transfer.*

21 **(d) Books and Records.** It will(~~(, while any of the Bonds remain~~
22 ~~outstanding,)) keep proper and separate accounts and records in which complete~~
23 ~~and separate entries shall be made of all transactions relating to the Drainage~~
24 ~~and Wastewater System, and it will furnish the Registered Owner(s) of the~~
25 ~~Bonds or any subsequent Registered Owner(s) thereof, at the written request of~~
26 ~~such Registered Owner(s), complete operating and income statements of the~~
27 ~~Drainage and Wastewater System in reasonable detail covering any fiscal year~~
~~not more than six months after the close of such fiscal year and it will grant any~~
~~Registered Owner(s) of at least ((twenty five (25) percent))25%~~ of the
outstanding Bonds the right at all reasonable times to inspect the entire Drainage
and Wastewater System and all records, accounts and data of the City relating
thereto. Upon request of any Registered Owner of any of the Bonds, it also will

1 furnish to such Registered Owner a copy of the most recently completed audit of
2 the City's accounts by the State Auditor(~~of Washington~~).

3 ~~((e) Operating and Maintenance Expense. It will pay all Operating~~
4 ~~and Maintenance Expense and otherwise meet the obligations of the City as~~
5 ~~herein set forth.))~~

6 **Section 20. Amendment to Section 16 of the Ordinance.** Section 16 of
7 Ordinance 121938 is renumbered as Section 23 and is amended and restated as follows:

8 **Section ~~((16))23. ((Preservation of Tax Exemption for Interest~~**
9 **on)) Provisions Relating to Certain Federal Tax Consequences of the**
10 **Bonds.**

11 **(a) Tax-Exempt Bonds.** The City covenants that it will take all
12 actions consistent with the terms of ~~((the))any Series issued as Tax-Exempt~~
13 ~~Bonds, this ordinance and the Bond Resolution, reasonably within its power~~
14 ~~and necessary to prevent interest on ((the Bonds))that Series from being~~
15 ~~included in gross income for federal income tax purposes, and ((it))the City~~
16 ~~will neither take any action nor make or permit any use of ((the--))gross~~
17 ~~proceeds of ((the Bonds))that Series or other funds of the ((e))City treated as~~
18 ~~proceeds of ((the bonds))that Series at any time during the term of the~~
19 ~~((Bonds))Series which will cause interest on the ((Bonds))Series to be included~~
20 ~~in gross income for federal income tax purposes. The City also covenants~~
21 ~~that it will, to the extent the arbitrage rebate requirement of Section 148 of the~~
22 ~~Code is applicable to any Series issued as Tax-Exempt Bonds, take all actions~~
23 ~~necessary to comply (or to be treated as having complied) with that requirement~~
24 ~~in connection with that Series, including the calculation and payment of any~~

1 penalties that the City has elected to pay as an alternative to calculating
2 rebtable arbitrage, and the payment of any other penalties if required under
3 Section 148 of the Code to prevent interest on such Series from being included
4 in gross income for federal income tax purposes.

5 ~~((The City has not been notified of any listing or proposed listing by the~~
6 ~~Internal Revenue Service to the effect that the City is a bond issuer whose~~
7 ~~arbitrage certifications may not be relied upon.))~~

8 **(b) Tax-Credit Subsidy Bonds or other Taxable Bonds.** The
9 Director of Finance may, without further action by the City Council, make
10 provision in the Bonds or other written document for such additional covenants
11 of the City as may be necessary or appropriate in order for the City to receive
12 from the United States Treasury the applicable Tax Credit Subsidy Payments in
13 respect of any Series issued as Tax Credit Subsidy Bonds or otherwise become
14 and remain eligible for tax benefits under the Code.

15 **Section 21. Amendment to Section 17 of the Ordinance.** Section 17 of
16 Ordinance 121938 is renumbered as Section 18 and is amended and restated as follows:

17 **Section ((17))18. Future Parity Bonds((Conditions)).**

18 (a) The City reserves the right to issue Future Parity Bonds and to
19 enter into Parity Payment Agreements for purposes of the Drainage and
20 Wastewater System or to refund a portion of the Parity Bonds if the following
21 conditions are met and complied with at the time of the issuance of those Future
22 Parity Bonds or entering into the Parity Payment Agreement: ~~((The City further~~
23 covenants with the owner of each of the Bonds for as long as any of the Bonds
24 are outstanding that it will not create any special account or fund or accounts or

1 funds for the payment of the principal of and interest on any other revenue
2 obligations or issue any other revenue obligations which will have any priority
3 over or which will rank on a parity with the payments required by this ordinance
4 to be made out of the Net Revenue of the Drainage and Wastewater System nor
5 will it issue Future Parity Bonds, except that it reserves the right for))

6 ~~((First, the purpose of acquiring, constructing and installing additions to,
7 and betterments and improvements and extensions of, acquiring necessary
8 equipment for, or making necessary replacements of or repairs or capital
9 improvements to the Drainage and Wastewater System pursuant to an adopted
10 system or plan of additions thereto and betterments and improvements thereof,
11 or))~~

12 ~~((Second, the purpose of refunding by exchange or purchasing and
13 retiring or advance refunding by call and payment at or prior to their maturity
14 any part or all of the outstanding Parity Bonds, or))~~

15 ~~((Third, other purposes then permitted by law,))~~

16 ~~((to issue Future Parity Bonds therefor, and to make payments into the
17 Parity Bond Account from the Net Revenue sufficient to pay the principal of and
18 interest on such Future Parity Bonds and to maintain a reserve therefor as
19 hereinafter required, which payments may rank equally with the payments out of
20 the Net Revenue required to be made into the Parity Bond Account by this
21 ordinance, if the following conditions and requirements are met and complied
22 with at the time of the issuance of such Future Parity Bonds:))~~

23 ~~((a))~~ ~~((At the time of issuance of such Future Parity Bonds, there shall
24 not be a deficiency in either the Principal and Interest Subaccount
25 or the Reserve Subaccount))~~ There must be no deficiency in the

1 Parity Bond Account and no Event of Default with respect to any
2 Parity Bonds shall have occurred and be continuing.

3 ~~((b))ii~~ ~~((The Parity Bond Ordinance authorizing Future Parity~~
4 ~~Bonds shall provide for the creation of a sinking fund account in~~
5 ~~the Parity Bond Account for any Term Bonds to be issued and for~~
6 ~~regular payments to be made into such account for the payment~~
7 ~~of the principal of such Term Bonds on or before their maturity,~~
8 ~~or, as an alternative, the mandatory redemption of such Term~~
9 ~~Bonds prior to their maturity date (except for a portion of such~~
10 ~~Term Bonds scheduled for redemption on their maturity date)~~
11 ~~from money in the Principal and Interest Account.))~~ The Future
12 Parity Bond Legislation must provide that all ULID Assessments
13 shall be paid directly into the Parity Bond Account.

14 ~~((e))iii~~ ~~The ((Parity Bond Ordinance authorizing such-))Future~~
15 ~~Parity ((Bonds shall))Bond Legislation must~~ provide for the
16 ~~payment of the principal thereof and interest thereon out of the~~
17 ~~Parity Bond Account((-and shall further)).~~

18 (iv) The Future Parity Bond Legislation must provide for the payment
19 ((from the Net Revenue (and, after the redemption or defeasance
20 of all outstanding 1995 Bonds, from ULID Assessments) or from
21 proceeds))of any Sinking Fund Requirements from money in the
22 Principal and Interest Subaccount.

23 (v) The Future Parity Bond Legislation must provide for the deposit
24 into the Reserve Subaccount of (A) an amount, if any, necessary
25 to fund the Reserve Requirement upon the issuance of those
26 Future Parity Bonds ((or from an Alternate Security, or by more
27 than one, the Reserve Requirement of such Future Parity Bonds,
except if such Future Parity Bonds are issued for the purpose of
refunding any outstanding Parity Bonds, the amount of such
reserve allocated to such bonds being so refunded shall be
retained or used as a reserve for such refunding Future Parity
Bonds or used to retire outstanding Bonds or outstanding Future
Parity Bonds pursuant to the refunding plan, which reserve
amount shall be replaced in the same manner and within the same
time as required for additional Future Parity Bonds, or such
reserve may remain in the Reserve Subaccount to be used as the
reserve for remaining Parity Bonds. To the extent that the

1 ~~Reserve Requirement is not funded with proceeds of such Future~~
2 ~~Parity Bonds or by an Alternate Security, it shall be funded by~~
3 ~~equal annual deposits from Net Revenue (and, after the~~
4 ~~redemption or defeasance of all then outstanding 1995 Bonds,~~
5 ~~from ULID Assessments) so that it is fully deposited in the~~
6 ~~Reserve Subaccount by the fifth anniversary date of the date of~~
7 ~~the Future Parity Bonds.))~~from Future Parity Bond proceeds or
8 other money legally available; (B) one or more Reserve
9 Securities or an amount plus Reserve Securities necessary to fund
10 the Reserve Requirement upon the issuance of those Future
11 Parity Bonds, or (C) amounts necessary to fund the Reserve
12 Requirement from ULID Assessments and Net Revenue within
13 five years from the date of issuance of those Future Parity Bonds,
14 in five approximately equal annual payments. Immediately prior
15 to the issuance of Future Parity Bonds, amounts then deposited in
16 the Reserve Subaccount shall be valued as determined on the
17 most recent annual financial report of the City applicable to the
18 Drainage and Wastewater System, and the additional amounts, if
19 any, needed to be deposited into the Reserve Subaccount to
20 satisfy the Reserve Requirement shall be based on that valuation.

21 ~~((d))vi~~ ~~((At the time of the issuance of such Future Parity Bonds,~~
22 ~~the City shall have on file a))~~There shall be on file either:

23 (A) A certificate of the Director of Finance or the Director of
24 Seattle Public Utilities demonstrating that during any 12
25 consecutive calendar months out of the immediately
26 preceding 24 calendar months Adjusted Net Revenue was
27 at least equal to the Coverage Requirement for all Parity
28 Bonds plus the Future Parity Bonds proposed to be issued
29 (and assuming that the debt service of the proposed
30 Future Parity Bonds for that 12 month period was the
31 Average Annual Debt Service for those proposed bonds);
32 or

33 (B) A certificate of the Director of Seattle Public Utilities or a
34 certificate from an Independent ((Consulting Engineer or
35 a certified public accountant experienced in Drainage and
36 Wastewater System rates and charges))Utility Consultant
37 showing that in his or her professional opinion the
38 Adjusted Net Revenue will be equal to the Coverage

1 Requirement. However, if Future Parity Bonds proposed
2 to be so issued are for the sole purpose of refunding
3 outstanding Parity Bonds, such certification of coverage
4 shall not be required if the Annual Debt Service in each
5 year for the refunding bonds is not increased over the
6 amount required for the bonds to be refunded thereby and
7 the maturities of those refunding bonds are not extended
8 beyond the maturities of the bonds to be refunded thereby.

9 The certificate, in estimating the ~~((Net Revenue or))~~
10 Adjusted Net Revenue ~~((, as applicable,))~~ shall use the
11 historical Gross Revenue for any ~~((twelve-))12((-))~~
12 consecutive months out of the ~~((twenty-four-))24((-))~~
13 months immediately preceding the month of delivery of
14 the Future Parity Bonds. The Gross Revenue may be
15 adjusted to reflect:

16 (1) any changes in rates in effect and being charged or
17 expressly committed by ordinance of the City
18 Council to be made in the future; ~~((may include-))~~

19 (2) income derived from customers of the Drainage
20 and Wastewater System that have become
21 customers during the ~~((twelve-))12((-))~~
22 consecutive ~~((-))~~ month period or thereafter
23 adjusted to reflect one year's net revenue from
24 such customers; ~~((may include-))~~

25 (3) revenues from any customers to be connected to
26 the Drainage and Wastewater System who have
27 paid the required connection charges; ~~((may
include the-))~~

(4) revenue to be derived from any person, firm,
corporation or municipal corporation under any
executed contract for Drainage or Wastewater
service which revenue was not included in the
historical Gross Revenue; ~~((and may include-))~~

(5) an estimate of the Gross Revenue to be derived by
the City from customers with improved property
available to connect to any additions to and

1 improvements and extensions of the Drainage and
2 Wastewater System to be paid for out of the
3 proceeds of the sale of the additional Future Parity
4 Bonds or other additions to and improvements and
5 extensions of the Drainage and Wastewater
6 System then under construction and not fully
7 connected to the facilities of the Drainage and
8 Wastewater System when such additions,
9 improvements and extensions are completed.

10 Actual or reasonably anticipated changes in the Operating
11 and Maintenance Expense subsequent to such ~~((twelve~~
12 ~~(-))12(-))~~ month period shall be added or deducted, as is
13 applicable. The use of money other than Gross Revenue
14 for the payment of Operating and Maintenance Expense
15 shall not exceed per year an amount used for that purpose
16 during the ~~((twelve-(-))12((-))~~ months immediately
17 preceding the date of issuance of the Future Parity Bonds.

18 ~~((Nothing contained in the provisions for Future Parity Bonds shall prevent the~~
19 ~~City from issuing revenue bonds or other obligations having a lien on the Gross~~
20 ~~Revenue subordinate to the lien of the Bonds and any Future Parity Bonds.))~~

21 ~~((Upon the redemption or defeasance of all then outstanding 1995~~
22 ~~Bonds, all references to "Net Revenue" in this Section 17(d) shall be changed to~~
23 ~~"Adjusted Net Revenue."))~~

24 ~~((Upon the redemption or defeasance of all then outstanding 1995~~
25 ~~Bonds, as an alternative to the certificate required under this Section 17(d), the~~
26 ~~City, at its option, may provide a certificate of the Director of Finance or the~~
27 ~~Director of Seattle Public Utilities demonstrating that during any twelve~~
~~consecutive calendar months out of the immediately preceding twenty four (24)~~
~~calendar months Adjusted Net Revenue was at least equal to the Coverage~~
~~Requirement for all Parity Bonds plus the Future Parity Bonds proposed to be~~

1 *issued (and assuming that the debt service of the proposed Future Parity Bonds for*
2 *that twelve-month period was the Average Annual Debt Service for those proposed*
3 *bonds).))*

4 *Upon the redemption or defeasance of all ((then-))outstanding ((1995*
5 *Bonds, 1998 Bonds, 1999 Bonds, 2001 Bonds, 2002 Bonds and)) 2004 Bonds,*
6 *this ((Section 17))subsection ((d))vi) shall be replaced in its entirety with the*
7 *following:*

8 *((f))vi) There shall be on file with the City either:*

9 *((1))A) ((a))A certificate of the Director of Finance*
10 *demonstrating that during any ((twelve))12 consecutive*
11 *calendar months out of the immediately preceding 24*
12 *calendar months Adjusted Net Revenue was at least equal*
13 *to the Coverage Requirement for all Parity Bonds plus the*
14 *Future Parity Bonds proposed to be issued (and assuming*
15 *that the debt service of the proposed Future Parity Bonds*
16 *for that ((twelve-))12 month period was the Average*
17 *Annual Debt Service for those proposed bonds); or*

18 *((2))B) ((a))A certificate of ((-both)) the Director of*
19 *Finance and the Director of Seattle Public Utilities (or*
20 *any officer who succeeds to substantially all of the*
21 *responsibilities of ((either))that office), that in their*
22 *opinion((-the)), Adjusted Net Revenue for the five fiscal*
23 *years next following the earlier of ((A))1) the end of the*
24 *period during which interest on those Future Parity*
25 *Bonds is to be capitalized or, if no interest is capitalized,*
26 *the fiscal year in which the Future Parity Bonds are*
27 *issued, or ((B))2) the date on which substantially all new*
facilities financed with those Future Parity Bonds are
expected to commence operations, such Adjusted Net
Revenue further adjusted as provided in paragraphs
((i))1) through ((iv))4) below, will be at least equal to
the Coverage Requirement. That certificate may take into
account the following adjustments:

1 *(((#))1) Any changes in rates in effect and being charged,*
2 *or rates expected to be charged in accordance*
3 *with a program of specific rates, rate levels or*
4 *increases in overall rate revenue approved by*
5 *ordinance or resolution;*

6 *(((#))2) Net revenue from customers of the*
7 *Drainage and Wastewater System who have*
8 *become customers during the 12 consecutive*
9 *month period or thereafter, and their estimate of*
10 *net revenue from any customers to be connected to*
11 *the Drainage and Wastewater System who have*
12 *paid the required connection charges, adjusted to*
13 *reflect one year's net revenue from those*
14 *customers;*

15 *(((#))3) Their estimate of net revenue from*
16 *customers anticipated to be served by facilities or*
17 *improvements financed in substantial part by*
18 *those Future Parity Bonds (or additional Parity*
19 *Bonds expected to be issued during the five((-*
20 *))-year period); and*

21 *(((#))4) Net revenue from any person, firm,*
22 *corporation or municipal corporation under any*
23 *executed contract for ~~((water))~~drainage and*
24 *wastewater services or other utility service, which*
25 *revenue was not included in the historical Net*
26 *Revenue of the Drainage and Wastewater System.*

27 *If the Future Parity Bonds proposed to be issued are for*
28 *the sole purpose of refunding Parity Bonds, no such*
29 *coverage certification shall be required if the Adjusted*
30 *Annual Debt Service on the Parity Bonds after the*
31 *issuance of the Future Parity Bonds is not, for any year in*
32 *which the Parity Bonds being refunded were outstanding,*
33 *more than \$5,000 over the Adjusted Annual Debt Service*
34 *on the Parity Bonds prior to the issuance of those Future*
35 *Parity Bonds.*

1 **(b)** Nothing contained in the provisions for Future Parity Bonds shall
2 prevent the City from issuing revenue bonds or other obligations having a lien
3 on the Gross Revenue subordinate to the lien of the Bonds and any Future Parity
4 Bonds. Upon the redemption or defeasance of all outstanding 2004 Bonds, this
5 subsection shall be replaced in its entirety with the following: Nothing
6 contained herein shall prevent the City from issuing Future Parity Bonds to
7 refund maturing Parity Bonds, money for the payment of which is not otherwise
8 available, or revenue bonds that are a charge or lien upon the Gross Revenue
9 subordinate to the charge or lien of the Parity Bonds, or from pledging the
10 payment of ULID assessments into a bond redemption fund created for the
11 payment of the principal of and interest on those ~~((junior))~~ subordinate lien
12 bonds as long as such ULID assessments are levied for improvements
13 constructed from the proceeds of those ~~((junior))~~ subordinate lien bonds.

14 ~~(((e) Upon the redemption or defeasance of all then outstanding 1995~~
15 ~~Bonds, the Parity Bond Ordinance authorizing the Future Parity Bonds shall~~
16 ~~provide that all ULID Assessments shall be paid directly into the Parity Bond~~
17 ~~Account.))~~

18 **Section 22. Amendment to Section 18 of the Ordinance.** Section 18 of
19 Ordinance 121938 is renumbered as Section 24 and is amended and restated as follows:

20 **Section ~~((18))~~24. Official Statement; Continuing Disclosure.**

21 **(a) Preliminary Official Statement.** The Director of Finance and
22 other appropriate City officials are directed to cause the preparation of and
23 review the form of a preliminary official statement in connection with each sale
24 of one or more Series to the public. For the sole purpose of the Purchaser's

1 compliance with paragraph (b)(1) of Rule 15c2-12, the Director of Finance is
2 authorized to deem that preliminary official statement final as of its date, except
3 for the omission of information permitted to be omitted by Rule 15c2-12. The
4 City approves the distribution to potential purchasers of the Bonds of a
5 preliminary official statement that has been deemed final in accordance with this
6 substitution.

7 (b) Final Official Statement. The City approves the preparation of a
8 final official statement for each sale of one or more Series to be sold to the
9 public in the form of the preliminary official statement with such modifications
10 and amendments as the Director of Finance deems necessary or desirable, and
11 further authorizes the Director of Finance to execute and deliver such final
12 official statement to the Purchaser. The City authorizes and approves the
13 distribution by the Purchaser of that final official statement to purchasers and
14 potential purchasers of the Bonds.

15 (c) Undertaking to Provide Continuing Disclosure. To meet the
16 requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a
17 participating underwriter for a Series, the Director of Finance is authorized to
18 execute the written Undertaking in substantially the form attached as Exhibit
19 B.((The City shall undertake to provide for the benefit of holders of the Bonds
20 disellosure of certain financial information and operating data of the type
21 included in the final official statement for the Bonds, as well as disclosure of
22 certain material events respecting the Bonds, in the manner and to the extent
23 required by United States Securities and Exchange Commission Rule 15c2-
24

1 12(b)(5). The particular terms of any such Undertaking shall be set forth in the
2 Bond Resolution.))

3 **Section 23. Amendment to Section 19 of the Ordinance.** Section 19 of
4 Ordinance 121938 is renumbered as Section 22 and is amended and restated as follows:

5 **Section ~~((19))22.~~ Refunding ~~((and-))or Defeasance of Bonds.~~** The
6 Bonds are hereby designated "Refundable Bonds" for purposes of this
7 ordinance, as it may be amended from time to time. ~~((If the City shall))~~The City
8 may issue refunding bonds pursuant to the laws of the State~~((;))~~ or ~~((have))~~use
9 money available from any other lawful source~~((;))~~ to pay when due the principal
10 of, premium, if any, and interest on ~~((the Bonds))~~any Bond, or~~((such))~~ portion
11 thereof, included in ~~((the))~~a refunding or defeasance plan~~((as the same become~~
12 due and payable)), and to redeem and retire, release, refund or defease ~~((such~~
13 then outstanding Bonds))those Bonds (the "defeased Bonds") and to pay the
14 costs of ~~((refunding or defeasance, and shall have set aside irrevocably in a~~
15 special fund for and pledged to such payment,))such refunding or
16 defeasance~~((;))~~. If money and/or Government Obligations maturing at a time or
17 times and in an amount sufficient~~((in amount))~~, together with known earned
18 income from the ~~((investments thereof, to make such payments and to~~
19 accomplish the refunding or defeasance as scheduled (hereinafter called
20)investment thereof, to redeem and retire, release, refund or defease the
21 defeased Bonds in accordance with their terms, are set aside in a special trust
22 fund or escrow account irrevocably pledged to such redemption, retirement or
23 defeasance (the "trust account"), ~~((and shall make irrevocable provisions for~~
24 redemption of such Bonds, then in that case))then all right and interest of the

1 ~~((o))~~ Owners of the defeased Bonds~~((to be so retired, refunded or defeased~~
2 ~~(hereinafter collectively called the “defeased Bonds”)))~~ in the covenants of this
3 ordinance~~((,))~~ and in the ~~((Gross))~~ Net Revenue ~~((of the Drainage and~~
4 ~~Wastewater System, and))~~ and the funds and accounts ~~((obligated))~~ pledged to the
5 payment of such defeased Bonds, other than the right to receive the funds so set
6 aside and pledged, there~~((upon))~~ after shall cease and become void~~((, except such~~
7 ~~owners))~~. Such Owners thereafter shall have the right to receive payment of the
8 principal of and interest or redemption price on the defeased Bonds from the
9 trust account. After ~~((the-))~~ establishing and fully funding ~~((of-))~~ such a trust
10 account, the ((City)) defeased Bonds shall be deemed as no longer outstanding,
11 and the Director of Finance then may apply any money in any other fund or
12 account established for the payment or redemption of the defeased Bonds to any
13 lawful purposes~~((as it shall determine, subject only to the rights of the owners~~
14 ~~of any other Parity Bonds then outstanding))~~. Notice of refunding or defeasance
15 shall be given, and selection of Bonds for any partial refunding or defeasance
16 shall be conducted, in the manner set forth in this ordinance for the redemption
17 of Bonds.

18 If the refunding or defeasance plan provides that the defeased Bonds or
19 the refunding bonds to be issued be secured by ~~((cash))~~ money and/or
20 Government Obligations pending the prior redemption of the defeased Bonds
21 and if such refunding or defeasance plan also provides that certain
22 ~~((cash))~~ money and/or Government Obligations are pledged irrevocably for the
23 prior redemption of ~~((those))~~ the defeased Bonds included in th~~((e))~~ at refunding
24 or defeasance plan, then only the debt service on the Bonds which are not

1 defeased Bonds and the refunding bonds, the payment of which is not so secured
2 by the refunding(~~(-or defeasance)~~) plan, shall be included in the computation of
3 the Coverage Requirement for the issuance of Future Parity Bonds and the
4 annual computation of the Coverage Requirement for determining compliance
5 with the rate covenants(~~(-with respect to the Parity Bonds)~~).

6 **Section 24. Amendment to Section 20 of the Ordinance.** Section 20 of
7 Ordinance 121938 is renumbered as Section 3 and is amended and restated as follows:

8 **Section ~~((20))~~3. Manner of Sale of Bonds.** At least ~~((10))~~ten
9 days before the ~~((City Council adopts a Bond Resolution for a series of
10 Bonds))~~date selected by the Director of Finance for the sale of a Series, the
11 Director of Finance shall notify the President of the City Council, in writing,
12 of the Director of Finance's determination that the issuance of the ~~((series of
13 Bonds))~~Series is consistent with the then-current financial policies of the City.
14 The notice shall set forth the reasons for the Director of Finance's
15 determination. Upon giving such notice, the Director of Finance may provide
16 for the sale of ~~((that series of Bonds (or any portion thereof))~~each Series by
17 public sale(~~(-or by a)~~), negotiated sale(~~(-with an underwriter or other financial
18 institution)~~), limited offering or private placement with a Purchaser chosen
19 through a selection process acceptable to the Director of Finance. The City
20 Council's adoption of the Bond Resolution shall be conclusive evidence that
21 proper notice was provided to the President of the City Council.

22 The Director of Finance is authorized to specify a date and time of sale
23 of ~~((the Bonds,))~~and a date and time for delivery of each Series; to give notice of
24 that sale(~~((;))~~); to determine any bid parameters or other bid requirements and

1 criteria for determining the award of the bid((5)); to provide for the use of
2 an electronic bidding mechanism((5)); and to specify other matters in his or
3 her determination necessary, appropriate, or desirable in order to carry out the
4 sale of each Series. Each Series must be sold on Bond Sale Terms in accordance
5 with Section 4.~~((the Bonds. The terms of that sale shall be consistent with this~~
6 ~~ordinance and the Bond Resolution and shall be confirmed by the Bond~~
7 ~~Resolution. The Bonds shall be delivered to the purchasers as provided in the~~
8 ~~Bond Resolution immediately upon payment to the City of the purchase price~~
9 ~~plus accrued interest, if any, to the Closing Date in immediately available~~
10 ~~federal funds in Seattle, Washington, at the City's expense or at another time or~~
11 ~~place upon which the Director of Finance and the purchaser may mutually agree~~
12 ~~at the purchaser's expense.))~~

13 ~~((CUSIP numbers will be printed on the Bonds if requested by the~~
14 ~~purchasers, but neither failure to print CUSIP numbers on any Bond nor error~~
15 ~~with respect thereto shall constitute cause for a failure or refusal by the~~
16 ~~purchasers to accept delivery of and pay for the Bonds in accordance with the~~
17 ~~purchase offer. All expenses in relation to the printing of CUSIP numbers on the~~
18 ~~Bonds shall be paid by the City, but the fee of the CUSIP Service Bureau for the~~
19 ~~assignment of those numbers shall be the responsibility of and shall be paid by~~
20 ~~the purchasers.))~~

21 ~~((The City will cause the Bonds to be typed, photocopied, printed or~~
22 ~~lithographed, sealed and executed and will furnish the approving legal opinion~~
23 ~~of Bond Counsel, the opinion also being printed on each Bond unless the Bond~~
24 ~~is typed or photocopied.))~~

1 **Section 25. Amendment to Section 21 of the Ordinance.** Section 21 of
2 Ordinance 121938 is renumbered as Section 25 and is amended and restated as follows:

3 **Section ~~((21))~~25. Supplemental or Amendatory Ordinances.**

4 (a) This ordinance shall not be supplemented or amended in any
5 respect subsequent to the ~~((initial issuance of the Bonds))~~ Issue Date, except as
6 provided in and in accordance with and subject to the provisions of this
7 ~~((S))~~ section.

8 (b) The City may, from time to time and at any time, without the
9 consent of or notice to the ~~((Registered Owners))~~ owners of the Parity Bonds,
10 pass supplemental or amendatory ordinances for any of the following purposes:

11 ~~(((1)))~~ i) To cure any formal defect, omission, inconsistency or ambiguity
12 in this ordinance in a manner not adverse to the owners of any
13 Parity Bonds;

14 ~~(((2)))~~ ii) To impose upon the Bond Registrar (with its consent) for
15 the benefit of the owners of ~~((the))~~ any Parity Bonds any
16 additional rights, remedies, powers, authority, security, liabilities
17 or duties which may lawfully be granted, conferred or imposed
18 and which are not contrary to or inconsistent with this ordinance
19 as theretofore in effect;

20 ~~(((3)))~~ iii) To add to the covenants and agreements of, and
21 limitations and restrictions upon, the City in this ordinance other
22 covenants, agreements, limitations and restrictions to be observed
23 by the City which are not contrary to or inconsistent with this
24 ordinance as theretofore in effect;

25 ~~(((4)))~~ iv) To confirm, as further assurance, any pledge under, and
26 the subjection to any claim, lien or pledge created or to be created
27 by this ordinance of any other money, securities or funds;

28 ~~(((5)))~~ To comply with any future federal law or interpretation to
29 preserve the exclusion of the interest on the Bonds from gross
30 income for federal income tax purposes;))

1 (((6))v) To authorize different denominations of the Bonds and to make
2 correlative amendments and modifications to this ordinance
3 regarding exchangeability of Bonds of different authorized
4 denominations, redemptions of portions of Bonds of particular
5 authorized denominations and similar amendments and
6 modifications of a technical nature;(~~and~~)

7 (((7))vi) To comply with any future federal law or interpretation to
8 preserve the exclusion of the interest on the Tax-Exempt Bonds
9 from gross income for federal income tax purposes and the
10 entitlement of the City to receive from the United States Treasury
11 the applicable Tax Credit Subsidy Payments in respect of any
12 Series sold and issued as Tax Credit Subsidy Bonds;

13 (vii) To modify, alter, amend or supplement this ordinance in any
14 other respect which is not materially adverse to the owners of the
15 Parity Bonds and which does not involve a change described in
16 subsection (c) of this (~~Section~~) section; and

17 (viii) To add to the covenants and agreements of, and limitations and
18 restrictions upon, the City in this ordinance, other covenants,
19 agreements, limitations and restrictions to be observed by the
20 City which are requested by a provider of Bond Insurance or
21 provider of a Reserve Security and which are not materially
22 adverse to the owners of the Parity Bonds.

23 Before the City (~~shall adopt~~)may pass any such supplemental or
24 amendatory ordinance pursuant to this subsection, there (~~shall have been~~)must
25 be delivered to the City(~~and the Bond Registrar~~) an opinion of Bond Counsel,
26 stating that such supplemental or amendatory ordinance is authorized or
27 permitted by this ordinance and will, upon the (~~execution and~~
28 delivery)effective date thereof, be valid and binding upon the City in
29 accordance with its terms, and will not adversely affect the exclusion from gross
30 income for federal income tax purposes of interest on (~~the~~)any Tax-Exempt
31 Bonds.

1 (c~~(1)~~) Except for any supplemental or amendatory ordinance
2 (~~entered into~~)passed pursuant to subsection (b) of this ~~(S)~~(S) section, subject to
3 the terms and provisions contained in this subsection (c) and not otherwise ~~(;~~
4 Registered Owners);

5 (i) With the consent of registered owners of not less than ~~(sixty~~
6 ~~percent)~~60%~~(%)~~ in aggregate principal amount of the Parity
7 Bonds then outstanding ~~(shall have the right from time to time to~~
8 ~~consent to and approve the passage by)~~, the City Council
9 ~~(of)~~may pass any supplemental or amendatory ordinance
10 deemed necessary or desirable by the City for the purpose of
11 modifying, altering, amending, supplementing or rescinding, in
12 any particular, any of the terms or provisions contained in this
13 ordinance ~~(; except that)~~. However, unless approved in writing
14 by the ~~(R)~~registered ~~(O)~~owner(s) ~~(of all the)~~ of each Parity
15 Bond~~(s)~~ then outstanding, nothing contained in this ~~(S)~~(S) section
16 shall permit, or be construed as permitting ~~(;)~~ ~~(i)~~A a
17 change in the times, amounts or currency of payment of the
18 principal of or interest on any outstanding Parity Bond, or a
19 reduction in the principal amount or redemption price of any
20 outstanding ~~(Bond or a change in the method of redemption or~~
21 ~~redemption price of any outstanding)~~Parity Bond or a change in
22 the method of determining the rate of interest thereon,
23 ~~(of)~~ ~~(ii)~~B ~~(-A)~~ a preference or priority of any Parity Bond~~(~~
24 ~~or Bonds)~~ over any other Parity Bond~~(-or Bonds)~~, or ~~(iii)~~C ~~(~~
25 ~~A)~~ a reduction in the aggregate principal amount of Parity
26 Bonds ~~(, the consent of the Registered Owners of Bonds of which~~
27 is required for any such supplemental or amendatory ordinance).

19 ~~(2)~~ii If at any time the City ~~(shall adopt any)~~Council passes a
20 supplemental or amendatory ordinance for any of the purposes of
21 this subsection (c), the Bond Registrar shall cause notice of the
22 proposed supplemental or amendatory ordinance to be given by
23 first class United States ~~(M)~~mail to all ~~(R)~~registered
24 ~~(O)~~owners of the then outstanding ~~(Bonds and to the)~~Parity
25 Bonds, to each provider of Bond Insurance or a Reserve Security,
26 and to each Rating ~~(Agencies-)~~Agency. Such notice shall
27 briefly set forth the nature of the proposed supplemental or

1 amendatory ordinance and shall state that a copy (~~thereof~~) is on
2 file at the office of the (~~Bond Registrar~~) City Clerk for
3 inspection by all (~~Registered Owners~~) owners of the outstanding
4 Parity Bonds.

5 ~~((3))~~ iii) Within two years after the date of the mailing of such
6 notice, (~~the City may adopt~~) such supplemental or amendatory
7 ordinance (~~in~~) substantially (~~the form~~) as described in such
8 notice, may go into effect, but only if there shall have first been
9 delivered to the Bond Registrar (~~(i)A~~) the required consents, in
10 writing, of (~~the Registered Owners~~) registered owners of the
11 Parity Bonds, and (~~(i)B~~) an opinion of Bond Counsel (~~(;)~~)
12 stating that such supplemental or amendatory ordinance is
13 authorized or permitted by this ordinance and, upon the
14 (~~execution and delivery~~) effective date thereof, will be valid and
15 binding upon the City in accordance with its terms (~~and~~), will
16 not adversely affect the exclusion from gross income for federal
17 income tax purposes of interest on (~~the~~) any Tax-Exempt Bonds.

18 ~~((4))~~ iv) If (~~R~~) registered (~~O~~) owners of not less than ~~(t)n~~ the
19 percentage of Parity Bonds required by this subsection (c) shall
20 have consented to and approved the (~~execution and delivery~~
21 ~~thereof as herein provided~~) passage of such a supplemental or
22 amendatory ordinance, no owner of (~~the Bonds~~) a Parity Bond
23 shall have any right to object to the (~~adoption~~) passage of such
24 supplemental (~~or amendatory~~) ordinance, or to object to any of
25 the terms and provisions contained therein or the operation
26 thereof, or in any manner to question the propriety of the
27 (~~adoption~~) passage thereof, or to enjoin or restrain the City from
passing the same or the City, any authorized official thereof, or
the Bond Registrar from (~~adopting the same or from~~) taking any
action pursuant to the provisions thereof.

(d) The Registered Owners from time to time of the outstanding
Bonds, by taking and holding the same, shall be deemed to have consented to
the adoption by the City of any supplemental or amendatory ordinance or
resolution passed pursuant to the provisions of this section for any one or more
of the following purposes:

1 (i) When calculating "Annual Debt Service," to permit or require
2 Tax Credit Subsidy Payments expected to be received by the City
3 in any period to be credited against amounts required to be paid
4 in respect of interest on the Parity Bonds in that period; and

5 (ii) To permit or require Tax Credit Subsidy Payments to be
6 deposited into the Principal and Interest Subaccount and credited
7 against the Net Revenue otherwise required to be deposited into
8 the Principal and Interest Subaccount.

9 (e) Upon the~~((execution and delivery))~~ effective date of any
10 supplemental or amendatory ordinance pursuant to the provisions of this
11 ~~((Section))~~section, this ordinance shall be, and be deemed to be, modified and
12 amended in accordance therewith, and the respective rights, duties and
13 obligations under this ordinance of the City, the Bond Registrar and all owners
14 of Parity Bonds then outstanding shall thereafter be determined, exercised and
15 enforced under this ordinance subject in all respects to such modifications and
16 amendments.

17 **Section 26. Amendment to Section 22 of the Ordinance.** Section 22 of
18 Ordinance 121938 is renumbered as Section 20 and is amended and restated as follows:

19 **Section ~~((22))~~20. Separate Utility Systems.** ~~((Upon the~~
20 ~~maturity, redemption or defeasance of all the 1995 Bonds, the))~~The City may
21 create, acquire, construct, finance, own and operate one or more additional
22 systems for drainage and wastewater service or other commodity or service
23 relating to the Drainage and Wastewater System. The revenue of that
24 separate utility system shall not be included in the Gross Revenue and may be
25 pledged to the payment of revenue obligations issued to purchase, construct,
26 condemn or otherwise acquire or expand the separate utility system. Neither
27 the Gross Revenue nor the Net Revenue ~~((of the Drainage and Wastewater~~

1 System)) shall be pledged by the City to the payment of any obligations of a
2 separate utility system except ~~(((1))a)~~ as a Contract Resource Obligation(
3 ~~upon compliance with Section 23 hereof and/or (2),~~) or (b) with respect to the
4 Net Revenue, on a basis subordinate to the lien of the Parity Bonds on that Net
5 Revenue.

6 **Section 27. Amendment to Section 23 of the Ordinance.** Section 23 of
7 Ordinance 121938 is renumbered as Section 21 and is amended and restated as follows:

8 **Section ~~((23))21. Contract Resource Obligations.~~** ~~((Upon the~~
9 ~~maturity, redemption or defeasance of all the 1995 Bonds, the))~~The City may at
10 any time enter into one or more Contract Resource Obligations for the
11 acquisition, from facilities to be constructed, of drainage and wastewater
12 services or other commodity or service relating to the Drainage and Wastewater
13 System~~((:)),~~ as follows:

14 (a) The City may determine that, and may agree under a
15 Contract Resource Obligation to provide that, all payments under that
16 Contract Resource Obligation (including payments prior to the time that
17 drainage and wastewater services or other commodity or service is being
18 provided, or during a suspension or after termination of supply or service)
19 shall be an Operating and Maintenance Expense if the following requirements
20 are met at the time such a Contract Resource Obligation is entered into:

21 ~~(((a))i)~~ No Event of Default ~~((as defined in Section 25 of this ordinance~~
22 ~~))~~has occurred and is continuing~~((:)),~~ and

23 ~~(((b))ii)~~ There shall be on file a certificate of an Independent
24 ~~((Consulting Engineer))~~Utility Consultant stating that ~~(((i))A)~~ the
25 payments to be made by the City in connection with the Contract
26 Resource Obligation are reasonable for the commodity or
27

1 service rendered; ~~((ii))~~B) any facilities to be constructed to
2 provide the commodity or service are sound from a drainage
3 and wastewater services or other commodity or service
4 planning standpoint, are technically and economically feasible in
5 accordance with prudent utility practice, and are likely to
6 provide supply or transmission no later than a date set forth in
7 the Independent ~~((Consulting Engineer))~~Utility Consultant's
8 certification; and ~~((iii))~~C) the Adjusted Net Revenue (further
9 adjusted by the Independent ~~((Consulting Engineer))~~Utility
10 Consultant's estimate of the payments to be made in
11 accordance with the Contract Resource Obligation) for the five
12 fiscal years following the year in which the Contract Resource
13 Obligation is incurred, as such Adjusted Net Revenue is
14 estimated by the Independent ~~((Consulting Engineer))~~Utility
15 Consultant in accordance with the provisions of and
16 adjustments permitted in Section ~~((17(d)))~~18(a)(vi)~~((of this~~
17 ~~ordinance))~~, will be at least equal to the Coverage Requirement.

18 (b) Payments required to be made under Contract Resource
19 Obligations shall not be subject to acceleration.

20 (c) Nothing in this ~~((Section 23))~~section shall be deemed to prevent
21 the City from entering into other agreements for the acquisition of
22 drainage and wastewater services or other commodity or service from
23 existing facilities and from treating those payments as an Operating and
24 Maintenance ~~((Expenses))~~Expense. Nothing in this ~~((Section 23))~~section shall
25 be deemed to prevent the City from entering into other agreements for the
26 acquisition of drainage and wastewater services or other commodity or service
27 from facilities to be constructed and from agreeing to make payments with
respect thereto, such payments constituting a ~~((lien and))~~ charge and lien on
Net Revenue subordinate to the Parity Bonds.

Section 28. Amendment to Section 24 of the Ordinance. Section 24 of
Ordinance 121938 is renumbered as Section 19 and is amended and restated as follows:

1 **Section ~~((24))19. Rate Stabilization Account.~~** The Rate
2 Stabilization Account has been created as a separate account in the Drainage
3 and Wastewater Fund. ~~((Upon the redemption or defeasance of all the 1995
4 Bonds, the))~~The City may at any time, as determined by the ~~((City and as
5 consistent with Section 14(b)))~~Director of Finance, deposit in the Rate
6 Stabilization Account, Gross Revenue and any other money received by the
7 Drainage and Wastewater System and available ~~((to be used therefor. The City
8 may))~~for this purpose, consistent with Section 15. The Director of Finance may,
9 upon authorization by resolution of the City Council, withdraw any or all of
10 the money from the Rate Stabilization Account for inclusion in the Adjusted
11 Gross Revenue for any fiscal year~~((of the Drainage and Wastewater System))~~.
12 Such deposits or withdrawals may be made up to and including the date
13 ~~((ninety-))~~90~~((9))~~ days after the end of the fiscal year for which the deposit or
14 withdrawal will be included as Adjusted Gross Revenue. No deposit of Gross
15 Revenue ~~((shall))~~may be made into the Rate Stabilization Account to the extent
16 that such deposit would prevent the City from meeting the Coverage
17 Requirement in the relevant fiscal year.

18 **Section 29. Amendment to Section 25 of the Ordinance.** Section 25 of
19 Ordinance 121938 is renumbered as Section 26 and is amended and restated as follows:

20 **Section ~~((25))26. Defaults and Remedies.~~**

21 **(a) Events of Default.** The following shall constitute ~~((“))~~Events of
22 Default~~((“))~~ with respect to the Bonds:

23 ~~((+))i~~ If a default is made in the payment of the principal of or interest
24 on any of the Bonds when the same shall become due and
25 payable; or

1 ~~((2))~~ii) If the City defaults in the observance and performance of
2 any other of the covenants, conditions and agreements on the part
3 of the City set forth in this ordinance or in any Parity Bond
4 ~~((Ordinance))~~ Legislation (except as otherwise provided herein or
5 in such Parity Bond ~~((Ordinance))~~ Legislation) and such default or
6 defaults have continued for a period of six months after ~~((they~~
7 ~~have))~~ the City has received from the ~~((Bondowners))~~ Bond
8 Owners' Trustee (as defined below) or from the ~~((R))~~ registered
9 ~~((O))~~ owners of not less than ~~((twenty-five percent ()))~~ 25%(()) in
10 principal amount of the Parity Bonds, a written notice specifying
11 and demanding the cure of such default. However, if the default
12 in the observance and performance of any other of the covenants,
13 conditions and agreements is one which cannot be completely
14 remedied within the six~~((6))~~ months after written notice has
15 been given, it shall not be an Event of Default with respect to the
16 Bonds as long as the City has taken active steps within the six
17 ~~((6))~~ months after written notice has been given to remedy the
18 default and is diligently pursuing such remedy.

19 Notwithstanding anything in this section to the contrary, the failure of
20 the City or any obligated person to comply with the Undertaking shall not
21 constitute an Event of Default under this ordinance, the Bond Resolution or the
22 Bonds, and the sole remedy of any holder of a Bond shall be to seek an order of
23 specific performance from an appropriate court to compel the City to comply
24 with the Undertaking.

25 (b) ~~((Bondowners))~~ Bond Owners' Trustee. So long as such Event
26 of Default has not been remedied, a~~((bondowners'))~~ trustee (the
27 ~~((Bondowners))~~ Bond Owners' Trustee") may be appointed by the ~~((Registered~~
28 ~~Owners of twenty-five percent ()))~~ registered owners of 25%(()) in principal
29 amount of the then outstanding Parity Bonds, by an instrument or concurrent
30 instruments in writing signed and acknowledged by such ~~((R))~~ registered
31 ~~((O))~~ owners of the Parity Bonds or by their attorneys-in-fact duly authorized

1 and delivered to such ~~((Bondowners))~~Bond Owners' Trustee, notification
2 thereof being given to the City. That appointment shall become effective
3 immediately upon acceptance thereof by the ~~((Bondowners))~~Bond Owners'
4 Trustee. Any ~~((Bondowners))~~Bond Owners' Trustee appointed under the
5 provisions of this ~~((Section 25))~~subsection shall be a bank or trust company
6 organized under the laws of the State of Washington or the State of New York
7 or a national banking association. The bank or trust company acting as
8 ~~((Bondowners))~~Bond Owners' Trustee may be removed at any time, and a
9 successor ~~((Bondowners))~~Bond Owners' Trustee may be appointed, by the
10 ~~((R))~~registered ~~((O))~~owners of a majority in principal amount of the Parity
11 Bonds, by an instrument or concurrent instruments in writing signed and
12 acknowledged by such ~~((R))~~registered ~~((O))~~owners of the Parity Bonds or by
13 their attorneys-in-fact duly authorized. The ~~((Bondowners))~~Bond Owners'
14 Trustee may require such security and indemnity as may be reasonable against
15 the costs, expenses and liabilities that may be incurred in the performance of its
16 duties.

17 In the event that any Event of Default in the sole judgment of the
18 ~~((Bondowners))~~Bond Owners' Trustee is cured and the ~~((Bondowners))~~Bond
19 Owners' Trustee furnishes to the City a certificate so stating, that Event of
20 Default shall be conclusively deemed to be cured and the City, the
21 ~~((Bondowners))~~Bond Owners' Trustee and the ~~((R))~~registered ~~((O))~~owners of
22 the Parity Bonds shall be restored to the same rights and position which they
23 would have held if no Event of Default had occurred.

1 The ~~((Bondowners))~~Bond Owners' Trustee appointed in the manner
2 herein provided, and each successor thereto, is declared to be a trustee for the
3 ~~((R))~~registered ~~((O))~~owners of all the Parity Bonds and is empowered to
4 exercise all the rights and powers herein conferred on the ~~((Bondowners))~~Bond
5 Owners' Trustee.

6 **(c) Suits at Law or in Equity.** Upon the happening of an Event of
7 Default and during the continuance thereof, the ~~((Bondowners))~~Bond Owners'
8 Trustee may, and upon the written request of the ~~((R))~~registered ~~((O))~~owners of
9 not less ~~((then twenty five percent (25%)))~~than 25% in principal amount of the
10 Parity Bonds outstanding shall, take such steps and institute such suits, actions
11 or other proceedings, all as it may deem appropriate for the protection and
12 enforcement of the rights of the ~~((R))~~registered ~~((O))~~owners of the Parity Bonds,
13 to collect any amounts due and owing to or from the City, or to obtain other
14 appropriate relief, and may enforce the specific performance of any covenant,
15 agreement or condition contained in this ordinance or in any of the Parity Bonds.

16 Nothing contained in this ~~((Section 25))~~section shall, in any event or
17 under any circumstance, be deemed to authorize the acceleration of maturity of
18 principal on the Parity Bonds, and the remedy of acceleration is expressly
19 denied to the ~~((R))~~registered ~~((O))~~owners of the Parity Bonds under any
20 circumstances including, without limitation, upon the occurrence and
21 continuance of an Event of Default.

22 Any action, suit or other proceedings instituted by the
23 ~~((Bondowners))~~Bond Owners' Trustee hereunder shall be brought in its name as
24 ~~((Bondowners))~~the Bond Owners' Trustee and all such rights of action upon or

1 under any of the Parity Bonds or the provisions of this ordinance may be
2 enforced by the ~~((Bondowners))~~Bond Owners' Trustee without the possession of
3 any of those Parity Bonds and without the production of the same at any trial or
4 proceedings relative thereto except where otherwise required by law. Any such
5 suit, action or proceeding instituted by the ~~((Bondowners))~~Bond Owners'
6 Trustee shall be brought for the ratable benefit of all of the ~~((R))~~registered
7 ~~((O))~~owners of those Parity Bonds, subject to the provisions of this ordinance.
8 The respective ~~((R))~~registered ~~((O))~~owners of the Parity Bonds, by taking and
9 holding the same, shall be conclusively deemed irrevocably to appoint the
10 ~~((Bondowners))~~Bond Owners' Trustee the true and lawful trustee of the
11 respective ~~((R))~~registered ~~((O))~~owners of those Parity Bonds, with authority to
12 institute any such action, suit or proceeding; to receive as trustee and deposit in
13 trust any sums becoming distributable on account of those Parity Bonds; to
14 execute any paper or documents for the receipt of money; and to do all acts with
15 respect thereto that the registered owner himself or herself might have done in
16 person. Nothing herein shall be deemed to authorize or empower the
17 ~~((Bondowners))~~Bond Owners' Trustee to consent to accept or adopt, on behalf
18 of any ~~((R))~~registered ~~((O))~~owner of the Parity Bonds, any plan of
19 reorganization or adjustment affecting the Parity Bonds or any right of any
20 ~~((Registered—))~~Owner thereof, or to authorize or empower the
21 ~~((Bondowners))~~Bond Owners' Trustee to vote the claims of the ~~((R))~~registered
22 ~~((O))~~owners thereof in any receivership, insolvency, liquidation, bankruptcy,
23 reorganization or other proceeding to which the City is a party.

1 **(d) Application of Money Collected by ((Bondowners))Bond**
2 **Owners' Trustee**. Any money collected by the ((Bondowners))Bond Owners'
3 Trustee at any time pursuant to this ((Section 25))section shall be applied in the
4 following order of priority:

- 5 (i) ((first,-))to the payment of the charges, expenses, advances and
6 compensation of the ((Bondowners))Bond Owners' Trustee and
7 the charges, expenses, counsel fees, disbursements and
8 compensation of its agents and attorneys; and
9 (ii) ((second,-))to the payment to the persons entitled thereto of all
10 installments of interest then due on the Parity Bonds in the order
11 of maturity of such installments and, if the amount available shall
12 not be sufficient to pay in full any installment or installments
13 maturing on the same date, then to the payment thereof ratably,
14 according to the amounts due thereon to the persons entitled
15 thereto, without any discrimination or preference; and
16 (iii) ((third,-))to the payment to the persons entitled thereto of the
17 unpaid principal amounts of any Parity Bonds which shall have
18 become due (other than Parity Bonds previously called for
19 redemption for the payment of which money is held pursuant to
20 the provisions hereto), whether at maturity or by proceedings for
21 redemption or otherwise, in the order of their due dates and, if the
22 amount available shall not be sufficient to pay in full the
23 principal amounts due on the same date, then to the payment
24 thereof ratably, according to the principal amounts due thereon to
25 the persons entitled thereto, without any discrimination or
26 preference.

20 **(e) Duties and Obligations of ((Bondowners))Bond Owners'**
21 **Trustee**. The ((Bondowners))Bond Owners' Trustee shall not be liable except
22 for the performance of such duties as are specifically set forth herein. During an
23 Event of Default, the ((Bondowners))Bond Owners' Trustee shall exercise such
24 of the rights and powers vested in it hereby, and shall use the same degree of

1 care and skill in its exercise, as a prudent person would exercise or use under the
2 circumstances in the conduct of his or her own affairs. The ~~((Bondowners))~~Bond
3 Owners' Trustee shall have no liability for any act or omission to act hereunder
4 except for the ~~((Bondowners))~~Bond Owners' Trustee's own negligent action, its
5 own negligent failure to act or its own willful misconduct. The duties and
6 obligations of the ~~((Bondowners))~~Bond Owners' Trustee shall be determined
7 solely by the express provisions of this ordinance, and no implied powers, duties
8 or obligations of the ~~((Bondowners))~~Bond Owners' Trustee shall be read into
9 this ordinance.

10 The ~~((Bondowners))~~Bond Owners' Trustee shall not be required to
11 expend or risk its own funds or otherwise incur individual liability in the
12 performance of any of its duties or in the exercise of any of its rights or powers
13 as the ~~((Bondowners))~~Bond Owners' Trustee, except as may result from its own
14 negligent action, its own negligent failure to act or its own willful misconduct.

15 The ~~((Bondowners))~~Bond Owners' Trustee shall not be bound to
16 recognize any person as a ~~((R))~~registered ~~((O))~~owner of any Parity Bond until
17 his or her title thereto, if disputed, has been established to its reasonable
18 satisfaction.

19 The ~~((Bondowners))~~Bond Owners' Trustee may consult with counsel
20 and the opinion of such counsel shall be full and complete authorization and
21 protection in respect of any action taken or suffered by it hereunder in good faith
22 and in accordance with the opinion of such counsel. The ~~((Bondowners))~~Bond
23 Owners' Trustee shall not be answerable for any neglect or default of any
24

1 person, firm or corporation employed and selected((-)) by it with reasonable
2 care.

3 (f) **Suits by Individual Parity Bond Owners Restricted.** ((Neither
4 the Registered Owner nor the beneficial))No owner of any one or more((-of))
5 Parity Bonds shall have any right to institute any action, suit or proceeding at
6 law or in equity for the enforcement of same unless:

- 7 (i) an Event of Default has happened and is continuing; and
8 (ii) a ((Bondowners))Bond Owners' Trustee has been appointed; and
9 (iii) such owner previously shall have given to the
10 ((Bondowners))Bond Owners' Trustee written notice of the
11 Event of Default on account of which such suit, action or
12 proceeding is to be instituted; and
13 (iv) the ((Registered Owners of twenty five percent (-)))registered
14 owners of 25%(()) in principal amount of the Parity Bonds, after
15 the occurrence of such Event of Default, ha((s))ve made written
16 request of the ((Bondowners))Bond Owners' Trustee and have
17 afforded the ((Bondowners))Bond Owners' Trustee a reasonable
18 opportunity to institute such suit, action or proceeding; and
19 (v) there have been offered to the ((Bondowners))Bond Owners'
20 Trustee security and indemnity satisfactory to it against the costs,
21 expenses and liabilities to be incurred therein or thereby; and
22 (vi) the ((Bondowners))Bond Owners' Trustee has refused or
23 neglected to comply with such request within a reasonable time.

24 No ((Registered Owner or beneficial-))owner of any Parity Bond shall
25 have any right in any manner whatever by his or her action to affect or impair
26 the obligation of the City to pay from the Net Revenue the principal of and
27 interest on such Parity Bonds to the respective ((R))registered ((O))owners
thereof when due.

1 ~~(((g) **Failure to Comply With Undertaking.** Notwithstanding~~
2 ~~anything in this Section 25 to the contrary, the failure of the City or any~~
3 ~~obligated person to comply with the Undertaking adopted by the Bond~~
4 ~~Resolution pursuant to Section 18 shall not constitute an Event of Default under~~
5 ~~this ordinance, the Bond Resolution or the Bonds, and the sole remedy of any~~
6 ~~holder of a Bond shall be to seek an order of specific performance from an~~
7 ~~appropriate court to compel the City to comply with the Undertaking.))~~

8 **Section 30. Amendment to Section 26 of the Ordinance.** Section 26 of
9 Ordinance 121938 is renumbered as Section 12 and is amended and restated as follows:

10 **Section ~~((26))12. ((Execution of))The Refunding Plan.~~**

11 **(a) Approval of Refunding Plan; Appointment of Refunding**
12 **Trustee.** ~~(((Consistent with the applicable requirements of the Refunded Bond~~
13 ~~Legislation and any applicable agreements with Bond Insurers, the Director of~~
14 ~~Finance may serve as, or))~~**The Bond Resolution shall approve a Refunding Plan**
15 **for each Series, which shall provide for the issuance of the Series, shall identify**
16 **the Refundable Bonds to be refunded, shall allocate the Bonds among the**
17 **various Refunded Bonds, shall describe the method for carrying out the**
18 **refunding of the Refunded Bonds, and shall** appoint the Refunding Trustee~~((for~~
19 ~~each series of Bonds, which service or appointment shall be confirmed by the~~
20 ~~Bond Resolution)).~~

21 ~~(((b) **Use of Bond Proceeds; Acquisition and Substitution of**~~
22 ~~**Acquired Obligations.**))~~~~((For each series of Bonds, sufficient proceeds of the~~
23 ~~sale of the Bonds shall be deposited immediately upon the receipt thereof with~~
24 ~~the Refunding Trustee and used to pay the amounts required by the Refunding~~

1 ~~Plan to discharge the obligations of the City with respect to the applicable~~
2 ~~Refunded Bonds.))~~ The Refunding Plan shall be carried out, and proceeds of the
3 ~~((Bonds))~~Series shall be applied, in accordance with this ordinance, the
4 respective Refunded Bond Legislation, the Bond Resolution and the laws of the
5 State.

6 **(b) Acquisition of Acquired Obligations.** To the extent practicable,
7 ~~((such obligations))~~the Refunding Plan shall ~~((be discharged fully by))~~provide
8 for the Refunding Trustee's~~((simultaneous))~~ purchase of the Acquired
9 Obligations, bearing such interest and maturing as to principal and interest in
10 such amounts and at such times so as to provide, together with a beginning cash
11 balance, if necessary, for the payment of the amounts required to be paid by the
12 Refunding Plan. The Acquired Obligations shall be listed and more particularly
13 described in a schedule attached to the Refunding Trust Agreement, ~~((and shall~~
14 ~~be))~~but are subject to substitution as set forth ~~((therein.))~~in subsection (c)
15 below.

16 **(c) Substitution of Acquired Obligations.** The City reserves the
17 right at any time to substitute cash or Government Obligations for the Acquired
18 Obligations if the City obtains a verification by a nationally recognized
19 independent certified public accounting firm reasonably acceptable to the
20 Refunding Trustee confirming that the payments of principal of and interest on
21 the substitute Government Obligations, if paid when due, together with the cash
22 to be held by the Refunding Trustee, will be sufficient to carry out the
23 Refunding Plan. If the applicable Series (or series of the Refunded Bonds) were
24 issued as Tax-Exempt Bonds, then prior to such substitution, the City must also

1 obtain an opinion from Bond Counsel to the effect that the disposition and
2 substitution or purchase of such securities will not cause the interest on the
3 applicable Series (or series of the Refunded Bonds) issued as Tax-Exempt
4 Bonds to be included in gross income for federal income tax purposes and that
5 such disposition and substitution or purchase is in compliance with the statutes
6 and regulations applicable to the Series. Any surplus money resulting from the
7 sale, transfer, other disposition or redemption of the Acquired Obligations and
8 the substitutions therefor shall be released from the trust estate and ((transferred
9 to the Water Fund to)) may be used for any lawful City purpose.

10 ((e)d((Administration of))Refunding ((Plan))Trust Agreement.
11 ((The Refunding Trustee is authorized and directed))In connection with each
12 Series, the Director of Finance is authorized to execute a Refunding Trust
13 Agreement with a Refunding Trustee, setting forth the duties, obligations and
14 responsibilities of the Refunding Trustee in connection with carrying out the
15 Refunding Plan. Each Refunding Trust Agreement shall, among other things,
16 authorize and direct the Refunding Trustee to use the money deposited with it to
17 purchase the Acquired Obligations (or substitute obligations) and to apply such
18 money along with the maturing principal of and interest on such obligations to
19 make the payments required to be made by the Refunding Plan((from the
20 Acquired Obligations (or substitute obligations) and money deposited with the
21 Refunding Trustee pursuant to this ordinance. All Acquired Obligations (or
22 substitute obligations) and the)). The money deposited with the Refunding
23 Trustee, including the Acquired Obligations and any ((income
24 therefrom))investment earnings, shall be held irrevocably, invested and applied

1 in accordance with the provisions of the respective Refunded Bond Legislation,
2 this ordinance, the Bond Resolution, chapter 39.53 RCW and other applicable((
3 ~~statutes of the~~) State ((~~of Washington and the Refunding Trust~~
4 ~~Agreement.~~))law. All administrative costs (including without limitation, all
5 necessary and proper fees, compensation and expenses of the Refunding Trustee
6 and all other costs incidental to the setting up of the escrow to accomplish the
7 ((~~refunding of the Refunded Bonds and costs related to the issuance and delivery~~
8 ~~of the Bonds, including bond printing, verification fees, Bond Counsel's fees~~
9 ~~and other related expenses, shall be paid out of the proceeds of the Bonds.~~))
10 Refunding Plan) and costs of issuance may, in the discretion of the Director of
11 Finance, be paid out of the amounts deposited with the Refunding Trustee or
12 other available money of the City.

13 ~~((d) Authorization for Refunding Trust Agreement.))~~((To carry
14 out the Refunding Plan for each series of Bonds, the Director of Finance is
15 authorized and directed to execute and deliver to the Refunding Trustee, in
16 connection with each series of Bonds, a Refunding Trust Agreement
17 substantially in the form approved by the Bond Resolution setting forth the
18 duties, obligations and responsibilities of the Refunding Trustee in connection
19 with the payment, redemption and retirement of the Refunded Bonds as
20 provided herein and in the Bond Resolution.))

21 **Section 31. Amendment to Section 27 of the Ordinance.** Section 27 of
22 Ordinance 121938 is renumbered as Section 13 and is amended and restated as follows:

23 **Section ((27))13. Call for Redemption of the Refunded Bonds.**

24 ((As a part of the Refunding Plan, the))The City may in the Bond Resolution

1 call, or authorize the Director of Finance to call, the Refunded Bonds for
2 redemption. Such call for redemption of the Refunded Bonds shall
3 ~~((specify))~~ identify the Refunded Bonds, call dates and redemption prices
4 (expressed as a percentage of the stated principal amount, plus accrued interest),
5 and shall be irrevocable after the ~~((delivery to the initial purchaser))~~ Issue Date
6 of the applicable ~~((series of Bonds. The dates on which the Refunded Bonds are~~
7 ~~called for redemption shall be, in the judgment of the Director of Finance, the~~
8 ~~earliest practical dates on which these bonds may be called for~~
9 ~~redemption.))~~ Series. The proper City officials ~~((of the City))~~ are authorized and
10 directed to give or cause to be given such notices as required, at the times and in
11 the manner required pursuant to the ~~((applicable--))~~ Refunded Bond Legislation ~~((~~
12 ~~in order to effect the redemption prior to maturity of the Refunded Bonds.))~~, in
13 order to carry out the Refunding Plan.

14 **Section 32. Amendment to Section 28 of the Ordinance.** Section 28 of
15 Ordinance 121938 is deleted in its entirety:

16 ~~((Section 28. City Finding with Respect to Refunding. With respect~~
17 ~~to each series of Bonds, the Refunding Plan shall be carried out only if the City~~
18 ~~finds and determines in the Bond Resolution that the money to be deposited with~~
19 ~~the Refunding Trustee will discharge and satisfy the obligations of the City with~~
20 ~~respect to the Refunded Bonds under the applicable Refunded Bond Legislation,~~
21 ~~and the pledges, charges, trusts, covenants and agreements of the City therein~~
22 ~~made or provided for as to the Refunded Bonds, and that the Refunded Bonds~~
23 ~~shall no longer be deemed to be outstanding under such legislation immediately~~
24 ~~upon the deposit of such money with the Refunding Trustee.))~~

1 **Section 33. Amendment to Section 29 of the Ordinance.** Section 29 of
2 Ordinance 121938 is renumbered as Section 27 and is amended and restated as follows:

3 **Section ~~((29))27. General Authorization.~~** ~~((The))~~In addition to the
4 specific authorizations in this ordinance, the Mayor and the Director of Finance
5 ~~((of the City))~~and each of the other appropriate officers of the City are each
6 authorized and directed to do everything as in ~~((their))~~his or her judgment may
7 be necessary, appropriate, or desirable in order to carry out the terms and
8 provisions of, and complete the transactions contemplated by, this ordinance. In
9 particular~~((s))~~ and without ~~((limitation,))~~limiting the foregoing:

10 (a) The Director of Finance may, in his or her discretion and without
11 further action by the City Council~~((s))~~; (i) issue requests for proposals for
12 underwriting or financing facilities and execute engagement letters with
13 underwriters, bond insurers or other financial institutions based on responses to
14 such requests, ~~((deem final and approve the distribution of any preliminary~~
15 official statement or official statement relating to the Bonds, ~~((iii))~~ comply with
16 any continuing disclosure requirements applicable to the Bonds and ~~((iv))~~
17 change the Bond Registrar or ~~((any securities depository appointed for the~~
18 Bonds.))Securities Depository for the Bonds; and (iii) take such actions on
19 behalf of the City as are necessary or appropriate for the City to designate,
20 qualify or maintain the tax-exempt treatment with respect to any Series issued as
21 Tax-Exempt Bonds, to receive from the United States Treasury the applicable
22 Tax Credit Subsidy Payments in respect of any Series issued as Tax-Credit
23 Subsidy Bonds and to otherwise receive any other federal tax benefits relating to
24 the Bonds that available to the City; and

1 **(b) Each of the Mayor and the Director of Finance is separately**
2 **authorized to execute and deliver (i) any and all contracts or other documents as**
3 **are consistent with this ordinance and for which the City's approval is necessary**
4 **or to which the City is a party (including but not limited to agreements with**
5 **escrow agents, refunding trustees, providers of Bond Insurance or Reserve**
6 **Securities, remarketing agents, underwriters, lenders, fiscal agents, Qualified**
7 **Counterparties, custodians, and the Bond Registrar); and (ii) such other contracts**
8 **or documents incidental to the issuance and sale of a Series; the establishment of**
9 **the initial interest rate or rates on a Bond; or the tender, purchase, remarketing,**
10 **or redemption of a Bond, as may in his or her judgment be necessary or**
11 **appropriate.**

12 **Section 34. Amendment to Section 30 of the Ordinance.** Section 30 of
13 Ordinance 121938 is renumbered as Section 28 and is amended and restated as follows:

14 **Section ~~((30))28. Severability.~~** The provisions of this ordinance are
15 declared to be separate and severable. If a court of competent jurisdiction, all
16 appeals having been exhausted or all appeal periods having run, finds any
17 provision of this ordinance to be invalid or unenforceable as to any person or
18 circumstance, such offending provision shall, if feasible, be deemed to be
19 modified to be within the limits of enforceability or validity. However, if the
20 offending provision cannot be so modified, it shall be null and void with respect
21 to the particular person or circumstance, and all other provisions of this
22 ordinance in all other respects, and the offending provision with respect to all
23 other persons and all other circumstances, shall remain valid and enforceable.

1 **Section 35. Amendment to Section 31 of the Ordinance.** Section 31 of
2 Ordinance 121938 is renumbered as Section 29 and is amended and restated as follows:

3 **Section ((31))29. Ratification of Prior Acts.** Any action taken
4 consistent with the authority of this ordinance, after its passage but prior to the
5 effective date(~~of this ordinance, including, if applicable, but not limited to~~
6 ~~issuing requests for proposals for financing or underwriting services, executing~~
7 ~~engagement letters for financing or underwriting services based on responses to~~
8 ~~such requests, giving notices of the sale of Bonds, adopting the Bond~~
9 ~~Resolution, executing contracts, making fund transfers and paying warrants)), is~~
10 ratified, approved and confirmed.

11 **Section 36. Amendment to Section 32 of the Ordinance.** Section 32 of
12 Ordinance 121938 is renumbered as Section 30 and is amended and restated as follows:

13 **Section ((32))30. Section Headings.** Section headings in this
14 ordinance are used for convenience only and shall not constitute a substantive
15 portion of this ordinance.

16 **Section 37. Amendment to Section 33 of the Ordinance.** Section 33 of
17 Ordinance 121938 is renumbered as Section 31 and is amended and restated as follows:

18 **Section ((33))31. Effective Date.** This ordinance shall take effect
19 and be in force 30 days after its approval by the Mayor, but if not approved and
20 returned by the Mayor within ten days after presentation, it shall take effect as
21 provided by ((Seattle))Municipal Code Section 1.04.020.

22 **Section 38. Exhibits.** Exhibit A to the Ordinance is replaced in its entirety, as set
23 forth in Exhibit A to this amendatory ordinance. A new Exhibit B is added to the Ordinance, as
24 set forth in Exhibit B to this amendatory ordinance.

1 **Section 39. Restatement of Ordinance.** Attached as Exhibit C is a restated
2 Ordinance that incorporates all of the amendments set forth in this amendatory ordinance. The
3 restated Ordinance attached as Exhibit C, and the section numberings used therein, may be
4 cited and used for all purposes as the definitive version of Ordinance 121938, as amended by
5 Ordinance 122209, Ordinance 122637 and this ordinance.

6 **Section 40. Severability.** The provisions of this ordinance are declared to be
7 separate and severable. If a court of competent jurisdiction, all appeals having been exhausted
8 or all appeal periods having run, funds any provision of this ordinance to be invalid or
9 unenforceable as to any person or circumstance, such offending provision shall, if feasible, be
10 deemed to be modified to be within the limits of enforceability or validity. However, if the
11 offending provision cannot be so modified, it shall be null and void with respect to the
12 particular person or circumstance, and all other provisions of this ordinance in all other
13 respects, and the offending provision with respect to all other person and all other
14 circumstances, shall remain valid and enforceable.

15 **Section 41. Ratification of Prior Acts.** Any action taken consistent with the
16 authority of this ordinance, after its passage but prior to the effective date, is ratified, approved
17 and confirmed.

18 **Section 42. Section Headings.** The section headings in this ordinance are used for
19 convenience only and shall not constitute a substantive portion of this ordinance.

20 **Section 43. Effective Date.** This ordinance shall take effect and be in force 30 days
21 after its approval by the Mayor, but if not approved and returned by the Mayor within ten days
22 after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

23 Passed by the City Council the ____ day of _____, 2013, and signed by me in
24 open session in authentication of its passage this ____ day of _____, 2013.

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President _____ of the City Council

Approved by me this ____ day of _____, 2013.

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2013.

Monica Martinez Simmons, City Clerk

- (Seal)
- Exhibit A – List of Outstanding Parity Bonds
- Exhibit B – Form of Undertaking to Provide Continuing Disclosure
- Exhibit C – Amended and Restated Ordinance 121933, as amended by Ordinance 122209 and this ordinance (without strikethroughs and insertions)

EXHIBIT A

CITY OF SEATTLE
Outstanding Drainage and Wastewater Parity Bonds

<i>Drainage & Wastewater Utility Revenue Bonds</i>				
Issue Name	Dated Date	Original Par Amount	Outstanding Balance 9/01/2013	Bond Legislation
Drainage and Wastewater Revenue Bonds, 2004	10/28/2004	\$62,010,000	\$1,460,000	Ordinance 121551 and Resolution 30716

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EXHIBIT A

CITY OF SEATTLE
Outstanding Drainage and Wastewater Parity Bonds

Drainage & Wastewater Utility Revenue Bonds

Issue Name	Dated Date	Original Par Amount	Outstanding Balance ((6/30/05) 9/01/2013	Bond Legislation
((Drainage and Wastewater Utility Improvement and Refunding Revenue Bonds, 1995))	((12/1/1995))	(((\$40,390,000))	(((\$33,660,000))	((Ordinance 117875 and Resolution 29260))
((Drainage and Wastewater Revenue Bonds, 1998))	((5/15/1998))	(((\$24,170,000))	(((\$21,150,000))	((Ordinance 118974 and Resolution 29765))
((Drainage and Wastewater Revenue Bonds, 1999))	((10/1/1999))	(((\$55,000,000))	(((\$50,780,000))	((Ordinance 119620 and Resolution 30039))
((Drainage and Wastewater Revenue Bonds, 2001))	((7/1/2001))	(((\$60,680,000))	(((\$57,585,000))	((Ordinance 120386 and Resolution 30347))
((Drainage and Wastewater Revenue and Refunding Bonds, 2002))	((12/1/2002))	(((\$78,550,000))	(((\$76,010,000))	((Ordinance 120386, Ordinance 120965 and Resolution 30548))
Drainage and Wastewater Revenue Bonds, 2004	10/28/2004	\$62,010,000	(((\$62,010,000)) <u>\$1,460,000</u>	Ordinance 121551 and Resolution 30716

EXHIBIT B

FORM OF UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

The City of Seattle, Washington (the "City") makes the following written Undertaking for the benefit of the owners of the City's Drainage and Wastewater Refunding Revenue Bonds, [Year/Series] (the "Bonds"), for the sole purpose of assisting the Purchaser in meeting the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds. Capitalized terms used but not defined below shall have the meanings given in Ordinance _____ and Resolution _____ (together, the "Bond Legislation").

(a) Undertaking to Provide Annual Financial Information and Notice of Listed Events. The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data regarding the Drainage and Wastewater System of the type included in the final official statement for the Bonds and described in subsection (b) of this section ("annual financial information");

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such "Bankruptcy Events" are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

1 (iii) Timely notice of a failure by the City to provide required annual
financial information on or before the date specified in subsection (b) of this section.

2 (b) Type of Annual Financial Information Undertaken to be Provided. The annual
3 financial information that the City undertakes to provide in subsection (a) of this section:

4 (i) Shall consist of annual financial information and operating data
5 regarding the Drainage and Wastewater System of the type included in the final official
6 statement for the Bonds as follows: (1) annual financial statements of the Drainage and
7 Wastewater System prepared in accordance with generally accepted accounting principles
8 applicable to governmental units (except as otherwise noted therein), as such principles may be
9 changed from time to time and as permitted by State law, which financial statements will not be
10 audited, except, that if and when audited financial statements are otherwise prepared and
available to the City they will be provided; (2) a statement of authorized, issued and
outstanding bonded debt secured by revenues of the Drainage and Wastewater System; (3) debt
service coverage ratios; (4) general customer statistics, such as number and type of customers
and revenues by customer class; and (5) current drainage rate and wastewater rates;

11 (ii) Shall be provided not later than the last day of the ninth month after the
12 end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal
13 year may be changed as required or permitted by State law, commencing with the City's fiscal
year ending December 31, 20__; and

14 (iii) May be provided in a single or multiple documents, and may be
15 incorporated by specific reference to documents available to the public on the Internet website
of the MSRB or filed with the SEC.

16 (c) Amendment of Undertaking. The Undertaking is subject to amendment after the
17 primary offering of the Bonds without the consent of any holder of any Bond, or of any broker,
18 dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB,
19 under the circumstances and in the manner permitted by Rule 15c2-12. The City will give
20 notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking
21 and a brief statement of the reasons for the amendment. If the amendment changes the type of
annual financial information to be provided, the annual financial information containing the
amended financial information will include a narrative explanation of the effect of that change
on the type of information to be provided.

22 (d) Beneficiaries. The Undertaking evidenced by this section shall inure to the
23 benefit of the City and any Beneficial Owner of Bonds, and shall not inure to the benefit of or
create any rights in any other person.

24 (e) Termination of Undertaking. The City's obligations under this Undertaking
25 shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the
26 outstanding Bonds. In addition, the City's obligations under this Undertaking shall terminate if

1 those provisions of Rule 15c2-12 which require the City to comply with this Undertaking
2 become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion
3 of nationally recognized bond counsel or other counsel familiar with federal securities laws
4 delivered to the City, and the City provides timely notice of such termination to the MSRB.

5 (f) Remedy for Failure to Comply with Undertaking. As soon as practicable after
6 the City learns of any failure to comply with the Undertaking, the City will proceed with due
7 diligence to cause such noncompliance to be corrected. No failure by the City or other
8 obligated person to comply with the Undertaking shall constitute a default in respect of the
9 Bonds. The sole remedy of any Beneficial Owner of a Bond shall be to take such actions as
10 that Beneficial Owner deems necessary, including seeking an order of specific performance
11 from an appropriate court, to compel the City or other obligated person to comply with the
12 Undertaking.

13 (g) Designation of Official Responsible to Administer Undertaking. The Director
14 of Finance of the City (or such other officer of the City who may in the future perform the
15 duties of that office) or his or her designee is the person designated, in accordance with the
16 Bond Legislation, to carry out the Undertaking of the City in respect of the Bonds set forth in
17 this section and in accordance with Rule 15c2-12, including, without limitation, the following
18 actions:

19 (i) Preparing and filing the annual financial information undertaken to be
20 provided;

21 (ii) Determining whether any event specified in subsection (a) has occurred,
22 assessing its materiality, where necessary, with respect to the Bonds, and preparing and
23 disseminating any required notice of its occurrence;

24 (iii) Determining whether any person other than the City is an "obligated
25 person" within the meaning of the Rule with respect to the Bonds, and obtaining from such
26 person an undertaking to provide any annual financial information and notice of listed events
27 for that person in accordance with the Rule;

28 (iv) Selecting, engaging and compensating designated agents and
consultants, including but not limited to financial advisors and legal counsel, to assist and
advise the City in carrying out the Undertaking; and

(v) Effecting any necessary amendment of the Undertaking.

EXHIBIT B

FORM OF UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

The City of Seattle, Washington (the "City") makes the following written Undertaking for the benefit of the owners of the City's Drainage and Wastewater Refunding Revenue Bonds, [Year/Series] (the "Bonds"), for the sole purpose of assisting the Purchaser in meeting the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds. Capitalized terms used but not defined below shall have the meanings given in Ordinance _____ and Resolution _____ (together, the "Bond Legislation").

(a) Undertaking to Provide Annual Financial Information and Notice of Listed Events. The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data regarding the Drainage and Wastewater System of the type included in the final official statement for the Bonds and described in subsection (b) of this section ("annual financial information");

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such "Bankruptcy Events" are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

1 (iii) Timely notice of a failure by the City to provide required annual
2 financial information on or before the date specified in subsection (b) of this section.

3 (b) Type of Annual Financial Information Undertaken to be Provided. The annual
4 financial information that the City undertakes to provide in subsection (a) of this section:

5 (i) Shall consist of annual financial information and operating data
6 regarding the Drainage and Wastewater System of the type included in the final official
7 statement for the Bonds as follows: (1) annual financial statements of the Drainage and
8 Wastewater System prepared in accordance with generally accepted accounting principles
9 applicable to governmental units (except as otherwise noted therein), as such principles may be
10 changed from time to time and as permitted by State law, which financial statements will not be
11 audited, except, that if and when audited financial statements are otherwise prepared and
12 available to the City they will be provided; (2) a statement of authorized, issued and
13 outstanding bonded debt secured by revenues of the Drainage and Wastewater System; (3) debt
14 service coverage ratios; (4) general customer statistics, such as number and type of customers
15 and revenues by customer class; and (5) current drainage rate and wastewater rates;

16 (ii) Shall be provided not later than the last day of the ninth month after the
17 end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal
18 year may be changed as required or permitted by State law, commencing with the City's fiscal
19 year ending December 31, 20 ; and

20 (iii) May be provided in a single or multiple documents, and may be
21 incorporated by specific reference to documents available to the public on the Internet website
22 of the MSRB or filed with the SEC.

23 (c) Amendment of Undertaking. The Undertaking is subject to amendment after the
24 primary offering of the Bonds without the consent of any holder of any Bond, or of any broker,
25 dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB,
26 under the circumstances and in the manner permitted by Rule 15c2-12. The City will give
27 notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking
28 and a brief statement of the reasons for the amendment. If the amendment changes the type of
annual financial information to be provided, the annual financial information containing the
amended financial information will include a narrative explanation of the effect of that change
on the type of information to be provided.

(d) Beneficiaries. The Undertaking evidenced by this section shall inure to the
benefit of the City and any Beneficial Owner of Bonds, and shall not inure to the benefit of or
create any rights in any other person.

(e) Termination of Undertaking. The City's obligations under this Undertaking
shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the
outstanding Bonds. In addition, the City's obligations under this Undertaking shall terminate if

1 those provisions of Rule 15c2-12 which require the City to comply with this Undertaking
2 become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion
3 of nationally recognized bond counsel or other counsel familiar with federal securities laws
4 delivered to the City, and the City provides timely notice of such termination to the MSRB.

5 (f) Remedy for Failure to Comply with Undertaking. As soon as practicable after
6 the City learns of any failure to comply with the Undertaking, the City will proceed with due
7 diligence to cause such noncompliance to be corrected. No failure by the City or other
8 obligated person to comply with the Undertaking shall constitute a default in respect of the
9 Bonds. The sole remedy of any Beneficial Owner of a Bond shall be to take such actions as
10 that Beneficial Owner deems necessary, including seeking an order of specific performance
11 from an appropriate court, to compel the City or other obligated person to comply with the
12 Undertaking.

13 (g) Designation of Official Responsible to Administer Undertaking. The Director
14 of Finance of the City (or such other officer of the City who may in the future perform the
15 duties of that office) or his or her designee is the person designated, in accordance with the
16 Bond Legislation, to carry out the Undertaking of the City in respect of the Bonds set forth in
17 this section and in accordance with Rule 15c2-12, including, without limitation, the following
18 actions:

19 (i) Preparing and filing the annual financial information undertaken to be
20 provided;

21 (ii) Determining whether any event specified in subsection (a) has occurred,
22 assessing its materiality, where necessary, with respect to the Bonds, and preparing and
23 disseminating any required notice of its occurrence;

24 (iii) Determining whether any person other than the City is an "obligated
25 person" within the meaning of the Rule with respect to the Bonds, and obtaining from such
26 person an undertaking to provide any annual financial information and notice of listed events
27 for that person in accordance with the Rule;

28 (iv) Selecting, engaging and compensating designated agents and
consultants, including but not limited to financial advisors and legal counsel, to assist and
advise the City in carrying out the Undertaking; and

(v) Effecting any necessary amendment of the Undertaking.

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FAS, Drainage Omnibus Refunding ORD
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Version # 2

EXHIBIT C

**AMENDED AND RESTATED
ORDINANCE 121938
(as amended by Ordinances 122209, 122637 and _____)**

AN ORDINANCE relating to the drainage and wastewater system of The City of Seattle; authorizing the issuance and sale of drainage and wastewater system revenue bonds, in one or more series, for the purpose of paying all or part of the costs of refunding certain of the City's drainage and wastewater system revenue bonds and costs of issuance of the bonds; providing for terms, covenants and manner of sale of the bonds; describing the lien of the bonds; and providing for agreements and activities in connection with the disposition of the proceeds of the bonds.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Definitions. As used in this ordinance the following capitalized terms shall have the following meanings:

“Accreted Value” means with respect to any Capital Appreciation Bond (a) as of any Valuation Date, the amount set forth for such date in any Parity Bond Legislation authorizing such Capital Appreciation Bond, and (b) as of any date other than a Valuation Date, the sum of (i) the Accreted Value on the preceding Valuation Date and (ii) the product of (A) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve 30-day months, multiplied by (B) the difference between the Accreted Values for such Valuation Dates.

“Acquired Obligations” means those Government Obligations purchased to accomplish the Refunding Plan, consistent with the Refunded Bond Legislation

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1 and any applicable agreements with a provider of Bond Insurance or a Reserve
2 Security.

3 **“Adjusted Annual Debt Service”** for any fiscal year means Annual Debt
4 Service minus (a) an amount equal to ULID Assessments due in that year and not
5 delinquent, (b) an amount equal to earnings from investments in the Reserve
6 Subaccount, and (c) Annual Debt Service provided for by Parity Bond proceeds.

7 **“Adjusted Gross Revenue”** means, for any period, Gross Revenue plus
8 withdrawals from the Rate Stabilization Account made during that period, and
9 less deposits into the Rate Stabilization Account made during that period. *Upon*
10 *the redemption or defeasance of all outstanding 2004 Bonds, “Adjusted Gross*
11 *Revenue” shall be defined as follows: “Adjusted Gross Revenue” means, for any*
12 *period, Gross Revenue plus withdrawals from the Rate Stabilization Account*
13 *made during that period, and minus (a) ULID Assessments, (b) earnings from*
14 *investments in the Reserve Subaccount and (c) deposits into the Rate Stabilization*
15 *Account made during that period.*

16 **“Adjusted Net Revenue”** means Adjusted Gross Revenue less Operating
17 and Maintenance Expense.

18 **“Annual Debt Service”** for any calendar year means the sum of the
19 amounts required in such calendar year to pay the interest due in such calendar
20 year on all Parity Bonds outstanding, excluding interest to be paid from the
21 proceeds of the sale of Parity Bonds or other bonds; the principal of all
22 outstanding Serial Bonds due in such calendar year; and the Sinking Fund
23 Requirement, if any, for such calendar year.

24 (a) For purposes of this definition, the principal and interest portions
25 of the Accreted Value of Capital Appreciation Bonds becoming due at maturity or
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1 by virtue of a Sinking Fund Requirement shall be included in the calculations of
2 accrued and unpaid and accruing interest or principal in such manner and during
3 such period of time as is specified in any Parity Bond Legislation authorizing
4 such Capital Appreciation Bonds.

5 (b) For purposes of calculating and determining compliance with the
6 Coverage Requirement, the Reserve Requirement and the conditions for the
7 issuance of Future Parity Bonds and/or entering into Parity Payment Agreements,
8 the following shall apply:

9 (i) **Generally.** Except as otherwise provided by subparagraph (ii)
10 below with respect to Variable Interest Rate Bonds and by
11 subparagraph (iii) below with respect to Parity Bonds with respect
12 to which a Payment Agreement is in force, interest on any issue of
13 Parity Bonds shall be calculated based on the actual amount of
14 accrued, accreted or otherwise accumulated interest that is payable
15 in respect of that issue taken as a whole, at the rate or rates set
16 forth in the applicable Parity Bond Legislation.

17 (ii) **Interest on Variable Interest Rate Bonds.** The amount of interest
18 deemed to be payable on any issue of Variable Interest Rate Bonds
19 shall be calculated on the assumption that the interest rate on those
20 bonds would be equal to the rate that is 90% of the average RBI
21 during the four calendar quarters preceding the quarter in which
22 the calculation is made.

23 (iii) **Interest on Parity Bonds With Respect to Which a Payment**
24 **Agreement is in Force.** Debt service on Parity Bonds with respect
25 to which a Payment Agreement is in force shall be based on the net
26 economic effect on the City expected to be produced by the terms
27 of the Parity Bonds and the terms of the Payment Agreement,
including but not limited to the effects produced by the following:
(A) Parity Bonds that would, but for a Payment Agreement, be
treated as obligations bearing interest at a Variable Interest Rate
instead shall be treated as obligations bearing interest at a fixed
interest rate, and (B) Parity Bonds that would, but for a Payment
Agreement, be treated as obligations bearing interest at a fixed
interest rate instead shall be treated as obligations bearing interest
at a Variable Interest Rate. Accordingly, the amount of interest

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1 deemed to be payable on any Parity Bonds with respect to which a
2 Payment Agreement is in force shall be an amount equal to the
3 amount of interest that would be payable at the rate or rates stated
4 in those Parity Bonds plus Payment Agreement Payments minus
5 Payment Agreement Receipts. For the purposes of calculating as
6 nearly as practicable Payment Agreement Receipts and Payment
7 Agreement Payments under a Payment Agreement that includes a
8 variable rate component determined by reference to a pricing
9 mechanism or index that is not the same as the pricing mechanism
10 or index used to determine the variable rate interest component on
11 the Parity Bonds to which the Payment Agreement is related, it
12 shall be assumed that the fixed rate used in calculating Payment
13 Agreement Payments will be equal to 105% of the fixed rate
14 specified by the Payment Agreement and that the pricing
15 mechanism or index specified by the Payment Agreement is the
16 same as the pricing mechanism or index specified by the Parity
17 Bonds. Notwithstanding the other provisions of this subparagraph,
18 the City shall not be required to (but may in its discretion) take into
19 account in determining Annual Debt Service the effects of any
20 Payment Agreement that has a term of ten years or less.

13 (iv) **Parity Payment Agreements.** No additional debt service shall be
14 taken into account with respect to a Parity Payment Agreement for
15 any period during which Payment Agreement Payments on that
16 Parity Payment Agreement are taken into account in determining
17 Annual Debt Service on related Parity Bonds under subsection (iii)
18 of this definition. However, for any period during which Payment
19 Agreement Payments are not taken into account in calculating
20 Annual Debt Service on any outstanding Parity Bonds because the
21 Parity Payment Agreement is not then related to any outstanding
22 Parity Bonds, payments on that Parity Payment Agreement shall be
23 taken into account by assuming:

20 (A) **City Obligated to Make Payments Based on Fixed Rate.**
21 If the City is obligated to make Payment Agreement
22 Payments based on a fixed rate and the Qualified
23 Counterparty is obligated to make payments based on a
24 variable rate index, that payments by the City will be based
25 on the assumed fixed payor rate, and that payments by the
26 Qualified Counterparty will be based on a rate equal to the
27 average rate determined by the variable rate index specified
by the Parity Payment Agreement during the four calendar

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1 quarters preceding the quarter in which the calculation is
2 made, and

3 **(B) City Obligated to Make Payments Based on Variable**
4 **Rate Index.** If the City is obligated to make Payment
5 Agreement Payments based on a variable rate index and the
6 Qualified Counterparty is obligated to make payment based
7 on a fixed rate, that payments by the City will be based on a
8 rate equal to the average rate determined by the variable
9 rate index specified by the Parity Payment Agreement
10 during the four calendar quarters preceding the quarter in
11 which the calculation is made, and that the Qualified
12 Counterparty will make payments based on the fixed rate
13 specified by the Parity Payment Agreement.

14 **“Authorized Denomination”** means \$5,000 or any integral multiple
15 thereof within a maturity of a Series.

16 **“Average Annual Debt Service”** means, at the time of calculation, the
17 sum of the Annual Debt Service remaining to be paid to the last scheduled
18 maturity of the applicable series of Parity Bonds divided by the number of years
19 such bonds are scheduled to remain outstanding.

20 **“Beneficial Owner”** means, with regard to a Bond, the owner of any
21 beneficial interest in that Bond.

22 **“Bond Counsel”** means a lawyer or a firm of lawyers, selected by the
23 City, of nationally recognized standing in matters pertaining to bonds issued by
24 states and their political subdivisions.

25 **“Bond Insurance”** means any bond insurance, guaranty, surety bond or
26 similar credit enhancement device providing for or securing the payment of all or
27 part of the principal of and interest on any Parity Bonds.

“Bond Purchase Contract” means a written offer to purchase a Series,
 which offer has been accepted by the City in accordance with this ordinance. In
 the case of a competitive sale, the official notice of sale, the Purchaser’s bid and

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1 the award by the City shall comprise the offer and the award by the City in
2 accordance with this ordinance shall be deemed the acceptance of that offer for
3 purposes of this ordinance.

4 **“Bond Register”** means the books or records maintained by the Bond
5 Registrar for the purpose of identifying ownership of each Bond.

6 **“Bond Registrar”** means the Fiscal Agent (unless the Bond Resolution
7 provides for a different Bond Registrar with respect to a particular Series), or any
8 successor bond registrar selected in accordance with the Registration Ordinance.

9 **“Bond Resolution”** means a resolution of the City Council adopted
10 pursuant to this ordinance approving the Bond Sale Terms and taking other
11 actions consistent with this ordinance.

12 **“Bond Sale Terms”** means the terms and conditions for the sale of a
13 Series including the amount, date or dates, denominations, interest rate or rates (or
14 mechanism for determining interest rate or rates), payment dates, final maturity,
15 redemption rights, price, and other terms or covenants set forth in Section 4.

16 **“Bonds”** means the Drainage and Wastewater System refunding revenue
17 bonds issued pursuant to this ordinance.

18 **“Capital Appreciation Bond”** means any Parity Bond, all or a portion of
19 the interest on which is compounded and accumulated at the rates or in the
20 manner, and on the dates, set forth in the applicable Parity Bond Legislation and
21 is payable only upon redemption or on the maturity date of such Parity Bond. A
22 Parity Bond issued as a Capital Appreciation Bond, but which later converts to an
23 obligation on which interest is paid periodically, shall be a Capital Appreciation
24 Bond until the conversion date and thereafter shall no longer be a Capital
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1 Appreciation Bond, but shall be treated as having a principal amount equal to its
2 Accreted Value on the conversion date.

3 “City” means The City of Seattle, Washington, a municipal corporation
4 duly organized and existing under the laws of the State of Washington.

5 “City Council” means the City Council of the City, as duly and regularly
6 constituted from time to time.

7 “Code” means the Internal Revenue Code of 1986, or any successor
8 thereto, as it has been and may be amended from time to time, and regulations
9 thereunder.

10 “Contract Resource Obligation” means an obligation of the City,
11 designated as a Contract Resource Obligation and entered into in accordance with
12 Section 21.

13 “Coverage Requirement” means, with respect to the Parity Bonds, Net
14 Revenue and money from any other lawful source at least equal to 1.25 times the
15 Average Annual Debt Service. *Upon the redemption or defeasance of all*
16 *outstanding 2004 Bonds, “Coverage Requirement” shall be defined as follows:*
17 *“Coverage Requirement” means Adjusted Net Revenue equal to at least 1.25*
18 *times Adjusted Annual Debt Service.*

19 “DTC” means The Depository Trust Company, New York, New York.

20 “Director of Finance” means the Director of the Finance Division of the
21 Department of Finance and Administrative Services of the City, or any other
22 officer who succeeds to substantially all of the responsibilities of that office.

23 “Drainage and Wastewater Fund” means the fund created by Ordinance
24 84390 and later renamed by Ordinance 114155, into which is paid the Gross
25 Revenue of the Drainage and Wastewater System.

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1 **“Drainage and Wastewater System”** means the drainage and wastewater
2 system of the City, including the sanitary sewerage and storm drainage systems,
3 as it now exists (except properties, interests, and rights under the jurisdiction of
4 the City’s Parks and Recreation Department, Seattle Center Department, Seattle
5 Public Utilities Water System, City Light Department and Fleets and Facilities
6 Department), and all additions thereto and betterments and extensions thereof at
7 any time made, together with any utility systems of the City hereafter combined
8 with the Drainage and Wastewater System. The Drainage and Wastewater System
9 shall not include any separate utility system that may be created, acquired or
10 constructed by the City as provided in Section 20.

11 **“Event of Default”** shall have the meaning assigned to that term in
12 Section 26.

13 **“Fiscal Agent”** means the fiscal agent of the State, as the same may be
14 designated by the State from time to time.

15 **“Future Parity Bonds”** means, with reference to any Series of the Bonds,
16 all revenue bonds and obligations of the Drainage and Wastewater System (other
17 than that Series and any other Parity Bonds then outstanding), issued or entered
18 into after the Issue Date of such Series, the payment of which constitutes a charge
19 and lien on the Net Revenue equal in rank with the charge and lien upon such
20 revenue required to be paid into the Parity Bond Account in accordance with
21 Section 16. Future Parity Bonds may include Parity Payment Agreements and any
22 other obligations issued in compliance with Section 18.

23 **“Future Parity Bond Legislation”** means any ordinance or resolution
24 passed or adopted by the City Council providing for the issuance and sale of a
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1 series of Future Parity Bonds, and any other ordinance or resolution amending or
2 supplementing the provisions of any such ordinance or resolution.

3 “Government Obligations” has the meaning given in RCW 39.53.010, as
4 now in effect or as may hereafter be amended.

5 “Gross Revenue” means (a) all income, revenues, receipts and profits
6 derived by the City through the ownership and operation of the Drainage and
7 Wastewater System; (b) the proceeds received by the City directly or indirectly
8 from the sale, lease or other disposition of any of the properties, rights or facilities
9 of the Drainage and Wastewater System; (c) Payment Agreement Receipts, to the
10 extent that such receipts are not offset by Payment Agreement Payments; and (d)
11 the investment income earned on money held in any fund or account of the City,
12 including any bond redemption funds and the accounts therein, in connection with
13 the ownership and operation of the Drainage and Wastewater System. Gross
14 Revenue does not include: (a) insurance proceeds compensating the City for the
15 loss of a capital asset; (b) income derived from investments irrevocably pledged
16 to the payment of any defeased bonds payable from Gross Revenue; (c)
17 investment income set aside for or earned on money in any fund or account
18 created or maintained solely for the purpose of complying with the arbitrage
19 rebate provisions of the Code; (d) any gifts, grants, donations or other funds
20 received by the City from any State or federal agency or other person if such gifts,
21 grants, donations or other funds are the subject of any limitation or reservation
22 imposed by the donor or grantor or imposed by law or administrative regulation to
23 which the donor or grantor is subject, limiting the application of such funds in a
24 manner inconsistent with the application of Gross Revenue hereunder; (e) the
25 proceeds of any borrowing for capital improvements (or the refinancing thereof);
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1 (f) the proceeds of any liability or other insurance (excluding business
2 interruption insurance or other insurance of like nature insuring against the loss of
3 revenues); (g) general *ad valorem* taxes, excise taxes and special assessments,
4 including interest and penalties thereon; and (h) earnings of any separate utility
5 system that may be created, acquired, or constructed by the City pursuant to
6 Section 20.

7 **“Independent Utility Consultant”** means an independent person or firm
8 having a favorable reputation for skill and experience with drainage and
9 wastewater systems of comparable size and character to the Drainage and
10 Wastewater System in such areas as are relevant to the purpose for which they
11 were retained.

12 **“Issue Date”** means, with respect to a Bond, the date, as determined by
13 the Director of Finance, on which that Bond is issued and delivered to the
14 Purchaser in exchange for its purchase price.

15 **“Letter of Representations”** means the Blanket Issuer Letter of
16 Representations between the City and DTC dated October 4, 2006, as it may be
17 amended from time to time, or an agreement with a substitute successor Securities
18 Depository.

19 **“Maximum Annual Debt Service”** means, at the time of calculation, the
20 maximum amount of Annual Debt Service which shall become due in the current
21 calendar year or in any future calendar year on the Parity Bonds then outstanding.

22 **“MSRB”** means the Municipal Securities Rulemaking Board.

23 **“Net Revenue”** means, for any period, the Gross Revenue less Operating
24 and Maintenance Expense.

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1 **“Operating and Maintenance Expense”** means all reasonable expenses
2 incurred by the City in causing the Drainage and Wastewater System to be
3 operated and maintained in good repair, working order and condition, including
4 without limitation payments (other than payments out of proceeds of Parity Bonds
5 or other obligations not issued to pay current expenses of the Drainage and
6 Wastewater System) into reasonable reserves for items of operating or
7 maintenance expense the payment of which is not immediately required,
8 payments of premiums for insurance, if any, on the Drainage and Wastewater
9 System, any State-imposed taxes, and also including all payments made to
10 another municipal corporation or other agency for treatment or disposal of
11 sewage, and amounts due under any Contract Resource Obligation, but excluding
12 depreciation and amortization, and any City taxes imposed or levied on the
13 Drainage and Wastewater System or Gross Revenue or payments in lieu of taxes
14 payable from the Gross Revenue of the Drainage and Wastewater System, and
15 payments of claims or judgments. Accounting for those expenses shall be in
16 accordance with generally accepted accounting principles.

17 **“Outstanding Parity Bonds”** means, with reference to any Series of the
18 Bonds, the then outstanding series of Parity Bonds described in Exhibit A, and
19 any other Parity Bonds outstanding as of the Issue Date of that Series.

20 **“Owner”** means, without distinction, the Registered Owner and the
21 Beneficial Owner of a Bond.

22 **“Parity Bond Account”** means the Drainage and Wastewater Revenue
23 Bond Account, 1990, created by Ordinance 115098 in the Drainage and
24 Wastewater Fund for the purpose of paying and securing the principal of and
25 interest on Parity Bonds.
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1 **“Parity Bond Legislation”** means any ordinance or resolution passed or
2 adopted by the City Council providing for the issuance and sale of a series of
3 Parity Bonds, and any other ordinance or resolution amending or supplementing
4 the provisions of any Parity Bond Legislation.

5 **“Parity Bonds”** means the Outstanding Parity Bonds, the Bonds, and any
6 outstanding Future Parity Bonds.

7 **“Parity Conditions”** means the conditions for issuing Future Parity
8 Bonds under the Parity Bond Legislation.

9 **“Parity Payment Agreement”** means a Payment Agreement under which
10 the City’s payment obligations are expressly stated to constitute a charge and lien
11 on the Net Revenue equal in rank with the charge and lien upon such revenue
12 required to be paid into the Parity Bond Account to pay interest on Parity Bonds.

13 **“Payment Agreement”** means a written agreement, for the purpose of
14 managing or reducing the City’s exposure to fluctuations or levels of interest rates
15 or for other interest rate, investment, asset or liability management purposes,
16 entered into on either a current or forward basis by the City and a Qualified
17 Counterparty as authorized by any applicable laws of the State in connection with,
18 or incidental to, the issuance, incurring or carrying of particular bonds, notes,
19 bond anticipation notes, commercial paper or other obligations for borrowed
20 money, or lease, installment purchase or other similar financing agreements or
21 certificates of participation therein, that provides for an exchange of payments
22 based on interest rates, ceilings or floors on such payments, options on such
23 payments, or any combination thereof or any similar device.

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1 **“Payment Agreement Payments”** means the amounts periodically
2 required to be paid by the City to the Qualified Counterparty pursuant to a
3 Payment Agreement.

4 **“Payment Agreement Receipts”** means the amounts periodically
5 required to be paid by the Qualified Counterparty to the City pursuant to a
6 Payment Agreement.

7 **“Permitted Investments”** means any investments or investment
8 agreements permitted for the investment of City funds under the laws of the State,
9 as amended from time to time.

10 **“Principal and Interest Subaccount”** means the subaccount of that name
11 created in the Parity Bond Account by Ordinance 115098 for the payment of the
12 principal of and interest on Parity Bonds.

13 **“Purchaser”** means the entity or entities who have been selected in
14 accordance with this ordinance to serve as underwriter, purchaser or successful
15 bidder in a sale of any Series.

16 **“Qualified Counterparty”** means a party (other than the City or a party
17 related to the City) who is the other party to a Payment Agreement, (a)(i) whose
18 senior debt obligations are rated in one of the three highest rating categories of
19 each of the Rating Agencies (without regard to any gradations within a rating
20 category), or (ii) whose obligations under the Payment Agreement are guaranteed
21 for the entire term of the Payment Agreement by a bond insurer or other
22 institution which has been assigned a credit rating in one of the two highest rating
23 categories of each Rating Agency; and (b) who is otherwise qualified to act as the
24 other party to a Payment Agreement under any applicable laws of the State.

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1 **“Qualified Insurance”** means Bond Insurance provided by an insurance
2 company that, as of the time of issuance of such Bond Insurance, is rated in one of
3 the two highest rating categories (without regard to any gradations within a rating
4 category) by at least two nationally recognized rating agencies.

5 **“Qualified Letter of Credit”** means any letter of credit issued by a
6 financial institution for the account of the City on behalf of the Beneficial Owner
7 of any Parity Bond, which institution maintains an office, agency or branch in the
8 United States and, as of the time of issuance of such letter of credit, is rated in one
9 of the two highest rating categories by at least two nationally recognized rating
10 agencies.

11 **“RBI”** means *The Bond Buyer* Revenue Bond Index or comparable index,
12 or, if no comparable index can be obtained, 80% of the interest rate for actively
13 traded 30-year United States Treasury obligations.

14 **“Rate Stabilization Account”** means the account of that name previously
15 established by Section 26 of Ordinance 118974.

16 **“Rating Agency”** means any nationally recognized rating agency then
17 maintaining a rating on a series of Parity Bonds at the request of the City.

18 **“Record Date”** means, unless otherwise defined in the Bond Resolution,
19 in the case of each interest or principal payment or redemption date, the Bond
20 Registrar’s close of business on the 15th day of the month preceding the interest or
21 principal payment date. With regard to redemption of a Bond prior to its maturity,
22 the Record Date shall mean the Bond Registrar’s close of business on the day
23 prior to the date on which the Bond Registrar sends the notice of redemption.

24 **“Refundable Bonds”** means, collectively, all Parity Bonds that the City
25 may from time to time designate as Refundable Bonds.
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2 **“Refunded Bond Legislation”** means the respective ordinance and
3 resolution, including all amendatory or supplemental ordinances and resolutions,
4 pursuant to which a series of Refunded Bonds was issued.

5 **“Refunded Bonds”** means those Refundable Bonds included in a
6 Refunding Plan.

7 **“Refunding Plan”** means the plan approved in a Bond Resolution to issue
8 a Series, and to apply the proceeds of the sale of such Series and any other
9 available money included in the plan, to redeem, or to defease and redeem, those
10 Refundable Bonds identified in the plan.

11 **“Refunding Trust Agreement”** means, with respect to each Series, a
12 refunding trust or escrow agreement, dated as of the Issue Date of such Series,
13 between the City and a Refunding Trustee and providing for the irrevocable
14 deposit of Bond proceeds and other available money of the City, to be used to
15 carry out a Refunding Plan.

16 **“Refunding Trustee”** means, for each Series, the Director of Finance, or
17 a financial institution selected by the Director of Finance to serve as refunding
18 trustee or escrow agent under a Refunding Trust Agreement.

19 **“Registered Owner”** means, with regard to a Bond, the person in whose
20 name that Bond is registered on the Bond Register. For so long as the City uses a
21 book-entry only system under the Letter of Representations, the Registered
22 Owner shall mean the Securities Depository.

23 **“Registration Ordinance”** means City Ordinance 111724 establishing a
24 system of registration for the City’s bonds and other obligations pursuant to
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1 Seattle Municipal Code Chapter 5.10, as that chapter now exists or may hereafter
2 be amended.

3 **“Reserve Requirement”** means the least of the Maximum Annual Debt
4 Service at the time of calculation, 1.25 times Average Annual Debt Service at the
5 time of calculation, or 10% of the proceeds of each series of then outstanding
6 Parity Bonds, as of the date of delivery of each series.

7 **“Reserve Security”** means any Qualified Insurance or Qualified Letter of
8 Credit obtained by the City to satisfy part or all of the Reserve Requirement, and
9 which is not cancelable on less than three years’ notice.

10 **“Reserve Subaccount”** means the subaccount of that name created in the
11 Parity Bond Account by Ordinance 115098 for the purpose of securing the
12 payment of the principal of and interest on Parity Bonds.

13 **“Rule 15c2-12”** means Rule 15c2-12 promulgated by the SEC under the
14 Securities Exchange Act of 1934, as amended.

15 **“SEC”** means the United States Securities and Exchange Commission.

16 **“Securities Depository”** means DTC, any successor thereto, any
17 substitute securities depository selected by the City, or the nominee of any of the
18 foregoing. Any successor or substitute Securities Depository must be qualified
19 under applicable laws and regulations to provide the services proposed to be
20 provided by it.

21 **“Serial Bonds”** means Parity Bonds maturing in specified years, for
22 which no Sinking Fund Requirements are mandated.

23 **“Series”** means a series of the Bonds issued pursuant to this ordinance.

24 **“Sinking Fund Requirement”** means, for any calendar year, the principal
25 amount and premium, if any, of Term Bonds required to be purchased, redeemed,
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1 paid at maturity or paid into any Parity Bond Account for such calendar year as
2 established by the Parity Bond Legislation authorizing the issuance of such Term
3 Bonds.

4 **“State”** means the State of Washington.

5 **“State Auditor”** means the office of the Auditor of the State or such other
6 department or office of the State authorized and directed by State law to make
7 audits.

8 **“Tax Credit Subsidy Bond”** means any bond that is designated by the
9 City as a tax credit bond pursuant to the Code, and which is further designated as
10 a “qualified bond” under Section 6431 or similar provision of the Code, and with
11 respect to which the City is eligible to claim a tax credit subsidy payment.

12 **“Tax Credit Subsidy Payment”** means a payment by the federal
13 government with respect to a Tax Credit Subsidy Bond.

14 **“Tax-Exempt Bond”** means any Bond, the interest on which is intended
15 on the Issue Date to be excluded from gross income for federal income tax
16 purposes.

17 **“Term Bond”** means any Bond that is issued subject to mandatory
18 redemption prior to its maturity in periodic mandatory redemption payments.

19 **“ULID”** means a utility local improvement district of the City created for
20 the acquisition or construction of additions to and betterments and extensions of
21 the Drainage and Wastewater System.

22 **“ULID Assessments”** means all assessments levied and collected in a
23 ULID, if and only if those assessments are pledged to be paid into the Parity Bond
24 Account. ULID Assessments shall include all installments of principal, payments
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1 of interest, and penalties and interest on delinquencies, but shall not include any
2 prepaid assessments paid into a construction fund or account.

3 “**Undertaking**” means the undertaking to provide continuing disclosure
4 entered into pursuant to Section 24 of this ordinance, in substantially the form
5 attached as Exhibit B.

6 “**Valuation Date**” means, with respect to any Capital Appreciation Bond,
7 the date or dates set forth in the relevant Parity Bond Legislation or Bond
8 Purchase Contract on which specific Accreted Values are assigned to that Capital
9 Appreciation Bond.

10 “**Variable Interest Rate**” means any variable interest rate or rates to be
11 borne by any Parity Bonds. The method of computing such a variable interest rate
12 shall be set in accordance with the applicable Parity Bond Legislation, which shall
13 specify either (a) the particular period or periods of time or manner of
14 determining such period or periods of time for which each value of such variable
15 interest rate shall remain in effect or (b) the time or times upon which any change
16 in such variable interest rate shall become effective.

17 “**Variable Interest Rate Bond**” means, for any period of time, any Parity
18 Bond that bears a Variable Interest Rate during that period, except that a Parity
19 Bond shall not be treated as a Variable Interest Rate Bond if the net economic
20 effect of interest rates on a particular Parity Bond of a series and interest rates on
21 other Parity Bonds of the same series, as set forth in the applicable Parity Bond
22 Legislation, or the net economic effect of a Payment Agreement with respect to a
23 particular Parity Bond, in either case is to produce obligations that bear interest at
24 a fixed interest rate; and a Parity Bond with respect to which a Payment
25 Agreement is in force shall be treated as a Variable Interest Rate Bond if the net
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1 economic effect of the Payment Agreement is to produce an obligation that bears
2 interest at a Variable Interest Rate.

3 **Section 2. Authorization of Bonds.** The City is authorized to issue
4 Drainage and Wastewater System revenue bonds, payable from the sources
5 described in Section 14, in principal amounts not to exceed the limits stated in
6 Section 4 to carry out one or more Refunding Plans, including paying the
7 administrative costs of carrying out each such Refunding Plan, and to pay the costs
8 of issuance of the Bonds. The Bonds may be issued in one or more Series and may
9 be combined with other Parity Bonds authorized separately. The Bonds shall be
10 designated Drainage and Wastewater System revenue bonds and shall be numbered
11 separately and shall have any name, year and series or other label as deemed
12 necessary or appropriate by the Director of Finance.

13 **Section 3. Manner of Sale of Bonds.** At least ten days before the
14 date selected by the Director of Finance for the sale of a Series, the Director of
15 Finance shall notify the President of the City Council, in writing, of the Director
16 of Finance's determination that the issuance of the Series is consistent with the
17 then-current financial policies of the City. The notice shall set forth the reasons
18 for the Director of Finance's determination. Upon giving such notice, the
19 Director of Finance may provide for the sale of each Series by public sale,
20 negotiated sale, limited offering or private placement with a Purchaser chosen
21 through a selection process acceptable to the Director of Finance. The City
22 Council's adoption of the Bond Resolution shall be conclusive evidence that
23 proper notice was provided to the President of the City Council.

24 The Director of Finance is authorized to specify a date and time of sale of
25 and a date and time for delivery of each Series; to give notice of that sale; to
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1 determine any bid parameters or other bid requirements and criteria for
2 determining the award of the bid; to provide for the use of an electronic
3 bidding mechanism; and to specify other matters in his or her determination
4 necessary, appropriate, or desirable in order to carry out the sale of each Series.
5 Each Series must be sold on Bond Sale Terms in accordance with Section 4.

6 **Section 4. Bond Sale Terms; Bond Resolution.** The Director of
7 Finance is appointed to serve as the City's designated representative in connection
8 with the issuance and sale of the Bonds in accordance with RCW 39.46.040(2)
9 and this ordinance. The Director of Finance is authorized to accept, on behalf of
10 the City, an offer to purchase the Bonds on Bond Sale Terms consistent with the
11 parameters set forth in this section. No such acceptance shall be effective until
12 adoption of a Bond Resolution approving the Bond Sale Terms. Once adopted, the
13 Bond Resolution shall be deemed a part of this ordinance as if set forth herein.

14 (a) **Maximum Principal Amount.** The Bonds may be issued in one or
15 more Series and may be combined with other Parity Bonds authorized separately.
16 The aggregate principal amount of the Bonds allocated to each Refunding Plan
17 shall not exceed 125% of the stated principal amount (or Accreted Value, if
18 applicable) of the Refunded Bonds included in that Refunding Plan.

19 (b) **Date or Dates.** Each Bond shall be dated its Issue Date, as
20 determined by the Director of Finance, which shall be determined by the Director
21 of Finance.

22 (c) **Denominations.** The Bonds shall be issued in Authorized
23 Denominations.

24 (d) **Interest Rate(s); Payment Dates.** Each Bond shall bear interest
25 from the Issue Date or from the most recent date to which interest has been paid
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1 or duly provided for, whichever is later, and shall be payable on dates determined
2 by the Director of Finance. One or more rates of interest shall be established for
3 each maturity of each Series, which rate or rates may be fixed interest rates or
4 Variable Interest Rates. Fixed interest rates shall be computed on the basis of a
5 360-day year of twelve 30-day months and the net interest cost shall not exceed a
6 weighted average rate of 10% per annum. Principal payments shall commence on
7 a date and shall be payable at maturity or have Sinking Fund Requirements on
8 dates determined by the Director of Finance.

9 (e) **Final Maturity.** The Bonds shall mature no later than 40 years
10 after the Issue Date.

11 (f) **Redemption Rights.** The Bond Sale Terms may include
12 provisions for the optional and mandatory redemption of Bonds determined by the
13 Director of Finance, subject to the following:

14 (i) **Optional Redemption.** Any Bond may be designated as being (A)
15 subject to redemption at the option of the City prior to its maturity
16 date on the dates and at the redemption prices set forth in the Bond
17 Purchase Contract; or (B) not subject to redemption prior to its
18 maturity date. If a Bond is subject to optional redemption prior to
its maturity, it must be subject to such redemption on one or more
dates occurring not more than 10½ years after the Issue Date.

19 (ii) **Mandatory Redemption.** Any Bond may be designated as a Term
20 Bond, subject to mandatory redemption prior to its maturity on the
21 dates and in Sinking Fund Requirements consistent with Section
22 7(b).

23 (g) **Price.** The purchase price for each Series shall be acceptable to
24 the Director of Finance.

25 (h) **Other Terms and Conditions.**

26 (i) As of the Issue Date of each Series, (A) the Finance Director must
27 determine that the Parity Conditions have been met or satisfied, so
that such Series may be issued as Parity Bonds, and (B) the City

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1 Council must find the Bond Resolution that, in creating the Parity
2 Bond Account and in fixing the amounts to be paid into it in
3 accordance with this ordinance, the City Council has had due
4 regard for the cost of maintenance and operation of the Drainage
5 and Wastewater System, and is not setting aside into the Parity
6 Bond Account a greater amount than in the judgment of the City
7 Council, based on the rates to be established from time to time
8 consistent with Section 17(b), will be available over and above
9 such cost of maintenance and operation.

10 (ii) A Series may not be issued unless the Bond Resolution with
11 respect to that Series sets forth a Refunding Plan and includes the
12 findings that:

13 (A) The Refunding Plan (1) will pay or discharge the City's
14 obligations with respect to Refundable Bonds that are in
15 arrears or about to become due, and for which sufficient
16 funds are not available; (2) is necessary or in the best
17 interest of the City to modify debt service requirements,
18 sources of payment covenants or other terms of the
19 Refunded Bonds; or (3) will effect a savings to the City,
20 giving consideration to the fixed maturities of the Series to
21 be issued and of the Refunded Bonds, the costs of issuance
22 of that Series and the known earned income from the
23 investment of the sale proceeds and other money of the
24 City used in the Refunding Plan; and

25 (B) the irrevocable deposit of money and securities with the
26 Refunding Trustee in accordance with the Refunding Plan
27 will discharge and satisfy the obligations of the City as to
the Refunded Bonds, including all pledges, charges, trusts,
covenants and agreements under the Refunded Bond
Legislation, and immediately upon such deposit, the
Refunded Bonds will no longer be deemed to be
outstanding under the Refunded Bond Legislation.

(iii) The Bond Sale Terms for any Series may provide for Bond
Insurance, a Reserve Security or other credit enhancement, or for a
Parity Payment Agreement. To that end, the Bond Sale Terms may
include such additional terms, conditions and covenants as may be
necessary or desirable, including but not limited to: restrictions on
investment of Bond proceeds and pledged funds, and requirements
to give notice to or obtain the consent of a credit enhancement
provider or a Qualified Counterparty.

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1 (iv) The Bond Sale Terms must establish the method of providing for
2 the Reserve Requirement, consistent with Section 16(a)(ii) of this
3 ordinance.

4 (iv) Any Series may be designated or qualified as Tax-Exempt Bonds,
5 Tax Credit Subsidy Bonds, or other taxable bonds, and may
6 include such additional terms and covenants relating to federal tax
7 matters as the Director of Finance deems necessary or appropriate,
8 consistent with Section 23 of this ordinance.

9 **Section 5. Bond Registrar; Registration and Transfer of Bonds.**

10 (a) **Registration of Bonds.** The Bonds shall be issued only in
11 registered form as to both principal and interest and shall be recorded on the Bond
12 Register.

13 (b) **Bond Registrar; Transfer and Exchange of Bonds.** The Bond
14 Registrar shall keep, or cause to be kept, sufficient books for the registration and
15 transfer of the Bonds, which shall be open to inspection by the City at all times.
16 The Bond Register shall contain the name and mailing address of the Registered
17 Owner of each Bond and the principal amount and number of each of the Bonds
18 held by each Registered Owner. The Bond Registrar is authorized, on behalf of
19 the City, to authenticate and deliver Bonds transferred or exchanged in
20 accordance with the provisions of the Bonds and this ordinance, to serve as the
21 City's paying agent for the Bonds and to carry out all of the Bond Registrar's
22 powers and duties under this ordinance and the Registration Ordinance.

23 The Bond Registrar shall be responsible for its representations contained
24 in the Bond Registrar's certificate of authentication on the Bonds. The Bond
25 Registrar may become an Owner of Bonds with the same rights it would have if it
26 were not the Bond Registrar and, to the extent permitted by law, may act as
27 depository for and permit any of its officers or directors to act as members of, or
in any other capacity with respect to, any committee formed to protect the rights

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1 of Owners. Bonds surrendered to the Bond Registrar may be exchanged for Bonds
2 in any Authorized Denomination of an equal aggregate principal amount and of
3 the same Series, interest rate and maturity. Bonds may be transferred only if
4 endorsed in the manner provided thereon and surrendered to the Bond Registrar.
5 Any exchange or transfer shall be without cost to the Owner or transferee. The
6 Bond Registrar shall not be obligated to exchange or transfer any Bond during the
7 period between the Record Date and the corresponding interest payment or
8 redemption date.

9 (c) **Securities Depository; Book-Entry Form.** The Bonds initially
10 shall be registered in the name of the Securities Depository. The Bonds so
11 registered shall be held fully immobilized in book-entry form by the Securities
12 Depository in accordance with the provisions of the Letter of Representations.
13 Neither the City nor the Bond Registrar shall have any responsibility or obligation
14 to participants of the Securities Depository or the persons for whom they act as
15 nominees with respect to the Bonds regarding accuracy of any records maintained
16 by the Securities Depository or its participants of any amount in respect of
17 principal of or interest on the Bonds, or any notice which is permitted or required
18 to be given to Owners hereunder (except such notice as is required to be given by
19 the Bond Registrar to the Securities Depository). Registered ownership of a Bond
20 initially held in book-entry form, or any portion thereof, may not be transferred
21 except: (i) to any successor Securities Depository; (ii) to any substitute Securities
22 Depository appointed by the City or such substitute Securities Depository's
23 successor; or (iii) to any person if the Bond is no longer held in book-entry form.

24 Upon the resignation of the Securities Depository from its functions as
25 depository, or upon a City determination to discontinue services of the Securities
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1 Depository, the City may appoint a substitute Securities Depository. If (i) the
2 Securities Depository resigns from its functions as depository, and no substitute
3 Securities Depository can be obtained, or (ii) the City determines that the Bonds
4 are to be in certificated form, then ownership of Bonds may be transferred to any
5 person as provided herein and the Bonds no longer shall be held in book-entry
6 form.

7 **Section 6. Payment of Bonds.** Principal of and interest on each Bond
8 shall be payable solely out of the Parity Bond Account, in lawful money of the
9 United States. Principal of and interest on each Bond registered in the name of the
10 Securities Depository is payable in the manner set forth in the Letter of
11 Representations. Interest on each Bond not registered in the name of the
12 Securities Depository is payable by electronic transfer on the interest payment
13 date, or by check or draft of the Bond Registrar mailed on the interest payment
14 date to the Registered Owner at the address appearing on the Bond Register on
15 the Record Date. However, the City is not required to make electronic transfers
16 except pursuant to a request by a Registered Owner in writing received at least
17 ten days prior to the Record Date and at the sole expense of the Registered
18 Owner. Principal of each Bond not registered in the name of the Securities
19 Depository is payable upon presentation and surrender of the Bond by the
20 Registered Owner to the Bond Registrar. The Bonds are not subject to
21 acceleration under any circumstances.

22 **Section 7. Redemption and Purchase of Bonds.**

23 **(a) Optional Redemption.** All or some of the Bonds may be subject
24 to redemption prior to their stated maturity dates at the option of the City at the
25 times and on the terms approved in accordance with Section 4 of this ordinance.
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1 **(b) Mandatory Redemption.** If not redeemed or purchased at the
2 City's option prior to maturity, Term Bonds (if any) shall be redeemed, at a price
3 equal to the principal amount thereof to be redeemed plus accrued interest, on the
4 dates and in the Sinking Fund Requirements as set forth in the Bond Resolution.
5 If the City redeems or purchases Term Bonds at the City's option prior to
6 maturity, the Term Bonds so redeemed or purchased (irrespective of their
7 redemption or purchase prices) shall be credited at the par amount thereof against
8 the remaining Sinking Fund Requirements as determined by the Director of
9 Finance. In the absence of a determination by the Director of Finance or other
10 direction in the Bond Resolution, credit shall be allocated on a pro rata basis.

11 **(c) Selection of Bonds for Redemption; Partial Redemption.** If
12 fewer than all of the outstanding Bonds are to be redeemed at the option of the
13 City, the Director of Finance shall select the Series and maturity or maturities to
14 be redeemed. If fewer than all of the outstanding Bonds of a maturity of a Series
15 are to be redeemed, the Securities Depository shall select Bonds registered in the
16 name of the Securities Depository to be redeemed in accordance with the Letter of
17 Representations, and the Bond Registrar shall select all other Bonds to be
18 redeemed randomly in such manner as the Bond Registrar shall determine. All or
19 a portion of the principal amount of any Bond that is to be redeemed may be
20 redeemed in any Authorized Denomination. If less than all of the outstanding
21 principal amount of any Bond is redeemed, upon surrender of that Bond to the
22 Bond Registrar, there shall be issued to the Registered Owner, without charge, a
23 new Bond (or Bonds, at the option of the Registered Owner) of the same Series,
24 maturity and interest rate in any Authorized Denomination in the aggregate
25 principal amount to remain outstanding.

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1 **(d) Purchase.** The City reserves the right and option to purchase any
2 or all of the Bonds offered to the City at any time at any price acceptable to the
3 City plus accrued interest to the date of purchase.

4 **Section 8. Notice of Redemption.** The City shall cause notice of any
5 intended redemption of Bonds to be given not less than 20 nor more than 60 days
6 prior to the date fixed for redemption by first class mail, postage prepaid, to the
7 Registered Owner of any Bond to be redeemed at the address appearing on the
8 Bond Register on the Record Date, and the requirements of this sentence shall be
9 deemed to have been fulfilled when notice has been mailed as so provided,
10 whether or not it is actually received by the Owner of any Bond. Interest on
11 Bonds called for redemption shall cease to accrue on the date fixed for
12 redemption unless the Bond or Bonds called are not redeemed when presented
13 pursuant to the call.

14 In the case of an optional redemption, the notice may state that the City
15 retains the right to rescind the redemption notice and the related optional
16 redemption of Bonds by giving a notice of rescission to the affected Registered
17 Owners at any time prior to the scheduled optional redemption date. Any notice of
18 optional redemption that is rescinded by the Director of Finance shall be of no
19 effect, and the Bonds for which the notice of optional redemption has been
20 rescinded shall remain outstanding.

21 **Section 9. Failure to Pay Bonds.** If any Bond is not paid when
22 properly presented at its maturity or redemption date, the City shall be obligated
23 to pay, solely from the Parity Bond Account and the other sources pledged in this
24 ordinance, interest on that Bond at the same rate provided in that Bond from and
25 after its maturity or redemption date until that Bond, principal, premium, if any
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1 and interest, is paid in full or until sufficient money for its payment in full is on
2 deposit in the Parity Bond Account and that Bond has been called for payment by
3 giving notice of that call to the Registered Owner of that Bond.

4 **Section 10. Form and Execution of Bonds.** The Bonds shall be typed,
5 printed or reproduced in a form consistent with the provisions of this ordinance,
6 the Bond Resolution and State law, shall be signed by the Mayor and Director of
7 Finance, either or both of whose signatures may be manual or in facsimile, and
8 the seal of the City or a facsimile reproduction thereof shall be impressed or
9 printed thereon.

10 Only Bonds bearing a certificate of authentication in substantially the
11 following form (with the designation, year and Series adjusted consistent with this
12 ordinance), manually signed by the Bond Registrar, shall be valid or obligatory
13 for any purpose or entitled to the benefits of this ordinance: "This Bond is one of
14 the fully registered The City of Seattle, Washington, [Drainage and Wastewater
15 System Refunding Revenue Bonds], [Year], [Series], described in [this
16 ordinance]." The authorized signing of a certificate of authentication shall be
17 conclusive evidence that the Bond so authenticated has been duly executed,
18 authenticated and delivered and is entitled to the benefits of this ordinance.

19 If any officer whose manual or facsimile signature appears on a Bond
20 ceases to be an officer of the City authorized to sign bonds before the Bond
21 bearing his or her manual or facsimile signature is authenticated or delivered by
22 the Bond Registrar or issued by the City, that Bond nevertheless may be
23 authenticated, delivered and issued and, when authenticated, issued and delivered,
24 shall be as binding on the City as though that person had continued to be an
25 officer of the City authorized to sign bonds. Any Bond also may be signed on
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1 behalf of the City by any person who, on the actual date of signing of the Bond, is
2 an officer of the City authorized to sign bonds, although he or she did not hold the
3 required office on the date of issuance of the Bonds.

4 **Section 11. Deposit and Use of Proceeds.** Unless provided otherwise
5 in the Bond Resolution, the principal proceeds and premium, if any received from
6 the sale of each Series, in the amount necessary to carry out the Refunding Plan
7 (including payment of costs of issuance and administrative costs of carrying out
8 the refunding) approved in connection with such Series, shall be deposited with
9 the Refunding Trustee and used in accordance with the provisions of Section 12
10 and the Refunding Plan to discharge the obligations of the City relating to the
11 Refunded Bonds.

12 To the extent not necessary to carry out the Refunding Plan, excess
13 proceeds received from the sale of a Series (including interest earnings thereon)
14 shall be deposited into such funds, subfunds, accounts and subaccounts as the
15 Director of Finance shall determine, consistent with the Bond Resolution. The
16 Director of Finance may apply any amounts remaining after the costs of issuance
17 and the administrative costs of the Refunding Plan have been paid (or after the
18 City Council has determined that the expenditure of such amounts for those
19 purposes is no longer necessary or appropriate) to pay principal of and interest on
20 that Series or for any other purposes approved by ordinance or by the Bond
21 Resolution.

22 **Section 12. The Refunding Plan.**

23 **(a) Approval of Refunding Plan; Appointment of Refunding**
24 **Trustee.** The Bond Resolution shall approve a Refunding Plan for each Series,
25 which shall provide for the issuance of the Series, shall identify the Refundable
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1 Bonds to be refunded, shall allocate the Bonds among the various Refunded
2 Bonds, shall describe the method for carrying out the refunding of the Refunded
3 Bonds, and shall appoint the Refunding Trustee.

4 The Refunding Plan shall be carried out, and proceeds of the Series shall
5 be applied, in accordance with this ordinance, the respective Refunded Bond
6 Legislation, the Bond Resolution and the laws of the State.

7 **(b) Acquisition of Acquired Obligations.** To the extent practicable,
8 the Refunding Plan shall provide for the Refunding Trustee's purchase of the
9 Acquired Obligations, bearing such interest and maturing as to principal and
10 interest in such amounts and at such times so as to provide, together with a
11 beginning cash balance, if necessary, for the payment of the amounts required to
12 be paid by the Refunding Plan. The Acquired Obligations shall be listed and more
13 particularly described in a schedule attached to the Refunding Trust Agreement,
14 but are subject to substitution as set forth in subsection (c) below.

15 **(c) Substitution of Acquired Obligations.** The City reserves the right
16 at any time to substitute cash or Government Obligations for the Acquired
17 Obligations if the City obtains a verification by a nationally recognized
18 independent certified public accounting firm reasonably acceptable to the
19 Refunding Trustee confirming that the payments of principal of and interest on
20 the substitute Government Obligations, if paid when due, together with the cash to
21 be held by the Refunding Trustee, will be sufficient to carry out the Refunding
22 Plan. If the applicable Series (or series of the Refunded Bonds) were issued as
23 Tax-Exempt Bonds, then prior to such substitution, the City must also obtain an
24 opinion from Bond Counsel to the effect that the disposition and substitution or
25 purchase of such securities will not cause the interest on the applicable Series (or
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1 series of the Refunded Bonds) issued as Tax-Exempt Bonds to be included in
2 gross income for federal income tax purposes and that such disposition and
3 substitution or purchase is in compliance with the statutes and regulations
4 applicable to the Series. Any surplus money resulting from the sale, transfer, other
5 disposition or redemption of the Acquired Obligations and the substitutions
6 therefor shall be released from the trust estate and may be used for any lawful
7 City purpose.

8 (d) **Refunding Trust Agreement.** In connection with each Series, the
9 Director of Finance is authorized to execute a Refunding Trust Agreement with a
10 Refunding Trustee, setting forth the duties, obligations and responsibilities of the
11 Refunding Trustee in connection with carrying out the Refunding Plan. Each
12 Refunding Trust Agreement shall, among other things, authorize and direct the
13 Refunding Trustee to use the money deposited with it to purchase the Acquired
14 Obligations (or substitute obligations) and to apply such money along with the
15 maturing principal of and interest on such obligations to make the payments
16 required to be made by the Refunding Plan. The money deposited with the
17 Refunding Trustee, including the Acquired Obligations and any investment
18 earnings, shall be held irrevocably, invested and applied in accordance with the
19 provisions of the respective Refunded Bond Legislation, this ordinance, the Bond
20 Resolution, chapter 39.53 RCW and other applicable State law. All administrative
21 costs (including without limitation, all necessary and proper fees, compensation
22 and expenses of the Refunding Trustee and all other costs incidental to the setting
23 up of the escrow to accomplish the Refunding Plan) and costs of issuance may, in
24 the discretion of the Director of Finance, be paid out of the amounts deposited
25 with the Refunding Trustee or other available money of the City.
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1 **Section 13. Call for Redemption of the Refunded Bonds.** The City
2 may in the Bond Resolution call, or authorize the Director of Finance to call, the
3 Refunded Bonds for redemption. Such call for redemption of the Refunded Bonds
4 shall identify the Refunded Bonds, call dates and redemption prices (expressed as
5 a percentage of the stated principal amount, plus accrued interest), and shall be
6 irrevocable after the Issue Date of the applicable Series. The proper City officials
7 are authorized and directed to give or cause to be given such notices as required,
8 at the times and in the manner required pursuant to the Refunded Bond
9 Legislation, in order to carry out the Refunding Plan.

10 **Section 14. Security for the Bonds; Parity with other Bonds.** The
11 Bonds shall be special limited obligations of the City payable from and secured
12 solely by the Net Revenue and ULID Assessments, and by money in the Parity
13 Bond Account and the subaccounts therein, including, without limitation, the
14 Reserve Subaccount. The Net Revenue and all ULID Assessments are pledged to
15 the payment of the Parity Bonds. This pledge shall constitute a charge and lien
16 upon the Net Revenue prior and superior to any other charges whatsoever. The
17 City covenants that for as long as any Bond is outstanding that it will not issue
18 any other revenue obligations (or create any special fund or account therefor),
19 which will have any priority over or which will rank on a parity with the
20 payments required in respect of the Bonds and the Outstanding Parity Bonds, nor
21 will it issue Future Parity Bonds, except in accordance with Section 18.

22 The Bonds shall be on a parity with the Outstanding Parity Bonds and all
23 Future Parity Bonds, without regard to date of issuance or authorization and
24 without preference or priority of right or lien. Nothing in this ordinance prevents
25 the City from issuing revenue bonds or other obligations which are a charge or
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1 lien upon the Net Revenues subordinate to the payments required to be made from
2 Net Revenue into the Parity Bond Account and the subaccounts therein.

3 The Bonds shall not constitute general obligations of the City, the State or
4 any political subdivision of the State or a charge upon any general fund or upon
5 any money or other property of the City, the State or any political subdivision of
6 the State not specifically pledged by this ordinance.

7 **Section 15. Priority Expenditure of Gross Revenue; Flow of Funds.**

8 The Gross Revenue (except for earnings on investments in the Parity Bond
9 Account or other bond redemption fund, arbitrage rebate account, refunding
10 escrow account or other trust account, unless those earnings are transferred from
11 those accounts or funds to the Drainage and Wastewater Fund) shall be deposited
12 as received in the Drainage and Wastewater Fund and shall be applied in the
13 following order of priority:

14 (a) To pay the Operating and Maintenance Expense;

15 (b) To make the required payments into the Principal and Interest
16 Subaccount for all Parity Bonds;

17 (c) To make the required payments into the Reserve Subaccount for all
18 Parity Bonds;

19 (d) To make all required payments into any revenue bond redemption
20 fund created to pay and secure the payment of the principal of and interest on any
21 revenue bonds or short-term obligations of the City having a charge and lien upon
22 the Net Revenue subordinate to the lien thereon for the payment of the principal
23 of and interest on Parity Bonds; and

24 (e) To retire by redemption and purchase any outstanding revenue
25 bonds or revenue obligations of the Drainage and Wastewater System; to make
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1 necessary additions, betterments, repairs, extensions and replacements of the
2 Drainage and Wastewater System; to pay City taxes or other payments in lieu of
3 taxes payable from Gross Revenue; to make deposits to the Rate Stabilization
4 Account; or for any other lawful Drainage and Wastewater System purpose.

5 **Section 16. Parity Bond Account.** The Parity Bond Account is divided
6 into two subaccounts: the Principal and Interest Subaccount and the Reserve
7 Subaccount. The Director of Finance may create sinking fund subaccounts or
8 other subaccounts in the Parity Bond Account for the payment or securing the
9 payment of Parity Bonds, as long as the maintenance of such subaccounts does
10 not conflict with the rights of the Owners of Parity Bonds.

11 **(a) Required Payments Into Parity Bond Account.** So long as any
12 Parity Bonds are outstanding, the City shall set aside and pay into the Parity Bond
13 Account all ULID Assessments on their collection and, out of the Net Revenue,
14 certain fixed amounts without regard to any fixed proportion, namely:

- 15 (i) Into the Principal and Interest Subaccount (A) upon receipt thereof,
16 the accrued interest, if any, received by the City from the
17 Purchaser, and (B) on or before each interest or principal and
18 interest payment date of any Parity Bonds an amount which,
19 together with other money on deposit therein, will be sufficient to
20 pay the interest, or principal and interest and Sinking Fund
Requirements, to become due and payable on the Parity Bonds on
that payment date, and net payments due on Parity Payment
Agreements; and
- 21 (ii) Into the Reserve Subaccount an amount necessary to provide for
22 the Reserve Requirement for the Parity Bonds within the time and
23 in the manner required by this ordinance and the Parity Bond
24 Legislation. The amount necessary to satisfy the Reserve
25 Requirement upon the issuance of a Series may be funded (i) on
26 the Issue Date, by a deposit of bond sale proceeds or a Reserve
27 Security, or (ii) in annual installments from Net Revenue so that
the Reserve Requirement is fully funded by the fifth anniversary of

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1 the Issue Date. The manner of funding the Reserve Requirement
2 for the Bonds shall be set forth in the Bond Resolution.

3 The Director of Finance may transfer any money from any funds or accounts of
4 the City legally available therefor, except bond redemption funds, refunding
5 escrow funds or defeasance funds, to meet the required payments to be made into
6 the Parity Bond Account. The Director of Finance may provide for the purchase,
7 redemption or defeasance of any Parity Bonds by the use of money on deposit in
8 any subaccount in the Parity Bond Account as long as the money remaining in
9 those subaccounts is sufficient to satisfy the required deposits in those
10 subaccounts for the remaining Parity Bonds.

11 **(b) Reserve Subaccount.** The City covenants that it will at all times
12 so long as any Parity Bonds are outstanding, maintain the Reserve Subaccount at
13 the Reserve Requirement (taking into account scheduled payments to fund the
14 Reserve Requirement over time), as it is adjusted from time to time, except for
15 withdrawals as authorized by this ordinance. The Director of Finance may make
16 withdrawals of cash from the Reserve Subaccount in the event of a deficiency in
17 the Principal and Interest Subaccount to meet maturing installments of either
18 principal (or Sinking Fund Requirements) or interest. Any deficiency created in
19 the Reserve Subaccount by reason of any such withdrawal shall will then be made
20 up from the ULID Assessments and Net Revenue first available after making
21 necessary provisions for the required payments into the Principal and Interest
22 Subaccount. The money in the Reserve Subaccount may be applied to the
23 payment of the last outstanding Parity Bonds, and when the total amount in the
24 Parity Bond Account (including investment earnings) equals the total amount of
25 principal and interest for all then-outstanding Parity Bonds to the last maturity
26 thereof, no further payment need be made into the Parity Bond Account. Money

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1 in the Reserve Subaccount (including investment earnings) in excess of the
2 Reserve Requirement may be withdrawn and deposited in the Principal and
3 Interest Subaccount and spent for the purpose of retiring Parity Bonds or may be
4 deposited in any other fund or account and spent for any other lawful Drainage
5 and Wastewater System purpose.

6 (c) **Investment of Money in Parity Bond Account.** All money in the
7 Parity Bond Account may be kept in cash or invested in Permitted Investments
8 maturing not later than the date when needed (for investments in the Principal and
9 Interest Subaccount) or the last maturity of any outstanding Parity Bonds (for
10 investments in the Reserve Subaccount). In no event shall any money in the Parity
11 Bond Account or any other money reasonably expected to be used to pay
12 principal and/or interest on the Parity Bonds be invested at a yield which would
13 cause any Series issued as Tax-Exempt Bonds or Tax Credit Subsidy Bonds to be
14 arbitrage bonds within the meaning of Section 148 of the Code. Income from
15 investments in the Principal and Interest Subaccount shall be deposited in that
16 subaccount.

17 Income from investments in the Reserve Subaccount shall be deposited in
18 that subaccount until the amount therein is equal to the Reserve Requirement for
19 all Parity Bonds, and thereafter shall be deposited in the Principal and Interest
20 Subaccount.

21 Notwithstanding the provisions for deposit or retention of earnings in the
22 Parity Bond Account, any earnings which are subject to a federal tax or rebate
23 requirement may be withdrawn from the Parity Bond Account for deposit in a
24 separate fund or account for that purpose. If no longer required for such rebate,
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1 money in that separate fund or account shall be returned to the Parity Bond
2 Account.

3 (d) **Failure to Deposit Money in Parity Bond Account.** If the City
4 fails to set aside and pay into the Parity Bond Account, or the subaccounts therein,
5 the amounts set forth above, the registered owner of any of the outstanding Parity
6 Bonds may bring action against the City for failure to make the required deposits
7 to the Parity Bond Account only in accordance with Section 26 regarding Events
8 of Default.

9 **Section 17. Parity Bond Covenants.** The City covenants with the
10 owner of each Bond at any time outstanding, as follows:

11 (a) **Operation and Maintenance.** It will pay all Operating and
12 Maintenance Expense and otherwise meet the obligations of the City under this
13 ordinance. It will at all times maintain and keep the Drainage and Wastewater
14 System in good repair, working order and condition, will make all necessary and
15 proper additions, betterments, renewals and repairs thereto, and improvements,
16 replacements and extensions thereof so that at all times the business carried on in
17 connection therewith will be properly and advantageously conducted, and will at
18 all times operate the Drainage and Wastewater System and the business in
19 connection therewith in an efficient manner and at a reasonable cost.

20 (b) **Establishment of Rates and Charges.** It will establish, maintain,
21 revise as necessary and collect such rates and charges for drainage and wastewater
22 service furnished which will produce Adjusted Net Revenue each calendar year at
23 least equal to the Coverage Requirement. It will not change any rate or charge for
24 drainage and wastewater service as now established by the City that will
25 substantially reduce the annual Gross Revenue below that which would have been
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1 obtained before such change, unless the City shall have on file a certificate from
2 an Independent Utility Consultant, stating the rates and charges as so changed will
3 provide Gross Revenue sufficient to comply with all the covenants and
4 requirements of this ordinance, including the Coverage Requirement. *Upon the*
5 *redemption or defeasance of all outstanding 2004 Bonds, this subsection shall*
6 *be replaced in its entirety with the following: It will establish, maintain, revise as*
7 *necessary and collect rates and charges for services and facilities provided by the*
8 *Drainage and Wastewater System so that Adjusted Net Revenue in each fiscal*
9 *year will be at least equal to the Coverage Requirement. The failure of the City to*
10 *comply with this subsection shall not be an Event of Default if the City promptly*
11 *retains an Independent Utility Consultant to recommend to the City Council*
12 *adjustments in the rates of the Drainage and Wastewater System necessary to*
13 *meet the requirements of this subsection and if the City Council adopts the*
14 *recommended modifications within 180 days of the date the failure became known*
15 *to the City Council.*

16 **(c) Sale or Disposition of Drainage and Wastewater System.** It will
17 not sell, lease, mortgage, or in any manner encumber or dispose of all of the
18 property of the Drainage and Wastewater System unless provision is made for the
19 payment into the Parity Bond Account of an amount sufficient to pay the principal
20 of and interest on Parity Bonds then outstanding; and it will not sell, lease,
21 mortgage, or in any manner encumber or dispose of (each a “transfer”) any part of
22 the property of the Drainage and Wastewater System that is used, useful and
23 material to the operation thereof, except consistent with one or more of the
24 following:

- 25 (i) if provision is made for replacement thereof, or for payment into
26 the Parity Bond Account of the total amount of Gross Revenue

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1 received from the portion of the Drainage and Wastewater System
2 transferred, which shall not be less than an amount which shall
3 bear the same ratio to the amount of Parity Bonds then outstanding
4 as the Gross Revenue available for debt service for such
5 outstanding bonds for the 12 months preceding such transfer from
6 the portion of the Drainage and Wastewater System so transferred
7 bears to the Gross Revenue available for debt service for the then
8 outstanding Parity Bonds from the entire Drainage and Wastewater
9 System of the City for the same period. Any such money so paid
10 into the Parity Bond Account shall be used to retire such Parity
11 Bonds at the earliest possible date; or

12 (ii) if the aggregate depreciated cost value of the property being
13 transferred under this subsection in any fiscal year comprises no
14 more than 5% of the total assets of the Drainage and Wastewater
15 System; or

16 (iii) *Upon the redemption or defeasance of all outstanding 2004*
17 *Bonds: if the proceeds from such transfer are used to acquire new*
18 *useful operating facilities or properties of the Drainage and*
19 *Wastewater System, or are used to retire outstanding Parity Bonds*
20 *or other revenue obligations of the Drainage and Wastewater*
21 *System, and if, at the time of such transfer, the City has on file a*
22 *certificate of both the Director of Finance and the Director of*
23 *Seattle Public Utilities (or any officer who succeeds to*
24 *substantially all of the responsibilities of either office)*
25 *demonstrating that in their opinion, upon such transfer and the use*
26 *of proceeds of the transfer as proposed by the City, the remaining*
27 *facilities of the Drainage and Wastewater System will retain their*
operational integrity and, based on the financial statements for the
most recent fiscal year available, the proposed transfer would not
prevent the Drainage and Wastewater System from complying with
the Coverage Requirement during the five fiscal years following
the fiscal year in which the transfer is to occur. The certificate
shall take into account, (A) the reduction in revenue and expenses,
if any, resulting from the transfer; (B) the use of any proceeds of
the transfer for the redemption of Parity Bonds, (C) the estimate of
revenue from customers anticipated to be served by any additions
to and betterments and extensions of the Drainage and Wastewater
System financed in part by the proposed portion of the proceeds of
the transfer, and (D) any other adjustment permitted in the
preparation of a certificate under Section 18(a)(vi). Before such a
transfer, the City also must obtain confirmation from each of the

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1 *Rating Agencies to the effect that the rating then in effect will not*
2 *be reduced or withdrawn upon such transfer.*

3 (d) **Books and Records.** It will keep proper and separate accounts and
4 records in which complete and separate entries shall be made of all transactions
5 relating to the Drainage and Wastewater System, and it will furnish the Registered
6 Owner(s) of the Bonds or any subsequent Registered Owner(s) thereof, at the
7 written request of such Registered Owner(s), complete operating and income
8 statements of the Drainage and Wastewater System in reasonable detail covering
9 any fiscal year not more than six months after the close of such fiscal year and it
10 will grant any Registered Owner(s) of at least 25% of the outstanding Bonds the
11 right at all reasonable times to inspect the entire Drainage and Wastewater System
12 and all records, accounts and data of the City relating thereto. Upon request of any
13 Registered Owner of any of the Bonds, it also will furnish to such Registered
14 Owner a copy of the most recently completed audit of the City's accounts by the
15 State Auditor.

16 **Section 18. Future Parity Bonds.**

17 (a) The City reserves the right to issue Future Parity Bonds and to
18 enter into Parity Payment Agreements for purposes of the Drainage and
19 Wastewater System or to refund a portion of the Parity Bonds if the following
20 conditions are met and complied with at the time of the issuance of those Future
21 Parity Bonds or entering into the Parity Payment Agreement:

- 22 (i) There must be no deficiency in the Parity Bond Account and no
23 Event of Default with respect to any Parity Bonds shall have
24 occurred and be continuing.
- 25 (ii) The Future Parity Bond Legislation must provide that all ULID
26 Assessments shall be paid directly into the Parity Bond Account.

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- 1 (iii) The Future Parity Bond Legislation must provide for the payment
2 of the principal thereof and interest thereon out of the Parity Bond
3 Account.
- 4 (iv) The Future Parity Bond Legislation must provide for the payment
5 of any Sinking Fund Requirements from money in the Principal
6 and Interest Subaccount.
- 7 (v) The Future Parity Bond Legislation must provide for the deposit
8 into the Reserve Subaccount of (A) an amount, if any, necessary to
9 fund the Reserve Requirement upon the issuance of those Future
10 Parity Bonds from Future Parity Bond proceeds or other money
11 legally available; (B) one or more Reserve Securities or an amount
12 plus Reserve Securities necessary to fund the Reserve Requirement
13 upon the issuance of those Future Parity Bonds, or (C) amounts
14 necessary to fund the Reserve Requirement from ULID
15 Assessments and Net Revenue within five years from the date of
16 issuance of those Future Parity Bonds, in five approximately equal
17 annual payments. Immediately prior to the issuance of Future
18 Parity Bonds, amounts then deposited in the Reserve Subaccount
19 shall be valued as determined on the most recent annual financial
20 report of the City applicable to the Drainage and Wastewater
21 System, and the additional amounts, if any, needed to be deposited
22 into the Reserve Subaccount to satisfy the Reserve Requirement
23 shall be based on that valuation.
- 24 (vi) There shall be on file either:
- 25 (A) A certificate of the Director of Finance or the Director of
26 Seattle Public Utilities demonstrating that during any 12
27 consecutive calendar months out of the immediately
preceding 24 calendar months Adjusted Net Revenue was
at least equal to the Coverage Requirement for all Parity
Bonds plus the Future Parity Bonds proposed to be issued
(and assuming that the debt service of the proposed Future
Parity Bonds for that 12 month period was the Average
Annual Debt Service for those proposed bonds); or
- (B) A certificate of the Director of Seattle Public Utilities or a
certificate from an Independent Utility Consultant showing
that in his or her professional opinion the Adjusted Net
Revenue will be equal to the Coverage Requirement.
However, if Future Parity Bonds proposed to be so issued
are for the sole purpose of refunding outstanding Parity

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Bonds, such certification of coverage shall not be required if the Annual Debt Service in each year for the refunding bonds is not increased over the amount required for the bonds to be refunded thereby and the maturities of those refunding bonds are not extended beyond the maturities of the bonds to be refunded thereby.

The certificate, in estimating the Adjusted Net Revenue shall use the historical Gross Revenue for any 12 consecutive months out of the 24 months immediately preceding the month of delivery of the Future Parity Bonds. The Gross Revenue may be adjusted to reflect:

- (1) any changes in rates in effect and being charged or expressly committed by ordinance of the City Council to be made in the future;
- (2) income derived from customers of the Drainage and Wastewater System that have become customers during the 12 consecutive month period or thereafter adjusted to reflect one year's net revenue from such customers;
- (3) revenues from any customers to be connected to the Drainage and Wastewater System who have paid the required connection charges;
- (4) revenue to be derived from any person, firm, corporation or municipal corporation under any executed contract for Drainage or Wastewater service which revenue was not included in the historical Gross Revenue;
- (5) an estimate of the Gross Revenue to be derived by the City from customers with improved property available to connect to any additions to and improvements and extensions of the Drainage and Wastewater System to be paid for out of the proceeds of the sale of the additional Future Parity Bonds or other additions to and improvements and extensions of the Drainage and Wastewater System then under construction and not fully connected to the facilities of the Drainage and Wastewater

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System when such additions, improvements and extensions are completed.

Actual or reasonably anticipated changes in the Operating and Maintenance Expense subsequent to such 12 month period shall be added or deducted, as is applicable. The use of money other than Gross Revenue for the payment of Operating and Maintenance Expense shall not exceed per year an amount used for that purpose during the 12 months immediately preceding the date of issuance of the Future Parity Bonds.

Upon the redemption or defeasance of all outstanding 2004 Bonds, this subsection (vi) shall be replaced in its entirety with the following:

(vi) There shall be on file with the City either:

(A) A certificate of the Director of Finance demonstrating that during any 12 consecutive calendar months out of the immediately preceding 24 calendar months Adjusted Net Revenue was at least equal to the Coverage Requirement for all Parity Bonds plus the Future Parity Bonds proposed to be issued (and assuming that the debt service of the proposed Future Parity Bonds for that 12 month period was the Average Annual Debt Service for those proposed bonds); or

(B) A certificate of the Director of Finance and the Director of Seattle Public Utilities (or any officer who succeeds to substantially all of the responsibilities of that office), that in their opinion, Adjusted Net Revenue for the five fiscal years next following the earlier of (1) the end of the period during which interest on those Future Parity Bonds is to be capitalized or, if no interest is capitalized, the fiscal year in which the Future Parity Bonds are issued, or (2) the date on which substantially all new facilities financed with those Future Parity Bonds are expected to commence operations, such Adjusted Net Revenue further adjusted as provided in paragraphs (1) through (4) below, will be at least equal to the Coverage Requirement. That certificate may take into account the following adjustments:

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- (1) *Any changes in rates in effect and being charged, or rates expected to be charged in accordance with a program of specific rates, rate levels or increases in overall rate revenue approved by ordinance or resolution;*
 - (2) *Net revenue from customers of the Drainage and Wastewater System who have become customers during the 12 consecutive month period or thereafter, and their estimate of net revenue from any customers to be connected to the Drainage and Wastewater System who have paid the required connection charges, adjusted to reflect one year's net revenue from those customers;*
 - (3) *Their estimate of net revenue from customers anticipated to be served by facilities or improvements financed in substantial part by those Future Parity Bonds (or additional Parity Bonds expected to be issued during the five-year period); and*
 - (4) *Net revenue from any person, firm, corporation or municipal corporation under any executed contract for drainage and wastewater services or other utility service, which revenue was not included in the historical Net Revenue of the Drainage and Wastewater System.*

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If the Future Parity Bonds proposed to be issued are for the sole purpose of refunding Parity Bonds, no such coverage certification shall be required if the Adjusted Annual Debt Service on the Parity Bonds after the issuance of the Future Parity Bonds is not, for any year in which the Parity Bonds being refunded were outstanding, more than \$5,000 over the Adjusted Annual Debt Service on the Parity Bonds prior to the issuance of those Future Parity Bonds.

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(b) Nothing contained in the provisions for Future Parity Bonds shall prevent the City from issuing revenue bonds or other obligations having a lien on the Gross Revenue subordinate to the lien of the Bonds and any Future Parity

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1 Bonds. *Upon the redemption or defeasance of all outstanding 2004 Bonds, this*
2 *subsection shall be replaced in its entirety with the following: Nothing contained*
3 *herein shall prevent the City from issuing Future Parity Bonds to refund maturing*
4 *Parity Bonds, money for the payment of which is not otherwise available, or*
5 *revenue bonds that are a charge or lien upon the Gross Revenue subordinate to*
6 *the charge or lien of the Parity Bonds, or from pledging the payment of ULID*
7 *assessments into a bond redemption fund created for the payment of the principal*
8 *of and interest on those subordinate lien bonds as long as such ULID assessments*
9 *are levied for improvements constructed from the proceeds of those subordinate*
10 *lien bonds.*

11 **Section 19. Rate Stabilization Account.** The Rate Stabilization
12 Account has been created as a separate account in the Drainage and Wastewater
13 Fund. The City may at any time, as determined by the Director of Finance,
14 deposit in the Rate Stabilization Account, Gross Revenue and any other
15 money received by the Drainage and Wastewater System and available for this
16 purpose, consistent with Section 15. The Director of Finance may, upon
17 authorization by resolution of the City Council, withdraw any or all of the
18 money from the Rate Stabilization Account for inclusion in the Adjusted Gross
19 Revenue for any fiscal year. Such deposits or withdrawals may be made up to
20 and including the date 90 days after the end of the fiscal year for which the
21 deposit or withdrawal will be included as Adjusted Gross Revenue. No deposit
22 of Gross Revenue may be made into the Rate Stabilization Account to the extent
23 that such deposit would prevent the City from meeting the Coverage
24 Requirement in the relevant fiscal year.

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1 **Section 20. Separate Utility Systems.** The City may create, acquire,
2 construct, finance, own and operate one or more additional systems for
3 drainage and wastewater service or other commodity or service relating to the
4 Drainage and Wastewater System. The revenue of that separate utility system
5 shall not be included in the Gross Revenue and may be pledged to the payment of
6 revenue obligations issued to purchase, construct, condemn or otherwise acquire
7 or expand the separate utility system. Neither the Gross Revenue nor the Net
8 Revenue shall be pledged by the City to the payment of any obligations of a
9 separate utility system except (a) as a Contract Resource Obligation, or (b) with
10 respect to the Net Revenue, on a basis subordinate to the lien of the Parity Bonds
11 on that Net Revenue.

12 **Section 21. Contract Resource Obligations.** The City may at any
13 time enter into one or more Contract Resource Obligations for the acquisition,
14 from facilities to be constructed, of drainage and wastewater services or other
15 commodity or service relating to the Drainage and Wastewater System, as
16 follows:

17 (a) The City may determine that, and may agree under a Contract
18 Resource Obligation to provide that, all payments under that Contract Resource
19 Obligation (including payments prior to the time that drainage and wastewater
20 services or other commodity or service is being provided, or during a suspension
21 or after termination of supply or service) shall be an Operating and Maintenance
22 Expense if the following requirements are met at the time such a Contract
23 Resource Obligation is entered into:

- 24 (i) No Event of Default has occurred and is continuing; and
25 (ii) There shall be on file a certificate of an Independent Utility
26 Consultant stating that (A) the payments to be made by the City in
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1 connection with the Contract Resource Obligation are reasonable
2 for the commodity or service rendered; (B) any facilities to be
3 constructed to provide the commodity or service are sound from
4 a drainage and wastewater services or other commodity or
5 service planning standpoint, are technically and economically
6 feasible in accordance with prudent utility practice, and are likely
7 to provide supply or transmission no later than a date set forth in
8 the Independent Utility Consultant's certification; and (C) the
9 Adjusted Net Revenue (further adjusted by the Independent Utility
10 Consultant's estimate of the payments to be made in accordance
11 with the Contract Resource Obligation) for the five fiscal years
12 following the year in which the Contract Resource Obligation is
13 incurred, as such Adjusted Net Revenue is estimated by the
14 Independent Utility Consultant in accordance with the provisions
15 of and adjustments permitted in Section 18(a)(vi), will be at least
16 equal to the Coverage Requirement.

17 (b) Payments required to be made under Contract Resource
18 Obligations shall not be subject to acceleration.

19 (c) Nothing in this section shall be deemed to prevent the City from
20 entering into other agreements for the acquisition of drainage and
21 wastewater services or other commodity or service from existing facilities and
22 from treating those payments as an Operating and Maintenance Expense.
23 Nothing in this section shall be deemed to prevent the City from entering into
24 other agreements for the acquisition of drainage and wastewater services or
25 other commodity or service from facilities to be constructed and from agreeing to
26 make payments with respect thereto, such payments constituting a charge and
27 lien on Net Revenue subordinate to the Parity Bonds.

Section 22. Refunding or Defeasance of Bonds. The Bonds are
hereby designated "Refundable Bonds" for purposes of this ordinance, as it may
be amended from time to time. The City may issue refunding bonds pursuant to
the laws of the State or use money available from any other lawful source to pay
when due the principal of, premium, if any, and interest on any Bond, or portion

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1 thereof, included in a refunding or defeasance plan, and to redeem and retire,
2 release, refund or defease those Bonds (the "defeased Bonds") and to pay the
3 costs of such refunding or defeasance. If money and/or Government Obligations
4 maturing at a time or times and in an amount sufficient, together with known
5 earned income from the investment thereof, to redeem and retire, release, refund
6 or defease the defeased Bonds in accordance with their terms, are set aside in a
7 special trust fund or escrow account irrevocably pledged to such redemption,
8 retirement or defeasance (the "trust account"), then all right and interest of the
9 Owners of the defeased Bonds in the covenants of this ordinance and in the Net
10 Revenue and the funds and accounts pledged to the payment of such defeased
11 Bonds, other than the right to receive the funds so set aside and pledged,
12 thereafter shall cease and become void. Such Owners thereafter shall have the
13 right to receive payment of the principal of and interest or redemption price on the
14 defeased Bonds from the trust account. After establishing and fully funding such a
15 trust account, the defeased Bonds shall be deemed as no longer outstanding, and
16 the Director of Finance then may apply any money in any other fund or account
17 established for the payment or redemption of the defeased Bonds to any lawful
18 purposes. Notice of refunding or defeasance shall be given, and selection of
19 Bonds for any partial refunding or defeasance shall be conducted, in the manner
20 set forth in this ordinance for the redemption of Bonds.

21 If the refunding or defeasance plan provides that the defeased Bonds or the
22 refunding bonds to be issued be secured by money and/or Government
23 Obligations pending the prior redemption of the defeased Bonds and if such
24 refunding or defeasance plan also provides that certain money and/or Government
25 Obligations are pledged irrevocably for the prior redemption of the defeased
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1 Bonds included in that refunding or defeasance plan, then only the debt service on
2 the Bonds which are not defeased Bonds and the refunding bonds, the payment of
3 which is not so secured by the refunding plan, shall be included in the
4 computation of the Coverage Requirement for the issuance of Future Parity Bonds
5 and the annual computation of the Coverage Requirement for determining
6 compliance with the rate covenants.

7 **Section 23. Provisions Relating to Certain Federal Tax**
8 **Consequences of the Bonds.**

9 (a) **Tax-Exempt Bonds.** The City covenants that it will take all
10 actions consistent with the terms of any Series issued as Tax-Exempt Bonds,
11 this ordinance and the Bond Resolution, reasonably within its power and
12 necessary to prevent interest on that Series from being included in gross income
13 for federal income tax purposes, and the City will neither take any action nor
14 make or permit any use of gross proceeds of that Series or other funds of the
15 City treated as proceeds of that Series at any time during the term of the Series
16 which will cause interest on the Series to be included in gross income for
17 federal income tax purposes. The City also covenants that it will, to the extent
18 the arbitrage rebate requirement of Section 148 of the Code is applicable to any
19 Series issued as Tax-Exempt Bonds, take all actions necessary to comply (or to be
20 treated as having complied) with that requirement in connection with that Series,
21 including the calculation and payment of any penalties that the City has elected to
22 pay as an alternative to calculating rebatable arbitrage, and the payment of any
23 other penalties if required under Section 148 of the Code to prevent interest on
24 such Series from being included in gross income for federal income tax purposes.
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1 **(b) Tax-Credit Subsidy Bonds or other Taxable Bonds.** The
2 Director of Finance may, without further action by the City Council, make
3 provision in the Bonds or other written document for such additional covenants of
4 the City as may be necessary or appropriate in order for the City to receive from
5 the United States Treasury the applicable Tax Credit Subsidy Payments in respect
6 of any Series issued as Tax Credit Subsidy Bonds or otherwise become and
7 remain eligible for tax benefits under the Code.

8 **Section 24. Official Statement; Continuing Disclosure.**

9 **(a) Preliminary Official Statement.** The Director of Finance and
10 other appropriate City officials are directed to cause the preparation of and review
11 the form of a preliminary official statement in connection with each sale of one or
12 more Series to the public. For the sole purpose of the Purchaser's compliance with
13 paragraph (b)(1) of Rule 15c2-12, the Director of Finance is authorized to deem
14 that preliminary official statement final as of its date, except for the omission of
15 information permitted to be omitted by Rule 15c2-12. The City approves the
16 distribution to potential purchasers of the Bonds of a preliminary official
17 statement that has been deemed final in accordance with this substitution.

18 **(b) Final Official Statement.** The City approves the preparation of a
19 final official statement for each sale of one or more Series to be sold to the public
20 in the form of the preliminary official statement with such modifications and
21 amendments as the Director of Finance deems necessary or desirable, and further
22 authorizes the Director of Finance to execute and deliver such final official
23 statement to the Purchaser. The City authorizes and approves the distribution by
24 the Purchaser of that final official statement to purchasers and potential
25 purchasers of the Bonds.
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1 (c) **Undertaking to Provide Continuing Disclosure.** To meet the
2 requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating
3 underwriter for a Series, the Director of Finance is authorized to execute the
4 written Undertaking in substantially the form attached as Exhibit B.

5 **Section 25. Supplemental or Amendatory Ordinances.**

6 (a) This ordinance shall not be supplemented or amended in any
7 respect subsequent to the Issue Date, except as provided in and in accordance with
8 and subject to the provisions of this section.

9 (b) The City may, from time to time and at any time, without the
10 consent of or notice to the owners of the Parity Bonds, pass supplemental or
11 amendatory ordinances for any of the following purposes:

- 12 (i) To cure any formal defect, omission, inconsistency or ambiguity in
13 this ordinance in a manner not adverse to the owners of any Parity
14 Bonds;
- 15 (ii) To impose upon the Bond Registrar (with its consent) for the
16 benefit of the owners of any Parity Bonds any additional rights,
17 remedies, powers, authority, security, liabilities or duties which
18 may lawfully be granted, conferred or imposed and which are not
19 contrary to or inconsistent with this ordinance as theretofore in
20 effect;
- 21 (iii) To add to the covenants and agreements of, and limitations and
22 restrictions upon, the City in this ordinance other covenants,
23 agreements, limitations and restrictions to be observed by the City
24 which are not contrary to or inconsistent with this ordinance as
25 theretofore in effect;
- 26 (iv) To confirm, as further assurance, any pledge under, and the
27 subjection to any claim, lien or pledge created or to be created by
this ordinance of any other money, securities or funds;

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- (v) To authorize different denominations of the Bonds and to make correlative amendments and modifications to this ordinance regarding exchangeability of Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature;
- (vi) To comply with any future federal law or interpretation to preserve the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes and the entitlement of the City to receive from the United States Treasury the applicable Tax Credit Subsidy Payments in respect of any Series sold and issued as Tax Credit Subsidy Bonds;
- (vii) To modify, alter, amend or supplement this ordinance in any other respect which is not materially adverse to the owners of the Parity Bonds and which does not involve a change described in subsection (c) of this section; and
- (viii) To add to the covenants and agreements of, and limitations and restrictions upon, the City in this ordinance, other covenants, agreements, limitations and restrictions to be observed by the City which are requested by a provider of Bond Insurance or provider of a Reserve Security and which are not materially adverse to the owners of the Parity Bonds.

Before the City may pass any such supplemental or amendatory ordinance pursuant to this subsection, there must be delivered to the City an opinion of Bond Counsel, stating that such supplemental or amendatory ordinance is authorized or permitted by this ordinance and will, upon the effective date thereof, be valid and binding upon the City in accordance with its terms, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds.

(c) Except for any supplemental or amendatory ordinance passed pursuant to subsection (b) of this section, subject to the terms and provisions contained in this subsection (c) and not otherwise:

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- 1 (i) With the consent of registered owners of not less than 60% in
2 aggregate principal amount of the Parity Bonds then outstanding,
3 the City Council may pass any supplemental or amendatory
4 ordinance deemed necessary or desirable by the City for the
5 purpose of modifying, altering, amending, supplementing or
6 rescinding, in any particular, any of the terms or provisions
7 contained in this ordinance. However, unless approved in writing
8 by the registered owner of each Parity Bond then outstanding,
9 nothing contained in this section shall permit, or be construed as
10 permitting (A) a change in the times, amounts or currency of
11 payment of the principal of or interest on any outstanding Parity
12 Bond, or a reduction in the principal amount or redemption price of
13 any outstanding Parity Bond or a change in the method of
14 determining the rate of interest thereon, (B) a preference or priority
15 of any Parity Bond over any other Parity Bond, or (C) a reduction
16 in the aggregate principal amount of Parity Bonds.
- 17 (ii) If at any time the City Council passes a supplemental or
18 amendatory ordinance for any of the purposes of this subsection
19 (c), the Bond Registrar shall cause notice of the proposed
20 supplemental or amendatory ordinance to be given by first -class
21 United States mail to all registered owners of the then outstanding
22 Parity Bonds, to each provider of Bond Insurance or a Reserve
23 Security, and to each Rating Agency. Such notice shall briefly set
24 forth the nature of the proposed supplemental or amendatory
25 ordinance and shall state that a copy is on file at the office of the
26 City Clerk for inspection by all owners of the outstanding Parity
27 Bonds.
- (iii) Within two years after the date of the mailing of such notice, such
supplemental or amendatory ordinance, substantially as described
in such notice, may go into effect, but only if there shall have first
been delivered to the Bond Registrar (A) the required consents, in
writing, of registered owners of the Parity Bonds, and (B) an
opinion of Bond Counsel stating that such supplemental or
amendatory ordinance is authorized or permitted by this ordinance
and, upon the effective date thereof, will be valid and binding upon
the City in accordance with its terms, will not adversely affect the
exclusion from gross income for federal income tax purposes of
interest on any Tax-Exempt Bonds.
- (iv) If registered owners of not less than the percentage of Parity Bonds
required by this subsection (c) shall have consented to and

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1 approved the passage of such a supplemental or amendatory
2 ordinance, no owner of a Parity Bond shall have any right to object
3 to the passage of such supplemental ordinance, or to object to any
4 of the terms and provisions contained therein or the operation
5 thereof, or in any manner to question the propriety of the passage
6 thereof, or to enjoin or restrain the City from passing the same or
7 the City, any authorized official thereof, or the Bond Registrar
8 from taking any action pursuant to the provisions thereof.

9 (d) The Registered Owners from time to time of the outstanding
10 Bonds, by taking and holding the same, shall be deemed to have consented to the
11 adoption by the City of any supplemental or amendatory ordinance or resolution
12 passed pursuant to the provisions of this section for any one or more of the
13 following purposes:

- 14 (i) When calculating "Annual Debt Service," to permit or require Tax
15 Credit Subsidy Payments expected to be received by the City in
16 any period to be credited against amounts required to be paid in
17 respect of interest on the Parity Bonds in that period; and
- 18 (ii) To permit or require Tax Credit Subsidy Payments to be deposited
19 into the Principal and Interest Subaccount and credited against the
20 Net Revenue otherwise required to be deposited into the Principal
21 and Interest Subaccount.

22 (e) Upon the effective date of any supplemental or amendatory
23 ordinance pursuant to the provisions of this section, this ordinance shall be, and
24 be deemed to be, modified and amended in accordance therewith, and the
25 respective rights, duties and obligations under this ordinance of the City, the Bond
26 Registrar and all owners of Parity Bonds then outstanding shall thereafter be
27 determined, exercised and enforced under this ordinance subject in all respects to
such modifications and amendments.

Section 26. Defaults and Remedies.

(a) **Events of Default.** The following shall constitute Events of
Default with respect to the Bonds:

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- 1 (i) If a default is made in the payment of the principal of or interest on
2 any of the Bonds when the same shall become due and payable; or
3 (ii) If the City defaults in the observance and performance of any other
4 of the covenants, conditions and agreements on the part of the City
5 set forth in this ordinance or in any Parity Bond Legislation
6 (except as otherwise provided herein or in such Parity Bond
7 Legislation) and such default or defaults have continued for a
8 period of six months after the City has received from the Bond
9 Owners' Trustee (as defined below) or from the registered owners
10 of not less than 25% in principal amount of the Parity Bonds, a
11 written notice specifying and demanding the cure of such default.
12 However, if the default in the observance and performance of any
13 other of the covenants, conditions and agreements is one which
14 cannot be completely remedied within the six months after written
15 notice has been given, it shall not be an Event of Default with
16 respect to the Bonds as long as the City has taken active steps
17 within the six months after written notice has been given to remedy
18 the default and is diligently pursuing such remedy.

19 Notwithstanding anything in this section to the contrary, the failure of the
20 City or any obligated person to comply with the Undertaking shall not constitute
21 an Event of Default under this ordinance, the Bond Resolution or the Bonds, and
22 the sole remedy of any holder of a Bond shall be to seek an order of specific
23 performance from an appropriate court to compel the City to comply with the
24 Undertaking.

25 (b) **Bond Owners' Trustee.** So long as such Event of Default has not
26 been remedied, a trustee (the "Bond Owners' Trustee") may be appointed by the
27 registered owners of 25% in principal amount of the then outstanding Parity
Bonds, by an instrument or concurrent instruments in writing signed and
acknowledged by such registered owners of the Parity Bonds or by their
attorneys-in-fact duly authorized and delivered to such Bond Owners' Trustee,
notification thereof being given to the City. That appointment shall become
effective immediately upon acceptance thereof by the Bond Owners' Trustee.

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1 Any Bond Owners' Trustee appointed under the provisions of this subsection
2 shall be a bank or trust company organized under the laws of the State of
3 Washington or the State of New York or a national banking association. The bank
4 or trust company acting as Bond Owners' Trustee may be removed at any time,
5 and a successor Bond Owners' Trustee may be appointed, by the registered
6 owners of a majority in principal amount of the Parity Bonds, by an instrument or
7 concurrent instruments in writing signed and acknowledged by such registered
8 owners of the Parity Bonds or by their attorneys-in-fact duly authorized. The
9 Bond Owners' Trustee may require such security and indemnity as may be
10 reasonable against the costs, expenses and liabilities that may be incurred in the
11 performance of its duties.

12 In the event that any Event of Default in the sole judgment of the Bond
13 Owners' Trustee is cured and the Bond Owners' Trustee furnishes to the City a
14 certificate so stating, that Event of Default shall be conclusively deemed to be
15 cured and the City, the Bond Owners' Trustee and the registered owners of the
16 Parity Bonds shall be restored to the same rights and position which they would
17 have held if no Event of Default had occurred.

18 The Bond Owners' Trustee appointed in the manner herein provided, and
19 each successor thereto, is declared to be a trustee for the registered owners of all
20 the Parity Bonds and is empowered to exercise all the rights and powers herein
21 conferred on the Bond Owners' Trustee.

22 (c) **Suits at Law or in Equity.** Upon the happening of an Event of
23 Default and during the continuance thereof, the Bond Owners' Trustee may, and
24 upon the written request of the registered owners of not less than 25% in principal
25 amount of the Parity Bonds outstanding shall, take such steps and institute such
26

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1 suits, actions or other proceedings, all as it may deem appropriate for the
2 protection and enforcement of the rights of the registered owners of the Parity
3 Bonds, to collect any amounts due and owing to or from the City, or to obtain
4 other appropriate relief, and may enforce the specific performance of any
5 covenant, agreement or condition contained in this ordinance or in any of the
6 Parity Bonds.

7 Nothing contained in this section shall, in any event or under any
8 circumstance, be deemed to authorize the acceleration of maturity of principal on
9 the Parity Bonds, and the remedy of acceleration is expressly denied to the
10 registered owners of the Parity Bonds under any circumstances including, without
11 limitation, upon the occurrence and continuance of an Event of Default.

12 Any action, suit or other proceedings instituted by the Bond Owners'
13 Trustee hereunder shall be brought in its name as the Bond Owners' Trustee and
14 all such rights of action upon or under any of the Parity Bonds or the provisions of
15 this ordinance may be enforced by the Bond Owners' Trustee without the
16 possession of any of those Parity Bonds and without the production of the same at
17 any trial or proceedings relative thereto except where otherwise required by law.
18 Any such suit, action or proceeding instituted by the Bond Owners' Trustee shall
19 be brought for the ratable benefit of all of the registered owners of those Parity
20 Bonds, subject to the provisions of this ordinance. The respective registered
21 owners of the Parity Bonds, by taking and holding the same, shall be conclusively
22 deemed irrevocably to appoint the Bond Owners' Trustee the true and lawful
23 trustee of the respective registered owners of those Parity Bonds, with authority to
24 institute any such action, suit or proceeding; to receive as trustee and deposit in
25 trust any sums becoming distributable on account of those Parity Bonds; to
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1 execute any paper or documents for the receipt of money; and to do all acts with
2 respect thereto that the registered owner himself or herself might have done in
3 person. Nothing herein shall be deemed to authorize or empower the Bond
4 Owners' Trustee to consent to accept or adopt, on behalf of any registered owner
5 of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity
6 Bonds or any right of any Owner thereof, or to authorize or empower the Bond
7 Owners' Trustee to vote the claims of the registered owners thereof in any
8 receivership, insolvency, liquidation, bankruptcy, reorganization or other
9 proceeding to which the City is a party.

10 **(d) Application of Money Collected by Bond Owners' Trustee.**

11 Any money collected by the Bond Owners' Trustee at any time pursuant to this
12 section shall be applied in the following order of priority:

- 13 (i) to the payment of the charges, expenses, advances and
14 compensation of the Bond Owners' Trustee and the charges,
15 expenses, counsel fees, disbursements and compensation of its
16 agents and attorneys; and
- 17 (ii) to the payment to the persons entitled thereto of all installments of
18 interest then due on the Parity Bonds in the order of maturity of
19 such installments and, if the amount available shall not be
20 sufficient to pay in full any installment or installments maturing on
21 the same date, then to the payment thereof ratably, according to the
22 amounts due thereon to the persons entitled thereto, without any
23 discrimination or preference; and
- 24 (iii) to the payment to the persons entitled thereto of the unpaid
25 principal amounts of any Parity Bonds which shall have become
26 due (other than Parity Bonds previously called for redemption for
27 the payment of which money is held pursuant to the provisions
hereto), whether at maturity or by proceedings for redemption or
otherwise, in the order of their due dates and, if the amount
available shall not be sufficient to pay in full the principal amounts
due on the same date, then to the payment thereof ratably,

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1 according to the principal amounts due thereon to the persons
2 entitled thereto, without any discrimination or preference.

3 (e) **Duties and Obligations of Bond Owners' Trustee.** The Bond
4 Owners' Trustee shall not be liable except for the performance of such duties as
5 are specifically set forth herein. During an Event of Default, the Bond Owners'
6 Trustee shall exercise such of the rights and powers vested in it hereby, and shall
7 use the same degree of care and skill in its exercise, as a prudent person would
8 exercise or use under the circumstances in the conduct of his or her own affairs.
9 The Bond Owners' Trustee shall have no liability for any act or omission to act
10 hereunder except for the Bond Owners' Trustee's own negligent action, its own
11 negligent failure to act or its own willful misconduct. The duties and obligations
12 of the Bond Owners' Trustee shall be determined solely by the express provisions
13 of this ordinance, and no implied powers, duties or obligations of the Bond
14 Owners' Trustee shall be read into this ordinance.

15 The Bond Owners' Trustee shall not be required to expend or risk its own
16 funds or otherwise incur individual liability in the performance of any of its duties
17 or in the exercise of any of its rights or powers as the Bond Owners' Trustee,
18 except as may result from its own negligent action, its own negligent failure to act
19 or its own willful misconduct.

20 The Bond Owners' Trustee shall not be bound to recognize any person as
21 a registered owner of any Parity Bond until his or her title thereto, if disputed, has
22 been established to its reasonable satisfaction.

23 The Bond Owners' Trustee may consult with counsel and the opinion of
24 such counsel shall be full and complete authorization and protection in respect of
25 any action taken or suffered by it hereunder in good faith and in accordance with
26 the opinion of such counsel. The Bond Owners' Trustee shall not be answerable
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1 for any neglect or default of any person, firm or corporation employed and
2 selected by it with reasonable care.

3 (f) **Suits by Individual Parity Bond Owners Restricted.** No owner
4 of any one or more Parity Bonds shall have any right to institute any action, suit
5 or proceeding at law or in equity for the enforcement of same unless:

- 6 (i) an Event of Default has happened and is continuing; and
7 (ii) a Bond Owners' Trustee has been appointed; and
8 (iii) such owner previously shall have given to the Bond Owners'
9 Trustee written notice of the Event of Default on account of which
10 such suit, action or proceeding is to be instituted; and
11 (iv) the registered owners of 25% in principal amount of the Parity
12 Bonds, after the occurrence of such Event of Default, have made
13 written request of the Bond Owners' Trustee and have afforded the
14 Bond Owners' Trustee a reasonable opportunity to institute such
15 suit, action or proceeding; and
16 (v) there have been offered to the Bond Owners' Trustee security and
17 indemnity satisfactory to it against the costs, expenses and
18 liabilities to be incurred therein or thereby; and
19 (vi) the Bond Owners' Trustee has refused or neglected to comply with
20 such request within a reasonable time.

21 No owner of any Parity Bond shall have any right in any manner whatever
22 by his or her action to affect or impair the obligation of the City to pay from the
23 Net Revenue the principal of and interest on such Parity Bonds to the respective
24 registered owners thereof when due.

25 **Section 27. General Authorization.** In addition to the specific
26 authorizations in this ordinance, the Mayor and the Director of Finance and each
27 of the other appropriate officers of the City are each authorized and directed to do
everything as in his or her judgment may be necessary, appropriate, or desirable

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1 in order to carry out the terms and provisions of, and complete the transactions
2 contemplated by, this ordinance. In particular and without limiting the foregoing:

3 (a) The Director of Finance may, in his or her discretion and without
4 further action by the City Council: (i) issue requests for proposals for
5 underwriting or financing facilities and execute engagement letters with
6 underwriters, bond insurers or other financial institutions based on responses to
7 such requests, (ii) change the Bond Registrar or Securities Depository for the
8 Bonds; and (iii) take such actions on behalf of the City as are necessary or
9 appropriate for the City to designate, qualify or maintain the tax-exempt treatment
10 with respect to any Series issued as Tax-Exempt Bonds, to receive from the
11 United States Treasury the applicable Tax Credit Subsidy Payments in respect of
12 any Series issued as Tax-Credit Subsidy Bonds and to otherwise receive any other
13 federal tax benefits relating to the Bonds that available to the City; and

14 (b) Each of the Mayor and the Director of Finance is separately
15 authorized to execute and deliver (i) any and all contracts or other documents as
16 are consistent with this ordinance and for which the City's approval is necessary
17 or to which the City is a party (including but not limited to agreements with
18 escrow agents, refunding trustees, providers of Bond Insurance or Reserve
19 Securities, remarketing agents, underwriters, lenders, fiscal agents, Qualified
20 Counterparties, custodians, and the Bond Registrar); and (ii) such other contracts
21 or documents incidental to the issuance and sale of a Series; the establishment of
22 the initial interest rate or rates on a Bond; or the tender, purchase, remarketing, or
23 redemption of a Bond, as may in his or her judgment be necessary or appropriate.

24 **Section 28. Severability.** The provisions of this ordinance are declared
25 to be separate and severable. If a court of competent jurisdiction, all appeals
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1 having been exhausted or all appeal periods having run, finds any provision of
2 this ordinance to be invalid or unenforceable as to any person or circumstance,
3 such offending provision shall, if feasible, be deemed to be modified to be within
4 the limits of enforceability or validity. However, if the offending provision cannot
5 be so modified, it shall be null and void with respect to the particular person or
6 circumstance, and all other provisions of this ordinance in all other respects, and
7 the offending provision with respect to all other persons and all other
8 circumstances, shall remain valid and enforceable.

9 **Section 29. Ratification of Prior Acts.** Any action taken consistent
10 with the authority of this ordinance, after its passage but prior to the effective
11 date, is ratified, approved and confirmed.

12 **Section 30. Section Headings.** Section headings in this ordinance are
13 used for convenience only and shall not constitute a substantive portion of this
14 ordinance.

15 **Section 31. Effective Date.** This ordinance shall take effect and be in
16 force 30 days after its approval by the Mayor, but if not approved and returned by
17 the Mayor within ten days after presentation, it shall take effect as provided by
18 Municipal Code Section 1.04.020.

19 Exhibit A – List of Outstanding Parity Bonds

20 Exhibit B – Form of Undertaking to Provide Continuing Disclosure

2014 BUDGET LEGISLATION FISCAL NOTE

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Finance and Administrative Services (FAS)	Michael Van Dyck/4-8347	Jennifer Devore/5-1328

Legislation Title:

AN ORDINANCE relating to the drainage and wastewater system of The City of Seattle; amending Ordinance 121938, as amended by Ordinance 122209 and Ordinance 122637, to conform Ordinance 121938 to reflect changes recently made by the City to update its standard form of bond ordinance; and ratifying and confirming certain prior acts.

Summary and background of the Legislation:

Ordinance 121938 authorizes the City to refund (refinance) Drainage and Wastewater System bonds in order to capture interest rate savings. The attached legislation amends that ordinance to conform to the City's other current bond ordinances (which were revised this year to address recent statutory changes).

When market interest rates fall, substantial savings may be realized if the City can act quickly to refund (refinance) its outstanding bonds. Over the past 15 years, the City and its utilities have saved over \$300 million through such strategic refundings. When a refunding opportunity emerges, there may not be sufficient time for the City to follow its normal process of drafting, reviewing, and adopting an authorizing ordinance. The attached legislation authorizes the City to refund any of its outstanding general obligation bonds under certain conditions. The City's Debt Management Policy Advisory Committee must approve all bond issues. In addition, refundings are guided by the Council-adopted Debt Management Policies. As always, Council must still approve the bond resolution for each issue.

X **This legislation has financial implications.**

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**

This legislation enables the City to act more quickly to take advantage of savings opportunities.

- b) **What is the financial cost of not implementing the legislation?**

Small changes in market interest rates can result in substantial losses to the City.

- c) **Does this legislation affect any departments besides the originating department?**

SPU and FAS.

- d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

There are no viable alternatives.

- e) Is a public hearing required for this legislation?**

No.

- f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No.

- g) Does this legislation affect a piece of property?**

No.

- h) Other Issues:**

None.

List attachments to the fiscal note below:

None.