

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

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

8 (a) Assessed Valuation. The assessed valuation of the taxable property within the
9 City as ascertained by the last preceding assessment for City purposes for the year 2012 is
10 \$117,503,213,124.

11 (b) Outstanding Non-Voted Indebtedness. As of June 30, 2012, the City has
12 limited tax general obligation indebtedness, consisting of bond, notes, installment purchase
13 contracts, and lease purchase agreements outstanding in the principal amount of \$872,068,658,
14 which is incurred within the limit of up to 1½% of the value of the taxable property within the
15 City permitted for general municipal purposes without a vote.

16 (c) Outstanding Voted Indebtedness. As of June 30, 2012, the City has unlimited
17 tax general obligation indebtedness for capital purposes only outstanding in the principal amount
18 of \$108,310,000 for general municipal purposes; \$1,350,000 for City-owned water, artificial
19 light, and sewers; and no indebtedness for acquiring or developing open space, park facilities,
20 and capital facilities associated with economic development. The indebtedness described in this
21 subparagraph has been incurred with the approval of the requisite number of the City’s qualified
22 voters, within the limit of up to 2½% of the value of the taxable property within the City for
23 general municipal purposes (when combined with the outstanding limited tax general obligation
24 indebtedness), 2½% for utility purposes and 2½% for open space, parks and economic
25 development purposes.



1 its officers or directors to act as members of, or in any other capacity with respect to, any
2 committee formed to protect the rights of Beneficial Owners.

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

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

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



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

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

20 **Section 7. Redemption and Purchase of Bonds.**

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

24 **(b) Mandatory Redemption.** The City shall redeem any Term Bonds, if not
25 redeemed under the optional redemption provisions set forth in the Bond Resolution or
26 purchased under the provisions set forth below, randomly (or in such other manner as set forth in
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1 the Bond Resolution or as the Bond Registrar shall determine) at par plus accrued interest on the
2 dates and in the years and principal amounts as set forth in the Bond Resolution.

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

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

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

23 (d) **Purchase**. The City reserves the right and option to purchase any or all of the
24 Bonds at any time at any price acceptable to the City plus accrued interest to the date of
25 purchase.
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1 signatures may be manual or in facsimile; and the seal of the City or a facsimile reproduction
2 thereof shall be impressed or printed thereon.

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

7 CERTIFICATE OF AUTHENTICATION

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

10 BOND REGISTRAR

11 By _____
12 Authorized Signer

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

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

24 **Section 11. Pledge of Taxes.** For so long as any of the Bonds are outstanding, the City
25 irrevocably pledges to include in its budget and levy taxes annually within the constitutional and
26 statutory tax limitations provided by law without a vote of the electors of the City on all of the
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1 taxable property within the City in an amount sufficient, together with other money legally
2 available and to be used therefor, to pay when due the principal of and interest on the Bonds, and
3 the full faith, credit, and resources of the City are pledged irrevocably for the annual levy and
4 collection of those taxes and the prompt payment of that principal and interest.

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

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

19 **Section 14. Refunding or Defeasance of the Bonds.** The Bonds are hereby designated
20 "Refundable Bonds" for purposes of Ordinance 121651. The City may issue refunding bonds
21 pursuant to the laws of the State or use money available from any other lawful source to pay
22 when due the principal of, premium, if any, and interest on the Bonds, or portion thereof
23 included in a refunding or defeasance plan, and to redeem and retire, release, refund, or defease
24 those Bonds (the "defeased Bonds") and to pay the costs of such refunding or defeasance. If
25 money and/or government obligations (as that term is defined in RCW 39.53.010, as it now
26 exists or may hereafter be amended) maturing at a time or times and in an amount sufficient,
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1 together with known earned income from the investment thereof, to redeem and retire, release,
2 refund, or defease the defeased Bonds in accordance with their terms, are set aside in a special
3 trust fund or escrow account irrevocably pledged to such redemption, retirement, or defeasance
4 (the "trust account"), then all right and interest of the owners of the defeased Bonds in the
5 covenants of this ordinance and in the net Revenue and the funds and accounts pledged to the
6 payment of such defeased Bonds, other than the right to receive the funds so set aside and
7 pledged, thereafter shall cease and become void. Such owners thereafter shall have the right to
8 receive payment of the principal of and interest or redemption price on the defeased Bonds from
9 the trust account. The City shall include in the refunding or defeasance plan such provisions as
10 the City deems necessary for the random selection of any defeased Bonds that constitute less
11 than all of a particular maturity of the Bonds, for notice of the defeasance to be given to the
12 Registered Owners of the defeased Bonds, and to such other persons as the City shall determine,
13 and for any required replacement of Bond certificates for defeased Bonds.

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

18 **Section 15. Sale of Bonds.** The Director of Finance may provide for the sale of each
19 series of the Bonds (or any portion thereof) by public sale or by a negotiated sale with an
20 underwriter or other financial institution chosen through a selection process acceptable to the
21 Director of Finance. The Director of Finance is authorized to specify a date and time of sale of
22 the Bonds, to give notice of that sale, to determine any bid requirements and criteria for
23 determining the award of the bid, to provide for the use of an electronic bidding mechanism, and
24 to specify other matters in his or her determination necessary, appropriate, or desirable to carry
25 out the sale of the Bonds. The terms of that sale shall be consistent with this ordinance and the
26 Bond Resolution and shall be confirmed by the Bond Resolution. The Bonds shall be delivered
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1 to the purchasers as provided in the Bond Resolution immediately upon payment to the City of
2 the purchase price plus accrued interest, if any, to the date of closing in immediately available
3 federal funds in Seattle, Washington, at the City's expense or at another time or place upon
4 which the Director of Finance and the purchaser may mutually agree at the purchaser's expense.

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

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

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

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

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

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

20 The Director of Finance may pay principal of and interest on the Bonds with any
21 proceeds of Bonds (including interest earnings thereon) remaining after paying the costs of the
22 Projects, costs of issuing and selling the Bonds, and for the other purposes set forth in this
23 section or otherwise approved by ordinance, or after the City Council has determined that the
24 expenditure of such Bond proceeds and premium for those purposes is no longer necessary or
25 appropriate.
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1 All taxes allocated to the payment of the principal of and interest on the Bonds shall be
2 deposited in the Bond Fund.

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

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

23 **Section 19. Ratification of Prior Acts.** Any action taken consistent with the authority
24 of this ordinance, after its passage but prior to the effective date, is ratified, approved, and
25 confirmed.



EXHIBIT A
DESCRIPTION OF PROJECTS*

<u>Description</u>	<u>Approximate Principal Amount</u>
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
Police Video Mobile Data Terminals	4,479,196
North Precinct	4,250,000
Issuance Costs and Pricing Adjustments	2,732,553
Total	\$93,817,638

*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 \$96 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 Cer	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	REET I
North Precinct (1 of 3)	4,250	4,378	20	4.5%	148	337	GF
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	10	3.5%	71	325	DoIT
Video Mobile Data Terminals	4,479	4,613	5	3.0%	104	1,007	GF
Total	91,085	93,817			2,897	10,095	

- (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 70% GF and 30% other cities.

Please check one of the following:

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 DOIT, SDOT, and DPR, and SPD.

- 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:





City of Seattle
Office of the Mayor

September 24, 2012

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

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill for consideration with the 2013 Proposed and 2014 Endorsed Budget. This legislation authorizes the issuance of up to \$85 million of Limited Tax General Obligation (LTGO) bonds to support the City of Seattle's Capital Improvement Program (CIP). The City's 2013-2018 CIP identifies debt financing for specific projects, including certain transportation-oriented projects, fire facilities, parks facilities, and the Rainier Beach Community Center. While the debt service on these bonds is appropriated in the adopted budget, the actual issuance of the bonds requires the legal authority that is provided by the attached proposed Council Bill.

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

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

