

Ordinance No. 123261

Council Bill No. 116818

AN ORDINANCE relating to the electric system of The City of Seattle: increasing the authorized amount of municipal light and power revenue bonds to be issued for the purposes of providing funds for certain additions and betterments to and extensions of the existing municipal light and power plant and system of the City, capitalizing interest on and paying the costs of issuing and selling those bonds and providing for the reserve fund requirement; adjusting provisions relating to redemption, reserve requirement calculation, additional bonds, and the implementation of a rate stabilization fund for those bonds; amending Ordinance 123169; and ratifying and confirming certain prior acts.

Related Legislation File:

Date Introduced and Referred: 3.15.10	To: (committee): Energy & Technology & Civil Rights
Date Re-referred:	To: (committee):
Date Re-referred:	To: (committee):
Date of Final Action: 3-22-10	Date Presented to Mayor: 3-23-10
Date Signed by Mayor: 3.26.10	Date Returned to City Clerk: 3.29.10
Published by Title Only <input checked="" type="checkbox"/>	Date Vetoed by Mayor:
Published in Full Text <input type="checkbox"/>	Date Passed Over Veto:
Date Veto Published:	Date Returned Without Signature:
Date Veto Sustained:	

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Bruce A. Harrell

Committee Action:

Date	Recommendation	Vote
03/17/2010	PASS	BH, NL, MO

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

Full Council Action:

Date	Decision	Vote
3-22-10	Passed	9-0

LAW DEPARTMENT

ORDINANCE 123261

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4 AN ORDINANCE relating to the electric system of The City of Seattle: increasing the
5 authorized amount of municipal light and power revenue bonds to be issued for the
6 purposes of providing funds for certain additions and betterments to and extensions of the
7 existing municipal light and power plant and system of the City, capitalizing interest on
8 and paying the costs of issuing and selling those bonds and providing for the reserve fund
9 requirement; adjusting provisions relating to redemption, reserve requirement calculation,
10 additional bonds, and the implementation of a rate stabilization fund for those bonds;
11 amending Ordinance 123169; and ratifying and confirming certain prior acts.

12 WHEREAS, by Ordinance 123169, passed November 23, 2009, The City of Seattle, Washington
13 (the "City"), provided for the issuance of not to exceed \$210,000,000 principal amount of
14 Municipal Light and Power Improvement Revenue Bonds, 2010, to provide part of the
15 funds to pay the costs of improvements to the Light System of the City; and

16 WHEREAS, the Light System finances capital improvements through a combination of bond
17 funding and current year revenues; and

18 WHEREAS, 2010 revenue forecasts indicate the Light System will have decreased revenue
19 available to fund capital improvements due to lower than normal water conditions; and

20 WHEREAS, the City deems it desirable to increase the amount of authorized municipal light and
21 power revenue bonds so that the City can immediately take advantage of favorable
22 interest rates, without accelerating the schedule for issuing additional bonds; and

23 WHEREAS, the City desires to permit the City Council to alter the redemption provisions and
24 covenants provisions of Ordinance 123169 to allow for additional flexibility in
25 structuring redemptions of Build America Bonds and to allow federal payments with
26 respect to Build America Bonds interest to be taken into account both in the calculation
27 of the Reserve Fund Requirement for Light System bonds, and in the definition of Net
28 Revenue for purposes of making certain certifications required upon the issuance of
Future Parity Bonds; and

WHEREAS, the City desires to adjust the rate stabilization account provisions of Ordinance
123169 to allow for earlier implementation of such an account upon approval by the City
Council and by the owners of a requisite number of Parity Bonds;

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



1 Section 1. Definitions. The meaning of capitalized terms used and not otherwise
2 defined in this ordinance shall be as set forth in Ordinance 123169.

3 Section 2. Amendment of Ordinance 123169. Sections 2 and 3 of Ordinance 123169
4 are hereby amended to increase the amount of authorized municipal light and power revenue
5 bonds. Section 7, Subsection 15(c), Subsection 15(g) and Section 19 are each amended as set
6 forth herein. Deleted information is shown as strikeouts and inserted information is shown as
7 double underlined.
8

9 Section 3. Amendment of Section 2. Section 2 of Ordinance 123169 is hereby
10 amended to read as follows:

11 Section 2. Adoption of System or Plan. The Plan of Additions
12 constitutes a system or plan of additions to and betterments and extensions of the
13 Light System (each element thereof an "Addition"). To the extent not previously
14 specified, adopted and ordered by the City by ordinance, the City specifies, adopts
15 and orders to be carried out the Plan of Additions, and declares the estimated cost
of that system or plan to be \$1,732,202,000, of which (~~(\$198,300,000)~~) up to
\$250,000,000 is expected to be financed from proceeds of the Bonds.

16 The Plan of Additions shall include any amendments, updates,
17 supplements or replacements to the CIP or the Conservation Plan determined by
18 ordinance to constitute a system or plan of additions to and betterments and
19 extensions of the Light System, all of which automatically shall constitute
20 amendments to the Plan of Additions. The Plan of Additions also may be
21 modified, without amending the CIP or the Conservation Plan, to include other
22 elements if the City determines by ordinance that those other elements constitute a
23 system or plan of additions to or betterments or extensions of the Light System.
24 The Plan of Additions includes the purchase and installation of all materials,
25 supplies, appliances, equipment (including but not limited to data processing
26 hardware and software and conservation equipment) and facilities, the acquisition
27 of all permits, licenses, franchises, property and property rights, other capital
28 assets and all engineering, consulting and other professional services and studies
(whether performed by the City or by other public or private entities) necessary or
convenient to carry out the Plan of Additions.



1 Section 4. Amendment of Section 3. Section 3 of Ordinance 123169 is hereby
2 amended to read as follows:

3 Section 3. Authorization and Description of Bonds; Bond Resolution.

4 For the purpose of providing all or part of the funds with which to (1) pay part of
5 the cost of carrying out the Plan of Additions; (2) provide for the Reserve Fund
6 Requirement; and (3) capitalize interest on and pay the costs of issuing and selling
7 the Bonds, the City shall issue and sell the Bonds in the aggregate principal
8 amount of not to exceed (~~(\$210,000,000)~~)\$250,000,000. The Bonds may be
9 issued in one or more series; may be combined with other Parity Bonds
10 authorized separately; shall be called "The City of Seattle, Washington, Municipal
11 Light and Power Improvement Revenue Bonds, 2010" (unless changed by
12 resolution); may have such different or further designation or designations as
13 determined by the Director of Finance or as the City Council may specify in a
14 resolution or resolutions fixing the terms of and matters relating to the Bonds
15 (collectively, the "Bond Resolution"); shall be dated and shall mature on such
16 date or dates specified in the Bond Resolution, except that the final maturity date
17 of the Bonds shall not extend beyond 30 years from their respective dates of
18 issuance; shall be issued in fully registered form; shall be numbered separately in
19 the manner and with any additional designation as the Bond Registrar for the
20 Bonds deems necessary for purposes of identification; shall bear interest at the
21 rate or rates (computed on the basis of a 360-day year of twelve 30-day months)
22 specified in the Bond Resolution, except that the true interest cost shall not exceed
23 8.0% per annum, payable at the times specified in the Bond Resolution; and shall
24 have such denominations, mature on such dates and be subject to optional or
25 mandatory redemption, open market purchase or defeasance on the terms and at
26 the times specified in the Bond Resolution. The Director of Finance may
27 designate Term Bonds with mandatory redemption amounts, all to be provided by
28 the Bond Resolution.

 The City may issue the Bonds of any series as either tax-exempt or taxable
for federal income tax purposes, as shall be determined in the Bond Resolution.

 The City Council may adopt the Bond Resolution and may provide therein
for the matters described in this ordinance, including the manner of sale of the
Bonds, which may include a forward or delayed delivery, and such other matters
that the City Council deems necessary and appropriate to carry out the purposes
of this ordinance. Once adopted, the Bond Resolution shall be deemed a part of
this ordinance as if set forth herein.

 The Bond Resolution may provide for Qualified Insurance or a Qualified
Letter of Credit, and conditions or covenants relating thereto, including additional
terms, conditions and covenants relating to the Bonds that are required by the
bond insurer or letter of credit provider and are consistent with the provisions of
this ordinance, including but not limited to restrictions on investments and



1 requirements of notice to and consent of the bond insurer or letter of credit
2 provider.

3 The Bond Resolution may approve and authorize the execution and
4 delivery on behalf of the City of any contracts consistent with the provisions of
5 this ordinance for which the City's approval is necessary or to which the City is a
6 party and that are related or incidental to the initial issuance and sale of the
7 Bonds, the initial establishment of the interest rate or rates on the Bonds and any
8 redemption of the Bonds, including but not limited to Payment Agreements and
9 similar contracts for such purposes.

10 The Bond Resolution may specify that a series of Bonds is a series of
11 Build America Bonds.

12 Section 5. Amendment of Section 7. Section 7 of Ordinance 123169 is hereby
13 amended to read as follows:

14 Section 7. Redemption and Open Market Purchase of Bonds.

15 (a) Optional Redemption. All or some of the Bonds may be subject to
16 redemption at the option of the City at the times and on the terms set forth in the
17 Bond Resolution.

18 (b) Mandatory Redemption. The City shall redeem any Term Bonds,
19 if not redeemed under the optional redemption provisions set forth in the Bond
20 Resolution or purchased in the open market under the provisions set forth below,
21 by lot or as otherwise set forth in the Bond Sale Resolution (or in such other
22 manner as the Bond Registrar shall determine) at par plus accrued interest on the
23 dates and in the years and principal amounts as set forth in the Bond Resolution.

24 If the City redeems Term Bonds under the optional redemption provisions
25 set forth in the Bond Resolution or purchases Term Bonds in the open market as
26 set forth below, the Term Bonds so redeemed or purchased (irrespective of their
27 redemption or purchase price) shall be credited at the par amount thereof against
28 the remaining mandatory redemption requirements in a manner to be determined
29 by the Director of Finance or, if no such determination is made, on a pro-rata
30 basis.

31 (c) Partial Redemption. Whenever less than all of the Bonds of a
32 single maturity are to be redeemed, the Bond Registrar shall select the Bonds or
33 portions thereof to be redeemed from the Bonds of that maturity by lot, or as
34 otherwise set forth in the Bond Sale Resolution (or in such other manner as the
35 Bond Registrar shall determine); except that, so long as the Bonds are registered
36 in the name of DTC or its nominee, DTC shall select the Bonds or portions
37 thereof to be redeemed in accordance with the Letter of Representations.

38 Portions of the principal amount of any Bond, in integral multiples of
\$5,000, may be redeemed, unless otherwise provided in the Bond Resolution. If
less than all of the principal amount of any Bond is redeemed, upon surrender of



1 that Bond at either of the principal offices of the Bond Registrar, there shall be
2 issued to the registered owner, without charge therefor, a new Bond (or Bonds, at
3 the option of the registered owner) of the same series, maturity and interest rate in
any of the denominations authorized by the Bond Resolution in the aggregate total
principal amount remaining unredeemed.

4 (d) Open Market Purchase. The City reserves the right and option to
5 purchase any or all of the Bonds in the open market at any time at any price
acceptable to the City plus accrued interest to the date of purchase.

6 (e) Bonds to be Cancelled. All Bonds purchased or redeemed under
7 this Section 7 shall be cancelled.

8 Section 6. Amendment of Subsection 15(c). Subsection 15(c) of Ordinance 123169

9 is amended to read as follows:

10 (c) Reserve Fund. A special fund of the City known as the "Municipal
11 Light and Power Bond Reserve Fund" (the "Reserve Fund") has heretofore been
12 created by Ordinance 71917, as amended, and is now maintained as a separate
13 account within the Light Fund, for the purpose of securing the payment of the
principal of and interest on all Parity Bonds outstanding (including amounts due
under any Parity Payment Agreements).

14 In the Bond Resolution, the City will specify whether it will satisfy the
15 Reserve Fund Requirement with Qualified Insurance or a Qualified Letter of
16 Credit or by depositing into the Reserve Fund, out of any money legally available
therefor, within 5 years from the date of issuance of the Bonds, the amount
required to fund the Reserve Fund to the Reserve Fund Requirement.

17 Money held in the Reserve Fund shall, to the fullest extent practicable and
18 reasonable, be invested and reinvested at the direction of the Director of Finance
solely in, and obligations deposited in such accounts shall consist of, Permitted
19 Investments. Earnings on money and investments in the Reserve Fund shall be
20 deposited in that fund and credited against amounts required to be deposited
therein until the Reserve Fund is fully funded, and thereafter such earnings shall
be deposited in the Parity Bond Fund.

21 (i) Reserve Fund Requirement.

22 (A) The City shall provide in the Parity Bond Ordinance authorizing
23 the issuance of any Future Parity Bonds for deposit into the Reserve Fund out of
24 the Gross Revenues (or out of any other funds of the City on hand and legally
25 available therefor, including the proceeds of the Future Parity Bonds being issued
26 or any other Future Parity Bonds) of periodic payments so that by five years from
the date of such Future Parity Bonds there will have been paid into the Reserve
Fund an amount which, together with the money already on deposit therein, will
be at least equal to the Reserve Fund Requirement for all Parity Bonds
27 outstanding at the end of that five-year period.



1 (B) Notwithstanding the foregoing, any Parity Bond Ordinance may
2 provide for the City to obtain Qualified Insurance or a Qualified Letter of Credit
3 for specific amounts required to be paid into the Reserve Fund. The amount
4 available to be drawn upon under such Qualified Insurance or Qualified Letter of
5 Credit shall be credited against the amounts required to be maintained in the
6 Reserve Fund by Section 15(b)(i)(A).

7 (C) Such Qualified Letter of Credit or Qualified Insurance shall not be
8 cancelable on less than five years' notice. In the event of receipt of any such
9 notice of cancellation, the City shall substitute Qualified Insurance or a Qualified
10 Letter of Credit in the amount required pursuant by Section 15(b)(i)(A) or in the
11 alternative shall create a special account in the Light Fund and deposit therein, on
12 or before the 25th day of each of the 60 succeeding calendar months, 1/60th of the
13 amount sufficient, together with other money and investments on deposit in the
14 Reserve Fund, to equal the Reserve Fund Requirement on the date any such
15 cancellation shall become effective. Such amounts shall be transferred from
16 money in the Light Fund (after making provision for payment of operating and
17 maintenance expenses and for the required payments into the Parity Bond Fund).
18 Amounts on deposit in such special account shall not be available to pay debt
19 service on Parity Bonds or for any other purpose of the City, and shall be
20 transferred to the Reserve Fund on the effective date of any cancellation of a
21 Qualified Letter of Credit or Qualified Insurance to make up the deficiency
22 caused thereby.

23 (D) If the amount in the Reserve Fund shall be less than the Reserve
24 Fund Requirement (taking into account the five year period referred to in Section
25 15(b)(i)(A)), the City shall transfer to the Reserve Fund money in an amount
26 sufficient to restore the Reserve Fund to the Reserve Fund Requirement within 12
27 months after the date of such deficiency. The City shall transfer such amounts
28 first from money in the Light Fund (after making provision for payment of
operating and maintenance expenses and for the required payments into the Parity
Bond Fund) and only thereafter from money in any construction fund or account
established with respect to any issue of Parity Bonds, first taking money from the
unrestricted portion thereof, then taking money from the restricted portion thereof.
If the amount in the Reserve Fund shall be greater than the Reserve Fund
Requirement, then and only then may the City withdraw such excess from the
Reserve Fund and deposit such excess in the Light Fund.

29 (E) With the consent of the owners of not less than 60% of the
30 aggregate principal amount of the Parity Bonds then outstanding, and consistent
31 with Section 18 of this ordinance, the City Council may at any time pass an
32 ordinance amending or supplementing this ordinance for the purpose of providing
33 that in calculating the Reserve Fund Requirement, the City may deduct from
34 Annual Debt Service the direct payments the City expects to receive from the
35 federal government in respect to the interest on a series of Parity Bonds that are
36 Build America Bonds or other bonds with respect to which the federal
37 government will provide direct payments. The owners of the Bonds, by taking



1 and owning the same, shall be deemed to have consented to the passage by the
2 City Council of any such amendatory or supplemental ordinance.

3 (ii) Use of Reserve Fund for Refunding Bonds. If any Parity Bonds
4 are refunded, the money set aside in the Reserve Fund to secure the payment of
5 such Parity Bonds may be used to retire such Parity Bonds or may be transferred
6 to any reserve fund or account which may be created to secure the payment of any
7 bonds issued to refund such Parity Bonds, as long as the money left remaining in
8 the Reserve Fund is at least equal, together with any Qualified Insurance or
9 Qualified Letters of Credit, to the Reserve Fund Requirement.

10 (iii) Use of Reserve Fund for Payment of Debt Service. If the money in
11 the Parity Bond Fund is insufficient to meet maturing installments of either
12 interest on or principal of and interest on the Parity Bonds payable out of the
13 Parity Bond Fund (including amounts payable under any Parity Payment
14 Agreements), such deficiency shall be made up from the Reserve Fund by the
15 withdrawal of money or proceeds of Qualified Insurance or Qualified Letters of
16 Credit therefrom, as the case may be. Any deficiency created in the Reserve Fund
17 by reason of any such withdrawal or claim against Qualified Insurance or a
18 Qualified Letter of Credit shall then be made up out of the Gross Revenues (or out
19 of such other funds of the City on hand and legally available therefor), after
20 making necessary provision for the payments required to be made for operation
21 and maintenance of the Light System and debt service on any obligations payable
22 from such Gross Revenues.

23 (iv) Withdrawals From Reserve Fund. Money in the Reserve Fund
24 may be withdrawn by the City for any lawful purpose as long as the aggregate of
25 any money, Qualified Insurance and Qualified Letters of Credit left remaining on
26 deposit in the Reserve Fund is at least equal to the Reserve Fund Requirement for
27 the Parity Bonds then outstanding.

28 The City reserves the right to substitute Qualified Insurance or a Qualified
Letter of Credit for money previously deposited in the Reserve Fund and to
withdraw such money to the extent described in the preceding paragraph.

Any withdrawals from subaccounts within the Reserve Fund shall be made
on a pro rata basis except when the provider of a Qualified Letter of Credit or
Qualified Insurance requires all cash and investments in the Reserve Fund to be
withdrawn before draws on the Qualified Letter of Credit or Qualified Insurance,
or unless the City receives an opinion of Bond Counsel to the effect that such pro
rata withdrawal is not required to maintain the exclusion of interest on the Parity
Bonds then outstanding from gross income.

29 Section 7. Amendment of Subsection 15(g). Subsection 15(g) of Ordinance 123169

30 is amended to read as follows:
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1 (g) Issuance of Future Parity Bonds. Except as provided in Section 15(h) of
2 this ordinance for the issuance of Refunding Parity Bonds, Future Parity Bonds
3 may be issued (and Parity Payment Agreements may be entered into), from time
4 to time in one or more series for any lawful purpose of the City's Light
5 Department, only if at the time of the delivery of each series of Future Parity
6 Bonds to the initial purchasers thereof (or on the effective date of the Parity
7 Payment Agreement):

8 (i) There is no deficiency in the Parity Bond Fund or in any of
9 the accounts therein and provision has been made to meet the Reserve Fund
10 Requirement for all Parity Bonds then outstanding plus such proposed series of
11 Parity Bonds; and

12 (ii) There shall have been filed with the City either:

13 (A) a certificate of the Director of Finance stating that
14 Net Revenue in any 12 consecutive months out of the most recent 24 months
15 preceding the delivery of the Parity Bonds then proposed to be issued (the "Base
16 Period") was not less than 125% of maximum Annual Debt Service in any future
17 calendar year on all Parity Bonds then outstanding and the Parity Bonds then
18 proposed to be issued (except that if any adjustment in the rates, fees and charges
19 for the services of the Light System shall be effective at any time on or prior to
20 the date of delivery of the Parity Bonds then proposed to be issued or within six
21 months after the delivery of such Parity Bonds, the Director of Finance shall
22 reflect in his or her certificate the Net Revenue he or she calculates would have
23 been collected in the Base Period if such new rates, fees and charges had been in
24 effect for the entire Base Period), or

25 (B) a certificate of the Professional Utility Consultant
26 setting forth:

27 (I) the amount of the Adjusted Net Revenue
28 computed as provided in paragraph (C) below;

(II) the amount of maximum Annual Debt
Service in any calendar year thereafter on account of all Parity Bonds to be
outstanding in such calendar year, including the Parity Bonds proposed to be
issued, and stating that the amount shown in paragraph (B)(I) above is not less
than 125% of the amount shown in this paragraph (B)(II).

"Net Revenue" as used in this Section 15(g) means that amount determined by
deducting from the Gross Revenues the expenses of operation, maintenance and
repair of the Light System, except that on the New Covenant Date, or on an
earlier date if implemented by an ordinance amending or supplementing this
ordinance and with the consent of the owners of not less than 60% of the
aggregate principal amount of the Parity Bonds then outstanding, consistent with
Section 18 of this ordinance, "Net Revenue" as used in this Section 15(g) shall
mean that amount determined by deducting from the Gross Revenues the expenses
of operation, maintenance and repair of the Light System and further deducting
any deposits into the Rate Stabilization Account, and by adding to Gross
Revenues any withdrawals from the Rate Stabilization Account. In addition, with



1 the consent of the owners of not less than 60% of the aggregate principal amount
2 of the Parity Bonds then outstanding, and consistent with Section 18 of this
3 ordinance, the City Council may at any time pass an ordinance amending or
4 supplementing this ordinance for the purpose of providing that in defining "Net
5 Revenue" as used in this Section (g), the City may include the direct payments the
6 City expects to receive from the federal government in respect to the interest on a
7 series of Refunding Parity Bonds that are Build America Bonds or other bonds
8 with respect to which the federal government will provide direct payments. The
9 owners of the Bonds, by taking and owning the same, shall be deemed to have
10 consented to the passage by the City Council of any the amendatory or
11 supplemental ordinance described in this paragraph.

12 (iii) For the purposes of the certificate required by paragraph
13 (ii) above, Adjusted Net Revenue shall be computed by the Professional Utility
14 Consultant as follows:

15 The Net Revenue for the Base Period shall be adjusted by any or all of the
16 following conditions and requirements as may be appropriate to the
17 circumstances:

18 (A) If the Parity Bonds are being issued for the purpose
19 of acquiring operating electric utility properties having an earnings record, the
20 Professional Utility Consultant shall estimate the effect on the Net Revenue for
21 the Base Period of the acquisition of such electric utility properties and the
22 integration thereof into the Light System, and shall adjust the Net Revenue for the
23 Base Period to give effect to such estimate. Any such estimate shall be based
24 upon the operating experience and records of the City and upon any available
25 financial statements and records relating to the earnings of such electric utility
26 properties to be acquired.

27 (B) If any changes have been adopted by the City
28 Council and are in effect on the date of sale of the Parity Bonds or are to go into
effect not later than 12 months after such date, in any rates and charges imposed
by the City on sales of power and energy and other services furnished by the
Light System which were not in effect during the entire Base Period, the
Professional Utility Consultant may, if such changes resulted in increases in such
rates and charges, and shall, if such changes resulted in reductions in such rates
and charges, adjust the Net Revenue for the Base Period to reflect any change in
such Net Revenue which would have occurred if the changed rates and charges
had been in effect during the entire Base Period.

(C) If the purpose for which the Parity Bonds are being
issued is to acquire or construct generation or transmission facilities required to
furnish or make available to the Light System additional power and energy, or
transmission facilities required to enable the City to sell additional power and
energy, the Professional Utility Consultant may adjust the Net Revenue for the
Base Period by (a) deducting the amount of the estimated increase in operating
and maintenance expenses resulting from the acquisition or construction of such
facilities in their first year of full operation, (b) adding any additional revenues to



1 be derived from the sale or transmission of such additional power and energy
2 pursuant to executed power sales contracts, and (c) adding an amount equal to the
3 estimated cost of the power and energy which would have been replaced or
4 displaced by such facilities had such additional power and energy in excess of the
5 power and energy to be sold pursuant to clause (b) above been used in the Light
6 System during the Base Period.

7 (D) If there were any customers added to the Light
8 System during the Base Period or thereafter and prior to the date of the
9 Professional Utility Consultant's certificate, the Net Revenue may be adjusted on
10 the basis that such added customers were customers of the Light System during
11 the entire Base Period.

12 (E) If extensions of or additions to the Light System
13 (not described in subparagraph (C) above) are in the process of construction on
14 the date of the Professional Utility Consultant's certificate, or if the proceeds of
15 the Parity Bonds being issued are to be used to acquire or construct extensions of
16 or additions to the Light System (not described in subparagraph (C) above), the
17 Net Revenue for the Base Period may be adjusted by adding any additional
18 revenues not included in the preceding paragraphs that will be derived from such
19 additions and extensions and deducting the estimated increase in operating and
20 maintenance expenses resulting from such additions and extensions.

21 (F) The Net Revenue for the Base Period may be
22 adjusted by excluding from the determination of expenses of operation,
23 maintenance and repair of the Light System any extraordinary, nonrecurring
24 expenses of the Light System or any judgments or amounts to be paid in
25 settlement of claims against the Light System.

26 (iv) In rendering any certificate under this Section 15(g), the
27 Professional Utility Consultant may rely upon, and such certificate shall have
28 attached thereto, (A) financial statements of the Light System, certified by the
29 Director of Finance, showing income and expenses for the period upon which the
30 same are based and a balance sheet as of the end of such period, (B) similar
31 certified statements by the Division of Municipal Corporations of the Office of
32 the State Auditor of the State (or any successor thereto), or (C) similar certified
33 statements by a Certified Public Accountant for as much of such period as any
34 examination by them has been made and completed. If two or more of such
35 statements are inconsistent with each other, the Professional Utility Consultant
36 shall rely on the statement described under clause (A) in this Section 15(g)(iv).

37 Section 8. Amendment of Section 19. Section 19 of Ordinance 123169 is hereby
38 amended to read as follows:

39 Section 19. Rate Stabilization Account. On and after the New Covenant Date,
40 or on an earlier date if implemented by an ordinance amending or supplementing



1 this ordinance and with the consent of the owners of not less than 60% of the
2 aggregate principal amount of the Parity Bonds then outstanding, consistent with
3 Section 18 of this ordinance, the City may at any time deposit in the Rate
4 Stabilization Account, Gross Revenue and any other money received by the Light
5 System and available to be used therefor. Thereafter, the City may withdraw any
6 or all of the money from the Rate Stabilization Account for inclusion in the Net
7 Revenue for any fiscal year of the City. Such deposits or withdrawals may be
8 made up to and including the date 90 days after the end of the fiscal year for
9 which the deposit or withdrawal will be included as Net Revenue. The owners of
10 the Bonds, by taking and owning the same, shall be deemed to have consented to
11 the passage by the City Council of any the amendatory or supplemental ordinance
12 described in this paragraph.

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

22 Section 10. Ratification of Prior Acts. All acts taken consistent with the authority of
23 this ordinance and prior to its effective date are ratified, approved and confirmed.

24 Section 11. Headings. Section headings in this ordinance are used for convenience
25 only and shall not constitute a substantive portion of this ordinance.

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Legislative	Tony Kilduff/4-3580	

Legislation Title:

AN ORDINANCE relating to the electric system of The City of Seattle: increasing the authorized amount of municipal light and power revenue bonds to be issued for the purposes of providing funds for certain additions and betterments to and extensions of the existing municipal light and power plant and system of the City, capitalizing interest on and paying the costs of issuing and selling those bonds and providing for the reserve fund requirement; adjusting provisions relating to redemption, reserve requirement calculation, additional bonds, and the implementation of a rate stabilization fund for those bonds; amending Ordinance 123169; and ratifying and confirming certain prior acts.

• **Summary of the Legislation:**

This ordinance amends Ord 123169 to increase the bond issue to a maximum of \$250 million.

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

In 2009 when City Light determined the appropriate size of the bond issue for capital programs in 2010 and 2011, it assumed it would receive \$120 million in revenue from the sale of surplus power. However, the 2009-2010 water years has turned out to be extremely low, its current forecast, as of March 2010 for the revenue it expects to earn is around \$60 million. It will not, as a consequence, be able to contribute operating revenue to the capital program in 2010 and must rely on debt for that purpose. This will reduce the funds available for the 2011 capital program and may require City Light to borrow sooner than it had anticipated, and perhaps sooner than is prudent. Increase the bond issue now will reduce that likelihood.

The amendment also makes the following technical changes to the original bond ordinance:

Amends the redemption provisions for the upcoming Light system bonds to take into account changing preferences of purchasers of Build America Bonds that have become evident since Ordinance 123169 was passed. A large portion of the upcoming bond issue is expected to consist of Build America Bonds, and additional flexibility in the redemption language will make the bonds attractive to the widest possible pool of investors.

Allows the City Council, at a future time, and with the approval of 60% of the owners of then-outstanding bonds, to take federal credit payments for Build America Bonds into account in calculating the reserve fund requirement. The effect of this is to reduce the size of the bond



reserve fund, thus reducing the amount of bonds outstanding and correspondingly reducing debt service requirements. The purchasers of the upcoming Light System bonds would be deemed to have approved this change in advance.

Allows the City Council, at a future time, and and with the approval of 60% of the owners of then-outstanding bonds, to take federal credit payments for Build America Bonds into account when certificates are prepared in connection with additional series of bonds. The effect of this is to allow for a fairer depiction of the Light System's revenues when preparing "additional bond test" certificates for new bonds. The purchasers of the upcoming Light System bonds would be deemed to have approved this change in advance.

Allows the City Council, at a future time, and and with the approval of 60% of the owners of then-outstanding bonds, to accelerate the date on which the City can put a "rate stabilization account" into place. In 2001, the City Council established the framework for such an account, which is a mechanism to reduce the likelihood that the Council would need to rapidly raise rates in a drought year purely to meet bond coverage tests. Money could be withdrawn from the rate stabilization account during that year in order to smooth over cash flows, thus reducing the size of (or the need for) a rate increase. The purchasers of the upcoming Light System bonds would be deemed to have approved, in advance, the date on which the rate stabilization account could be implemented.

- *Please check one of the following:*

No **This legislation does not have any financial implications.** *(Stop here and delete the remainder of this document prior to saving and printing.)*



STATE OF WASHINGTON – KING COUNTY

--SS.

252789
CITY OF SEATTLE, CLERKS OFFICE

No. TITLE ONLY

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.

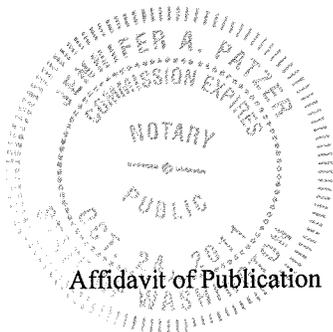
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:123255-59,123261-62

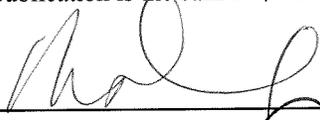
was published on

04/02/10

The amount of the fee charged for the foregoing publication is the sum of \$ 102.38, which amount has been paid in full.

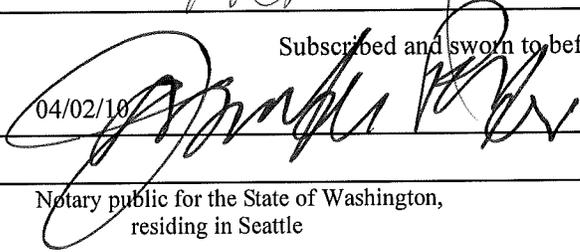


Affidavit of Publication



Subscribed and sworn to before me on

04/02/10



Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on March 22, 2010, and published here by title only, will be mailed upon request, or can be accessed at <http://clerk.ci.seattle.wa.us>. For further information, contact the Seattle City Clerk at 684-8344.

ORDINANCE NO. 123255

AN ORDINANCE relating to City employment; authorizing the Mayor to execute a collective bargaining agreement and three memoranda of understanding between the City of Seattle and the International Brotherhood of Teamsters, Local 763 Supervisors' Unit; and ratifying and confirming prior acts.

ORDINANCE NO. 123256

AN ORDINANCE relating to the City Light Department; establishing the City Light Review Panel and defining its composition and role, and repealing Ordinances 122335, 123032, and 123148 relating to the City Light Rates Advisory Committee, and ratifying and confirming certain prior acts.

ORDINANCE NO. 123257

AN ORDINANCE relating to Conservation Futures Levy proceeds; authorizing the Mayor to amend the Interlocal Cooperation Agreement between the City of Seattle and King County as authorized by City of Seattle Ordinance 114978; and authorizing the deposit of 2009 allocations from King County Conservation Futures Levy proceeds into the City of Seattle's 2000 Parks Levy Fund and 2008 Parks Levy Fund.

ORDINANCE NO. 123258

AN ORDINANCE relating to the Seattle Department of Parks and Recreation; authorizing the Superintendent to amend and restate the existing thirty-year lease with The Mountaineers for renovation and management of Building 67 at Magnuson Park.

ORDINANCE NO. 123259

AN ORDINANCE relating to jail services; authorizing the Mayor to execute an extension to the Interlocal Agreement with King County for the Provision of Jail Services; and ratifying and confirming certain prior acts.

ORDINANCE NO. 123261

AN ORDINANCE relating to the electric system of The City of Seattle; increasing the authorized amount of municipal light and power revenue bonds to be issued for the purposes of providing funds for certain additions and betterments to and extensions of the existing municipal light and power plant and system of the City, capitalizing interest on and paying the costs of issuing and selling those bonds and providing for the reserve fund requirement; adjusting provisions relating to redemption, reserve requirements calculation, additional bonds, and the implementation of a rate stabilization fund for those bonds; amending Ordinance 123169; and ratifying and confirming certain prior acts.

ORDINANCE NO. 123262

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Publication ordered by the City Clerk
Date of publication in the Seattle Daily Journal of Commerce, April 2, 2010.

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