



SEATTLE CITY COUNCIL

Legislative Summary

Res 31728

Record No.: Res 31728

Type: Resolution (Res)

Status: Adopted

Version: 1

Ord. no:

In Control: City Clerk

File Created: 01/09/2017

Final Action: 01/13/2017

Title: A RESOLUTION relating to contracting indebtedness; confirming, ratifying and approving certain terms of the issuance and sale of The City of Seattle, Washington, Municipal Light and Power Revenue Bonds, Series 2017A (Multi-Modal) and Series 2017B (Multi-Modal), for the purposes set forth in Ordinance 124916; authorizing the Director of Finance to execute a Continuing Covenant Agreement with the initial purchaser of such Bonds to negotiate and execute related documents and agreements from time to time in connection with the election of variable interest rate modes; and confirming, ratifying and approving action taken and to be taken by the Director of Finance of the City of Seattle and other City officials relating to the issuance and sale of the bonds to the initial purchaser thereof and in connection with the election of variable interest rate modes with respect thereto throughout the term of such bonds.

Notes:

Date
Filed with City Clerk: 1/13/2017

Mayor's Signature: 1/13/2017

Sponsors: Harrell

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Ex B - Maturity Schedule and Sinking Fund Requirements

Drafter: jodee.schwinn@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published: ☐ Yes ☐ No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Full Council	01/11/2017	adopted				Pass
	Action Text: The Motion carried, the Resolution (Res) was adopted by the following vote, and the President signed the Resolution:						
	Notes: Motion was made and duly seconded to adopt Resolution 31728.						
	In Favor: 6 Councilmember Bagshaw, Councilmember Burgess, Councilmember González, Councilmember Herbold, Councilmember O'Brien, Councilmember Sawant						

Opposed: 0

1	City Clerk	01/12/2017	submitted for Mayor's signature	Mayor
1	Mayor	01/13/2017	Signed	
1	Mayor	01/13/2017	returned	City Clerk
1	City Clerk	01/13/2017	attested by City Clerk	

CITY OF SEATTLE

RESOLUTION 31728

A RESOLUTION relating to contracting indebtedness; confirming, ratifying and approving certain terms of the issuance and sale of The City of Seattle, Washington, Municipal Light and Power Revenue Bonds, Series 2017A (Multi-Modal) and Series 2017B (Multi-Modal), for the purposes set forth in Ordinance 124916; authorizing the Director of Finance to execute a Continuing Covenant Agreement with the initial purchaser of such Bonds to negotiate and execute related documents and agreements from time to time in connection with the election of variable interest rate modes; and confirming, ratifying and approving action taken and to be taken by the Director of Finance of the City of Seattle and other City officials relating to the issuance and sale of the bonds to the initial purchaser thereof and in connection with the election of variable interest rate modes with respect thereto throughout the term of such bonds.

WHEREAS, by Ordinance 124916 (the "Bond Ordinance"), The City of Seattle, Washington (the "City") authorized the issuance and sale of not to exceed \$280,000,000 of its municipal light and power revenue bonds in one or more series (1) to pay part of the cost of carrying out the Plan of Additions; (2) to provide for the Reserve Fund Requirement; (3) to capitalize interest on, if necessary, and pay the costs of issuance of the Bonds; and (4) for other Light System purposes approved by ordinance; and

WHEREAS, the Bond Ordinance authorizes the Director of Finance to conduct a negotiated sale of the bonds in one or more Series, to accept an offer to purchase those bonds and to set certain Bond Sale Terms (as defined in the Bond Ordinance) within certain parameters set forth in the Bond Ordinance, which acceptance is effective upon approval by the City Council by resolution; and

WHEREAS, pursuant to the Bond Ordinance, the City has accepted competitive proposals for the purchase of its Municipal Light and Power Revenue Bonds, Series 2017A (Multi-Modal) and Series 2017B (Multi-Modal) (together, the "Bonds"), and the proposed sale of the Bonds to State Street Public Lending Corporation or one of its

1 affiliates has been presented to the City Council for its approval with the Bond Sale
2 Terms; NOW, THEREFORE,

3 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE,**
4 **THE MAYOR CONCURRING, THAT:**

5 **Section 1. Definitions.** The meanings of capitalized terms used and not otherwise
6 defined in this resolution shall be as set forth in the Bond Ordinance. In addition, the following
7 terms as used in this resolution shall have the following meanings:

8 **“Alternate Credit Facility”** means a letter of credit, insurance policy, line of credit,
9 surety bond or security, or other liquidity facility issued as a replacement or substitute for any
10 Credit Facility then in effect.

11 **“Authorized Denomination”** means (a) during any Daily Interest Rate Period or
12 Weekly Interest Rate Period, \$100,000 or any integral multiple of \$5,000 in excess of \$100,000;
13 (b) during any Long-Term Interest Rate Period, \$5,000 or any integral multiple thereof; (c)
14 during any Index Rate Period that is not an Index Rate Direct Purchase Period, \$5,000 or any
15 integral multiple thereof; and (d) during any Index Rate Direct Purchase Period, \$250,000, or
16 any integral multiple of \$5,000 in excess of \$250,000 or such other minimum denomination as
17 may be set forth in the applicable Direct Purchase Agreement.

18 **“Bank Bond”** means a Bond (or portion thereof in any Authorized Denomination) that
19 is purchased by the Bond Registrar with amounts paid or provided by a Credit Provider under a
20 Credit Facility.

21 **“Bank Rate”** means that rate of interest borne by a Bank Bond, as specified or
22 determined in accordance with a Credit Facility.

1 **“Bloomberg Page BBAM1”** means the display designated on page “BBAM1” on the
2 Bloomberg Service (or such other page as may replace the BBAM1 page on that service, any
3 successor service or such other service or services as may be nominated by the British Bankers’
4 Association for the purpose of displaying London Interbank offered rates for U.S. dollar
5 deposits).

6 **“Bond Legislation”** means, together, the Bond Ordinance and this resolution.

7 **“Bond Ordinance”** means Ordinance 124916 of the City.

8 **“Bond Purchase Fund”** means the trust fund established with the Bond Registrar
9 pursuant to Section 14.

10 **“Bonds”** means the \$100,000,000 aggregate principal amount of Municipal Light and
11 Power Revenue Bonds, Series 2017A (Multi-Modal) and Series 2017B (Multi-Modal), issued
12 pursuant to the Bond Ordinance and this resolution, in one or more Series (with such additional
13 or alternative naming conventions as may be convenient to indicate a series designation).

14 **“Book-Entry Form”** means a form under which physical bond certificates in fully
15 registered form are registered only in the name of a Securities Depository or its nominee as
16 Registered Owner, with the physical bond certificates held by and “immobilized” in the custody
17 of the Securities Depository, where the system for recording and identifying the transfer of the
18 ownership interests of the Beneficial Owners in those Bonds is maintained by and the
19 responsibility of other entities than the City or the Bond Registrar.

20 **“Business Day”** means any day other than a Saturday or Sunday that (a) is neither a
21 legal holiday nor a day on which banking institutions are authorized or required by law or
22 regulation to close in the City of New York, New York, Boston, Massachusetts, or Seattle,
23 Washington, or the city or cities in which the principal office of the Remarketing Agent or the

1 Calculation Agent is located nor a day on which the New York Stock Exchange is closed or the
2 payment system of the Federal Reserve Bank is not operational; and (b) during any Index Rate
3 Period in which the Index is One-Month LIBOR or Three-Month LIBOR, is a London Business
4 Day.

5 **“Calculation Agent”** means (a) during an Index Rate Direct Purchase Period, the Index
6 Rate Holder; and (b) during any other Interest Rate Period, the Bond Registrar, unless and until
7 the Director of Finance, in his sole discretion, selects another trustee, financial advisory firm,
8 bank or other financial institution to serve as calculation agent for a Series of the Bonds. During
9 an Index Rate Direct Purchase Period, the Director of Finance may select another trustee,
10 financial advisory firm, bank or other financial institution to serve as calculation agent only
11 upon receipt of the prior written consent of the Index Rate Holder.

12 **“Continuing Covenant Agreement”** means the Continuing Covenant Agreement
13 between the City and the Initial Purchaser, which shall be deemed to be a Direct Purchase
14 Agreement for purposes of this resolution, and which shall substantially reflect the key terms of
15 the Term Sheet attached as Exhibit A with such modifications as are acceptable to the
16 Designated Representative, and which is authorized to be executed on behalf of the City
17 pursuant to Section 2. References in this resolution to the Continuing Covenant Agreement shall
18 include all amendments, supplements, modifications, assignments, extensions, renewals or
19 restatements from time to time made in accordance with the terms of such agreement.

20 **“Conversion”** means a conversion of an entire Series of the Bonds from one Interest
21 Rate Period to another Interest Rate Period (including the establishment of a new Long-Term
22 Interest Rate Period or Index Rate Period). The following events shall not be Conversions for
23 purposes of this resolution: (a) the continuation of a Daily Interest Rate at the end of a Daily

1 Interest Rate Period, (b) the continuation of a Weekly Interest Rate at the end of a Weekly
2 Interest Rate Period, (c) the imposition of a Delayed Remarketing Period, (d) during an Index
3 Rate Direct Purchase Period, a renewal or extension of the term of such Index Rate Direct
4 Purchase Period then in effect or a conversion from one Index Rate Direct Purchase Period to
5 another Index Rate Direct Purchase Period whether or not the holder of the Bonds is the same
6 Index Rate Holder, and (e) an Extraordinary Mandatory Redemption of a Series pursuant to a
7 Term-Out Provision.

8 **“Conversion Date”** means the effective date of a Conversion.

9 **“Credit Facility”** means any letter of credit, insurance policy, line of credit, surety
10 bond, or other security or other liquidity facility, if any, to be issued by the Credit Provider in
11 connection with a Conversion to a Daily Interest Rate, a Weekly Interest Rate, or other interest
12 rate mode, that secures or supports the payment when due of the principal and Purchase Price of
13 and interest on a Bond, including any Alternate Credit Facility, or any extensions, amendments
14 or replacements thereof pursuant to its terms. The Director of Finance may, in his discretion,
15 designate a reimbursement agreement entered into in connection with a Credit Facility as a
16 Parity Payment Agreement, if such designation is otherwise consistent with the requirements of
17 the Bond Ordinance.

18 **“Credit Facility Purchase Account”** means each account with that name established
19 within the Bond Purchase Fund pursuant to Section 14.

20 **“Credit Provider”** means any bank, insurance company, pension fund or other financial
21 institution that provides a Credit Facility or Alternate Credit Facility for a Series of the Bonds.

22 **“Daily Interest Rate”** means a variable interest rate established in accordance with
23 Section 6(b)(1).

1 **“Daily Interest Rate Period”** means, with respect to a Series of the Bonds, each period
2 during which a Daily Interest Rate is in effect.

3 **“Default Rate”** as used in connection with any Index Rate Direct Purchase Period, has
4 the meaning set forth in the applicable Direct Purchase Agreement.

5 **“Delayed Remarketing Period”** means the period as set forth in Section 10(f),
6 applicable to Unremarketed Bonds that are not subject to a Direct Purchase Agreement.

7 **“Designated Representative”** means the Director of Finance.

8 **“Determination of Taxability”** as used in connection with any Index Rate Direct
9 Purchase Period, has the meaning set forth in the Direct Purchase Agreement from time to time
10 in effect.

11 **“Direct Purchase Agreement”** means (a) during the Initial Index Rate Period and while
12 any Unremarketed Bonds remain outstanding, the Continuing Covenant Agreement, and (b)
13 during any subsequent Index Rate Direct Purchase Period, any written agreement between the
14 City and a direct purchaser for the purchase of all of a Series of the Bonds bearing interest at an
15 Index Rate.

16 **“Elect” or “Election”** means the election by the Designated Representative of a new
17 Interest Rate Period.

18 **“Event of Default”** as used in connection with any Index Rate Direct Purchase Period,
19 has the meaning set forth in the applicable Direct Purchase Agreement.

20 **“Event of Taxability”** as used in connection with any Index Rate Direct Purchase
21 Period, has the meaning set forth in the Direct Purchase Agreement from time to time in effect.

22 **“Extraordinary Event”** means (a) during an Index Rate Direct Purchase Period, a
23 failure by the City to purchase or cause the purchase of all or a portion of a Series of the Bonds

1 on a Mandatory Tender Date, causing such Bonds (or portion thereof) to become Unremarketed
2 Bonds; or (b) during any Interest Rate Period in which a Credit Facility is in effect, the
3 occurrence of certain extraordinary events set forth under the applicable provisions of the
4 Reimbursement Agreement or other agreement relating to the applicable Credit Facility.

5 **“Extraordinary Mandatory Redemption”** means the periodic redemption of principal
6 of Unremarketed Bonds or Bank Bonds in the amounts and on the dates set forth in a Term-Out
7 Provision of a Direct Purchase Agreement or agreement relating to a Credit Facility.

8 **“Favorable Opinion of Bond Counsel”** means a written legal opinion of Bond Counsel
9 addressed to the City, the Bond Registrar, the Credit Provider (if any), the Index Rate Holder (if
10 any), and the Remarketing Agent (if any), to the effect that a specified action is permitted under
11 the Bond Legislation and will not impair the exclusion of interest on the affected Bonds from
12 gross income for purposes of federal income taxation (subject to customary exceptions). The
13 foregoing definition is not intended to limit the persons to whom such written legal opinion may
14 additionally be required to be delivered pursuant to a Direct Purchase Agreement.

15 **“Index”** means any of (a) One-Month LIBOR, (b) Three-Month LIBOR, (c) the SIFMA
16 Index, or (d) any other index selected by the Designated Representative.

17 **“Index Rate”** means:

18 (a) during the Initial Index Rate Period, a per annum rate of interest established
19 on each Interest Determination Date equal to the product of (1) the sum of (A) the applicable
20 Index Rate Spread and (B) the product of One-Month LIBOR and the applicable Index Rate
21 Percentage, and (2) the applicable Margin Rate Factor, all as identified in the Continuing
22 Covenant Agreement and subject to adjustment as set forth therein (which adjustments may
23 include, without limitation, adjustments based on Rating changes by a Rating Agency, an

1 Unremarketed Bonds Rate, a Taxable Rate and a Default Rate and other increased rates), which
2 Index Rate shall, during the Initial Index Rate Period, be rounded to the third decimal place; and

3 (b) during any subsequent Index Rate Period, a variable interest rate established
4 in accordance with Section 6(b)(4)(A) (if a Direct Purchase Agreement is in effect) or Section
5 6(b)(4)(B) (if a Direct Purchase Agreement is not in effect).

6 **“Index Rate Direct Purchase Period”** means each Index Rate Period, including the
7 Initial Index Rate Period, during which the applicable Series of the Bonds is purchased and held
8 pursuant to a Direct Purchase Agreement, including any Term-Out Period or other period during
9 which Unremarketed Bonds continue to be outstanding while a Direct Purchase Agreement is in
10 effect.

11 **“Index Rate Percentage”** means:

12 (a) during the Initial Index Rate Period, 70%, as described in Exhibit A and as
13 further set forth in the Continuing Covenant Agreement;

14 (b) during any subsequent Index Rate Direct Purchase Period, the percentage
15 specified in the Direct Purchase Agreement then in effect; and

16 (c) during any other Index Rate Period, the percentage of the Index selected by
17 the Designated Representative pursuant to Section 6(b)(4)(B).

18 **“Index Rate Period”** means, with respect to any Series of the Bonds, each period
19 during which an Index Rate is in effect (including, without limitation, the Initial Index Rate
20 Period and each Index Rate Direct Purchase Period).

21 **“Index Rate Spread”** means:

22 (a) during the Initial Index Rate Period, the “Applicable Spread” as that term is
23 defined in the Continuing Covenant Agreement, which is initially set at forty-three basis points

(0.43%) and is subject to adjustment as described in the term sheet attached as Exhibit A and as further set forth in the Continuing Covenant Agreement; and

(b) during any subsequent Index Rate Period, either (1) the spread determined by the Remarketing Agent on or prior to the Conversion Date that marks the beginning of such period, pursuant to Section 6(b)(4)(B), or (2) during any Index Rate Direct Purchase Period, the spread (and any adjustments thereto) specified in the Direct Purchase Agreement in effect for such period.

“Index Rate Holder” means, during the Initial Index Rate Period, State Street Public Lending Corporation, and during any other Index Rate Direct Purchase Period applicable to a Series of the Bonds, during which:

(a) such Series is not held in Book-Entry Form, (1) if there is a single Registered Owner of all Bonds of such Series, the Registered Owner of such Series, or (2) if there is more than one Registered Owner of Bonds within a Series, Registered Owners owning a majority of the aggregate principal amount of the then outstanding Bonds of such Series; and

(b) such Series is held in Book-Entry Form, (1) if there is a single Beneficial Owner of all Bonds of such Series, the Beneficial Owner, or (2) if there is more than one Beneficial Owner of the Bonds of such Series, Beneficial Owners of a majority of the aggregate principal amount of the then outstanding Bonds of such Series.

“Initial Index Rate Period” means the Index Rate Direct Purchase Period for a Series of the Bonds commencing on the Initial Issue Date and ending on the earliest of (a) with respect to a Conversion of a Series, the Conversion Date next succeeding the Initial Issue Date, to which the Index Rate Holder has given its written consent, (b) the first day of a Term-Out

1 Period, as specified in the Continuing Covenant Agreement, or (c) the Initial Bank Purchase
2 Date, as defined in the Continuing Covenant Agreement.

3 **“Initial Issue Date”** means the date on which the Bonds are delivered to the Initial
4 Purchaser pursuant to the Continuing Covenant Agreement, consistent with Section 3(b).

5 **“Initial Purchaser”** means State Street Public Lending Corporation, or any affiliate
6 thereof (i.e., another entity that directly, or indirectly through one or more intermediaries,
7 controls, or is controlled by or is under common control with, State Street Public Lending
8 Corporation).

9 **“Interest Accrual Date”** with respect to a Series of the Bonds means:

10 (a) for any Daily Interest Rate Period, the first day thereof and, thereafter, the
11 first day of each calendar month during such Daily Interest Rate Period;

12 (b) for any Weekly Interest Rate Period, the first day thereof and, thereafter,
13 the first Wednesday of each calendar month during such Weekly Interest Rate Period;

14 (c) for any Long-Term Interest Rate Period, the first day thereof and,
15 thereafter, each Interest Payment Date during that Long-Term Interest Rate Period, other than
16 the last such Interest Payment Date; and

17 (d) for each Index Rate Period, the first day thereof and, thereafter, the first
18 Business Day of each calendar month during such Index Rate Period, unless otherwise specified
19 in a Direct Purchase Agreement in effect for such period.

20 **“Interest Determination Date”** for each Index Rate Period means:

21 (a) for each Index Rate Direct Purchase Period (including the Initial Index
22 Rate Period), either (1) the Interest Determination Date(s) set forth in the Direct Purchase
23 Agreement, or if none are specified, then (2) the date(s) set forth in subsection (b); and

(b) for each such period that is not an Index Rate Direct Purchase Period (1) if the Index is One-Month LIBOR or Three-Month LIBOR, the second London Business Day preceding the first day of such Index Rate Period and, thereafter, the second London Business Day preceding each Interest Reset Date during such Index Rate Period; (2) if the Index is the SIFMA Index, the first day of such Index Rate Period and, thereafter, each Wednesday (or, if any such Wednesday is not a Business Day, the succeeding Business Day); and (3) if any other Index has been selected by the Designated Representative, the date(s) selected by the Designated Representative.

“Interest Payment Date” means:

(a) for interest accrued in (1) any Daily Interest Rate Period, the fifth Business Day of the next succeeding calendar month; (2) any Weekly Interest Rate Period, the first Wednesday of each calendar month, or, if the first Wednesday is not a Business Day, the next succeeding Business Day; (3) any Long-Term Interest Rate Period, each May 1 and November 1, or if any May 1 or November 1 is not a Business Day, the next succeeding Business Day; or (4) any Index Rate Period, (i) the first Business Day of each calendar month, (ii) each Purchase Date, and (iii) each date on which all or a portion of the Bonds are redeemed, unless otherwise specified in a Direct Purchase Agreement in effect for such period;

(b) without duplication, the first Business Day succeeding the last day of each Interest Rate Period; and

(c) with respect to any Bonds during a Term-Out Period, the dates set forth in the Term-Out Provision of the applicable Direct Purchase Agreement or Credit Facility for the payment of interest on such Bonds.

1 **“Interest Rate Period”** means each Daily Interest Rate Period, Weekly Interest Rate
2 Period, Long Term Interest Rate Period or Index Rate Period (including, without limitation, any
3 Index Rate Direct Purchase Period).

4 **“Interest Reset Date”** means:

5 (a) for each Index Rate Direct Purchase Period (including the Initial Index
6 Rate Period), either (1) the Interest Reset Dates set forth in the Direct Purchase Agreement or
7 (2) if none are specified, the dates set forth in subsection (b); and

8 (b) for each Index Rate Period that is not an Index Rate Direct Purchase
9 Period (1) if the Index is One-Month LIBOR or Three-Month LIBOR, the first Business Day of
10 each calendar month; (2) if the Index is the SIFMA Index, Thursday of each week, or if not a
11 Business Day, the next succeeding Business Day; and (3) if any other Index has been selected
12 by the Designated Representative, the date(s) selected by the Designated Representative.

13 **“London Business Day”** means a day on which commercial banks and foreign
14 exchange markets settle payments and are open for general business (including dealings in
15 foreign exchange and United States Dollar deposits) in the London interbank market.

16 **“Long-Term Interest Rate”** means a term, non-variable interest rate established in
17 accordance with Section 6(b)(3).

18 **“Long-Term Interest Rate Period”** means, with respect to a Series of the Bonds, each
19 period during which a Long-Term Interest Rate is in effect.

20 **“Mandatory Tender Date”** means each Purchase Date on which a Series of the Bonds
21 then in an Index Rate Period is required to be tendered for purchase as set forth in Section
22 10(b).

1 **“Margin Rate Factor”** means the margin rate factor identified in a Direct Purchase
2 Agreement for purposes of determining an Index Rate during an Index Rate Direct Purchase
3 Period.

4 **“Market Agent”** means the Index Rate Holder or any affiliate thereof or any third party
5 financial advisory firm, investment banking firm, commercial bank or any other financial
6 institution with experience in pricing information for tax exempt municipal securities, as
7 selected by the City (and consented to by the Index Rate Holder) to serve as market agent in
8 connection with a Conversion to an Index Rate Period.

9 **“Maturity Date”** means the final date on which the principal of a Bond is stated on its
10 face to become due and payable as provided in this resolution, regardless of any Sinking Fund
11 Requirement or optional or mandatory redemption prior to maturity.

12 **“Maximum Federal Corporate Tax Rate”** means the maximum rate of income
13 taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect from time
14 to time (or, if as a result of a change in the Code, the rate of income taxation imposed on
15 corporations generally shall not be applicable to the Index Rate Holder, the maximum statutory
16 rate of federal income taxation which could apply to the Index Rate Holder). As of the date
17 hereof, the Maximum Federal Corporate Tax Rate is 35%.

18 **“Maximum Interest Rate”** means 12% per annum, calculated in the same manner as
19 interest is calculated for the interest rate then in effect on the affected Series of the Bonds.
20 Notwithstanding the immediately preceding sentence, with respect to Bank Bonds and any
21 Series of the Bonds during an Index Rate Direct Purchase Period (including Unremarketed
22 Bonds), Maximum Interest Rate shall mean 25% per annum, calculated in the manner set forth

1 in the applicable Direct Purchase Agreement or Credit Facility. In no event shall the maximum
2 interest rate exceed the maximum rate permitted by applicable law from time to time.

3 **“One-Month LIBOR”** (a) during the Initial Index Rate Direct Purchase Period, shall
4 have the meaning given in the Continuing Covenant Agreement; and (b) during any subsequent
5 Index Rate Period, shall have the meaning given in the Direct Purchase Agreement, or if none,
6 the rate determined on each Interest Determination Date by the Calculation Agent for deposits
7 in U.S. dollars for a one-month maturity which appears on Bloomberg Page BBAM1, or any
8 successor page, as of 11:00 a.m., London time, on such Interest Determination Date (or if not so
9 reported, then as determined by the Calculation Agent by obtaining quotes from Reference
10 Banks, as set forth in Section 6(b)). If at any time One-Month LIBOR determined as provided
11 above would be less than zero percent (0.00%), then One-Month LIBOR shall be deemed to be
12 zero percent (0.00%).

13 **“Par Call Date”** means, with respect to a Bond bearing interest at an Index Rate (a)
14 other than during an Index Rate Direct Purchase Period: (1) during any Index Rate Period that is
15 two years or longer in duration, the first Business Day that is on or after the date that is six
16 months prior to the end of such Index Rate Period, or the date established by the Designated
17 Representative with a Favorable Opinion of Bond Counsel; and (2) during any other Index Rate
18 Period, the first Business Day after the end of such Index Rate Period; and (b) during the Initial
19 Index Rate Period and any other Index Rate Direct Purchase Period or if the Bonds are
20 Unremarketed Bonds, the first Business Day on which the Bond is subject to call for optional
21 redemption at a price of 100% of the principal amount thereof plus interest accrued to the date
22 fixed for redemption, as set forth in the Direct Purchase Agreement.

1 **“Participant”** means, with respect to the Securities Depository, a member of or
2 participant in the Securities Depository.

3 **“Purchase Date”** means each date on which a Series of the Bonds is required to be
4 purchased pursuant to Section 10.

5 **“Purchase Price”** means the purchase price to be paid to the Registered Owner(s) of
6 Bonds purchased pursuant to Section 10, which shall be equal to the principal amount thereof
7 tendered for purchase, without premium, plus accrued interest from the immediately preceding
8 Interest Accrual Date to the Purchase Date (if such date is not an Interest Payment Date), plus
9 any other accrued and unpaid interest, except in the case of a proposed Conversion from a
10 Long-Term Interest Rate Period on a date on which the Bonds being converted would otherwise
11 be subject to optional redemption pursuant to Section 9(a) if such Conversion did not occur, the
12 Purchase Price shall also include the optional redemption premium, if any, provided for such
13 date under Section 9(a)(3).

14 **“Record Date”** means (a) with respect to any Interest Payment Date in a Daily Interest
15 Rate Period, the last Business Day of each calendar month or, in the case of the last Interest
16 Payment Date in a Daily Interest Rate Period, the Business Day immediately preceding such
17 Interest Payment Date, (b) with respect to any Interest Payment Date in any Long-Term Interest
18 Rate Period, the 15th day immediately preceding that Interest Payment Date, (c) with respect to
19 any Interest Payment Date in any Weekly Interest Rate Period, the Business Day preceding the
20 Interest Payment Date, and (d) with respect to any Interest Payment Date in any Index Rate
21 Period, the 15th day immediately preceding that Interest Payment Date, unless otherwise
22 provided in a Direct Purchase Agreement then in effect.

1 **“Reference Bank”** means any of the four largest U.S. banks with an office in London,
2 based upon consolidated total asset size, as listed by the Federal Reserve in its most current
3 statistical release on its website with respect thereto.

4 **“Reimbursement Agreement”** means any agreement between the City and a Credit
5 Provider, pursuant to which a Credit Facility or Alternate Credit Facility is issued by the Credit
6 Provider, as the same may be amended or supplemented.

7 **“Remarketing Account”** means each account with that name established within the
8 Bond Purchase Fund pursuant to Section 14.

9 **“Remarketing Agent”** means each remarketing firm qualified under Section 12 to act
10 as Remarketing Agent for the Bonds and appointed by the Designated Representative on behalf
11 of the City.

12 **“Remarketing Agreement”** means any remarketing agreement between the City and
13 the Remarketing Agent whereby the Remarketing Agent undertakes to perform the duties of the
14 Remarketing Agent under this resolution.

15 **“SIFMA”** means the Securities Industry and Financial Markets Association (formerly
16 the Bond Market Association).

17 **“SIFMA Index”:**

18 (a) during the Initial Index Rate Direct Purchase Period, shall have the meaning
19 given in the Continuing Covenant Agreement (if any); and

20 (b) during any subsequent Interest Rate Period, shall have the meaning given in
21 the Direct Purchase Agreement, or if none, shall mean the seven-day high-grade market index
22 of tax-exempt variable rate demand obligations produced by Municipal Market Data and
23 published or made available by SIFMA or any person acting in cooperation with or under the

1 sponsorship of SIFMA. If such index is no longer published or otherwise not available, the
2 SIFMA Index for any day will mean the level of the “S&P Weekly High Grade Index”
3 (formerly the J.J. Kenny Index) maintained by Standard & Poor’s Securities Evaluations Inc. for
4 a 7-day maturity as published on the Interest Reset Date or most recently published prior to the
5 Interest Reset Date. If at any time neither such index is available, the Calculation Agent shall
6 use instead an index that the Calculation Agent, after consultation with the Remarketing Agent
7 (if any) and the Designated Representative, determines most closely approximates the SIFMA
8 Index.

9 “**SIFMA Rate**” means a per annum rate of interest established on each Interest
10 Determination Date that is

11 (a) during any Index Rate Direct Purchase Period, equal to the product of (1) the
12 sum of the SIFMA Index plus the applicable Index Rate Spread, and (2) the applicable Margin
13 Rate Factor, all as determined pursuant to the applicable Direct Purchase Agreement; and

14 (b) during any Index Rate Period that is not an Index Rate Direct Purchase
15 Period, equal to the sum of (1) the SIFMA Index rate issued on Wednesday of each week, or if
16 any Wednesday is not a Business Day, the succeeding Business Day, and (2) the Index Rate
17 Spread.

18 “**Series**” as used in this resolution refers to a series of the Bonds issued pursuant to the
19 Bond Ordinance and this resolution.

20 “**Stepped Interest Rate**” means for any Index Rate Period that is not subject to a Direct
21 Purchase Agreement, a per annum interest rate or rates equal to either (a) the SIFMA Index plus
22 a percentage determined by the Remarketing Agent, or (b) the per annum interest rate or rates as

1 determined by the Remarketing Agent, which determination is made, in either case, on or prior
2 to the initial Interest Determination Date pursuant to Section 6(b)(4)(B)(iv).

3 **“Taxable Date”** means the date on which interest on the Bonds is first includable in
4 gross income of the Owner (including, without limitation, any previous Owner) thereof as a
5 result of an Event of Taxability, as such date is established pursuant to a Determination of
6 Taxability.

7 **“Taxable Period”** has the meaning set forth in the applicable Direct Purchase
8 Agreement.

9 **“Taxable Rate”** means, for each day during a Taxable Period, an interest rate per
10 annum at all times equal to the product of the interest rate on the Bonds (including
11 Unremarketed Bonds) then in effect, and the Taxable Rate Factor.

12 **“Taxable Rate Factor”** means, for each day that the Taxable Rate is determined, one
13 divided by the difference between one minus the Maximum Federal Corporate Tax Rate then in
14 effect.

15 **“Term-Out Period”** means a period, as determined in accordance with a Direct
16 Purchase Agreement or Credit Facility then in effect, during which Unremarketed Bonds
17 become subject to Extraordinary Mandatory Redemption in periodic, approximately equal
18 installments of principal during the Term-Out Period.

19 **“Term-Out Provision”** means a provision in a Direct Purchase Agreement or Credit
20 Facility that requires the Extraordinary Mandatory Redemption of principal of Unremarketed
21 Bonds in installments payable in accordance with a scheduled amortization of such principal
22 over a Term-Out Period, to be determined as set forth in the applicable Direct Purchase
23 Agreement or Credit Facility.

1 **“Three-Month LIBOR”** means (a) during the Initial Index Rate Direct Purchase
2 Period, shall have the meaning given in the Continuing Covenant Agreement, if any; and (b)
3 during any subsequent Index Rate Period, the rate determined by the Calculation Agent for
4 deposits in U.S. dollars for a three-month maturity as published by Reuters (or such other
5 service as may be nominated by the British Bankers Association, for the purpose of displaying
6 London interbank offered rates for U.S. dollar deposits) as of 11:00 a.m., London time, on such
7 Interest Determination Date (or if not so reported, then as determined by the Calculation Agent
8 by obtaining quotes from Reference Banks, as set forth in Section 6(b)). If at any time, the
9 Three-Month LIBOR determined as provided above would be less than zero percent (0.0%),
10 then Three-Month LIBOR shall be deemed to be zero percent (0.00%).

11 **“Undelivered Bond”** means any Bond which constitutes an Undelivered Bond under
12 the provisions of Section 10(d).

13 **“Unremarketed Bond”** means any Bonds that are not purchased when tendered for
14 purchase and which become Unremarketed Bonds pursuant to Section 10(f).

15 **“Unremarketed Bonds Rate”** has the meaning set forth in the Direct Purchase
16 Agreement, if any.

17 **“Weekly Interest Rate”** means a variable interest rate for a Bond established in
18 accordance with Section 6(b)(2).

19 **“Weekly Interest Rate Period”** means, with respect to a Series of the Bonds, each
20 period during which a Weekly Interest Rate is in effect.

21 **Section 2. Sale and Delivery of Bonds.** The City Council finds that the sale of the
22 Bonds to the Initial Purchaser, in one or more Series (with such additional naming convention
23 as may be convenient), on Bond Sale Terms consistent with the parameters set forth in the Bond

1 Legislation is in the best interest of the City and in the public interest and, therefore, authorizes
2 the Designated Representative to execute and deliver on behalf of the City, the Continuing
3 Covenant Agreement reflecting the terms set forth in Exhibit A with such modifications thereto,
4 consistent with the Bond Legislation, as shall be approved by the Designated Representative,
5 which approval shall be evidenced by such execution and delivery.

6 **Section 3. Approval of Bond Sale Terms.** In accordance with Section 5 of the
7 Bond Ordinance, the following Bond Sale Terms are approved:

8 (a) **Principal Amount.** The Bonds shall be issued in one or more Series, in
9 the aggregate principal amount of \$100,000,000.

10 (b) **Date.** Each Bond shall be dated its Initial Issue Date.

11 (c) **Denominations.** The Bonds shall be issued in Authorized
12 Denominations, as that term is defined in this resolution.

13 (d) **Mechanism for Determining Interest Rates.** Each Series of the Bonds
14 shall bear interest as provided herein.

15 (e) **Payment Dates.** Interest on each Bond shall be payable on each Interest
16 Payment Date. The principal of each Bond shall be payable in accordance with the redemption
17 provisions set forth herein, including in accordance with the maturity schedule set forth in
18 Exhibit C.

19 (f) **Final Maturity.** The final Maturity Date of each Series of the Bonds
20 may be no later than November 1, 2046.

21 (g) **Redemption and Tender Rights.** Each Series of the Bonds shall be
22 subject to optional, mandatory and extraordinary mandatory redemption as provided in
23 Section 9 and shall be subject to tender for purchase as provided in Section 10.

1 (h) **Price.** The purchase price for each Series of the Bonds is par.

2 (i) **Other Terms and Conditions.** The following terms and conditions,
3 along with such additional Bond Sale Terms as are set forth in the Continuing Covenant
4 Agreement, are ratified, confirmed and approved in all respects:

5 (1) The average expected life of the capital facilities to be financed
6 with the proceeds of the Bonds exceeds the weighted average maturity of the Bonds allocated to
7 financing those capital facilities.

8 (2) The Parity Conditions have been met or satisfied so that the
9 Bonds may be issued as Parity Bonds.

10 (3) The City Council has given due regard to the cost of operation
11 and maintenance of the Light System and to any portion of the Gross Revenues pledged for the
12 payment of any bonds, warrants or other indebtedness, and finds and determines that the Gross
13 Revenues, at the rates established consistent with Section 13(d) of the Bond Ordinance, will be
14 sufficient to meet all expenses of operation and maintenance of the Light System and to provide
15 the amounts previously pledged for the payment of all outstanding obligations payable out of
16 the Gross Revenue and pledged for the payment of the Bonds.

17 (4) The Reserve Requirement for the Bonds shall be established and
18 funded as set forth in Section 5. No proceeds of the Bonds shall be deposited into the Reserve
19 Fund for this purpose.

20 (5) The Bonds shall be issued as Tax-Exempt Bonds, in accordance
21 with Section 14(a) of the Bond Ordinance.

22 **Section 4. Deposit and Use of Bond Proceeds.** The proceeds of the Bonds
23 received by the City shall be deposited immediately upon receipt in the funds, accounts or

1 subaccounts within the Light Fund as designated by the Director of Finance and shall be used to
2 pay part of the costs of the Plan of Additions and the costs of issuing the Bonds and for such
3 other purposes as may be approved by ordinance. No proceeds of the Bonds shall be deposited
4 into the Reserve Fund.

5 **Section 5. Reserve Fund Requirement.**

6 (a) **Amount of the Reserve Fund Requirement for the Bonds.** With
7 respect to the Bonds, the Reserve Fund Requirement shall mean (1) for so long as the 2005
8 Reserve Surety remains in effect, the additional amount necessary, if any, to provide an overall
9 level of funding in the Reserve Fund equal to the maximum amount permitted by the Code as a
10 “reasonably required reserve or replacement fund,” calculated as of the Initial Issue Date based
11 on the debt service requirements for all Parity Bonds then outstanding; and (2) from and after
12 the expiration or termination of the 2005 Reserve Surety, the Reserve Fund Requirement for the
13 Bonds shall be zero.

14 (b) **Method of Funding the Reserve Fund Requirement.** Prior to the Initial
15 Issue Date, the City shall deposit into the Reserve Fund an amount sufficient to satisfy the
16 Reserve Fund Requirement for the Bonds, as set forth in this section. Such deposit shall be
17 made from Gross Revenues or other funds of the City available from sources other than
18 proceeds of the Bonds.

19 **Section 6. Election of Interest Rate Period; Determination of Interest.** Each
20 Series of the Bonds shall bear interest in one of the following interest rate modes: Daily Interest
21 Rate, Weekly Interest Rate, Long-Term Interest Rate or Index Rate. Bonds that become
22 Unremarketed Bonds shall bear interest either (a) as set forth in the applicable Direct Purchase
23 Agreement or (b) if not subject to a Direct Purchase Agreement, then at the Stepped Interest

1 Rate; Bonds that become Bank Bonds shall bear interest at the Bank Rate as set forth in the
2 applicable Credit Facility. The interest rate and Interest Rate Period for any Series of the Bonds
3 may be adjusted as set forth in this section. All Bonds of a single Series shall be in the same
4 interest rate mode. The Interest Rate Period for a Series of the Bonds may not be adjusted prior
5 to the Purchase Date, except for a Conversion of all outstanding Bonds of such Series.

6 (a) **Election of Interest Rate Period.**

7 (1) **Election of Daily Interest Rate.** Except as provided in subsection
8 (c) of this Section, the Designated Representative, on behalf of the City may, from time to time,
9 by written notice to the Credit Provider (if any), the Bond Registrar, the Calculation Agent and
10 the Remarketing Agent (if any), Elect that any Series of the Bonds bear interest at a Daily
11 Interest Rate. The notice of Election given by the Designated Representative shall (A) specify
12 the proposed Conversion Date, which shall be (i) in each case, a Business Day not earlier than
13 the 30th day following the second Business Day after receipt by the Bond Registrar of such
14 notice; (ii) in the case of a Conversion from a Long-Term Interest Rate Period, the day
15 following the last day of such Long-Term Interest Rate Period or a day on which such Series of
16 the Bonds would otherwise be subject to optional redemption pursuant to Section 9(a)(3) if such
17 Conversion did not occur; and (iii) in the case of a Conversion from an Index Rate Period, the
18 day following the last day of such Index Rate Period or on or after a Par Call Date; and (B) state
19 whether a Credit Facility is to be in effect on the Conversion Date.

20 (2) **Election of Weekly Interest Rate.** Except as provided in
21 subsection (c) of this Section, the Designated Representative, on behalf of the City, may, from
22 time to time, by written notice to the Credit Provider (if any), the Bond Registrar, the
23 Calculation Agent and the Remarketing Agent (if any), Elect that any Series of the Bonds bear

1 interest at a Weekly Interest Rate. The notice of Election given by the Designated
2 Representative shall (A) specify the proposed Conversion Date, which shall be (i) in each case,
3 a Business Day not earlier than the 30th day following the second Business Day after receipt by
4 the Bond Registrar of such notice; (ii) in the case of a Conversion from a Long-Term Interest
5 Rate Period, the day following the last day of such Long-Term Interest Rate Period or a day on
6 which that Series of the Bonds would otherwise be subject to optional redemption pursuant to
7 Section 9(a)(3) if such Conversion did not occur; and (iii) in the case of a Conversion from an
8 Index Rate Period, the day following the last day of such Index Rate Period or on or after a Par
9 Call Date; and (B) state whether a Credit Facility is to be in effect on the Conversion Date.

10 (3) **Election of Long-Term Interest Rate.** Except as provided in
11 subsection (c) of this Section, the Designated Representative, on behalf of the City may, from
12 time to time, by written notice to the Credit Provider (if any), the Bond Registrar, the
13 Calculation Agent and the Remarketing Agent (if any), Elect that any Series of the Bonds bear,
14 or continue to bear, interest at the Long-Term Interest Rate. The notice of Election given by the
15 Designated Representative shall specify (A) the proposed Conversion Date, which shall be (i) in
16 each case, a Business Day not earlier than the 30th day following the second Business Day after
17 receipt by the Bond Registrar of such notice; (ii) in the case of a Conversion from a Long-Term
18 Interest Rate Period, the day following the last day of such Long-Term Interest Rate Period or a
19 day on which such Series of the Bonds would otherwise be subject to optional redemption
20 pursuant to Section 9(a)(3) if such Conversion did not occur; and (iii) in the case of a
21 Conversion from an Index Rate Period, the day following the last day of such Index Rate Period
22 or on or after a Par Call Date; and (B) the last day of the Long-Term Interest Rate Period, which

1 shall be either the day prior to the Maturity Date or a day that both immediately precedes a
2 Business Day and is at least 181 days after the proposed Conversion Date.

3 (4) **Election of Index Rate.** Except as provided in subsection (c) of
4 this Section, the Designated Representative, on behalf of the City may, from time to time, by
5 written notice to the Credit Provider (if any), the Bond Registrar, the Index Rate Holder (if any),
6 the Calculation Agent and the Remarketing Agent (if any), Elect that any Series of the Bonds
7 bear, or continue to bear, interest at an Index Rate. The notice of Election given by the
8 Designated Representative shall specify the proposed Conversion Date, which shall be (A) in
9 each case, a Business Day not earlier than the 30th day following the second Business Day after
10 receipt by the Bond Registrar of such notice; (B) in the case of a Conversion from a Long-Term
11 Interest Rate Period, the day following the last day of such Long-Term Interest Rate Period or a
12 day on which such Series of the Bonds would otherwise be subject to optional redemption
13 pursuant to Section 9(a)(3) if such Conversion did not occur; (C) in the case of a Conversion
14 from an Index Rate Period, the day following the last day of such Index Rate Period or on or
15 after a Par Call Date (or, if applicable, the day specified pursuant to a Direct Purchase
16 Agreement then in effect); (D) the date on which the Index Rate Period is to end (which date
17 shall be a Mandatory Tender Date) or, if applicable, a statement that the Index Rate Period is to
18 end on the day prior to the Maturity Date; and (E) the notice shall also specify: (i) the Index that
19 is to be in effect, (ii) the Index Rate Percentage (if applicable) and Index Rate Spread (if
20 applicable); and (iii) the Par Call Date for such Index Rate Period (if applicable).

21 If, by the second Business Day preceding the 29th day prior to the last day
22 of any Index Rate Period other than an Index Rate Direct Purchase Period, the Bond Registrar
23 has not received notice of the City's Election to effect a Conversion, then (A) the next Interest

1 Rate Period shall be an Index Rate Period, (B) the Index (and the Index Rate Percentage or
2 Index Rate Spread, as applicable) for such Index Rate Period shall remain unchanged, and
3 (C) the term of such Index Rate Period shall be the same as the preceding Index Rate Period
4 (but shall not extend beyond the day prior to the Maturity Date).

5 **(5) Election of Index Rate Subject to a Direct Purchase**

6 **Agreement.** Except as provided in subsection (c), the Designated Representative, on behalf of
7 the City may, from time to time, by written notice to the Credit Provider (if any), the Bond
8 Registrar, the Index Rate Holder (if any), the Calculation Agent and the Remarketing Agent (if
9 any), Elect that any Series of the Bonds bear interest at an Index Rate subject to a Direct
10 Purchase Agreement. The notice of Election given by the Designated Representative shall
11 specify the proposed Conversion Date, which shall be (A) in each case, a Business Day not
12 earlier than the 30th day following the second Business Day after receipt by the Bond Registrar
13 of such notice; (B) in the case of a Conversion from a Long-Term Interest Rate Period, the day
14 following the last day of such Long-Term Interest Rate Period or a day on which such Series of
15 the Bonds would otherwise be subject to optional redemption pursuant to Section 9(a)(3) if such
16 Conversion did not occur; (C) in the case of a Conversion from an Index Rate Period other than
17 an Index Rate Direct Purchase Period, the day following the last day of such Index Rate Period
18 or on or after a Par Call Date (or, if applicable, the day specified pursuant to a Direct Purchase
19 Agreement then in effect); and (D) the Conversion Date on which the new Index Rate Period is
20 to end or, if applicable, a statement that the Index Rate Period is to end on the day prior to the
21 Maturity Date. The notice to the Bond Registrar and the Calculation Agent shall be
22 accompanied by a copy of the Direct Purchase Agreement to go into effect on the Conversion
23 Date.

1 (6) **Rescission of Election to Effect a Conversion.** The Designated
2 Representative may rescind any Election to effect a Conversion by delivering to the Credit
3 Provider (if any), the Bond Registrar, the Index Rate Holder (if any), the Calculation Agent and
4 the Remarketing Agent (if any), on or prior to 10:00 a.m., New York time, on the second
5 Business Day preceding a proposed Conversion Date, a notice to the effect that the City has
6 determined to rescind its Election to effect such Conversion.

7 If the City rescinds its Election to effect a Conversion of a Series of the Bonds,
8 then such Series shall bear interest at a Weekly Interest Rate commencing on the proposed
9 Conversion Date, except that (A) if a Daily Interest Rate Period is in effect immediately prior to
10 the proposed Conversion, such Series shall continue to bear interest at the Daily Interest Rate,
11 (B) if an Index Rate Period (other than an Index Rate Direct Purchase Period) is in effect
12 immediately prior to the proposed Conversion, such Series shall continue to bear interest at the
13 applicable Index Rate, or (C) if an Index Rate Direct Purchase Period is in effect immediately
14 prior to the proposed Conversion, the effect of a rescission shall be that the Bonds remain
15 subject to such Direct Purchase Agreement, shall remain subject to mandatory tender as set
16 forth in Section 10(b)(1)(D), and any portion not purchased on the Mandatory Tender Date may
17 be subject to a Term-Out Provision, if a Term-Out Provision is included in the applicable Direct
18 Purchase Agreement. If notice of a Conversion of a Series of the Bonds (other than a Series
19 with respect to which a Direct Purchase Agreement is then in effect) has been mailed to the
20 Registered Owner(s) of such Series of the Bonds as provided in Section 8(d) and the City
21 subsequently rescinds its Election to effect such Conversion, such Series of the Bonds shall
22 nevertheless be subject to mandatory tender for purchase on the proposed Conversion Date.

(b) **Determination of Interest Rates.**

(1) **Determination of Daily Interest Rate.** Each Series of the Bonds in a Daily Interest Rate Period shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent by 9:30 a.m., New York time, on each Business Day. The Daily Interest Rate for any day that is not a Business Day shall be the same as the Daily Interest Rate for the preceding Business Day.

Each Daily Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to such Series of the Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate that, if borne by such Series of the Bonds, would enable the Remarketing Agent to sell all of that Series of the Bonds on such Business Day at a price (without regard to accrued interest) equal to the principal amount thereof.

If no Daily Interest Rate is established by the Remarketing Agent, then the Daily Interest Rate for such Business Day shall be the same as the preceding Daily Interest Rate, and such Daily Interest Rate shall continue to be in effect until the earlier of (A) the date on which the Remarketing Agent determines a new Daily Interest Rate or (B) the seventh day succeeding the first day on which the Daily Interest Rate was not determined by the Remarketing Agent. If the Daily Interest Rate is held to be invalid or unenforceable by a court of law, or the Remarketing Agent fails to determine the Daily Interest Rate for a period of seven days as described in clause (B) of the preceding sentence, then the Daily Interest Rate, as determined by the Remarketing Agent, shall be equal to 110% of the SIFMA Index, or if such index is no longer available, 85% of the interest rate on 30-day high grade unsecured

1 commercial paper notes sold through dealers by major corporations as reported in *The Wall*
2 *Street Journal* on the Business Day such Daily Interest Rate would otherwise have been
3 determined, until the Daily Interest Rate is again validly determined by the Remarketing Agent.

4 (2) **Determination of Weekly Interest Rate.** Each Series of the
5 Bonds in a Weekly Interest Rate Period shall bear interest at the Weekly Interest Rate, which
6 shall be determined by the Remarketing Agent by 5:00 p.m., New York time, on Tuesday of
7 each week, or if such day is not a Business Day, then on the succeeding Business Day. The first
8 Weekly Interest Rate for each Weekly Interest Rate Period shall be determined on or prior to the
9 first day of such Weekly Interest Rate Period and shall be in effect for the period commencing
10 on and including the first day of such Weekly Interest Rate Period and ending on and including
11 the succeeding Tuesday. Thereafter, each Weekly Interest Rate shall be in effect for the period
12 commencing on and including Wednesday and ending on and including the succeeding
13 Tuesday, unless such Weekly Interest Rate Period ends on a day other than Tuesday, in which
14 event the last Weekly Interest Rate for such Weekly Interest Rate Period shall be in effect for
15 the period commencing on and including the Wednesday preceding the last day of such Weekly
16 Interest Rate Period and ending on and including the last day of such Weekly Interest Rate
17 Period.

18 Each Weekly Interest Rate shall be the rate of interest per annum
19 determined by the Remarketing Agent (based on an examination of tax-exempt obligations
20 comparable, in the judgment of the Remarketing Agent, to the Bonds and known by the
21 Remarketing Agent to have been priced or traded under then-prevailing market conditions) to
22 be the minimum interest rate which, if borne by the applicable Series of the Bonds, would

1 enable the Remarketing Agent to sell all of that Series of the Bonds on the effective date of that
2 rate at a price (without regard to accrued interest) equal to the principal amount thereof.

3 If no Weekly Interest Rate is established by the Remarketing Agent, then
4 the Weekly Interest Rate shall be the same as the preceding Weekly Interest Rate if such
5 Weekly Interest Rate was determined by the Remarketing Agent. If the preceding Weekly
6 Interest Rate was not determined by the Remarketing Agent, or if the Weekly Interest Rate
7 determined by the Remarketing Agent is held to be invalid or unenforceable by a court of law,
8 then the Weekly Interest Rate, as determined by the Remarketing Agent, shall be equal to 110%
9 of the SIFMA Index, or if such index is no longer available, 85% of the interest rate on 30-day
10 high grade unsecured commercial paper notes sold through dealers by major corporations as
11 reported in *The Wall Street Journal* on the day such Weekly Interest Rate would otherwise have
12 been determined, until the Weekly Interest Rate is again validly determined by the Remarketing
13 Agent.

14 (3) **Determination of Long-Term Interest Rate.** Each Series of the
15 Bonds in a Long-Term Interest Rate Period shall bear interest at the Long-Term Interest Rate.
16 The Long-Term Interest Rate for each Long-Term Interest Period shall be determined by the
17 Remarketing Agent on a Business Day no later than the first day of such Long-Term Interest
18 Rate Period.

19 The Long-Term Interest Rate shall be the rate of interest per annum
20 determined by the Remarketing Agent (based on an examination of tax-exempt obligations
21 comparable, in the judgment of the Remarketing Agent, to such Series of the Bonds and known
22 by the Remarketing Agent to have been priced or traded under then-prevailing market
23 conditions) to be the minimum interest rate at which the Remarketing Agent will agree to

1 purchase such Series of the Bonds on the effective date of that rate for resale at a price (without
2 regard to accrued interest) equal to the principal amount thereof.

3 If, by the second Business Day preceding the 29th day prior to the last day
4 of any Long-Term Interest Rate Period, the Bond Registrar has not received notice pursuant to
5 Section 8(d) of the City's Election to effect a Conversion, the succeeding Interest Rate Period
6 shall be a Weekly Interest Rate Period until Conversion to another Interest Rate Period, and
7 such Series of the Bonds shall be subject to mandatory tender for purchase as provided in
8 Section 10(b)(1) on the first day of such Weekly Interest Rate Period.

9 (4) **Index Rate Period.**

10 (A) **Index Rate Direct Purchase Period; Authorization for**
11 **Direct Purchase Agreement.** The initial Interest Rate Period for each Series of the Bonds shall
12 be the Initial Index Rate Period and an Index Rate Direct Purchase Period. During such period,
13 each Series shall bear interest at an Index Rate as set forth herein and in the Continuing
14 Covenant Agreement and, if such Bonds become Unremarketed Bonds, at the interest rate set
15 forth in the Continuing Covenant Agreement, the terms of which shall be in effect for the period
16 commencing on the Initial Issue Date to the date specified in the Continuing Covenant
17 Agreement (which Index Rate is subject to adjustment as set forth in such Continuing Covenant
18 Agreement). During any subsequent Index Rate Direct Purchase Period, the Interest Rate shall
19 be an Index Rate as set forth in the Direct Purchase Agreement in effect for such period.

20 In connection with any Election to effect a Conversion of a Series
21 to an Index Rate Direct Purchase Period or to extend or renew a Direct Purchase Agreement
22 then in effect, the Designated Representative is authorized to negotiate, execute and deliver a
23 Direct Purchase Agreement (or an agreement amending, restating or otherwise modifying a

1 Direct Purchase Agreement then in effect) on behalf of the City, consistent with the Bond
2 Legislation, in such form as shall be approved by the Designated Representative, which
3 approval shall be evidenced by such execution and delivery.

4 (B) **Determination of Index Rate When Direct Purchase**
5 **Agreement Not In Effect.** Each Series of the Bonds in an Index Rate Period not subject to a
6 Direct Purchase Agreement shall bear interest at the Index Rate, determined as follows:

7 (i) If the Index selected by the Designated Representative
8 is the SIFMA Index, such Index Rate shall be the SIFMA Rate. If the Index is One-Month
9 LIBOR, Three-Month LIBOR or another index, the Index Rate shall be the sum of (I) the
10 product of the Index multiplied by the Index Rate Percentage, plus (II) the Index Rate Spread.
11 Such Index Rate shall initially be determined by the Remarketing Agent after consultation with
12 and approval by the Designated Representative on the initial Interest Determination Date for
13 such Index Rate Period. The Index Rate shall be in effect for the period commencing on the first
14 day of such Index Rate Period to but excluding the first Interest Reset Date of such Index Rate
15 Period. Thereafter, the Index Rate shall be determined by the Calculation Agent on each Interest
16 Determination Date, and such Index Rate shall be in effect for the period commencing on each
17 Interest Reset Date to but excluding the following Interest Reset Date.

18 (ii) If the selected Index is either the One-Month LIBOR
19 or Three-Month LIBOR, and such rate is not available on an Interest Determination Date, such
20 rate determined by the Calculation Agent on the basis of the rates at which deposits in U.S.
21 dollars for a one-month or three-month (as applicable) maturity and in a principal amount of at
22 least U.S. \$1,000,000 are offered at approximately 11:00 a.m., London time, on such Interest
23 Determination Date, to prime banks in the London interbank market by three Reference Banks.

1 The Calculation Agent shall request the principal London office of each such Reference Bank to
2 provide a quotation of its rate. If at least two such quotations are provided, the rate will be the
3 arithmetic mean of such quotations. If fewer than two quotations are provided, the rate will be
4 the arithmetic mean of the rates quoted by three (if three quotations are not provided, two or
5 one, as applicable) major banks in New York City, selected by the Designated Representative,
6 at approximately 11:00 a.m. on the Interest Determination Date for loans in U.S. dollars to
7 leading European banks in a principal amount of at least U.S. \$1,000,000 having a one-month
8 or three-month (as applicable) maturity. If none of the banks in New York City selected by the
9 Designated Representative is then quoting rates for such loans, then such rate shall remain
10 unchanged from the preceding Interest Determination Date.

11 (iii) The Index Rate Percentage shall be selected by the
12 Designated Representative in connection with the Conversion to each Index Rate Period and
13 shall remain in effect throughout such period. The Index Rate Spread shall be the spread
14 determined by the Remarketing Agent (based on an examination of tax-exempt obligations
15 comparable, in the judgment of the Remarketing Agent, to such Series of the Bonds and known
16 by the Remarketing Agent to have been priced or traded under then-prevailing market
17 conditions) to be the minimum spread which, when added to the Index (multiplied, if
18 applicable, by the Index Rate Percentage), equals the interest rate which, if borne by such Series
19 of the Bonds, would enable the Remarketing Agent to sell all of such Series of the Bonds on the
20 effective date of that rate at a price (without regard to accrued interest) equal to the principal
21 amount thereof. The Index Rate Spread shall be determined on the initial Interest Determination
22 Date with respect to each Index Rate Period and shall remain in effect throughout such Index
23 Rate Period.

(iv) The Stepped Interest Rate to be in effect during a Delayed Remarketing Period shall be determined by the Remarketing Agent, after consultation with and approval by the Designated Representative. The Stepped Interest Rate shall be determined on or prior to the initial Interest Determination Date and shall remain in effect throughout such Index Rate Period.

(v) If the Designated Representative selects an alternate index other than the One-Month LIBOR, Three-Month LIBOR or SIFMA Index, a Favorable Opinion of Bond Counsel must be obtained and a certificate shall be prepared and sent to the Bond Registrar setting forth the Index, the Index Rate Spread and Index Rate Percentage, if any, and other appropriate terms.

(c) Renewal or Extension of Existing Index Rate Direct Purchase Period;
Conversion from Index Rate Direct Purchase Period. During any Index Rate Direct Purchase Period for a Series of the Bonds (including the Initial Index Rate Period), the Designated Representative, on behalf of the City may submit a written request to the then-current Index Rate Holder to renew or extend an existing Index Rate Direct Purchase Period or to purchase such Series of the Bonds upon a Conversion to a new Index Rate Direct Purchase Period. Upon receipt of such request, the Index Rate Holder shall use commercially reasonable efforts to respond to such request within 60 days after receipt of all information necessary, in the Index Rate Holder's reasonable judgment, to permit the Index Rate Holder to make an informed credit decision. The Index Rate Holder shall inform the City in writing of its decision, in its sole and absolute discretion, to accept (subject to the preparation, execution and delivery of a Direct Purchase Agreement (or amendments or modifications to an existing Direct Purchase Agreement effecting a renewal or extension thereof) and other documentation in form and

1 substance satisfactory to the Index Rate Holder prior to the Conversion Date or the renewal or
2 extension date) or reject any such request. If the Index Rate Holder fails to respond in writing to
3 such request within such 60-day period (or such later date as the Designated Representative and
4 the then current Index Rate Holder(s) may agree), the Index Rate Holder shall be deemed to
5 have rejected such request.

6 Upon written acceptance (subject to preparation of documentation, as set forth
7 above), the Designated Representative, on behalf of the City, shall, if the terms of such
8 acceptance are acceptable to the Designated Representative in his sole discretion, give written
9 notice to the Index Rate Holder and the Bond Registrar of the City's Election that during the
10 next Interest Rate Period, such Series of the Bonds shall bear interest at an Index Rate subject to
11 a Direct Purchase Agreement. The notice of Election given by the Designated Representative
12 shall specify (A) the proposed Conversion Date (or effective date of such renewal or extension
13 of a Direct Purchase Agreement then in effect), which shall be the day following the last day of
14 the then-current Index Rate Period or on or after a Par Call Date (or, if applicable, the day
15 specified pursuant to a Direct Purchase Agreement then in effect); (B) the date on which the
16 new Index Rate Period is to end (or, if applicable, a statement that the new Index Rate Period is
17 to end on the day prior to the Maturity Date); (C) the Index Rate that is to be in effect and, if
18 applicable, the Index Rate Percentage, Index Rate Spread, and any Margin Rate Factor; and (D)
19 any Par Call Date or Mandatory Tender Date for the new Index Rate Period, if applicable. The
20 notice shall be accompanied by a letter of Bond Counsel that it expects to be able to give a
21 Favorable Opinion of Bond Counsel on the Conversion Date. In addition, such direction shall
22 confirm the appointment of a Calculation Agent and a Market Agent, if applicable.

1 (d) **Unremarketed Bonds; Delayed Remarketing Period.** Unremarketed Bonds
2 subject to a Direct Purchase Agreement shall bear interest on the dates, at the rates and in the
3 manner set forth in the applicable Direct Purchase Agreement, and, if such agreement contains a
4 Term-Out Provision, shall become subject to Extraordinary Mandatory Redemption in
5 accordance therewith. Unremarketed Bonds not subject to a Direct Purchase Agreement shall be
6 subject to a Delayed Remarketing Period as set forth in Section 10(f) and shall bear interest at
7 the Stepped Interest Rate until such Bond ceases to be an Unremarketed Bond. A Bond shall
8 cease to be an Unremarketed Bond only if such Unremarketed Bond is remarketed and
9 transferred, or such Unremarketed Bond is redeemed in full.

10 (e) **Bank Bonds.** Bank Bonds shall bear interest at the Bank Rate until such
11 Bonds are no longer Bank Bonds. Bank Bonds may become subject to Extraordinary Mandatory
12 Redemption in accordance with the Reimbursement Agreement or other agreement relating to
13 the applicable Credit Facility.

14 (f) **Determinations of Remarketing Agent and Calculation Agent**
15 **Binding.** All percentages resulting from any calculation of any interest rate for any Series of
16 the Bonds shall be rounded upward to the third decimal place. The Remarketing Agent (if any)
17 and the Calculation Agent shall provide prompt notice of each determination of the interest rate
18 for each Series of the Bonds to the City, the Credit Provider (if any), the Bond Registrar and the
19 Remarketing Agent (if any). The Bond Registrar shall provide notice of any such determination
20 to the Index Rate Holder during an Index Rate Direct Purchase Period and to a Registered
21 Owner of any Bond during any other Interest Rate Period upon request. Absent manifest error,
22 each such determination shall be conclusive and binding upon the City, the Credit Provider (if
23 any), the Bond Registrar, the Remarketing Agent (if any) and the Owner of each Bond.

1 (g) **Maximum Interest Rate; Excess Interest.** Notwithstanding any
2 provision in this resolution to the contrary, at no time shall any Series of the Bonds bear interest
3 at a rate higher than the Maximum Interest Rate. With respect to any Series of the Bonds during
4 any Index Rate Direct Purchase Period (including any such Bonds that become Unremarketed
5 Bonds), if the rate of interest on such Bonds exceeds the Maximum Interest Rate for such
6 Bonds, then (i) such Bonds shall bear interest at the Maximum Interest Rate and Excess Interest
7 (as defined in this subsection) shall be deferred until such date as the rate of interest borne by
8 such Bonds as calculated pursuant to the applicable Direct Purchase Agreement is below the
9 Maximum Interest Rate, at which time Excess Interest shall be payable with respect to such
10 Bonds in amounts that, when combined with the then current interest due on the Bonds, does
11 not exceed payment at the Maximum Interest Rate. For purposes of this provision, "Excess
12 Interest" shall mean interest on the affected Bonds calculated at the rate equal to the difference
13 between (i) the rate of interest for such Bonds as calculated pursuant to this resolution and the
14 applicable Direct Purchase Agreement, and (ii) the Maximum Interest Rate. Payments of
15 deferred Excess Interest shall no longer be due and payable in accordance with the terms of this
16 Resolution upon the earlier to occur of the date on which such Bonds are tendered for purchase
17 in accordance herewith and are so paid, or such Bonds are paid in full, but may be payable on
18 the earlier to occur of (i) the date on which such Bonds are tendered for purchase in accordance
19 herewith and are so paid, or (ii) such Bonds are paid in full, in accordance with the terms of the
20 Direct Purchase Agreement as a fee thereunder.

21 **Section 7. Accrual and Payment of Interest.**

22 (a) **Accrual of Interest.** Each Bond shall bear interest from its date of
23 issuance, including the Interest Accrual Date preceding the date of authentication thereof or, if

1 such date of authentication is an Interest Accrual Date to which interest on such Bond has been
2 paid in full or duly provided for, from such date of authentication. However, if, as shown by the
3 records of the Bond Registrar, interest on a Bond is in default, a Bond issued in exchange for a
4 Bond that is surrendered for registration or transfer or exchange shall bear interest from the date
5 to which interest on such surrendered Bond had been paid or duly provided for or, if no interest
6 has been paid on such surrendered Bond, from the date of authentication of such surrendered
7 Bond.

8 (b) **Payment of Interest.** Interest shall be payable on each Interest Payment
9 Date, on each redemption date, on each Purchase Date and on the Maturity Date. In any event,
10 interest on each Series of the Bonds shall be payable for the final Interest Rate Period to the date
11 on which that Series of the Bonds is paid in full.

12 (c) **Daily Interest Rate Period.** Interest on a Series of the Bonds during any
13 Daily Interest Rate Period shall accrue on the basis of the actual number of days elapsed in a
14 365-day year (or a 366-day year in a leap year) and shall be payable on each Interest Payment
15 Date for the period commencing on the Interest Accrual Date preceding the prior Interest
16 Payment Date and ending on the last day of the month in which such Interest Accrual Date
17 occurs.

18 (d) **Weekly Interest Rate Period.** Interest on a Series of the Bonds during
19 any Weekly Interest Rate Period shall accrue on the basis of the actual number of days elapsed
20 in a 365-day year (or a 366-day year in a leap year) and shall be payable on each Interest
21 Payment Date for the period commencing on the preceding Interest Accrual Date (or, if any
22 such Interest Payment Date is not a Wednesday, commencing on the second preceding Interest

1 Accrual Date) and ending on and including the Tuesday preceding such Interest Payment Date
2 (or, if sooner, the last day of such Weekly Interest Rate Period).

3 (e) **Long-Term Interest Rate Period.** Interest on a Series of the Bonds
4 during any Long-Term Interest Rate Period shall accrue on the basis of a 360-day year
5 composed of twelve 30-day months and shall be payable on each Interest Payment Date for the
6 period commencing on the Interest Accrual Date of the preceding month and ending on the day
7 preceding the next Interest Accrual Date.

8 (f) **Index Rate Period.** During an Index Rate Period, except as otherwise
9 specified in a Direct Purchase Agreement then in effect, if the applicable Index is (1) the
10 SIFMA Index, interest shall accrue on the basis of the actual number of days elapsed in a
11 365-day year (or a 366-day year in a leap year), (2) One-Month LIBOR or Three-Month
12 LIBOR, interest shall accrue on the basis of the actual number of days elapsed in a 360-day
13 year, or (3) another index determined by the Designated Representative, interest shall accrue as
14 determined by the Designated Representative. Unless otherwise specified in a Direct Purchase
15 Agreement then in effect, interest during an Index Rate Period shall be payable on each Interest
16 Payment Date for the period commencing on the preceding Interest Accrual Date and ending on
17 the day preceding the next Interest Accrual Date.

18 **Section 8. Conversion of Interest Rate Periods.**

19 (a) **Notice of Conversion to Daily Interest Rate Period.** The Bond
20 Registrar shall give notice of a Conversion to a Daily Interest Rate Period to the Registered
21 Owner(s) of the Series of the Bonds to be converted not less than 30 days prior to the proposed
22 Conversion Date, as set forth in a notice of an Election of a Daily Interest Rate Period by the
23 Designated Representative. The notice of the Bond Registrar shall state (1) that the interest rate

1 will be converted to a Daily Interest Rate unless the City rescinds its Election to convert the
2 interest rate to a Daily Interest Rate as provided in Section 6(a); (2) the proposed Conversion
3 Date; (3) that such Series is subject to mandatory tender for purchase on the proposed
4 Conversion Date; (4) the Purchase Price; (5) the place of delivery for purchase of such Series of
5 the Bonds; and (6) the information set forth in Section 10(c).

6 (b) **Notice of Conversion to Weekly Interest Rate Period.** The Bond
7 Registrar shall give notice of a Conversion to a Weekly Interest Rate Period to the Registered
8 Owner(s) of the Series of the Bonds to be converted not less than 30 days prior to the proposed
9 Conversion Date. The notice of the Bond Registrar shall state (1) that the interest rate will be
10 converted to a Weekly Interest Rate unless the City rescinds its Election to convert the interest
11 rate to a Weekly Interest Rate as provided in Section 6(a); (2) the proposed Conversion Date;
12 (3) that such Series is subject to mandatory tender for purchase on the proposed Conversion
13 Date; (4) the Purchase Price; (5) the place of delivery for purchase of such Series of the Bonds;
14 and (6) the information set forth in Section 10(c).

15 (c) **Notice of Conversion to Long-Term Interest Rate Period.** The Bond
16 Registrar shall give notice of a Conversion to a Long-Term Interest Rate Period to the
17 Registered Owner(s) of the Series of the Bonds to be converted not less than 30 days prior to the
18 proposed Conversion Date. The notice of the Bond Registrar shall state (1) that the interest rate
19 will be converted to, or continue to be, the Long-Term Interest Rate unless either the City
20 rescinds its Election to convert the interest rate to the Long-Term Interest Rate as provided in
21 Section 6(a), or all of such Series of the Bonds is not remarketed on the proposed Conversion
22 Date; (2) the proposed Conversion Date; (3) the last day of the new Long-Term Interest Rate
23 Period; (4) that such Series is subject to mandatory tender for purchase on the proposed

1 Conversion Date; (5) the Purchase Price; (6) the place of delivery for purchase of such Series of
2 the Bonds; and (7) the information set forth in Section 10(c).

3 (d) **Notice of Conversion to Index Rate Period.** The Bond Registrar shall
4 give notice of a Conversion to an Index Rate Period to the Registered Owner(s) of the Series of
5 the Bonds to be converted not less than 30 days prior to the proposed Conversion Date. Such
6 notice shall state (1) that the interest rate will be converted to, or continue to be, an Index Rate,
7 unless the City rescinds its Election to convert the interest rate to an Index Rate as provided in
8 Section 6(a); (2) the proposed Conversion Date; (3) the Conversion Date on which the Index
9 Rate Period is to end or, if applicable, that the Index Rate Period is to end on the day prior to the
10 Maturity Date; (4) that such Series of the Bonds are subject to mandatory tender for purchase on
11 the proposed Conversion Date; (5) the Purchase Price; (6) the place of delivery for purchase of
12 such Series of the Bonds; and (7) the information set forth in Section 10(c).

13 (e) **Certain Additional Conditions.** No Conversion shall take effect unless
14 each of the following conditions, to the extent applicable, has been satisfied: (1) the City has
15 obtained the written consent of the applicable Credit Provider (if any); (2) if required pursuant
16 to the notice of Conversion, a Credit Facility is in effect on the Conversion Date; (3) the City
17 has received a Favorable Opinion of Bond Counsel with respect to such Conversion dated the
18 Conversion Date; and (4) the Bond Registrar has sufficient funds on hand from remarketing or
19 refunding proceeds, proceeds of a draw on the Credit Facility or other funds made available by
20 the City, to pay the Purchase Price of such Series of the Bonds on the Conversion Date.

21 **Section 9. Redemption and Payment of Bonds.**

22 (a) **Optional Redemption.**

1 (1) **Weekly or Daily Interest Rate Period.** During a Daily Interest
2 Rate Period or a Weekly Interest Rate Period, each Series of the Bonds then in a Daily Interest
3 Rate or Weekly Interest Rate Period shall be subject to optional redemption at the written
4 direction of the Designated Representative on any Business Day, in whole or in part, at a
5 redemption price of 100% of the principal amount thereof plus interest, if any, accrued to the
6 date fixed for redemption.

7 (2) **Index Rate Period.** During an Index Rate Period, each Series of
8 the Bonds then in an Index Rate Period shall be subject to optional redemption at the written
9 direction of the Designated Representative on any Interest Accrual Date on or after any Par Call
10 Date, in whole or in part, at a redemption price of 100% of the principal amount thereof plus
11 interest, if any, accrued to the date fixed for redemption.

12 (3) **Long-Term Interest Rate Period.** During a Long-Term Interest
13 Rate Period, each Series of the Bonds then in a Long-Term Interest Rate Period shall be subject
14 to optional redemption at the written direction of the Designated Representative, (A) on the first
15 day of such Long-Term Interest Rate Period, in whole or in part, at a redemption price of 100%
16 of the principal amount thereof plus interest accrued to the date fixed for redemption, and
17 (B) thereafter, on any day during the periods specified below in whole or in part, at the
18 redemption prices (expressed as a percentage of principal amount) specified below plus interest,
19 if any, accrued to the date fixed for redemption:

Length of Long-Term Interest Rate Period (expressed in years)	Redemption Prices
greater than 15	after 10 years at 101%, declining by 0.5% every year to 100%
less than or equal to 15 and greater than 10	after 7 years at 101%, declining by 0.5% every year to 100%
less than or equal to 10 and greater than 7	after 5 years at 101%, declining by 0.5% every year to 100%
less than or equal to 7 and greater than 4	after 3 years at 100.5%, declining by 0.5% after one year to 100%
less than or equal to 4	after 2 years at 100%

The Designated Representative may agree to amend the above table prior to a Conversion to the Long-Term Interest Rate Period with respect to which such amended table is to be in effect, if he deems such amendment to be necessary or convenient, but only upon delivery of a Favorable Opinion of Bond Counsel.

If the Conversion Date for a Series of the Bonds converted to a Long-Term Interest Rate Period is other than a day that would be an Interest Payment Date during such Long-Term Interest Rate Period, then the date on which such Series is first subject to redemption pursuant to the foregoing table (after the first day of such Long-Term Interest Rate Period) shall be the first Interest Payment Date succeeding the date on which such Series otherwise would be subject to redemption, and the redemption price shall be adjusted on each anniversary of that Interest Payment Date as provided in such table.

(4) During Term-Out Period. In addition, during a Term-Out Period regardless of interest rate mode, the Bonds shall be subject to optional redemption upon the written direction of the Designated Representative, on any Business Day, in whole or in part, at a redemption price of 100% of the principal amount thereof plus interest, if any, accrued to the date fixed for redemption.

(b) Mandatory Sinking Fund Redemption. Each Series of the Bonds shall be designated as Term Bonds and, if not redeemed or purchased at the City's option prior to the

1 Maturity Date, such Bonds shall be redeemed, at a price equal to the principal amount thereof to
2 be redeemed plus accrued interest, on November 1 in each of the years and the Sinking Fund
3 Requirements set forth in Exhibit B to this resolution.

4 (c) **Extraordinary Mandatory Sinking Fund Redemption.** In the case of a
5 Series that is subject to a Direct Purchase Agreement or Credit Facility with a Term-Out
6 Provision, Unremarketed Bonds shall be subject to Extraordinary Mandatory Redemption
7 during the Term-Out Period in the amounts, on the dates and in the manner as set forth Term-
8 Out Provision of the applicable Direct Purchase Agreement or Credit Facility.

9 **Section 10. Optional and Mandatory Tender and Purchase.**

10 (a) **Optional Tender for Purchase.** During any Weekly Interest Rate
11 Period and any Daily Interest Rate Period, the Bonds shall be subject to tender for purchase at
12 the option of the Registered Owner (or Beneficial Owner, if such Series of the Bonds is held in
13 Book-Entry Form) as set forth below, and if tendered in accordance with this subsection (a),
14 shall be payable as set forth in subsection (e).

15 (1) **Daily Interest Rate Period.** Bonds of a Series that is in a Daily
16 Interest Rate Period may be tendered for purchase in any Authorized Denomination (provided
17 that the amount of such Series that is not tendered for purchase must also be in an Authorized
18 Denomination) upon delivery by a Registered Owner of such Bonds to the Bond Registrar and
19 to the Remarketing Agent by no later than 11:00 a.m., New York time, on any Business Day, of
20 an irrevocable written notice (or an irrevocable telephonic notice, promptly confirmed by
21 telecopy or other writing), which states (A) the principal amount of such Bonds to be purchased
22 and (B) the Purchase Date, which may be any succeeding Business Day. Any such notice
23 delivered to the Bond Registrar or the Remarketing Agent after 11:00 a.m., New York time,

1 shall be deemed to have been received on the succeeding Business Day. If the Bonds so
2 tendered for purchase are not registered in the name of the Securities Depository, the Registered
3 Owner shall deliver the Bonds to the Bond Registrar at its designated office for delivery of
4 Bonds at or prior to 12:00 noon, New York time, on the Purchase Date, accompanied by an
5 instrument of transfer in form satisfactory to the Bond Registrar.

6 (2) **Weekly Interest Rate Period.** Bonds of a Series that is in a
7 Weekly Interest Rate Period may be tendered for purchase in any Authorized Denomination
8 (provided that the amount of such Series that is not tendered for purchase must also be in an
9 Authorized Denomination) upon delivery by the Registered Owner to the Bond Registrar and to
10 the Remarketing Agent of an irrevocable written notice which states (A) the principal amount of
11 such Bonds to be purchased and (B) the Purchase Date, which may be any Business Day not
12 prior to the seventh day after the date of the delivery of such notice to the Bond Registrar and
13 the Remarketing Agent. Any such notice delivered to the Bond Registrar or the Remarketing
14 Agent after 4:00 p.m., New York time, shall be deemed to have been received on the succeeding
15 Business Day. If the Bonds so tendered for purchase are not registered in the name of the
16 Securities Depository, the Registered Owner shall deliver the Bonds to the Bond Registrar at its
17 designated office for delivery of Bonds at or prior to 10:00 a.m., New York time, on the
18 Purchase Date, accompanied by an instrument of transfer in form satisfactory to the Bond
19 Registrar.

20 (3) **Irrevocable Notice Deemed to be Tender of Bonds.** The giving
21 of notice of optional tender for purchase by a Registered Owner or Participant as provided in
22 this subsection (a) shall constitute the irrevocable tender for purchase of those Bonds with
23 respect to which such notice is given regardless of whether such Bonds are delivered to the

1 Bond Registrar for purchase on the applicable Purchase Date. If Bonds tendered for purchase
2 are registered in the name of the Securities Depository, such tender is subject to confirmation by
3 the Securities Depository to the Bond Registrar that the Participant has the required Ownership
4 interest in those Bonds.

5 (b) **Mandatory Tender for Purchase.**

6 (1) **Bonds Subject to Mandatory Tender.** Each Series of the Bonds
7 shall be subject to mandatory tender for purchase at the Purchase Price on the following
8 Purchase Dates (without duplication):

9 (A) on the first day of each Interest Rate Period, except if such
10 new Interest Rate Period is the result of an extension or renewal of a Direct Purchase
11 Agreement in connection with an Index Rate Direct Purchase Period;

12 (B) on each proposed Conversion Date for which notice has been
13 given to the Registered Owner(s) in accordance with subsection (c) of this section;

14 (C) on or after each Par Call Date for which notice has been given
15 to the Registered Owner(s) in accordance with subsection (c) of this section;

16 (D) during any Interest Rate Period in which the Series is subject
17 to a Credit Facility, in the event that such Series ceases to be subject to that Credit Facility, as
18 set forth in subsection (2) of this section; and

19 (E) during any Index Rate Direct Purchase Period, on each
20 Mandatory Tender Date specified in a Direct Purchase Agreement then in effect, for which
21 notice, if required thereunder, has been given as set forth therein.

22 (2) **Mandatory Tender of Bonds Upon Expiration or Termination**
23 **of Credit Facility.** In addition, each Series of the Bonds with respect to which a Credit Facility

1 is then in effect shall be subject to mandatory tender for purchase if at any time the Bond
2 Registrar receives notice that such Series will cease to be subject to purchase pursuant to such
3 Credit Facility as a result of (A) the termination, replacement or expiration of such Credit
4 Facility (including termination at the option of the City in accordance with the terms of any
5 Reimbursement Agreement or upon an event of default under the Reimbursement Agreement),
6 or (B) a Conversion. The Purchase Date for such mandatory tender shall be (A) the fifth
7 Business Day preceding any such expiration or termination of such Credit Facility (if no
8 Alternate Credit Facility is to be delivered to the Bond Registrar), (B) the Business Day on
9 which such Alternate Credit Facility is delivered to the Bond Registrar, or (C) the Conversion
10 Date.

11 (c) **Notice of Mandatory Tender for Purchase.** In connection with any
12 mandatory tender for purchase of a Series of the Bonds under subsection (b) of this section, the
13 Bond Registrar shall give notice to the Registered Owner(s) of the applicable Series of the
14 Bonds (which may be combined with a notice of Conversion under Section 8), as follows:

15 (1) Each notice shall state that if the Purchase Price is provided to the
16 Bond Registrar from remarketing or refunding proceeds, proceeds of a draw on the Credit
17 Facility or other funds made available by the City, such Series will be purchased on the
18 Purchase Date; and

19 (2) In the case of a mandatory tender for purchase pursuant to
20 subsection (b)(1), the notice shall state (A) the Purchase Date, and (B) if in conjunction with a
21 Conversion, the type of Interest Rate Period to which such Series will be converted on the
22 Purchase Date;

1 (3) In the case of a mandatory tender for purchase pursuant to
2 subsection (b)(2), the notice shall state (A) that the Credit Facility will expire, terminate or be
3 replaced, (B) that after the Purchase Date, such Series will no longer be purchased pursuant to
4 the Credit Facility then in effect, and (C) the short-term ratings applicable to such Series may be
5 lowered or withdrawn; and

6 (4) In the case of a Series that is not registered in the name of the
7 Securities Depository, the notice shall state that (A) the Purchase Price will be payable only
8 upon surrender of such Bonds to the Bond Registrar at its designated office for delivery of
9 Bonds, accompanied by an instrument of transfer, in form satisfactory to the Bond Registrar,
10 executed in blank by the Registered Owner or its duly authorized representative, with such
11 signature guaranteed by a commercial bank, trust company or member firm of the New York
12 Stock Exchange, and (B) if the Registered Owner of any such Bond does not surrender that
13 Bond to the Bond Registrar for purchase on the Purchase Date, then that Bond shall be deemed
14 to be an Undelivered Bond, no interest shall accrue on such Bond on and after the Purchase
15 Date and the Registered Owner shall have no rights under the Bond Legislation other than to
16 receive payment of the Purchase Price for such Undelivered Bond.

17 (d) **Delivery of Bonds Subject to Mandatory Tender; Undelivered Bonds.**
18 Payment of the Purchase Price of a Series subject to mandatory tender for which a notice has
19 been given in accordance with subsection (c) shall be as set forth in subsection (e), below.
20 Bonds to be so purchased that are not registered in the name of the Securities Depository must
21 be delivered at or prior to 10:00 a.m., New York time, on the Purchase Date to the Bond
22 Registrar at its designated office for delivery of Bonds, accompanied by an instrument of
23 transfer in form satisfactory to the Bond Registrar and satisfying the conditions set forth in the

1 notice of mandatory tender. If the Registered Owner of a Bond subject to mandatory tender for
2 purchase that is not registered in the name of the Securities Depository fails to deliver its Bond
3 to the Bond Registrar at the place and on the Purchase Date and by the time specified, or fails to
4 deliver its Bond properly endorsed, such Bond shall constitute an Undelivered Bond.

5 If funds in the amount of the Purchase Price of an Undelivered Bond are
6 available for payment to the Registered Owner thereof on the Purchase Date at the time
7 specified, then from and after the Purchase Date and time of that required delivery (1) the
8 Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be
9 outstanding under the Bond Legislation; (2) interest shall no longer accrue on the Undelivered
10 Bond; and (3) funds in the amount of the Purchase Price of the Undelivered Bond shall be held
11 uninvested and without liability for interest by the Bond Registrar for the benefit of the
12 Registered Owner thereof, to be paid on delivery (and proper endorsement) of the Undelivered
13 Bond to the Bond Registrar at its designated office for delivery of Bonds.

14 (c) **Payment of Purchase Price.** Bonds tendered for purchase under
15 subsection (a) or (b) of this section shall be purchased on the Purchase Date specified in the
16 applicable notice by payment of the Purchase Price made by the Bond Registrar, from the
17 sources specified in this subsection of this section, payable in immediately available funds to the
18 Registered Owner (and not to any Participant), by 3:00 p.m., New York time, on the Purchase
19 Date, or as soon as practicable thereafter upon the receipt by the Bond Registrar of the Purchase
20 Price in the Bond Purchase Fund as set forth in Section 14.

21 The Purchase Price of any Bonds to be purchased on any Purchase Date shall be
22 made from the following sources in the following order of priority: (1) proceeds of the
23 remarketing of such Bonds; (2) proceeds of refunding bonds issued by the City; (3) proceeds of

1 a draw on the Credit Facility; and (4) other funds made available by the City (which may
2 include Net Revenues, to the extent legally available for such purpose consistent with the Bond
3 Legislation).

4 (f) **Failure to Pay Purchase Price of Bonds in Index Rate Period;**
5 **Unremarketed Bonds.** During any Index Rate Period, if the entire Purchase Price for any
6 Series of the Bonds subject to mandatory tender for purchase under subsection (b)(1) of this
7 section cannot be paid on the applicable Purchase Date, then only a portion of such Series in an
8 amount equal to the funds available to pay the full Purchase Price thereof will be purchased on
9 such Purchase Date. Those Bonds to be purchased shall be selected as provided in Section 8(c)
10 of the Bond Ordinance for partial redemption, unless otherwise provided in a Direct Purchase
11 Agreement applicable to such Series. The remainder of the Bonds of such Series for which there
12 are not sufficient available funds to pay the full Purchase Price shall not be purchased and shall
13 become Unremarketed Bonds, subject to the following:

14 (1) With respect to Unremarketed Bonds for which no Direct Purchase
15 Agreement is in effect, a Delayed Remarketing Period will commence on the Purchase Date for
16 which funds were insufficient to pay the entire Purchase Price. During a Delayed Remarketing
17 Period, the following will apply: (A) the Unremarketed Bonds will bear interest at the Stepped
18 Interest Rate; (B) interest shall continue to be due and payable on each Interest Payment Date
19 and also shall be payable on the last day of the Delayed Remarketing Period and the
20 Unremarketed Bonds; (C) the Remarketing Agent (if any) will continue to be obligated to
21 remarket the applicable Bonds; (D) the Unremarketed Bonds will continue to be subject to
22 optional redemption by the City as described in Section 9(a); (E) the Designated Representative
23 on behalf of the City, by notice to the Bond Registrar and the Remarketing Agent, may Elect to

1 effect a Conversion of the Unremarketed Bonds as described in Section 6(a); and (F) if and
2 when the Unremarketed Bonds are successfully remarketed as described in Section 13, the
3 Registered Owner(s) of the Unremarketed Bonds will be obligated to tender their Bonds to the
4 Bond Registrar for purchase.

5 (2) If a Direct Purchase Agreement is then in effect for such Series, then
6 as to such Unremarketed Bonds, the following will apply: (A) the Unremarketed Bonds shall
7 bear interest at the rate of interest as set forth in the applicable Direct Purchase Agreement, and,
8 if not specified in the applicable Direct Purchase Agreement, the Stepped Interest Rate;
9 (B) interest on the Unremarketed Bonds shall continue to be due and payable on each Interest
10 Payment Date (or such other date(s) as may be specified in the applicable Direct Purchase
11 Agreement) and also shall be payable on the date on which all Bonds cease to be Unremarketed
12 Bonds; (C) the Remarketing Agent (if any) will continue to be obligated to remarket the
13 applicable Bonds; (D) the Unremarketed Bonds will continue to be subject to optional
14 redemption by the City as described in Section 9(a); (E) the Designated Representative on
15 behalf of the City, by notice to the Index Rate Holder, and the Bond Registrar, may Elect to
16 effect a Conversion of the Unremarketed Bonds as described in Section 6(a); (F) if and when
17 the applicable Bonds are successfully remarketed as described in Section 13, the Index Rate
18 Holder will be obligated to tender the Unremarketed Bonds to the Bond Registrar for purchase
19 at par plus accrued interest to the Purchase Date; (G) the Unremarketed Bonds shall remain
20 subject to the provisions of the Direct Purchase Agreement then in effect, which may include
21 Extraordinary Mandatory Redemption of such Unremarketed Bonds in the amounts and on the
22 dates as set forth in a Term-Out Provision (if any) if the failure to purchase the Unremarketed
23 Bonds occurred on a Mandatory Tender Date, and (H) if not otherwise provided for in the

1 Direct Purchase Agreement, shall otherwise be subject to subsection (1) above as if no Direct
2 Purchase Agreement were in effect.

3 **Section 11. Credit Facility; Bank Bonds.**

4 (a) **Draws on a Credit Facility.** When a Credit Facility is in effect with
5 respect to any Series, the Bond Registrar shall draw on the Credit Facility in accordance with
6 the terms of the Credit Facility and the provisions of the Reimbursement Agreement, to the
7 extent necessary to pay when due the principal and Purchase Price of and interest on such Series
8 of the Bonds.

9 (b) **Acceptance by the Bond Registrar.** If at any time there are delivered to
10 the Bond Registrar (1) a Credit Facility, (2) all required legal opinions and information (if any),
11 and (3) all information required to give the notice of mandatory tender for purchase of a Series,
12 then the Bond Registrar shall accept such Credit Facility and, after the date of the mandatory
13 tender for purchase established pursuant to Section 10(b), promptly surrender any Credit
14 Facility then in effect to the issuer thereof for cancellation in accordance with its terms.

15 (c) **Notice of Termination.** The Bond Registrar shall give notice to the
16 Remarketing Agent and the Registered Owner(s) of such Series of the termination or expiration
17 of any Credit Facility in accordance with its terms.

18 (d) **Bank Bonds.** A Credit Facility may provide that a Bond that is purchased
19 by the Bond Registrar with amounts paid or provided by a Credit Provider under a Credit
20 Facility shall become a Bank Bond and shall bear interest at the Bank Rate for each day from
21 and including the day such Bank Bond becomes a Bank Bond to and excluding the day such
22 Bank Bond ceases to be a Bank Bond or is paid in full. Interest on each Bank Bond shall be
23 calculated and be payable on the dates and in the manner specified in the Credit Facility or

1 Reimbursement Agreement. To the extent there are not remarketing proceeds or refunding bond
2 proceeds available to pay a Bank Bond on any interest or principal payment date for those Bank
3 Bonds, the City shall make such payment to the Bond Registrar from the Parity Bond Fund. A
4 Credit Facility may include a Term-Out Provision applicable to Bank Bonds, providing for the
5 Extraordinary Mandatory Redemption of such Bank Bonds in accordance with the Sinking Fund
6 Requirements specified in the Credit Facility or Reimbursement Agreement.

7 **Section 12. Remarketing Agent.** If the Designated Representative on behalf of the
8 City Elects to effect a Conversion of any Series to a Daily Interest Rate Period, Weekly Interest
9 Rate Period or Long-Term Interest Rate Period, the Designated Representative shall appoint a
10 Remarketing Agent to remarket such Series on the Purchase Date, and shall enter into a
11 Remarketing Agreement with such Remarketing Agent. Each Remarketing Agent appointed by
12 the Designated Representative on behalf of the City shall designate its principal office in the
13 Remarketing Agreement. The Remarketing Agent shall signify its acceptance of the duties and
14 obligations imposed upon it under the Bond Legislation by a written instrument of acceptance
15 (which may be the Remarketing Agreement) delivered to the City, the Bond Registrar and the
16 Credit Provider (if any), under which the Remarketing Agent shall agree to keep such books and
17 records related to the remarketing of such Series as is consistent with prudent industry practice
18 and to make such books and records related to the remarketing of such Series available for
19 inspection by the City, the Bond Registrar and the Credit Provider (if any), at all reasonable
20 times.

21 Each Remarketing Agent shall be a member of the Financial Industry Regulatory
22 Authority, Inc. (FINRA), having a combined capital stock, surplus and undivided profits of at
23 least \$50,000,000, and be authorized by law to perform all the duties imposed upon it by the

1 Bond Legislation and the Remarketing Agreement. Each Remarketing Agent shall be acceptable
2 to the Credit Provider (if any). A Remarketing Agent may at any time resign and be discharged
3 of the duties and obligations created by this Resolution by giving notice to the City, the Bond
4 Registrar and the Credit Provider (if any). Such resignation shall take effect on the 30th day after
5 the receipt by the City of the notice of resignation. A Remarketing Agent may be removed at
6 any time on 15 days prior written notice, by an instrument signed by the Designated
7 Representative, approved by the Credit Provider (if any), and delivered to the Remarketing
8 Agent, the Bond Registrar and the Credit Provider.

9 **Section 13. Remarketing of Bonds; Notice of Interest Rates.**

10 (a) **Remarketing.** Upon a mandatory tender for purchase of a Series as
11 required by Section 10(b) or notice of optional tender for purchase of a Series under
12 Section 10(a), the Remarketing Agent shall offer for sale and use its best efforts to sell such
13 Bonds on the Purchase Date and, if not remarketed on the Purchase Date, thereafter until sold, at
14 the Purchase Price.

15 (b) **Notice of Purchase and Remarketing.** The Remarketing Agent shall
16 give notice to the Bond Registrar and the City by facsimile transmission, telephone, e-mail or
17 similar electronic means promptly confirmed by a written notice, in no event later than 9:30
18 a.m., New York time, on each Purchase Date on which Bonds are purchased pursuant to a
19 tender for purchase under Section 10, specifying the principal amount of such Bonds, if any,
20 remarketed. If such Bonds are not registered in the name of the Securities Depository, the
21 Remarketing Agent shall also provide a list of the purchasers showing the names and
22 Authorized Denominations in which such Bonds are to be registered, and the addresses and
23 taxpayer identification numbers of such purchasers.

1 **Section 14. Bond Purchase Fund.** The Designated Representative is authorized to
2 establish and maintain in the custody of the Bond Registrar a separate trust fund to be
3 designated the “Bond Purchase Fund,” including executing such additional written
4 authorizations or agreements on behalf of the City as may be required for the establishment and
5 maintenance of such fund. The Bond Registrar shall further establish within the Bond Purchase
6 Fund a separate trust account to be designated the “Remarketing Account” and, if a Credit
7 Facility is delivered in connection with a Conversion, a separate trust account to be designated
8 the “Credit Facility Purchase Account.”

9 (a) **Remarketing Account.** Upon receipt of the proceeds of a remarketing
10 of Bonds on a Purchase Date, the Bond Registrar shall deposit such proceeds in the
11 Remarketing Account of the Bond Purchase Fund for application to the Purchase Price of such
12 Bonds.

13 (b) **Credit Facility Purchase Account.** Upon receipt from the Credit
14 Provider of immediately available funds, the Bond Registrar shall deposit such money in the
15 Credit Facility Purchase Account of the Bond Purchase Fund for application to the Purchase
16 Price of such Bonds required to be purchased on a Purchase Date to the extent that the money
17 on deposit in the Remarketing Account of the Bond Purchase Fund is not sufficient. Any
18 amounts deposited in the Credit Facility Purchase Account and not needed on any Purchase
19 Date for the payment of the Purchase Price for any Bonds shall be immediately returned to the
20 Credit Provider. Any amounts in the Credit Facility Purchase Account shall be used only to
21 purchase such Bonds.

1 (c) **Other City Funds.** Amounts contributed by the City to the Purchase
2 Price as provided in Section 10(e) shall be transferred from the Parity Bond Fund to the Bond
3 Registrar and deposited into the Bond Purchase Fund for use in accordance with Section 14(a).

4 **Section 15. Defaults and Remedies Under a Direct Purchase Agreement; Taxable**
5 **Rate under a Direct Purchase Agreement.** In addition to and without limiting the terms and
6 conditions that may be included in a Direct Purchase Agreement (including the Continuing
7 Covenant Agreement), the Designated Representative may agree to terms that provide that, in
8 the event of a default that becomes an Event of Default under the terms of an applicable Direct
9 Purchase Agreement, the Series of the Bonds with respect to which the Event of Default
10 occurred shall automatically and without notice bear interest at a Default Rate (as defined
11 therein) which shall not exceed the Maximum Interest Rate, subject to the terms hereof and of
12 the related Direct Purchase Agreement. The Default Rate shall commence upon occurrence of
13 the Event of Default and shall continue in effect until such time as the Event of Default is cured
14 or the affected Bonds are redeemed in full. The remedy of acceleration is expressly denied.

15 Notwithstanding anything contained in this resolution, during an Index Rate Direct
16 Purchase Period, if any Owner of Parity Bonds, any Qualified Counterparty, or any provider of
17 a Credit Facility, Qualified Insurance or Qualified Letter of Credit with respect to any Parity
18 Bonds causes any such debt or any party causes any other obligations secured by all or any
19 portion of the Gross Revenues to become immediately due and payable (whether by repurchase,
20 mandatory tender, mandatory redemption, acceleration or otherwise), the Index Rate Holder
21 may immediately, and without notice, declare or cause to be declared the unpaid principal
22 amount of the Bonds, all interest accrued and unpaid thereon, and all other amounts owing or

1 payable with respect to the Bonds and under the related Direct Purchase Agreement to be
2 immediately due and payable.

3 In addition to and without limiting the terms and conditions that may be included in a
4 Direct Purchase Agreement (including the Continuing Covenant Agreement), the Designated
5 Representative may agree to terms that provide that, in the event of a Determination of
6 Taxability, the affected Series of the Bonds shall bear interest at the Taxable Rate, as set forth in
7 the Direct Purchase Agreement.

8 **Section 16. Other Payment Obligations Under a Direct Purchase Agreement or**
9 **Credit Facility; Security.** To the extent that a Direct Purchase Agreement or agreement
10 relating to a Credit Facility imposes payment obligations (other than obligations to pay the
11 principal of and interest on the Bonds, which shall be subject to the pledge of Section 12 of the
12 Ordinance) (the "Obligations") on the City, such Obligations are special limited obligations of
13 the City payable from and hereby secured solely by a pledge of and lien on Gross Revenues,
14 which pledge shall constitute a lien and charge upon such Gross Revenues subordinate only to
15 reasonable charges for maintenance and operation of the Light System and the payments
16 required to be made into the Parity Bond Fund and the accounts therein under the Ordinance.
17 The Obligations shall not constitute general obligations of the City, the State or any political
18 subdivision of the State or a charge upon any general fund or upon any money or other property
19 of the City, the State or any political subdivision of the State not specifically pledged herein.

20 **Section 17. Registration and Transfer of Bonds during Initial Index Rate Period.**
21 In accordance with Section 6(c) of Ordinance 124916, the City hereby determines that during
22 the Initial Index Rate Period, the Bonds shall not be held in book-entry form in the name of the
23 Securities Depository, but shall be held in the name of the Initial Purchaser as Registered

1 Owner. In conjunction with each future Conversion of a Series of the Bonds to a new Interest
2 Rate Period hereunder and each extension, renewal or other modification of an Index Rate
3 Direct Purchase Period, the Director of Finance is authorized, on behalf of the City and without
4 further action by the City Council, to determine whether such Series of the Bonds shall be held,
5 during such Interest Rate Period, in the name of the applicable Index Rate Holder or in the name
6 of the Securities Depository, all in accordance with the provisions of Ordinance 124916.

7 **Section 18. General Authorization.** The Mayor and the Director of Finance and
8 each of the other appropriate officers of the City are each authorized and directed to do
9 everything as in their judgment may be necessary, appropriate or desirable in order to carry out
10 the terms and provisions of, and complete the transactions contemplated by, the Bond
11 Ordinance and this resolution. Without limiting the foregoing, the Designated Representative is
12 authorized to select, from time to time, such Calculation Agents, Remarketing Agents, Market
13 Agents or other agents as he may deem necessary or desirable in order to carry out the terms of
14 this resolution, the Bonds and any Direct Purchase Agreement that may be in effect. The
15 Designated Representative is further authorized to execute such amendments, supplements,
16 restatements, extensions, renewals or other modifications to the Continuing Covenant
17 Agreement as he may deem appropriate or desirable from time to time in any manner that is not
18 inconsistent with the Bond Legislation; and is authorized to execute future Direct Purchase
19 Agreements (along with such amendments, supplements, restatements, extensions, renewals or
20 other modifications thereto as he may deem appropriate or desirable from time to time) with
21 respect to future Index Rate Direct Purchase Periods.

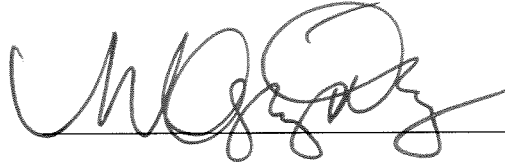
22 **Section 19. Severability.** The provisions of this resolution are declared to be
23 separate and severable. If a court of competent jurisdiction, all appeals having been exhausted

1 or all appeal periods having run, finds any provision of this resolution to be invalid or
2 unenforceable as to any person or circumstance, such offending provision shall, if feasible, be
3 deemed to be modified to be within the limits of enforceability or validity. If the offending
4 provision cannot be so modified, it shall be null and void with respect to the particular person or
5 circumstance, and all other provisions of this resolution in all other respects, and the offending
6 provision with respect to all other persons and all other circumstances, shall remain valid and
7 enforceable.

8 **Section 20. Ratification of Prior Acts.** All acts taken pursuant to the authority of
9 this resolution but prior to its effective date are ratified, approved and confirmed.

Section 20. Section Headings. Section headings in this resolution are used for convenience only and shall not constitute a substantive portion of this resolution.

Adopted by the City Council the 11th day of January, 2017,
and signed by me in open session in authentication of its adoption this 11th day of
January, 2017.



President _____ of the City Council

The Mayor concurred the 13th day of January, 2017.



Edward B. Murray, Mayor

Filed by me this 13th day of January, 2017.



Monica Martinez Simmons, City Clerk

(Seal)

LIST OF EXHIBITS

Exhibit A – Term Sheet Describing Continuing Covenant Agreement

Exhibit B – Maturity Schedule and Sinking Fund Requirements

EXHIBIT A

TERM SHEET DESCRIBING CONTINUING COVENANT AGREEMENT



City Of Seattle, Washington

Revised Proposal to Provide a Direct Purchase Facility

January 11, 2017

FACILITY INFORMATION:

Borrower:	City of Seattle, Washington (the "City" or the "Borrower").	
Debt Issue:	The City of Seattle, Washington Municipal Light and Power Improvement Revenue Bonds, Series 2017A (Multi-Modal) and Series 2017B (Multi-Modal) (the "Bonds").	
Facility:	Direct purchase of the Bonds at par pursuant to a Continuing Covenant Agreement between the Borrower and the Lender (the "CCA" or the "Facility").	
Lender:	State Street Public Lending Corporation ("State Street" or the "Lender").	
Commitment Amount:	Up to \$100,000,000 of principal.	
Form of Bonds:	The Bonds shall be issued as a single, physical Bond registered to the Lender and physically delivered to the Lender at closing. While held by the Lender, the Bonds shall not be rated by any rating agency, shall not be DTC eligible and shall not be held at DTC, shall not be assigned a CUSIP number, shall be issued in authorized denominations of \$250,000 and any integral multiple of \$5,000 in excess thereof, shall not be marketed pursuant to any official statement or other disclosure documentation and shall not be placed by a placement agent or broker dealer. Transferability shall be limited pursuant a standard investor letter.	
Tax Treatment:	Interest on the Bonds shall be excludable from gross income for federal income tax purposes. The Borrower shall take all steps necessary to maintain such tax exempt status. The Lender shall be provided an opinion of tax counsel satisfactory to the Lender which concludes that all interest on the Bonds is excludable from gross income for federal income tax purposes.	
Key Personnel:	<div>State Street Public Lending Corp. c/o State Street Bank and Trust Company One Lincoln Street, 5th Floor Boston, MA 02111</div> <div>Mimi Li, Vice President (Lead Banker) Telephone: (617) 664-3196 mkli@statestreet.com</div> <div>Olga Lavrenko Telephone: (617) 664-6474 olavrenko@statestreet.com</div>	
Experience:	For over 20 years, State Street Bank and Trust Company (the "Bank"), the parent company of the Lender, has actively provided liquidity and credit enhancement on municipal bonds and commercial paper for a wide variety of issuers across the United States. Currently, the Bank's liquidity and credit enhancement portfolio includes over 70 unique issuers with \$7.5 billion in total commitments. The Lender has been originating direct lending facilities since 2014 and currently provides over \$1.4 billion in facilities.	
Adjustments To Financing Plan:	The Lender has no issues with the City's proposed Financing Plan.	

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Amendments To Bond Ordinance:

The Lender has reviewed the Bond Ordinance and has no proposed amendments at this time; however the Lender would propose to add a covenant to the CCA which requires that actions taken pursuant to Section 13(c) (other than subsection (ii) thereof) of the Bond Ordinance be subject to the reasonable satisfaction of the Lender and, with respect to subsection (ii)(B), such prepayment shall be on a pro rata basis of the Parity Bonds, if so required by the Lender.

INTEREST RATES, FEES AND REPAYMENT PROVISIONS:

Index Rate Mode: The Resolution and the Continuing Covenant Agreement shall include an Index Rate Mode, the terms of which are described below. All other standard interest rate modes (i.e., Daily Mode, Weekly Mode and Fixed Rate Mode) may be contained in the Resolution.

Index Rate: Prior to the Mandatory Tender Date (defined below), the Bonds shall bear interest at a tax-exempt per annum rate of interest equal to the sum of (i) 70% of 1-month LIBOR plus (ii) the Applicable Spread set forth below, based upon the Index Rate Period selected by the Borrower at closing (collectively, the "Index Rate"), subject to adjustment as provided below.

The Bonds shall bear interest at the Index Rate during the applicable Index Rate Period, so long as no Event of Taxability or Event of Default exists.

Index Rate Period	Applicable Spread
3 Years	43 bps

See Appendix A for accompanying Cost Information Form for Direct Purchase from the RFP.

Increase in Applicable Spread:

The lowest long-term unenhanced rating assigned to the City's Municipal Light and Power Improvement senior lien Revenue Bonds will determine the Applicable Spread. An Applicable Spread adjustment shall become effective on the date a rating action is announced by the applicable rating agency. In the event of the adoption of any new or changed rating system, each of the ratings referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect.

The Applicable Spread shall be adjusted according to the schedule below for any rating downgrade as well as for any rating suspension, withdrawal, or cancellation ("WD/NR"):

Rating Level	3-Years
Aa2/AA or above	43 bps
Aa3/AA-	53 bps
A1/A+	68 bps
A2/A	83 bps
A3/A-	98 bps
Baa1/BBB+	118 bps
Baa2/BBB	143 bps
Below Baa2/BBB*	Default
WD/NR*	Default

*Note: Event of Default rate adjustment applies.

Event of Default Rate Adjustment:

If one or more of the underlying ratings are withdrawn, suspended, or otherwise unavailable for any reason, or any underlying rating shall fall below "Baa2/BBB", or upon the occurrence of an Event of Default under the CCA, the Bonds shall bear interest at the Default Rate.

Interest Payment Period and Calculation:

The Bonds will bear interest from the closing date until mandatory tender or redemption in whole. The interest payment date will be the first business day of each month. Computations of interest shall be

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calculated on an actual/360 day basis.

- Calculation Agent:** State Street Public Lending Corporation will serve as the Calculation Agent for the purpose of determining monthly interest payments. Notification of the effective interest rate for an interest rate payment period will be given to the Lender at least one business day prior to each rate reset date.
- Event of Taxability:** In the event a determination of taxability shall occur, in addition to the amounts required to be paid with respect to the Bonds under the Facility Documents, the Borrower shall be obligated to pay to the Lender an amount equal to the positive difference, if any, between the amount of interest that would have been paid during the period of taxability if the Bonds had borne interest at the Taxable Rate (i.e., the product of the Index Rate and 1.0/1.0-Maximum Federal Corporate Tax Rate) and the interest actually paid to the Lender as the owner of the Bonds. The Maximum Federal Corporate Tax Rate shall mean, for any day, the maximum rate of income taxation imposed on corporations pursuant to the Internal Revenue Code. The Maximum Federal Corporate Tax Rate is currently 35%.
- Margin Rate Factor:** The Index Rate will be subject to adjustment by a Margin Rate Factor. The Margin Rate Factor means the greater of (i) 1.0, and (ii) the product of (a) one minus the Maximum Federal Corporate Tax Rate multiplied by (b) 1.53846. The effective date of any change in the Margin Rate Factor shall be the effective date of the decrease or increase (as applicable) in the Maximum Federal Corporate Tax Rate resulting in such change. The Maximum Federal Corporate Tax Rate is currently 35% such that the current Margin Rate Factor equals 1.0 as of the date of this Proposal.
- Optional Prepayment or Call; Termination Fee:** The Bonds may be prepaid or called by the Borrower on any business day; provided that if the Bonds are prepaid or called on a business day other than an interest rate reset date will be subject to the Lender's standard break-funding provisions.

Additionally, in the event the Bonds are prepaid, redeemed or called in whole or in part, or the interest rate on the Bonds is converted to an interest rate mode other than the Index Rate Mode during the applicable Termination Fee Period (as defined herein), the Borrower shall pay to the Lender a termination/reduction fee equal to the product of (i) the Applicable Spread in effect on the date of such prepayment, redemption, call or conversion, (ii) the principal amount of the Bonds so redeemed or converted and (iii) a fraction, the numerator of which is the number of days from and including the date of prepayment, redemption, call or conversion to the end of the Termination Fee Period and the denominator of which is 360. At any time after the Termination Fee Period, the Bonds may be prepaid, redeemed or called or the interest rate thereon may be converted at par, plus accrued interest thereon to the date of purchase or redemption.

Term	Termination Fee Period
3-Years	18-months after purchase

- Amendment/Transfer Fee:** \$5,000 plus reasonable fees and disbursements of counsel, if any.
- Mandatory Tender:** The Bonds shall be subject to mandatory tender and purchase by the Borrower at par plus accrued interest on the date that is 3 year anniversary of the closing date (the "Mandatory Tender Date").
- On the Mandatory Tender Date, the Borrower may attempt to remarket the Bonds to the Lender for a new Index Rate Period or new investors at any of the interest rate options provided for in the Facility Documents. The Lender shall not be obligated to purchase the Bonds for an additional interest period on the Mandatory Tender Date.
- Repayment After Mandatory Tender Date:** So long as (i) the representations and warranties set forth in the Facility are true and correct and (ii) no Default or Event of Default shall have occurred and be continuing, any principal amount of the Bonds that is not repaid on the Mandatory Tender Date ("Unremarketed Bonds") shall be repaid in full by the earliest of (i) the fifth anniversary of the Mandatory Tender Date, (ii) the date on which the Bonds mature or are

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redeemed, repaid, prepaid or canceled pursuant to the terms of the Facility Documents or (iii) the date on which the Bonds are remarketed.

Any principal amount of Unremarketed Bonds not repaid on the Mandatory Tender Date will amortize in equal quarterly payments, commencing three months following the Mandatory Tender Date.

So long as no Event of Default shall have occurred and be continuing, interest on the Bonds from the Mandatory Tender Date shall accrue at the Unremarketed Bond Rate (as described below) and will be payable monthly in arrears on the first Business Day of each month. If an Event of Default shall occur, the Unremarketed Bonds Rate shall immediately and automatically (without notice to the Borrower) equal the Default Rate.

Base Rate:	The greatest of:	(i) State Street Bank and Trust Company's Prime Rate plus 1.0%; (ii) Federal Funds Rate plus 2.0%; and (iii) 6.5%.
Unremarketed Bond Rate:	Days 1-30: Days 31-90: Days 91 and after:	Base Rate. Base Rate plus 1.0%. Base Rate plus 2.0%.
Default Rate:	Base Rate plus 3.0%. Interest accruing at the Default Rate shall be payable by the Borrower on demand.	
Interest Rate Calculation:	Interest on Bonds after the Mandatory Tender Date shall accrue from the first calendar day of the month until the last calendar day of the same month, payable on the first business day of the subsequent month. Interest shall be calculated on the basis of the actual number of days elapsed in a 360-day year.	
Interest Rate Clawback:	The Lender will require the inclusion of a customary clawback provision as protection against the interest rate payable on advances exceeding the maximum rate (i.e., the lesser of the maximum rate permitted by law and 25% per annum). Upon termination of the Facility, the Borrower shall pay to the Lender a fee equal to the amount of all unpaid deferred excess interest.	
Increased Costs:	The Lender will require standard increased cost coverage incl. any costs imposed upon the Lender related to the Dodd-Frank Act and/or Basel III, regardless of the date enacted, adopted, issued, or promulgated.	
Terms and Conditions:	For additional terms and conditions, see Appendix B.	
Credit Approval Process:	Any commitment to provide the Facility (incl. the terms and conditions proposed herein) or to extend credit is subject to all of the Lender's internal approvals and due diligence procedures. In obtaining credit approval, the Lender reserves the right to modify and/or supplement any of the terms and conditions stated herein. The Lender anticipates obtaining final credit approval within 10 business days of receiving the mandate to provide the Facility and subject to the receipt of all material information, including, without limitation, audited financial statements, annual operating budget, and official statement from recent debt issuance, without guaranty of such time frame.	
Proposal Expiration:	Unless otherwise extended by the Lender, this Proposal shall expire at 5:00 p.m. EST on January 31, 2017.	

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APPENDIX A: COST INFORMATION FORM FOR DIRECT PURCHASE

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APPENDIX B: TERM SHEET

Facility Documents:	The Bonds will be purchased by the Lender in accordance with and subject to the provisions of the CCA. Documentation will include the CCA, the Resolution, the Bond Ordinance and such other documents, instruments, certificates, and agreements executed and/or delivered by the Borrower in connection with the Facility as reasonably determined by the Lender (collectively, the "Facility Documents"). The definitive Facility Documents will contain terms and conditions set forth in this Proposal as well as provisions that are usual and customary for transactions of this nature with respect to conditions precedent to purchase and closing, representations and warranties, indemnification, covenants, events of default, and remedies.
Conditions Precedent:	The Facility shall include conditions precedent customary for transactions of this nature, including, without limitation, the following: all requisite approvals and incumbency certificates; delivery of all required legal opinions including opinions of Bond Counsel; delivery of all applicable financing documents; delivery of all financial information, budgets, and copies of the Borrower's investment policy, guidelines and permitted investments as requested by the Lender; delivery of a certificate evidencing that (i) no Default or Event of Default shall have occurred, (ii) all representations and warranties shall be true and correct, (iii) that no material adverse effect has occurred since the date of the most recent audited financial statements of the Borrower and (iv) the Borrower is in compliance with all covenants set forth in the CCA; evidence of the then current underlying rating; and payment of all closing fees and expenses.
Reporting Requirements:	The Borrower shall provide the Lender with (1) audited financial statements of the Light System within 120 days of its fiscal year end, (2) within 60 days of each of fiscal quarter, a copy of internally prepared financial statements of the Light System to include a balance sheet, income statement, and statement of cash flows, (3) concurrent with the receipt of the audited statements and quarterly statement a no default certificate from an Authorized Officer of the Borrower, (4) upon the occurrence of an Event of Default, a certificate from the Borrower setting forth the details and actions of the Borrower, (5) within 30 business days copies of any prospectus, offering memorandum and official statement, and (6) all or any other information as may be reasonably requested by the Lender as applicable.
Maintenance of Ratings:	The City shall maintain public ratings on its Municipal Light and Power Improvement Revenue Bonds (but not including the Bonds) from not less than two of the three nationally-recognized bond rating agencies (Moody's, S&P, and Fitch).
Incorporation by Reference/Most Favored Nations:	The Facility Documents will incorporate by reference existing covenants, including financial covenants, contained in the Facility Documents. The Facility Documents will further incorporate those more restrictive or different covenants, more restrictive or different events of default and more favorable rights and remedies (including, without limitation, shorter term-out periods and acceleration), if any, existing or subsequently agreed to by the Borrower with other creditors or insurers in agreements or other instruments pertaining to parity debt of the Borrower, including any credit agreement, reimbursement agreement, standby bond purchase agreement, liquidity agreement, direct purchase agreement or other similar type of agreement or instrument that relates to such debt.
Events of Default:	The Facility shall include events of default customary for transactions of this nature, including, without limitation, the following: failure to pay principal and interest on the Bonds or on any debt that is secured by net revenues, as applicable, of the electric system on a parity with the Bonds; bankruptcy or insolvency (voluntary or involuntary) of the Borrower; declaration of a moratorium with respect to any indebtedness of the Borrower; material inaccuracy of any representation and warranty; failure to comply with covenants following applicable grace periods, if any; invalidity or contest of the Borrower's

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obligations under the Facility or any document related to the Bonds or any material provision thereof, failure to pay final, non-appealable judgments in an amount of \$10 million or greater; rating downgrade of any City's Municipal Light and Power Improvement Revenue Bonds by any rating agency to or below the level of "Baa2/BBB"; or rating suspension, withdrawal, or cancellation by any rating agency.

Remedies:	Upon the occurrence of an Event of Default, the Lender may: (i) direct a mandatory tender of the Bonds under the Resolution and the Bond Ordinance and CCA; (ii) declare the outstanding obligations under the CCA to be immediately due and payable, subject to the prior and superior lien with respect to the Parity Bonds, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue; or (iii) exercise all other remedies available under the Facility Documents or at law or in equity.
Transferability:	While the Lender is purchasing the Bonds for its own account without a present intent to transfer them, the Lender reserves the right in its sole discretion to assign, sell, pledge or participate interests in the Bonds without the consent of the Borrower. The Borrower shall acknowledge and agree that the Lender may, without limitation and at its sole discretion, participate any portion of its obligations under the Facility; provided that any increased costs of such participant(s) shall be limited to those costs that would have been incurred by the Lender if the Lender had not participated any such portion of its obligations. At this time, the Lender does not intend to participate any portion of the Facility to other institutions.
Facility Extension:	The Lender acknowledges that the Facility Documents will permit the Borrower to convert the Bonds to a new interest rate mode, including a new Index Rate Mode, on any interest payment date upon the giving of appropriate notice. Upon the receipt of written notification from the Borrower, the Lender will respond in writing within 60 days of receipt of such request whether or not the Lender agrees to either purchase the Bonds in such new Index Rate Mode or to provide liquidity or credit enhancement necessary to facilitate the conversion of the Bonds to another interest rate mode, along with the terms under which the Lender will either purchase the Bonds or provide such liquidity or credit enhancement. If the Lender fails to notify the Borrower of its decision within such 60 day period, the Lender shall be deemed to have rejected any such request.
Governing Law:	The CCA shall be a contract under and governed by the laws of the State of New York; provided that the rights and obligations of the Borrower shall be governed by the laws of the State of Washington.
Jurisdiction:	The Borrower shall submit to the non-exclusive jurisdiction of the courts of the State of New York and the State of Washington.
Waiver of Jury Trial:	The Borrower agrees to waive the right to a jury trial in any proceedings against the Lender.
Sovereign Immunity:	The defense of sovereign immunity shall not be available to the Borrower in any proceedings by the Lender to enforce any of the obligations of the Borrower under the proposed Facility, any Facility Documents or the Bonds, and the Borrower shall consent to the initiation of any such proceedings relating to the Facility, any Facility Document or the Bonds, in any court of competent jurisdiction and agrees not to assert the defense of sovereign immunity in any such proceedings.
Indemnification:	To the extent permitted by law, the Borrower shall reimburse, indemnify and hold the Lender harmless for all circumstances except those proven in a court of competent jurisdiction to be caused by the gross negligence or willful misconduct of the Lender.
OFAC:	The Borrower shall represent that it has complied with, and will continue to comply with anti-corruption laws applicable to the Borrower and economic sanctions and trade embargoes imposed by the U.S. government.

This proposal is provided for discussion purposes only and does not constitute, and may not be construed as, a commitment to provide financing or other services.

STATE STREET.

Patriot Act:	Pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), the Lender is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the Patriot Act, and the Borrower hereby agrees to take any action necessary to enable the Lender to comply with the requirements of the Patriot Act.
Survival:	This Proposal does not constitute a Facility Document and shall not survive the execution and delivery of the definitive Facility Documents.
Non-Assignable:	The Borrower's obligations with respect to the Bonds and the Facility may not be assigned by the Borrower.
Material Adverse Change:	This Proposal may be rescinded, in the sole discretion of the Lender, upon the occurrence of a material adverse change in the financial, operational, or legal condition of the Borrower.
Additional Terms:	The terms and conditions contained in this Proposal are not intended to be comprehensive. The definitive Facility Documents may include additional terms and conditions required by the Lender, subject to mutual agreement of the parties.
Confidentiality:	This Proposal contains confidential and proprietary information. Except to the extent required by law, the Borrower may not disclose the contents of this Proposal in whole or in part to any third parties other than financial advisors, attorneys, and other professional representatives retained in connection with the Facility without the prior written consent of the Lender.

DISCLAIMERS AND IMPORTANT DISCLOSURES:

The Borrower acknowledges and agrees that: (i) the transaction contemplated by this Proposal is an arm's length, commercial transaction between the Borrower and the Lender in which the Lender is acting solely as a principal and for its own interest; (ii) the Lender is not acting as a municipal advisor or financial advisor to the Borrower; (iii) the Lender has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Lender has provided other services or is currently providing other services to the Borrower on other matters); (iv) the only obligations the Lender has to the Borrower with respect to the transaction contemplated hereby expressly are set forth in this Proposal; and (v) the Lender is not recommending that the Borrower take an action with respect to the transaction contemplated by this Proposal, and before taking any action with respect to the contemplated transaction, the Borrower should discuss the information contained herein with its own legal, accounting, tax, financial and other advisors, as it deems appropriate. If the Borrower would like a municipal advisor in this transaction that has legal fiduciary duties to the Borrower, the Borrower is free to engage a municipal advisor to serve in that capacity. This Proposal is provided to the Borrower pursuant to and in reliance upon the bank exemption provided under the municipal advisor rules of the Securities and Exchange Commission, Rule 15Ba1-1 et seq.

The information herein is provided for information purposes only, and is not to be used or considered as a proposal or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. Neither this nor any other communication prepared by the Lender is or should be construed as investment advice, a recommendation or proposal to enter into a particular transaction or pursue a particular strategy, or any statement as to the likelihood that a particular transaction or strategy will be effective in light of your business objectives or operations. Before entering into any particular transaction, you are advised to obtain such independent financial, legal, accounting and other advice as may be appropriate under the circumstances.

This proposal is provided for discussion purposes only and does not constitute, and may not be construed as, a commitment to provide financing or other services.

EXHIBIT B

MATURITY SCHEDULE AND SINKING FUND REQUIREMENTS

Mandatory Redemption Date	2017A	2017B	Total
11/1/2017	890,000	890,000	1,780,000
11/1/2018	915,000	915,000	1,830,000
11/1/2019	970,000	970,000	1,940,000
11/1/2020	1,005,000	1,005,000	2,010,000
11/1/2021	1,040,000	1,040,000	2,080,000
11/1/2022	1,085,000	1,085,000	2,170,000
11/1/2023	1,125,000	1,125,000	2,250,000
11/1/2024	1,165,000	1,165,000	2,330,000
11/1/2025	1,225,000	1,225,000	2,450,000
11/1/2026	1,270,000	1,270,000	2,540,000
11/1/2027	1,320,000	1,320,000	2,640,000
11/1/2028	1,370,000	1,370,000	2,740,000
11/1/2029	1,420,000	1,420,000	2,840,000
11/1/2030	1,485,000	1,485,000	2,970,000
11/1/2031	1,545,000	1,545,000	3,090,000
11/1/2032	1,605,000	1,605,000	3,210,000
11/1/2033	1,670,000	1,670,000	3,340,000
11/1/2034	1,735,000	1,735,000	3,470,000
11/1/2035	1,800,000	1,800,000	3,600,000
11/1/2036	1,885,000	1,885,000	3,770,000
11/1/2037	1,955,000	1,955,000	3,910,000
11/1/2038	2,030,000	2,030,000	4,060,000
11/1/2039	2,115,000	2,115,000	4,230,000
11/1/2040	2,195,000	2,195,000	4,390,000
11/1/2041	2,290,000	2,290,000	4,580,000
11/1/2042	2,380,000	2,380,000	4,760,000
11/1/2043	2,475,000	2,475,000	4,950,000
11/1/2044	2,575,000	2,575,000	5,150,000
11/1/2045	2,675,000	2,675,000	5,350,000
11/1/2046	2,785,000	2,785,000	5,570,000
	<u>50,000,000</u>	<u>50,000,000</u>	<u>100,000,000</u>

STATE OF WASHINGTON -- KING COUNTY

--SS.

345525

No.

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:31726-31728 TITLE ONLY

was published on

01/24/17

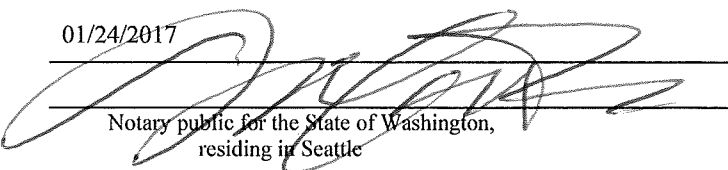
The amount of the fee charged for the foregoing publication is the sum of \$96.30 which amount has been paid in full.



Affidavit of Publication


Subscribed and sworn to before me on

01/24/2017


Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

The full text of the following legislation, passed by the City Council on January 11, 2017, and published below by title only, will be mailed upon request, or can be accessed at <http://seattle.legistar.com>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Resolution 31726

A RESOLUTION relating to contracting indebtedness; confirming, ratifying and approving certain terms of the issuance and sale of The City of Seattle, Washington, Water System Improvement and Refunding Revenue Bonds, 2017, for the purposes set forth in Ordinance 125183 and in Ordinance 124339 (as amended by Ordinance 125183); confirming, ratifying and approving actions taken and to be taken to provide for the refunding of certain outstanding bonds of the Municipal Water System of the City; confirming, ratifying and approving the notice of bond sale and other actions taken and to be taken in connection with the issuance of the bonds and their sale to the purchaser; and ratifying and confirming the actions of the Director of Finance and other City officials relating to the issuance and sale of the bonds.

Resolution 31727

A RESOLUTION relating to contracting indebtedness; repealing Resolution 31708 in its entirety; and confirming, ratifying and approving action taken by the Director of Finance of the City of Seattle and other City officials relating to terminating negotiations pursuant to the repealed resolution.

Resolution 31728

A RESOLUTION relating to contracting indebtedness; confirming, ratifying and approving certain terms of the issuance and sale of The City of Seattle, Washington, Municipal Light and Power Revenue Bonds, Series 2017A (Multi-Modal) and Series 2017B (Multi-Modal), for the purposes set forth in Ordinance 124916; authorizing the Director of Finance to execute a Continuing Covenant Agreement with the initial purchaser of such Bonds; to negotiate and execute related documents and agreements from time to time in connection with the election of variable interest rate modes; and confirming, ratifying and approving action taken and to be taken by the Director of Finance of the City of Seattle and other City officials relating to the issuance and sale of the bonds to the initial purchaser thereof and in connection with the election of variable interest rate modes with respect thereto throughout the term of such bonds.

Date of publication in the Seattle Daily Journal of Commerce, January 24, 2017.

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