

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 117718

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4 AN ORDINANCE relating to contracting indebtedness; authorizing and providing for the
5 issuance and sale of unlimited tax general obligation bonds and bond anticipation
6 notes, and authorizing the loan of funds from various City funds, to pay all or part of
7 the costs of the design, construction, renovation, improvement and replacement of the
8 Alaskan Way seawall and associated public infrastructure, as authorized at the
9 November 6, 2012 election, and to pay the costs of issuing and selling the bonds and
10 the notes; providing for terms and sale of the bonds and the notes; creating a project
11 fund; and ratifying and confirming certain prior acts.

12 WHEREAS, The City of Seattle, Washington (the "City") has determined that it is in its best
13 interest that the Alaskan Way Seawall Replacement Project, as hereinafter defined, be
14 financed by the issuance of unlimited tax general obligation bonds of the City in
15 principal amount not to exceed \$290 million, as described in Proposition 1 approved
16 by the voters on November 6, 2012, pursuant to Ordinance 123922; and

17 WHEREAS, RCW 39.36.020 and Article 8, Section 6 of the Washington Constitution
18 authorize the City to incur indebtedness with the assent of the voters of the City so
19 long as such indebtedness does not result in a total indebtedness of the City for general
20 municipal purposes in excess of 2.5% of the value of taxable property within the City
21 as computed in accordance with RCW 39.36.030; and

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

27 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

28 **Section 1. Definitions.** 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.

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

1 **“Bond Counsel”** means a lawyer or a firm of lawyers, selected by the City, of
2 nationally recognized standing in matters pertaining to bonds issued by states and their
3 political subdivisions.

4 **“Bond Fund”** means the City’s General Bond Interest and Redemption Fund,
5 previously created by Ordinance 112112 and established and to be used for the payment of the
6 principal of, premium, if any, and interest on the Bonds.

7 **“Bond Register”** means the books or records maintained by the Bond Registrar for the
8 purpose of identifying ownership of the Bonds.

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

14 **“Bond Resolution”** means the resolution or resolutions of the City Council adopted
15 pursuant to this ordinance to specify certain additional provisions of each series of the Bonds
16 and their sale.

17 **“Bonds”** means the unlimited tax general obligation bonds issued pursuant to in this
18 ordinance.

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

21 **“City Council”** means the City Council of the City, as duly and regularly constituted
22 from time to time.

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

25 **“Director of Finance”** means the Director of the Finance Division of the Department
26 of Finance and Administrative Services of the City, or any other officer who succeeds to
27 substantially all of the responsibilities of that office.

28 **“DTC”** means The Depository Trust Company, New York, New York.

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

4 **“Notes”** or **“Bond Anticipation Notes”** means the City of Seattle, Washington
5 Unlimited Tax General Obligation Bond Anticipation Notes issued in an aggregate principal
6 amount of not to exceed \$29,000,000 pursuant to this ordinance.

7 **“Project”** or **“Alaskan Way Seawall Replacement Project”** means the design,
8 construction, renovation, improvement and replacement of the Alaskan Way seawall and
9 associated public infrastructure, including City-owned waterfront piers. Costs of
10 environmental, engineering, design, architectural, planning, consulting, project and
11 construction management, construction, inspection, testing, financial, audit, legal, and other
12 services lawfully incurred incident to the Project, completion of a feasibility study for the
13 Alaskan Way seawall, repayment with interest of interfund loans or Bond Anticipation Notes
14 for project expenses, costs of issuance (including election costs) and sale of the Bonds,
15 administrative, permit, relocation and mitigation expenses, site and right of way improvement,
16 demolition, road improvement, and other similar activities or purposes, and an apportionment
17 equal to 1% of estimated construction expenditures on the Project upon public works for art
18 pursuant to Seattle Municipal Code Section 20.32.030.

19 **“Project Fund”** means the Alaskan Way Seawall Construction Fund, created in
20 Section 18 of this ordinance for the purpose of carrying out the Project.

21 **“Record Date”** means, in the case of each interest or principal payment or redemption
22 date, the Bond Registrar’s close of business on the 15th day of the month preceding the
23 interest or principal payment or redemption date.

24 **“Registered Owner”** means the person shown on the Bond Register as the owner of
25 one or more Bonds.

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

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

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

9 **“Tax Credit Subsidy Payment”** means a payment by the federal government with
10 respect to a Tax Credit Subsidy Bond.

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

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

16 **Section 2. Debt Capacity.** The maximum amount of indebtedness authorized by this
17 ordinance is the amount set forth in Proposition 1, approved by the voters on November 6,
18 2012. This amount is to be issued within the amount permitted to be issued by the City with
19 voter approval for general municipal capital purposes only and not for the replacement of
20 equipment.

21 **Section 3. Authorization and Description of Bonds.** For the purposes of paying all
22 or part of the costs of the Project, and the costs of issuing and selling the Bonds, the City is
23 authorized to borrow money on the credit of the City and issue unlimited tax general
24 obligation bonds evidencing indebtedness in the maximum principal amount of not to exceed
25 \$290,000,000. The general indebtedness to be incurred shall be within the limit of up to 2.5%
26 of the value of the taxable property within the City permitted for general municipal capital
27 purposes as assented to by the requisite number of qualified voters. The Bonds may be issued
28 in one or more series and shall be issued on or before November 6, 2022, in accordance with

1 Ordinance 123922. The Bonds may be combined with other general obligation bonds
2 authorized separately; may evidence a line or lines of credit; shall be designated Unlimited
3 Tax General Obligation Bonds and shall have such year and series or other designation as
4 determined by the Director of Finance or as specified by the Bond Resolution consistent with
5 the provisions of this ordinance; shall be dated as specified by the Bond Resolution; shall be
6 in Authorized Denominations or such other denominations within a maturity as specified by
7 the Bond Resolution; shall be numbered separately, in the manner and with any additional
8 designation as the Bond Registrar deems necessary for the purpose of identification; and shall
9 bear interest payable on the dates as specified by the Bond Resolution at such rate or rates as
10 specified and approved by the Bond Resolution, which rate or rates may be fixed or variable,
11 except that (i) if the interest rate on the Bonds is fixed, the net interest cost shall not exceed a
12 weighted average rate of 10% per annum, and (ii) if the interest rate on the Bonds is variable,
13 the net interest cost during the initial interest rate period for the initial series of Bonds shall
14 not exceed a weighted average rate of 10% per annum. The Bonds shall mature on the dates
15 and in years and amounts as specified by the Bond Resolution, except that the final maturity
16 of any series of Bonds shall not exceed 30 years from the date of issuance. All or some of the
17 Bonds may be Term Bonds, as specified by the Bond Resolution.

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

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

24 **Section 4. Authorization of Interfund Loans.** A loan or loans of up to \$29,000,000
25 total principal outstanding at any one time is authorized to be made from a City fund specified
26 by the Director of Finance to the Project Fund. Any such loan shall expire no later than
27 December 31, 2018, with interest on the loan or loans at the rate of return on the City's
28 Consolidated (Residual) Cash Pool.

1 The entire principal and interest amount of the loan authorized by this section owed by
2 Project Fund to the City's Consolidated (Residual) Cash Pool, or its participating funds, shall
3 be repaid.

4 The Director of Finance may effectuate the loan or loans authorized by this section by
5 transferring cash from one or more of the funds participating in the City's Consolidated
6 (Residual) Cash Pool to the Project Fund, or by carrying the Project Fund in a negative cash
7 position in an amount not to exceed \$29,000,000 (reduced by the aggregate principal amount
8 of Bond Anticipation Notes outstanding), until no later than December 31, 2018. The
9 Director of Finance is further authorized to establish, and modify if necessary, from time to
10 time, a repayment plan and schedule pursuant to Seattle Municipal Code 5.06.030.

11 **Section 5. Authorization of Notes.** In anticipation of the issuance of Bonds, the City
12 further authorizes and designates the Director of Finance to provide for the issuance of Bond
13 Anticipation Notes, consistent with chapter 39.50 RCW. The Notes may be issued in one or
14 mores series and shall have such year and series or other designation as determined by the
15 Director of Finance, in an aggregate principal amount that does not exceed \$29,000,000
16 principal outstanding at any one time (reduced by the aggregate principal amount of interfund
17 loans outstanding). Consistent with RCW 39.50.050 and Section 13 of this ordinance, the
18 Notes shall be secured by the full faith, credit, taxing power, and resources of the City. The
19 Notes may be sold on a negotiated or competitive basis, as determined by the Director of
20 Finance. The Notes shall be dated as of the date of their issuance and shall not be
21 outstanding, together with any other short-term obligations issued to redeem the same, for
22 longer than the time permitted by chapter 39.50 RCW, but in no event shall the notes mature
23 later than December 31, 2018. The Notes shall be registered as provided in RCW 39.46.030,
24 and may bear a fixed rate or rates or a variable rate or rates of interest which may be based on
25 a bank prime or the most recent prime rate of interest published in the Wall Street Journal,
26 and at such price or prices, all as determined by the Director of Finance, but in any event shall
27 not exceed a net effective interest rate of twelve percent (12%) per annum. The Director of
28 Finance may agree to such other terms, conditions and covenants that he deems appropriate in

1 connection with the sale and deliver of the Notes, so long as those terms, conditions and
2 covenants are consistent with the provisions of this ordinance.

3 **Section 6. Bond Resolution.** The City Council may adopt the Bond Resolution and
4 in that resolution may provide for the matters described in this ordinance and such other
5 matters that the City Council deems necessary, appropriate, or desirable to carry out the
6 purposes of this ordinance.

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

24 The Bond Resolution may specify that a series of Bonds is a series of Tax-Exempt
25 Bonds, Tax Credit Subsidy Bonds, or other taxable Bonds.

26 The City Council may determine and specify by the Bond Resolution the amount, if
27 any, from the proceeds of or accrued interest on the Bonds to be deposited into specified
28 funds, subfunds, accounts, and subaccounts, In the absence of such a determination and

1 specification in the Bond Resolution, the Director of Finance may make such determination
2 and specification.

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

9 **Section 7. Bond Registrar; Registration and Transfer of Bonds.**

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

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

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

27 Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any
28 Authorized Denomination of an equal aggregate principal amount and of the same series,

1 interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided
2 thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without
3 cost to the owner or transferee. The Bond Registrar shall not be obligated to exchange or
4 transfer any Bond during the 15 days preceding any principal payment or redemption date.

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

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

25 Upon the resignation of the Securities Depository from its functions as depository, or
26 upon a City determination to discontinue services of the Securities Depository, the City may
27 appoint a substitute Securities Depository. If (i) the Securities Depository resigns from its
28 functions as depository, and no substitute Securities Depository can be obtained, or (ii) the

1 City determines that the Bonds are to be in certificated form, then ownership of Bonds may be
2 transferred to any person as provided herein and the Bonds no longer shall be held in book-
3 entry form.

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

16 **Section 9. Redemption and Purchase of Bonds.**

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

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

25 If the City redeems Term Bonds under the optional redemption provisions set forth in
26 the Bond Resolution or purchases Term Bonds as set forth below, the Term Bonds so
27 redeemed, or purchased (irrespective of their redemption or purchase prices) shall, unless
28 provided for otherwise in the Bond Resolution, be credited at the par amount thereof against

1 the remaining mandatory redemption requirements in a manner to be determined by the
2 Director of Finance or, if no such determination is made, on a pro-rata basis.

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

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

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

20 (e) Bonds to be Canceled. All Bonds purchased or redeemed under this section
21 shall be canceled.

22 **Section 10. Notice of Redemption.** The City shall cause notice of any intended
23 redemption of Bonds to be given not less than 20 nor more than 60 days prior to the date fixed
24 for redemption by first-class mail, postage prepaid, to the Registered Owner of any Bond to
25 be redeemed at the address appearing on the Bond Register at the time the Bond Registrar
26 prepares the notice, and the requirements of this sentence shall be deemed to have been
27 fulfilled when notice has been mailed as so provided, whether or not it is actually received by
28 the Registered Owner of any Bond. Interest on Bonds called for redemption shall cease to

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

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

9 **Section 11. Failure To Pay Bonds.** If any Bond is not paid when properly presented
10 at its maturity or call date, the City shall be obligated to pay interest on that Bond at the same
11 rate provided in that Bond from and after its maturity or call date until that Bond, principal,
12 premium, if any, and interest, is paid in full or until sufficient money for its payment in full is
13 on deposit in the Bond Fund and that Bond has been called for payment by giving notice of
14 that call to the Registered Owner of that Bond.

15 **Section 12. Form and Execution of Bonds.** The Bonds shall be typed, printed or
16 reproduced in a form consistent with the provisions of this ordinance, the Bond Resolution
17 and State law; shall be signed by the Mayor and Director of Finance, either or both of whose
18 signatures may be manual or in facsimile; and the seal of the City or a facsimile reproduction
19 thereof shall be impressed or printed thereon.

20 Only Bonds bearing a Certificate of Authentication in substantially the following form
21 (with the designation, year, and series of the Bonds adjusted consistent with this ordinance),
22 manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled
23 to the benefits of this ordinance:
24
25
26
27
28

CERTIFICATE OF AUTHENTICATION

1
2 This Bond is one of the fully registered The City of Seattle, Washington, Unlimited
3 Tax General Obligation [Bonds][Bond Anticipation Notes], [Year] [Series], described in the
4 Bond Ordinance.

5 BOND REGISTRAR

6 By _____
7 Authorized Signer

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

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

20 **Section 13. Pledge of Taxes.** For so long as any of the Bonds are outstanding, the
21 City irrevocably pledges to include in its budget and levy taxes annually, without limitation as
22 to rate or amount as permitted by law upon a vote of the electors of the City, on all of the
23 taxable property within the City in an amount sufficient, together with other money legally
24 available and to be used therefor, to pay when due the principal of and interest on the Bonds,
25 and the full faith, credit, and resources of the City are pledged irrevocably for the annual levy
26 and collection of those taxes and the prompt payment of that principal and interest.

27 **Section 14. Preservation of Tax Exemption for Interest on Tax Exempt Bonds.**
28 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

1 prevent interest on the Tax-Exempt Bonds from being included in gross income for federal
2 income tax purposes, and the City will neither take any action nor make or permit any use of
3 proceeds of the Tax-Exempt Bonds or other funds of the City treated as gross proceeds of the
4 Tax-Exempt Bonds at any time during the term of the Tax-Exempt Bonds which will cause
5 interest on the Tax-Exempt Bonds to be included in gross income for federal income tax
6 purposes.

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

13 **Section 16. Refunding or Defeasance of the Bonds.** The Bonds are hereby
14 designated "Refundable Bonds" for purposes of Ordinance 121651. The City may issue
15 refunding bonds pursuant to the laws of the State or use money available from any other
16 lawful source to pay when due the principal of, premium, if any, and interest on the Bonds, or
17 portion thereof included in a refunding or defeasance plan, and to redeem and retire, release,
18 refund or defease those Bonds (the "defeased Bonds") and to pay the costs of such refunding
19 or defeasance. If money and/or government obligations (as that term is defined in RCW
20 39.53.010, as it now exists or may hereafter be amended) maturing at a time or times and in
21 an amount sufficient, together with known earned income from the investment thereof, to
22 redeem and retire, release, refund, or defease the defeased Bonds in accordance with their
23 terms, are set aside in a special trust fund or escrow account irrevocably pledged to such
24 redemption, retirement or defeasance (the "trust account"), then all right and interest of the
25 owners of the defeased Bonds in the covenants of this ordinance and in the funds and
26 accounts pledged to the payment of such defeased Bonds, other than the right to receive the
27 funds so set aside and pledged, thereafter shall cease and become void. Such owners
28 thereafter shall have the right to receive payment of the principal of and interest or redemption

1 price on the defeased Bonds from the trust account. The City shall include in the refunding or
2 defeasance plan such provisions as the City deems necessary for the random selection of any
3 defeased Bonds that constitute less than all of a particular maturity of the Bonds, for notice of
4 the defeasance to be given to the Registered Owners of the defeased Bonds, and to such other
5 persons as the City shall determine, and for any required replacement of Bond certificates for
6 defeased Bonds.

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

11 **Section 17. Sale of Bonds.** The Director of Finance may provide for the sale of each
12 series of the Bonds (or any portion thereof) by public sale or by a negotiated sale with an
13 underwriter or other financial institution chosen through a selection process acceptable to the
14 Director of Finance. The Director of Finance is authorized to specify a date and time of sale
15 of the Bonds, to give notice of that sale, to determine any bid requirements and criteria for
16 determining the award of the bid, to provide for the use of an electronic bidding mechanism,
17 and to specify other matters in his or her determination necessary, appropriate, or desirable to
18 carry out the sale of the Bonds. The terms of that sale shall be consistent with this ordinance
19 and the Bond Resolution and shall be confirmed by the Bond Resolution. The Bonds shall be
20 delivered to the purchasers as provided in the Bond Resolution immediately upon payment to
21 the City of the purchase price plus accrued interest, if any, to the date of closing in
22 immediately available federal funds in Seattle, Washington, at the City's expense or at
23 another time or place upon which the Director of Finance and the purchaser may mutually
24 agree at the purchaser's expense.

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

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

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

11 **Section 18. Deposit and Use of Proceeds.** Unless provided otherwise in the Bond
12 Resolution, the principal proceeds and premium, if any, received from the sale and delivery of
13 the Bonds shall be paid into or allocated to the Project Fund, which is hereby created in the
14 City Treasury, or in such other funds, accounts, or subaccounts of the City Treasury as the
15 Director of Finance may designate, and used to pay all or part of the costs of the Projects and
16 for other City purposes approved by ordinance. The Director of Finance may use the
17 principal proceeds and any premium to pay for costs of issuance and selling the Bonds, and
18 the Director of Finance also may incur and account for non-cash costs of issuance that are not
19 included as part of the bond proceeds and premium, including but not limited to any
20 underwriters discount.

21 The Director of Finance may (i) establish and transfer proceeds of the Bonds among
22 funds, accounts, or subaccounts in the City Treasury, or (ii) make interfund loans pursuant to
23 Seattle Municipal Code Section 5.06.030 to or from other City accounts or funds, all on terms
24 he or she may deem necessary, appropriate, or desirable to carry out the purposes of this
25 ordinance and consistent with the Bond Resolution. Enactment of this ordinance authorizes
26 the transfer of amounts from the Project Fund to other funds in order to carry out the purposes
27 of this ordinance
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1 There previously has been created and established in the City Treasury the Bond Fund.
2 Accrued interest on the Bonds received from the sale and delivery of the Bonds, if any,
3 together with any net premium received from the sale and delivery of the Bonds that is not
4 necessary to pay the costs of the Project or costs of issuance and sale of the Bonds, shall be
5 paid or allocated into the Bond Fund prior to the first debt service payment date with respect
6 to those Bonds. Until needed to pay the costs described herein, the City may invest principal
7 proceeds of the Bonds temporarily in any authorized investment, and the investment earnings
8 shall be deposited in such funds and accounts as may be designated by the Director of
9 Finance. Earnings subject to a federal tax or rebate requirement may be withdrawn from any
10 such fund or account and used for those tax or rebate purposes.

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

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

19 **Section 19. General Authorization.** The Mayor and the Director of Finance and
20 each of the other appropriate officers of the City are each authorized and directed to do
21 everything as in their judgment may be necessary, appropriate, or desirable in order to carry
22 out the terms and provisions of, and complete the transactions contemplated by, this
23 ordinance. In particular, and without limitation, the Director of Finance may, in his or her
24 discretion and without further action by the City Council, (i) issue requests for proposals for
25 underwriting or financing facilities and execute engagement letters with underwriters, bond
26 insurers or other financial institutions based on responses to such requests, (ii) deem final and
27 approve the distribution of any preliminary official statement or official statement relating to
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1 the Bonds, (iii) comply with any continuing disclosure requirements applicable to the Bonds,
2 and (iv) change the Bond Registrar or Securities Depository for the Bonds.

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

12 **Section 21. Ratification of Prior Acts.** Any action taken consistent with the
13 authority of this ordinance, after its passage but prior to the effective date, is ratified,
14 approved, and confirmed.

15 **Section 22. Section Headings.** The section headings in this ordinance are used for
16 convenience only and shall not constitute a substantive portion of this ordinance.

17 **Section 23. Effective Date.** This ordinance shall take effect and be in force 30 days
18 after its approval by the Mayor, but if not approved and returned by the Mayor within ten
19 days after presentation, it shall take effect as provided by Seattle Municipal Code
20 Section 1.04.020.

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

President _____ of the City Council

Approved by me this ____ day of _____, 2013.

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2013.

Monica Martinez Simmons, City Clerk

(Seal)

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle Police Department	Marian Merkel/684-5148	Candice Livingston/233-7274

Legislation Title: AN ORDINANCE related to the 2013 Budget; amending Ordinance 124058 by increasing appropriations to the Police Department and reducing appropriations to Finance General, creating seven new positions, amending Council Green Sheet 67-1-A-1, and ratifying and confirming certain prior acts.

Summary of the Legislation: This legislation creates four sworn positions and three civilian positions in the Seattle Police Department (SPD) and transfers \$2,767,110 from the 2013 Finance General Budget to the SPD for position costs, overtime, consultants, and minor capital to support SPD's work involving the Settlement Agreement (Agreement) between The City of Seattle and the United States Department of Justice (DOJ) signed July 27, 2012. It also amends Council Green Sheet 67-1-A-1 from a ceiling of \$300,000 to \$925,000.

Background:

The Agreement has extensive work requirements to ensure that police services are delivered to the people of Seattle in a manner fully consistent with the Constitution of the United States. In addition to this Agreement, the City committed through a Memorandum of Understanding to create a Community Police Commission (CPC) to provide guidance throughout this process. Staff began evaluating the availability of resources in order to respond to the Agreement in early 2012. By mid-2012, it was apparent that additional staffing and funding would be required by SPD and potentially in other departments in order to begin meeting the workload created by the Agreement and CPC.

As a result, by the end of 2012, a number of steps had been taken:

- 1) Six positions had been created in SPD through quarterly supplemental budget legislation;
- 2) The 2013 Adopted and 2014 Endorsed budgets contained funds in Finance General (FG) to support related staffing created in 2012 and add additional staff and funding support for SPD and the CPC;
- 3) Funding was set aside in FG to provide payments for the Federal Court Monitor; and,
- 4) The Executive, in collaboration with SPD, Council central staff, and Law Department, began drafting legislation to create and fund additional positions for 2013 in SPD and for the CPC.

This legislative package focuses on the Seattle Police Department response by:

- Creating seven new positions to provide immediate support in meeting the basic requirements of the Agreement;
- Providing 2013 salary and benefits for the seven new positions created through this Council action as well as for three SPD Compliance Office positions created in the fourth quarter of 2012. Note that these three positions were created after the adoption of the 2013 budget and funding was not included in the 2013 budget;
- Providing additional overtime appropriation to SPD for (1) the development of new professional policies, curriculum, and training modules for new sworn trainers, program evaluation and analysis, (2) sworn officer training on revised policies and procedures in topic areas such as crisis intervention, bias-free policing, use of force among others (note that the Monitor will be reviewing these updated policies and procedures for approval), (3) callout support for the Force Intervention Team (FIT) Detectives, and (4) additional support for the Office of Professional Accountability to meet its Settlement Agreement requirements; and,
- Providing funding for other non-staff support such as the use of information technology consultants and funding for leased vehicles for the FIT detectives.

This legislation moves funding set aside for these purposes during the 2013 budget process from the Finance General reserve to SPD Budget Control Levels for use. For additional descriptions of the SPD positions and additional funding, please refer to the attached spreadsheet (Movement of DOJ Reserve Funds to SPD ATT).

This legislation will also increase the funding limitation set forth in Council Green Sheet 67-1-A-1 from \$300,000 to \$925,000 to enable the City to pay for the DOJ Monitor for the remainder of the 2013 fiscal year and provide funding for positions currently on loan from other City departments in support of the Community Policing Commission until such time that additional legislation appropriates operational funding for this commission. Modification of the reserve ceiling does not impact the Executive's monthly reporting of DOJ costs. Approximately, \$895,000 will remain in the Finance General DOJ reserve. The Executive anticipates requesting appropriation of these funds through subsequent legislation in 2013.

Below is a summary of anticipated Finance General reserve uses including this legislation:

Action	Amount
Monitor costs and initial commission staffing costs before Office of the Community Police Commission creation	\$925,000
SPD – new positions and funding in 2013	\$2,767,110
Remaining in Reserve	\$895,390
Total	\$4,587,500

This legislation does not have any financial implications.

This legislation has financial implications.

Appropriations:

Item	Fund	Department	Budget Control Level	2013 Appropriation	2014 Anticipated Appropriation
1.1	General Subfund (00100)	Seattle Police Department	Office of Professional Accountability (P1300)	\$100,000	\$103,000
1.2	General Subfund (00100)	Seattle Police Department	Deputy Chief of Staff (P1600)	\$1,200,810	\$1,236,834
1.3	General Subfund (00100)	Seattle Police Department	Criminal Investigations Administration (P7000)	\$91,100	\$93,833
1.4	General Subfund (00100)	Seattle Police Department	Violent Crimes Investigations (P7100)	\$90,000	\$92,700
1.5	General Subfund (00100)	Seattle Police Department	Field Support Administration (P8000)	\$1,285,200	\$1,323,756
1.6	General Subfund (00100)	Finance General	Reserves (2QD00)	(\$2,767,110)	(2,850,123)

Appropriations Notes:

Net impact of appropriation changes for this legislation is \$0.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

None

Revenue/Reimbursement Notes: There are no new revenue increases or reimbursements related to this legislation.

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

Position Title and Department	Position # for Existing	Fund Name & #	PT/FT	2013 Positions	2013 FTE	2014 Positions*	2014 FTE*
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	Positions						
Info Technol Prof B – Police	TBD	General Subfund (00100)	FT	1.0	1.0	1.0	1.0
Video Specialist II – Police	TBD	General Subfund (00100)	FT	1.0	1.0	1.0	1.0
Management Systems Analyst Senior – Police	TBD	General Subfund (00100)	FT	1.0	1.0	1.0	1.0
Police Sergeant Detective – Police	TBD	General Subfund (00100)	FT	3.0	3.0	3.0	3.0
Police Officer Detective – Police	TBD	General Subfund (00100)	FT	1.0	1.0	1.0	1.0

Position Notes: Four sworn positions and three civilian positions are being created.

Do positions sunset in the future? At this time, there is no known sunset date. The length of time these positions will be needed within SPD is dependent upon the determinations of the U.S. District Court, the Monitor, the U.S. Justice Department, and/or the City Council/Mayor.

Spending/Cash Flow:

Funds will be spent within 2013 fiscal year as required. There is no anticipated carryover at this time.

Spending/Cash Flow Notes:

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
 The long term impacts are dependent upon future determinations of whether and when SPD meets the Settlement Agreement requirements as determined by the Monitor and the Court.
- b) **What is the financial cost of not implementing the legislation?**
 SPD is unable to absorb the overtime costs or workload associated with all of the DOJ activities. Failure to provide addition funding and staff could limit the Department’s ability to meet timelines set forth in the Agreement and result in failure to achieve substantial compliance with the Agreement.

The Council Green Sheet 67-1-A-1 allows no more than \$300,000 to be spent from Finance General for the purpose of the DOJ Agreement. Without amending the proviso,

the City would be unable to pay monitor costs to the Federal Court beyond March.

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

It affects the City Budget Office who manages Finance General. Appropriations in Finance General are used to provide payment to the Court for Monitor bills.

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

There are no alternatives that could achieve the same or similar objectives without negatively affecting SPD's ability to provide its current level of police services.

e) Is a public hearing required for this legislation?

No public hearing is required.

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

No publication is required.

g) Does this legislation affect a piece of property?

No property is affected.

h) Other Issues:

No other issues.

List attachments to the fiscal note below:

Attachment 1: 2013 DOJ Settlement Agreement Related New Position Requests



City of Seattle
Office of the Mayor

February 5, 2013

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

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill for your consideration. As you recall, voters approved the \$290 million bond measure for the Alaskan Way Seawall last fall. These bonds will be sold in multiple series, timed to meet the cash-flow needs of the project. This legislation also authorizes interim financing, such as inter-fund loans to bridge the time period between bond issues, should the project cash-flow require it.

The first series of bonds is anticipated to be issued in March. The attached legislation provides the technical authorization for these financings.

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