

Ordinance No. 120932

Council Bill No. 114309

AN ORDINANCE relating to the electric system of The City of Seattle; authorizing the issuance of short-term debt in the principal amount of not to exceed One Hundred Twenty-Five Million Dollars (\$125,000,000) outstanding at any time to pay for or finance system expenses pending the receipt of system revenues; providing for the terms, conditions, covenants, security and manner of sale of such short-term debt; and describing the lien of such short-term debt.

CF No. _____

Date Introduced: SEP - 9 2002	WILLS	
Date 1st Referred: SEP - 9 2002	To: (committee) ENERGY & Environmental Policy Committee	
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage: 9-23-02	Full Council Vote: 7-0	
Date Presented to Mayor: 9-24-02	Date Approved: 10/2/02	
Date Returned to City Clerk: 10/3/02	Date Published: 10/2/02	T.O. _____ F.T. _____
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

The City of Seattle - Legislative Department
Council Bill/Ordinance sponsored by: _____

 **Committee Action:**

9/17/02 PASSED AS AMENDED
9-23-02 Passed ~~As Amended~~ 7-0 Absent

This file is complete and ready for presentation to Full Council. Comm

LAW DEPARTMENT

Law Dept. Review

OMP Review

City Clerk Review
Mia

Karen Boyle
[filename]
September 19, 2002
version 6

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THE CITY OF SEATTLE, WASHINGTON
ORDINANCE 120932

AN ORDINANCE relating to the electric system of The City of Seattle; authorizing the issuance of short-term debt in the principal amount of not to exceed One Hundred Twenty-Five Million Dollars (\$125,000,000) outstanding at any time to pay for or finance system expenses pending the receipt of system revenues; providing for the terms, conditions, covenants, security and manner of sale of such short-term debt; and describing the lien of such short-term debt.

Passed 9/23/02

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TABLE OF CONTENTS

i
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

	<u>Page</u>
Section 1. Definitions.....	2
Section 2. Authorization and Description of Note(s).....	4
Section 3. Priority of Lien.....	6
Section 4. Security for the Note(s).....	6
Section 5. Preservation of Tax Exemption for Interest on Note(s).....	7
Section 6. Sale of Note(s).....	7
Section 7. Continuing Disclosure.....	7
Section 8. General Authorization.....	8
Section 9. Severability.....	8
Section 10. Ratification of Prior Acts.....	8
Section 11. Section Headings.....	9
Section 12. Effective Date of Ordinance.....	10

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[filename]
September 19, 2002
version 6

ORDINANCE 120932

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AN ORDINANCE relating to the electric system of The City of Seattle; authorizing the issuance of short-term debt in the principal amount of not to exceed One Hundred Twenty-Five Million Dollars (\$125,000,000) outstanding at any time to pay for or finance system expenses pending the receipt of system revenues; providing for the terms, conditions, covenants, security and manner of sale of such short-term debt; and describing the lien of such short-term debt.

WHEREAS, The City of Seattle, Washington (the "City") owns, operates and maintains an electric system (the "Light System"); and

WHEREAS, unanticipated increases in the wholesale cost of purchased power in 2000 and 2001, together with adverse snowpack and water conditions in the 2000 to 2001 water year, have resulted in an operating cash flow deficit that is expected to continue into the first quarter of 2004; and

WHEREAS, the Light System's operating cash flow deficit has heretofore been financed through a loan from the City's Consolidated (Residual) Cash Portfolio; and

WHEREAS, the City Council finds that significant savings in interest costs can be realized by financing the Light System's operating cash flow deficit through the issuance of its fixed rate or adjustable rate revenue anticipation note(s), commercial paper obligation(s), a bank loan or line of credit or other short-term debt to pay or finance Light System expenses pending the receipt of Gross Revenues (as defined below); and

WHEREAS, the City previously issued its Municipal Light and Power Refunding Revenue Bonds, Series 1992B, its Municipal Light and Power Revenue and Refunding Revenue Bonds, 1993, its Municipal Light and Power Revenue Bonds, 1994, its Municipal Light and Power Revenue Bonds, 1995, Series A and B, its Municipal Light and Power Revenue Bonds, 1996, its Municipal Light and Power Revenue Bonds, 1997, its Municipal Light and Power Refunding Revenue Bonds, 1998, Series A, its Municipal Light and Power Revenue Bonds, 1998, Series B, its Municipal Light and Power Revenue Bonds, 1999, its Municipal Light and Power Revenue Bonds, 2000, and its Municipal Light and Power Improvements and Refunding Revenue Bonds, 2001 (collectively, the "Senior Lien Bonds");

WHEREAS, the City previously issued its Municipal Light and Power Adjustable Rate Revenue Bonds, 1990, its Municipal Light and Power Adjustable Rate Revenue Bonds, 1991, Series A and B, its Municipal Light and Power Adjustable Rate Revenue Bonds, 1993 and its Municipal Light and Power Adjustable Rate Revenue Bonds, 1996 (collectively the "Subordinate Lien Bonds"); and

WHEREAS, by Ordinance 120273 and Resolution 30304 (the "2001 Note Legislation") the City issued its Municipal Light and Power Revenue Anticipation Notes, 2001 (the "2001 Notes"), and reserved the right to issue additional Senior Lien Bonds or Subordinate Lien Bonds or additional obligations with a lien on Gross Revenues of the Light System equal or junior to the lien of the 2001 Notes so long as such additional obligations (i) do not mature prior to the maturity date of the 2001 Notes, or (ii) meet certain other requirements set forth in the 2001 Note Legislation;

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September 19, 2002
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1 NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

2 Section 1. Definitions

3 As used in this ordinance, the following words and phrases shall have the meanings set
4 forth below.

5 "Bond Counsel" means a lawyer or a firm of lawyers, selected by the City, of nationally
6 recognized standing in matters pertaining to bonds issued by states and their political subdivisions.

7 "City" means The City of Seattle, Washington, a municipal corporation duly organized and
8 existing under the laws of the State of Washington.

9 "City Council" means the City Council of the City, as duly and regularly constituted from
10 time to time.

11 "Code" means the Internal Revenue Code of 1986, as amended, or any successor thereto, and
12 all applicable regulations thereunder.

13 "Director of Finance" means the Director of Finance of the City.

14 "Gross Revenues" means (a) all income, revenues, receipts and profits derived by the City
15 through the ownership and operation of the Light System; (b) the proceeds received by the City
16 directly or indirectly from the sale, lease or other disposition of any of the properties, rights or
17 facilities of the Light System; (c) payment agreement receipts, to the extent that such receipts are not
18 offset by payment agreement payments; and (d) the investment income earned on money held in any
19 fund or account of the City, including any bond redemption funds and the accounts therein, in
20 connection with the ownership and operation of the Light System. Gross Revenues do not include:
21 (A) insurance proceeds compensating the City for the loss of a capital asset; (B) income derived
22 from investments irrevocably pledged to the payment of any defeased bonds payable from Gross
23 Revenues; (C) investment income earned on money in any fund or account created or maintained
24 solely for the purpose of complying with the arbitrage rebate provisions of the Code; (D) any gifts,
25 grants, donations or other funds received by the City from any State or federal agency or other
26 person if such gifts, grants, donations or other funds are the subject of any limitation or reservation

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September 19, 2002
version 6

1 imposed by the donor or grantor or imposed by law or administrative regulation to which the donor
2 or grantor is subject, limiting the application of such funds in a manner inconsistent with the
3 application of Gross Revenues hereunder; (E) the proceeds of any borrowing for capital
4 improvements (or the refinancing thereof); and (F) the proceeds of any liability or other insurance
5 (excluding business interruption insurance or other insurance of like nature insuring against the loss
6 of revenues).

7 "Light Fund" means the special fund of the City of that name heretofore created and
8 established by the City Council.

9 "Light System" means the municipal light and power plant and system now belonging to or
10 which may hereafter belong to the City.

11 "Mayor" means the Mayor of the City.

12 "Note(s)" means the short-term debt authorized to be issued pursuant to, under the authority
13 of and for the purposes provided in this ordinance and the Resolution. The term "Note(s)" shall
14 include periodic draws made on a line of credit entered into pursuant to this ordinance and the
15 Resolution.

16 "Resolution" means the resolution or resolutions fixing the terms of and other matters
17 relating to the Note(s), as authorized by Section 2 of this ordinance.

18 "Senior Lien Bonds" means, collectively, the City's outstanding Municipal Light and Power
19 Refunding Revenue Bonds, Series 1992B, Municipal Light and Power Revenue and Refunding
20 Revenue Bonds, 1993, Municipal Light and Power Revenue Bonds, 1994, Municipal Light and
21 Power Revenue Bonds, 1995, Series A and B, Municipal Light and Power Revenue Bonds, 1996,
22 Municipal Light and Power Revenue Bonds, 1997, Municipal Light and Power Refunding Revenue
23 Bonds, 1998, Series A, Municipal Light and Power Revenue Bonds, 1998, Series B, Municipal Light
24 and Power Revenue Bonds, 1999, Municipal Light and Power Revenue Bonds, 2000, Municipal
25 Light and Power Improvements and Refunding Revenue Bonds, 2001, and any bonds issued
26



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September 19, 2002
version 6

1 hereafter having a charge or lien upon the Gross Revenues of the Light System on a parity with those
2 bonds.

3 "State" means the State of Washington.

4 "Subordinate Lien Bonds" means, collectively, the City's outstanding Municipal Light and
5 Power Adjustable Rate Revenue Bonds, 1990, Municipal Light and Power Adjustable Rate Revenue
6 Bonds, 1991, Series A and B, Municipal Light and Power Adjustable Rate Revenue Bonds, 1993,
7 and Municipal Light and Power Adjustable Rate Revenue Bonds, 1996, and any bonds issued
8 hereafter, having a charge or lien upon the Gross Revenues of the Light System on a parity with
9 those bonds.

10 "2001 Note Legislation" means Ordinance 120273 and Resolution 30304 of the City Council
11 authorizing and providing for the issuance of the 2001 Notes.

12 "2001 Notes" means the Municipal Light and Power Revenue Anticipation Notes, 2001,
13 issued pursuant to the 2001 Note Legislation.

14 Section 2. Authorization and Description of Note(s)

15 Pending the receipt of sources of repayment, including but not limited to Gross Revenues
16 of the Light System, the City shall issue the Note(s), in the aggregate principal amount of not to
17 exceed One Hundred Twenty-Five Million Dollars (\$125,000,000), for the purpose of (1) providing
18 for the payment or financing of Light System expenses pending the receipt of Gross Revenues, and
19 (2) paying the costs of issuing and selling the Note(s).

20 The Note(s) shall be issued in one or more series, with the final series issued on or before the
21 date that is eighteen (18) months after the initial date of issuance; shall have such title and designation
22 or designations as determined by the Director of Finance or as the City Council shall specify in the
23 Resolution; shall be dated and shall mature on such date or dates specified in the Resolution, except that
24 no Note may mature prior to the maturity date of the 2001 Notes and the maturity date of each Note
25 shall not be more than 13 months after the date of issuance of that Note; shall bear interest at the rate or
26 rates specified in the Resolution, except that the net interest cost of any series of the Note(s) shall not

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[filename]
September 19, 2002
version 6

1 exceed a weighted average rate of 12% per annum, payable at the times and in the manner specified in
2 the Resolution; and shall have such denominations, and be subject to optional or mandatory redemption,
3 open market purchase or defeasance, and other provisions, all on the terms and at the times specified in
4 the Resolution. If approved by a resolution of the City Council, the City may extend the period during
5 which Note(s) may be issued under this ordinance for such additional term or terms recommended by
6 the Finance Director, except that the final date of issuance of Note(s) hereunder shall not be more than
7 four years after the initial date of issuance.

8 The Note(s) may be issued as fixed rate or adjustable rate, commercial paper or other form of
9 obligations or obligation, including but not limited to a bank loan or line of credit, under such terms as
10 specified in the Resolution. The Resolution also shall specify whether interest on the Note(s) shall be
11 included in or excluded from gross income for federal tax purposes.

12 The Resolution shall set forth the manner of execution, sale, delivery, and, if necessary, the
13 manner of registration, provisions relating to the payment and transfer of the Note(s) and
14 appointment of a Note registrar. The Resolution may include such other covenants, conditions and
15 provisions relating to the Note(s), including, without limitation, security for and repayment of the
16 Note(s), that the City Council deems appropriate.

17 The Resolution may provide for municipal bond insurance, a letter of credit, a standby bond
18 purchase agreement, or other form of credit or liquidity facility, and conditions or covenants relating
19 thereto, including additional terms, conditions and covenants relating to the Note(s) that are required by
20 the bond insurer or credit or liquidity facility provider and are consistent with the provisions of this
21 ordinance, including but not limited to restrictions on investments and requirements of notice to and
22 consent of the bond insurer or letter of credit provider.

23 The Resolution may approve and authorize the execution and delivery on behalf of the City
24 of any contracts consistent with the provisions of this ordinance for which the City's approval is
25 necessary or to which the City is a party and that are related or incidental to the initial issuance and
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[filename]
September 19, 2002
version 6

1 sale of the Note(s), the initial establishment of the interest rate or rates on the Note(s) and any
2 redemption of the Note(s).

3 The City may by the Resolution appoint or provide for the appointment by the Director of
4 Finance of a tender agent, a paying agent, a remarketing agent and a bank or other financial
5 institution furnishing liquidity or credit support for the Note(s). The Resolution shall approve and
6 authorize the execution of contracts covering the duties of those agents, the bank or other institution,
7 and the City, with respect to the Note(s).

8 The City Council may adopt the Resolution and may provide therein for the matters
9 described in this ordinance, and such other matters that the City Council deems necessary and
10 appropriate to carry out the purposes of this ordinance. Once adopted, the Resolution shall be
11 deemed a part of this ordinance as if set forth herein.

12 Section 3. Priority of Lien

13 . The lien and charge of the Note(s) on the Gross Revenues of the Light System shall be
14 subordinate to the lien and charge of the Senior Lien Bonds and the Subordinate Lien Bonds on the
15 Gross Revenues, and, upon compliance with the applicable conditions for the issuance of additional
16 obligations set forth in the 2001 Note Legislation, shall be equal to or subordinate to the lien and
17 charge of the 2001 Notes on the Gross Revenues, all as determined by and specified in the
18 Resolution. The lien and charge of the Note(s) on the Gross Revenues shall be subordinate to the
19 payment of all reasonable charges for maintenance and operation of the Light System.

20 Section 4. Security for the Note(s)

21 . The Note(s) shall be special limited obligations of the City payable from and secured by the
22 Gross Revenues of the Light System and/or other obligations issued to redeem the Note(s). The City
23 irrevocably pledges to redeem the Note(s) on or prior to their maturity from one or more of those
24 sources. The Note(s) shall not in any manner or to any extent constitute general obligations of the
25 City, the State of Washington or any political subdivision of the State of Washington or a charge
26 upon any general fund or upon any money or other property of the City, the State of Washington or

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Karen Boyle
[filename]
September 19, 2002
version 6

1 any political subdivision of the State of Washington not specifically pledged thereto by this
2 ordinance.

3 Section 5. Preservation of Tax Exemption for Interest on Note(s)

4 . If the Resolution specifies that the Note(s) are to be issued as tax-exempt obligations, the
5 City covenants that it will take all actions within its power and reasonably necessary to prevent
6 interest on the Note(s) from being included in gross income for federal income tax purposes, and it
7 will neither take any action nor make or permit any use of proceeds of the Note(s) or other funds of
8 the City treated as proceeds of the Note(s) at any time during the term of the Note(s) which will
9 cause interest on the Note(s) to be included in gross income for federal income tax purposes.

10 The City has not been notified of any listing or proposed listing by the Internal Revenue
11 Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

12 Section 6. Sale of Note(s)

13 . The Director of Finance may provide for the sale of the Note(s) by public sale, or by a
14 negotiated sale, limited offering or private placement with the underwriter or placement agent, as
15 applicable, chosen through a selection process acceptable to the Director of Finance. The terms of
16 that sale shall be consistent with this ordinance and the Resolution and shall be confirmed by the
17 Resolution. The Note(s) will be delivered to the purchaser(s) as provided in the Resolution
18 immediately (i) upon payment to the City of the purchase price plus accrued interest, if any, to the
19 date of closing in immediately available federal funds in Seattle, Washington, at the City's expense
20 or at another place upon which the Director of Finance and the purchaser may mutually agree at the
21 purchaser's expense, or (ii) upon receipt by the City of other valuable consideration specified in the
22 Resolution, including but not limited to the right to make loan draws under the Note(s).

23 Section 7. Continuing Disclosure

24 . If required in connection with the Note(s), the City shall undertake to provide for the
25 benefit of holders of the Note(s) disclosure of certain financial information and operating data of the
26 type included in the final official statement or other offering document for the Note(s), as well as

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[filename]
September19, 2002
version 6

1 disclosure of certain material events respecting the Note(s), in the manner and to the extent required
2 by United States Securities and Exchange Commission Rule 15c2-12. The particular terms of the
3 undertaking, required, shall be set forth in the Resolution.

4 Section 8. General Authorization

5 . The Mayor and the Director of Finance and each of the other appropriate officers of the
6 City are each authorized and directed to do everything as in their judgment may be necessary,
7 appropriate or desirable in order to carry out the terms and provisions of, and complete the
8 transactions contemplated by, this ordinance. In particular, and without limitation, the Director of
9 Finance may, in his discretion and without further action by the City Council, (a) comply with any
10 continuing disclosure requirements applicable to the Note(s); (b) deem final and approve the
11 distribution of any preliminary official statement or other offering document prepared in connection
12 with the sale of the Note(s); (c) appoint a note registrar or securities depository for the Note(s); and
13 (d) carry out such other responsibilities as are set forth in the Resolution.

14 Section 9. Severability

15 . The provisions of this ordinance are declared to be separate and severable. If a court of
16 competent jurisdiction, all 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 circumstance, such
18 offending provision shall, if feasible, be deemed to be modified to be within the limits of
19 enforceability or validity. However, if the offending provision cannot be so modified, it shall be null
20 and void with respect to the particular person or circumstance, and all other provisions of this
21 ordinance in all other respects, and the offending provision with respect to all other persons and all
22 other circumstances, shall remain valid and enforceable.

23 Section 10. Ratification of Prior Acts

24 . Any action taken consistent with the authority but prior to the effective date of this
25 ordinance, including, if applicable, but not limited to giving notices of the sale of Note(s), adopting
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[filename]
September 19, 2002
version 6

1 the Resolution, executing contracts, making fund transfers and paying warrants, is ratified, approved
2 and confirmed.

3 Section 11. Section Headings

4 . Section headings in this ordinance are used for convenience only and shall not constitute a
5 substantive portion of this ordinance.

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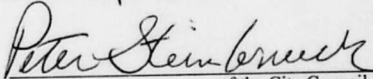
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September 19, 2002
version 6

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Section 12. Effective Date of Ordinance


. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 23rd day of September 2002, and signed by me in open session in authentication of its passage this 23rd day of September 2002.



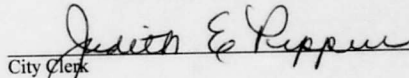
President of the City Council

Approved by me this 2 day of October 2002.



Gregory J. Nickels, Mayor

Filed this 3rd day of October, 2002.



City Clerk

(SEAL)

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City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

September 3, 2002

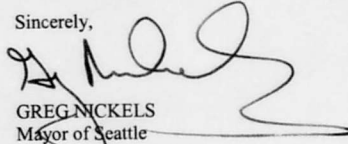
Honorable Peter Steinbrueck
President
Seattle City Council
Municipal Building, 11th Floor

Dear Council President Steinbrueck:

The enclosed ordinance authorizes the City Light Department to secure a short-term credit facility of up to \$125 million to refinance the Department's debt to the City's Cash Pool. Due to the anticipated lower interest rate on this facility, interest costs to the Department are expected to be considerably lower than the cost of continuing to borrow from the Cash Pool.

Thank you for your consideration of this legislation. Should you have questions please contact Joe McGovern at 4-3675.

Sincerely,



GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael van Dyck
 August 28, 2002
 SCL RAN 2002 fiscal notes
 Version #2

Fiscal Note

Each piece of legislation that appropriates funds, creates position authority, or will create a financial impact through policy direction or otherwise, requires a fiscal note. The fiscal note should be drafted by department staff and should include all relevant financial information. After preparation by departmental staff, the Department of Finance will review and make necessary revisions before transmittal to Council.

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Finance	Joe McGovern 4-3675	Michael van Dyck 4-8347

Legislation Title:

AN ORDINANCE relating to the electric system of The City of Seattle; authorizing the issuance of short-term debt in the principal amount of not to exceed One Hundred Twenty-Five Million Dollars \$125,000,000 outstanding at any time to pay for or finance system expenses pending the receipt of system revenues; providing for the terms, conditions, covenants, security and manner of sale of such short-term debt; and describing the lien of such short-term debt relative to the lien of the outstanding municipal light and power revenue obligations of the City.

Summary of the Legislation:

This ordinance authorizes the City Light Department to secure a short-term credit facility of up to \$125 million to refinance the Department's debt to the City's Cash Pool. Due to the anticipated lower interest rate on this facility, interest costs to the Department are expected to be considerably lower than the cost of continuing to borrow from the Cash Pool.

Appropriations (in \$1,000's):

Fund Name and Number	Department	Budget Control Level*	2002 Appropriation	2003 Anticipated Appropriation
TOTAL				

* This is line of business for operating budgets, and program or project for capital improvements

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 August 28, 2002
 SCL RAN 2002 fiscal notes
 Version #2

Expenditures (in \$1,000's):

Fund Name and Number	Department	Budget Control Level*	2002 Expenditures	2003 Anticipated Expenditures
TOTAL				

* This is line of business for operating budgets, and program or project for capital improvements

Notes:

Anticipated Revenue/Reimbursement (in \$1,000's):

Fund Name and Number	Department	Revenue Source	2002 Revenue	2003 Revenue
TOTAL				

Notes:

Total Permanent Positions Created Or Abrogated Through Legislation, Including FTE Impact; Estimated FTE Impact for Temporary Positions:

Fund Name and Number	Department	Position Title*	2002 FTE	2003 FTE
TOTAL				

* List each position separately

Do positions sunset in the future? (If yes, identify sunset date):

--

Background (Include brief description which states the purpose and context of legislation and include record of previous legislation and funding history, if applicable):

In 2000 and 2001, City Light incurred unusually high power expenses as a result of the turbulence in Western electricity markets. Since revenues were not sufficient to cover operating expenses, City Light borrowed funds on a short-term basis to cover its operating cash deficit. Short-term debt incurred by the Department for this purpose included a loan of up to \$110,000,000 from the City's Consolidated (Residual) Cash Portfolio, which the City Council authorized in Ordinance 120673 (December 10, 2001). As of July 31, 2002, City Light's borrowing from the Cash Pool amounted to \$52 million. City Light's need for short-term financing of its operating deficit is expected to increase to about \$124 million at the end of April 2003 as City Light repays the balance of the principal amount of the Revenue Anticipation Notes that were issued in 2001.

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City Light pays a financing charge to the Cash Pool at a rate equal to the monthly rate of return on the Pool. In recent months the rate of return on the Cash Pool has been about 5%. Tax-exempt interest rates in credit markets are considerably lower than 5%. City Light could therefore realize savings in interest expense and repay its debt to the Cash Pool by obtaining a credit facility from a financial institution at a lower rate of interest. Banks and other financial institutions have been asked to submit proposals for a credit facility of up to \$125,000,000 (a loan, line of credit or other credit arrangement) which would address City Light's operating cash flow requirement over the period of anticipated cash flow deficit. The term of the credit facility would be two years, renewable for an additional two years.

It is not possible to determine the actual savings at this time. However, a reasonable range would be \$1.7 million - \$2.5 million, depending on City Light's actual deficit and market interest rates. Please see table below.

While this ordinance authorizes City Light to secure a credit facility, final approval of the facility will require Council adoption of a separate resolution, which will contain actual terms and conditions.

The Debt Management Policy Advisory Committee approved the proposed bank credit facility at its August 28th meeting. The enclosed draft ordinance was prepared by bond counsel, Foster Pepper & Shefelmen PLLC, and reviewed and approved by the City Attorney's office.

Current Estimates of Savings

MONTH	ESTIMATED DEFICIT	CITY CASH- POOL	BANK LOAN			SAVINGS COMPARED TO POOL	
			Interest Rate Assumption*			Interest Rate Assumption	
			Low	High		Low	High
		5%	1.7%	3.5%			
02-Nov	71,000,000	295,833	100,583	207,083	195,250	88,750	
02-Dec	77,000,000	320,833	109,083	224,583	211,750	96,250	
03-Jan	105,000,000	437,500	148,750	306,250	288,750	131,250	
03-Feb	89,000,000	370,833	126,083	259,583	244,750	111,250	
03-Mar	118,000,000	491,667	167,167	344,167	324,500	147,500	
03-Apr	124,000,000	516,667	175,667	361,667	341,000	155,000	
03-May	108,000,000	450,000	153,000	315,000	297,000	135,000	
03-Jun	88,000,000	366,667	124,667	256,667	242,000	110,000	
03-Jul	63,000,000	262,500	89,250	183,750	173,250	78,750	
03-Aug	34,000,000	225,000	76,500	157,500	148,500	67,500	
03-Sep	40,000,000	166,667	56,667	116,667	110,000	50,000	
03-Oct	45,000,000	187,500	63,750	131,250	123,750	56,250	
03-Nov	35,000,000	145,833	49,583	102,083	96,250	47,750	
03-Dec	34,000,000	141,667	48,167	99,167	93,500	42,500	
04-Jan	19,000,000	79,167	26,917	55,417	52,250	23,750	
04-Feb	4,000,000	16,667	5,667	11,667	11,000	5,000	
04-Mar	-	-	-	-	-	-	
TOTAL					2,953,500	1,342,500	

*Assumes tax exempt status

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Michael van Dyck
August 28, 2002
SCL RAN 2002 fiscal notes
Version #2

The financial cost of not implementing the legislation (Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented):

Possible alternatives to the legislation which could achieve the same or similar objectives (Include any potential alternatives to the proposed legislation, including using an existing facility to fulfill the uses envisioned by the proposed project, adding components to or subtracting components from the total proposed project, contracting with an outside organization to provide the services the proposed project would fill, or other alternatives):

Is the legislation subject to public hearing requirements (If yes, what public hearings have been held to date):

Other Issues (including long-term implications of the legislation):

FOR CAPITAL PROJECTS ONLY

Background (Include brief description that states the purpose and context of legislation, the expected useful life, anticipated customers/users, assumed level of LEED or other sustainable design elements. Also include record of previous legislation and funding history, if applicable):

Project Name:	Project Location:	Start Date:	End Date:
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Spending Plan and Future Appropriations for Capital Projects (Estimate cost of legislation over time; list timing of anticipated appropriation authority requests and expected spending plan. Please identify your cost estimate methodology including inflation assumptions and key assumptions related to the timing of appropriation requests and expected expenditures. In addition, include the projected costs of meeting the LEED Silver standard in all facilities and buildings with over 5,000 gross square feet of occupied space. Also, be sure to include percent for art and percent for design as appropriate):

Spending Plan and Budget	2002	2003	2004	2005	2006	2007	Total
Spending Plan							
Current Year Appropriation							
Future Appropriations							

Key Assumptions:

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Michael van Dyck
 August 28, 2002
 SCL RAN 2002 fiscal notes
 Version #2

Funding source (Identify funding sources including revenue generated from the project and the expected level of funding from each source):

Funding Source	2002	2003	2004	2005	2006	2007	Total
TOTAL							

Bond Financing Required (If the project or program requires financing, please list type of financing, amount, interest rate, term and annual debt service or payment amount. Please include issuance costs of 3% in listed amount):

Type	Amount	Assumed Interest Rate	Term	Timing	Expected Annual Debt Service/Payment
TOTAL					

Uses and Sources for Operation and Maintenance Costs for the Project (Estimate cost of one-time startup, operating and maintaining the project over a six year period and identify each fund source available. Estimate the annual savings of implementing the LEED Silver standard. Identify key assumptions such as staffing required, assumed utility usage and rates and other potential drivers of the facility's cost):

O&M	2002	2003	2004	2005	2006	2007	Total
Uses							
Start Up							
On-going							
Sources (itemize)							

Key Assumptions:

Periodic Major Maintenance costs for the project (Estimate capital cost of performing periodic maintenance over life of facility. Please identify major work items, frequency):

Major Maintenance Item	Frequency	Cost	Likely Funding Source
TOTAL			

Funding sources for replacement of project (Identify possible and/or recommended method of financing the project replacement costs):

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Karen Boyle
SCL RAN 2002 ord
August 27, 2002
version 5

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THE CITY OF SEATTLE, WASHINGTON
ORDINANCE _____

AN ORDINANCE relating to the electric system of The City of Seattle; authorizing the issuance of short-term debt in the principal amount of not to exceed One Hundred Twenty-Five Million Dollars (\$125,000,000) outstanding at any time to pay for or finance system expenses pending the receipt of system revenues; providing for the terms, conditions, covenants, security and manner of sale of such short-term debt; and describing the lien of such short-term debt.

Passed _____

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TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

	<u>Page</u>
Section 1. Definitions.....	2
Section 2. Authorization and Description of Note(s).....	4
Section 3. Priority of Lien.....	6
Section 4. Security for the Note(s).....	6
Section 5. Preservation of Tax Exemption for Interest on Note(s).....	7
Section 6. Sale of Note(s).....	7
Section 7. Continuing Disclosure.....	7
Section 8. General Authorization.....	8
Section 9. Severability.....	8
Section 10. Ratification of Prior Acts.....	8
Section 11. Section Headings.....	8
Section 12. Effective Date of Ordinance.....	9

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ORDINANCE

1
2 AN ORDINANCE relating to the electric system of The City of Seattle; authorizing the issuance of
3 short-term debt in the principal amount of not to exceed One Hundred Twenty-Five Million
4 Dollars (\$125,000,000) outstanding at any time to pay for or finance system expenses
5 pending the receipt of system revenues; providing for the terms, conditions, covenants,
6 security and manner of sale of such short-term debt; and describing the lien of such short-
7 term debt.

8 WHEREAS, The City of Seattle, Washington (the "City") owns, operates and maintains an electric
9 system (the "Light System"); and

10 WHEREAS, unanticipated increases in the wholesale cost of purchased power in 2000 and 2001,
11 together with adverse snowpack and water conditions in the 2000 to 2001 water year, have
12 resulted in an operating cash flow deficit that is expected to continue into the first quarter of
13 2004; and

14 WHEREAS, the Light System's operating cash flow deficit has heretofore been financed through a
15 loan from the City's Consolidated (Residual) Cash Portfolio; and

16 WHEREAS, the City Council finds that significant savings in interest costs can be realized by
17 financing the Light System's operating cash flow deficit through the issuance of its fixed rate
18 or adjustable rate revenue anticipation note(s), commercial paper obligation(s), a bank loan
19 or line of credit or other short-term debt to pay or finance Light System expenses pending the
20 receipt of Gross Revenues (as defined below); and

21 WHEREAS, the City previously issued its Municipal Light and Power Refunding Revenue Bonds,
22 Series 1992B, its Municipal Light and Power Revenue and Refunding Revenue Bonds, 1993,
23 its Municipal Light and Power Revenue Bonds, 1994, its Municipal Light and Power
24 Revenue Bonds, 1995, Series A and B, its Municipal Light and Power Revenue Bonds, 1996,
25 its Municipal Light and Power Revenue Bonds, 1997, its Municipal Light and Power
26 Refunding Revenue Bonds, 1998, Series A, its Municipal Light and Power Revenue Bonds,
1998, Series B, its Municipal Light and Power Revenue Bonds, 1999, its Municipal Light
and Power Revenue Bonds, 2000, and its Municipal Light and Power Improvements and
Refunding Revenue Bonds, 2001 (collectively, the "Senior Lien Bonds");

WHEREAS, the City previously issued its Municipal Light and Power Adjustable Rate Revenue
Bonds, 1990, its Municipal Light and Power Adjustable Rate Revenue Bonds, 1991, Series A
and B, its Municipal Light and Power Adjustable Rate Revenue Bonds, 1993 and its
Municipal Light and Power Adjustable Rate Revenue Bonds, 1996 (collectively the
"Subordinate Lien Bonds"); and

WHEREAS, by Ordinance 120273 and Resolution 30304 (the "2001 Note Legislation") the City
issued is Municipal Light and Power Revenue Anticipation Notes, 2001 (the "2001 Notes"),
and reserved the right to issue additional Senior Lien Bonds or Subordinate Lien Bonds or
additional obligations with a lien on Gross Revenues of the Light System equal or junior to
the lien of the 2001 Notes so long as such additional obligations (i) do not mature prior to the
to the maturity date of the 2001 Notes, or (ii) meet certain other requirements set forth in the
2001 Note Legislation;

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1 NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

2 Section 1. Definitions. As used in this ordinance, the following words and phrases shall
3 have the meanings set forth below.

4 "Bond Counsel" means a lawyer or a firm of lawyers, selected by the City, of nationally
5 recognized standing in matters pertaining to bonds issued by states and their political subdivisions.

6 "City" means The City of Seattle, Washington, a municipal corporation duly organized and
7 existing under the laws of the State of Washington.

8 "City Council" means the City Council of the City, as duly and regularly constituted from
9 time to time.

10 "Code" means the Internal Revenue Code of 1986, as amended, or any successor thereto, and
11 all applicable regulations thereunder.

12 "Director of Finance" means the Director of Finance of the City.

13 "Gross Revenues" means (a) all income, revenues, receipts and profits derived by the City
14 through the ownership and operation of the Light System; (b) the proceeds received by the City
15 directly or indirectly from the sale, lease or other disposition of any of the properties, rights or
16 facilities of the Light System; (c) payment agreement receipts, to the extent that such receipts are not
17 offset by payment agreement payments; and (d) the investment income earned on money held in any
18 fund or account of the City, including any bond redemption funds and the accounts therein, in
19 connection with the ownership and operation of the Light System. Gross Revenues do not include:
20 (A) insurance proceeds compensating the City for the loss of a capital asset; (B) income derived
21 from investments irrevocably pledged to the payment of any defeased bonds payable from Gross
22 Revenues; (C) investment income earned on money in any fund or account created or maintained
23 solely for the purpose of complying with the arbitrage rebate provisions of the Code; (D) any gifts,
24 grants, donations or other funds received by the City from any State or federal agency or other
25 person if such gifts, grants, donations or other funds are the subject of any limitation or reservation
26 imposed by the donor or grantor or imposed by law or administrative regulation to which the donor

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1 or grantor is subject, limiting the application of such funds in a manner inconsistent with the
2 application of Gross Revenues hereunder; (E) the proceeds of any borrowing for capital
3 improvements (or the refinancing thereof); and (F) the proceeds of any liability or other insurance
4 (excluding business interruption insurance or other insurance of like nature insuring against the loss
5 of revenues).

6 "Light Fund" means the special fund of the City of that name heretofore created and
7 established by the City Council.

8 "Light System" means the municipal light and power plant and system now belonging to or
9 which may hereafter belong to the City.

10 "Mayor" means the Mayor of the City.

11 "Note(s)" means the short-term debt authorized to be issued pursuant to, under the authority
12 of and for the purposes provided in this ordinance and the Resolution. The term "Note(s)" shall
13 include periodic draws made on a line of credit entered into pursuant to this ordinance and the
14 Resolution.

15 "Resolution" means the resolution or resolutions fixing the terms of and other matters
16 relating to the Note(s), as authorized by Section 2 of this ordinance.

17 "Senior Lien Bonds" means, collectively, the City's outstanding Municipal Light and Power
18 Refunding Revenue Bonds, Series 1992B, Municipal Light and Power Revenue and Refunding
19 Revenue Bonds, 1993, Municipal Light and Power Revenue Bonds, 1994, Municipal Light and
20 Power Revenue Bonds, 1995, Series A and B, Municipal Light and Power Revenue Bonds, 1996,
21 Municipal Light and Power Revenue Bonds, 1997, Municipal Light and Power Refunding Revenue
22 Bonds, 1998, Series A, Municipal Light and Power Revenue Bonds, 1998, Series B, Municipal Light
23 and Power Revenue Bonds, 1999, Municipal Light and Power Revenue Bonds, 2000, Municipal
24 Light and Power Improvements and Refunding Revenue Bonds, 2001, and any bonds issued
25 hereafter having a charge or lien upon the Gross Revenues of the Light System on a parity with those
26 bonds.

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1 "State" means the State of Washington.

2 "Subordinate Lien Bonds" means, collectively, the City's outstanding Municipal Light and
3 Power Adjustable Rate Revenue Bonds, 1990, Municipal Light and Power Adjustable Rate Revenue
4 Bonds, 1991, Series A and B, Municipal Light and Power Adjustable Rate Revenue Bonds, 1993,
5 and Municipal Light and Power Adjustable Rate Revenue Bonds, 1996, and any bonds issued
6 hereafter, having a charge or lien upon the Gross Revenues of the Light System on a parity with
7 those bonds.

8 "2001 Note Legislation" means Ordinance 120273 and Resolution 30304 of the City Council
9 authorizing and providing for the issuance of the 2001 Notes.

10 "2001 Notes" means the Municipal Light and Power Revenue Anticipation Notes, 2001,
11 issued pursuant to the 2001 Note Legislation.

12 Section 2. Authorization and Description of Note(s). Pending the receipt of sources of
13 repayment, including but not limited to Gross Revenues of the Light System, the City shall issue the
14 Note(s), in the aggregate principal amount of not to exceed One Hundred Twenty-Five Million
15 Dollars (\$125,000,000), for the purpose of (1) providing for the payment or financing of Light
16 System expenses pending the receipt of Gross Revenues, and (2) paying the costs of issuing and
17 selling the Note(s).

18 The Note(s) shall be issued in one or more series, with the final series issued on or before the
19 date that is two years after the initial date of issuance; shall have such title and designation or
20 designations as determined by the Director of Finance or as the City Council shall specify in the
21 Resolution; shall be dated and shall mature on such date or dates specified in the Resolution, except that
22 no Note may mature prior to the maturity date of the 2001 Notes and the maturity date of each Note
23 shall not be more than 13 months after the date of issuance of that Note; shall bear interest at the rate or
24 rates specified in the Resolution, except that the net interest cost of any series of the Note(s) shall not
25 exceed a weighted average rate of 12% per annum, payable at the times and in the manner specified in
26 the Resolution; and shall have such denominations, and be subject to optional or mandatory redemption,

1 open market purchase or defeasance, and other provisions, all on the terms and at the times specified in
2 the Resolution. If approved by a resolution of the City Council, the City may extend the period during
3 which Note(s) may be issued under this ordinance for such additional term or terms recommended by
4 the Finance Director, except that the final date of issuance of Note(s) hereunder shall not be more than
5 four years after the initial date of issuance.

6 The Note(s) may be issued as fixed rate or adjustable rate, commercial paper or other form of
7 obligations or obligation, including but not limited to a bank loan or line of credit, under such terms as
8 specified in the Resolution. The Resolution also shall specify whether interest on the Note(s) shall be
9 included in or excluded from gross income for federal tax purposes.

10 The Resolution shall set forth the manner of execution, sale, delivery, and, if necessary, the
11 manner of registration, provisions relating to the payment and transfer of the Note(s) and
12 appointment of a Note registrar. The Resolution may include such other covenants, conditions and
13 provisions relating to the Note(s), including, without limitation, security for and repayment of the
14 Note(s), that the City Council deems appropriate.

15 The Resolution may provide for municipal bond insurance, a letter of credit, a standby bond
16 purchase agreement, or other form of credit or liquidity facility, and conditions or covenants relating
17 thereto, including additional terms, conditions and covenants relating to the Note(s) that are required by
18 the bond insurer or credit or liquidity facility provider and are consistent with the provisions of this
19 ordinance, including but not limited to restrictions on investments and requirements of notice to and
20 consent of the bond insurer or letter of credit provider.

21 The Resolution may approve and authorize the execution and delivery on behalf of the City
22 of any contracts consistent with the provisions of this ordinance for which the City's approval is
23 necessary or to which the City is a party and that are related or incidental to the initial issuance and
24 sale of the Note(s), the initial establishment of the interest rate or rates on the Note(s) and any
25 redemption of the Note(s).

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1 The City may by the Resolution appoint or provide for the appointment by the Director of
2 Finance of a tender agent, a paying agent, a remarketing agent and a bank or other financial
3 institution furnishing liquidity or credit support for the Note(s). The Resolution shall approve and
4 authorize the execution of contracts covering the duties of those agents, the bank or other institution,
5 and the City, with respect to the Note(s).

6 The City Council may adopt the Resolution and may provide therein for the matters
7 described in this ordinance, and such other matters that the City Council deems necessary and
8 appropriate to carry out the purposes of this ordinance. Once adopted, the Resolution shall be
9 deemed a part of this ordinance as if set forth herein.

10 Section 3. Priority of Lien. The lien and charge of the Note(s) on the Gross Revenues of the
11 Light System shall be subordinate to the lien and charge of the Senior Lien Bonds and the
12 Subordinate Lien Bonds on the Gross Revenues, and, upon compliance with the applicable
13 conditions for the issuance of additional obligations set forth in the 2001 Note Legislation, shall be
14 equal to or subordinate to the lien and charge of the 2001 Notes on the Gross Revenues, all as
15 determined by and specified in the Resolution. The lien and charge of the Note(s) on the Gross
16 Revenues shall be subordinate to the payment of all reasonable charges for maintenance and
17 operation of the Light System.

18 Section 4. Security for the Note(s). The Note(s) shall be special limited obligations of the
19 City payable from and secured by the Gross Revenues of the Light System and/or other obligations
20 issued to redeem the Note(s). The City irrevocably pledges to redeem the Note(s) on or prior to their
21 maturity from one or more of those sources. The Note(s) shall not in any manner or to any extent
22 constitute general obligations of the City, the State of Washington or any political subdivision of the
23 State of Washington or a charge upon any general fund or upon any money or other property of the
24 City, the State of Washington or any political subdivision of the State of Washington not specifically
25 pledged thereto by this ordinance.
26

1 Section 5. Preservation of Tax Exemption for Interest on Note(s). If the Resolution specifies
2 that the Note(s) are to be issued as tax-exempt obligations, the City covenants that it will take all
3 actions within its power and reasonably necessary to prevent interest on the Note(s) from being
4 included in gross income for federal income tax purposes, and it will neither take any action nor
5 make or permit any use of proceeds of the Note(s) or other funds of the City treated as proceeds of
6 the Note(s) at any time during the term of the Note(s) which will cause interest on the Note(s) to be
7 included in gross income for federal income tax purposes.

8 The City has not been notified of any listing or proposed listing by the Internal Revenue
9 Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

10 Section 6. Sale of Note(s). The Director of Finance may provide for the sale of the Note(s)
11 by public sale, or by a negotiated sale, limited offering or private placement with the underwriter or
12 placement agent, as applicable, chosen through a selection process acceptable to the Director of
13 Finance. The terms of that sale shall be consistent with this ordinance and the Resolution and shall
14 be confirmed by the Resolution. The Note(s) will be delivered to the purchaser(s) as provided in the
15 Resolution immediately (i) upon payment to the City of the purchase price plus accrued interest, if
16 any, to the date of closing in immediately available federal funds in Seattle, Washington, at the
17 City's expense or at another place upon which the Director of Finance and the purchaser may
18 mutually agree at the purchaser's expense, or (ii) upon receipt by the City of other valuable
19 consideration specified in the Resolution, including but not limited to the right to make loan draws
20 under the Note(s).

21 Section 7. Continuing Disclosure. If required in connection with the Note(s), the City shall
22 undertake to provide for the benefit of holders of the Note(s) disclosure of certain financial
23 information and operating data of the type included in the final official statement or other offering
24 document for the Note(s), as well as disclosure of certain material events respecting the Note(s), in
25 the manner and to the extent required by United States Securities and Exchange Commission Rule
26 15c2-12. The particular terms of the undertaking, if required, shall be set forth in the Resolution.



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1 Section 8. General Authorization. The Mayor and the Director of Finance and each of the
2 other appropriate officers of the City are each authorized and directed to do everything as in their
3 judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions
4 of, and complete the transactions contemplated by, this ordinance. In particular, and without
5 limitation, the Director of Finance may, in his discretion and without further action by the City
6 Council, (a) comply with any continuing disclosure requirements applicable to the Note(s); (b) deem
7 final and approve the distribution of any preliminary official statement or other offering document
8 prepared in connection with the sale of the Note(s); (c) appoint a note registrar or securities
9 depository for the Note(s); and (d) carry out such other responsibilities as are set forth in the
10 Resolution.

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

19 Section 10. Ratification of Prior Acts. Any action taken consistent with the authority but
20 prior to the effective date of this ordinance, including, if applicable, but not limited to giving notices
21 of the sale of Note(s), adopting the Resolution, executing contracts, making fund transfers and
22 paying warrants, is ratified, approved and confirmed.

23 Section 11. Section Headings. Section headings in this ordinance are used for convenience
24 only and shall not constitute a substantive portion of this ordinance.
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Section 12. Effective Date of Ordinance. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2002, and signed by me in open session in authentication of its passage this ____ day of _____, 2002.

President _____ of the City Council

Approved by me this ____ day of _____, 2002.

Gregory J. Nickels, Mayor

Filed this ____ day of _____, 2002.

City Clerk

(SEAL)

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STATE OF WASHINGTON - KING COUNTY

--SS.

150597
City of Seattle, Clerk's Office

No. ORDINANCE IN FULL

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:ORDINANCE 120932

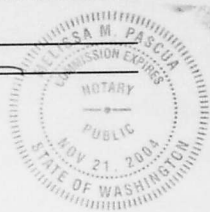
was published on

10/18/2002

J. Hedman
Subscribed and sworn to before me on

10/18/2002

Mel Pascua
Notary public for the State of Washington,
residing in Seattle



Affidavit of Publication

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TABLE OF CONTENTS - PAGE

Section 1. Definitions - 2
Section 2. Authorization and Description of Notes - 4
Section 3. Priority of Lien - 6
Section 4. Security for the Notes - 6
Section 5. Preservation of Tax Exemption for Interest on Notes - 7
Section 6. Sale of Notes - 7
Section 7. Continuing Disclosure - 7
Section 8. General Authorization - 7
Section 9. Severability - 8
Section 10. Ratification of Prior Acts - 8
Section 11. Section Headings - 9
Section 12. Effective Date of Ordinance - 10

ORDINANCE 120633

AN ORDINANCE relating to the electric system of the City of Seattle, authorizing the issuance of not to exceed One Hundred Twenty-Five Million Dollars (\$125,000,000) of Twenty-Year Municipal Light and Power Revenue Bonds, providing for the terms, conditions, covenants, security and manner of sale of such short-term debt, and describing the lien of such short-term debt.

WHEREAS, the City of Seattle, Washington (the "City") owns, operates and maintains an electric system (the "Light System"); and

WHEREAS, unanticipated increases in the wholesale cost of purchased power in 2001 and 2002, together with adverse crop and water conditions in the 2000 to 2001 and water year, have resulted in an operating cash flow deficit that is expected to continue into the first quarter of 2004; and

WHEREAS, the Light System's operating cash flow deficit has heretofore been financed through a loan from the City's Consolidated (Residual) Cash Portfolio; and

WHEREAS, the City Council finds that significant savings in interest costs can be realized by financing the Light System's operating cash flow deficit through the issuance of fixed rate or adjustable rate revenue anticipation notes, commercial paper obligations, a bank loan or line of credit or other short-term debt to pay or finance Light System expenses pending receipt of Gross Revenues (as defined below); and

WHEREAS, the City previously issued its Revenue Bonds, Series 1922B, its Municipal Light and Power Revenue and Refunding Revenue Bonds, 1928, its Municipal Light and Power Revenue Bonds, 1934, its Municipal Light and Power Revenue Bonds, 1936, Series A and B, its Municipal Light and Power Revenue Bonds, 1937, its Municipal Light and Power Revenue Bonds, 1968, Series A, its Municipal Light and Power Revenue Bonds, 1968, Series B, its Municipal Light and Power Revenue Bonds, 2000, and its Municipal Light and Power Revenue and Refunding Revenue Bonds, 2001 (collectively, the "Senior Lien Bonds");

WHEREAS, the City previously issued its Municipal Light and Power Adjustable Rate Revenue Bonds, 1990, its Municipal Light and Power Adjustable Rate Revenue Bonds, 1991, Series A and B, its Municipal Light and Power Adjustable Rate Revenue Bonds, 1996 and its Municipal Light and Power Adjustable Rate Revenue Bonds, 1996 (collectively the "Subordinate Lien Bonds"); and

WHEREAS, by Ordinance 120273 and Resolution 30304 (the "2001 Note Legislation") the City issued its Municipal Light and Power Revenue Bonds, 2001 (the "2001 Notes"), and reserved the right to issue additional Senior Lien Bonds or Subordinate Lien Bonds or additional obligations with a lien on Gross Revenues of the Light System equal or junior to the lien of the 2001 Notes so long as additional obligations do not mature prior to the maturity date of the 2001 Notes, or (ii) meet certain other requirements set forth in the 2001 Note Legislation;

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Definitions

As used in this ordinance, the following words and phrases shall have the meanings set forth below:

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

"City" means the City of Seattle, Washington, a municipal corporation duly organized and existing under the laws of the State of Washington.

"City Council" means the City Council of the City, as duly and regularly constituted from time to time.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor thereto and all applicable regulations thereunder.

"Director of Finance" means the Director of Finance of the City.

"Gross Revenues" means (a) all income, revenues, receipts and profits derived by the City through the ownership and operation of the Light System; (b) the proceeds received by the City directly or indirectly from the sale, lease or other disposition of any of the properties, rights or facilities of the Light System; (c) payment agreement receipts, to the extent that such receipts are not offset by payment agreement payments; and (d) the investment income earned on money held in any fund or account of the City, including any bond redemption funds and the accounts therein, in connection with the ownership and operation of the Light System. Gross Revenues do not include: (A) insurance proceeds compensating the City for the loss of a capital asset; (B) income derived from investments irrevocably pledged to the payment of any debt or payable from Gross Revenues; (C) investment income earned on money in any fund or account created or maintained solely for the account of complying with the arbitrage rebate provisions of the Code; (D) any gifts, grants, donations or other funds received by the City from any State or federal agency or other person if such gifts, grants, donations or other funds are the subject of any limitation or restriction imposed by the donor or grantor or imposed by law or administrative regulation to which the donor or grantor is subject; (E) the proceeds of any borrowing for capital improvements (or the refinancing thereof); and (F) the proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues).

"Light Fund" means the special fund of the City of that name heretofore created and established by the City Council.

"Light System" means the municipal light and power plants and system now belonging to or which may hereafter belong to the City.

"Mayor" means the Mayor of the City.

"Note(s)" means the short-term debt instrument or instruments, to be issued under the authority of and for the purposes provided in

pending the receipt of Gross Revenues, and (2) paying the costs of issuing and selling the Note(s).

The Note(s) shall be issued in one or more series, with the final series issued on or before the date that is eighteen (18) months after initial date of issuance, shall have such title and designation or designations as determined by the Director of Finance or as the City Council, shall specify in the Resolution; shall be dated shall specify in the Resolution; except that no Note shall mature prior to the maturity date of the 2001 Notes and the maturity date of each Note shall not be more than 18 months after the date of issuance of that Note; shall bear interest at the rate or rates specified in the Resolution, except that the net interest cost, weighted average rate of 12% per annum, specified in the Resolution; and shall have such denominations, and be subject to optional or mandatory redemption, open market purchase or defeasance, and other provisions, on the terms and at the times specified in the Resolution. If approved by a resolution of the City Council, the City may extend the period of this ordinance for such additional term or terms recommended by the Finance Director, except that the final date of issuance of Note(s) hereunder shall not be more than four years after the initial date of issuance.

The Note(s) may be issued as a fixed rate or adjustable rate, commercial paper or other form of obligation or obligation, including but not limited to a bank loan or line of credit, under such terms as specified in the Resolution. The Resolution also shall specify whether interest on the Note(s) shall be included in or excluded from gross income for federal tax purposes.

The Resolution shall set forth the manner of execution, sale, delivery, and, if necessary, the manner of registration, provisions relating to the payment and transfer of the Note(s) and the appointment of a Trustee or Registrar. The Resolution may include such covenants, conditions and provisions relating to the Note(s), including, without limitation, security for and repayment of the Note(s), that the City Council deems appropriate.

The Resolution may provide for municipal bond insurance, a letter of credit, a stand-by bond purchase agreement, or other form of credit or liquidity facility, and conditions and covenants relating thereto, including additional terms, conditions and covenants relating to the Note(s) that are required by the bond insurer or credit or liquidity facility provider and are consistent with the provisions of this ordinance, including but not limited to restrictions on investments and requirements of notice to and consent of the bond insurer or letter of credit provider.

The Resolution may approve and authorize the execution and delivery on behalf of the City of any contracts consistent with the provisions of this ordinance for which the City's approval is necessary or to which the City's name and that are related or incidental to the initial issuance and sale of the Note(s) or the initial establishment of the interest rate or rates on the Note(s) and any redemption of the Note(s).

The City may by the Resolution appoint or provide for the appointment by the Director of Finance of a tender agent, a paying agent, a remarketing agent and a bank or other financial institution furnishing liquidity or credit support for the Note(s). The Resolution shall approve and authorize the execution of contracts covering the duties of those agents, the bank or other institution, and the City, with respect to the Note(s).

The City Council may adopt the Resolution and may provide therein for the matters described in this ordinance, and such other matters that the City Council deems necessary and appropriate to carry out the purposes of this ordinance. Once adopted, the Resolution shall be deemed a part of this ordinance as if set forth herein.

Section 3. Priority of Lien

The lien and charge of the Note(s) on the Gross Revenues of the Light System shall be subordinate to the lien and charge of the Senior Lien Bonds and the Subordinate Lien Bonds on the Gross Revenues, and, upon the issuance of additional obligations set forth in the 2001 Note Legislation, shall be equal to subordinate to the lien and charge of the 2001 Notes on the Gross Revenues, all as determined by and specified in the Resolution. The lien and charge of the Note(s) on the Gross Revenues shall be subordinate to the payment of all reasonable charges for maintenance and operation of the Light System.

Section 4. Security for the Note(s)

The Note(s) shall be special limited obligations of the City payable from and secured solely by the Gross Revenues of the Light System and/or obligations issued to redeem or to pay interest on the Note(s) on or prior to their maturity from one or more of those sources. The Note(s) shall not in any manner or to any extent constitute general obligations of the City, the State of Washington or any political subdivision of the State of Washington or a charge upon any general fund or upon any money or other property of the City, the State of Washington or any political subdivision of the State of Washington not specifically pledged thereto by this ordinance.

Section 5. Preservation of Tax Exemption for Interest on Note(s)

If the Resolution specifies that the Note(s) are to be issued as tax-exempt obligations, the City covenants that it will take all actions within its power and reasonably necessary to prevent interest on the Note(s) from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Note(s) or other funds of the City treated as proceeds of the Note(s) at any time during the term of the Note(s) which will cause interest on the Note(s) to be included in gross income for federal income tax purposes.

The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage obligations may not be relied upon.

Section 6. Sale of Note(s)

The Director of Finance may provide for the sale of the Note(s) by public sale, or by negotiated sale, limited offering or private placement, with the successful underwriter or placement agent, as applicable, chosen through a selection process acceptable to the Director of Finance. The terms of that sale shall be consistent with this ordinance and the Resolution, and shall be confirmed by the Resolution. The Note(s) will be delivered to the purchaser(s) as provided in the Resolution immediately (i) upon payment to the City of the purchase price plus accrued interest, if any, to the date of closing in immediately available federal funds in Seattle, Washington, at the City's expense or at another place upon which the Director of Finance and the purchaser may mutually agree at the purchaser's expense, or (ii) upon receipt by the City of other suitable consideration specified in the Resolution, including but not limited to the right to make loan draws under the Note(s).

Section 7. Continuing Disclosure

If required in connection with the Note(s), the City shall undertake to provide for the benefit of holders of the Note(s) disclosure of certain financial, operating and operating

Section headings in this ordinance are used for convenience only and shall not constitute a substantive portion of this ordinance.

Section 12. Effective Date of Ordinance

This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.022, provided by the City Council the 23rd day of September, 2002, and signed by me in open session in authentication of its passage this 23rd day of September, 2002.

PETER STEINBRUECK, President of the City Council.

Approved by me this 2nd day of October, 2002.

GREGORY J. NICKELS, Mayor.

Filed by me this 3rd day of October, 2002.

(Seal) JUDITH E. PIPPIN, City Clerk.

Publication ordered by JUDITH PIPPIN, City Clerk.

Date of publication in the Seattle Daily Journal of Commerce, October 18, 2002.

10-181(00097)

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

"City" means the Internal Revenue Code of 1986, as amended, or any successor thereto, and all applicable regulations thereunder.

"Director of Finance" means the Director of Finance of the City.

"Gross Revenues" means (a) all income, revenues, receipts and profits derived by the City through the ownership and operation of the Light System; (b) the proceeds received by the City directly or indirectly from the sale, lease or other disposition of any of the properties, rights or facilities of the Light System; (c) that such receipts are not offset by payment agreement payments; and (d) the investment income earned on money held in any fund or account of the City, including any bond redemption funds and the accounts therein, in connection with the ownership and operation of the Light System. Gross Revenues do not include: (A) insurance proceeds compensating the City for the loss of a capital asset; (B) income derived from investments irrevocably pledged to the payment of any defeasance bonds payable from Gross Revenues; (C) investment income earned on money in any fund or account created or maintained solely for the purpose of complying with the advance rebate provisions of the Code; (D) any gifts, grants, donations or other funds received by the City from any State or federal agency or other person if such gifts, grants, donations or other funds are the subject of any limitation or reservation imposed by the donor or grantor or imposed by law or administrative regulation to which the donor or grantor is subject, in a manner inconsistent with the application of Gross Revenues hereunder; (E) the proceeds of any borrowing for capital improvements for the refinancing thereof; and (F) the proceeds of any liability or other insurance (including business interruption insurance or other insurance of like nature insuring against the loss of revenues).

"Light Fund" means the special fund of the City that name heretofore created and established by the City Council.

"Light System" means the municipal light and power plant and system now belonging to or which may hereafter belong to the City.

"Mayor" means the Mayor of the City.

"Notes" means the short-term debt authorized to be issued pursuant to, under the authority of and for the purposes provided in this ordinance and the Resolution. The term "Notes" shall include periodic draws made on a line of credit entered into pursuant to this ordinance and the Resolution.

"Resolution" means the resolution or resolutions fixing the terms of and other matters relating to the Note(s), as authorized by Section 2 of this ordinance.

"Senior Lien Bonds" means, collectively, the City's outstanding Municipal Light and Power Refunding Revenue Bonds, Series 1992B, Municipal Light and Power Revenue and Refunding Bonds, 1993, Municipal Light and Power Revenue Bonds, 1994, Municipal Light and Power Revenue Bonds, 1995, Series A and B, Municipal Light and Power Revenue Bonds, 1996, Series A and B, Municipal Light and Power Revenue Bonds, 1997, Municipal Light and Power Revenue Bonds, 1998, Series A, Municipal Light and Power Revenue Bonds, 1999, Municipal Light and Power Revenue Bonds, 2000, Municipal Refunding Revenue Bonds, 2001, Municipal Light and Power Refunding Revenue Bonds, 2001, and any bonds issued hereafter, having a charge or lien upon the Gross Revenues of the Light System on a parity with those bonds.

"State" means the State of Washington.

"Subordinate Lien Bonds" means, collectively, the City's outstanding Municipal Light and Power Adjustable Rate Revenue Bonds, 1990, Municipal Light and Power Adjustable Rate Revenue Bonds, 1991, Series A and B, Revenue Bonds, 1996, and Municipal Light and Power Revenue Bonds, 1996, and any bonds issued hereafter, having a charge or lien upon the Gross Revenues of the Light System on a parity with those bonds.

"2001 Note Legislation" means Ordinance 120275 and Resolution 2006 of the City Council authorizing and providing for the issuance of the 2001 Note.

"2001 Note" means the Municipal Light and Power Revenue Anticipation Note, 2001, issued pursuant to the 2001 Note Legislation.

Section 2. Authorization and Description of Notes.

(A) Pending the receipt of source of repayment, including but not limited to Gross Revenues of the Light System, the City shall issue the Note(s), in the aggregate principal amount of not to exceed One Hundred Twenty-Five Million Dollars (\$125,000,000), for the purpose of (1) providing for the payment or financing of Light System expenses

subdivision of the State of Washington to charge upon any general fund or upon any money or other property of the City, the State of Washington or any political subdivision of the State of Washington not specifically pledged thereto by this ordinance.

Section 3. Preservation of Tax Exemption for Issuance of Notes.

If the Resolution specifies that the Note(s) are to be issued as tax-exempt obligations, the City covenants that it will take all actions within its power and reasonably necessary to prevent interest on the Note(s) from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Note(s) or other funds of the City treated as proceeds of the Note(s) at any time during the term of the Note(s) which will cause interest on the Note(s) to be included in gross income for federal income tax purposes.

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

Section 4. Sale of Notes.

The Director of Finance may provide for the sale of the Note(s) by public sale, negotiated sale, limited offering or placement, with the successful underwriter, placement agent, as applicable, or through a selected person acceptable to the Director of Finance. The terms of that sale shall be consistent with this ordinance and the Resolution, and shall be confirmed by the Resolution. The Note(s) will be delivered to the purchaser as provided in the Resolution, immediately (1) upon payment to the City of the purchase price plus accrued interest, if any, the date of closing in immediately available federal funds in Seattle, Washington, at the City's expense at such place upon which the Director of Finance and the purchaser may mutually agree at the purchaser's expense, or (2) upon receipt by the City of other valuable consideration specified in the Resolution, including but not limited to the right to make loan draws under the Note(s).

Section 7. Continuing Disclosure.

If required in connection with the Note(s), the City shall undertake to provide for the benefit of holders of the Note(s) disclosure of certain financial information and operating data of the type included in the final official statement or other offering document for the Note(s), as well as a disclosure of certain material events respecting the Note(s), in the manner and to the extent required by United States Securities and Exchange Commission Rule 15c-12. The particular terms of the undertaking shall be set forth in the Bond Resolution.

Section 8. General Authorization.

The Mayor and the Director of Finance and each of the other appropriate officers of the City are each authorized and directed to do everything as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this ordinance. In particular, and without limitation, the Director of Finance may, in his discretion and without further action by the City Council, (a) comply with any continuing disclosure requirements applicable to the Note(s), (b) deem final and approve the distribution of the preliminary official statement or other offering document prepared in connection with the sale of the Note(s), (c) appoint a note registrar or securities depository for the Note(s); and (d) carry out such other responsibilities as are set forth in the Resolution.

Section 9. Severability.

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

Section 10. Ratification of Prior Acts.

Any action taken consistent with the authority but prior to the effective date of this ordinance, including, if applicable, but not limited to giving notice of the sale of Note(s), adopting the Resolution, executing contracts, making fund transfers and paying warrants, is ratified, approved and confirmed.

Section 11. Section Headings.

State of Washington, King

City of Seattle

ORDINANCE 130823

AN ORDINANCE relating to the electric system of the City of Seattle, authorizing the issuance of a short-term debt in the principal amount of not to exceed One Hundred Twenty-Five Million Dollars (\$125,000,000) outstanding at any time to pay for or finance system expenses pending the receipt of system revenues, providing for the terms, conditions, covenants, security and manner of sale of such short-term debt; and describing the lien of such short-term debt.

Passed 9/23/02

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