Ordinance No. 124335

Council Bill No. 117937

AN ORDINANCE relating to the electric system of the City of Seattle; amending Ordinance 121941, as amended by Ordinance 122838, to conform Ordinance 121941 to reflect changes recently made by the City to update its standard form of bond ordinances; and ratifying and confirming certain prior acts.

Related Legislation File: CB117938

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The City of Seattle – Legislative Department

Council Bill/Ordinance sponsored by: TB

Committee Action:

Date	Recommendation	Vote
11/18/13	Pass	9-0

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

Full Council Action:

Date	Decision	Vote
11/25/13	Passed	9-0

LAW DEPARTMENT

CITY OF SEATTLE

ORDINANCE 124335

COUNCIL BILL 117937

AN ORDINANCE relating to the electric system of The City of Seattle; amending Ordinance 121941, as amended by Ordinance 122838, to conform Ordinance 121941 to reflect changes recently made by the City to update its standard form of bond ordinances; and ratifying and confirming certain prior acts.

WHEREAS, by Ordinance 121941, the City provided for the issuance and sale of electric revenue bonds, in one or more series, for the purpose of paying all or part of the cost of refunding certain of the City's outstanding electric revenue bonds, and the costs of issuance of those bonds; and

WHEREAS, by Ordinance 122838, the City provided for the amendment of the definition of "Refundable Bonds," and added a definition of "Refundable Subordinate Lien Bonds;" and

WHEREAS, the City has recently updated the standard form of its bond ordinances and desires to conform Ordinance 121941 to reflect those changes; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. <u>Amendment to Ordinance 121941</u>. Each section of Ordinance 121941, as amended by Ordinance 122838 (the "Ordinance"), is amended and restated as set forth in Sections 2 through 32 of this amendatory ordinance. Additions are double underlined and deletions are enclosed in double parentheses and struck through. Section references in the amended text are made with reference to the Ordinance as amended and restated by this ordinance. With respect to any Bonds authorized by the Ordinance, which are outstanding as of the effective date of this amendatory ordinance, the amendments contained herein shall be of no force or effect and the provisions of the Ordinance prior to the effective date of this amendatory ordinance shall continue in effect with respect to those outstanding Bonds.

Section 2. <u>Amendment to Section 1 of the Ordinance</u>. Section 1 of Ordinance 121941, as amended by Ordinance 122838, is amended and restated as follows:

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

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

"Acquired Obligations" means those Government Obligations purchased to accomplish the refunding of the Refunded Bonds, consistent with the Refunded Bond Legislation and any applicable agreements with bond insurers.

"Adjusted Net Revenue" has the meaning assigned to that term in Section ((~~18~~))15(g)(iii).

"Alternate Reserve Security" means Qualified Insurance or a Qualified Letter of Credit, which is used to satisfy all or a portion of the Reserve Fund Requirement for the Parity Bonds.

"**Annual Debt Service**" for any calendar year means the sum of the amounts required in such calendar year to pay((~~:~~)) (a) the interest due in such calendar year on all Parity Bonds outstanding, excluding interest to be paid from the proceeds of the sale of Parity Bonds or other bonds; ((~~and~~))(b) the principal of

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all outstanding Serial Bonds due in such calendar year; and (c) the Sinking Fund Requirement, if any, for such calendar year.

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

For purposes of making coverage ratio calculations in connection with a certificate delivered under Section 15(g), regarding the issuance of Future Parity Bonds, Annual Debt Service shall exclude debt service on Parity Bonds that are included in a refunding or defeasance plan approved by the City Council, which provides for the refunding or defeasance of certain Parity Bonds by irrevocably pledging money and/or Government Obligations pending their early redemption.

For purposes of calculating and determining compliance with the Reserve Fund Requirement and conditions for the issuance of Future Parity Bonds and/or entering into Parity Payment Agreements:

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

(ii) **Interest on Variable Interest Rate Bonds.** The amount of interest deemed to be payable on any ((~~issue~~))series of Variable Interest Rate Bonds shall be calculated on the assumption that the interest rate on those bonds would be equal to the rate that is ((~~ninety percent (~~))90%((~~)~~)) of the

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average RBI during the four calendar quarters preceding the quarter in which the calculation is made((;)).

(iii) Interest on Parity Bonds With Respect to Which a Payment Agreement is in Force. Debt service on Parity Bonds with respect to which a Payment Agreement is in force shall be based on the net economic effect on the City expected to be produced by the terms of the Parity Bonds and the terms of the Payment Agreement, including but not limited to the effects produced by the following: (A) Parity Bonds that would, but for a Payment Agreement, be treated as obligations bearing interest at a Variable Interest Rate instead shall be treated as obligations bearing interest at a fixed interest rate, and (B) Parity Bonds that would, but for a Payment Agreement, be treated as obligations bearing interest at a fixed interest rate instead shall be treated as obligations bearing interest at a Variable Interest Rate. Accordingly, the amount of interest deemed to be payable on any Parity Bonds with respect to which a Payment Agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in those Parity Bonds plus Payment Agreement Payments minus Payment Agreement Receipts. For the purposes of calculating as nearly as practicable Payment Agreement Receipts and Payment Agreement Payments under a Payment Agreement that includes a variable rate component determined by reference to a pricing mechanism or index that is not the same as the pricing mechanism or index used to determine the variable rate interest component on the Parity Bonds to which the Payment Agreement is related, it shall be assumed that the fixed rate used in calculating Payment Agreement Payments will be equal to 105% of the fixed rate specified by the Payment Agreement and that the pricing mechanism or index specified by the Payment Agreement is the same as the pricing mechanism or index specified by the Parity Bonds. Notwithstanding the other provisions of this subparagraph (iii), the City shall not be required to (but may in its discretion) take into account in determining Annual Debt Service the effects of any Payment Agreement that has a term of ten((~~(10)~~)) years or less((;)).

(iv) Parity Payment Agreements. No additional debt service shall be taken into account with respect to a Parity Payment Agreement for any period during which Payment Agreement Payments on that Parity Payment Agreement are taken into account in determining Annual Debt Service on related Parity Bonds under subparagraph (iii) of this definition. However, for any period during which Payment Agreement Payments are not taken into account in calculating Annual Debt Service on any outstanding Parity Bonds because the Parity Payment Agreement is not then related to any

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outstanding Parity Bonds, payments on that Parity Payment Agreement shall be taken into account by assuming:

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

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

(v) **Tax Credit Subsidy Payments.** For the purpose of calculating the Reserve Fund Requirement, the City shall deduct from Annual Debt Service the Tax Credit Subsidy Payments the City is scheduled to claim from the federal government in respect of the interest on a series of Parity Bonds that are Tax Credit Subsidy Bonds or other bonds with respect to which the federal government is scheduled to provide direct payments.

"Authorized Denomination" means $5,000 or any integral multiple thereof within a maturity of a Series.

"Beneficial Owner" means, with regard to a Bond, the owner of any beneficial interest in that Bond.

"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.

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"Bond Purchase Contract" means a written offer to purchase a Series of the Bonds, which offer has been accepted by the City in the Bond Resolution, in accordance with this ordinance. In the case of a competitive sale, the official notice of sale and the Purchaser's bid, together with the award by the City as set forth in the Bond Resolution, shall comprise the purchase contract for purposes of this ordinance.

"Bond Register" means the books or records maintained by the Bond Registrar for the purpose of registration of ((~~the~~))each Bond((~~s~~)).

"Bond Registrar" or **"Registrar"** means the Fiscal ((~~Agency of the State of Washington~~))Agent (unless the Bond Resolution provides for a different Bond Registrar with respect to a particular Series of the Bonds), or any successor bond registrar selected ((~~by the City, whose duties include the registration and authentication of the Bonds, maintenance of the Bond Register, effecting transfer of ownership of the Bonds, and paying the principal of and premium, if any, and interest on the Bonds~~))in accordance with the Registration Ordinance.

"Bond Resolution" means ((~~the~~))a resolution ((~~or resolutions~~))of the City Council adopted pursuant to this ordinance ((~~to specify certain additional provisions of each series of the Bonds and their sale.~~))approving the Bond Sale Terms and taking other actions consistent with this ordinance.

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

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"Bonds" means the revenue refunding bonds issued ((~~in one or more series from time to time~~))pursuant to((~~, under the authority of and for the purposes provided in~~)) this ordinance.

"Capital Appreciation Bonds" means any Parity Bonds as to which interest is payable only at the maturity or prior redemption of such Parity Bonds. For the purpose of (a) receiving payment of the redemption premium, if any, of a Capital Appreciation Bond that is redeemed prior to maturity, or (b) computing the principal amount of Parity Bonds held by the owner of a Capital Appreciation Bond in giving to the City or the paying agent for those bonds any notice, consent, request, or demand pursuant to this ordinance or for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

"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.

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

"Code" means the Internal Revenue Code of 1986, ((~~as amended,~~))or any successor thereto, ((~~and all applicable~~))as it has been and may be amended from time to time, and regulations thereunder.

"DTC" means The Depository Trust Company, New York, New York((~~, as initial Securities Depository for the Bonds~~)).

"Director of Finance" means the Director of the Finance Division of the Department of Finance and Administrative Services of the City, or any

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((~~successor thereto~~))other officer who succeeds to substantially all of the responsibilities of that office.

"Fiscal Agent" means the fiscal agent of the State, as the same may be designated by the State from time to time.

"Future Parity Bonds" means, with reference to any Series of the Bonds, any fixed or variable rate revenue bonds of the City (other than ((~~the Bonds~~))that Series and any other Parity Bonds then outstanding) issued((~~hereafter~~)) or entered into after the Issue Date of such Series, having a charge or lien upon the Gross Revenues for payment of the principal thereof and interest thereon equal in priority to the charge or lien upon the Gross Revenues((~~of the Light System~~)) for the payment of the principal of and interest on the Outstanding Parity Bonds((~~and the Bonds~~)). Future Parity Bonds may include Parity Payment Agreements and any other obligations issued in compliance with Section ((~~18~~))15(g) or ((~~18~~))Section 15(h).

"Government Obligations" ((~~means those government obligations defined by RCW 39.53.010(9)~~))has the meaning given in RCW 39.53.010, as((~~it~~)) now ((~~reads~~))in effect or as may hereafter ((~~may~~))be amended((~~or replaced~~)).

"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~~))i) insurance proceeds

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compensating the City for the loss of a capital asset; (((~~B~~))ii) income derived from investments irrevocably pledged to the payment of any defeased bonds payable from Gross Revenues; (((~~C~~))iii) investment income earned on money in any fund or account created or maintained solely for the purpose of complying with the arbitrage rebate provisions of the Code; (((~~D~~))iv) 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, limiting the application of such funds in a manner inconsistent with the application of Gross Revenues hereunder; (((~~E~~))v) the proceeds of any borrowing for capital improvements (or the refinancing thereof); and (((~~F~~))vi) the proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues).

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

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

"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 plant and system now belonging to or which may hereafter belong to the City.

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((~~**"Mayor"** means the Mayor of the City.~~))

"MSRB" means the Municipal Securities Rulemaking Board.

((~~**"Moody's"** means Moody's Investors Service, Inc.~~))

"Net Revenue" for any period ((~~has the meaning assigned to that term in 18(g)(ii).~~))means 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 calculating Net Revenue, the City may include the Tax Credit Subsidy Payments the City expects to receive from the federal government in respect to the interest on a series of Parity Bonds that are Tax Credit Subsidy Bonds or other bonds with respect to which the federal government will provide direct payments.

((~~**"New Covenant Date"** means the date on which no 1994 Bonds, 1995A Bonds, 1995B Bonds, 1996 Bonds, 1997 Bonds, 1998A Bonds, 1998B Bonds, 1999 Bonds or 2000 Bonds remain outstanding under the respective ordinances authorizing the issuance of such bonds.~~))

"Outstanding Parity Bonds" means, ((~~collectively~~))with reference to any Series of the Bonds, the outstanding ((~~1996 Bonds, 1997 Bonds, 1998A Bonds, 1998B Bonds, 1999 Bonds, 2000 Bonds, 2001 Bonds, 2002 Bonds, 2003 Bonds and 2004 Bonds, as~~))Parity Bonds described in Exhibit A and any other Parity Bonds outstanding as of the Issue Date of that Series, as applicable.

"Owner" means, without distinction, the Registered Owner and the Beneficial Owner of a Bond.

"Parity Bond Fund" means the special fund of the City known as the Seattle Municipal Light Revenue Parity Bond Fund established within the Light

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Fund pursuant to Ordinance 92938 ((~~and now treated as a separate account within the Light Fund~~))for the purpose set forth in Section 15(a).

"Parity Bond ((~~Ordinance~~))Legislation" means any ordinance or resolution passed or adopted by the City Council providing for the issuance of Parity Bonds (including this ordinance and the Refunded Bond Legislation), and any other ordinance or resolution amending or supplementing the provisions of any Parity Bond ((~~Ordinance~~))Legislation as originally passed or adopted or as theretofore amended or supplemented.

"Parity Bonds" means the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.

"Parity Conditions" means the conditions for issuing Future Parity Bonds under the Parity Bond Legislation authorizing the issuance of the Outstanding Parity Bonds.

"Parity Payment Agreement" means a Payment Agreement under which the City's obligations are expressly stated to constitute a charge and lien on the Net Revenue of the Light System equal in rank with the charge and lien upon such Net Revenue required to be paid into the Parity Bond Fund to pay and secure the payment of the principal of and interest on Parity Bonds.

"Payment Agreement" means a written contract entered into, for the purpose of managing or reducing the City's exposure to fluctuations or levels of interest rates or for other interest rate, investment, asset or liability management purposes, by the City and a Qualified Counterparty on either a current or forward basis as authorized by any applicable laws of the State in connection with, or incidental to, the issuance, incurring or carrying of particular bonds, notes, bond anticipation notes, commercial paper or other obligations for borrowed money, or lease, installment purchase or other similar financing agreements or certificates of

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participation therein, that provides for an exchange of payments based on interest rates, ceilings or floors on such payments, options on such payments, or any combination thereof or any similar device.

"Payment Agreement Payments" means the amounts, periodically required to be paid by the City to the Qualified Counterparty pursuant to a Payment Agreement.

"Payment Agreement Receipts" means the amounts periodically required to be paid by the Qualified Counterparty to the City pursuant to a Payment Agreement.

"Permitted Investments" means any investments or investment agreements permitted for the investment of City funds under the laws of the State, as amended from time to time.

"Professional Utility Consultant" means the independent person(s) or firm(s) selected by the City having a favorable reputation for skill and experience with electric systems of comparable size and character to the Light System in such areas as are relevant to the purposes for which they were retained.

"Purchaser" means the entity or entities who have been selected in accordance with this ordinance to serve as underwriter, purchaser or successful bidder in a sale of any Series of the Bonds.

"Qualified Counterparty" means a party (other than the City or a person related to the City) who is the other party to a Payment Agreement and who is qualified to act as the other party to a Payment Agreement under any applicable laws of the State.

"Qualified Insurance" means any municipal bond insurance policy or surety bond, issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on

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behalf of one or more such insurance companies), which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in one of the two highest rating categories by Moody's Investors Service, Inc. and ((~~S&P~~))Standard & Poor's Ratings Services, or their comparably recognized business successors.

"Qualified Letter of Credit" means any letter of credit issued by a financial institution for the account of the City ((~~on behalf of the Owners~~))in connection with the issuance of Parity Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, the financial institution is rated in one of the two highest rating categories by Moody's Investors Service, Inc. and ((~~S&P~~))Standard & Poor's Ratings Services, or their comparably recognized business successors.

((~~**"Rate Stabilization Account"** means the fund of that name created in the Light Fund for the purposes described in this ordinance.~~))

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

"Rate Stabilization Account" means the fund of that name established in the Light Fund pursuant to Ordinance 121637.

"Rating Agency" means any nationally recognized rating agency then maintaining a rating on any then-outstanding Parity Bonds at the request of the City.

"Record Date" means, unless otherwise defined in the Bond Resolution, in the case of each interest or principal payment or redemption date, the Bond Registrar's close of business on the 15th day of the month preceding the interest or

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principal payment date. With regard to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar's close of business on the day prior to the date on which the Bond Registrar sends the notice of redemption.

"Refundable Bonds" means, collectively, all ((~~or a portion of any Outstanding~~))Parity Bonds((~~, the Refundable Subordinate Lien Bonds and the Bonds, and all or a portion of those Future Parity Bonds that have been~~)) that the City may from time to time designate((~~d~~)) as Refundable Bonds((~~ in the applicable Parity Bond Ordinance~~)).

((~~**"Refundable Subordinate Lien Bonds"** means, collectively, all or a portion of 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, Municipal Light and Power Adjustable Rate Revenue Bonds, 1993, Municipal Light and Power Adjustable Rate Revenue Bonds, 1996, and all or a portion of any bonds secured by a charge and lien on the Net Revenue of the Light System equal in rank with the charge and lien securing the foregoing bonds and which have been designated as Refundable Bonds in the ordinance or ordinances authorizing their issuance.~~))

((~~**"Refunded Bonds"** means those Refundable Bonds included in a Refunding Plan.~~))

"Refunded Bond Legislation" means ((~~one or more of the ordinances and resolutions of the City~~)) the Parity Bond Legislation pursuant to which a series of the Refunded Bonds was issued.

"Refunded Bonds" means those Refundable Bonds included in a Refunding Plan.

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"Refunding Parity Bonds" means any Series of the Bonds or other Parity Bonds issued pursuant to Section ((~~18~~))15(h) ((~~of this ordinance~~))for the purpose of refunding ((~~bonds of any prior series of Parity Bonds~~))any other Parity Bonds.

"Refunding Plan" means((~~, with respect to the issuance of each~~)) the plan approved in accordance with Section 12 to issue a Series of the Bonds, and to apply the ((~~refunding of all or a portion of the Refundable Bonds through the issuance of such series, as more particularly described in the Bond Resolution~~))proceeds of the sale of such Series and any other available money included in the plan, to redeem or defease those Refundable Bonds identified in the plan.

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

"Refunding Trustee" means((~~, for each series of Bonds, the Director of Finance, or the trustee or escrow agent designated~~)) a financial institution selected by the Director of Finance((~~, consistent with the Refunded Bond Legislation and any applicable agreements with Bond Insurers~~)) to serve as refunding trustee or escrow agent under a Refunding Trust Agreement, or the Director of Finance when appointed to carry out a Refunding Plan in the absence of a trustee or escrow agent.

"Registered Owner" means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the City utilizes

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the book-entry only system for the Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

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

"Reserve Fund" means the special fund of the City known as the Municipal Light and Power Bond Reserve Fund established ~~pursuant to Ordinance 71917, as amended~~((~~, and now treated~~))as a separate account within the Light Fund((~~.~~)) pursuant to Ordinance 71917, as amended.

"Reserve Fund Requirement" means, ((~~at any time, the lesser of (a) the maximum Annual Debt Service on all Parity Bonds then outstanding; and (b) the maximum amount permitted by the Code as a "reasonably required reserve or replacement fund." Notwithstanding the foregoing, on the New Covenant Date, "Reserve Fund Requirement" shall mean,~~))for any issue of the Bonds, the Reserve Fund Requirement established in the Bond Resolution approving that issue, consistent with Section 15(b). For any issue of Future Parity Bonds, the Reserve Fund Requirement means the requirement specified for that issue((~~, and~~)). The aggregate Reserve Fund Requirement for all((~~ series of Future~~)) Parity Bonds shall be the sum of the Reserve Fund ((~~Requirement for all such Future Parity Bonds~~))Requirements for each issue of the Parity Bonds. For purposes of this definition, "issue" means all series of Parity Bonds issued pursuant to a single Bond Resolution.

((~~**"S&P"** means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc."~~))

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"Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

"SEC" means the United States Securities and Exchange Commission.

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

"Serial Bonds" means Parity Bonds maturing in specified years, for which no Sinking Fund Requirements are mandated.

"Series of the Bonds" or **"Series"** means a series of the Bonds issued pursuant to this ordinance.

"Sinking Fund Account" means any account created in the Parity Bond Fund to amortize the principal or make mandatory redemptions of Term Bonds.

"Sinking Fund Requirement" means, for any calendar year, the principal amount and premium, if any, of Term Bonds required to be purchased, redeemed, paid at maturity or paid into any Sinking Fund Account for such calendar year as established by the Parity Bond ((~~Ordinance~~))Legislation authorizing the issuance of such Term Bonds.

"State" means the State of Washington.

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((~~**"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, Municipal Light and Power Adjustable Rate Revenue Bonds, 1993, and Municipal Light and Power Adjustable Rate 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.~~))

"Tax Credit Subsidy Bond" means any Parity Bond that is designated by the City as a tax credit bond pursuant to the Code, and which is further designated as a "qualified bond" under Section 6431 or similar provision of the Code, and with respect to which the City is eligible to receive a tax credit subsidy payment.

"Tax Credit Subsidy Payment" means a payment by the federal government with respect to a Tax Credit Subsidy Bond.

"Tax-Exempt Bond" means any Parity Bond, the interest on which is intended on the Issue Date to be excluded from gross income for federal income tax purposes.

"Term Bond((s))" means any Parity Bond((~~s identified as such in the Parity Bond Ordinance authorizing the issuance thereof, which Parity Bond Ordinance requires that all or a portion of such bonds be purchased, redeemed or paid prior to maturity in a schedule established thereby.~~)) that is issued subject to mandatory redemption prior to its maturity in Sinking Fund Requirements.

"Undertaking" means the undertaking to provide continuing disclosure entered into pursuant to Section 20(c), in substantially the form attached as Exhibit B.

"Valuation Date" means, with respect to any Capital Appreciation Bonds, the date or dates set forth in any Parity Bond ((~~Ordinance~~))Legislation

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authorizing such Parity Bonds on which specific Accreted Values are assigned to the Capital Appreciation Bonds.

"Variable Interest Rate" means any variable interest rate or rates to be borne by any Parity Bonds. The method of computing such a variable interest rate shall be as specified in the Parity Bond ((~~Ordinance~~))Legislation authorizing or specifying the terms of such Parity Bonds, which Parity Bond ((~~Ordinance~~))Legislation also shall specify either (i) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective.

"Variable Interest Rate Bonds" means, for any period of time, any Parity Bonds that bear a Variable Interest Rate during that period, except that Parity Bonds shall not be treated as Variable Interest Rate Bonds if the net economic effect of interest rates on particular Parity Bonds of an issue and interest rates on other Parity Bonds of the same issue, as set forth in the applicable Parity Bond ((~~Ordinance~~))Legislation, or the net economic effect of a Payment Agreement with respect to particular Parity Bonds, in either case is to produce obligations that bear interest at a fixed interest rate; and Parity Bonds with respect to which a Payment Agreement is in force shall be treated as Variable Interest Rate Bonds if the net economic effect of the Payment Agreement is to produce obligations that bear interest at a Variable Interest Rate.

Section 3. Amendment to Section 2 of the Ordinance. Section 2 of Ordinance 121941 is amended and restated as follows:

Section 2. Authorization ((~~and Description~~))of Bonds((~~; Bond Resolution.~~)) The City is authorized to issue revenue Bonds, as set forth in Section 4, ((~~for the purpose of providing all or a part of the funds with which to~~

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~~pay the cost of refunding, defeasing, or refunding and defeasing, the Refunded Bonds~~)) to carry out one or more Refunding Plans, including paying the administrative costs of carrying out each such Refunding Plan, and to pay ((~~all or part of~~))the costs of ((~~issuing and selling~~))issuance of the Bonds. The Bonds may be issued in one or more ((~~series~~))Series((~~at any time on or before December 31, 2015,~~)) and may be combined with other Parity Bonds authorized separately. ((~~The maximum principal amount of any series of the Bonds shall not exceed 125% of the then-outstanding principal amount of the Refundable Bonds refunded by that series of Bonds.~~))The Bonds shall be ((~~dated and have such~~))designated municipal light and power revenue refunding bonds, shall be numbered separately and shall have any name, year and series or other ((~~designation as determined~~))label as deemed necessary or appropriate by the Director of Finance((~~or as specified by the Bond Resolution; shall be in the denomination of $5,000 or any integral multiple thereof within a single maturity or such other denomination specified in the Bond Resolution; and shall be numbered separately, in the manner and with any additional designation as the Bond Registrar deems necessary for the purpose of identification. The Bonds shall mature on the dates and in the amounts and bear interest payable on the dates and at the rates specified in the Bond Resolution, except that the net interest cost shall not exceed a weighted average rate of ten percent per annum; and as specified by the Bond Resolution. All or some of the Bonds may be Term Bonds, as specified by the Bond Resolution. The final maturity of any series of Bonds shall not exceed 40 years from the issue date for that series~~)).

((~~With respect to each series of Bonds, the City Council may adopt the Bond Resolution and in that resolution may provide for the matters described in this ordinance, including the manner of sale and delivery of and payment for the~~

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~~Bonds, the refunding of the Refunded Bonds, 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.~~))

Section 4. **Amendment to Section 3 of the Ordinance.** Section 3 of Ordinance 121941 is deleted in its entirety and is replaced as set forth in Section 25 of this ordinance:

((~~**Section 3. Allocation of the Bonds to the Refunded Bonds.** With respect to each series of Bonds, the City Council shall, by the Bond Resolution, provide for the allocation of that series of Bonds to the various series of the Refunded Bonds in a manner consistent with the Code. Such allocation shall be reflected in schedules attached to the Bond Resolution.~~))

Section 6. **New Section 4 Added to the Ordinance.** A new section is added to Ordinance 121941, numbered as Section 4, and shall read as follows:

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

(a) Maximum Principal Amount. The Bonds may be issued in one or more Series and may be combined with other Parity Bonds authorized separately. The aggregate principal amount of the Bonds allocated to each Refunding Plan

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shall not exceed 125% of the stated principal amount of the Refunded Bonds included in that Refunding Plan.

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

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

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

(e) Final Maturity. Each Series of the Bonds shall mature no later than 40 years after its Issue Date.

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

(i) Optional Redemption. Any Bond may be designated as being (A) subject to redemption at the option of the City prior to its maturity date on the dates and at the redemption prices set forth in the Bond Purchase Contract; or (B) not subject to redemption prior to its maturity date. If a Bond is subject to optional redemption prior to

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its maturity, it must be subject to such redemption on one or more dates occurring not more than 10½ years after the Issue Date.

(ii) Mandatory Redemption. Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity, consistent with Section 7(b).

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

(h) Other Terms and Conditions.

(i) As of the Issue Date of each Series, the City Council must find that (A) the Parity Conditions will have been met or satisfied, so that such Series may be issued as Parity Bonds, and (B) the issuance and sale of the Series is in the best interest of the City and in the public interest. In making its findings, the City Council shall give due regard to the cost of operation and maintenance of the Light System and to any portion of the Gross Revenues pledged for the payment of any bonds, warrants or other indebtedness, and shall find and determine that the Gross Revenues, at the rates established from time to time consistent with Section 15(d), will be sufficient, in the judgment of the City Council, to meet all expenses of operation and maintenance of the Light System and to provide the amounts previously pledged for the payment of all outstanding obligations payable out of the Gross Revenue and pledged for the payment of the Bonds.

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

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

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investment of the sale proceeds and other money of the City used in the Refunding Plan; and

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

(iii) Any Series may provide for Qualified Insurance, a Qualified Letter of Credit or other credit enhancement, or for Payment Agreements. To that end, the Director of Finance may include such additional terms, conditions and covenants as may be necessary or desirable, including but not limited to: restrictions on investment of Bond proceeds and pledged funds, and requirements to give notice to or obtain the consent of a credit enhancement provider or Qualified Counterparty.

(iv) The Bond Resolution must establish the Reserve Fund Requirement, if any, and must set forth the method for satisfying any such requirement, consistent with Section 15(b).

(v) Any Series of the Bonds may be designated or qualified as Tax-Exempt Bonds, Tax Credit Subsidy Bonds, or other taxable bonds, and may include such additional terms and covenants relating to federal tax matters as the Director of Finance deems necessary or appropriate, consistent with Section 16.

Section 5. Amendment to Section 4 of the Ordinance. Section 4 of Ordinance 121941 is renumbered as Section 5 and is amended and restated as follows:

Section ((4))5. Bond Registrar; Registration and Transfer ((~~or Exchange~~))of Bonds.

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

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(b) Bond Registrar; Transfer and Exchange of Bonds. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all times. The Bond Register shall contain the name and mailing address of the ((~~registered owner~~))Registered Owner of each Bond and the principal amount and number of each of the Bonds held by each ((~~registered owner~~))Registered Owner.

The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance and the Registration Ordinance. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's certificate of authentication on the Bonds. The Bond Registrar may become an Owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any ((~~authorized denomination~~))Authorized Denomination of an equal aggregate principal amount and of the same ((~~series~~))Series, interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to ((~~the registered owner~~))a Registered Owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the period between ((~~any record date~~))the Record Date and the ((~~next succeeding~~))corresponding ((~~principal or~~))interest payment, principal payment or redemption date.

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((~~The City appoints DTC as initial Securities Depository for the Bonds. For so long as DTC is the Securities Depository for the Bonds, DTC shall be deemed to be the registered owner of the Bonds for all purposes hereunder, and all references in this ordinance or the Bond Resolution to the registered owners of the Bonds shall mean DTC or its nominee and shall not mean the owners of any beneficial interests in the Bonds. Payments of principal of and interest on all outstanding Bonds registered in the name of the nominee of DTC, or its registered assign, shall be made as provided in the Letter of Representations.~~))

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

Upon the resignation of the Securities Depository from its functions as depository, or upon a City determination to discontinue services of the Securities

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Depository, the City may appoint a substitute Securities Depository. If (i) the Securities Depository resigns from its functions as depository, and no substitute Securities Depository can be obtained, or (ii) the City determines that the Bonds are to be in certificated form, the ownership of Bonds may be transferred to any person as provided herein and the Bonds no longer shall be held in book-entry form.

((~~Bonds executed and delivered in fully immobilized form shall be executed and delivered in the form of one fully registered immobilized certificate for each series and maturity of the Bonds representing the aggregate principal amount of the Bonds of that series and maturity, which Bonds shall (except as provided below for the discontinuation or substitution of Securities Depository) be registered in the name of the Securities Depository or its nominee. For so long as DTC serves as Securities Depository for the Bonds, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC; however, if DTC shall request that the Bonds be registered in the name of a different nominee, the Bond Registrar shall exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds registered in the name of such other nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the City or the Bond Registrar any Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof, unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the Bond Register, in connection with discontinuing the book-entry system as provided below or otherwise.~~))

((~~So long as the Bonds are registered in the name of DTC or any nominee thereof, all payments of the principal of, premium, if any, or interest on the Bonds shall be made to DTC or its nominee in immediately available funds on the dates~~

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~~provided for such payments under this ordinance and the Bond Resolution and at such times and in the manner provided in the Letter of Representations. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the City or the Bond Registrar with respect to the principal of, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Bonds of any series and maturity, the Bond Registrar shall not require surrender by DTC or its nominee of the Bonds so redeemed, and DTC or its nominee may retain such Bonds and make an appropriate notation thereon as to the amount of such partial redemption. DTC shall deliver to the Bond Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Bond Registrar shall be conclusive as to the amount of the Bonds of such series and maturity that have been redeemed.~~))

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

((~~The City and the Bond Registrar may treat DTC, or any nominee thereof, as the sole and exclusive registered owner of the Bonds registered in such name for the purposes of payment of the principal of, premium, if any, or interest on those Bonds, selecting Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to registered owners of Bonds under this ordinance or the Bond Resolution, registering the transfer of Bonds, obtaining any consent or other action to be taken by registered owners of Bonds and for all other purposes whatsoever; and the City and the Bond Registrar shall not be affected by any notice to the contrary. The City and the Bond Registrar shall not have any~~

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~~responsibility or obligation to any direct or indirect DTC participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such direct or indirect participant, or any other person which is not shown on the Bond Register as being a registered owner of Bonds, with respect to: (1) the Bonds; (2) any records maintained by DTC or any such direct or indirect participant; (3) the payment by DTC or any such direct or indirect participant of any principal of, premium, if any, or interest on the Bonds; (4) any notice which is permitted or required to be given to registered owners of Bonds under this ordinance or the Bond Resolution; (5) the selection by DTC or any direct or indirect participant of any person to receive payment in the event of a partial redemption of the Bonds; or (6) any consent given or other action taken by DTC as registered owner of the Bonds.~~))

((~~So long as the Bonds are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the registered owners of such Bonds under this ordinance or the Bond Resolution shall be given to DTC as provided in the Letter of Representations, in form and content satisfactory to DTC, the City and the Bond Registrar.~~))

((~~In connection with any notice or other communication to be provided to registered owners pursuant to this ordinance or the Bond Resolution by the City or the Bond Registrar with respect to any consent or other action to be taken by registered owners of the Bonds, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; however, the City or the Bond Registrar may establish a special record date for such consent or other action and shall give DTC notice of such special record date not less than fifteen (15) calendar days in advance of such special record date to the extent possible.~~))

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

((~~The book-entry system for registration of the ownership of the Bonds in fully immobilized form may be discontinued at any time if: (1) after notice to the City and the Bond Registrar, DTC determines to resign as Securities Depository for the Bonds; or (2) after notice to DTC and the Bond Registrar, the City determines that a continuation of the system of book-entry transfers through DTC (or through a successor Securities Depository) is not in the best interests of the City. In each of such events (unless, in the case described in clause (1) above, the City appoints a successor Securities Depository), the Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the City or the Bond Registrar for the accuracy of such designation. Whenever DTC requests the City and the Bond Registrar to do so, or whenever the City requests DTC and the Bond Registrar to do so after the determination by the City to replace DTC with a successor Securities Depository, the City and the Bond Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another Securities Depository to maintain custody of certificates evidencing the Bonds.~~))

Section 7. <u>Amendment to Section 5 of the Ordinance</u>. Section 5 of Ordinance 121941 is deleted in its entirety and replaced as set forth in Section 6 of this ordinance:

((~~**Section 5. <u>Mutilated, Lost, Stolen and Destroyed Bonds</u>.** In case any Bonds issued hereunder shall become mutilated or be destroyed, stolen or lost, the~~

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~~City may, if not then prohibited or otherwise required by law, cause to be executed and delivered a new Bond of like amount, series, interest rate, maturity date and tenor in exchange and substitution for and upon cancellation of such mutilated Bonds, or in lieu of and in substitution for such destroyed, stolen or lost Bonds, upon payment by the registered owner thereof of the reasonable expenses and charges of the City and the Bond Registrar in connection therewith, and in the case of a Bond destroyed, stolen or lost, the filing with the Bond Registrar of evidence satisfactory to the City that such Bond was destroyed, stolen or lost, and of the ownership thereof, and furnishing the City and the Bond Registrar with indemnity satisfactory to each of them. If the mutilated, destroyed, stolen or lost Bond already has matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.~~))

Section 8. <u>Amendment to Section 6 of the Ordinance</u>. Section 6 of Ordinance 121941 is amended and restated as follows:

Section 6. <u>Payment of Bonds</u>((~~Principal and Interest~~)). ((~~Principal of, premium, if any, on and interest on the~~)) <u>The</u> Bonds shall be payable <u>solely out of the Parity Bond Fund,</u> in lawful money of the United States((~~of America~~)), <u>and shall not be general obligations of the City</u>. <u>Principal of and</u> ((~~I~~))<u>i</u>nterest on ((~~the~~))<u>each</u> Bond((~~s~~)) <u>registered in the name of the Securities Depository</u> ((~~shall be paid by~~))<u>is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by</u> check((~~s~~)) or draft((~~s~~)) ((~~mailed by~~)) <u>of</u> the Bond Registrar <u>mailed</u> on the interest payment date to the ((~~r~~))<u>R</u>egistered ((~~o~~))<u>O</u>wner((~~s~~)) at the address((~~es~~)) appearing on the Bond Register on the ((~~fifteenth day of the month preceding the interest payment date (or other record date established in the Bond Resolution, the "~~))Record Date((~~")~~

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~~or at the~~)). The City, however, is not required to make electronic transfers except pursuant to a request ((~~of the~~))by a ((~~r~~))Registered ((~~o~~))Owner ((~~of $1,000,000 or more in aggregate principal amount of Bonds, by wire transfer to an account in the United States designated in writing by such registered owner~~))in writing received at least ten days prior to the Record Date and at the sole expense of the Registered Owner. Principal of ((~~and premium, if any, on the~~))each Bond((~~s~~)) not registered in the name of the Securities Depository ((~~shall be~~))is payable upon presentation and surrender of the Bond((~~s~~)) by the ((~~r~~))Registered ((~~o~~))Owner((~~s at either of the principal corporate trust office or offices of~~)) to the Bond Registrar((~~at the option of the owners. Notwithstanding the foregoing, payment of any Bonds registered in the name of DTC or its nominee, shall be made in accordance with the Letter of Representations~~)). The Bonds are not subject to acceleration under any circumstances. ((~~The Bonds shall be payable solely out of the Parity Bond Fund and shall not be general obligations of the City.~~))

Section 8. Amendment to Section 7 of the Ordinance. Section 7 of Ordinance 121941 is amended and restated as follows:

Section 7. Redemption and ((~~Open Market~~)) Purchase of Bonds.

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

(b) Mandatory Redemption. ((~~The City shall redeem any Term Bonds, if~~))If not redeemed ((~~under the optional redemption provisions set forth in the Bond Resolution or purchased in the open market under the provisions set forth below, by lot (or in such other manner as the Bond Registrar shall determine) at par~~))or purchased at the City's option prior to maturity, Term Bonds

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

(c) Selection of Bonds for Redemption; Partial Redemption. ((~~Whenever less~~))If fewer than all of the outstanding Bonds of a Series ((~~of a single maturity~~))are to be redeemed at the option of the City, the ((~~Bond Registrar~~))Director of Finance shall select the ((~~Bonds or portions thereof~~))Series and maturity or maturities to be redeemed((~~ from~~)). If fewer than all of the outstanding Bonds of ((~~that maturity by lot, or in such other manner as the Bond Registrar shall determine, except that, so long as the Bonds are~~))a maturity of a Series are to be redeemed, the Securities Depository shall select Bonds registered in the name of ((~~DTC or its nominee, DTC shall select the Bonds or portions thereof~~))the Securities Depository to be redeemed in accordance with the Letter of Representations((~~. In no event shall any Bond be outstanding in a principal amount that is not an authorized denomination. Portions of the principal amount of any Bond, in integral multiples of $5,000,~~)), and the Bond Registrar shall select all other Bonds of the Series to be redeemed randomly in such manner as the

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Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed((~~, unless otherwise provided in the Bond Resolution.~~)) in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond ((~~at either of the principal offices of~~))to the Bond Registrar, there shall be issued to the ((~~r~~))Registered ((~~o~~))Owner, without charge((~~ therefor~~)), a new Bond (or Bonds, at the option of the ((~~r~~))Registered ((~~o~~))Owner) of the same ((~~s~~))Series, maturity and interest rate in any ((~~of the denominations authorized by the Bond Resolution~~))Authorized Denomination in the aggregate ((~~total~~))principal amount ((~~remaining unredeemed~~))to remain outstanding.

(d) ((~~Open Market~~))Purchase. The City reserves the right and option to 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.

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

Section 9. Amendment to Section 8 of the Ordinance. Section 8 of Ordinance 121941 is amended and restated as follows:

Section 8. Notice of Redemption. The City shall cause notice of any intended redemption of Bonds to be given not less than ((~~thirty (30)~~))20 nor more than ((~~sixty (~~))60((~~)~~)) days prior to the date fixed for redemption by first-class mail, postage prepaid, to the ((~~r~~))Registered ((~~o~~))Owner of any Bond to be redeemed at the address appearing on the Bond Register ((~~at the time the Bond Registrar prepares the notice~~))on the Record Date, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the ((~~r~~))Registered ((~~o~~))Owner of any Bond. Interest on Bonds called for redemption shall cease to accrue on the

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date fixed for redemption unless the Bond or Bonds called are not redeemed when presented pursuant to the call.

((~~In addition, the redemption notice shall be mailed by the Bond Registrar within the same period, postage prepaid, to Moody's and S&P at their offices in New York, New York, or their successors, to any bond insurer for the Bonds, and to such other persons and with such additional information as the Director of Finance shall determine or as specified in the Bond Resolution, but these additional mailings shall not be a condition precedent to the redemption of Bonds~~))In the case of an optional redemption, the notice may state that the City retains the right to rescind the redemption notice and the related optional redemption of Bonds by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is rescinded by the Director of Finance shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

Section 10. Amendment to Section 9 of the Ordinance. Section 9 of Ordinance 121941 is amended and restated as follows:

Section 9. Failure to ((~~Redeem~~))Pay Bonds. If any Bond is not ((~~redeemed~~))paid when properly presented at its maturity or ((~~call~~))redemption date, the City shall be obligated to pay, solely from the Parity Bond Fund and the other sources pledged in this ordinance, interest on that Bond at the same rate provided in ((~~the~~))that Bond from and after its maturity or ((~~call~~))redemption date until that Bond, principal, premium, if any, and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Parity Bond Fund and ((~~the~~))that Bond has been called for payment by giving notice of that call to the

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((~~registered owner of each of those unpaid Bonds~~))Registered Owner of that Bond.

Section 11. Amendment to Section 10 of the Ordinance. Section 10 of Ordinance 121941 is amended and restated as follows:

Section 10. Form and Execution of Bonds. The Bonds shall be typed, ((~~photocopied,~~))printed or ((~~lithographed on good bond paper~~))reproduced in a form consistent with the provisions of this ordinance, the Bond Resolution and State law; shall be signed by the Mayor and Director of Finance, either or both of whose signatures may be manual or in facsimile; and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon.

Only Bonds bearing a ((~~C~~))certificate of ((~~A~~))authentication in substantially the following form((~~,~~)) (with the designation, year((~~,~~)) and ((~~s~~))Series of the Bonds ((~~completed~~))adjusted consistent with this ordinance), manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: ((~~CERTIFICATE OF AUTHENTICATION~~)) "This Bond is one of the fully registered The City of Seattle, Washington, [Municipal Light and Power Refunding Revenue Bonds, [((~~YEAR~~))Year], [((~~SERIES~~))Series], described in ((~~the Bond Ordinance~~))[this ordinance]." ((~~Bond Registrar By _____ Authorized Signer~~)) The authorized signing of a ((~~C~~))certificate of ((~~A~~))authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

If any officer whose manual or facsimile signature appears on ((~~the~~))a Bond((~~s~~)) ceases to be an officer of the City authorized to sign bonds before the Bond((~~s~~)) bearing his or her manual or facsimile signature are authenticated or delivered by the Bond Registrar or issued by the City, ((~~those~~))that Bond((~~s~~))

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nevertheless may be authenticated, delivered and issued and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bonds.

Section 12. **Amendment to Section 11 of the Ordinance.** Section 11 of Ordinance 121941 is amended and restated as follows:

Section 11.((~~Bond Registrar.~~)) Deposit and Use of Proceeds. ((~~The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds which shall be open to inspection by the City at all times. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance and SMC Chapter 5.10 establishing a system of registration for the City's bonds and obligations, as that chapter now exists or may hereafter be amended. The City reserves the right in its discretion to appoint special paying agents, registrars or trustees in connection with the payment of some or all of the principal of or interest on the Bonds. If a new Bond Registrar is appointed by the City, notice of the name and address of the new Bond Registrar shall be mailed to the registered owners of the Bonds. The notice may be mailed together with the next interest payment due on the Bonds, but, to the extent practicable, shall be mailed not less than fifteen (15) days prior to a maturity date of the principal of any Bond. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of~~

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~~Authentication on the Bonds. The Bond Registrar may become the registered owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of the registered owners of the Bonds.))~~Unless provided otherwise in the Bond Resolution, the principal proceeds received from the sale of each Series of the Bonds, in the amount necessary to carry out the Refunding Plan (including payment of costs of issuance and administrative costs of carrying out the refunding) approved in connection with such Series, shall be deposited with the Refunding Trustee and used in accordance with the provisions of Section 12 to discharge the obligations of the City relating to the Refunded Bonds.

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

Section 13. Amendment to Section 12 of the Ordinance. Section 12 of Ordinance 121941 is deleted in its entirety and replaced as set forth in Section 14 of this ordinance:

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((~~**Section 12. Parity With Other Bonds.** The Bonds authorized herein shall be on a parity with the Outstanding Parity Bonds and all bonds hereafter issued on a parity therewith, without regard to date of issuance or authorization and without preference or priority of right or lien with respect to participation of special funds in amounts from gross revenues for payment thereof. Nothing contained herein shall prevent the City from issuing revenue bonds or other obligations which are a charge or lien upon the Gross Revenues of the Light System subordinate to the payments required to be made therefrom into the Parity Bond Fund and the accounts therein.~~))

Section 14. Amendment to Section 13 of the Ordinance. Section 13 of Ordinance 121941 is renumbered as Section 12 and is amended and restated as follows:

Section ((~~13~~))12. ((~~Execution of~~))The Refunding Plan((~~s~~)).

(a) Approval of Refunding Plan; Appointment of Refunding Trustee. The Bond Resolution shall approve a Refunding Plan for each Series of the Bonds, which shall provide for the issuance of the Series, shall identify the Refunded Bonds, shall allocate the Series among the various refunding purposes, shall describe the method for carrying out the refunding of the Refunded Bonds, and shall appoint the Director of Finance to carry out the Refunding Plan or shall appoint a Refunding Trustee.((~~Consistent with the applicable requirements of the Refunded Bonds Legislation and any applicable agreements with providers of Qualified Insurance or a Qualified Letter of Credit Bond, the Director of Finance may serve as, or appoint the Refunding Trustee for each series of Bonds, which service or appointment shall be confirmed by the Bond Resolution.~~)) The Refunding Plan shall be carried out, and proceeds of the Series shall be applied, in accordance with this ordinance, the respective Refunded Bond Legislation, the

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Bond Resolution and any applicable agreements with the provider of any Alternate Reserve Security and the laws of the State.

(b) Acquisition ((~~and Substitution~~))of Acquired Obligations. ((~~For each series of Bonds, sufficient proceeds of the sale of the Bonds shall be deposited immediately upon the receipt thereof with the Refunding Trustee and used to pay the amounts required by the Refunding Plan to discharge the obligations of the City with respect to the applicable Refunded Bonds. The Refunding Plan shall be carried out, and proceeds of the Bonds allocable to the refunding purposes shall be applied, in accordance with this ordinance, the respective Refunded Bond Legislation, the Bond Resolution and the laws of the State.~~)) To the extent practicable, ((~~such obligations~~))the Refunding Plan shall ((~~be discharged fully by~~))provide for the Refunding Trustee's((~~ simultaneous~~)) purchase of the Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amounts required to be paid by the Refunding Plan. The Acquired Obligations shall be listed and more particularly described in a schedule attached to the Refunding Trust Agreement, ((~~and shall be~~))but are subject to substitution as set forth ((~~therein.~~))in subsection (c) below.

(c) Substitution of Acquired Obligations. The City reserves the right at any time to substitute cash or Government Obligations for the Acquired Obligations if the City obtains a verification by a nationally recognized independent certified public accounting firm reasonably acceptable to the Refunding Trustee confirming that the payments of principal of and interest on the substitute Government Obligations, if paid when due, together with the cash to be held by the Refunding Trustee, will be sufficient to carry out the Refunding

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Plan. If the applicable Series of the Bonds (or the Refunded Bonds) were issued as Tax-Exempt Bonds, then prior to such substitution, the City must also obtain an opinion from Bond Counsel to the effect that the disposition and substitution or purchase of such securities will not cause the interest on the applicable Series of the Bonds (or of the Refunded Bonds) issued as Tax-Exempt Bonds to be included in gross income for federal income tax purposes and that such disposition and substitution or purchase is in compliance with the statutes and regulations applicable to the Series of the Bonds. Any surplus money resulting from the sale, transfer, other disposition or redemption of the Acquired Obligations and the substitutions therefor shall be released from the trust estate and ((~~transferred to the Light Fund to~~))may be used for any lawful City purpose.

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

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

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

Section 15. Amendment to Section 14 of the Ordinance. Section 14 of Ordinance 121941 is renumbered as section 13 and is amended and restated as follows:

Section ((~~14~~))13. Call((s)) for Redemption of the Refunded Bonds. ((~~As a part of the Refunding Plan, the~~))The City may in the Bond Resolution call, or authorize the Director of Finance to call, the Refunded Bonds for redemption. Such call for redemption of the Refunded Bonds shall ((~~specify~~))identify the

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Refunded Bonds, call dates and redemption prices (expressed as a percentage of the stated principal amount, plus accrued interest), and shall be irrevocable after the ((~~delivery to the initial purchaser~~))Issue Date of the applicable ((~~s~~))Series of the Bonds. ((~~The dates on which the Refunded Bonds are called for redemption shall be, in the judgment of the Director of Finance, the earliest practical dates on which those bonds may be called for redemption.~~))The proper City officials ((~~of the City~~))are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required pursuant to the ((~~applicable~~))Refunded Bond Legislation, in order to ((~~effect the redemption prior to maturity of the Refunded Bonds~~))carry out the Refunding Plan.

Section 16. Amendment to Section 15 of the Ordinance. Section 15 of Ordinance 121941 is deleted in its entirety:

((~~**Section 15. City Findings with Respect to Refunding.** With respect to each series of Bonds, the Refunding Plan shall be carried out only if the City finds and determines in the Bond Resolution that the money to be deposited with the Refunding Trustee will discharge and satisfy the obligations of the City with respect to the Refunded Bonds under the applicable Refunded Bond Legislation, and the pledges, charges, trusts, covenants and agreements of the City therein made or provided for as to the Refunded Bonds, and that the Refunded Bonds shall no longer be deemed to be outstanding under such legislation immediately upon the deposit of such money with the Refunding Trustee.~~))

Section 17. Amendment to Section 16 of the Ordinance. Section 16 of Ordinance 121941 is amended and restated as follows:

((~~**Section 16. City Findings of Sufficiency of Revenues.** The Bonds shall be issued only if the City Council finds and determines by the Bond Resolution that the issuance and sale of the Bonds is in the best interest of the~~

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~~City and in the public interest. In making such findings and determinations, the City Council shall give due regard to the cost of operation and maintenance of the Light System and to any portion of the Gross Revenues pledged for the payment of any bonds, warrants or other indebtedness, and shall find and determine that the Gross Revenues, at the rates established from time to time consistent with Section 18(d) of this ordinance, will be sufficient, in the judgment of the City Council, to meet all expenses of operation and maintenance of the Light System and to provide the amounts previously pledged for the payment of all outstanding obligations payable out of the Gross Revenue and pledged herein for the payment of the Bonds.~~))

Section 18. <u>Amendment to Section 17 of the Ordinance</u>. Section 17 of Ordinance 121941 is renumbered as Section 14 and is amended and restated as follows:

Section ((~~17~~))<u>14</u>. <u>Security for the Bonds; Parity with other Bonds</u>. The Bonds shall be special limited obligations of the City payable from and secured solely by the Gross Revenues and by money in the Parity Bond Fund and the Reserve Fund. The Gross Revenues are pledged to make the payments into the Parity Bond Fund and the Reserve Fund required by Sections ((~~18~~))<u>15</u>(a) and (b)((~~of this ordinance~~)), which pledge shall constitute a charge upon such Gross Revenues prior and superior to all other charges whatsoever((~~, save and~~)) except reasonable charges for maintenance and operation of the Light System.

<u>The Bonds shall be on a parity with the Outstanding Parity Bonds and all Future Parity Bonds, without regard to date of issuance or authorization and without preference or priority of right or lien with respect to participation of special funds in amounts from Gross Revenues for payment thereof. Nothing contained herein shall prevent the City from issuing revenue bonds or other obligations which are a charge or lien upon the Gross Revenues subordinate to the</u>

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payments required to be made from Gross Revenues into the Parity Bond Fund and the accounts therein.

The Bonds 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 19. Amendment to Section 18 of the Ordinance. Section 18 of Ordinance 121941 is renumbered as Section 15 and amended and restated as follows:

Section ((~~18.~~))15. Bond Covenants.

(a) Parity Bond Fund. ((~~A special fund of the City known as the "Seattle Municipal Light Revenue~~))The Parity Bond Fund((~~" (the "Parity Bond Fund")~~)) has ((~~heretofore~~))been previously created ((~~by Ordinance 92938, and is now maintained as a separate account within the Light Fund,~~))for the sole purpose of paying the principal of and interest on the ((~~bonds therein authorized and future bonds issued on a parity therewith~~))Parity Bonds as the same shall become due. The Bonds shall be payable((~~,~~)) (including principal, Sinking Fund Requirements, redemption premium, if any, and interest((~~,~~))) out of the Parity Bond Fund.((~~From and after the issuance of the Bonds, and so~~)) So long ((~~thereafter as obligations are outstanding against the Parity Bond Fund (including any Payment Agreement Payments required to be made under any~~))as any Parity Bonds or Parity Payment Agreements((~~)~~)) are outstanding, the Director of Finance shall set aside and pay into the Parity Bond Fund on or prior to the respective dates on which ((~~the interest on or principal of and interest on the Bonds~~))such payments shall become due and payable certain fixed amounts out of the Gross

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Revenues sufficient to ((~~pay~~))make such ((~~interest or principal and interest~~))payments as the same shall become due. Money in the Parity Bond Fund shall, to the fullest extent practicable and 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 Investments. Earnings on money and investments in the Parity Bond Fund shall be deposited in and used for the purposes of that fund.

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

((~~In the Bond Resolution, the City will specify whether it will satisfy the Reserve Fund Requirement with Qualified Insurance or a Qualified Letter of Credit or by depositing into the Reserve Fund, out of any money legally available therefor, within five (5) years from the date of issuance of the Bonds, the amount required to fund the Reserve Fund to the Reserve Fund Requirement.~~)) Money held in the Reserve Fund shall, to the fullest extent practicable and 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 Investments. Earnings on money and investments in the Reserve Fund shall be 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.

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(i) Reserve Fund Requirement. Each Bond Resolution shall establish the Reserve Fund Requirement, if any, for all Bonds issued thereunder and the method for providing for such Reserve Requirement.

(A) ((~~The City shall provide in~~))In the Parity Bond ((~~Ordinance~~))Legislation authorizing the issuance of any Future Parity Bonds, the City shall provide for deposit into the Reserve Fund out of the Gross Revenues (or out of any other ((~~funds of the City on hand and~~))legally available ((~~therefor~~))funds, including ((~~the~~))proceeds of ((~~the Future Parity Bonds being issued or any other Future~~))Parity Bonds) ((~~of~~))at one time on the Issue Date or in periodic payments so that by five((~~ (5)~~)) 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 outstanding at the end of that five-year period.

(B) Notwithstanding the foregoing, any Parity Bond ((~~Ordinance~~))Legislation may provide for the City to obtain ((~~Qualified Insurance or a Qualified Letter of Credit~~))one or more Alternate Reserve Securities for specific amounts required to be paid into the Reserve Fund. The amount available to be drawn upon under such ((~~Qualified Insurance or Qualified Letter of Credit~~))Alternate Reserve Securities shall be credited against the amounts required to be maintained in the Reserve Fund by ((~~Section 18(b)(i)~~))paragraph (A) of this subsection.

(C) ((~~Such Qualified Letter of Credit or Qualified Insurance shall~~))An Alternate Reserve Security may not be cancelable on less than five ((~~(5)~~))years' notice. In the event of receipt of any ((~~such~~))notice of cancellation, the City shall substitute ((~~Qualified Insurance or a Qualified Letter of Credit~~))an Alternate Reserve Security in the amount required pursuant ((~~by Section 18(b)(i)(A)~~))to paragraph (A) of this subsection, or in the alternative shall create a special account in the Light Fund and deposit therein, on or before the ((~~twenty-fifth (~~))25th((~~)~~)) day of each of the ((~~sixty (~~))60((~~)~~)) succeeding calendar months, ((~~one sixtieth (~~))1/60th((~~)~~)) of the amount sufficient, together with other money and investments on deposit in the Reserve Fund, to

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equal the Reserve Fund Requirement on the date any such cancellation shall become effective. Such amounts shall be transferred 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). Amounts on deposit in such special account shall not be available to pay debt service on Parity Bonds or for any other purpose of the City, and shall be transferred to the Reserve Fund on the effective date of any cancellation of ((~~a Qualified Letter of Credit or Qualified Insurance~~))the Alternate Reserve Security to make up the deficiency caused thereby. Amounts in that special account or in the Reserve Fund may be transferred back to the Light Fund and used for any purpose if and when a substitute Alternate Reserve Security is obtained.

(D) If the amount in the Reserve Fund ((~~shall be~~))is less than the Reserve Fund Requirement (taking into account the five ((~~(5)~~))year period referred to in ((~~Section 18(b)(i)~~)))paragraph (A) of this subsection), the City shall transfer to the Reserve Fund money in an amount sufficient to restore the Reserve Fund to the Reserve Fund Requirement within ((~~twelve (~~))12((~~)~~)) months after the date of such deficiency. The City shall transfer such amounts 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~~))is 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.

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

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~~Insurance or Qualified Letters of Credit~~))all Alternate Reserve Securities, to the Reserve Fund Requirement.

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

(iv) **Withdrawals From Reserve Fund.** Money in the Reserve Fund may be withdrawn by the City for any lawful purpose as long as the aggregate of any money((~~, Qualified Insurance and Qualified Letters of Credit~~)) and Alternate Reserve Securities left remaining on deposit in the Reserve Fund is at least equal to the Reserve Fund Requirement for the Parity Bonds then outstanding. The City reserves the right to substitute ((~~Qualified Insurance or a Qualified Letter of Credit~~))one or more Alternate Reserve Securities for money previously deposited in the Reserve Fund and to withdraw such ((~~money~~))excess to the extent described in the preceding ((~~paragraph.~~))sentence. 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~~))terms of an Alternate Reserve Security require that all cash and investments in the Reserve Fund to be withdrawn before ((~~draws on the Qualified Letter of Credit or Qualified Insurance~~))any draw or claim is made on the Alternate Reserve Security, 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~~))federal tax benefits (if any) of any then outstanding ((~~from gross income~~))Parity Bonds issued as Tax-Exempt Bonds or Tax Credit Subsidy Bonds.

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(c) Sale or Disposition of the Light System.

(i) The City may dispose of all or substantially all of the Light System if the City simultaneously causes all of the Parity Bonds to be, or deemed to be, no longer outstanding.

(ii) Except as provided below, the City will not dispose of any part of the Light System in excess of 5% of the value of the net utility plant of the Light System in service unless prior to such disposition:

(A) there has been filed with the Director of Finance a certificate of the Professional Utility Consultant stating that such disposition will not impair the ability of the City to comply with the rate covenant set forth in Section ((~~18~~))15(d); or

(B) provision is made for the payment, redemption or other retirement of a principal amount of Parity Bonds equal to the greater of the following amounts: (((**I**))1)((~~An~~)) an amount which will be in the same proportion to the net principal amount of Parity Bonds then outstanding (defined as the total principal amount of Parity Bonds then outstanding less the amount of cash and investments in the Parity Bond Fund) that the Gross Revenues for the ((~~twelve (~~))12((~~)~~)) preceding months attributable to the part of the Light System sold or disposed of bears to the total Gross Revenues for such period; or (((**II**))2)((~~An~~)) an amount which will be in the same proportion to the net principal amount of Parity Bonds then outstanding that the book value of the part of the Light System sold or disposed of bears to the book value of the entire Light System immediately prior to such sale or disposition.

(iii) The City may dispose of any portion of the Light System that has become unserviceable, inadequate, obsolete, worn out or unfit to be used or no longer necessary, material to or useful in the operation of the Light System.

(iv) If the ownership of all or part of the Light System is transferred from the City through the operation of law, the City shall reconstruct or replace the transferred portion using any proceeds of the transfer unless the City Council determines that such reconstruction or replacement is not in the best interests of the City

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and the ((o))Owners of the Parity Bonds, in which case any proceeds shall be used to retire Parity Bonds prior to maturity.

(d) Rates and Charges. The City will establish from time to time and maintain such rates for electric energy as will maintain the Light System in sound financial condition and provide sufficient revenues to permit the payment of sums into the special fund which the City has pledged to be set aside for the payment of principal and interest, as herein provided, to be applied to the payment of the principal of and interest on the Parity Bonds until the Parity Bonds shall have been paid in full, and in addition, will pay all costs of operation and maintenance, and all bonds, warrants and indebtedness for which any revenues of the Light System shall have been pledged.

(e) Maintenance and Operation of the Light System. The City will operate the properties of the Light System in an efficient manner and at a reasonable cost; and will maintain, preserve and keep, or cause to be maintained, preserved and kept, the properties of the Light System and every part and parcel thereof in good repair, working order and condition; and from time to time will make or cause to be made all necessary and proper repairs, renewals and replacements thereto so that at all times the business carried on in connection therewith will be properly and advantageously conducted.

(f) Books and Financial Statements. The City will keep and maintain proper books of account for the Light System in accordance with generally accepted accounting principles applicable to governmental utilities, and will generally adhere to the uniform system of accounts prescribed by the Division of Municipal Corporations of the State Auditor's Office and the Federal Energy Regulatory Commission; and will prepare, on or before ((~~one hundred twenty (~~))120((~~)~~)) days after each calendar year, annual financial statements

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showing reasonable detail, including a balance sheet, an income statement and a statement of cash flows or other such statement. Copies of such financial statements shall be placed on file in the office of the Director of Finance and shall be open to inspection at any reasonable time by any ((~~owner (or beneficial owner)~~))owner of any Parity Bonds. A copy of such financial statements shall be sent to any ((~~owner (((or beneficial owner)~~))owner of Parity Bonds, upon request in writing setting forth the name and address to which such financial statements may be sent.

(g) Issuance of Future Parity Bonds. Except as provided in Section ((~~18~~))15(h)((~~of this ordinance~~)) for the issuance of Refunding Parity Bonds, Future Parity Bonds may be issued (and Parity Payment Agreements may be entered into), from time to time in one or more series for any lawful purpose of the City's Light Department, only if at the time of((~~the~~)) delivery of each series of Future Parity Bonds to the initial purchasers thereof (or on the effective date of the Parity Payment Agreement):

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

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

(A) a certificate of the Director of Finance stating that Net Revenue in any ((~~twelve (~~))12((~~)~~)) consecutive months out of the most recent ((~~twenty-four (~~))24((~~)~~)) months preceding the delivery of the proposed series of Parity Bonds((~~then proposed to be issued~~)) (the "Base Period") was not less than ((~~one hundred twenty-five percent (~~))125%((~~)~~)) of maximum Annual Debt Service in any future calendar year on all Parity Bonds then outstanding and the proposed series of Parity Bonds((~~then proposed to be issued~~)) (except that if any adjustment in the rates, fees and charges for the services of the Light System

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((~~shall~~))will be effective at any time ((~~on or~~))prior to ((~~the date of delivery of the Parity Bonds then proposed to be issued~~))or within six ((~~(6)~~))months after the delivery of ((~~such~~))the proposed Parity Bonds, the Director of Finance shall reflect in his or her certificate the Net Revenue he or she calculates would have been collected in the Base Period if such new rates, fees and charges had been in effect for the entire Base Period), or

(B) a certificate of the Professional Utility Consultant setting forth: (((~~I~~))1) the amount of the Adjusted Net Revenue computed as provided in paragraph (C) below; (((~~II~~))2) 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~~))1) above is not less than ((~~one hundred twenty-five percent (~~))125%((~~)~~)) of the amount shown in this paragraph ((~~paragraph~~))(B)(((~~II~~))2).

((~~"Net Revenue" as used in this Section 18(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, "Net Revenue" as used in this Section 18(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.*~~))

(iii) For the purposes of the certificate required by paragraph (ii) above, Adjusted Net Revenue shall be computed by the Professional Utility Consultant ((~~as follows:~~))by adjusting ((~~T~~))the Net Revenue for the Base Period((~~ shall be adjusted~~)) by any or all of the following conditions and requirements as may be appropriate to the circumstances:

(A) If the Parity Bonds are being issued for the purpose of acquiring operating electric utility properties having an earnings record, the Professional Utility Consultant shall

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estimate the effect on the Net Revenue for the Base Period of the acquisition of such electric utility properties and the integration thereof into the Light System, and shall adjust the Net Revenue for the Base Period to give effect to such estimate. Any such estimate shall be based upon the operating experience and records of the City and upon any available financial statements and records relating to the earnings of such electric utility properties to be acquired.

(B) If any changes have been adopted by the City Council and are in effect on the date of sale of the Parity Bonds or are to go into effect not later than ((~~twelve (~~))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~~))1) deducting the amount of the estimated increase in ((~~Operating Expenses~~))operating and maintenance expenses resulting from the acquisition or construction of such facilities in their first year of full operation, (((~~b~~))2) adding any additional revenues to be derived from the sale or transmission of such additional power and energy pursuant to executed power sales contracts, and (((~~c~~))3) adding an amount equal to the estimated cost of the power and energy which would have been replaced or displaced by such facilities had such additional power and energy in excess of the power and energy to be sold pursuant to clause (((~~b~~))2) above been used in the Light System during the Base Period.

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

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

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

(iv) In rendering any certificate under this Section ((~~18~~))15(g), the Professional Utility Consultant may rely upon, and such certificate shall have attached thereto, (A) financial statements of the Light System, certified by the Director of Finance, showing income and expenses for the period upon which the same are based and a balance sheet as of the end of such period, (B) similar certified statements by the Division of Municipal Corporations of the Office of the State Auditor of the State (or any successor thereto), or (C) similar certified statements by a Certified Public Accountant for as much of such period as any examination by them has been made and completed. If two or more of such statements are inconsistent with each other, the Professional Utility Consultant shall rely on the statement described under clause (A) in this Section ((~~18~~))15(g)(iv).

(h) Issuance of Refunding Parity Bonds.

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(i) Without complying with the provisions of Section ((~~18~~))15(g)((~~of this ordinance~~)), the City may at any time and from time to time issue one or more series of Refunding Parity Bonds, but only if there shall have been filed with the City a certificate of the Director of Finance stating that Annual Debt Service immediately after the issuance of such Refunding Parity Bonds (calculated by including debt service on the Refunding Parity Bonds but excluding debt service on the bonds to be refunded with the proceeds thereof) does not exceed the Annual Debt Service immediately prior to the issuance of the Refunding Parity Bonds (calculated by including debt service on the bonds to be refunded but excluding debt service on the Refunding Parity Bonds) by more than $5,000 in any calendar year that any then-outstanding Parity Bonds are anticipated to be outstanding.

(ii) Parity Bonds of any one or more series or one or more maturities within a series may be refunded by a single series of Refunding Parity Bonds, which Parity Bonds to be refunded shall be specified in the Parity Bond ((~~Ordinance~~))Legislation providing for the issuance of the Refunding Parity Bonds, and the principal amount of such Refunding Parity Bonds may include amounts necessary to pay the principal of the Parity Bonds to be refunded, interest thereon to the date of payment or redemption thereof, any premium payable thereon upon such payment or redemption and the costs of issuance of such Refunding Parity Bonds. The proceeds of the Refunding Parity Bonds shall be held and applied in such manner as is provided in the Parity Bond ((~~Ordinance~~))Legislation providing for the issuance of such Refunding Parity Bonds, so that upon the delivery of such Refunding Parity Bonds the Parity Bonds to be refunded thereby shall be deemed to be no longer outstanding in accordance with the provisions of the Parity Bond ((~~Ordinance~~))Legislation providing for the issuance of those bonds.

(iii) Refunding Parity Bonds may also be issued upon compliance with the provisions of Section ((~~18~~))15(g)((~~of this ordinance~~)).

(iv) Nothing contained in this ordinance shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the City from issuing Refunding Parity Bonds to fund or refund maturing Parity Bonds of the City for the payment of which money is not otherwise available.

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Section 20. Amendment to Section 19 of the Ordinance. Section 19 of Ordinance 121941 is renumbered as Section 16 and is amended and restated as follows:

Section ((~~19~~))16. ((~~Preservation of~~))Provisions Relating to Certain Federal Tax ((~~Exemption for Interest on~~))Consequences of the Bonds.

(a) Tax-Exempt Bonds. The City covenants that it will take all actions consistent with the terms of ((~~the~~))any Series issued as Tax-Exempt Bonds, this ordinance and the Bond Resolution, reasonably within its power and necessary to prevent interest on ((~~the~~))that Series ((~~Bonds~~))from being included in gross income for federal income tax purposes, and ((~~it~~))the City will neither take any action nor make or permit any use of proceeds of ((~~the~~))such Series ((~~Bonds~~))or other funds of the City treated as proceeds of the Series ((~~Bonds~~))at any time during the term of the Series ((~~Bonds~~))which will cause interest on the Series ((~~Bonds~~))to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to any Series issued as Tax-Exempt Bonds, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with that Series, including the calculation and payment of any penalties that the City has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on such Series from being 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.~~))

(b) Tax-Credit Subsidy Bonds or other Taxable Bonds. The Director of Finance may, without further action by the Council, make provision in the Bonds

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or other written document for such additional covenants of the City as may be necessary or appropriate in order for the City to receive from the United States Treasury the applicable Tax Credit Subsidy Payments in respect of any Series of the Bonds issued as Tax Credit Subsidy Bonds or otherwise become and remain eligible for tax benefits under the Code.

Section 21. Amendment to Section 20 of the Ordinance. Section 20 of Ordinance 121941 is renumbered as Section 17 and is amended and restated as follows:

Section ((~~20~~))17. ((~~Advance~~))Refunding or Defeasance of Bonds. The Bonds are hereby designated "Refundable Bonds" for purposes of this ordinance, as it may be amended from time to time. The City may issue ((~~advance~~))refunding bonds pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of and premium, if any, and interest on ((~~the~~))any Bond((~~s~~)), or any portion thereof, included in a refunding or defeasance plan, and to redeem and retire, release, refund or defease those Bonds (the "Defeased Bonds") and to pay the costs of such refunding or defeasance. If money and/or Government Obligations ((~~sufficient in~~))maturing at a time or times and in an amount sufficient, together with known earned income from the investments thereof, to redeem and retire, release, refund or defease the Defeased Bonds in accordance with their terms, are set aside in a special trust fund or escrow account irrevocably pledged to ((~~that~~))such redemption, retirement or defeasance (the "Trust Account"), then all right and interest of the ((~~o~~))Owners of the Defeased Bonds in the covenants of this ordinance and in the Gross Revenue and the funds and accounts pledged to the payment of ((~~the~~))such Defeased Bonds, other than the right to receive the funds so set aside and pledged, thereafter shall cease and become void. Such ((~~o~~))Owners thereafter shall have the right to receive payment of the principal of and interest or redemption price on the

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Defeased Bonds from the Trust Account. ((~~The City shall include in the Notice of refunding or defeasance plan such provisions as the City deems necessary for the random selection of any Defeased Bonds that constitute less than all of a particular maturity of the Bonds, for notice of the defeasance to be given to the owners of the Defeased Bonds and to such other persons as the City shall determine, and for any required replacement of Bond certificates for defeased Bonds.~~)) Unless otherwise specified in the Bond Resolution, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner set forth in this ordinance for the redemption of Bonds. After ((~~the~~))establishing and fully funding of such a Trust Account, the Defeased Bonds shall be deemed no longer outstanding and the City may apply any money in any other fund or account established for the payment or redemption of the Defeased Bonds to any lawful purposes((~~ as it shall determine~~)), subject only to the rights of the owners of any other Parity Bonds.

((~~If the refunding plan provides that the Defeased Bonds be secured by money and/or Government Obligations pending the prior redemption of the Defeased Bonds and if such refunding plan also provides that certain money and/or Government Obligations are pledged irrevocably for the prior redemption of the Defeased Bonds included in that refunding plan, then only the debt service on the Bonds which are not Defeased Bonds and the refunding bonds, the payment of which is not so secured by the refunding plan, shall be included in the computation of the coverage requirement for the issuance of Future Parity Bonds and for determining compliance with rate covenants.~~))

Section 22. Amendment to Section 21 of the Ordinance. Section 21 of Ordinance 121941 is renumbered as Section 18 amended and restated as follows:

Section ((~~21.~~))18. Amendments.

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(a) Amendments Without Bond Owners' Consent. The City Council from time to time and at any time may pass((~~a resolution or resolutions, or ordinance or ordinances,~~)) supplemental ((~~hereto, which resolution or~~))resolutions((~~, ordinance~~)) or ordinances((~~thereafter~~)), which shall become a part of this ordinance, for any one or more of the following purposes:

(i) To add ((~~to the covenants and agreements of the City contained in this ordinance~~))other covenants and agreements ((~~thereafter to be observed which shall~~))that do not adversely affect the interests of the owners of any Parity Bonds then outstanding, or to surrender any right or power ((~~herein~~))reserved to or conferred upon the City.

(ii) To ((~~make such provisions for the purpose of curing~~))cure any ambiguities or ((~~of~~))to cure((~~ing~~)), correct((~~ing~~)) or supplement((~~ing~~)) any defective provision contained in this ordinance in regard to matters or questions arising under this ordinance as the City Council may deem necessary or desirable and not inconsistent with this ordinance and which ((~~shall~~))do not materially adversely affect the interests of owners of any Parity Bonds then outstanding((~~in any material respect~~)).

(iii) To make such changes as are necessary to permit the Bonds to be held in registered certificate form or in fully immobilized form by a Securities Depository((~~other than DTC~~)).

Any such supplemental resolution or ordinance ((~~of the City~~))may be passed without the consent of the registered owners of ((~~any~~))the Parity Bonds at ((~~any~~))the time outstanding, notwithstanding any of the provisions of ((~~Section 21~~))subsection (b) of this ((~~ordinance~~))section, but only upon receipt by the City of an opinion of Bond Counsel to the effect that the amendment is permitted by the terms of this ordinance. The City shall deliver a copy of any such supplemental resolution or ordinance to ((~~Moody's, S&P or any other rating agency then maintaining a rating on any Parity Bonds then outstanding~~))each Rating Agency prior to its passage by the City.

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(b) Amendments With Bond Owners' Consent. The City Council may, with the consent of the registered owners ((~~of~~))representing not less than ((~~sixty percent (~~))60%((~~)~~)) in aggregate principal amount of the Parity Bonds then outstanding, pass ((~~a resolution or~~))supplemental resolutions or ((~~ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions~~))ordinances to add to, change, or eliminate any provision of this ordinance or of any supplemental resolution or ordinance, except no such supplemental resolution or ordinance ((~~shall~~))may:

(i) Extend the fixed maturity of any Parity ((~~Bonds, or~~))Bond, reduce the rate of interest ((~~thereon, or~~))on any Parity Bond, extend the times of payment of interest from their respective due dates, ((~~or~~))reduce ((~~the~~)) ((~~amount of~~))the principal ((~~thereof~~))amount of any Parity Bond, or reduce any((~~premium payable on the~~)) redemption ((~~thereof~~))premium, without ((~~the~~))consent ((~~of the owner of each~~))from the registered owners of or on behalf of all Parity Bonds so affected; or

(ii) Reduce the ((~~aforesaid~~))percentage of ((~~bond owners~~))ownership required to approve any such supplemental resolution or ordinance((~~,~~)) without the consent ((~~of~~))from the registered owners of or on behalf of all of the Parity Bonds then outstanding.

For purposes of determining whether ((~~the owners of the~~))consents representing requisite percentage of principal amount of Parity Bonds have ((~~consented to any amendment to this ordinance~~))been obtained, the Accreted Value of Capital Appreciation Bonds shall be deemed to be the principal amount((~~thereof~~)). It shall not be necessary ((~~for the consent of bond owners under this Section 21(b) to approve~~))to obtain approval of the particular form of any proposed supplemental ((~~ordinance or~~))resolution or ordinance, but it shall be sufficient if ((~~such~~))the consent shall approve the substance thereof.

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(c) Effect of Amendment. Upon the passage of any supplemental resolution or ordinance pursuant to the provisions of this section, this ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City under this ordinance shall thereafter be determined, exercised and enforced((~~thereunder~~)), subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental resolution or ordinance shall be deemed to be a part of the terms and conditions of this ordinance for any and all purposes.

(d) Notation on Bonds. Parity Bonds executed and delivered after the execution of any supplemental resolution or ordinance passed pursuant to the provisions of this ((~~Section 21~~))section may have a notation as to any matter provided for in such supplemental resolution or ordinance, and if such supplemental resolution or ordinance shall so provide, new bonds modified to conform, in the opinion of the City Council, to any modification of this ordinance contained in any such supplemental resolution or ordinance may be prepared by the City and delivered without cost to the owners of any affected Parity Bonds then outstanding, upon surrender for cancellation of such bonds in equal aggregate principal amounts.

Section 23. Amendment to Section 22 of the Ordinance. Section 22 of Ordinance 121941 is renumbered as Section 19 and is amended and restated as follows:

Section ((~~22.~~))19. Rate Stabilization Account. ((~~There is hereby established in the Light Fund a Rate Stabilization Account. On the New Covenant Date, the~~))The City may at any time deposit in the Rate Stabilization Account, Gross Revenue and any other money received by the Light System and available to be used therefor. Thereafter, the City may withdraw any or all of the money from the Rate Stabilization Account for inclusion in the Net Revenue for

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((~~any fiscal~~))the applicable year of the City. Such deposits or withdrawals may be made up to and including the date ((~~ninety (~~))90((~~)~~)) days after the end of the ((~~fiscal~~))applicable year for which the deposit or withdrawal will be included as Net Revenue.

Section 24. Amendment to Section 23 of the Ordinance. Section 23 of Ordinance 121941 is renumbered as Section 3 and amended and restated as follows:

Section ((~~23~~))3. Sale of Bonds. At least ((~~10~~))ten days before the ((~~City Council adopts a Bond Resolution for a series of Bonds~~))date selected by the Director of Finance for the sale of a Series of the Bonds pursuant to this ordinance, the Director of Finance shall notify the President of the City Council, in writing, of the Director of Finance's determination that the issuance of the ((~~series of~~))Series of the Bonds is consistent with the then-current financial policies of the City. The notice shall set forth the reasons for the Director of Finance's determination. Upon giving such notice, the Director of Finance may provide for the sale of ((~~that series of Bonds (or any portion thereof)~~))each such Series by public sale, ((~~or by a~~))negotiated sale, limited offering or private placement with ((~~an underwriter or other financial institution~~))one or more Purchasers chosen through a selection process acceptable to the Director of Finance. The City Council's adoption of the Bond Resolution shall be conclusive evidence that proper notice was provided to the President of the City Council.

The Director of Finance is authorized to specify a date and time of sale of and a date and time for delivery of each Series of the Bonds((~~,~~)); to give notice of that sale((~~,~~)); to determine any bid parameters or other bid requirements and criteria for determining the award of the bid((~~,~~)); to provide for the use of an electronic bidding mechanism((~~,~~)); determine matters relating to a forward or delayed delivery of the bonds and to specify other matters and take other actions

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in his or her determination necessary, appropriate, or desirable to carry out the sale of each Series of the Bonds. ((~~The terms of that sale shall be consistent with this ordinance and the Bond Resolution and shall be confirmed by the Bond Resolution. The Bonds shall be delivered to the purchasers as provided in the Bond Resolution immediately upon payment to the City of the purchase price plus accrued interest, if any, to the Closing Date in immediately available federal funds in Seattle, Washington, at the City's expense or at another time or place upon which the Director of Finance and the purchaser may mutually agree at the purchaser's expense.~~))Each Series of the Bonds must be sold on Bond Sale Terms in accordance with Section 4.

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

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

Section 25. Amendment to Section 24 of the Ordinance. Section 24 of Ordinance 121941 is renumbered as Section 20 and is amended and restated as follows:

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

(a) Preliminary Official Statement. The Director of Finance and other appropriate City officials are directed to cause the preparation of and review

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the form of a preliminary official statement in connection with each sale of one or more Series of the Bonds to the public. For the sole purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, the Director of Finance is authorized to deem that preliminary official statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The City approves the distribution to potential purchasers of the Bonds of a preliminary official statement that has been deemed final in accordance with this substitution.

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

(c) Undertaking to Provide Continuing Disclosure. ((~~The City shall undertake to provide for the benefit of holders of the Bonds disclosure of certain financial information and operating data of the type included in the final official statement, if any, for the Bonds, as well as disclosure of certain material events respecting the Bonds, in the manner and to the extent required by United States Securities and Exchange Commission Rule 15c2-12. The particular terms of the undertaking shall be set forth in the Bond Resolution.~~))To meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for a Series of the Bonds, the Director of Finance is authorized to execute a

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written undertaking to provide continuing disclosure for the benefit of holders of those Bonds in substantially the form attached as Exhibit B.

Section 26. Amendment to Section 25 of the Ordinance. Section 25 of Ordinance 121941 is renumbered as Section 21 and is amended and restated as follows:

Section ((~~25.~~))21. General Authorization. ((~~The~~))In addition to the specific authorizations in this ordinance, 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~~))his or her 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,~~))limiting the foregoing:

(a) The Director of Finance may, in his or her discretion and without further action by the City Council((~~,~~)): (((~~a~~))i) issue requests for proposals for underwriting or financing facilities and execute engagement letters with underwriters, bond insurers or other financial institutions based on responses to such requests, (((~~b) deem final and approve the distribution of any preliminary official statement or official statement relating to the Bonds, (c) comply with any continuing disclosure requirements applicable to the Bonds and (d)~~))ii) change the Bond Registrar or Securities Depository for the Bonds((~~.~~)); and (iii) take such actions on behalf of the City as are necessary or appropriate for the City to designate, qualify or maintain the tax-exempt treatment with respect to any Series issued as Tax-Exempt Bonds, to receive from the United States Treasury the applicable federal credit payments in respect of any Series issued as Tax-Credit Subsidy Bonds and to otherwise receive any other federal tax benefits relating to the Bonds that available to the City; and

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(b) Each of the Mayor and the Director of Finance is separately authorized to execute and deliver (i) any and all contracts or other documents as are consistent with this ordinance and for which the City's approval is necessary or to which the City is a party (including but not limited to agreements with escrow agents, refunding trustees, liquidity or credit support providers, bond insurers, remarketing agents, underwriters, lenders, fiscal agents, counterparties to Payment Agreements, custodians, and the Bond Registrar; and (ii) such other contracts or documents incidental to the issuance and sale of a Series of the Bonds; the establishment of the initial interest rate or rates on a Bond; or the tender, purchase, remarketing, or redemption of a Bond, as may in his or her judgment be necessary or appropriate.

Section 27. Amendment to Section 26 of the Ordinance. Section 26 of Ordinance 121941 is renumbered as Section 22, and is restated as follows:

Section ((~~26~~))22. 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 28. Amendment to Section 27 of the Ordinance. Section 27 of Ordinance 121941 is renumbered as Section 23 and is amended and restated as follows:

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Section ((~~27.~~))23. Ratification of Prior Acts. Any action taken after passage of this ordinance but prior to its effective date that is consistent with the authority ((~~but prior to the effective date of this ordinance, including, if applicable, but not limited to issuing requests for proposals for financing or underwriting services, executing engagement letters for financing or underwriting services based on responses to such requests, giving notices of the sale of Bonds, adopting the Bond Resolution, executing contracts, making fund transfers and paying warrants~~))of this ordinance, is ratified, approved and confirmed.

Section 29. Amendment to Section 28 of the Ordinance. Section 28 of Ordinance 121941 is renumbered as Section 24 and is restated as follows:

Section ((~~28~~))24. Headings. Section headings in this ordinance are used for convenience only and shall not constitute a substantive portion of this ordinance.

Section 30. Amendment to Section 29 of the Ordinance. Section 29 of Ordinance 121941 is renumbered as Section 25 and is restated as follows:

Section ((~~29~~))25. Effective Date. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Section 31. Exhibits. Exhibit A to the Ordinance is replaced in its entirety, as set forth in Exhibit A to this amendatory ordinance. A new Exhibit B is added to the Ordinance, as set forth in Exhibit B to this amendatory ordinance.

Section 32. Restatement of Ordinance. Attached as Exhibit C is a restated Ordinance that incorporates all of the amendments set forth in this amendatory ordinance. The restated Ordinance attached as Exhibit C, and the section numberings used therein, may be cited and

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used for all purposes as the definitive version of Ordinance 121941, as amended by Ordinance 122838 and this ordinance.

Section 33. 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 circumstances, 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 circumstances, 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 34. Ratification of Prior Acts. Any action taken consistent with the authority of this ordinance, after is passage but prior to the effective date, is ratified, approved and confirmed.

Section 35. Section Headings. The section headings in this ordinance are used for convenience only and shall not constitute a substantive portion of this ordinance.

Section 36. Effective Date. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

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Passed by the City Council the 25th day of Nov., 2013, and signed by me in open session in authentication of its passage this 25th day of Nov., 2013.

President _____ of the City Council

Approved by me this 2 day of December, 2013.

Michael McGinn, Mayor

Filed by me this 4th day of December, 2013.

Monica Martinez Simmons, City Clerk

(Seal)

Attachments:

Exhibit A Clean: Outstanding Parity Bonds

Exhibit A: Outstanding Parity Bonds (with strikethroughs and insertions)

Exhibit B Clean: Form of Continuing Disclosure Undertaking

Exhibit B: Form of Continuing Disclosure Undertaking (with strikethroughs and insertions)

Exhibit C: Amended and Restated Ordinance 121941, as amended by Ordinance 122838 and this ordinance (without strikethroughs and insertions)

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EXHIBIT A

CITY OF SEATTLE
Outstanding City Light Parity Bonds

Municipal Light & Power Revenue Bonds				
Issue Name	Dated Date	Original Par Amount	Outstanding Balance 9/01/2013	Bond Legislation
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2003	8/20/2003	$251,850,000	$4,410,000	Ordinance 121198 and Resolution 30618
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2004	12/23/2004	$284,855,000	$168,635,000	Ordinance 121637 and Resolution 30732

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EXHIBIT A

CITY OF SEATTLE
Outstanding City Light Parity Bonds

Municipal Light & Power Revenue Bonds				
Issue Name	Dated Date	Original Par Amount	Outstanding Balance ((~~6/30/05~~)) 9/01/2013	Bond Legislation
((~~Municipal Light and Power Revenue Bonds, 1997~~))	((~~12/1/1997~~))	((~~$30,000,000~~))	((~~$28,100,000~~))	((~~Ordinance 118745 and Resolution 29686~~))
((~~Municipal Light and Power Refunding Revenue Bonds, 1998, Series A~~))	((~~1/1/1998~~))	((~~$104,650,000~~))	((~~$101,380,000~~))	((~~Ordinance 118744 and Resolution 29687~~))
((~~Municipal Light and Power Refunding Revenue Bonds, 1998, Series B~~))	((~~10/1/1998~~))	((~~$90,000,000~~))	((~~$84,665,000~~))	((~~Ordinance 119141 and Resolution 29851~~))
((~~Municipal Light and Power Revenue Bonds, 2000~~))	((~~12/1/2000~~))	((~~$98,830,000~~))	((~~$98,830,000~~))	((~~Ordinance 120131 and Resolution 30274~~))
((~~Municipal Light and Power Improvement and Refunding Revenue Bonds, 2001~~))	((~~3/15/2001~~))	((~~$503,700,000~~))	((~~$494,320,000~~))	((~~Ordinance 120274 and Resolution 30298~~))
((~~Municipal Light and Power Refunding Revenue Bonds, 2002~~))	((~~12/1/2002~~))	((~~$87,735,000~~))	((~~$80,195,000~~))	((~~Ordinance 120931 and Resolution 30549~~))
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2003	8/20/2003	$251,850,000	((~~$241,935,000~~)) $4,410,000	Ordinance 121198 and Resolution 30618
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2004	12/23/2004	$284,855,000	((~~$284,855,000~~)) $168,635,000	Ordinance 121637 and Resolution 30732

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EXHIBIT B

FORM OF UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

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

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

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

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

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

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

(i) Shall consist of annual financial information and operating data regarding the Light System of the type included in the final official statement for the Bonds as follows: (1) annual financial statements of the Light System prepared in accordance with applicable generally accepted accounting principles applicable to governmental units (except as otherwise noted therein), as such principles may be changed from time to time and as permitted by State law, which financial statements will not be audited, except, that if and when audited financial statements are otherwise prepared and available to the City they will be provided; (2) a statement of authorized, issued and outstanding bonded debt secured by Gross Revenues of the Light System; (3) debt service coverage ratios for the bond debt secured by Gross Revenues of the Light System; (4) sources of Light System power and the MWh produced by those sources; and (5) general customer statistics including the average number of customers, revenues, and energy sales by customer class;

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

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

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

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

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

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outstanding Bonds. In addition, the City's obligations under this Undertaking shall terminate if those provisions of Rule 15c2-12 which require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the City, and the City provides timely notice of such termination to the MSRB.

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

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

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

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

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

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

(v) Effecting any necessary amendment of the Undertaking.

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EXHIBIT B

FORM OF UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

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

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

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

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

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

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

(i) Shall consist of annual financial information and operating data regarding the Light System of the type included in the final official statement for the Bonds as follows: (1) annual financial statements of the Light System prepared in accordance with applicable generally accepted accounting principles applicable to governmental units (except as otherwise noted therein), as such principles may be changed from time to time and as permitted by State law, which financial statements will not be audited, except, that if and when audited financial statements are otherwise prepared and available to the City they will be provided; (2) a statement of authorized, issued and outstanding bonded debt secured by Gross Revenues of the Light System; (3) debt service coverage ratios for the bond debt secured by Gross Revenues of the Light System; (4) sources of Light System power and the MWh produced by those sources; and (5) general customer statistics including the average number of customers, revenues, and energy sales by customer class;

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

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

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

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

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

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outstanding Bonds. In addition, the City's obligations under this Undertaking shall terminate if those provisions of Rule 15c2-12 which require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the City, and the City provides timely notice of such termination to the MSRB.

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

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

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

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

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

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

(v) Effecting any necessary amendment of the Undertaking.

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Exhibit C

AMENDED AND RESTATED
ORDINANCE 121941
(as amended by Ordinance 122838 and Ordinance _____)

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

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

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

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

"Acquired Obligations" means those Government Obligations purchased to accomplish the refunding of the Refunded Bonds, consistent with the Refunded Bond Legislation and any applicable agreements with bond insurers.

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"Adjusted Net Revenue" has the meaning assigned to that term in Section 15(g)(iii).

"Alternate Reserve Security" means Qualified Insurance or a Qualified Letter of Credit, which is used to satisfy all or a portion of the Reserve Fund Requirement for the Parity Bonds.

"**Annual Debt Service**" for any calendar year means the sum of the amounts required in such calendar year to pay (a) the interest due in such calendar year on all Parity Bonds outstanding, excluding interest to be paid from the proceeds of the sale of Parity Bonds or other bonds; (b) the principal of all outstanding Serial Bonds due in such calendar year; and (c) the Sinking Fund Requirement, if any, for such calendar year.

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

For purposes of making coverage ratio calculations in connection with a certificate delivered under Section 15(g), regarding the issuance of Future Parity Bonds, Annual Debt Service shall exclude debt service on Parity Bonds that are included in a refunding or defeasance plan approved by the City Council, which provides for the refunding or defeasance of certain Parity Bonds by irrevocably pledging money and/or Government Obligations pending their early redemption.

For purposes of calculating and determining compliance with the Reserve Fund Requirement and conditions for the issuance of Future Parity Bonds and/or entering into Parity Payment Agreements:

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

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

(iii) **Interest on Parity Bonds With Respect to Which a Payment Agreement is in Force.** Debt service on Parity Bonds with respect to which a Payment Agreement is in force shall be based on the net economic effect on the City expected to be produced by the terms of the Parity Bonds and the terms of the Payment Agreement, including but not limited to the effects produced by the following: (A) Parity Bonds that would, but for a Payment Agreement, be treated as obligations bearing interest at a Variable Interest Rate instead shall be treated as obligations bearing interest at a fixed interest rate, and (B) Parity Bonds that would, but for a Payment Agreement, be treated as obligations bearing interest at a fixed interest rate instead shall be treated as obligations bearing interest at a Variable Interest Rate. Accordingly, the amount of interest deemed to be payable on any Parity Bonds with respect to which a Payment Agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in those Parity Bonds plus Payment Agreement Payments minus Payment Agreement Receipts. For the purposes of calculating as nearly as practicable Payment Agreement Receipts and Payment Agreement Payments under a Payment Agreement that includes a variable rate component determined by reference to a pricing mechanism or index that is not the same as the pricing mechanism or index used to determine the variable rate interest component on the Parity Bonds to which the Payment Agreement is related, it shall be assumed that the fixed rate used in calculating Payment Agreement Payments will be equal to 105% of the fixed rate specified by the Payment Agreement and that the pricing mechanism or index specified by the Payment Agreement is the same as the pricing mechanism or index specified by the Parity Bonds. Notwithstanding the other provisions of this subparagraph (iii), the City shall not be required to (but may in its discretion) take into account in determining Annual Debt Service the effects of any Payment Agreement that has a term of ten years or less.

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

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

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

(v) **Tax Credit Subsidy Payments.** For the purpose of calculating the Reserve Fund Requirement, the City shall deduct from Annual Debt Service the Tax Credit Subsidy Payments the City is scheduled to claim from the federal government in respect of the interest on a series of Parity Bonds that are Tax Credit Subsidy Bonds or other bonds with respect to which the federal government is scheduled to provide direct payments.

"Authorized Denomination" means $5,000 or any integral multiple thereof within a maturity of a Series.

"Beneficial Owner" means, with regard to a Bond, the owner of any beneficial interest in that Bond.

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"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.

"Bond Purchase Contract" means a written offer to purchase a Series of the Bonds, which offer has been accepted by the City in the Bond Resolution, in accordance with this ordinance. In the case of a competitive sale, the official notice of sale and the Purchaser's bid, together with the award by the City as set forth in the Bond Resolution, shall comprise the purchase contract for purposes of this ordinance.

"Bond Register" means the books or records maintained by the Bond Registrar for the purpose of registration of each Bond.

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

"Bond Resolution" means a resolution of the City Council adopted pursuant to this ordinance approving the Bond Sale Terms and taking other actions consistent with this ordinance.

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

"Bonds" means the revenue refunding bonds issued pursuant to this ordinance.

"Capital Appreciation Bonds" means any Parity Bonds as to which interest is payable only at the maturity or prior redemption of such Parity Bonds.

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For the purpose of (a) receiving payment of the redemption premium, if any, of a Capital Appreciation Bond that is redeemed prior to maturity, or (b) computing the principal amount of Parity Bonds held by the owner of a Capital Appreciation Bond in giving to the City or the paying agent for those bonds any notice, consent, request, or demand pursuant to this ordinance or for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

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

"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, or any successor thereto, as it has been and may be amended from time to time, and regulations thereunder.

"DTC" means The Depository Trust Company, New York, New York.

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

"Fiscal Agent" means the fiscal agent of the State, as the same may be designated by the State from time to time.

"Future Parity Bonds" means, with reference to any Series of the Bonds, any fixed or variable rate revenue bonds of the City (other than that Series and any other Parity Bonds then outstanding) issued or entered into after the Issue Date of such Series, having a charge or lien upon the Gross Revenues for payment of the principal thereof and interest thereon equal in priority to the charge or lien upon the Gross Revenues for the payment of the principal of and interest on the Outstanding

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Parity Bonds. Future Parity Bonds may include Parity Payment Agreements and any other obligations issued in compliance with Section 15(g) or Section 15(h).

"Government Obligations" has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

"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: (i) insurance proceeds compensating the City for the loss of a capital asset; (ii) income derived from investments irrevocably pledged to the payment of any defeased bonds payable from Gross Revenues; (iii) investment income earned on money in any fund or account created or maintained solely for the purpose of complying with the arbitrage rebate provisions of the Code; (iv) 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, limiting the application of such funds in a manner inconsistent with the application of Gross Revenues hereunder; (v) the proceeds of any borrowing for capital improvements (or the refinancing thereof); and (vi) the proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues).

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

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

"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 plant and system now belonging to or which may hereafter belong to the City.

"MSRB" means the Municipal Securities Rulemaking Board.

"Net Revenue" for any period means 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 calculating Net Revenue, the City may include the Tax Credit Subsidy Payments the City expects to receive from the federal government in respect to the interest on a series of Parity Bonds that are Tax Credit Subsidy Bonds or other bonds with respect to which the federal government will provide direct payments.

"Outstanding Parity Bonds" means, with reference to any Series of the Bonds, the outstanding Parity Bonds described in Exhibit A and any other Parity Bonds outstanding as of the Issue Date of that Series, as applicable.

"Owner" means, without distinction, the Registered Owner and the Beneficial Owner of a Bond.

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"Parity Bond Fund" means the special fund of the City known as the Seattle Municipal Light Revenue Parity Bond Fund established within the Light Fund pursuant to Ordinance 92938 for the purpose set forth in Section 15(a).

"Parity Bond Legislation" means any ordinance or resolution passed or adopted by the City Council providing for the issuance of Parity Bonds (including this ordinance and the Refunded Bond Legislation), and any other ordinance or resolution amending or supplementing the provisions of any Parity Bond Legislation as originally passed or adopted or as theretofore amended or supplemented.

"Parity Bonds" means the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.

"Parity Conditions" means the conditions for issuing Future Parity Bonds under the Parity Bond Legislation authorizing the issuance of the Outstanding Parity Bonds.

"Parity Payment Agreement" means a Payment Agreement under which the City's obligations are expressly stated to constitute a charge and lien on the Net Revenue of the Light System equal in rank with the charge and lien upon such Net Revenue required to be paid into the Parity Bond Fund to pay and secure the payment of the principal of and interest on Parity Bonds.

"Payment Agreement" means a written contract entered into, for the purpose of managing or reducing the City's exposure to fluctuations or levels of interest rates or for other interest rate, investment, asset or liability management purposes, by the City and a Qualified Counterparty on either a current or forward basis as authorized by any applicable laws of the State in connection with, or incidental to, the issuance, incurring or carrying of particular bonds, notes, bond anticipation notes, commercial paper or other obligations for borrowed money, or lease, installment purchase or other similar financing agreements or certificates of

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participation therein, that provides for an exchange of payments based on interest rates, ceilings or floors on such payments, options on such payments, or any combination thereof or any similar device.

"Payment Agreement Payments" means the amounts, periodically required to be paid by the City to the Qualified Counterparty pursuant to a Payment Agreement.

"Payment Agreement Receipts" means the amounts periodically required to be paid by the Qualified Counterparty to the City pursuant to a Payment Agreement.

"Permitted Investments" means any investments or investment agreements permitted for the investment of City funds under the laws of the State, as amended from time to time.

"Professional Utility Consultant" means the independent person(s) or firm(s) selected by the City having a favorable reputation for skill and experience with electric systems of comparable size and character to the Light System in such areas as are relevant to the purposes for which they were retained.

"Purchaser" means the entity or entities who have been selected in accordance with this ordinance to serve as underwriter, purchaser or successful bidder in a sale of any Series of the Bonds.

"Qualified Counterparty" means a party (other than the City or a person related to the City) who is the other party to a Payment Agreement and who is qualified to act as the other party to a Payment Agreement under any applicable laws of the State.

"Qualified Insurance" means any municipal bond insurance policy or surety bond, issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), which insurance company or

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companies, as of the time of issuance of such policy or surety bond, are rated in one of the two highest rating categories by Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, or their comparably recognized business successors.

"Qualified Letter of Credit" means any letter of credit issued by a financial institution for the account of the City in connection with the issuance of Parity Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, the financial institution is rated in one of the two highest rating categories by Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, or their comparably recognized business successors.

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

"Rate Stabilization Account" means the fund of that name established in the Light Fund pursuant to Ordinance 121637.

"Rating Agency" means any nationally recognized rating agency then maintaining a rating on any then-outstanding Parity Bonds at the request of the City.

"Record Date" means, unless otherwise defined in the Bond Resolution, in the case of each interest or principal payment or redemption date, the Bond Registrar's close of business on the 15th day of the month preceding the interest or principal payment date. With regard to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar's close of business on the day prior to the date on which the Bond Registrar sends the notice of redemption.

"Refundable Bonds" means, collectively, all Parity Bonds that the City may from time to time designate as Refundable Bonds.

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"Refunded Bond Legislation" means the Parity Bond Legislation pursuant to which a series of the Refunded Bonds was issued.

"Refunded Bonds" means those Refundable Bonds included in a Refunding Plan.

"Refunding Parity Bonds" means any Series of the Bonds or other Parity Bonds issued pursuant to Section 15(h) for the purpose of refunding any other Parity Bonds.

"Refunding Plan" means the plan approved in accordance with Section 12 to issue a Series of the Bonds, and to apply the proceeds of the sale of such Series and any other available money included in the plan, to redeem or defease those Refundable Bonds identified in the plan.

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

"Refunding Trustee" means a financial institution selected by the Director of Finance to serve as refunding trustee or escrow agent under a Refunding Trust Agreement, or the Director of Finance when appointed to carry out a Refunding Plan in the absence of a trustee or escrow agent.

"Registered Owner" means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the City utilizes the book–entry only system for the Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

"Registration Ordinance" means City Ordinance 111724 establishing a system of registration for the City's bonds and other obligations pursuant to Seattle

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Municipal Code Chapter 5.10, as that chapter now exists or may hereafter be amended.

"Reserve Fund" means the special fund of the City known as the Municipal Light and Power Bond Reserve Fund established as a separate account within the Light Fund pursuant to Ordinance 71917, as amended.

"Reserve Fund Requirement" means, for any issue of the Bonds, the Reserve Fund Requirement established in the Bond Resolution approving that issue, consistent with Section 15(b). For any issue of Future Parity Bonds, the Reserve Fund Requirement means the requirement specified for that issue. The aggregate Reserve Fund Requirement for all Parity Bonds shall be the sum of the Reserve Fund Requirements for each issue of the Parity Bonds. For purposes of this definition, "issue" means all series of Parity Bonds issued pursuant to a single Bond Resolution.

"Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

"SEC" means the United States Securities and Exchange Commission.

"Securities Depository" means DTC, any successor thereto, any substitute securities depository selected by the City, or the nominee of any of the foregoing. Any successor or substitute Securities Depository must be qualified under applicable laws and regulations to provide the services proposed to be provided by it.

"Serial Bonds" means Parity Bonds maturing in specified years, for which no Sinking Fund Requirements are mandated.

"Series of the Bonds" or **"Series"** means a series of the Bonds issued pursuant to this ordinance.

"Sinking Fund Account" means any account created in the Parity Bond Fund to amortize the principal or make mandatory redemptions of Term Bonds.

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

"State" means the State of Washington.

"Tax Credit Subsidy Bond" means any Parity Bond that is designated by the City as a tax credit bond pursuant to the Code, and which is further designated as a "qualified bond" under Section 6431 or similar provision of the Code, and with respect to which the City is eligible to receive a tax credit subsidy payment.

"Tax Credit Subsidy Payment" means a payment by the federal government with respect to a Tax Credit Subsidy Bond.

"Tax-Exempt Bond" means any Parity Bond, the interest on which is intended on the Issue Date to be excluded from gross income for federal income tax purposes.

"Term Bond" means any Parity Bond that is issued subject to mandatory redemption prior to its maturity in Sinking Fund Requirements.

"Undertaking" means the undertaking to provide continuing disclosure entered into pursuant to Section 20(c), in substantially the form attached as Exhibit B.

"Valuation Date" means, with respect to any Capital Appreciation Bonds, the date or dates set forth in any Parity Bond Legislation authorizing such Parity Bonds on which specific Accreted Values are assigned to the Capital Appreciation Bonds.

"Variable Interest Rate" means any variable interest rate or rates to be borne by any Parity Bonds. The method of computing such a variable interest rate shall be as specified in the Parity Bond Legislation authorizing or specifying the

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terms of such Parity Bonds, which Parity Bond Legislation also shall specify either (i) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective.

"Variable Interest Rate Bonds" means, for any period of time, any Parity Bonds that bear a Variable Interest Rate during that period, except that Parity Bonds shall not be treated as Variable Interest Rate Bonds if the net economic effect of interest rates on particular Parity Bonds of an issue and interest rates on other Parity Bonds of the same issue, as set forth in the applicable Parity Bond Legislation, or the net economic effect of a Payment Agreement with respect to particular Parity Bonds, in either case is to produce obligations that bear interest at a fixed interest rate; and Parity Bonds with respect to which a Payment Agreement is in force shall be treated as Variable Interest Rate Bonds if the net economic effect of the Payment Agreement is to produce obligations that bear interest at a Variable Interest Rate.

Section 2. <u>Authorization of Bonds</u> The City is authorized to issue revenue Bonds, as set forth in Section 4, to carry out one or more Refunding Plans, including paying the administrative costs of carrying out each such Refunding Plan, and to pay the costs of issuance of the Bonds. The Bonds may be issued in one or more Series and may be combined with other Parity Bonds authorized separately. The Bonds shall be designated municipal light and power revenue refunding bonds, shall be numbered separately and shall have any name, year and series or other label as deemed necessary or appropriate by the Director of Finance.

Section 3. <u>Sale of Bonds</u>. At least ten days before the date selected by the Director of Finance for the sale of a Series of the Bonds pursuant to this ordinance, the Director of Finance shall notify the President of the City Council, in writing, of

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the Director of Finance's determination that the issuance of the Series of the Bonds is consistent with the then-current financial policies of the City. The notice shall set forth the reasons for the Director of Finance's determination. Upon giving such notice, the Director of Finance may provide for the sale of each such Series by public sale, negotiated sale, limited offering or private placement with one or more Purchasers chosen through a selection process acceptable to the Director of Finance. The City Council's adoption of the Bond Resolution shall be conclusive evidence that proper notice was provided to the President of the City Council.

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

Section 4. <u>Bond Sale Terms; Bond Resolution</u>. The Director of Finance is appointed to serve as the City's designated representative in connection with the issuance and sale of the Bonds in accordance with RCW 39.46.040(2) and this ordinance. The Director of Finance is authorized to accept, on behalf of the City, the Bond Purchase Contract on Bond Sale Terms consistent with the parameters set forth in this section. No such acceptance shall be effective until adoption of a Bond Resolution approving the Bond Sale Terms. Once adopted, the Bond Resolution shall be deemed a part of this ordinance as if set forth herein.

(a) Maximum Principal Amount. The Bonds may be issued in one or more Series and may be combined with other Parity Bonds authorized separately.

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The aggregate principal amount of the Bonds allocated to each Refunding Plan shall not exceed 125% of the stated principal amount of the Refunded Bonds included in that Refunding Plan.

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

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

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

(e) Final Maturity. Each Series of the Bonds shall mature no later than 40 years after its Issue Date.

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

(i) Optional Redemption. Any Bond may be designated as being (A) subject to redemption at the option of the City prior to its maturity date on the dates and at the redemption prices set forth in the Bond Purchase Contract; or (B) not subject to redemption prior to its maturity date. If a Bond is subject to optional redemption prior to its

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maturity, it must be subject to such redemption on one or more dates occurring not more than 10½ years after the Issue Date.

(ii) **Mandatory Redemption.** Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity, consistent with Section 7(b).

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

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

(i) As of the Issue Date of each Series, the City Council must find that (A) the Parity Conditions will have been met or satisfied, so that such Series may be issued as Parity Bonds, and (B) the issuance and sale of the Series is in the best interest of the City and in the public interest. In making its findings, the City Council shall give due regard to the cost of operation and maintenance of the Light System and to any portion of the Gross Revenues pledged for the payment of any bonds, warrants or other indebtedness, and shall find and determine that the Gross Revenues, at the rates established from time to time consistent with Section 15(d), will be sufficient, in the judgment of the City Council, to meet all expenses of operation and maintenance of the Light System and to provide the amounts previously pledged for the payment of all outstanding obligations payable out of the Gross Revenue and pledged for the payment of the Bonds.

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

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

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

(iii) Any Series may provide for Qualified Insurance, a Qualified Letter of Credit or other credit enhancement, or for Payment Agreements. To that end, the Director of Finance may include such additional terms, conditions and covenants as may be necessary or desirable, including but not limited to: restrictions on investment of Bond proceeds and pledged funds, and requirements to give notice to or obtain the consent of a credit enhancement provider or Qualified Counterparty.

(iv) The Bond Resolution must establish the Reserve Fund Requirement, if any, and must set forth the method for satisfying any such requirement, consistent with Section 15(b).

(v) Any Series of the Bonds may be designated or qualified as Tax-Exempt Bonds, Tax Credit Subsidy Bonds, or other taxable bonds, and may include such additional terms and covenants relating to federal tax matters as the Director of Finance deems necessary or appropriate, consistent with Section 16.

Section 5. <u>Bond Registrar; Registration and Transfer of Bonds</u>.

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

(b) Bond Registrar; Transfer and Exchange of Bonds. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all times. The Bond Register shall contain the name and mailing address of the Registered Owner of each Bond and the principal amount and number of each of the Bonds held by each Registered Owner.

The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the

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Bonds and this ordinance, to serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance and the Registration Ordinance. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's certificate of authentication on the Bonds. The Bond Registrar may become an Owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

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

(c) Securities Depository; Book-Entry Form. The Bonds initially shall be registered in the name of the Securities Depository. The Bonds so registered shall be held fully immobilized in book-entry form by the Securities Depository in accordance with the provisions of the Letter of Representations. Neither the City nor the Bond Registrar shall have any responsibility or obligation to participants of the Securities Depository or the persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by the Securities Depository or its participants of any amount in respect of principal of or interest on the Bonds, or any notice which is permitted or required to be given to Registered Owners hereunder (except such notice as is required to be given by

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the Bond Registrar to the Securities Depository). Registered ownership of a Bond initially held in book-entry form, or any portion thereof, may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City or such substitute Securities Depository's successor; or (iii) to any person if the Bond is no longer held in book-entry form.

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

Section 6. <u>Payment of Bonds</u>. The Bonds shall be payable solely out of the Parity Bond Fund, in lawful money of the United States, and shall not be general obligations of the City. Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The City, however, is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received at least ten days prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not registered in the name of the Securities Depository is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 7. <u>Redemption and Purchase of Bonds</u>.

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(a) Optional Redemption. All or some of the Bonds may be subject to redemption prior to their stated maturity dates at the option of the City at the times and on the terms approved in accordance with Section 4.

(b) Mandatory Redemption. If not redeemed or purchased at the City's option prior to maturity, Term Bonds (if any) shall be redeemed, at a price equal to the principal amount thereof to be redeemed plus accrued interest on the dates and in the years and Sinking Fund Requirements as set forth in the Bond Resolution. If the City redeems or purchases Term Bonds at the City's option prior to maturity, the Term Bonds so redeemed or purchased (irrespective of their redemption or purchase prices) shall be credited at the par amount thereof against the remaining Sinking Fund Requirements as determined by the Director of Finance. In the absence of a determination by the Director of Finance or other direction in the Bond Resolution, credit shall be allocated on a pro-rata basis.

(c) Selection of Bonds for Redemption; Partial Redemption. If fewer than all of the outstanding Bonds of a Series are to be redeemed at the option of the City, the Director of Finance shall select the Series and maturity or maturities to be redeemed. If fewer than all of the outstanding Bonds of a maturity of a Series are to be redeemed, the Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar shall select all other Bonds of the Series to be redeemed randomly in such manner as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series,

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maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

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

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

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

Section 9. Failure to Pay Bonds. If any Bond is not paid when properly presented at its maturity or redemption date, the City shall be obligated to pay, solely from the Parity Bond Fund and the other sources pledged in this ordinance, interest on that Bond at the same rate provided in that Bond from and after its maturity or redemption date until that Bond, principal, premium, if any, and

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interest, is paid in full or until sufficient money for its payment in full is on deposit in the Parity Bond Fund and that Bond has been called for payment by giving notice of that call to the Registered Owner of that Bond.

Section 10. <u>Form and Execution of Bonds</u>. The Bonds shall be typed, printed or reproduced in a form consistent with the provisions of this ordinance, the Bond Resolution and State law; shall be signed by the Mayor and Director of Finance, either or both of whose signatures may be manual or in facsimile; and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon.

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

If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or her manual or facsimile signature are authenticated or delivered by the Bond Registrar or issued by the City, that Bond nevertheless may be authenticated, delivered and issued and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City

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authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bonds.

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

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

Section 12. The Refunding Plan.

(a) Approval of Refunding Plan; Appointment of Refunding Trustee. The Bond Resolution shall approve a Refunding Plan for each Series of the Bonds, which shall provide for the issuance of the Series, shall identify the Refunded Bonds, shall allocate the Series among the various refunding purposes, shall describe the method for carrying out the refunding of the Refunded Bonds, and shall appoint the Director of Finance to carry out the Refunding Plan or shall appoint a Refunding Trustee. The Refunding Plan shall be carried out, and proceeds of the Series shall be applied, in accordance with this ordinance, the

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respective Refunded Bond Legislation, the Bond Resolution and any applicable agreements with the provider of any Alternate Reserve Security and the laws of the State.

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

(c) Substitution of Acquired Obligations. The City reserves the right at any time to substitute cash or Government Obligations for the Acquired Obligations if the City obtains a verification by a nationally recognized independent certified public accounting firm reasonably acceptable to the Refunding Trustee confirming that the payments of principal of and interest on the substitute Government Obligations, if paid when due, together with the cash to be held by the Refunding Trustee, will be sufficient to carry out the Refunding Plan. If the applicable Series of the Bonds (or the Refunded Bonds) were issued as Tax-Exempt Bonds, then prior to such substitution, the City must also obtain an opinion from Bond Counsel to the effect that the disposition and substitution or purchase of such securities will not cause the interest on the applicable Series of the Bonds (or of the Refunded Bonds) issued as Tax-Exempt Bonds to be included in gross income for federal income tax purposes and that such disposition and substitution or purchase is in compliance with the statutes and regulations applicable to the Series of the Bonds. Any surplus money resulting from the sale, transfer, other disposition or redemption of the Acquired Obligations and the substitutions

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therefor shall be released from the trust estate and may be used for any lawful City purpose.

(d) Refunding Trust Agreement. In connection with each Series of the Bonds, the Director of Finance is authorized to execute a Refunding Trust Agreement with a Refunding Trustee, setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with carrying out the Refunding Plan. Each Refunding Trust Agreement shall, among other things, authorize and direct the Refunding Trustee to use the money deposited with it to purchase the Acquired Obligations (or substitute obligations) and to apply such money along with the maturing principal of and interest on such obligations to make the payments required to be made by the Refunding Plan. The money deposited with the Refunding Trustee, including the Acquired Obligations and any investment earnings, shall be held irrevocably, invested and applied in accordance with the provisions of the respective Refunded Bond Legislation, this ordinance, the Bond Resolution, chapter 39.53 RCW and other applicable State law. All administrative costs (including without limitation, all necessary and proper fees, compensation and expenses of the Refunding Trustee and all other costs incidental to the setting up of the escrow to accomplish theRefunding Plan) and costs of issuance may, in the discretion of the Director of Finance, be paid out of the amounts deposited with the Refunding Trustee or other available money of the City.

Section 13. <u>Call for Redemption of the Refunded Bonds</u>. The City may in the Bond Resolution call, or authorize the Director of Finance to call, the Refunded Bonds for redemption. Such call for redemption of the Refunded Bonds shall identify the Refunded Bonds, call dates and redemption prices (expressed as a percentage of the stated principal amount, plus accrued interest), and shall be irrevocable after the Issue Date of the applicable Series of the Bonds. ((shall))The

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proper City officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required pursuant to the Refunded Bond Legislation, in order to carry out the Refunding Plan.

Section 14. Security for the Bonds; Parity with other Bonds. The Bonds shall be special limited obligations of the City payable from and secured solely by the Gross Revenues and by money in the Parity Bond Fund and the Reserve Fund. The Gross Revenues are pledged to make the payments into the Parity Bond Fund and the Reserve Fund required by Sections 15(a) and (b), which pledge shall constitute a charge upon such Gross Revenues prior and superior to all other charges whatsoever except reasonable charges for maintenance and operation of the Light System.

The Bonds shall be on a parity with the Outstanding Parity Bonds and all Future Parity Bonds, without regard to date of issuance or authorization and without preference or priority of right or lien with respect to participation of special funds in amounts from Gross Revenues for payment thereof. Nothing contained herein shall prevent the City from issuing revenue bonds or other obligations which are a charge or lien upon the Gross Revenues subordinate to the payments required to be made from Gross Revenues into the Parity Bond Fund and the accounts therein.

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

Section 15. Bond Covenants.

(a) Parity Bond Fund. The Parity Bond Fund has been previously created for the sole purpose of paying the principal of and interest on the Parity Bonds as the same shall become due. The Bonds shall be payable (including

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principal, Sinking Fund Requirements, redemption premium, if any, and interest) out of the Parity Bond Fund. So long as any Parity Bonds or Parity Payment Agreements are outstanding, the Director of Finance shall set aside and pay into the Parity Bond Fund on or prior to the respective dates on which such payments shall become due and payable certain fixed amounts out of the Gross Revenues sufficient to make such payments as the same shall become due. Money in the Parity Bond Fund shall, to the fullest extent practicable and 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 Investments. Earnings on money and investments in the Parity Bond Fund shall be deposited in and used for the purposes of that fund.

(b) Reserve Fund. The Reserve Fund has been previously created for the purpose of securing the payment of the principal of and interest on all Parity Bonds and all amounts due under any Parity Payment Agreements.

Money held in the Reserve Fund shall, to the fullest extent practicable and 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 Investments. Earnings on money and investments in the Reserve Fund shall be 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.

(i) Reserve Fund Requirement. Each Bond Resolution shall establish the Reserve Fund Requirement, if any, for all Bonds issued thereunder and the method for providing for such Reserve Requirement.

(A) In the Parity Bond Legislation authorizing the issuance of any Future Parity Bonds, the City shall provide for deposit into the Reserve Fund out of the Gross Revenues (or out of any other legally available funds, including proceeds of Parity Bonds) at one time on the Issue Date or in periodic

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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 outstanding at the end of that five-year period.

(B) Notwithstanding the foregoing, any Parity Bond Legislation may provide for the City to obtain one or more Alternate Reserve Securities for specific amounts required to be paid into the Reserve Fund. The amount available to be drawn upon under such Alternate Reserve Securities shall be credited against the amounts required to be maintained in the Reserve Fund by paragraph (A) of this subsection.

(C) An Alternate Reserve Security may not be cancelable on less than five years' notice. In the event of receipt of any notice of cancellation, the City shall substitute an Alternate Reserve Security in the amount required pursuant to paragraph (A) of this subsection, or in the alternative shall create a special account in the Light Fund and deposit therein, on or before the 25th day of each of the 60 succeeding calendar months, 1/60th of the amount sufficient, together with other money and investments on deposit in the Reserve Fund, to equal the Reserve Fund Requirement on the date any such cancellation shall become effective. Such amounts shall be transferred 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). Amounts on deposit in such special account shall not be available to pay debt service on Parity Bonds or for any other purpose of the City, and shall be transferred to the Reserve Fund on the effective date of any cancellation of the Alternate Reserve Security to make up the deficiency caused thereby. Amounts in that special account or in the Reserve Fund may be transferred back to the Light Fund and used for any purpose if and when a substitute Alternate Reserve Security is obtained.

(D) If the amount in the Reserve Fund is less than the Reserve Fund Requirement (taking into account the five year period referred to in paragraph (A) of this subsection), the City shall transfer to the Reserve Fund money in an amount sufficient to restore the Reserve Fund to the Reserve Fund Requirement within 12 months after the date of such deficiency. The City shall transfer such amounts first from

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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 is 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.

(ii) **Use of Reserve Fund for Refunding Bonds.** If any Parity Bonds are refunded, the money set aside in the Reserve Fund to secure the payment of such Parity Bonds may be used to retire such Parity Bonds or may be transferred to any reserve fund or account which may be created to secure the payment of any bonds issued to refund such Parity Bonds, as long as the money left remaining in the Reserve Fund is at least equal, together with all Alternate Reserve Securities, to the Reserve Fund Requirement.

(iii) **Use of Reserve Fund for Payment of Debt Service.** If the money in the Parity Bond Fund is insufficient to meet maturing installments of either interest on or principal of and interest on the Parity Bonds (including amounts payable under any Parity Payment Agreements), such deficiency shall be made up from the Reserve Fund by the withdrawal of money or proceeds of Alternate Reserve Securities, as the case may be. Any deficiency created in the Reserve Fund by reason of any such withdrawal or claim against an Alternate Reserve Security shall then be made up out of the Net Revenues or out of any other legally available funds of the City.

(iv) **Withdrawals From Reserve Fund.** Money in the Reserve Fund may be withdrawn by the City for any lawful purpose as long as the aggregate of any money and Alternate Reserve Securities left remaining on deposit in the Reserve Fund is at least equal to the Reserve Fund Requirement for the Parity Bonds then outstanding. The City reserves the right to substitute one or more Alternate Reserve Securities for money previously deposited in the Reserve Fund and to withdraw such excess to the extent described in the preceding sentence. Any withdrawals from subaccounts within the Reserve Fund shall be made on a pro rata basis, except when the terms of an Alternate Reserve Security require that all cash and investments in the Reserve Fund to be withdrawn before any draw or claim is made on the Alternate Reserve Security, or unless the City receives an opinion of Bond Counsel to the effect that such pro

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rata withdrawal is not required to maintain the federal tax benefits (if any) of any then outstanding Parity Bonds issued as Tax-Exempt Bonds or Tax Credit Subsidy Bonds.

(c) Sale or Disposition of the Light System.

(i) The City may dispose of all or substantially all of the Light System if the City simultaneously causes all of the Parity Bonds to be, or deemed to be, no longer outstanding.

(ii) Except as provided below, the City will not dispose of any part of the Light System in excess of 5% of the value of the net utility plant of the Light System in service unless prior to such disposition:

(A) there has been filed with the Director of Finance a certificate of the Professional Utility Consultant stating that such disposition will not impair the ability of the City to comply with the rate covenant set forth in Section 15(d); or

(B) provision is made for the payment, redemption or other retirement of a principal amount of Parity Bonds equal to the greater of the following amounts: (1) an amount which will be in the same proportion to the net principal amount of Parity Bonds then outstanding (defined as the total principal amount of Parity Bonds then outstanding less the amount of cash and investments in the Parity Bond Fund) that the Gross Revenues for the 12 preceding months attributable to the part of the Light System sold or disposed of bears to the total Gross Revenues for such period; or (2) an amount which will be in the same proportion to the net principal amount of Parity Bonds then outstanding that the book value of the part of the Light System sold or disposed of bears to the book value of the entire Light System immediately prior to such sale or disposition.

(iii) The City may dispose of any portion of the Light System that has become unserviceable, inadequate, obsolete, worn out or unfit to be used or no longer necessary, material to or useful in the operation of the Light System.

(iv) If the ownership of all or part of the Light System is transferred from the City through the operation of law, the City shall reconstruct or replace the transferred portion using any proceeds of the transfer unless the City Council determines that such reconstruction or replacement is not in the best interests of the City and the Owners of

CITY CLERK

the Parity Bonds, in which case any proceeds shall be used to retire Parity Bonds prior to maturity.

(d) Rates and Charges. The City will establish from time to time and maintain such rates for electric energy as will maintain the Light System in sound financial condition and provide sufficient revenues to permit the payment of sums into the special fund which the City has pledged to be set aside for the payment of principal and interest, as herein provided, to be applied to the payment of the principal of and interest on the Parity Bonds until the Parity Bonds shall have been paid in full, and in addition, will pay all costs of operation and maintenance, and all bonds, warrants and indebtedness for which any revenues of the Light System shall have been pledged.

(e) Maintenance and Operation of the Light System. The City will operate the properties of the Light System in an efficient manner and at a reasonable cost; and will maintain, preserve and keep, or cause to be maintained, preserved and kept, the properties of the Light System and every part and parcel thereof in good repair, working order and condition; and from time to time will make or cause to be made all necessary and proper repairs, renewals and replacements thereto so that at all times the business carried on in connection therewith will be properly and advantageously conducted.

(f) Books and Financial Statements. The City will keep and maintain proper books of account for the Light System in accordance with generally accepted accounting principles applicable to governmental utilities, and will generally adhere to the uniform system of accounts prescribed by the Division of Municipal Corporations of the State Auditor's Office and the Federal Energy Regulatory Commission; and will prepare, on or before 120 days after each calendar year, annual financial statements showing reasonable detail, including a balance sheet, an income statement and a statement of cash flows or other such

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statement. Copies of such financial statements shall be placed on file in the office of the Director of Finance and shall be open to inspection at any reasonable time by any owner of any Parity Bonds. A copy of such financial statements shall be sent to any owner of Parity Bonds, upon request in writing setting forth the name and address to which such financial statements may be sent.

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

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

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

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

(B) a certificate of the Professional Utility Consultant setting forth: (1) the amount of the Adjusted Net Revenue computed as provided in paragraph (C) below; (2) the amount of maximum Annual Debt Service in any calendar year thereafter on account of all Parity Bonds to be outstanding in

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such calendar year, including the Parity Bonds proposed to be issued, and stating that the amount shown in paragraph (B)(1) above is not less than 125% of the amount shown in this paragraph (B)(2).

(iii) For the purposes of the certificate required by paragraph (ii) above, Adjusted Net Revenue shall be computed by the Professional Utility Consultant by adjusting the Net Revenue for the Base Period by any or all of the following conditions and requirements as may be appropriate to the circumstances:

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

(B) If any changes have been adopted by the City 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

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

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

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

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

(iv) In rendering any certificate under this Section 15(g), the Professional Utility Consultant may rely upon, and such certificate shall have attached thereto, (A) financial statements of the Light System, certified by the Director of Finance, showing income and expenses for the period upon which the same are based and a

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balance sheet as of the end of such period, (B) similar certified statements by the Division of Municipal Corporations of the Office of the State Auditor of the State (or any successor thereto), or (C) similar certified statements by a Certified Public Accountant for as much of such period as any examination by them has been made and completed. If two or more of such statements are inconsistent with each other, the Professional Utility Consultant shall rely on the statement described under clause (A) in this Section 15(g)(iv).

(h) Issuance of Refunding Parity Bonds.

(i) Without complying with the provisions of Section 15(g), the City may at any time and from time to time issue one or more series of Refunding Parity Bonds, but only if there shall have been filed with the City a certificate of the Director of Finance stating that Annual Debt Service immediately after the issuance of such Refunding Parity Bonds (calculated by including debt service on the Refunding Parity Bonds but excluding debt service on the bonds to be refunded with the proceeds thereof) does not exceed the Annual Debt Service immediately prior to the issuance of the Refunding Parity Bonds (calculated by including debt service on the bonds to be refunded but excluding debt service on the Refunding Parity Bonds) by more than $5,000 in any calendar year that any then-outstanding Parity Bonds are anticipated to be outstanding.

(ii) Parity Bonds of any one or more series or one or more maturities within a series may be refunded by a single series of Refunding Parity Bonds, which Parity Bonds to be refunded shall be specified in the Parity Bond Legislation providing for the issuance of the Refunding Parity Bonds, and the principal amount of such Refunding Parity Bonds may include amounts necessary to pay the principal of the Parity Bonds to be refunded, interest thereon to the date of payment or redemption thereof, any premium payable thereon upon such payment or redemption and the costs of issuance of such Refunding Parity Bonds. The proceeds of the Refunding Parity Bonds shall be held and applied in such manner as is provided in the Parity Bond Legislation providing for the issuance of such Refunding Parity Bonds, so that upon the delivery of such Refunding Parity Bonds the Parity Bonds to be refunded thereby shall be deemed to be no longer outstanding in accordance with the provisions of the Parity Bond Legislation providing for the issuance of those bonds.

(iii) Refunding Parity Bonds may also be issued upon compliance with the provisions of Section 15(g).

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(iv) Nothing contained in this ordinance shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the City from issuing Refunding Parity Bonds to fund or refund maturing Parity Bonds of the City for the payment of which money is not otherwise available.

Section 16. <u>Provisions Relating to Certain Federal Tax Consequences of the Bonds</u>.

(a) Tax-Exempt Bonds. The City covenants that it will take all actions consistent with the terms of any Series issued as Tax-Exempt Bonds, this ordinance and the Bond Resolution, reasonably within its power and necessary to prevent interest on that Series from being included in gross income for federal income tax purposes, and the City will neither take any action nor make or permit any use of proceeds of such Series or other funds of the City treated as proceeds of the Series at any time during the term of the Series which will cause interest on the Series to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to any Series issued as Tax-Exempt Bonds, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with that Series, including the calculation and payment of any penalties that the City has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on such Series from being included in gross income for federal income tax purposes.

(b) Tax-Credit Subsidy Bonds or other Taxable Bonds. The Director of Finance may, without further action by the Council, make provision in the Bonds or other written document for such additional covenants of the City as may be necessary or appropriate in order for the City to receive from the United States Treasury the applicable Tax Credit Subsidy Payments in respect of any Series of

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the Bonds issued as Tax Credit Subsidy Bonds or otherwise become and remain eligible for tax benefits under the Code.

Section 17. Refunding or Defeasance of Bonds. The Bonds are hereby designated "Refundable Bonds" for purposes of this ordinance, as it may be amended from time to time. The City may issue refunding bonds pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of and premium, if any, and interest on any Bond, or any portion thereof, included in a refunding or defeasance plan, and to redeem and retire, release, refund or defease those Bonds (the "Defeased Bonds") and to pay the costs of such refunding or defeasance. If money and/or Government Obligations maturing at a time or times and in an amount sufficient, together with known earned income from the investments thereof, to redeem and retire, release, refund or defease the Defeased Bonds in accordance with their terms, are set aside in a special trust fund or escrow account irrevocably pledged to such redemption, retirement or defeasance (the "Trust Account"), then all right and interest of the Owners of the Defeased Bonds in the covenants of this ordinance and in the Gross Revenue and the funds and accounts pledged to the payment of such Defeased Bonds, other than the right to receive the funds so set aside and pledged, thereafter shall cease and become void. Such Owners thereafter shall have the right to receive payment of the principal of and interest or redemption price on the Defeased Bonds from the Trust Account. Unless otherwise specified in the Bond Resolution, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner set forth in this ordinance for the redemption of Bonds. After establishing and fully funding of such a Trust Account, the Defeased Bonds shall be deemed no longer outstanding and the City may apply any money in any other fund or account established for the

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payment or redemption of the Defeased Bonds to any lawful purposes, subject only to the rights of the owners of any other Parity Bonds.

Section 18. Amendments.

(a) Amendments Without Bond Owners' Consent. The City Council from time to time and at any time may pass supplemental resolutions or ordinances, which shall become a part of this ordinance, for any one or more of the following purposes:

(i) To add other covenants and agreements that do not adversely affect the interests of the owners of any Parity Bonds then outstanding, or to surrender any right or power reserved to or conferred upon the City.

(ii) To cure any ambiguities or to cure, correct or supplement any defective provision contained in this ordinance in regard to matters or questions arising under this ordinance as the City Council may deem necessary or desirable and not inconsistent with this ordinance and which do not materially adversely affect the interests of owners of any Parity Bonds then outstanding.

(iii) To make such changes as are necessary to permit the Bonds to be held in registered certificate form or in fully immobilized form by a Securities Depository.

Any such supplemental resolution or ordinance may be passed without the consent of the registered owners of the Parity Bonds at the time outstanding, notwithstanding any of the provisions of subsection (b) of this section, but only upon receipt by the City of an opinion of Bond Counsel to the effect that the amendment is permitted by the terms of this ordinance. The City shall deliver a copy of any such supplemental resolution or ordinance to each Rating Agency prior to its passage by the City.

(b) Amendments With Bond Owners' Consent. The City Council may, with the consent of the registered owners representing not less than 60% in aggregate principal amount of the Parity Bonds then outstanding, pass

SEATTLE CITY CLERK

supplemental resolutions or ordinances to add to, change, or eliminate any provision of this ordinance or of any supplemental resolution or ordinance, except no such supplemental resolution or ordinance may:

(i) Extend the fixed maturity of any Parity Bond, reduce the rate of interest on any Parity Bond, extend the times of payment of interest from their respective due dates, reduce the principal amount of any Parity Bond, or reduce any redemption premium, without consent from the registered owners of or on behalf of all Parity Bonds so affected; or

(ii) Reduce the percentage of ownership required to approve any such supplemental resolution or ordinance without the consent from the registered owners of or on behalf of all of the Parity Bonds then outstanding.

For purposes of determining whether consents representing requisite percentage of principal amount of Parity Bonds have been obtained, the Accreted Value of Capital Appreciation Bonds shall be deemed to be the principal amount. It shall not be necessary to obtain approval of the particular form of any proposed supplemental resolution or ordinance, but it shall be sufficient if the consent shall approve the substance thereof.

(c) Effect of Amendment. Upon the passage of any supplemental resolution or ordinance pursuant to the provisions of this section, this ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City under this ordinance shall thereafter be determined, exercised and enforced, subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental resolution or ordinance shall be deemed to be a part of the terms and conditions of this ordinance for any and all purposes.

(d) Notation on Bonds. Parity Bonds executed and delivered after the execution of any supplemental resolution or ordinance passed pursuant to the

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provisions of this section may have a notation as to any matter provided for in such supplemental resolution or ordinance, and if such supplemental resolution or ordinance shall so provide, new bonds modified to conform, in the opinion of the City Council, to any modification of this ordinance contained in any such supplemental resolution or ordinance may be prepared by the City and delivered without cost to the owners of any affected Parity Bonds then outstanding, upon surrender for cancellation of such bonds in equal aggregate principal amounts.

Section 19. Rate Stabilization Account. The City may at any time deposit in the Rate Stabilization Account, Gross Revenue and any other money received by the Light System and available to be used therefor. Thereafter, the City may withdraw any or all of the money from the Rate Stabilization Account for inclusion in the Net Revenue for the applicable year of the City. Such deposits or withdrawals may be made up to and including the date 90 days after the end of the applicable year for which the deposit or withdrawal will be included as Net Revenue.

Section 20. Official Statement; Continuing Disclosure.

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

(b) Final Official Statement. The City approves the preparation of a final official statement for each sale of one or more Series of the Bonds to be sold

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to the public in the form of the preliminary official statement with such modifications and amendments as the Director of Finance deems necessary or desirable, and further authorizes the Director of Finance to execute and deliver such final official statement to the Purchaser. The City authorizes and approves the distribution by the Purchaser of that final official statement to purchasers and potential purchasers of the Bonds.

(c) Undertaking to Provide Continuing Disclosure. To meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for a Series of the Bonds, the Director of Finance is authorized to execute a written undertaking to provide continuing disclosure for the benefit of holders of those Bonds in substantially the form attached as Exhibit B.

Section 21. General Authorization. In addition to the specific authorizations in this ordinance, 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 his or her 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 limiting the foregoing:

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

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Subsidy Bonds and to otherwise receive any other federal tax benefits relating to the Bonds that available to the City; and

(b) Each of the Mayor and the Director of Finance is separately authorized to execute and deliver (i) any and all contracts or other documents as are consistent with this ordinance and for which the City's approval is necessary or to which the City is a party (including but not limited to agreements with escrow agents, refunding trustees, liquidity or credit support providers, bond insurers, remarketing agents, underwriters, lenders, fiscal agents, counterparties to Payment Agreements, custodians, and the Bond Registrar; and (ii) such other contracts or documents incidental to the issuance and sale of a Series of the Bonds; the establishment of the initial interest rate or rates on a Bond; or the tender, purchase, remarketing, or redemption of a Bond, as may in his or her judgment be necessary or appropriate.

Section 22. 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 23. Ratification of Prior Acts. Any action taken after passage of this ordinance but prior to its effective date that is consistent with the authority of this ordinance, is ratified, approved and confirmed.

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

Section 25. Effective Date. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Exhibit A – Outstanding Parity Bonds
Exhibit B – Form of Continuing Disclosure Undertaking

FAS CITY CLERK

Form revised: December 12, 2012

2014 BUDGET LEGISLATION FISCAL NOTE

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

Legislation Title:

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

Summary and background of the Legislation:

Ordinance 121941 authorizes the City to refund (refinance) City Light bonds in order to capture interest rate savings. The attached legislation amends that ordinance to conform to the City's other current bond ordinances (which were revised this year to address recent statutory changes).

When market interest rates fall, substantial savings may be realized if the City can act quickly to refund (refinance) its outstanding bonds. Over the past 10 years, the City and its utilities have saved over $300 million through such strategic refundings. When a refunding opportunity emerges, there may not be sufficient time for the City to follow its normal process of drafting, reviewing, and adopting an authorizing ordinance. The attached legislation authorizes the City to refund any of its outstanding general obligation bonds under certain conditions. The City's Debt Management Policy Advisory Committee must approve all bond issues. In addition, refundings are guided by the Council-adopted Debt Management Policies. As always, Council must still approve the bond resolution for each issue.

Please check any of the following that apply:

____ **This legislation does not have any financial implications.**

_X_ **This legislation has financial implications.**

Other Implications:

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

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

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

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

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

Seattle City Light and FAS.

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

There are no viable alternatives.

e) Is a public hearing required for this legislation?

No.

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

No.

g) Does this legislation affect a piece of property?

No.

h) Other Issues:
None.

List attachments to the fiscal note below:

None.

CITY CLERK

City of Seattle
Office of the Mayor

September 23, 2013

Honorable Sally J. Clark
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill for consideration with the 2014 Proposed Budget. This legislation makes technical modifications to the existing ordinance authorizing the issuance of Municipal Light and Power Revenue Refunding bonds in order to capture debt service savings from lower interest rates. This legislation is being transmitted as a companion to the 2014 City Light bond ordinance.

Thank you for your consideration of this legislation. Should you have questions, please contact Michael Van Dyck at 684-8347.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael McGinn, Mayor
Office of the Mayor
600 Fourth Avenue, 7th Floor
PO Box 94749
Seattle, WA 98124-4749

Tel (206) 684-4000
Fax (206) 684-5360
TDD (206) 615-0476
mike.mcginn@seattle.gov

EMS CITY CLERK

STATE OF WASHINGTON -- KING COUNTY

--ss.

305638

No. 124355,356,357,358,359,60

CITY OF SEATTLE,CLERKS OFFICE

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:TITLE ONLY ORDINANCE

was published on

12/18/13

The amount of the fee charged for the foregoing publication is the sum of $107.25 which amount has been paid in full.

JENNIFER A. BORRERO
COMMISSION EXPIRES
NOTARY
PUBLIC
10-24-15
STATE OF WASHINGTON

Subscribed and sworn to before me on

12/18/2013

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle
Title Only Ordinances

The full text of the following legislation, passed by the City Council on December 2, 2013, and published below by title only, will be mailed upon request, or can be accessed at http://clerk.seattle.gov. For information on upcoming meetings of the Seattle City Council, please visit http://www.seattle.gov/council/calendar.

Contact: Office of the City Clerk at (206) 684-8344.

ORDINANCE NO. 124355

AN ORDINANCE relating to the City Light Department, authorizing the extension of the franchise from the City of Burien to construct, operate, maintain, replace and repair an electrical light and power system in, across, over, along, under, through and below certain designated public rights-of-way, to July 31, 2014 or the effective date of a replacement franchise agreement, whichever occurs first.

ORDINANCE NO. 124356

AN ORDINANCE relating to the City Light Department, authorizing the extension of the franchise from the City of Shoreline to construct, operate, maintain, replace and repair an electrical light and power system in, across, over, along, under, through and below certain designated public rights-of-way, to July 31, 2014 or the effective date of a replacement franchise agreement, whichever occurs first.

ORDINANCE NO. 124357

AN ORDINANCE relating to the rates, terms and conditions for the use and sale of electricity supplied by the City Light Department, amending Seattle Municipal Code Chapter 21.49 to add a First Avenue South Phase 2 undergrounding charge, applied to all City of Burien rate schedules.

ORDINANCE NO. 124358

AN ORDINANCE relating to the City Light Department; authorizing execution of the Interconnected Transmission Systems Agreement with Bonneville Power Administration to consolidate, clarify, and document the details pertaining to the ownership and operation of the existing physical interconnections between the transmission systems of the two parties.

ORDINANCE NO. 124359

AN ORDINANCE relating to the City Light Department, authorizing the acceptance of the Statutory Warranty Deed for the "Saunders Property" in Skagit County, Washington, placing said land under the jurisdiction of the City Light Department, and ratifying and confirming certain prior acts.

ORDINANCE NO. 124360

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

Date of publication in the Seattle Daily Journal of Commerce, December 18, 2013.

12/18(305638)

STATE OF WASHINGTON -- KING COUNTY

--ss.

305471 No. 124335,336,337,338,339,40

CITY OF SEATTLE,CLERKS OFFICE

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;TITLE ONLY ORDINANCE

was published on

12/12/13

The amount of the fee charged for the foregoing publication is the sum of $148.50 which amount has been paid in full.

JENNIFER A. BORRERO
NOTARY PUBLIC
COMMISSION EXPIRES 10-24-15
STATE OF WASHINGTON

Pamela [illegible]

Subscribed and sworn to before me on

12/12/2013

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

Title Only Ordinances

The full text of the following legislation, passed by the City Council on November 25, 2013, and published below by title only, will be mailed upon request, or can be accessed at http://clerk.seattle.gov. For information on upcoming meetings of the Seattle City Council, please visit http://www.seattle.gov/council/calendar.

Contact: Office of the City Clerk at (206) 684-8344.

ORDINANCE NO. 124335

AN ORDINANCE relating to the electric system of The City of Seattle; amending Ordinance 121941, as amended by Ordinance 122838, to conform Ordinance 121941 to reflect changes recently made by the City to update its standard form of bond ordinances; and ratifying and confirming certain prior acts.

ORDINANCE NO. 124336

AN ORDINANCE relating to the electric system of The City of Seattle; authorizing the issuance and sale of municipal light and power revenue bonds 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, paying the costs of issuance of those bonds and providing for the reserve fund requirement; providing for the terms, conditions, covenants and manner of sale of those bonds; describing the lien of those bonds; and ratifying and confirming certain prior acts.

ORDINANCE NO. 124337

AN ORDINANCE relating to the drainage and wastewater system of The City of Seattle; adopting a system or plan of additions and betterments to and extensions of the existing drainage and wastewater system; authorizing the issuance and sale of drainage and wastewater revenue bonds, in one or more series, for the purposes of paying part of the cost of carrying out that system or plan, providing for the reserve requirement, and paying the costs of issuance of the bonds; providing for certain terms, conditions, covenants and the manner of sale of the bonds; describing the lien of the bonds; creating certain accounts of the City relating to the bonds; and ratifying and confirming certain prior acts.

ORDINANCE NO. 124338

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

ORDINANCE NO. 124339

AN ORDINANCE relating to the water system of The City of Seattle; amending Ordinance 121939 to conform Ordinance 121939 to reflect changes recently made by the City to update its standard form of bond ordinance; and ratifying and confirming certain prior acts.

ORDINANCE NO. 124340

AN ORDINANCE relating to the municipal water system of The City of Seattle; adopting a system or plan of additions or betterments to and extensions of the existing municipal water system; authorizing the issuance and sale of water system revenue bonds, in one or more series, for the purposes of paying part of the cost of carrying out that system or plan, providing for the reserve requirement and paying the costs of issuance of the bonds; providing for certain terms, conditions, covenants and the manner of sale of the bonds; describing the lien of the bonds; creating certain accounts of the City relating to the bonds; and ratifying and confirming certain prior acts.

Date of publication in the Seattle Daily Journal of Commerce, December 12, 2013.

12/12(305471)