



SEATTLE CITY COUNCIL

Legislative Summary

CB 118542

Record No.: CB 118542

Type: Ordinance (Ord)

Status: Passed

Version: 1

124913

In Control: City Clerk

File Created: 09/11/2015

Final Action: 12/01/2015

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

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Licata

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: CB 118542 Ex A – Outstanding Parity Bonds, CB 118542 Ex B – Undertaking to Provide Continuing Disclosure

Drafter: adam.schaefer@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

☐ Yes

☐ No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	09/28/2015	Mayor's leg transmitted to Council	City Clerk			
	Action Text: The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk Notes:						
1	City Clerk	10/20/2015	sent for review	Budget Committee			
	Action Text: The Council Bill (CB) was sent for review. to the Budget Committee Notes:						
1	Full Council	10/26/2015	referred	Budget Committee			

Action Text: The Council Bill (CB) was referred. to the Budget Committee

Notes:

1 Budget Committee 11/16/2015 pass Pass

Action Text: The Committee recommends that Full Council pass the Council Bill (CB).

Notes:

In Favor: 7 Chair Licata, Member Bagshaw, Member Burgess, Member Godden,
Member O'Brien, Member Rasmussen, Member Sawant
Opposed: 0
Absent(NV): 1 Okamoto

1 Full Council 11/23/2015 passed Pass

Action Text: The Council Bill (CB) was passed by the following vote and the President signed the Bill:

Notes:

In Favor: 9 Councilmember Bagshaw, Council President Burgess, Councilmember
Godden, Councilmember Harrell, Councilmember Licata, Councilmember
O'Brien, Okamoto, Councilmember Rasmussen, Councilmember Sawant
Opposed: 0

1 City Clerk 11/30/2015 submitted for Mayor

Mayor's signature

Action Text: The Council Bill (CB) was submitted for Mayor's signature. to the Mayor

Notes:

1 Mayor 12/01/2015 Signed

Action Text: The Council Bill (CB) was Signed.

Notes:

1 Mayor 12/01/2015 returned City Clerk

Action Text: The Council Bill (CB) was returned. to the City Clerk

Notes:

1 City Clerk 12/01/2015 attested by City
Clerk

Action Text: The Ordinance (Ord) was attested by City Clerk.

Notes:

CITY OF SEATTLE
ORDINANCE 124913
COUNCIL BILL 118542

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

WHEREAS, The City of Seattle (the "City") owns, maintains and operates a solid waste collection and disposal system as part of Seattle Public Utilities (the "Solid Waste System"), which Solid Waste System has from time to time required various additions, improvements and extensions; and

WHEREAS, the City needs to acquire and construct certain additions and betterments to and extensions of the Solid Waste System as set forth in this ordinance (the "Plan of Additions"); and

WHEREAS, pursuant to the bond legislation described in Exhibit A, the City issued its solid waste revenue bonds described in Exhibit A, and provided for the issuance of additional bonds having a charge and lien on the net revenue of the Solid Waste System on a parity of lien with those bonds ("Parity Bonds") upon compliance with certain conditions; and

WHEREAS, the City has determined that it is in the best interest of the City to authorize the issuance and sale, subject to the provisions of this ordinance, of solid waste revenue bonds as Parity Bonds, to pay part of the cost of carrying out the Plan of Additions, to provide for the reserve requirement and to pay the costs of issuance of those bonds;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Definitions. As used in this ordinance the following capitalized terms shall have the following meanings.

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

“Adjusted Annual Debt Service” for any fiscal year means Annual Debt Service minus (a) an amount equal to earnings from investments in the Reserve Subaccount and (b) Annual Debt Service provided for by Parity Bond proceeds.

“Adjusted Gross Revenue” for any period means Gross Revenue, plus withdrawals from the Rate Stabilization Account made during that period, and minus (a) earnings from investments in the Reserve Subaccount and (b) deposits into the Rate Stabilization Account made during that period.

“Adjusted Net Revenue” means Adjusted Gross Revenue less Maintenance and Operation Expenses.

“Annual Debt Service” for any calendar year means the sum of the amounts required in such calendar year to pay the interest due in such calendar year on all Parity Bonds outstanding,

1 excluding interest to be paid from the proceeds of the sale of Parity Bonds or other bonds; the
2 principal of all outstanding Serial Bonds due in such calendar year; and the Sinking Fund
3 Requirement, if any, for such calendar year.

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

9 (b) For purposes of calculating and determining compliance with the Coverage
10 Requirement, the Reserve Requirement and the conditions for the issuance of Future Parity
11 Bonds and/or entering into Parity Payment Agreements, the following shall apply:

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

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

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

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

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

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

1 **“Authorized Denomination”** means \$5,000 or any integral multiple thereof within a
2 maturity of a Series.

3 **“Average Annual Debt Service”** means, at the time of calculation, the sum of the
4 Annual Debt Service remaining to be paid to the last scheduled maturity of the applicable series
5 of Parity Bonds divided by the number of years such bonds are scheduled to remain outstanding.

6 **“Beneficial Owner”** means, with regard to a Bond, the owner of any beneficial interest
7 in that Bond.

8 **“Bond Account”** means the Solid Waste System Revenue Bond Account, created in the
9 Solid Waste Fund by Ordinance 118975 for the payment of the principal of and interest on Parity
10 Bonds.

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

14 **“Bond Insurance”** means any bond insurance, guaranty, surety bond or similar credit
15 enhancement device providing for or securing the payment of all or part of the principal of and
16 interest on any Parity Bonds.

17 **“Bond Purchase Contract”** means a written offer to purchase a Series, which offer has
18 been accepted by the City in accordance with this ordinance. In the case of a competitive sale,
19 the official notice of sale, the Purchaser’s bid and the award by the City shall comprise the offer
20 and the award by the City in accordance with this ordinance shall be deemed the acceptance of
21 that offer for purposes of this ordinance.

22 **“Bond Register”** means the books or records maintained by the Bond Registrar for the
23 purpose of identifying ownership of each Bond.

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

4 **“Bond Resolution”** means a resolution of the City Council adopted pursuant to this
5 ordinance approving the Bond Sale Terms and taking other actions consistent with this
6 ordinance.

7 **“Bond Sale Terms”** means the terms and conditions for the sale of a Series including the
8 amount, date or dates, denominations, interest rate or rates (or mechanism for determining
9 interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or
10 covenants set forth in Section 5.

11 **“Bonds”** means the Solid Waste System revenue bonds issued pursuant to this ordinance.

12 **“Capital Appreciation Bond”** means any Parity Bond, all or a portion of the interest on
13 which is compounded and accumulated at the rates or in the manner, and on the dates, set forth in
14 the applicable Parity Bond Legislation and is payable only upon redemption or on the maturity
15 date of such Parity Bond. A Parity Bond that is issued as a Capital Appreciation Bond, but which
16 later converts to an obligation on which interest is paid periodically, shall be a Capital
17 Appreciation Bond until the conversion date and thereafter shall no longer be a Capital
18 Appreciation Bond, but shall be treated as having a principal amount equal to its Accreted Value
19 on the conversion date.

20 **“CIP”** means those portions of the City’s “2015-2020 Capital Improvement Program”
21 relating to the Solid Waste System, adopted by the City in Ordinance 124648, together with any
22 previously adopted Capital Improvement Program of the City. For purposes of this ordinance,

1 the CIP includes all amendments, updates, supplements or replacements that may be adopted
2 from time to time by ordinance.

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

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

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

9 **"Construction Account"** means the "Solid Waste Construction Account 2016" created
10 in the Solid Waste Fund by this ordinance.

11 **"Contract Resource Obligation"** means an obligation of the City, which is designated
12 as a Contract Resource Obligation and is entered into in accordance with Section 20.

13 **"Coverage Requirement"** means Adjusted Net Revenue equal to at least 1.25 times
14 Adjusted Annual Debt Service on all Parity Bonds then outstanding.

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

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

19 **"Event of Default"** shall have the meaning assigned to that term in Section 25(a).

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

22 **"Future Parity Bond Legislation"** means any ordinance or resolution passed or adopted
23 by the City Council providing for the issuance and sale of a series of Future Parity Bonds, and

any other ordinance or resolution amending or supplementing the provisions of any such ordinance or resolution.

“Future Parity Bonds” means, with reference to any Series, all revenue bonds and obligations of the Solid Waste System (other than that Series and any other Parity Bonds then outstanding) issued or entered into after the Issue Date of such Series, the payment of which constitutes a charge and lien on the Net Revenue equal in rank with the charge and lien upon such revenue required to be paid into the Bond Account in accordance with Section 15. Future Parity Bonds may include Parity Payment Agreements and any other obligations issued in compliance with Section 17.

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

“Gross Revenue” means (a) all income, revenues, receipts and profits derived by the City through the ownership and operation of the Solid Waste System; (b) Payment Agreement Receipts, to the extent that such receipts are not offset by Payment Agreement Payments; and (c) the investment income earned on money held in any fund or account of the City, including any bond redemption funds and the accounts therein, in connection with the ownership and operation of the Solid Waste System. Gross Revenue does not include: (a) income derived from investments irrevocably pledged to the payment of any defeased bonds payable from Gross Revenue; (b) investment income set aside for or earned on money in any fund or account created or maintained solely for the purpose of complying with the arbitrage rebate provisions of the Code; (c) any gifts, grants, donations or other funds received by the City from any State or federal agency or other person if such gifts, grants, donations or other funds are the subject of any limitation or reservation imposed by the donor or grantor or imposed by law or

1 administrative regulation to which the donor or grantor is subject, limiting the application of
2 such funds in a manner inconsistent with the application of Gross Revenue hereunder; (d) the
3 proceeds of any borrowing for capital improvements (or the refinancing thereof); (e) the
4 proceeds of any liability or other insurance, including but not limited to insurance proceeds
5 compensating the City for the loss of a capital asset, but excluding business interruption
6 insurance or other insurance of like nature insuring against the loss of revenues; and (f) the
7 earnings of any separate utility system acquired or constructed by the City pursuant to
8 Section 19.

9 **“Independent Utility Consultant”** means an independent person or firm having a
10 favorable reputation for skill and experience with solid waste systems of comparable size and
11 character to the Solid Waste System in such areas as are relevant to the purpose for which they
12 were retained.

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

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

19 **“Maintenance and Operation Expenses”** means all expenses incurred by the City in
20 causing the Solid Waste System to be operated and maintained in good repair, working order and
21 conditions, including without limitation: (a) deposits, premiums, assessments or other payments
22 for insurance (other than payments out of proceeds of Parity Bonds), if any, on the Solid Waste
23 System; (b) payments into pension funds; (c) State-imposed taxes; (d) amounts due under

1 Contract Resource Obligations (but only at the times described in Section 20); (e) payments
2 made to any other person or entity for the collection, transportation, treatment or disposal of
3 solid waste or other commodity or service related to the Solid Waste System; and (f) payments
4 with respect to any other expenses of the Solid Waste System that are properly treated as
5 operation and maintenance expenses under generally accepted accounting principles.
6 Maintenance and Operation Expenses does not include any depreciation, amortization or other
7 similar recognitions of non-cash expense items made for accounting purposes only; taxes levied
8 or imposed by the City or payments in lieu of City taxes; payments of claims or judgments; or
9 capital additions or capital replacement.

10 **“Maximum Annual Debt Service”** means, at the time of calculation, the maximum
11 amount of Annual Debt Service on the Parity Bonds then outstanding which shall become due in
12 the current calendar year or in any future calendar year.

13 **“MSRB”** means the Municipal Securities Rulemaking Board.

14 **“Net Revenue”** means, for any period, the Gross Revenue less Maintenance and
15 Operation Expense.

16 **“Omnibus Refunding Bond Ordinance”** means Ordinance 121940, as previously
17 amended by Ordinance 122498, and as it may be amended from time to time, including, without
18 limitation, any amendments adopted in connection with the 2016 budget cycle.

19 **“Outstanding Parity Bonds”** means, with reference to any Series, the then outstanding
20 Parity Bonds described in Exhibit A and any other Parity Bonds outstanding as of the Issue Date
21 of that Series of the Bonds.

22 **“Owner”** means, without distinction, the Registered Owner and the Beneficial Owner of
23 a Bond.

1 **“Parity Bond Legislation”** means any ordinance or resolution passed or adopted by the
2 City Council providing for the issuance and sale of a series of Parity Bonds, and any other
3 ordinance or resolution amending or supplementing the provisions of any Parity Bond
4 Legislation.

5 **“Parity Bonds”** means the Outstanding Parity Bonds, the Bonds and any outstanding
6 Future Parity Bonds and Parity Payment Agreements.

7 **“Parity Conditions”** means the conditions for issuing Future Parity Bonds under the
8 Parity Bond Legislation.

9 **“Parity Payment Agreement”** means a Payment Agreement under which the City’s
10 payment obligations are expressly stated to constitute a charge and lien on the Net Revenue
11 equal in rank with the charge and lien upon such revenue required to be paid into the Bond
12 Account to pay interest on Parity Bonds.

13 **“Payment Agreement”** means a written agreement for the purpose of managing or
14 reducing the City’s exposure to fluctuations or levels of interest rates or for other interest rate,
15 investment, asset or liability management purposes, entered into on either a current or forward
16 basis by the City and a Qualified Counterparty as authorized by any applicable laws of the State
17 in connection with, or incidental to, the issuance, incurring or carrying of particular bonds, notes,
18 bond anticipation notes, commercial paper or other obligations for borrowed money, or lease,
19 installment purchase or other similar financing agreements or certificates of participation therein,
20 that provides for an exchange of payments based on interest rates, ceilings or floors on such
21 payments, options on such payments, or any combination thereof or any similar device.

22 **“Payment Agreement Payments”** means the amounts periodically required to be paid
23 by the City to the Qualified Counterparty pursuant to a Payment Agreement.

1 **“Payment Agreement Receipts”** means the amounts periodically required to be paid by
2 the Qualified Counterparty to the City pursuant to a Payment Agreement.

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

5 **“Plan of Additions”** means the CIP, as it may be modified from time to time. The Plan
6 of Additions includes the purchase and installation of all materials, supplies, appliances,
7 equipment and facilities, the acquisition of all permits, franchises, property and property rights,
8 other capital assets and all engineering, consulting and other professional services and studies
9 (whether performed by the City or by other public or private entities) necessary or convenient to
10 carry out the Plan of Additions. The Plan of Additions includes all amendments, updates,
11 supplements or replacements to the CIP, all of which automatically shall constitute amendments
12 to the Plan of Additions. The Plan of Additions also may be modified to include other
13 improvements, without amending the CIP if the City determines by ordinance that those
14 amendments or other improvements constitute a system or plan of additions to or betterments or
15 extensions of the Solid Waste System.

16 **“Principal and Interest Subaccount”** means the subaccount of that name created in the
17 Bond Account by Ordinance 118975 for the payment of the principal of and interest on Parity
18 Bonds.

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

21 **“Qualified Counterparty”** means a party (other than the City or a party related to the
22 City) who is the other party to a Payment Agreement, (a)(i) whose senior debt obligations are
23 rated in one of the three highest rating categories of each Rating Agency (without regard to any

1 gradations within a rating category), or (ii) whose obligations under the Payment Agreement are
2 guaranteed for the entire term of the Payment Agreement by a bond insurer or other institution
3 which has been assigned a credit rating in one of the two highest rating categories of each Rating
4 Agency; and (b) who is otherwise qualified to act as the other party to a Payment Agreement
5 under any applicable laws of the State.

6 **“Qualified Insurance”** means any municipal bond insurance policy or surety bond
7 issued by any insurance company licensed to conduct an insurance business in any state of the
8 United States (or by a service corporation acting on behalf of one or more such insurance
9 companies) which insurance company or companies, as of the time of issuance of such policy or
10 surety bond, are rated in one of the two highest rating categories by Moody’s Investors Service
11 and Standard & Poor’s Ratings Services or their comparably recognized business successors.

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

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

20 **“Rate Stabilization Account”** means the account of that name originally established by
21 Ordinance 118975.

22 **“Rating Agency”** means any nationally recognized rating agency then maintaining a
23 rating on a series of Parity Bonds at the request of the City.

1 **“Record Date”** means, unless otherwise defined in the Bond Resolution, in the case of
2 each interest or principal payment date, the Bond Registrar’s close of business on the 15th day of
3 the month preceding the interest or principal payment date. With regard to redemption of a Bond
4 prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the
5 day prior to the date on which the Bond Registrar sends the notice of redemption.

6 **“Registered Owner”** means, with regard to a Bond, the person in whose name that Bond
7 is registered on the Bond Register. For so long as the City uses a book-entry only system under
8 the Letter of Representations, the Registered Owner shall mean the Securities Depository.

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

12 **“Reserve Requirement”** means the least of (a) Maximum Annual Debt Service on all
13 Parity Bonds outstanding at the time of calculation, (b) 1.25 times Average Annual Debt Service
14 on all Parity Bonds outstanding at the time of calculation, or (c) 10% of the proceeds of each
15 series of Parity Bonds then outstanding, as of the delivery of each such series.

16 **“Reserve Security”** means any Qualified Insurance or Qualified Letter of Credit
17 obtained by the City to satisfy part or all of the Reserve Requirement, and which is not
18 cancelable on less than three years’ notice.

19 **“Reserve Subaccount”** means the subaccount of that name created in the Bond Account
20 by Ordinance 118975 for the purpose of securing the payment of the principal of and interest on
21 Parity Bonds.

22 **“Rule 15c2-12”** means Rule 15c2-12 promulgated by the SEC under the Securities
23 Exchange Act of 1934, as amended.

1 **“SEC”** means the United States Securities and Exchange Commission.

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

6 **“Serial Bonds”** means Parity Bonds maturing in specified years, for which no Sinking
7 Fund Requirements are mandated.

8 **“Series”** means a series of the Bonds issued pursuant to this ordinance.

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

13 **“Solid Waste Fund”** means the “Garbage Collection and Disposal Fund” of the City
14 created by Ordinance 90379 and subsequently renamed the “Solid Waste Fund.”

15 **“Solid Waste System”** means the entire solid waste collection, transportation and
16 disposal system of the City, created by Ordinance 90379, as amended, together with all additions
17 thereto and betterments and extensions thereof at any time made, acquired or constructed,
18 together with any other utility systems of the City hereafter combined with the Solid Waste
19 System. The Solid Waste System shall not include any separate utility system acquired or
20 constructed by the City pursuant to Section 19.

21 **“State”** means the State of Washington.

22 **“State Auditor”** means the office of the Auditor of the State or such other department or
23 office of the State authorized and directed by State law to make audits.

1 **“Tax Credit Subsidy Bond”** means any bond that is designated by the City as a tax
2 credit bond pursuant to the Code, and which is further designated as a “qualified bond” under
3 Section 6431 or similar provision of the Code, and with respect to which the City is eligible to
4 claim a Tax Credit Subsidy Payment.

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

7 **“Tax-Exempt Bond”** means any Bond, the interest on which is intended on the Issue
8 Date to be excluded from gross income for federal income tax purposes.

9 **“Term Bond”** means any Bond that is issued subject to mandatory redemption prior to
10 its maturity in periodic mandatory redemption payments.

11 **“Undertaking”** means the undertaking to provide continuing disclosure entered into
12 pursuant to Section 23, in substantially the form attached as Exhibit B.

13 **“Valuation Date”** means, with respect to any Capital Appreciation Bond, the date or
14 dates set forth in the relevant Parity Bond Legislation or Bond Purchase Contract on which
15 specific Accreted Values are assigned to that Capital Appreciation Bond.

16 **“Variable Interest Rate”** means any variable interest rate or rates to be borne by any
17 Parity Bonds. The method of computing such a variable interest rate shall be set in accordance
18 with the applicable Parity Bond Legislation, which shall specify either (a) the particular period or
19 periods of time or manner of determining such period or periods of time for which each value of
20 such variable interest rate shall remain in effect or (b) the time or times upon which any change
21 in such variable interest rate shall become effective.

22 **“Variable Interest Rate Bond”** means, for any period of time, any Parity Bond that
23 bears a Variable Interest Rate during that period, except that a Parity Bond shall not be treated as

1 a Variable Interest Rate Bond if the net economic effect of interest rates on particular Parity
2 Bonds of a series and interest rates on other Parity Bonds of the same series, as set forth in the
3 applicable Parity Bond Legislation, or the net economic effect of a Payment Agreement with
4 respect to a particular Parity Bond, in either case is to produce obligations that bear interest at a
5 fixed interest rate; and a Parity Bond with respect to which a Payment Agreement is in force
6 shall be treated as a Variable Interest Rate Bond if the net economic effect of the Payment
7 Agreement is to produce an obligation that bears interest at a Variable Interest Rate.

8 **Section 2. Adoption of Plan of Additions.** The City specifies, adopts and orders the
9 Plan of Additions to be carried out as generally provided for in the documents comprising the
10 Plan of Additions. The estimated cost of the Plan of Additions, as near as may be determined, is
11 declared to be \$124,648,000, of which approximately \$22,000,000 is expected to be financed
12 from the proceeds of the Bonds and investment earnings thereon.

13 **Section 3. Authorization of Bonds.** The City is authorized to borrow money and
14 issue Solid Waste System revenue bonds, payable from the sources described in Section 13, in
15 the maximum principal amount stated in Section 5 to (a) pay part of the cost of carrying out the
16 Plan of Additions; (b) provide for the Reserve Requirement; (c) capitalize interest on, if
17 necessary, and pay the costs of issuance of the Bonds; and (d) for other Solid Waste System
18 purposes approved by ordinance. The Bonds may be issued in one or more Series and may be
19 combined with other Solid Waste System revenue bonds (including refunding bonds) authorized
20 separately. The Bonds shall be designated Solid Waste System revenue bonds and shall be
21 numbered separately and shall have any name, year and series or other label as deemed necessary
22 or appropriate by the Director of Finance.

1 **Section 4. Manner of Sale of Bonds.** The Director of Finance may provide for the
2 sale of each Series (or any portion thereof) by public sale, negotiated sale, limited offering or
3 private placement with a Purchaser chosen through a selection process acceptable to the Director
4 of Finance. The Director of Finance is authorized to specify a date and time of sale of and a date
5 and time for delivery of each Series; to give notice of that sale; to determine any bid parameters
6 or other bid requirements and criteria for determining the award of the bid; to provide for the use
7 of an electronic bidding mechanism; and to specify other matters in his or her determination
8 necessary, appropriate, or desirable in order to carry out the sale of each Series. Each Series must
9 be sold on Bond Sale Terms in accordance with Section 5.

10 **Section 5. Bond Sale Terms; Bond Resolution.** The Director of Finance is
11 appointed to serve as the City's designated representative in connection with the issuance and
12 sale of the Bonds in accordance with RCW 39.46.040(2) and this ordinance. The Director of
13 Finance is authorized to accept, on behalf of the City, an offer to purchase the Bonds on Bond
14 Sale Terms consistent with the parameters set forth in this section. No such acceptance shall be
15 effective until adoption of a Bond Resolution approving the Bond Sale Terms. Once adopted, the
16 Bond Resolution shall be deemed a part of this ordinance as if set forth herein.

17 **(a) Maximum Principal Amount.** The Bonds may be issued in one or more Series
18 and shall not exceed the aggregate principal amount of \$22,000,000.

19 **(b) Date or Dates.** Each Bond shall be dated its Issue Date, as determined by the
20 Director of Finance, which Issue Date may not be later than December 31, 2018.

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

22 **(d) Interest Rate(s); Payment Dates.** Each Bond shall bear interest from the Issue
23 Date or from the most recent date to which interest has been paid or duly provided for,

1 whichever is later, and shall be payable on dates determined by the Director of Finance. One or
2 more rates of interest shall be established for each maturity of each Series, which rate or rates
3 may be fixed interest rates or Variable Interest Rates. Fixed interest rates shall be computed on
4 the basis of a 360-day year of twelve 30-day months and the net interest cost shall not exceed a
5 weighted average rate of 10% per annum. Principal payments shall commence on a date and
6 shall be payable at maturity or have Sinking Fund Requirements on dates determined by the
7 Director of Finance.

8 **(e) Final Maturity.** The Bonds shall mature no later than 40 years after the Issue
9 Date.

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

13 **(i) Optional Redemption.** Any Bond may be designated as being
14 (A) subject to redemption at the option of the City prior to its maturity date on the dates and at
15 the redemption prices set forth in the Bond Purchase Contract; or (B) not subject to redemption
16 prior to its maturity date. If a Bond is subject to optional redemption prior to its maturity, it must
17 be subject to such redemption on one or more dates occurring not more than 10½ years after the
18 Issue Date.

19 **(ii) Mandatory Redemption.** Any Bond may be designated as a Term Bond,
20 subject to mandatory redemption prior to its maturity on the dates and in Sinking Fund
21 Requirements consistent with Section 8(b).

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

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

2 **(i)** As of the Issue Date of each Series, the average expected life of the capital
3 facilities to be financed with the proceeds (or allocable share of proceeds) of that Series must
4 exceed the weighted average maturity of the Series (or share thereof) allocated to financing those
5 capital facilities.

6 **(ii)** As of the Issue Date of each Series, (A) the Finance Director must
7 determine that the Parity Conditions have been met or satisfied, so that such Series may be
8 issued as Parity Bonds, and (B) the City Council must find in the Bond Resolution that, in
9 creating the Bond Account and in fixing the amounts to be paid into it in accordance with this
10 ordinance, the City Council has had due regard for the cost of maintenance and operation of the
11 Solid Waste System, and is not setting aside into the Bond Account a greater amount than in the
12 judgment of the City Council, based on the rates to be established from time to time consistent
13 with Section 16(a), will be available over and above such cost of maintenance and operation.

14 **(iii)** The Bond Sale Terms for any Series may provide for Bond Insurance, a
15 Reserve Security or other credit enhancement, or for a Parity Payment Agreement. To that end,
16 the Bond Sale Terms may include such additional terms, conditions and covenants as may be
17 necessary or desirable, including but not limited to restrictions on investment of Bond proceeds
18 and pledged funds, and requirements to give notice to or obtain the consent of a credit
19 enhancement provider or a Qualified Counterparty.

20 **(iv)** The Bond Sale Terms must establish the method of providing for the
21 Reserve Requirement, consistent with Section 15(d).

22 **(v)** Any Series may be designated or qualified as Tax-Exempt Bonds, taxable
23 bonds, or Tax Credit Subsidy Bonds, and may include such additional terms and covenants

1 relating to federal tax matters as the Director of Finance deems necessary or appropriate,
2 consistent with Section 22.

3 **Section 6. Bond Registrar; Registration and Transfer of Bonds.**

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

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

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

15 The Bond Registrar shall be responsible for its representations contained in the Bond
16 Registrar's certificate of authentication on the Bonds. The Bond Registrar may become an
17 Owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the
18 extent permitted by law, may act as depository for and permit any of its officers or directors to
19 act as members of, or in any other capacity with respect to, any committee formed to protect the
20 rights of Owners.

21 Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any Authorized
22 Denomination of an equal aggregate principal amount and of the same Series, interest rate and
23 maturity. Bonds may be transferred only if endorsed in the manner provided thereon and

1 surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the Owner
2 or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during
3 the period between the Record Date and the corresponding interest payment or redemption date.

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

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

1 **Section 7. Payment of Bonds.** Principal of and interest on each Bond shall be
2 payable solely out of the Bond Account, in lawful money of the United States. Principal of and
3 interest on each Bond registered in the name of the Securities Depository is payable in the
4 manner set forth in the Letter of Representations. Interest on each Bond not registered in the
5 name of the Securities Depository is payable by electronic transfer on the interest payment date,
6 or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered
7 Owner at the address appearing on the Bond Register on the Record Date. However, the City is
8 not required to make electronic transfers except pursuant to a request by a Registered Owner in
9 writing received at least ten days prior to the Record Date and at the sole expense of the
10 Registered Owner. Principal of each Bond not registered in the name of the Securities
11 Depository is payable upon presentation and surrender of the Bond by the Registered Owner to
12 the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

13 **Section 8. Redemption and Purchase of Bonds.**

14 **(a) Optional Redemption.** All or some of the Bonds may be subject to redemption
15 prior to their stated maturity dates at the option of the City at the times and on the terms
16 approved in accordance with Section 5.

17 **(b) Mandatory Redemption.** If not redeemed or purchased at the City's option prior
18 to maturity, Term Bonds (if any) shall be redeemed, at a price equal to the principal amount
19 thereof to be redeemed plus accrued interest, on the dates and in the Sinking Fund Requirements
20 as set forth in the Bond Resolution. If the City redeems or purchases Term Bonds at the City's
21 option prior to maturity, the Term Bonds so redeemed or purchased (irrespective of their
22 redemption or purchase prices) shall be credited at the par amount thereof against the remaining
23 Sinking Fund Requirements as determined by the Director of Finance. In the absence of a

determination by the Director of Finance or other direction in the Bond Resolution, credit shall be allocated on a pro rata basis.

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

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

Section 9. Notice of Redemption. The City shall cause notice of any intended redemption of Bonds to be given not less than 20 nor more than 60 days prior to the date fixed for redemption by first class mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register on the Record Date, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the Owner of any Bond. Interest on

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

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

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

16 **Section 11. Form and Execution of Bonds.** The Bonds shall be typed, printed or
17 reproduced in a form consistent with the provisions of this ordinance, the Bond Resolution and
18 State law; shall be signed by the Mayor and Director of Finance, either or both of whose
19 signatures may be manual or in facsimile; and the seal of the City or a facsimile reproduction
20 thereof shall be impressed or printed thereon.

21 Only Bonds bearing a certificate of authentication in substantially the following form
22 (with the designation, year, and Series adjusted consistent with this ordinance), manually signed
23 by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of

1 this ordinance: "This Bond is one of the fully registered The City of Seattle, Washington, [Solid
2 Waste Revenue Bonds], [Year], [Series], described in [this ordinance]." The authorized signing
3 of a certificate of authentication shall be conclusive evidence that the Bond so authenticated has
4 been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

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

14 **Section 12. Construction Account; Deposit of Proceeds.** An account to be known as
15 the "Solid Waste Construction Account 2016" is created in the Solid Waste Fund. The principal
16 proceeds of the sale of the Bonds remaining after the deposit of accrued interest on the Bonds, if
17 any, into the Principal and Interest Subaccount and the deposit of any proceeds as determined by
18 the Bond Resolution into the Reserve Subaccount, shall be deposited into the Construction
19 Account, unless otherwise specified in the Bond Resolution or directed by the Director of
20 Finance, to be used for the purpose of paying part of the costs of carrying out the Plan of
21 Additions and to pay capitalized interest on, if necessary, and the costs of issuance of the Bonds.
22 Until needed to pay such costs, the City may invest principal proceeds and interest thereon
23 temporarily in any Permitted Investments, and the investment earnings may, as determined by

1 the Director of Finance, be retained in the Construction Account and be spent for the purposes of
2 that account or deposited in the Bond Account.

3 **Section 13. Security for the Bonds.** The Bonds shall be special limited obligations of
4 the City payable from and secured solely by the Net Revenue and by money in the Bond
5 Account and the subaccounts therein (including, without limitation, the Reserve Subaccount).
6 Net Revenue is pledged to make the payments into the Bond Account and the Reserve
7 Subaccount required by subsections (b), (c) and (d) of Section 14, which pledge shall constitute a
8 lien and charge upon such Net Revenue prior and superior to all other liens and charges
9 whatsoever.

10 The Bonds shall be on a parity with the Outstanding Parity Bonds and all Future Parity
11 Bonds, without regard to date of issuance or authorization and without preference or priority of
12 right or lien. Nothing in this ordinance prevents the City from issuing revenue bonds or other
13 obligations which are a lien or charge upon Net Revenue subordinate to the payments required to
14 be made from Net Revenue into the Bond Account and the subaccounts therein.

15 The Bonds shall not in any manner or to any extent constitute general obligations of the
16 City, the State or any political subdivision of the State or a lien or charge upon any general fund
17 or upon any money or other property of the City, the State or any political subdivision of the
18 State not specifically pledged thereto by this ordinance.

19 **Section 14. Flow of Funds.** Gross Revenue of the Solid Waste System shall be used
20 for the following purposes only and shall be applied in the following order of priority:

- 21 (a) To pay Maintenance and Operation Expenses;
22 (b) To pay interest on Parity Bonds and Payment Agreement Payments when due;

1 (c) To pay the principal of Parity Bonds as it comes due at maturity or as the
2 principal is required to be paid pursuant to mandatory redemption requirements applicable to
3 Term Bonds;

4 (d) To make all payments required to be made into the Reserve Subaccount;

5 (e) To make all payments required to be made into any revenue bond, note, warrant
6 or other revenue obligation redemption fund, debt service account or reserve account created to
7 pay or secure the payment of the principal of and interest on any revenue bonds, notes, warrants
8 or other obligations of the City having a lien upon the Net Revenue junior and inferior to the lien
9 thereon for the payment of the principal of and interest on the Parity Bonds; and

10 (f) To retire by redemption or purchase any outstanding revenue bonds or other
11 revenue obligations of the Solid Waste System, to make necessary additional betterments,
12 improvements and repairs to or extensions and replacements of the Solid Waste System, to make
13 deposits into the Rate Stabilization Account, or for any other lawful purposes of the Solid Waste
14 System.

15 The City may transfer any money from any funds or accounts of the Solid Waste System
16 legally available therefor, except bond redemption funds, refunding escrow funds or defeasance
17 funds, to meet the required payments to be made into the Bond Account.

18 **Section 15. Bond Account.** A special account of the City known as the "Bond
19 Account" has been created and shall be maintained as a separate account within the Solid Waste
20 Fund, for the sole purpose of paying the principal of and premium, if any, and interest on the
21 Parity Bonds as the same shall become due. The Bond Account consists of the Principal and
22 Interest Subaccount and the Reserve Subaccount and such additional subaccounts as the Director

of Finance may deem necessary. Principal of, premium (if any) and interest on the Parity Bonds shall be payable out of the Bond Account.

(a) Required Payments Into the Bond Account. From and after the issuance of the Bonds, and so long thereafter as any Parity Bonds are outstanding against the Bond Account (including any Payment Agreement Payments required to be made under any Parity Payment Agreements), the Director of Finance shall set aside and pay into the Principal and Interest Subaccount on or prior to the respective dates on which the interest on or principal of and interest on the Parity Bonds shall become due and payable certain fixed amounts out of the Net Revenue sufficient to pay such interest or principal and interest as the same shall become due.

(b) Reserve Subaccount. The Reserve Subaccount previously has been created and maintained as a subaccount within the Bond Account for the purpose of securing the payment of the principal of and interest on all Parity Bonds outstanding (including amounts due under any Parity Payment Agreements if required under such agreement).

(c) Investment of Money in Bond Account. Money in the Principal and Interest Subaccount shall, to the fullest extent practicable and reasonable, be invested and reinvested at the direction of the Director of Finance solely in, and obligations deposited in such accounts shall consist of, Permitted Investments. Earnings on money and investments in the Principal and Interest Subaccount shall be deposited in and used for the purposes of that subaccount. Money held in the Reserve Subaccount shall, to the fullest extent practicable and reasonable, be invested and reinvested at the direction of the Director of Finance solely in, and obligations deposited in such accounts shall consist of, Permitted Investments. Earnings on money and investments in the Reserve Subaccount shall be deposited in that fund and credited against amounts required to be

1 deposited therein until the Reserve Subaccount is fully funded, and thereafter such earnings shall
2 be deposited in the Principal and Interest Subaccount.

3 **(d) Funding of Reserve Requirement.** The City shall provide in the Bond
4 Resolution with respect to the Bonds or in the Parity Bond Legislation authorizing the issuance
5 of any Future Parity Bonds for the deposit into the Reserve Subaccount out of the Net Revenue
6 (or out of any other funds of the City on hand and legally available therefor, including proceeds
7 of the Bonds or of the Future Parity Bonds being issued or any other Future Parity Bonds) of
8 periodic payments so that by five years from the date of such Future Parity Bonds there will have
9 been paid into the Reserve Subaccount an amount which, together with the money already on
10 deposit therein, will be at least equal to the Reserve Requirement for all Parity Bonds
11 outstanding at the end of that five-year period.

12 Notwithstanding the foregoing, the Bond Resolution or any Parity Bond Legislation may
13 provide for the City to obtain Qualified Insurance or a Qualified Letter of Credit for specific
14 amounts required to be paid into the Reserve Subaccount. The amount available to be drawn
15 upon under such Qualified Insurance or Qualified Letter of Credit shall be credited against the
16 amounts required to be maintained in the Reserve Subaccount by this subsection.

17 Such Qualified Letter of Credit or Qualified Insurance shall not be cancelable on less
18 than three years' notice. If the City receives any such notice of cancellation, the City shall
19 substitute Qualified Insurance or a Qualified Letter of Credit in the amount required pursuant to
20 this subsection or in the alternative shall create a special account in the Solid Waste Fund and
21 deposit therein, on or before the 25th day of each of the 36 succeeding calendar months, 1/36th
22 of the amount sufficient, together with other money and investments on deposit in the Reserve
23 Subaccount, to equal the Reserve Requirement on the date any such cancellation shall become

1 effective. Such amounts shall be transferred from money in the Solid Waste Fund (after making
2 provision for payment of Maintenance and Operation Expenses and for the required payments
3 into the Principal and Interest Subaccount). Amounts on deposit in such special account shall not
4 be available to pay debt service on Parity Bonds or for any other purpose of the City, and shall be
5 transferred to the Reserve Subaccount on the effective date of any cancellation of a Qualified
6 Letter of Credit or Qualified Insurance to make up the deficiency caused thereby.

7 If the amount in the Reserve Subaccount shall be less than the Reserve Requirement
8 (taking into account the five-year period referred to in this subsection, the City shall transfer to
9 the Reserve Subaccount money in an amount sufficient to restore the Reserve Subaccount to the
10 Reserve Requirement within 12 months after the date of such deficiency. The City shall transfer
11 such amounts from money in the Solid Waste Fund (after making provision for payment of
12 Maintenance and Operation Expenses and for the required payments into the Principal and
13 Interest Subaccount). If the amount in the Reserve Subaccount shall be greater than the Reserve
14 Requirement, then and only then may the City withdraw such excess from the Reserve
15 Subaccount and deposit such excess in the Solid Waste Fund to be used for any lawful purpose.

16 **(e) Use of Reserve Subaccount for Refunding Bonds.** If any Parity Bonds are
17 refunded, the money set aside in the Reserve Subaccount to secure the payment of such Parity
18 Bonds may be used to retire such Parity Bonds or may be transferred to any Reserve Subaccount
19 or account which may be created to secure the payment of any bonds issued to refund such Parity
20 Bonds, as long as the money left remaining in the Reserve Subaccount is at least equal, together
21 with any Qualified Insurance or Qualified Letters of Credit, to the Reserve Subaccount
22 Requirement.

1 **(f) Use of Reserve Subaccount for Payment of Debt Service.** If the money in the
2 Principal and Interest Subaccount is insufficient to meet maturing installments of either interest
3 on or principal of and interest on the Parity Bonds payable out of the Bond Account (including
4 amounts payable under any Parity Payment Agreement), such deficiency shall be made up from
5 the Reserve Subaccount by the withdrawal of money or proceeds of Qualified Insurance or
6 Qualified Letters of Credit therefrom, as the case may be. Any deficiency created in the Reserve
7 Subaccount by reason of any such withdrawal or claim against Qualified Insurance or a Qualified
8 Letter of Credit shall then be made up out of the Net Revenue, after making necessary provision
9 for the payments required to be made for debt service on any outstanding Parity Bonds consistent
10 with Section 14.

11 **(g) Withdrawals From Reserve Subaccount.** Money in the Reserve Subaccount
12 may be withdrawn by the City for any lawful purpose as long as the aggregate of any money,
13 Qualified Insurance and Qualified Letters of Credit left remaining on deposit in the Reserve
14 Subaccount is at least equal to the Reserve Requirement for the Parity Bonds then outstanding.

15 The City reserves the right to substitute Qualified Insurance or a Qualified Letter of
16 Credit for money previously deposited in the Reserve Subaccount and to withdraw such money
17 to the extent described in the preceding paragraph.

18 Any withdrawals from subaccounts within the Reserve Subaccount shall be made on a
19 pro rata basis except when the provider of a Qualified Letter of Credit or Qualified Insurance
20 requires all cash and investments in the Reserve Subaccount to be withdrawn before draws on
21 the Qualified Letter of Credit or Qualified Insurance, or unless the City receives an opinion of
22 Bond Counsel to the effect that such pro rata withdrawal is not required to maintain the exclusion

of interest on the Parity Bonds then outstanding from gross income for federal income tax purposes.

Section 16. Parity Bond Covenants.

(a) Establishment and Collection of Rates and Charges. The City will establish, maintain and collect rates and charges for services and facilities provided by the Solid Waste System and will adjust those rates and charges from time to time so that:

(i) Gross Revenue will be sufficient to (A) pay all Maintenance and Operation Expenses, (B) pay when due all amounts that the City is obligated to pay into the Bond Account and the subaccounts therein, and (C) pay all taxes, assessments or other governmental charges lawfully imposed on the Solid Waste System or the revenue therefrom or payments in lieu thereof and any and all other amounts which the City may now or hereafter become obligated to pay from the Gross Revenue by law or contract; and

(ii) Adjusted Net Revenue in each fiscal year will be at least equal to the Coverage Requirement; and

(iii) Except to aid the poor or infirm, it will not furnish or supply or permit the furnishing or supplying of any service or facility in connection with the operation of the Solid Waste System free of charge to any person, firm or corporation, public or private.

The failure of the City to comply with paragraphs (i) and (ii) of this subsection shall not be an Event of Default under this ordinance if the City promptly retains an Independent Utility Consultant to recommend to the City Council adjustments in the rates of the Solid Waste System necessary to meet the requirements of those paragraphs and if the City Council adopts the recommended modifications within 180 days of the date the failure became known to the City Council.

1 **(b) Maintenance and Operation of the Solid Waste System.** The City will operate
2 the properties of the Solid Waste System in an efficient manner and at a reasonable cost, and will
3 maintain, preserve and keep, or cause to be maintained, preserved and kept, the properties of the
4 Solid Waste System in good repair, working order and condition; and from time to time will
5 make or cause to be made all necessary and proper repairs, renewals and replacements thereto so
6 that at all times the business carried on in connection therewith will be properly and
7 advantageously conducted.

8 **(c) Liens Upon the Solid Waste System.** Except as otherwise provided in this
9 ordinance, the City will not at any time create or permit to accrue or to exist any lien or other
10 encumbrance or indebtedness upon the Gross Revenue or any part thereof, prior or superior to
11 the lien thereon for the payment of the Parity Bonds, and will pay and discharge, or cause to be
12 paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid,
13 might become a lien or charge upon the Gross Revenue or any part thereof, prior or superior to,
14 or on a parity with, the lien of the Parity Bonds, or which might impair the security of the Parity
15 Bonds.

16 **(d) Books and Accounts.** The City will keep proper books, records and accounts
17 with respect to the operations, income and expenditures of the Solid Waste System in accordance
18 with generally accepted accounting practices applicable to governmental utilities and any
19 applicable rules and regulations prescribed by the State. The City will prepare or cause to be
20 prepared annual financial and operating statements as soon as practicable after the close of each
21 fiscal year showing in reasonable detail the financial condition of the Solid Waste System as of
22 the close of the previous year, and the income and expenses for such year, including the amounts
23 paid into the Bond Account and into any and all special funds or accounts created pursuant to the

1 provisions of this ordinance, the status of all funds and accounts as of the end of such year, and
2 the amounts expended for maintenance, renewals, replacements and capital additions to the Solid
3 Waste System. A copy of such annual financial statements shall be sent to any owner of Parity
4 Bonds upon written request therefor being made to the City. The City may charge a reasonable
5 cost for providing such financial statements.

6 **(e) Collection of Delinquent Accounts.** On at least an annual basis, the City will
7 determine all accounts that are delinquent and will take such actions as the City determines are
8 reasonably necessary to enforce payment of those delinquent accounts.

9 **(f) Maintenance of Insurance.** The City at all times will carry fire and extended
10 coverage, public liability and property damage and such other forms of insurance with
11 responsible insurers and with policies payable to the City on such of the buildings, equipment,
12 works, plants, facilities and properties of the Solid Waste System as are ordinarily carried by
13 municipal or privately owned utilities engaged in the operation of like systems, and against such
14 claims for damages as are ordinarily carried by municipal or privately owned utilities engaged in
15 the operation of like systems, or, in the City's sole discretion, it will self-insure or participate in
16 an insurance pool or pools with reserves adequate, in the reasonable judgment of the City, to
17 protect the Solid Waste System against loss.

18 **(g) Condemnation Awards and Insurance Proceeds.** If the City receives any
19 condemnation awards or proceeds of an insurance policy in connection with any loss of or
20 damage to any property of the Solid Waste System, the City shall apply the condemnation award
21 or insurance proceeds, in the City's sole discretion, either (i) to the cost of replacing or repairing
22 the lost or damaged properties, (ii) to the payment, purchase or redemption of Parity Bonds, or
23 (iii) to the cost of improvements to the Solid Waste System.

1 **(h) Sale of System.** The City will sell, transfer or otherwise dispose of all or any part
2 of the works, plant, properties, facilities or other component of the Solid Waste System or any
3 real or personal property comprising a part of the Solid Waste System only consistent with one
4 or more of the following:

5 (i) The City in its discretion may carry out such a sale, transfer or disposition
6 (each, as used in this subsection, a “transfer”) if the facilities or property transferred are not
7 material to the operation of the Solid Waste System, or shall have become unserviceable,
8 inadequate, obsolete or unfit to be used in the operation of the Solid Waste System or are no
9 longer necessary, material or useful to the operation of the Solid Waste System; or

10 (ii) The City in its discretion may carry out such a transfer if the aggregate
11 depreciated cost value of the facilities or property being transferred under this paragraph in any
12 fiscal year comprises no more than 5% of the total assets of the Solid Waste System; or

13 (iii) The City in its discretion may carry out such a transfer if the proceeds
14 from such transfer are used to acquire new useful operating facilities or properties of the Solid
15 Waste System, or are used to retire outstanding Parity Bonds or other revenue obligations of the
16 Solid Waste System, if, at the time of such transfer, there is on file with the City Clerk a
17 certificate of the Director of Finance and the Director of Seattle Public Utilities demonstrating
18 that in his or her professional opinion, upon such transfer and the use of proceeds of the transfer
19 as proposed by the City, the remaining facilities of the Solid Waste System will retain their
20 operational integrity and, based on the financial statements for the most recent fiscal year
21 available, the proposed transfer would not prevent the Solid Waste System from complying with
22 the rate covenants contained in Section 16(a) during the five fiscal years following the fiscal year
23 in which the transfer is to occur. The Director of Finance and the Director of Seattle Public

1 Utilities shall take into account (A) the reduction in revenue and expenses, if any, resulting from
2 the transfer, (B) the use of any proceeds of the transfer for the redemption of Parity Bonds,
3 (C) the Director of Finance and the Director of Seattle Public Utilities' estimate of revenue from
4 customers anticipated to be served by any additions to and betterments and extensions of the
5 Solid Waste System financed in part by the proposed portion of the proceeds of the transfer and
6 (D) any other adjustment permitted in the preparation of a certificate under Section 17(a)(ii).
7 Before such a transfer, the City also must obtain confirmation from each of the Rating Agencies
8 to the effect that the rating then in effect will not be reduced or withdrawn upon such transfer.

9 **Section 17. Future Parity Bonds.**

10 (a) Except as provided in subsection (b) of this section for the issuance of refunding
11 Parity Bonds, Future Parity Bonds may be issued (and Parity Payment Agreements may be
12 entered into), from time to time in one or more series for any lawful purpose of the Solid Waste
13 System, only if at the time of the delivery of each series of Future Parity Bonds to the initial
14 purchasers thereof (or on the effective date of the Parity Payment Agreement):

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

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

19 (A) A certificate of both the Director of Finance and the Director of
20 Seattle Public Utilities (or any officer who succeeds to substantially all of the responsibilities of
21 either office) demonstrating that during any 12 consecutive calendar months out of the
22 immediately preceding 24 calendar months Adjusted Net Revenue was at least equal to the
23 Coverage Requirement of all Parity Bonds plus the Future Parity Bonds proposed to be issued

1 (and assuming that the debt service of the proposed Future Parity Bonds for that 12-month period
2 was the Average Annual Debt Service for those proposed bonds); or

3 (B) a certificate of both the Director of Finance and the Director of
4 Seattle Public Utilities (or any officer who succeeds to substantially all of the responsibilities of
5 either office) that in their opinion the Adjusted Net Revenue for the five fiscal years next
6 following the earlier of (i) the end of the period during which interest on those Future Parity
7 Bonds is to be capitalized or, if no interest is capitalized, the fiscal year in which the Future
8 Parity Bonds are issued, or (ii) the date on which the substantially all new facilities financed with
9 those Future Parity Bonds are expected to commence operations, such Adjusted Net Revenue
10 further adjusted as provided in paragraphs (1) through (4) below, will be at least equal to the
11 Coverage Requirement. That certificate may take into account the following adjustments.

12 (1) Any changes in rates in effect and being charged, or rates
13 expected to be charged in accordance with a program of specific rates, rate levels or increases in
14 overall rate revenue approved by ordinance or resolution;

15 (2) Net revenue from customers of the Solid Waste System
16 who have become customers during the 12-consecutive-month period or thereafter, and their
17 estimate of net revenue from any customers to be connected to the Solid Waste System who have
18 paid the required connection charges, adjusted to reflect one year's net revenue from those
19 customers;

20 (3) Their estimate of net revenue from customers anticipated to
21 be served by facilities or improvements financed in substantial part by those Future Parity Bonds
22 (or additional Parity Bonds expected to be issued during the five-year period); and

1 (4) Net revenue from any person, firm, corporation or
2 municipal corporation under any executed contract for solid waste disposal or other utility
3 service, which revenue was not included in the historical Net Revenue of the Solid Waste
4 System.

5 (b) Without complying with the provisions of subsection (a) of this section, the City
6 may at any time and from time to time issue one or more series of refunding Parity Bonds, but
7 only if there shall have been filed with the City a certificate of the Director of Finance stating
8 that immediately after the issuance of such refunding Parity Bonds the Annual Debt Service in
9 any calendar year that Parity Bonds (other than such refunding Parity Bonds) are then
10 outstanding shall not be increased by more than \$5,000 by reason of the issuance of such
11 refunding Parity Bonds.

12 Parity Bonds of any one or more series or one or more maturities within a series may be
13 refunded by a single series of refunding Parity Bonds, which Parity Bonds to be refunded shall
14 be specified in the Parity Bond Legislation providing for the issuance of the refunding Parity
15 Bonds, and the principal amount of such refunding Parity Bonds may include amounts necessary
16 to pay the principal of the Parity Bonds to be refunded, interest thereon to the date of payment or
17 redemption thereof, any premium payable thereon upon such payment or redemption, the costs
18 of issuance of such refunding Parity Bonds and an amount, if any, required to fund the Reserve
19 Requirement. The proceeds of the refunding Parity Bonds shall be held and applied in such
20 manner as is provided in the Parity Bond Legislation providing for the issuance of such
21 refunding Parity Bonds, so that upon the delivery of such refunding Parity Bonds the Parity
22 Bonds to be refunded thereby shall be deemed to be no longer outstanding in accordance with the
23 provisions of the Parity Bond Legislation providing for the issuance of those Parity Bonds.

1 Refunding Parity Bonds may also be issued upon compliance with the provisions of
2 subsection (a) of this section.

3 Nothing contained in this ordinance shall prohibit or prevent, or be deemed or construed
4 to prohibit or prevent, the City from issuing refunding Parity Bonds to fund or refund maturing
5 Parity Bonds of the City for the payment of which money is not otherwise available without
6 complying with this section.

7 (c) Nothing in this ordinance shall prevent the City from issuing revenue bonds or
8 other obligations having a lien and charge on the Net Revenue subordinate to the lien and charge
9 of the Parity Bonds.

10 **Section 18. Rate Stabilization Account.** There has been created in the Solid Waste
11 Fund a separate account known as the Rate Stabilization Account. The City may at any time, as
12 determined by the City and as consistent with Section 14, deposit in the Rate Stabilization
13 Account Gross Revenue and any other money received by the Solid Waste System and available
14 to be used therefor. The City may withdraw any or all of the money from the Rate Stabilization
15 Account for inclusion in the Adjusted Gross Revenue for any fiscal year of the City. Such
16 deposits or withdrawals may be made up to and including the date 90 days after the end of the
17 fiscal year for which the deposit or withdrawal will be included as Adjusted Gross Revenue. No
18 deposit of Gross Revenue shall be made into the Rate Stabilization Account to the extent that
19 such deposit would prevent the City from meeting the Coverage Requirement in the relevant
20 fiscal year.

21 **Section 19. Separate Utility Systems.** The City may create, acquire, construct,
22 finance, own and operate one or more additional systems for solid waste collection,
23 transportation, treatment or disposal, or other commodity or service related to the Solid Waste

System. The revenue of that separate utility system shall not be included in the Gross Revenue of the Solid Waste System and may be pledged to the payment of revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand the separate utility system. Neither the Gross Revenue nor the Net Revenue of the Solid Waste System shall be pledged by the City to the payment of any obligations of a separate utility system except (1) as a Contract Resource Obligation upon compliance with Section 20 and/or (2) with respect to the Net Revenue, on a basis subordinate to the lien of the Parity Bonds on that Net Revenue.

Section 20. Contract Resource Obligations. The City may at any time enter into one or more Contract Resource Obligations for the acquisition, from facilities to be constructed, of solid waste collection, transportation, treatment or disposal, or other commodity or service relating to the Solid Waste System. The City may determine that, and may agree under a Contract Resource Obligation to provide that, all payments under that Contract Resource Obligation (including payments prior to the time that the solid waste collection, transportation, treatment or disposal or other commodity or service is being provided, or during a suspension or after termination of such other commodity or service) shall be Maintenance and Operation Expenses if the following requirements are met at the time such a Contract Resource Obligation is entered into:

(a) No event of default under any Parity Bond Legislation has occurred and is continuing.

(b) There shall be on file a certificate of an Independent Utility Consultant stating that (i) the payments to be made by the City in connection with the Contract Resource Obligation are reasonable for the commodities provided or services rendered; (ii) the source of any new commodities or services, and any facilities to be constructed to provide the commodities or

1 services, are sound from a solid waste collection, transportation, treatment and disposal, or other
2 commodity or service planning standpoint, are technically and economically feasible in
3 accordance with prudent utility practice, and are likely to provide commodities or services no
4 later than a date set forth in the Independent Utility Consultant's certification; and (iii) the
5 Adjusted Net Revenue (further adjusted by the Independent Utility Consultant's estimate of the
6 payments to be made in accordance with the Contract Resource Obligation) for the five fiscal
7 years following the year in which the Contract Resource Obligation is incurred, as such Adjusted
8 Net Revenue is estimated by the Independent Utility Consultant in accordance with the
9 provisions of and adjustments permitted in Section 17(a)(ii), will be at least equal to the
10 Coverage Requirement.

11 Payments required to be made under Contract Resource Obligations shall not be subject
12 to acceleration. Nothing in this section shall be deemed to prevent the City from entering into
13 other agreements for the acquisition of solid waste collection, transportation, treatment or
14 disposal, or other commodity or service, from existing facilities and from treating those
15 payments as Maintenance and Operation Expenses. Nothing in this section shall be deemed to
16 prevent the City from entering into other agreements for the acquisition of solid waste collection,
17 transportation, treatment or disposal, or other commodity or service, from facilities to be
18 constructed and from agreeing to make payments with respect thereto, such payments
19 constituting a lien and charge on Net Revenue subordinate to that of Parity Bonds.

20 **Section 21. Refunding and Defeasance of the Bonds.** The Bonds are hereby
21 designated "Refundable Bonds" for purposes of the Omnibus Refunding Bond Ordinance. The
22 City may issue refunding bonds pursuant to the laws of the State or use money available from
23 any other lawful source to pay when due the principal of, premium, if any, and interest on any

1 Bond, or portion thereof, included in a refunding or defeasance plan, and to redeem and retire,
2 release, refund or defease those Bonds (the "defeased Bonds") and to pay the costs of such
3 refunding or defeasance. If money and/or Government Obligations maturing at a time or times
4 and in an amount sufficient, together with known earned income from the investment thereof, to
5 redeem and retire, release, refund or defease the defeased Bonds in accordance with their terms,
6 are set aside in a special trust fund or escrow account irrevocably pledged to such redemption,
7 retirement or defeasance (the "trust account"), then all right and interest of the Owners of the
8 defeased Bonds in the covenants of this ordinance and in the Net Revenue and the funds and
9 accounts pledged to the payment of such defeased Bonds, other than the right to receive the
10 funds so set aside and pledged, thereafter shall cease and become void. Such Registered Owners
11 thereafter shall have the right to receive payment of the principal of and interest or redemption
12 price on the defeased Bonds from the trust account. After establishing and fully funding such a
13 trust account, the defeased Bonds shall be deemed as no longer outstanding, and the Director of
14 Finance then may apply any money in any other fund or account established for the payment or
15 redemption of the defeased Bonds to any lawful purposes. Notice of refunding or defeasance
16 shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted,
17 in the manner set forth in this ordinance for the redemption of Bonds.

18 If the refunding or defeasance plan provides that the defeased Bonds or the refunding
19 bonds to be issued be secured by money and/or Government Obligations pending the prior
20 redemption of the defeased Bonds and if such refunding or defeasance plan also provides that
21 certain money and/or Government Obligations are pledged irrevocably for the prior redemption
22 of the defeased Bonds included in that refunding or defeasance plan, then only the debt service
23 on the Bonds which are not defeased Bonds and the refunding bonds, the payment of which is

not so secured by the refunding plan, shall be included in the computation of the Coverage Requirement for the issuance of Future Parity Bonds and the annual computation of the Coverage Requirement for determining compliance with the rate covenants.

Section 22. Provisions Relating to Certain Federal Tax Consequences of the Bonds.

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

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

1 Payments in respect of any Series issued as Tax Credit Subsidy Bonds, or in the instance that the
2 Bonds otherwise become and remain eligible for tax benefits under the Code.

3 **Section 23. Official Statement; Continuing Disclosure.**

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

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

19 **(c) Undertaking to Provide Continuing Disclosure.** To meet the requirements of
20 paragraph (b)(5) of Rule 15c2-12, as applicable to the Purchaser of a Series, the Director of
21 Finance is authorized to execute the Undertaking in substantially the form attached as Exhibit B.

Section 24. Supplemental or Amendatory Ordinances.

(a) This ordinance shall not be supplemented or amended in any respect subsequent to the Issue Date, except as provided in and in accordance with and subject to the provisions of this section.

(b) The City may, from time to time and at any time, without the consent of or notice to the owners of the Parity Bonds, pass supplemental or amendatory ordinances for any of the following purposes:

(i) To cure any formal defect, omission, inconsistency or ambiguity in this ordinance in a manner not adverse to the owners of any Parity Bonds;

(ii) To impose upon the Bond Registrar (with its consent) for the benefit of the owners of any Parity Bonds any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with this ordinance as theretofore in effect;

(iii) To add to the covenants and agreements of, and limitations and restrictions upon, the City in this ordinance other covenants, agreements, limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this ordinance as theretofore in effect;

(iv) To confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by this ordinance of any other money, securities or funds;

(v) To authorize different denominations of the Bonds and to make correlative amendments and modifications to this ordinance regarding exchangeability of Bonds of different

1 authorized denominations, redemptions of portions of Bonds of particular authorized
2 denominations and similar amendments and modifications of a technical nature;

3 (vi) To comply with any future federal law or interpretation to preserve the
4 exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax
5 purposes and the entitlement of the City to receive from the United States Treasury the
6 applicable Tax Credit Subsidy Payments in respect of any Series sold and issued as Tax Credit
7 Subsidy Bonds;

8 (vii) To modify, alter, amend or supplement this ordinance in any other respect
9 which is not materially adverse to the owners of the Parity Bonds and which does not involve a
10 change described in subsection (c) of this section; and

11 (viii) To add to the covenants and agreements of, and limitations and restrictions
12 upon, the City in this ordinance, other covenants, agreements, limitations and restrictions to be
13 observed by the City which are requested by a provider of Bond Insurance or provider of a
14 Reserve Security and which are not materially adverse to the owners of the Parity Bonds.

15 Before the City may pass any such supplemental or amendatory ordinance pursuant to
16 this subsection, there must be delivered to the City an opinion of Bond Counsel, stating that such
17 supplemental or amendatory ordinance is authorized or permitted by this ordinance and will,
18 upon the effective date thereof, be valid and binding upon the City in accordance with its terms,
19 and will not adversely affect the exclusion from gross income for federal income tax purposes of
20 interest on any Tax-Exempt Bonds.

21 (c) Except for any supplemental or amendatory ordinance passed pursuant to
22 subsection (b) of this section, the City may pass supplemental or amendatory ordinances subject
23 to the terms and provisions contained in this subsection and not otherwise:

1 (i) With the consent of registered owners of not less than 60% in aggregate
2 principal amount of the Parity Bonds then outstanding, the City Council may pass any
3 supplemental or amendatory ordinance deemed necessary or desirable by the City for the
4 purpose of modifying, altering, amending, supplementing or rescinding, in any particular, any of
5 the terms or provisions contained in this ordinance. However, unless approved in writing by the
6 registered owner of each Parity Bond then outstanding, nothing contained in this section shall
7 permit, or be construed as permitting (A) a change in the times, amounts or currency of payment
8 of the principal of or interest on any outstanding Parity Bond, or a reduction in the principal
9 amount or redemption price of any outstanding Parity Bond or a change in the method of
10 determining the rate of interest thereon, (B) a preference or priority of any Parity Bond over any
11 other Parity Bond, or (C) a reduction in the aggregate principal amount of Parity Bonds.

12 (ii) If at any time the City Council passes a supplemental or amendatory
13 ordinance for any of the purposes of this subsection, the Bond Registrar shall cause notice of the
14 proposed supplemental or amendatory ordinance to be given by first class United States mail to
15 all registered owners of the then outstanding Parity Bonds, to each provider of Bond Insurance or
16 a Reserve Security, and to each Rating Agency. Such notice shall briefly set forth the nature of
17 the proposed supplemental or amendatory ordinance and shall state that a copy is on file at the
18 office of the City Clerk for inspection by all owners of the outstanding Parity Bonds.

19 (iii) Within two years after the date of the mailing of such notice, such
20 supplemental or amendatory ordinance, substantially as described in such notice, may go into
21 effect, but only if there shall have first been delivered to the Bond Registrar (A) the required
22 consents, in writing, of registered owners of the Parity Bonds, and (B) an opinion of Bond
23 Counsel stating that such supplemental or amendatory ordinance is authorized or permitted by

1 this ordinance and, upon the effective date thereof, will be valid and binding upon the City in
2 accordance with its terms and will not adversely affect the exclusion from gross income for
3 federal income tax purposes of interest on any Tax-Exempt Bonds.

4 (iv) If registered owners of not less than the percentage of Parity Bonds
5 required by this subsection shall have consented to and approved the passage of such a
6 supplemental or amendatory ordinance, no owner of a Parity Bond shall have any right to object
7 to the passage of such supplemental ordinance, or to object to any of the terms and provisions
8 contained therein or the operation thereof, or in any manner to question the propriety of the
9 passage thereof, or to enjoin or restrain the City from passing the same or the City, any
10 authorized official thereof, or the Bond Registrar from taking any action pursuant to the
11 provisions thereof.

12 (d) The Registered Owners from time to time of the outstanding Bonds, by taking and
13 holding the same, shall be deemed to have consented to the adoption by the City of any
14 supplemental or amendatory ordinance or resolution passed pursuant to the provisions of this
15 section for any one or more of the following purposes:

16 (i) When calculating "Annual Debt Service," to permit or require Tax Credit
17 Subsidy Payments expected to be received by the City in any period to be credited against
18 amounts required to be paid in respect of interest on the Parity Bonds in that period; and

19 (ii) To permit or require Tax Credit Subsidy Payments to be deposited into the
20 Principal and Interest Subaccount and credited against the Net Revenue otherwise required to be
21 deposited into the Principal and Interest Subaccount.

22 (e) Upon the effective date of any supplemental or amendatory ordinance pursuant to
23 the provisions of this section, this ordinance shall be, and be deemed to be, modified and

1 amended in accordance therewith, and the respective rights, duties and obligations under this
2 ordinance of the City, the Bond Registrar and all owners of Parity Bonds then outstanding shall
3 thereafter be determined, exercised and enforced under this ordinance subject in all respects to
4 such modifications and amendments.

5 **Section 25. Defaults and Remedies.**

6 **(a) Events of Default.** The following shall constitute Events of Default with respect
7 to the Bonds:

8 (i) If a default is made in the payment of the principal of or interest on any of
9 the Bonds when the same shall become due and payable; or

10 (ii) If the City defaults in the observance and performance of any other of the
11 covenants, conditions and agreements on the part of the City set forth in this ordinance or in any
12 Parity Bond Legislation (except as otherwise provided herein or in such Parity Bond Legislation)
13 and such default or defaults have continued for a period of six months after the City has received
14 from the Bond Owners' Trustee (as defined below) or from the registered owners of not less than
15 25% in principal amount of the Parity Bonds a written notice specifying and demanding the cure
16 of such default. However, if the default in the observance and performance of any other of the
17 covenants, conditions and agreements is one which cannot be completely remedied within the six
18 months after written notice has been given, it shall not be an Event of Default with respect to the
19 Bonds as long as the City has taken active steps within the six months after written notice has
20 been given to remedy the default and is diligently pursuing such remedy.

21 Notwithstanding anything in this section to the contrary, the failure of the City or any obligated
22 person to comply with the Undertaking shall not constitute an Event of Default under this
23 ordinance, the Bond Resolution or the Bonds, and the sole remedy of any holder of a Bond shall

1 be to seek an order of specific performance from an appropriate court to compel the City to
2 comply with the Undertaking.

3 **(b) Bond Owners' Trustee.** So long as such Event of Default has not been
4 remedied, a trustee (the "Bond Owners' Trustee") may be appointed by the registered owners of
5 25% in principal amount of the then outstanding Parity Bonds, by an instrument or concurrent
6 instruments in writing signed and acknowledged by such registered owners of the Parity Bonds
7 or by their attorneys-in-fact duly authorized and delivered to such Bond Owners' Trustee,
8 notification thereof being given to the City. That appointment shall become effective
9 immediately upon acceptance thereof by the Bond Owners' Trustee. Any Bond Owners' Trustee
10 appointed under the provisions of this subsection shall be a bank or trust company organized
11 under the laws of the State of Washington or the State of New York or a national banking
12 association. The bank or trust company acting as Bond Owners' Trustee may be removed at any
13 time, and a successor Bond Owners' Trustee may be appointed, by the registered owners of a
14 majority in principal amount of the Parity Bonds, by an instrument or concurrent instruments in
15 writing signed and acknowledged by such registered owners of the Parity Bonds or by their
16 attorneys-in-fact duly authorized. The Bond Owners' Trustee may require such security and
17 indemnity as may be reasonable against the costs, expenses and liabilities that may be incurred in
18 the performance of its duties.

19 In the event that any Event of Default in the sole judgment of the Bond Owners' Trustee
20 is cured and the Bond Owners' Trustee furnishes to the City a certificate so stating, that Event of
21 Default shall be conclusively deemed to be cured and the City, the Bond Owners' Trustee and
22 the registered owners of the Parity Bonds shall be restored to the same rights and position which
23 they would have held if no Event of Default had occurred.

1 The Bond Owners' Trustee appointed in the manner herein provided, and each successor
2 thereto, is declared to be a trustee for the registered owners of all the Parity Bonds and is
3 empowered to exercise all the rights and powers herein conferred on the Bond Owners' Trustee.

4 **(c) Suits at Law or in Equity.** Upon the happening of an Event of Default and
5 during the continuance thereof, the Bond Owners' Trustee may, and upon the written request of
6 the registered owners of not less than 25% in principal amount of the Parity Bonds outstanding
7 shall, take such steps and institute such suits, actions or other proceedings, all as it may deem
8 appropriate for the protection and enforcement of the rights of the registered owners of the Parity
9 Bonds, to collect any amounts due and owing to or from the City, or to obtain other appropriate
10 relief, and may enforce the specific performance of any covenant, agreement or condition
11 contained in this ordinance or set forth in any of the Parity Bonds.

12 Nothing contained in this section shall, in any event or under any circumstance, be
13 deemed to authorize the acceleration of the maturity of principal on the Parity Bonds, and the
14 remedy of acceleration is expressly denied to the registered owners of the Parity Bonds under
15 any circumstances including, without limitation, upon the occurrence and continuance of an
16 Event of Default.

17 Any action, suit or other proceedings instituted by the Bond Owners' Trustee hereunder
18 shall be brought in its name as the Bond Owners' Trustee and all such rights of action upon or
19 under any of the Parity Bonds or the provisions of this ordinance may be enforced by the Bond
20 Owners' Trustee without the possession of any of those Parity Bonds and without the production
21 of the same at any trial or proceedings relative thereto except where otherwise required by law.
22 Any such suit, action or proceeding instituted by the Bond Owners' Trustee shall be brought for
23 the ratable benefit of all of the registered owners of those Parity Bonds, subject to the provisions

1 of this ordinance. The respective registered owners of the Parity Bonds, by taking and holding
2 the same, shall be conclusively deemed irrevocably to appoint the Bond Owners' Trustee the true
3 and lawful trustee of the respective registered owners of those Parity Bonds, with authority to
4 institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums
5 becoming distributable on account of those Parity Bonds; to execute any paper or documents for
6 the receipt of money; and to do all acts with respect thereto that the registered owner himself or
7 herself might have done in person. Nothing herein shall be deemed to authorize or empower the
8 Bond Owners' Trustee to consent to accept or adopt, on behalf of any registered owner of the
9 Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of
10 any registered owner thereof, or to authorize or empower the Bond Owners' Trustee to vote the
11 claims of the registered owners thereof in any receivership, insolvency, liquidation, bankruptcy,
12 reorganization or other proceeding to which the City is a party.

13 **(d) Application of Money Collected by Bond Owners' Trustee.** Any money
14 collected by the Bond Owners' Trustee at any time pursuant to this section shall be applied in the
15 following order of priority:

16 (i) to the payment of the charges, expenses, advances and compensation of
17 the Bond Owners' Trustee and the charges, expenses, counsel fees, disbursements and
18 compensation of its agents and attorneys;

19 (ii) to the payment to the persons entitled thereto of all installments of interest
20 then due on the Parity Bonds in the order of maturity of such installments and, if the amount
21 available shall not be sufficient to pay in full any installment or installments maturing on the
22 same date, then to the payment thereof ratably, according to the amounts due thereon to the
23 persons entitled thereto, without any discrimination or preference; and

1 (iii) to the payment to the persons entitled thereto of the unpaid principal
2 amounts of any Parity Bonds which shall have become due (other than Parity Bonds previously
3 called for redemption for the payment of which money is held pursuant to the provisions hereto),
4 whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates
5 and, if the amount available shall not be sufficient to pay in full the principal amounts due on the
6 same date, then to the payment thereof ratably, according to the principal amounts due thereon to
7 the persons entitled thereto, without any discrimination or preference.

8 **(e) Duties and Obligations of Bond Owners' Trustee.** The Bond Owners' Trustee
9 shall not be liable except for the performance of such duties as are specifically set forth herein.
10 During an Event of Default, the Bond Owners' Trustee shall exercise such of the rights and
11 powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a
12 prudent person would exercise or use under the circumstances in the conduct of his or her own
13 affairs. The Bond Owners' Trustee shall have no liability for any act or omission to act
14 hereunder except for the Bond Owners' Trustee's own negligent action, its own negligent failure
15 to act or its own willful misconduct. The duties and obligations of the Bond Owners' Trustee
16 shall be determined solely by the express provisions of this ordinance, and no implied powers,
17 duties or obligations of the Bond Owners' Trustee shall be read into this ordinance.

18 The Bond Owners' Trustee shall not be required to expend or risk its own funds or
19 otherwise incur individual liability in the performance of any of its duties or in the exercise of
20 any of its rights or powers as the Bond Owners' Trustee, except as may result from its own
21 negligent action, its own negligent failure to act or its own willful misconduct.

1 The Bond Owners' Trustee shall not be bound to recognize any person as a registered
2 owner of any Parity Bond until his or her title thereto, if disputed, has been established to its
3 reasonable satisfaction.

4 The Bond Owners' Trustee may consult with counsel and the opinion of such counsel
5 shall be full and complete authorization and protection in respect of any action taken or suffered
6 by it hereunder in good faith and in accordance with the opinion of such counsel. The Bond
7 Owners' Trustee shall not be answerable for any neglect or default of any person, firm or
8 corporation employed and selected by it with reasonable care.

9 **(f) Suits by Individual Parity Bond Owners Restricted.** No owner of any one or
10 more Parity Bonds shall have any right to institute any action, suit or proceeding at law or in
11 equity for the enforcement of same unless:

12 (i) an Event of Default has happened and is continuing; and
13 (ii) a Bond Owners' Trustee has been appointed; and
14 (iii) such owner previously shall have given to the Bond Owners' Trustee
15 written notice of the Event of Default on account of which such suit, action or proceeding is to
16 be instituted; and

17 (iv) the registered owners of 25% in principal amount of the Parity Bonds,
18 after the occurrence of such Event of Default, have made written request of the Bond Owners'
19 Trustee and have afforded the Bond Owners' Trustee a reasonable opportunity to institute such
20 suit, action or proceeding; and

21 (v) there have been offered to the Bond Owners' Trustee security and
22 indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or
23 thereby; and

1 (vi) the Bond Owners' Trustee has refused or neglected to comply with such
2 request within a reasonable time.

3 No owner of any Parity Bond shall have any right in any manner whatever by his or her action to
4 affect or impair the obligation of the City to pay from the Net Revenue the principal of and
5 interest on such Parity Bonds to the respective registered owners thereof when due.

6 **Section 26. General Authorization.** In addition to the specific authorizations in this
7 ordinance, the Mayor and the Director of Finance and each of the other appropriate officers of
8 the City are each authorized and directed to do everything as in his or her judgment may be
9 necessary, appropriate, or desirable in order to carry out the terms and provisions of, and
10 complete the transactions contemplated by, this ordinance. In particular and without limiting the
11 foregoing:

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

21 (b) The Mayor and the Director of Finance are each separately authorized to execute
22 and deliver (i) any and all contracts or other documents as are consistent with this ordinance and
23 for which the City's approval is necessary or to which the City is a party (including but not

1 limited to agreements with escrow agents, refunding trustees, providers of Bond Insurance or
2 Reserve Securities, remarketing agents, underwriters, lenders, fiscal agents, Qualified
3 Counterparties, custodians, and the Bond Registrar); and (ii) such other contracts or documents
4 incidental to the issuance and sale of a Series; the establishment of the initial interest rate or rates
5 on a Bond; or the tender, purchase, remarketing, or redemption of a Bond, as may in his or her
6 judgment be necessary or appropriate.

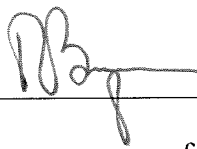
7 **Section 27. Severability.** The provisions of this ordinance are declared to be separate
8 and severable. If a court of competent jurisdiction, all appeals having been exhausted or all
9 appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as
10 to any person or circumstance, such offending provision shall, if feasible, be deemed to be
11 modified to be within the limits of enforceability or validity. However, if the offending provision
12 cannot be so modified, it shall be null and void with respect to the particular person or
13 circumstance, and all other provisions of this ordinance in all other respects, and the offending
14 provision with respect to all other persons and all other circumstances, shall remain valid and
15 enforceable.

16 **Section 28. Ratification of Prior Acts.** Any action taken consistent with the authority
17 of this ordinance, after its passage but prior to the effective date, is ratified, approved and
18 confirmed.

19 **Section 29. Section Headings.** Section headings in this ordinance are used for
20 convenience only and shall not constitute a substantive portion of this ordinance.

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

Passed by the City Council the 23rd day of Nov., 2015, and signed by me in open session in authentication of its passage this 23rd day of Nov., 2015.



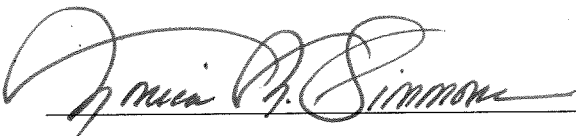
President _____ of the City Council

Approved by me this 1st day of December, 2015.



Edward B. Murray, Mayor

Filed by me this 1st day of December, 2015.



Monica Martinez Simmons, City Clerk

(Seal)

Exhibits:

Exhibit A – List of Outstanding Parity Bonds

Exhibit B – Form of Undertaking to Provide Continuing Disclosure

EXHIBIT A
CITY OF SEATTLE

OUTSTANDING SOLID WASTE PARITY BONDS

Issue Name	Dated Date	Original Par Amount	Bond Legislation		
			New Money Ord.	Refunding Ord.	Bond Sale Res.
Solid Waste Revenue and Refunding Bonds, 2007	12/12/2007	\$82,175,000	Ord. 122498	Ord. 121940 (as amended by Ord. 122498)	Res. 31032
Solid Waste Revenue Bonds, 2011	6/22/2011	\$45,750,000	Ord. 123576	--	Res. 31301
Solid Waste Revenue and Refunding Bonds, 2014	6/12/2014	\$95,350,000	Ord. 123576 and Ord. 124046	Ord. 121940 (as amended by Ord. 122498)	Res. 31528
Solid Waste Revenue Bonds, 2015	6/25/2015	\$35,830,000	Ord. 124629	--	Res. 31589

EXHIBIT B

FORM OF UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

The City of Seattle, Washington (the “City”), makes the following written undertaking (the “Undertaking”) for the benefit of the holders of the City’s Solid Waste Revenue Bonds, 2016 (the “Bonds”), for the sole purpose of assisting the Purchaser in meeting the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds. Capitalized terms used but not defined below shall have the meanings given in Ordinance _____ and Resolution _____ (together, the “Bond Legislation”).

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

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

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

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

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

(i) Shall consist of: (1) annual financial statements of the Solid Waste System prepared in accordance with generally accepted accounting principles applicable to governmental units (except as otherwise noted therein), as such principles may be changed from time to time and as permitted by State of Washington (the “State”) law, which financial statements will not be audited, except, that if and when audited financial statements are otherwise prepared and available to the City they will be provided; (2) a statement of outstanding bonded debt secured by the Net Revenue of the Solid Waste System; (3) debt service coverage ratios; (4) summary operating statistics for the Solid Waste System, including data of the type included in the Official Statement for the Bonds dated _____, 20__, in the tables entitled “Solid Waste Tonnage,” “Regional Comparison of Transfer Station Rates,” and “Number of Customers by Class;” and (5) current solid waste rates;

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

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

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

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

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

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any failure to comply with the Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with the Undertaking shall constitute a default in respect of the Bonds. The

sole remedy of any Beneficial Owner of a Bond shall be to take such actions as that Beneficial Owner deems necessary, including seeking an order of specific performance from an appropriate court, to compel the City or other obligated person to comply with the Undertaking.

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

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

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

(iii) Determining whether any person other than the City is an “obligated person” within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person in accordance with Rule 15c2-12;

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

(v) Effecting any necessary amendment of the Undertaking.

SUMMARY and FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
FAS/SPU	Michael Van Dyck/4-8347	S. Reddy 5-1232 A. Blumenthal 3-2656

1. BILL SUMMARY

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

Summary and background of the Legislation: Although the Budget, CIP, and adopted rates make specific assumptions about the use of debt financing for a certain share of the CIP, separate authorization for the issuance of bonds is technically required.

The Solid Waste bond sale is anticipated to occur in early to mid-2016. The bond proceeds, combined with internally generated funds, will support the Solid Waste capital program through the end of 2017. There are no further anticipated bond issues to complete the current 5-year CIP plan.

The bond sizing is based on projected CIP, planned cash flow, and cash contribution to CIP targets. The bond proceeds will be used to make a deposit to the construction fund, to meet the debt service reserve requirement, and to pay costs of issuance.

2. CAPITAL IMPROVEMENT PROGRAM

These bonds will finance improvements to the City's solid waste system, including completion of the North Transfer Station and the rehabilitation and construction of new facilities on the old South Transfer Station site.

3. SUMMARY OF FINANCIAL IMPLICATIONS

 x **This legislation has direct financial implications.**

The proposed issue is for \$22 million of 25-year, fixed-rate bonds. Total annual debt service is expected to be about \$1.5 million starting in 2016. SPU's projected rates incorporate the debt service costs resulting from this bond issue.

4. OTHER IMPLICATIONS

- a) **Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?**

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

- b) **Is there financial cost or other impacts of not implementing the legislation?**

Financing the utility's CIP completely from cash would require massive cuts in capital and/or operating programs or massive rate increases. Since the capital improvements financed with this debt 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, which will coordinate the issuance of bonds

- d) **Is a public hearing required for this legislation?**

No

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

No

- f) **Does this legislation affect a piece of property?**

No

- g) **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

N/A

- h) **If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.**

N/A

- i) **Other Issues:**

List attachments below:

STATE OF WASHINGTON -- KING COUNTY

--SS.

331451

No. 124908,909,910,911,912,13

CITY OF SEATTLE,CLERKS OFFICE

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

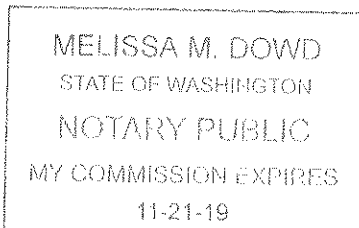
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:TITLE ONLY ORDINANCES

was published on

12/15/15

The amount of the fee charged for the foregoing publication is the sum of \$108.50 which amount has been paid in full.




Subscribed and sworn to before me on

12/15/2015


Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication

State of Washington, King County

City of Seattle

Title Only Ordinances

The full text of the following legislation, passed by the City Council on November 23, 2015, and published below by title only, will be mailed upon request, or can be accessed at <http://clerk.seattle.gov>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>. Document Type Contact: Office of the City Clerk at (206) 684-8344.

Ordinance 124906

AN ORDINANCE relating to the annual budget of the Office of Arts and Culture; amending Section 5.40.120 of the Seattle Municipal Code.

Ordinance 124908

AN ORDINANCE relating to the Central Waterfront Project, authorizing amendment of the "Memorandum of Understanding Concerning Renovation and Expansion of the Seattle Aquarium and Development of the Central Waterfront" between The City of Seattle and the Seattle Aquarium Society.

Ordinance 124909

AN ORDINANCE relating to the Smith Cove project in the Department of Parks and Recreation; and authorizing the loan of funds from the City's Consolidated (Residual) Cash Pool, or its participating funds, in the amount of \$660,000, to the Parks Capital Fund for bridge financing of the Smith Cove project.

Ordinance 124910

AN ORDINANCE related to ending the square footage business tax for periods after December 31, 2015; and amending Section 5.46.030 of the Seattle Municipal Code.

Ordinance 124911

AN ORDINANCE relating to the Transfer Tax and Collection Tax; repealing Ordinance 122199 relating to the General Fund, Parks Fund, and Solid Waste Fund.

Ordinance 124912

AN ORDINANCE relating to taxation of utilities in The City of Seattle; amending Section 5.48.060 of the Seattle Municipal Code.

Ordinance 124913

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

Date of publication in the Seattle Daily Journal of Commerce, December 15, 2015.

12/15(381461)