CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to contracting indebtedness; authorizing and providing for the issuance and sale of limited tax general obligation bonds to pay all or part of the cost of financing elements of the City's capital improvement program, issuing and selling the bonds, and other City purposes approved by ordinance; providing for terms and sale of the bonds; creating a bond fund; and ratifying and confirming certain prior acts.

WHEREAS, The City of Seattle, Washington (the "City"), has determined that it is in its best interest that certain capital improvement program projects hereafter identified, be financed by the issuance of limited tax general obligation bonds of the City in principal amount not to exceed \$85 million; and

WHEREAS, RCW 39.36.020 authorizes the City to incur indebtedness without assent of the voters of the City so long as such indebtedness does not result in a total nonvoted indebtedness of the City in excess of 1.5% of the value of taxable property within the City as computed in accordance with RCW 39.36.030; and

WHEREAS, the City from time to time will receive, review, and adopt a plan to refund selected maturities of its limited tax general obligation bonds consistent with Ordinance 121651, which states that selected maturities, including maturities of the bonds authorized in this ordinance, will be identified in a Bond Resolution (hereinafter defined); NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. <u>Definitions</u>. As used in this ordinance, the following capitalized terms shall

have the following meanings.

"Authorized Denomination" means \$5,000 or any integral multiple thereof within a

maturity.

subdivisions.

"Beneficial Owner" means the owner of any beneficial interests in the Bonds.

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

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"Bond Fund" means the City's General Bond Interest and Redemption Fund, previously created by Ordinance 122121 and established and to be used for the payment of the principal of, premium, if any, and interest on the Bonds.

"Bond Register" means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of the Bonds.

"Bond Registrar" or **"Registrar"** means, unless provided otherwise in the Bond Resolution, the Fiscal Agent of the State of Washington, or any successor bond registrar selected by the City, whose duties include the registration and authentication of the Bonds, maintenance of the Bond Register, effecting transfer of ownership of the Bonds, and paying the principal of, premium, if any, and interest on the Bonds.

"Bond Resolution" means the resolution or resolutions of the City Council adopted pursuant to this ordinance to specify certain additional provisions of each series of the Bonds and their sale.

"Bonds" means the limited tax general obligation bonds issued pursuant to this ordinance.

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

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

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

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

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

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

"Projects" means items identified in Exhibit A, attached hereto and by this reference made a part hereof, and other projects authorized by ordinance.

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

"**Registered Owner**" means the person shown on the Bond Register as the owner of one or more Bonds.

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

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

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

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

"Tax-Exempt Bonds" means Bonds of any series, the interest on which is intended on the date of issuance to be excluded from gross income for federal income tax purposes.

"Term Bonds" means any Bonds identified as such in the Bond Resolution authorizing the issuance thereof, which Bond Resolution requires that such bonds be purchased, redeemed, or paid prior to maturity in a schedule established thereby.

Section 2. <u>Debt Capacity</u>. The maximum amount of indebtedness authorized by this ordinance is the amount set forth in Section 3. Based on the following facts, this amount is to be issued within the amount permitted to be issued by the City for general municipal purposes without a vote:

(a) <u>Assessed Valuation</u>. The assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes for the year 2012 is \$117,503,213,124.

(b) <u>Outstanding Non-Voted Indebtedness</u>. As of June 30, 2012, the City has limited tax general obligation indebtedness, consisting of bond, notes, installment purchase contracts, and lease purchase agreements outstanding in the principal amount of 872,068,658, which is incurred within the limit of up to $1\frac{1}{2}$ % of the value of the taxable property within the City permitted for general municipal purposes without a vote.

(c) <u>Outstanding Voted Indebtedness</u>. As of June 30, 2012, the City has unlimited tax general obligation indebtedness for capital purposes only outstanding in the principal amount of \$108,310,000 for general municipal purposes; \$1,350,000 for City-owned water, artificial light, and sewers; and no indebtedness for acquiring or developing open space, park facilities, and capital facilities associated with economic development. The indebtedness described in this subparagraph has been incurred with the approval of the requisite number of the City's qualified voters, within the limit of up to $2\frac{1}{2}$ % of the value of the taxable property within the City for general municipal purposes (when combined with the outstanding limited tax general obligation indebtedness), $2\frac{1}{2}$ % for utility purposes and $2\frac{1}{2}$ % for open space, parks and economic development purposes.

Section 3. Authorization and Description of Bonds. For the purposes of paying all or part of the costs of the Projects, issuing and selling the Bonds, and for other City purposes approved by ordinance, the City is authorized to borrow money on the credit of the City and issue limited tax general obligation bonds evidencing indebtedness in the maximum principal amount of not to exceed \$85 million. The general indebtedness to be incurred shall be within the limit of up to 1.5% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein. The Bonds may be issued in one or more series; may be combined with other general obligation bonds authorized separately; shall be designated Limited Tax General Obligation Bonds and shall have such year and series or other designation as determined by the Director of Finance or as specified by the Bond Resolution consistent with the provisions of this ordinance; shall be dated as specified by the Bond Resolution; shall be in Authorized Denominations or such other denominations within a maturity as specified by the Bond Resolution; shall be numbered separately, in the manner and with any additional designation as the Bond Registrar deems necessary for the purpose of identification; and shall bear interest payable on the dates as specified by the Bond Resolution at such rate or rates as specified and approved by the Bond Resolution, which rate or rates may be fixed or variable, except that (i) if the interest rate on the Bonds is fixed, the net interest cost shall not exceed a weighted average rate of 10% per annum, and (ii) if the interest rate on the Bonds is variable, the net interest cost during the initial interest rate period for the initial series of Bonds shall not exceed a weighted average rate of 10% per annum. The Bonds shall mature on the dates and in years and amounts as specified by the Bond Resolution, except that the final maturity of any series of Bonds shall not exceed 30 years from the date of issuance. All or some of the Bonds may be Term Bonds, as specified by the Bond Resolution.

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

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On the date of issuance of each series, the expected life of the capital facilities to be financed with the proceeds of that series of the Bonds shall exceed the final maturity of the Bonds.

Section 4. <u>Bond Resolution</u>. The City Council may adopt the Bond Resolution and in that resolution may provide for the matters described in this ordinance and such other matters that the City Council deems necessary, appropriate, or desirable to carry out the purposes of this ordinance.

The Bond Resolution may provide for bond insurance, and may provide conditions or covenants relating thereto, including additional terms, conditions, and covenants relating to the Bonds that are required by the bond insurer or interest rate swap, cap or floor counterparties, or similar counterparties, and are consistent with the provisions of this ordinance, including but not limited to restrictions on investments and requirements of notice to and consent of the bond insurer or interest rate swap, cap, floor, or similar counterparty. The Bond Resolution may approve and authorize the execution and delivery of any contracts and other documents consistent with the provisions of this ordinance for which the City's approval is necessary or to which the City is a party and that are related or incidental to the issuance and sale of the Bonds, the establishment of the initial interest rate or rates on the Bonds, and any tender, purchase, remarketing, or redemption of the Bonds, including but not limited to agreements with liquidity or credit support providers, bond insurers, remarketing agents, underwriters, lenders, fiscal agencies, interest rate swap, cap, floor, or similar counterparties, custodians, and the Bond Registrar. The Mayor and the Director of Finance are each separately authorized to execute and deliver, any contracts and other documents consistent with the provisions of this ordinance for which the City's approval is necessary or to which the City is a party and that are related or incidental to the issuance and sale of the Bonds.

The Bond Resolution may specify that a series of Bonds is a series of Tax-Exempt Bonds, Tax Credit Subsidy Bonds, or other taxable Bonds. The City Council may determine and specify by the Bond Resolution the amount, if any, from the proceeds of or accrued interest on the Bonds to be deposited into specified funds, subfunds, accounts, and subaccounts. In the absence of such a determination and specification in the Bond Resolution, the Director of Finance may make such determination and specification.

The City Council may, in the Bond Resolution, authorize the Director of Finance to serve as its designated representative and to accept, on behalf of the City, an offer to purchase the Bonds, which offer must be consistent with the terms of this ordinance and the Bond Resolution. Any such authorization of the Director of Finance to accept an offer to purchase the Bonds must also be consistent with terms for the bonds and/or parameters set forth in this ordinance and the Bond Resolution.

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

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

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

The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance and the City's Registration Ordinance.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may become either a Registered or Beneficial Owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Beneficial Owners.

Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the 15 days preceding any principal payment or redemption date.

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

For as long as any Bonds are held in book-entry form, the Securities Depository shall be deemed to be the Registered Owner for all purposes hereunder and all references to registered owners, bondowners, bondholders or the like shall mean the Securities Depository and, except for purposes of the City's undertaking to provide continuing disclosure, shall not mean the Beneficial Owners. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City or such substitute Securities Depository's successor; or (iii) to any person if the Bonds are no longer held in book-entry form.

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

Section 6. Payment of Bonds. Principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be paid by checks, drafts, or warrants of the Bond Registrar, or, if requested in writing prior to the Record Date by the Registered Owner of \$1,000,000 or more in principal amount of Bonds, by wire, mailed or transferred on the interest payment date to Registered Owners of the Bond s as those Registered Owners and their addresses and accounts appear on the Bond Register on the Record Date (or other record date established in the Bond Resolution). Principal of and premium, if any, on the Bonds shall be payable at maturity or on such date as may be specified for prior redemption upon presentation and surrender of the Bonds by the Registered Owners at the principal corporate trust office of the Bond Registrar. Notwithstanding the foregoing, payment of any Bonds registered in the name of the Securities Depository or its nominee shall be made in accordance with the Letter of Representations.

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

(a) <u>Optional Redemption</u>. All or some of the Bonds may be subject to redemption prior to their stated maturity dates at the option of the City at the times and on the terms set forth in the Bond Resolution.

(b) <u>Mandatory Redemption</u>. The City shall redeem any Term Bonds, if not redeemed under the optional redemption provisions set forth in the Bond Resolution or purchased under the provisions set forth below, randomly (or in such other manner as set forth in

the Bond Resolution or as the Bond Registrar shall determine) at par plus accrued interest on the dates and in the years and principal amounts as set forth in the Bond Resolution.

If the City redeems Term Bonds under the optional redemption provisions set forth in the Bond Resolution or purchases Term Bonds as set forth below, the Term Bonds so redeemed or purchased (irrespective of their redemption or purchase prices) shall, unless provided for otherwise in the Bond Resolution, be credited at the par amount thereof against the remaining mandatory redemption requirements in a manner to be determined by the Director of Finance or, if no such determination is made, on a pro-rata basis.

(c) <u>Partial Redemption</u>. Whenever less than all of the Bonds of a single maturity of a series are to be redeemed, the Bond Registrar shall select the Bonds or portions thereof to be redeemed from the Bonds of that maturity randomly, or in such other manner as set forth in the Bond Resolution or as the Bond Registrar shall determine, except that, for so long as the Bonds are registered in the name of the Securities Depository or its nominee, the Securities Depository shall select the Bonds or portions thereof to be redeemed in accordance with the relevant Letter of Representations.

Portions of the principal amount of any Bond, in Authorized Denominations, may be redeemed, unless otherwise provided in the Bond Resolution. If less than all of the principal amount of any Bond is redeemed, upon surrender of that Bond at the principal office of the Bond Registrar, there shall be issued to the Registered Owner, without charge therefor, a new Bond (or Bonds, at the option of the Registered Owner) of the same series, maturity, and interest rate in any of the denominations authorized by the Bond Resolution in the aggregate total principal amount remaining unredeemed.

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

(e) <u>Bonds to be Canceled</u>. All Bonds purchased or redeemed under this Section shall be canceled.

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

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

Section 9. <u>Failure to Pay Bonds</u>. If any Bond is not paid when properly presented at its maturity or call date, the City shall be obligated to pay interest on that Bond at the same rate provided in that Bond from and after its maturity or call date until that Bond, principal, premium, if any, and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and that Bond has been called for payment by giving notice of that call to the Registered Owner of that Bond.

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

signatures may be manual or in facsimile; and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon.

Only Bonds bearing a Certificate of Authentication in substantially the following form (with the designation, year, and series of the Bonds adjusted consistent with this ordinance), manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

CERTIFICATE OF AUTHENTICATION

This Bond is one of the fully registered The City of Seattle, Washington, Limited Tax General Obligation Bonds, [Year] [Series], described in the Bond Ordinance.

BOND REGISTRAR

By

Authorized Signer

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated, and delivered and is entitled to the benefits of this ordinance.

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

Section 11. <u>Pledge of Taxes</u>. For so long as any of the Bonds are outstanding, the City irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City on all of the

taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bonds, and the full faith, credit, and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Section 12. <u>Preservation of Tax Exemption for Interest on Tax-Exempt Bonds</u>. The City covenants that it will take all actions, consistent with the terms of the Tax-Exempt Bonds, this ordinance, and the Bond Resolution, reasonably within its power and necessary to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal income tax purposes, and the City will neither take any action nor make or permit any use of proceeds of the Tax-Exempt Bonds or other funds of the City treated as gross proceeds of the Tax-Exempt Bonds at any time during the term of the Tax-Exempt Bonds which will cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes.

Section 13. <u>Continuing Disclosure</u>. The City shall undertake to provide certain annual financial information and operating data of the type included in the final official statement for those Bonds, as well as disclosure of certain material events respecting the Bonds, in the manner and to the extent required by United States Securities and Exchange Commission Rule 15c2-12(b)(5). The particular terms of any such undertaking shall be set forth in the Bond Resolution.

Section 14. <u>Refunding or Defeasance of the Bonds</u>. The Bonds are hereby designated "Refundable Bonds" for purposes of Ordinance 121651. The City may issue refunding bonds pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of, premium, if any, and interest on the Bonds, or portion thereof included in a refunding or defeasance plan, and to redeem and retire, release, refund, or defease those Bonds (the "defeased Bonds") and to pay the costs of such refunding or defeasance. If money and/or government obligations (as that term is defined in RCW 39.53.010, as it now exists or may hereafter be amended) maturing at a time or times and in an amount sufficient,

together with known earned income from the investment thereof, to redeem and retire, release, refund, or defease the defeased Bonds in accordance with their terms, are set aside in a special trust fund or escrow account irrevocably pledged to such redemption, retirement, or defeasance (the "trust account"), then all right and interest of the owners of the defeased Bonds in the covenants of this ordinance and in the net Revenue and the funds and accounts pledged to the payment of such defeased Bonds, other than the right to receive the funds so set aside and pledged, thereafter shall cease and become void. Such owners thereafter shall have the right to receive payment of the principal of and interest or redemption price on the defeased Bonds from the trust account. The City shall include in the refunding or defeasance plan such provisions as the City deems necessary for the random selection of any defeased Bonds that constitute less than all of a particular maturity of the Bonds, and to such other persons as the City shall determine, and for any required replacement of Bond certificates for defeased Bonds.

After the establishing and full funding of such a trust account, the defeased Bonds shall be deemed as no longer outstanding, and the City then may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine.

Section 15. <u>Sale of Bonds</u>. The Director of Finance may provide for the sale of each series of the Bonds (or any portion thereof) by public sale or by a negotiated sale with an underwriter or other financial institution chosen through a selection process acceptable to the Director of Finance. The Director of Finance is authorized to specify a date and time of sale of the Bonds, to give notice of that sale, to determine any bid requirements and criteria for determining the award of the bid, to provide for the use of an electronic bidding mechanism, and to specify other matters in his or her determination necessary, appropriate, or desirable to carry out the sale of the Bonds. The terms of that sale shall be consistent with this ordinance and the Bond Resolution and shall be confirmed by the Bond Resolution. The Bonds shall be delivered

to the purchasers as provided in the Bond Resolution immediately upon payment to the City of the purchase price plus accrued interest, if any, to the date of closing in immediately available federal funds in Seattle, Washington, at the City's expense or at another time or place upon which the Director of Finance and the purchaser may mutually agree at the purchaser's expense.

If a series of Bonds is sold and issued as Tax Credit Subsidy Bonds, the Director of Finance is hereby authorized on behalf of the City to take such actions as are necessary or appropriate for the City to receive from the United States Treasury the applicable federal credit payments in respect of such Bonds.

CUSIP numbers will be printed on the Bonds, unless they are not required by the purchasers, but neither failure to print CUSIP numbers on any Bond nor error with respect thereto shall constitute cause for a failure or refusal by the purchasers to accept delivery of and pay for the Bonds in accordance with the purchase offer. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid by the City, but the fee of the CUSIP Service Bureau for the assignment of those numbers shall be the responsibility of and shall be paid by the purchasers.

The City will cause the Bonds to be prepared and executed in accordance with the provisions of this ordinance, the Bond Resolution, and State law, and will obtain the approving legal opinion of Bond Counsel.

Section 16. <u>Deposit and Use of Proceeds</u>. Unless provided otherwise in the Bond Resolution, the principal proceeds and premium, if any, received from the sale and delivery of the Bonds shall be paid into or allocated to the 2013 Multipurpose LTGO Bond Fund, which is hereby created in the City Treasury, or in such other funds, accounts, or subaccounts of the City Treasury as the Director of Finance may designate, and used to pay all or part of the costs of the Projects and for other City purposes approved by ordinance. The Director of Finance may use the principal proceeds and any premium to pay for costs of issuance and selling the Bonds, and the Director of Finance also may incur and account for non-cash costs of issuance that are not included as part of the bond proceeds and premium, including but not limited to any underwriters discount.

The Director of Finance may (i) establish and transfer proceeds of the Bonds among funds, accounts, or subaccounts in the City Treasury, or (ii) make interfund loans pursuant to Seattle Municipal Code Section 5.06.030 to or from other City accounts or funds, all on terms he or she may deem necessary, appropriate, or desirable to carry out the purposes of this ordinance and consistent with the Bond Resolution. Enactment of this ordinance authorizes the transfer of amounts from the 2013 Multipurpose LTGO Bond Fund to other funds in order to carry out the purposes of this ordinance.

There previously has been created and established in the City Treasury the Bond Fund. Accrued interest on the Bonds received from the sale and delivery of the Bonds, if any, together with any net premium received from the sale and delivery of the Bonds that is not necessary to pay the costs of the Projects or costs of issuance and sale of the Bonds, shall be paid or allocated into the Bond Fund prior to the first debt service payment date with respect to those Bonds. Until needed to pay the costs described herein, the City may invest principal proceeds of the Bonds temporarily in any authorized investment, and the investment earnings shall be deposited in such funds and accounts as may be designated by the Director of Finance. Earnings subject to a federal tax or rebate requirement may be withdrawn from any such fund or account and used for those tax or rebate purposes.

The Director of Finance may pay principal of and interest on the Bonds with any proceeds of Bonds (including interest earnings thereon) remaining after paying the costs of the Projects, costs of issuing and selling the Bonds, and for the other purposes set forth in this section or otherwise approved by ordinance, or after the City Council has determined that the expenditure of such Bond proceeds and premium for those purposes is no longer necessary or appropriate.

All taxes allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund.

Section 17. <u>General Authorization</u>. The Mayor and the Director of Finance and each of the other appropriate officers of the City are each authorized and directed to do everything as in their judgment may be necessary, appropriate, or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this ordinance. In particular, and without limitation, the Director of Finance may, in his or her discretion and without further action by the City Council, (i) issue requests for proposals for underwriting or financing facilities and execute engagement letters with underwriters, bond insurers or other financial institutions based on responses to such requests, (ii) deem final and approve the distribution of any preliminary official statement or official statement relating to the Bonds, (iii) comply with any continuing disclosure requirements applicable to the Bonds, and (iv) change the Bond Registrar or Securities Depository for the Bonds.

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

Section 19. <u>Ratification of Prior Acts</u>. Any action taken consistent with the authority of this ordinance, after its passage but prior to the effective date, is ratified, approved, and confirmed.

1	Section 20. Section Headings. The section headings in this ordinance are used for							
2	convenience only and shall not constitute a substantive portion of this ordinance.							
3	Section 21. Effective Date. This ordinance shall take effect and be in force 30 days							
4	after its approval by the Mayor, but if not approved and returned by the Mayor within ten days							
5	after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.							
6	Passed by the City Council the day of, 2012, and signed by me in open							
7	session in authentication of its passage this day of, 2012.							
8								
9	President of the City Council							
10								
11	Approved by me this day of, 2012.							
12								
13	Michael McGinn, Mayor							
14								
15	Filed by me this day of, 2012.							
16								
17	Monica Martinez Simmons, City Clerk							
18								
19								
20	(Seal)							
21	Attachment							
22	Exhibit A – Description of Projects							
23								
24								
25 26								
26 27								
27								
28	18 Form Last Revised: April 24, 2012 51227657.5							

EXHIBIT A

DESCRIPTION OF PROJECTS*

Description	Approximate Principal Amount			
Bridge Seismic (BTG)	6,928,043			
Mercer West (CPT)	11,173,000			
South Park Bridge	10,000,000			
Seawall (CPT)	6,200,000			
Golf	7,370,846			
Rainier Beach Community Center	6,600,000			
Magnuson Park Building 30	5,215,000			
Fire Facilities	12,726,000			
B&O IT	7,632,000			
Financial IT Upgrades	5,886,000			
Data Center	2,625,000			
Issuance Costs and Pricing Adjustments	2,470,677			

Total

\$84,826,566

*Includes issuance costs and pricing adjustments.

2013 BUDGET LEGISLATION FISCAL NOTE

Department:	Contact Person/Phone:	CBO Analyst/Phone:
FAS	Michael Van Dyck 4-8347	Hall Walker 3-7065

Legislation Title:

AN ORDINANCE relating to contracting indebtedness; authorizing and providing for the issuance and sale of limited tax general obligation bonds to pay all or part of the cost of financing elements of the City's capital improvement program, issuing and selling the bonds, and other City purposes approved by ordinance; providing for terms and sale of the bonds; creating a bond fund; and ratifying and confirming certain prior acts.

Summary of the Legislation:

This legislation provides the legal authorization to issue up to \$85 million of Limited Tax General Obligation (LTGO) bonds for a variety of purposes.

Background:

The City's Capital Improvement Program (CIP) identifies debt financing for certain projects and the City's budget appropriates the associated debt service. The table below lists the projects to be financed by the proceeds of 2013 LTGO bonds. Please see the City's Budget and CIP for information about these projects. Total debt service is expected to be about \$2.7 million in 2013 and \$8.7 million in 2014.

Project	Capital Cost	Approx. Par Amount (1)	Max. Term	Approx. Rate	Debt Service Proposed 2013	Debt Service Estimated 2014	Debt Service Funding Source
Bridge Seismic (BTG)	6,928	7,136	20	4.5%	241	549	SDOT (BTG) (2)
Mercer West (CPT)	11,173	11,508	20	4.5%	388	885	SDOT (CPT) (3)
South Park Bridge	10,000	10,300	20	4.5%	348	792	GF
Seawall (CPT)	6,200	6,386	20	4.5%	216	491	SDOT (CPT) (3)
Golf	7,371	7,592	20	4.5%	256	584	DPR
Rainier Beach Community Center	6,600	6,798	20	4.5%	229	523	GF
Magnuson 30	5,215	5,371	12	3.5%	141	556	DPR
Fire Facilities (1 of 5)	12,726	13,108	20	4.5%	442	1,008	REETI
B&O IT	7,632	7,861	5	3.0%	177	1,716	GF (4)
Financial IT Upgrades (1 of 3)	5,886	6,063	5	3.0%	136	1,324	FAS
Data Center (1 of 3)	2,625	2,704	15	4.5%	91	252	DoIT
Total	82,356	84,827			2,666	8,678	

(1) Includes 3% for costs of issuance and pricing adjustments.

(2) Proceeds from Bridging the Gap - Commercial Parking Tax receipts.

(3) Proceeds from Commercial Parking Taxes.

(4) Shared GF and other cities.

Please check one of the following:

Michael Van Dyck FAS 2013 LTGO Bonds FISC September 25, 2012 Version #2

This legislation does not have any financial implications.

(Please skip to the "Other Implications" Section at the end of the document and answer questions a-f. Delete sections that are left blank and the instructions provided in parentheses at the end of each question.)



X This legislation has financial implications. (If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" Section. Delete the instructions provided in parentheses at the end of each title and question.)

Other Implications:

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

The City will be obligated to pay annual debt service on these bonds through their term.

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

Financing these projects from cash would require very large cuts in operating programs. Since most of the debt-financed capital improvements have a long useful life and interest rates are currently low, it is more practical to spread the costs of these improvements over current and future beneficiaries by issuing bonds.

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

This legislation affects FAS, SDOT, and DPR.

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

There are no viable alternatives for most of the large capital projects. Cash financing of these projects would require very large operating budget cuts.

- e) Is the legislation subject to public hearing requirements? None
- f) Other Issues: None

Please list attachments to the fiscal note below: