



SEATTLE CITY COUNCIL

Legislative Summary

CB 118840

Record No.: CB 118840

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125198

In Control: City Clerk

File Created: 09/21/2016

Final Action: 11/28/2016

Title: AN ORDINANCE relating to the electric system of The City of Seattle; authorizing the issuance and sale of municipal light and power revenue bonds for the purposes of providing funds for certain additions and betterments to and extensions of the existing municipal light and power plant and system of the City, paying the costs of issuance of those bonds, and providing for the reserve fund requirement; providing for the terms, conditions, covenants, and manner of sale of those bonds; describing the lien of those bonds; and ratifying and confirming certain prior acts.

Date

Notes:

Filed with City Clerk: 11/28/2016

Mayor's Signature: 11/28/2016

Sponsors: Burgess

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Ex A - Outstanding City Light Parity Bonds, Ex B - Form of 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	09/26/2016	Mayor's leg transmitted to Council	City Clerk			
1	City Clerk	10/07/2016	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office						
	Notes:						
1	Council President's Office	10/20/2016	sent for review	Select Budget Committee			
	Action Text: The Council Bill (CB) was sent for review. to the Select Budget Committee						
	Notes:						

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|---|-------------------------|--|---------------------------------|---|------|
| 1 | Full Council | 11/07/2016 | referred | Select Budget Committee | |
| 1 | Select Budget Committee | 11/16/2016 | pass | | Pass |
| | Action Text: | The Committee recommends that Full Council pass the Council Bill (CB). | | | |
| | Notes: | | | | |
| | | In Favor: | 9 | Chair Burgess, Member Bagshaw, Member Harrell, Member Herbold, Member Juarez, Member Johnson, Member González , Member O'Brien, Member Sawant | |
| | | Opposed: | 0 | | |
| 1 | Full Council | 11/21/2016 | passed | | Pass |
| | Action Text: | The Council Bill (CB) was passed by the following vote, and the President signed the Bill: | | | |
| | | In Favor: | 9 | Councilmember Bagshaw, Councilmember Burgess, Councilmember González , Council President Harrell, Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember O'Brien, Councilmember Sawant | |
| | | Opposed: | 0 | | |
| 1 | City Clerk | 11/22/2016 | submitted for Mayor's signature | Mayor | |
| 1 | Mayor | 11/28/2016 | Signed | | |
| 1 | Mayor | 11/28/2016 | returned | City Clerk | |
| | Action Text: | The Council Bill (CB) was returned. to the City Clerk | | | |
| | Notes: | | | | |
| 1 | City Clerk | 11/28/2016 | attested by City Clerk | | |
| | Action Text: | The Ordinance (Ord) was attested by City Clerk. | | | |
| | Notes: | | | | |
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CITY OF SEATTLE

ORDINANCE 125198

COUNCIL BILL 118840

AN ORDINANCE relating to the electric system of The City of Seattle; authorizing the issuance and sale of municipal light and power revenue bonds for the purposes of providing funds for certain additions and betterments to and extensions of the existing municipal light and power plant and system of the City, paying the costs of issuance of those bonds, and providing for the reserve fund requirement; providing for the terms, conditions, covenants, and manner of sale of those bonds; describing the lien of those bonds; and ratifying and confirming certain prior acts.

WHEREAS, The City of Seattle, Washington ("City"), owns, operates, and maintains an electric system ("Light System"); and

WHEREAS, the City has need to acquire and construct certain additions and betterments to and extensions of the Light System described in the system or plan adopted by this ordinance ("Plan of Additions"); and

WHEREAS, the City has outstanding certain revenue bonds ("Outstanding Parity Bonds") having a charge and lien upon Gross Revenues of the Light System prior and superior to all other charges whatsoever, except reasonable charges for maintenance and operation of the Light System; and

WHEREAS, pursuant to the respective ordinances and resolutions listed in Exhibit A to this ordinance, the City issued its municipal light and power revenue bonds described in Exhibit A, and provided for the issuance of additional bonds having a lien and charge on Gross Revenues of the Light System on a parity of lien with those bonds ("Parity Bonds") upon compliance with certain conditions; and

WHEREAS, after due consideration, the City finds that it is necessary and in the best interest of the City and its ratepayers to issue municipal light and power revenue bonds as Parity

Bonds to pay part of the cost of the Plan of Additions, pay costs of issuance of those bonds, and provide for the reserve fund requirement; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. **Definitions.** As used in this ordinance, the following words and phrases shall have the meanings set forth below.

“Accreted Value” means with respect to any Capital Appreciation Bonds (a) as of any Valuation Date, the amount set forth for such date in any Parity Bond Legislation authorizing such Capital Appreciation Bonds 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, times (B) the difference between the Accreted Values for such Valuation Dates.

“Adjusted Net Revenue” has the meaning assigned to that term in Section 13(g)(iii).

“Alternate Reserve Security” means Qualified Insurance or a Qualified Letter of Credit, that is used to satisfy all or a portion of the Reserve Fund Requirement for the Parity Bonds.

“Annual Debt Service” for any calendar year means the sum of the amounts required in such calendar year to pay (a) the interest due in such calendar year on all Parity Bonds outstanding, excluding interest to be paid from the proceeds of the sale of Parity Bonds or other bonds; (b) the principal of all outstanding Serial Bonds due in such calendar year; and (c) the Sinking Fund Requirement, if any, for such calendar year.

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

For purposes of making coverage ratio calculations in connection with a certificate delivered under Section 13(g) regarding the issuance of Future Parity Bonds, Annual Debt Service shall exclude debt service on Parity Bonds that are included in a refunding or defeasance plan approved by the City Council, which provides for the refunding or defeasance of certain Parity Bonds by irrevocably pledging money and/or Government Obligations pending their early redemption.

For purposes of calculating and determining compliance with the Reserve Fund Requirement and conditions for the issuance of Future Parity Bonds and/or entering into Parity Payment Agreements:

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

(ii) **Interest on Variable Interest Rate Bonds.** The amount of interest deemed to be payable on any Series of Variable Interest Rate Bonds shall be calculated on the assumption

that the interest rate on those bonds would be equal to the rate that is 90% of the average RBI during the four calendar quarters preceding the quarter in which the calculation is made.

(iii) **Interest on Parity Bonds With Respect to Which a Payment Agreement is in Force.** Debt service on Parity Bonds with respect to which a Payment Agreement is in force shall be based on the net economic effect on the City expected to be produced by the terms of the Parity Bonds and the terms of the Payment Agreement, including but not limited to the effects produced by the following: (A) Parity Bonds that would, but for a Payment Agreement, be treated as obligations bearing interest at a Variable Interest Rate instead shall be treated as obligations bearing interest at a fixed interest rate, and (B) Parity Bonds that would, but for a Payment Agreement, be treated as obligations bearing interest at a fixed interest rate instead shall be treated as obligations bearing interest at a Variable Interest Rate. Accordingly, the amount of interest deemed to be payable on any Parity Bonds with respect to which a Payment Agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in those Parity Bonds plus Payment Agreement Payments minus Payment Agreement Receipts. For the purposes of calculating as nearly as practicable Payment Agreement Receipts and Payment Agreement Payments under a Payment Agreement that includes a variable rate component determined by reference to a pricing mechanism or index that is not the same as the pricing mechanism or index used to determine the variable rate interest component on the Parity Bonds to which the Payment Agreement is related, it shall be assumed that the fixed rate used in calculating Payment Agreement Payments will be equal to 105% of the fixed rate specified by the Payment Agreement and that the pricing mechanism or index specified by the Payment Agreement is the same as the pricing mechanism or index specified by the Parity Bonds. Notwithstanding the other provisions of this subparagraph (iii), the City shall not be required to

(but may in its discretion) take into account in determining Annual Debt Service the effects of any Payment Agreement that has a term of ten years or less.

(iv) **Parity Payment Agreements.** No additional debt service shall be taken into account with respect to a Parity Payment Agreement for any period during which Payment Agreement Payments on that Parity Payment Agreement are taken into account in determining Annual Debt Service on related Parity Bonds under subparagraph (iii) of this definition.

However, for any period during which Payment Agreement Payments are not taken into account in calculating Annual Debt Service on any outstanding Parity Bonds because the Parity Payment Agreement is not then related to any outstanding Parity Bonds, payments on that Parity Payment Agreement shall be taken into account by assuming:

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

(B) **City Obligated to Make Payments Based on Variable Rate Index.** If the City is obligated to make Payment Agreement Payments based on a variable rate index and the Qualified Counterparty is obligated to make payments based on a fixed rate, that payments by the City will be based on a rate equal to the average rate determined by the variable rate index specified by the Parity Payment Agreement during the four calendar quarters preceding the

1 quarter in which the calculation is made, and that the Qualified Counterparty will make
2 payments based on the fixed rate specified by the Parity Payment Agreement.

3 (v) **Tax Credit Subsidy Payments.** For the purpose of calculating the Reserve
4 Fund Requirement, the City shall deduct from Annual Debt Service the Tax Credit Subsidy
5 Payments the City is scheduled to claim from the federal government in respect of the interest on
6 a series of Parity Bonds that are Tax Credit Subsidy Bonds or other bonds with respect to which
7 the federal government is scheduled to provide direct payments.

8 “**Authorized Denomination**” means \$5,000 or any integral multiple thereof within a
9 maturity of a Series or such other amount to be established in the Bond Resolution.

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

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

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

20 “**Bond Register**” means the books or records maintained by the Bond Registrar for the
21 purpose of registration of each Bond.

1 **“Bond Registrar”** or **“Registrar”** means the Fiscal Agent (unless the Bond Resolution
2 provides for a different Bond Registrar with respect to a particular Series of the Bonds), or any
3 successor bond registrar 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 of the Bonds,
8 including the amount, date or dates, denominations, interest rate or rates (or mechanism for
9 determining interest rate or rates), payment dates, final maturity, redemption and tender rights,
10 price, and other terms or covenants set forth in Section 5.

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

12 **“Capital Appreciation Bonds”** means any Parity Bonds as to which interest is payable
13 only at the maturity or prior redemption of such Parity Bonds. For the purpose of (a) receiving
14 payment of the redemption premium, if any, on a Capital Appreciation Bond that is redeemed
15 prior to maturity, or (b) computing the principal amount of Parity Bonds held by the Owner of a
16 Capital Appreciation Bond in giving to the City or the paying agent for those bonds any notice,
17 consent, request, or demand pursuant to this ordinance or for any purpose whatsoever, the
18 principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

19 **“CIP”** means the portion or portions relating to the Light System of the “2016-2021
20 Capital Improvement Program” adopted by the City in Ordinance 124927, together with any
21 previously adopted capital improvement program of the City, as the CIP may be amended,
22 updated, supplemented or replaced from time to time by ordinance.

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

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

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

7 **“Conservation Plan”** means the Conservation Potential Assessment 2016 of the City
8 with respect to the Light System endorsed by the City in Resolution 31631, adopted January 11,
9 2016, as that plan may be amended, updated, supplemented or replaced from time to time, to the
10 extent that funds are appropriated by the City therefor.

11 **“Deferred Hydroelectric Project Relicensing Costs”** means certain costs required by
12 the Federal Energy Regulatory Commission to be incurred as a condition of the renewal of
13 licenses for the Light System’s hydroelectric projects, which costs are treated in the same
14 manner as capital expenditures.

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

21 **“Future Parity Bonds”** means, with reference to any Series of the Bonds, any fixed or
22 variable rate revenue bonds of the City (other than that Series and any other Parity Bonds then
23 outstanding) issued or entered into after the Issue Date of such Series, having a charge or lien

1 upon Gross Revenues for payment of the principal thereof and interest thereon equal in priority
2 to the charge or lien upon Gross Revenues for the payment of the principal of and interest on the
3 Outstanding Parity Bonds and the Bonds. Future Parity Bonds may include Parity Payment
4 Agreements and any other obligations issued in compliance with Section 13(g) or Section 13(h).

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

7 **“Gross Revenues”** means (a) all income, revenues, receipts and profits derived by the
8 City through the ownership and operation of the Light System; (b) the proceeds received by the
9 City directly or indirectly from the sale, lease or other disposition of any of the properties, rights
10 or facilities of the Light System; (c) Payment Agreement Receipts, to the extent that such
11 receipts are not offset by Payment Agreement Payments; and (d) the investment income earned
12 on money held in any fund or account of the City, including any bond redemption funds and the
13 accounts therein, in connection with the ownership and operation of the Light System. Gross
14 Revenues do not include: (i) insurance proceeds compensating the City for the loss of a capital
15 asset; (ii) income derived from investments irrevocably pledged to the payment of any defeased
16 bonds payable from Gross Revenues; (iii) investment income earned on money in any fund or
17 account created or maintained solely for the purpose of complying with the arbitrage rebate
18 provisions of the Code; (iv) any gifts, grants, donations or other funds received by the City from
19 any State or federal agency or other person if such gifts, grants, donations or other funds are the
20 subject of any limitation or reservation imposed by the donor or grantor or imposed by law or
21 administrative regulation to which the donor or grantor is subject, limiting the application of
22 such funds in a manner inconsistent with the application of Gross Revenues hereunder; (v) the
23 proceeds of any borrowing for capital improvements (or the refinancing thereof); and (vi) the

proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues).

“High Ross Agreement” means the agreement dated as of March 30, 1984, between the City and Her Majesty the Queen in Right of the Province of British Columbia relating to the City’s High Ross Dam.

“High Ross Capital Payments” means the deferred portion of the annual capital payments required to be made by the City under Section 5 of the High Ross Agreement, representing the annual cost that would have been incurred by the City for the construction of the High Ross Dam.

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

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

“Light Fund” means the special fund of the City of that name heretofore created and established by the City Council.

“Light System” means the municipal light and power plant and system now belonging to or which may hereafter belong to the City.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Revenue” for any period means that amount determined by deducting from Gross Revenues the expenses of operation, maintenance and repair of the Light System and further deducting any deposits into the Rate Stabilization Account, and by adding to Gross Revenues

any withdrawals from the Rate Stabilization Account. In calculating Net Revenue, the City may include the Tax Credit Subsidy Payments the City expects to receive from the federal government in respect to the interest on a series of Parity Bonds that are Tax Credit Subsidy Bonds or other bonds with respect to which the federal government will provide direct payments.

“Omnibus Refunding Bond Ordinance” means Ordinance 124335 (which amended and restated Ordinance 121941, as previously amended by Ordinance 122838), as amended by Ordinance 124916 and as it may be amended from time to time in the future.

“Outstanding Parity Bonds” means, for purposes of this ordinance, the outstanding series of Parity Bonds described in Exhibit A.

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

“Parity Bond Fund” means the special fund of the City known as the Seattle Municipal Light Revenue Parity Bond Fund established within the Light Fund pursuant to Ordinance 92938 for the purpose set forth in Section 13(a).

“Parity Bond Legislation” means any ordinance or resolution passed or adopted by the City Council providing for the issuance of Parity Bonds, and any other ordinance or resolution amending or supplementing the provisions of any Parity Bond Legislation as originally passed or adopted or as theretofore amended or supplemented.

“Parity Bonds” means the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.

“Parity Conditions” means the conditions for issuing Future Parity Bonds under the Parity Bond Legislation authorizing the issuance of the Outstanding Parity Bonds.

1 **“Parity Payment Agreement”** means a Payment Agreement under which the City’s
2 obligations are expressly stated to constitute a charge and lien on Net Revenue of the Light
3 System equal in rank with the charge and lien upon such Net Revenue required to be paid into
4 the Parity Bond Fund to pay and secure the payment of the principal of and interest on Parity
5 Bonds.

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

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

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

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

21 **“Plan of Additions”** means the system or plan of additions to and betterments and
22 extensions of the Light System adopted by ordinance, including but not limited to the CIP, the
23 Conservation Plan, the High Ross Capital Payments and the Deferred Hydroelectric Project

1 Relicensing Costs. The Plan of Additions includes all amendments, updates, supplements or
2 replacements to the CIP, the Conservation Plan, the High Ross Capital Payments and the
3 Deferred Hydroelectric Project Relicensing Costs, all of which automatically shall constitute
4 amendments to the Plan of Additions upon approval by ordinance. The Plan of Additions
5 includes the purchase and installation of all materials, supplies, appliances, equipment (including
6 but not limited to data processing hardware and software and conservation equipment) and
7 facilities, the acquisition of all permits, licenses, franchises, property and property rights, other
8 capital assets and all engineering, consulting and other professional services and studies (whether
9 performed by the City or by other public or private entities) necessary or convenient to carry out
10 the Plan of Additions. The Plan of Additions also may be modified to include other
11 improvements without amending the CIP, the Conservation Plan, the High Ross Capital
12 Payments and the Deferred Hydroelectric Project Relicensing Costs, if the City determines by
13 ordinance that those amendments or other improvements constitute a system or plan of additions
14 to or betterments or extensions of the Light System.

15 **“Professional Utility Consultant”** means the independent person(s) or firm(s) selected
16 by the City having a favorable reputation for skill and experience with electric systems of
17 comparable size and character to the Light System in such areas as are relevant to the purposes
18 for which they were retained.

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 of the
21 Bonds.

1 **“Qualified Counterparty”** means a party (other than the City or a person related to the
2 City) who is the other party to a Payment Agreement and who is qualified to act as the other
3 party to a Payment Agreement under any applicable laws of the State.

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

11 **“Qualified Letter of Credit”** means any letter of credit or other liquidity facility issued
12 by a financial institution for the account of the City in connection with the issuance of Parity
13 Bonds, which institution maintains an office, agency or branch in the United States, and as of the
14 time of issuance of such letter of credit, the financial institution is rated in one of the two highest
15 rating categories by Moody’s Investors Service, Inc. and Standard & Poor’s Ratings Services, or
16 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 fund of that name originally established in the
21 Light Fund pursuant to Ordinance 121637.

22 **“Rating Agency”** means any nationally recognized rating agency then maintaining a
23 rating on any then outstanding 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 **“Refundable Bonds”** means any Parity Bonds that are eligible for refunding under the
7 Omnibus Refunding Bond Ordinance.

8 **“Refunding Parity Bonds”** means Future Parity Bonds issued pursuant to Section 13(h)
9 and the Omnibus Refunding Bond Ordinance, or other Future Parity Bond Legislation, for the
10 purpose of refunding any Refundable Bonds.

11 **“Registered Owner”** means, with respect to a Bond, the person in whose name that
12 Bond is registered on the Bond Register. For so long as the City utilizes the book-entry only
13 system for the Bonds under the Letter of Representations, Registered Owner shall mean the
14 Securities Depository.

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

18 **“Reserve Fund”** means the special fund of the City known as the Municipal Light and
19 Power Bond Reserve Fund established as a separate account within the Light Fund pursuant to
20 Ordinance 71917, as amended.

21 **“Reserve Fund Requirement”** means, for any issue of the Bonds, the Reserve Fund
22 Requirement established in the Bond Resolution approving that issue, consistent with Section
23 13(b). For any issue of Future Parity Bonds, the Reserve Fund Requirement means the

1 requirement specified for that issue. The aggregate Reserve Fund Requirement for all Parity
2 Bonds shall be the sum of the Reserve Fund Requirements for each issue of the Parity Bonds.
3 For purposes of this definition, “issue” means all series of Parity Bonds issued pursuant to a
4 single Bond Resolution.

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

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

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

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

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

16 **“Sinking Fund Account”** means any account created in the Parity Bond Fund to
17 amortize the principal or make mandatory redemptions of Term Bonds.

18 **“Sinking Fund Requirement”** means, for any calendar year, the principal amount of
19 Term Bonds required to be purchased, redeemed, paid at maturity or paid into any Sinking Fund
20 Account for such calendar year (plus any required redemption premium, if any), as established
21 by the Parity Bond Legislation authorizing the issuance of such Term Bonds.

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

1 **“Tax Credit Subsidy Bond”** means any Taxable Bond that is designated by the City as a
2 tax 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 receive 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 **“Taxable Bond”** means any Parity Bond, the interest on which is not intended on the
8 Issue Date to be excluded from gross income for federal income tax purposes.

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

11 **“Term Bond”** means any Parity Bond that is issued subject to mandatory redemption
12 prior to its maturity in Sinking Fund Requirements.

13 **“Undertaking”** means the undertaking to provide continuing disclosure entered into
14 pursuant to Section 18, in substantially the form attached as Exhibit B.

15 **“Valuation Date”** means, with respect to any Capital Appreciation Bonds, the date or
16 dates set forth in any Parity Bond Legislation authorizing such Parity Bonds on which specific
17 Accreted Values are assigned to the Capital Appreciation Bonds.

18 **“Variable Interest Rate”** means any variable interest rate or rates to be borne by the
19 Bonds or any other Parity Bonds. The method of computing such a variable interest rate shall be
20 as specified in the Parity Bond Legislation authorizing or specifying the terms of such Parity
21 Bonds, which Parity Bond Legislation also shall specify either (i) the particular period or periods
22 of time or manner of determining such period or periods of time for which each value of such

variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective.

“Variable Interest Rate Bonds” means, for any period of time, any Bonds or other Parity Bonds that bear a Variable Interest Rate during that period, except that Bonds or Parity Bonds shall not be treated as Variable Interest Rate Bonds if the net economic effect of interest rates on particular Parity Bonds of an issue and interest rates on other Parity Bonds of the same issue, as set forth in the applicable Parity Bond Legislation, or the net economic effect of a Payment Agreement with respect to particular Parity Bonds, in either case is to produce obligations that bear interest at a fixed interest rate; and Parity Bonds with respect to which a Payment Agreement is in force shall be treated as Variable Interest Rate Bonds if the net economic effect of the Payment Agreement is to produce obligations that bear interest at a Variable Interest Rate.

Section 2. **Adoption of System or Plan.** The City specifies, adopts and orders the Plan of Additions to be carried out as generally provided for in the documents comprising the Plan of Additions. The estimated cost of the Plan of Additions, as nearly as may be determined, is declared to be \$2,188,184,000, of which \$264,000,000 is expected to be financed from proceeds of the Bonds and investment earnings thereon.

Section 3. **Authorization of Bonds.** The City is authorized to issue revenue bonds payable from the sources described in Section 12, in the maximum principal amount stated in Section 5, to provide funds to (a) pay part of the cost of carrying out the Plan of Additions; (b) provide for the Reserve Fund Requirement; (c) capitalize interest on, if necessary, and pay the costs of issuance of the Bonds; and (d) for other Light System purposes approved by ordinance. The Bonds may be issued in one or more Series and may be combined with other

1 Parity Bonds (including Refunding Parity Bonds) authorized separately. The Bonds shall be
2 designated municipal light and power revenue bonds, shall be numbered separately and shall
3 have any name, year and series or other label as deemed necessary or appropriate by the Director
4 of Finance.

5 Section 4. **Manner of Sale of the Bonds.** The Director of Finance may provide for the
6 sale of each Series by public sale, negotiated sale, limited offering or private placement with one
7 or more Purchasers, or remarketing agent (if the Bonds are issued with Variable Interest Rates),
8 chosen through a selection process acceptable to the Director of Finance. The Director of
9 Finance is authorized to specify a date and time of sale of and a date and time for delivery of
10 each Series of the Bonds; to give notice of that sale; to determine any bid parameters or other bid
11 requirements and criteria for determining the award of the bid; to provide for the use of an
12 electronic bidding mechanism; to determine matters relating to a forward or delayed delivery of
13 the Bonds; and to specify other matters and take other actions as in his or her determination are
14 necessary, appropriate, or desirable to carry out the sale of each Series of the Bonds. Each Series
15 of the Bonds must be sold on Bond Sale Terms in accordance with Section 5.

16 Section 5. **Bond Sale Terms; Bond Resolution.** The Director of Finance is appointed to
17 serve as the City's designated representative in connection with the issuance and sale of the
18 Bonds in accordance with RCW 39.46.040(2) and this ordinance. The Director of Finance is
19 authorized to accept, on behalf of the City, the Bond Purchase Contract, remarketing agreement,
20 if applicable, and other applicable agreements on Bond Sale Terms consistent with the
21 parameters set forth in this section. No such acceptance shall be effective until adoption of a
22 Bond Resolution approving the Bond Sale Terms. Once adopted, the Bond Resolution shall be
23 deemed a part of this ordinance as if set forth herein.

1 (a) **Maximum Principal Amount.** The Bonds may be issued in one or more Series and
2 shall not exceed the aggregate principal amount of \$275 million (which in the case of Variable
3 Rate Bonds means the principal amount outstanding at any one time).

4 (b) **Date or Dates.** Each Bond shall be dated its Issue Date, as determined by the Director
5 of Finance. For fixed rate bonds, the Issue Date may not be later than December 31, 2019. For
6 Variable Rate Bonds, the initial Issue Date may not be later than December 31, 2019, and such
7 Variable Rate Bonds may be reissued from time to time as determined by the Director of
8 Finance.

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

10 (d) **Interest Rate(s); Payment Dates.** Each Bond shall bear interest from the Issue Date
11 or from the most recent date for which interest has been paid or duly provided for, whichever is
12 later, and shall be payable on dates determined by the Director of Finance. One or more rates of
13 interest shall be established for each maturity of each Series of the Bonds, which rate or rates
14 may be fixed or variable. Fixed interest rates shall be computed on the basis of a 360-day year of
15 twelve 30-day months and the net interest cost shall not exceed a weighted average rate of 10%
16 per annum. Principal payments shall commence on a date and shall be payable at maturity or in
17 accordance with Sinking Fund Requirements on dates determined by the Director of Finance.

18 (e) **Final Maturity.** Each Series of the Bonds shall mature no later than 40 years after its
19 Issue Date.

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

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

6 (ii) **Mandatory Redemption.** Any Bond may be designated as subject to
7 mandatory redemption prior to its maturity consistent with Section 8(b). Any Bond may be
8 designated as subject to extraordinary mandatory redemption upon the occurrence of an
9 extraordinary event in accordance with the resolution approving the sale of such Bond.

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

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

13 (i) On the Issue Date of each Series, the average expected life of the capital
14 facilities to be financed with the proceeds of that Series must exceed the weighted average
15 maturity of the Bonds of that Series allocated to financing those capital facilities.

16 (ii) As of the Issue Date of each Series, the City Council must find that (A) the
17 Parity Conditions will have been met or satisfied, so that such Series may be issued as Parity
18 Bonds, and (B) the issuance and sale of the Series is in the best interest of the City and in the
19 public interest. In making its findings, the City Council shall give due regard to the cost of
20 operation and maintenance of the Light System and to any portion of Gross Revenues pledged
21 for the payment of any bonds, warrants or other indebtedness, and shall find and determine that
22 Gross Revenues, at the rates established from time to time consistent with Section 13(d), will be
23 sufficient, in the judgment of the City Council, to meet all expenses of operation and

1 maintenance of the Light System and to provide the amounts previously pledged for the payment
2 of all outstanding obligations payable out of Gross Revenues and pledged for the payment of the
3 Bonds.

4 (iii) Any Series may provide for Qualified Insurance, a Qualified Letter of Credit
5 or other credit enhancement, or for Payment Agreements. To that end, the Director of Finance
6 may include such additional terms, conditions and covenants as may be necessary or desirable,
7 including but not limited to restrictions on investment of Bond proceeds and pledged funds, and
8 requirements to give notice to or obtain the consent of a credit enhancement provider or
9 Qualified Counterparty.

10 (iv) The Bond Resolution must establish the Reserve Fund Requirement, if any,
11 and must set forth the method for satisfying any such requirement, consistent with Section 13(b).

12 (v) Any Series of the Bonds may be designated or qualified as Tax-Exempt
13 Bonds, Tax Credit Subsidy Bonds, or other Taxable Bonds, and may include such additional
14 terms and covenants relating to federal tax matters as the Director of Finance deems necessary or
15 appropriate, consistent with Section 14.

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

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

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

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

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

11 Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any Authorized
12 Denomination of an equal aggregate principal amount and of the same Series, interest rate and
13 maturity. Bonds may be transferred only if endorsed in the manner provided thereon and
14 surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to an Owner or
15 transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during
16 the period between the Record Date and the corresponding interest or principal payment date or
17 redemption date.

18 **(c) Securities Depository; Book-Entry Form.** The Bonds initially shall be registered in
19 the name of the Securities Depository. The Bonds so registered shall be held fully immobilized
20 in book-entry form by the Securities Depository in accordance with the provisions of the Letter
21 of Representations. Neither the City nor the Bond Registrar shall have any responsibility or
22 obligation to participants of the Securities Depository or the persons for whom they act as
23 nominees with respect to the Bonds regarding accuracy of any records maintained by the

Securities Depository or its participants of any amount in respect of principal of or interest on the Bonds, or any notice which is permitted or required to be given to Registered Owners hereunder (except such notice as is required to be given by the Bond Registrar to the Securities Depository). Registered ownership of a Bond initially held in book-entry form, or any portion thereof, may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City or such substitute Securities Depository's successor; or (iii) to any person if the Bond is no longer held in book-entry form.

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

(d) **Lost or Stolen Bonds.** In case any Bond shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new bond or bonds of like amount, date, tenor, and effect to the Registered Owner(s) thereof upon the Registered Owner(s) paying the expenses and charges of the City in connection therewith and upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that such bond or bonds were actually lost, stolen or destroyed and of Registered Ownership thereof, and upon furnishing the City with indemnity satisfactory to both.

Section 7. **Payment of Bonds.** The Bonds shall be payable solely out of the Parity Bond Fund, in lawful money of the United States, and shall not be general obligations of the City.

Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The City, however, is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received at least ten days prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not registered in the name of the Securities Depository is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 8. Redemption and Purchase of Bonds.

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

(b) Mandatory Redemption. If not redeemed or purchased at the City's option prior to maturity, Term Bonds (if any) shall be redeemed, at a price equal to the principal amount thereof to be redeemed plus accrued interest, on the dates and in the years and Sinking Fund Requirements as set forth in the Bond Resolution. If the City redeems or purchases Term Bonds at the City's option prior to maturity, the Term Bonds so redeemed or purchased (irrespective of their redemption or purchase prices) shall be credited at the par amount thereof against the remaining 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. In addition, the Bond Resolution may set forth terms under

1 which a Bond may be subject to extraordinary mandatory redemption prior to maturity upon the
2 occurrence of an extraordinary event, at the price, in principal amounts and on the dates set forth
3 therein.

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

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

19 Section 9. **Notice of Redemption.** Unless otherwise set forth in the Bond Resolution, the
20 City shall cause notice of any intended redemption of Bonds to be given not less than 20 nor
21 more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to
22 the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register
23 on the Record Date, and the requirements of this sentence shall be deemed to have been fulfilled

1 when notice has been mailed as so provided, whether or not it is actually received by the
2 Registered Owner of any Bond. Interest on Bonds called for redemption shall cease to accrue on
3 the date fixed for redemption unless the Bond or Bonds called are not redeemed when presented
4 pursuant to the call.

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

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

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

1 Only Bonds bearing a certificate of authentication in substantially the following form
2 (with the designation, year and Series of the Bonds adjusted consistent with this ordinance),
3 manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to
4 the benefits of this ordinance: "This Bond is one of the fully registered The City of Seattle,
5 Washington, [Municipal Light and Power Improvement Revenue Bonds], [Year], [Series],
6 described in [this ordinance]." The authorized signing of a certificate of authentication shall be
7 conclusive evidence that the Bond so authenticated has been duly executed, authenticated and
8 delivered and is entitled to the benefits of this ordinance.

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

18 Section 12. **Security for the Bonds; Parity with other Bonds.** The Bonds shall be
19 special limited obligations of the City payable from and secured solely by Gross Revenues and
20 by money in the Parity Bond Fund and the Reserve Fund. Gross Revenues are pledged to make
21 the payments into the Parity Bond Fund and the Reserve Fund required by Section 13(a) and
22 Section 13(b), which pledge shall constitute a lien and charge upon such Gross Revenues prior

1 and superior to all other charges whatsoever, save and except reasonable charges for
2 maintenance and operation of the Light System.

3 The Bonds shall be on a parity with the Outstanding Parity Bonds and all Future Parity
4 Bonds, without regard to date of issuance or authorization and without preference or priority of
5 right or lien with respect to participation of special funds in amounts from Gross Revenues for
6 payment thereof. Nothing contained herein shall prevent the City from issuing revenue bonds or
7 other obligations which are a charge or lien upon Gross Revenues subordinate to the payments
8 required to be made from Gross Revenues into the Parity Bond Fund and the accounts therein.

9 The Bonds shall not constitute general obligations of the City, the State or any political
10 subdivision of the State or a charge upon any general fund or upon any money or other property
11 of the City, the State or any political subdivision of the State not specifically pledged by this
12 ordinance.

13 Section 13. **Bond Covenants.**

14 (a) **Parity Bond Fund.** The Parity Bond Fund has been previously created for the sole
15 purpose of paying the principal of and interest on the Parity Bonds as the same shall become due.
16 The Bonds shall be payable (including principal, Sinking Fund Requirements, redemption
17 premium (if any) and interest) out of the Parity Bond Fund. So long as any Parity Bonds or
18 Parity Payment Agreements are outstanding, the Director of Finance shall set aside and pay into
19 the Parity Bond Fund on or prior to the respective dates on which such payments shall become
20 due and payable certain fixed amounts out of Gross Revenues sufficient to make such payments
21 as the same shall become due. Money in the Parity Bond Fund shall, to the fullest extent
22 practicable and reasonable, be invested and reinvested at the direction of the Director of Finance
23 solely in, and obligations deposited in such accounts shall consist of, Permitted Investments.

Earnings on money and investments in the Parity Bond Fund shall be deposited in and used for the purposes of that fund.

(b) **Reserve Fund.** The Reserve Fund has been previously created for the purpose of securing the payment of the principal of and interest on all Parity Bonds and all amounts due under any Parity Payment Agreements. Money held in the Reserve Fund 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 Fund shall be deposited in that fund and credited against amounts required to be deposited therein until the Reserve Fund is fully funded, and thereafter such earnings shall be deposited in the Parity Bond Fund.

(i) **Reserve Fund Requirement.** Each Bond Resolution shall establish the Reserve Fund Requirement, if any, for all Bonds issued thereunder and the method for providing for such Reserve Requirement.

(A) In the Parity Bond Legislation authorizing the issuance of any Future Parity Bonds, the City shall provide for deposit into the Reserve Fund out of Gross Revenues (or out of any other legally available funds, including proceeds of Parity Bonds) at one time on the Issue Date or in periodic payments so that by five years from the date of such Future Parity Bonds there will have been paid into the Reserve Fund an amount which, together with the money already on deposit therein, will be at least equal to the Reserve Fund Requirement for all Parity Bonds outstanding at the end of that five-year period.

(B) Notwithstanding the foregoing, any Parity Bond Legislation may provide for the City to obtain one or more Alternate Reserve Securities for specific amounts required to be paid into the Reserve Fund. The amount available to be drawn upon under each

1 such Alternate Reserve Security shall be credited against the amounts required to be maintained
2 in the Reserve Fund by paragraph (A) of this subsection.

3 (C) An Alternate Reserve Security may not be cancelable on less than five
4 years' notice. In the event of receipt of any notice of cancellation, the City shall substitute an
5 Alternate Reserve Security in the amount required pursuant to paragraph (A) of this subsection,
6 or in the alternative shall create a special account in the Light Fund and deposit therein, on or
7 before the 25th day of each of the 60 succeeding calendar months, 1/60th of the amount sufficient,
8 together with other money and investments on deposit in the Reserve Fund, to equal the Reserve
9 Fund Requirement on the date any such cancellation shall become effective. Such amounts shall
10 be transferred from money in the Light Fund (after making provision for payment of operating
11 and maintenance expenses and for the required payments into the Parity Bond Fund). Amounts
12 on deposit in such special account shall not be available to pay debt service on Parity Bonds or
13 for any other purpose of the City, and shall be transferred to the Reserve Fund on the effective
14 date of any cancellation of the Alternate Reserve Security to make up the deficiency caused
15 thereby. Amounts in that special account or in the Reserve Fund may be transferred back to the
16 Light Fund and used for any purpose if and when a substitute Alternate Reserve Security is
17 obtained.

18 (D) If the amount in the Reserve Fund is less than the Reserve Fund
19 Requirement (taking into account the five-year period referred to in paragraph (A) of this
20 subsection), the City shall transfer to the Reserve Fund money in an amount sufficient to restore
21 the Reserve Fund to the Reserve Fund Requirement within 12 months after the date of such
22 deficiency. The City shall transfer such amounts first from money in the Light Fund (after
23 making provision for payment of operating and maintenance expenses and for the required

1 payments into the Parity Bond Fund) and only thereafter from money in any construction fund or
2 account established with respect to any issue of Parity Bonds, first taking money from the
3 unrestricted portion thereof, then taking money from the restricted portion thereof. If the amount
4 in the Reserve Fund is greater than the Reserve Fund Requirement, then and only then may the
5 City withdraw such excess from the Reserve Fund and deposit such excess in the Light Fund.

6 (ii) **Use of Reserve Fund for Refunding Bonds.** If any Parity Bonds are
7 refunded, the money set aside in the Reserve Fund to secure the payment of such Parity Bonds
8 may be used to retire such Parity Bonds or may be transferred to any reserve fund or account
9 which may be created to secure the payment of any bonds issued to refund such Parity Bonds, as
10 long as the money left remaining in the Reserve Fund is at least equal, together with all Alternate
11 Reserve Securities, to the Reserve Fund Requirement.

12 (iii) **Use of Reserve Fund for Payment of Debt Service.** If the money in the
13 Parity Bond Fund is insufficient to meet maturing installments of either interest on or principal
14 of and interest on the Parity Bonds (including amounts payable under any Parity Payment
15 Agreements), such deficiency shall be made up from the Reserve Fund by the withdrawal of
16 money or proceeds of Alternate Reserve Securities, as the case may be. Any deficiency created
17 in the Reserve Fund by reason of any such withdrawal or claim against an Alternate Reserve
18 Security shall then be made up out of Net Revenue or out of any other legally available funds of
19 the City.

20 (iv) **Withdrawals From Reserve Fund.** Money in the Reserve Fund may be
21 withdrawn by the City for any lawful purpose as long as the aggregate of any money and
22 Alternate Reserve Securities remaining on deposit in the Reserve Fund is at least equal to the
23 Reserve Fund Requirement for the Parity Bonds then outstanding. The City reserves the right to

1 substitute one or more Alternate Reserve Securities for money previously deposited in the
2 Reserve Fund and to withdraw such excess to the extent described in the preceding sentence.
3 Any withdrawals from subaccounts within the Reserve Fund shall be made on a pro rata basis,
4 except when the terms of an Alternate Reserve Security require all cash and investments in the
5 Reserve Fund to be withdrawn before any draw or claim is made on the Alternate Reserve
6 Security, or unless the City receives an opinion of Bond Counsel to the effect that such pro rata
7 withdrawal is not required to maintain the federal tax benefits (if any) of any then outstanding
8 Parity Bonds issued as Tax-Exempt Bonds or Tax Credit Subsidy Bonds.

9 **(c) Sale or Disposition of the Light System.**

10 (i) The City may dispose of all or substantially all of the Light System if the City
11 simultaneously causes all of the Parity Bonds to be, or be deemed to be, no longer outstanding.

12 (ii) Except as provided below, the City will not dispose of any part of the Light
13 System in excess of 5% of the value of the net utility plant of the Light System in service unless
14 prior to such disposition:

15 (A) there has been filed with the Director of Finance a certificate of the
16 Professional Utility Consultant stating that such disposition will not impair the ability of the City
17 to comply with the rate covenant set forth in Section 13(d); or

18 (B) provision is made for the payment, redemption or other retirement of a
19 principal amount of Parity Bonds equal to the greater of the following amounts: (1) an amount
20 which will be in the same proportion to the net principal amount of Parity Bonds then
21 outstanding (defined as the total principal amount of Parity Bonds then outstanding less the
22 amount of cash and investments in the Parity Bond Fund) that Gross Revenues for the 12
23 preceding months attributable to the part of the Light System sold or disposed of bears to the

total Gross Revenues for such period; or (2) an amount which will be in the same proportion to the net principal amount of Parity Bonds then outstanding that the book value of the part of the Light System sold or disposed of bears to the book value of the entire Light System immediately prior to such sale or disposition.

(iii) The City may dispose of any portion of the Light System that has become unserviceable, inadequate, obsolete, worn out or unfit to be used or no longer necessary, material to or useful in the operation of the Light System.

(iv) If the ownership of all or part of the Light System is transferred from the City through the operation of law, the City shall reconstruct or replace the transferred portion using any proceeds of the transfer unless the City Council determines that such reconstruction or replacement is not in the best interests of the City and the Owners of the Parity Bonds, in which case any proceeds shall be used to retire Parity Bonds prior to maturity.

(d) Rates and Charges. The City will establish from time to time and maintain such rates for electric energy as will maintain the Light System in sound financial condition and provide sufficient revenues to pay into the Parity Bond Fund the amounts that are required by this ordinance to be applied to the payment of the principal of and interest on the Parity Bonds until the Parity Bonds shall have been paid in full, to pay all costs of operation and maintenance and to pay all bonds, warrants and indebtedness for which any revenues of the Light System shall have been pledged.

(e) Maintenance and Operation of the Light System. The City will operate the properties of the Light System in an efficient manner and at a reasonable cost; and will maintain, preserve and keep, or cause to be maintained, preserved and kept, the properties of the Light System and every part and parcel thereof in good repair, working order and condition; and from

time to time will make or cause to be made all necessary and proper repairs, renewals and replacements thereto so that at all times the business carried on in connection therewith will be properly and advantageously conducted.

(f) **Books and Financial Statements.** The City will keep and maintain proper books of account for the Light System in accordance with generally accepted accounting principles applicable to governmental utilities; will generally adhere to the uniform system of accounts prescribed by the State Auditor's Office and the Federal Energy Regulatory Commission (if any); and will prepare, on or before 120 days after each calendar year, annual financial statements showing reasonable detail, including a balance sheet, an income statement and a statement of cash flows or other such statement. Copies of such financial statements shall be placed on file in the office of the Director of Finance and shall be open to inspection at any reasonable time by any owner of any Parity Bonds. A copy of such financial statements shall be sent to any owner of Parity Bonds upon request in writing setting forth the name and address to which such financial statements may be sent.

(g) **Issuance of Future Parity Bonds.** Except as provided in Section 13(h) for the issuance of Refunding Parity Bonds, Future Parity Bonds may be issued (and Parity Payment Agreements may be entered into), from time to time in one or more series for any lawful purpose of the City's Light Department, only if at the time of delivery of each series of Future Parity Bonds to the initial purchasers thereof (or on the effective date of the Parity Payment Agreement):

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

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

(A) a certificate of the Director of Finance stating that Net Revenue in any 12 consecutive months out of the most recent 24 months preceding the delivery of the proposed series of Parity Bonds (the "Base Period") was not less than 125% of maximum Annual Debt Service in any future calendar year on all Parity Bonds then outstanding and the proposed series of Parity Bonds (except that if any adjustment in the rates, fees and charges for the services of the Light System will be effective at any time prior to or within six months after the delivery of the proposed Parity Bonds, the Director of Finance shall reflect in his or her certificate the Net Revenue he or she calculates would have been collected in the Base Period if such new rates, fees and charges had been in effect for the entire Base Period), or

(B) a certificate of the Professional Utility Consultant setting forth: (1) the amount of the Adjusted Net Revenue computed as provided in paragraph (iii) below; (2) the amount of maximum Annual Debt Service in any calendar year thereafter on account of all Parity Bonds to be outstanding in such calendar year, including the Parity Bonds proposed to be issued, and stating that the amount shown in subparagraph (B)(1) above is not less than 125% of the amount shown in this subparagraph (B)(2).

(iii) For the purposes of the certificate required by paragraph (ii) above, Adjusted Net Revenue shall be computed by the Professional Utility Consultant by adjusting the Net Revenue for the Base Period by any or all of the following conditions and requirements as may be appropriate to the circumstances:

(A) If the Parity Bonds are being issued for the purpose of acquiring operating electric utility properties having an earnings record, the Professional Utility Consultant shall estimate the effect on the Net Revenue for the Base Period of the acquisition of such

1 electric utility properties and the integration thereof into the Light System, and shall adjust the
2 Net Revenue for the Base Period to give effect to such estimate. Any such estimate shall be
3 based upon the operating experience and records of the City and upon any available financial
4 statements and records relating to the earnings of such electric utility properties to be acquired.

5 (B) If any changes have been adopted by the City Council and are in effect
6 on the date of sale of the Parity Bonds or are to go into effect not later than 12 months after such
7 date, in any rates and charges imposed by the City on sales of power and energy and other
8 services furnished by the Light System, which were not in effect during the entire Base Period,
9 the Professional Utility Consultant may, if such changes resulted in increases in such rates and
10 charges, and shall, if such changes resulted in reductions in such rates and charges, adjust Net
11 Revenue for the Base Period to reflect any change in such Net Revenue that would have occurred
12 if the changed rates and charges had been in effect during the entire Base Period.

13 (C) If the purpose for which the Parity Bonds are being issued is to acquire
14 or construct generation or transmission facilities required to furnish or make available to the
15 Light System additional power and energy, or transmission facilities required to enable the City
16 to sell additional power and energy, the Professional Utility Consultant may adjust Net Revenue
17 for the Base Period by (1) deducting the amount of the estimated increase in operating and
18 maintenance expenses resulting from the acquisition or construction of such facilities in their
19 first year of full operation, (2) adding any additional revenues to be derived from the sale or
20 transmission of such additional power and energy pursuant to executed power sales contracts,
21 and (3) adding an amount equal to the estimated cost of the power and energy which would have
22 been replaced or displaced by such facilities had such additional power and energy in excess of

1 the power and energy to be sold pursuant to clause (2) above been used in the Light System
2 during the Base Period.

3 (D) If there were any customers added to the Light System during the
4 Base Period or thereafter and prior to the date of the Professional Utility Consultant's certificate,
5 Net Revenue may be adjusted on the basis that such added customers were customers of the
6 Light System during the entire Base Period.

7 (E) If extensions of or additions to the Light System (not described in
8 subparagraph (C) above) are in the process of construction on the date of the Professional Utility
9 Consultant's certificate, or if the proceeds of the Parity Bonds being issued are to be used to
10 acquire or construct extensions of or additions to the Light System (not described in
11 subparagraph (C) above), the Net Revenue for the Base Period may be adjusted by adding any
12 additional revenues not included in the preceding paragraphs that will be derived from such
13 additions and extensions and deducting the estimated increase in operating and maintenance
14 expenses resulting from such additions and extensions.

15 (F) The Net Revenue for the Base Period may be adjusted by excluding
16 from the determination of expenses of operation, maintenance and repair of the Light System any
17 extraordinary, nonrecurring expenses of the Light System or any judgments or amounts to be
18 paid in settlement of claims against the Light System.

19 (iv) In rendering any certificate under this Section 13(g), the Professional Utility
20 Consultant may rely upon, and such certificate shall have attached thereto, (A) financial
21 statements of the Light System, certified by the Director of Finance, showing income and
22 expenses for the period upon which the same are based and a balance sheet as of the end of such
23 period, (B) similar certified statements by the Division of Municipal Corporations of the Office

1 of the State Auditor of the State (or any successor thereto), or (C) similar certified statements by
2 a Certified Public Accountant for as much of such period as any examination by them has been
3 made and completed. If two or more of such statements are inconsistent with each other, the
4 Professional Utility Consultant shall rely on the statement described under clause (A) in this
5 Section 13(g)(iv).

6 **(h) Issuance of Refunding Parity Bonds.**

7 (i) Without complying with the provisions of Section 13(g), the City may at any
8 time and from time to time issue one or more series of Refunding Parity Bonds, but only if there
9 shall have been filed with the City a certificate of the Director of Finance stating that Annual
10 Debt Service immediately after the issuance of such Refunding Parity Bonds (calculated by
11 including debt service on the Refunding Parity Bonds but excluding debt service on the bonds to
12 be refunded with the proceeds thereof) does not exceed the Annual Debt Service immediately
13 prior to the issuance of the Refunding Parity Bonds (calculated by including debt service on the
14 bonds to be refunded but excluding debt service on the Refunding Parity Bonds) by more than
15 \$5,000 in any calendar year that any then-outstanding Parity Bonds are anticipated to be
16 outstanding.

17 (ii) Parity Bonds of any one or more series or one or more maturities within a
18 series may be refunded by a single series of Refunding Parity Bonds, which Refundable Bonds
19 shall be specified in the Parity Bond Legislation providing for the issuance of the Refunding
20 Parity Bonds, and the principal amount of such Refunding Parity Bonds may include amounts
21 necessary to pay the principal of the Parity Bonds to be refunded, interest thereon to the date of
22 payment or redemption thereof, any premium payable thereon upon such payment or redemption
23 and the costs of issuance of such Refunding Parity Bonds. The proceeds of the Refunding Parity

Bonds shall be held and applied in such manner as is provided in the Parity Bond Legislation providing for the issuance of such Refunding Parity Bonds, so that upon the delivery of such Refunding Parity Bonds the Parity Bonds to be refunded thereby shall be deemed to be no longer outstanding in accordance with the provisions of the Parity Bond Legislation providing for the issuance of those Parity Bonds.

(iii) Refunding Parity Bonds may also be issued upon compliance with the provisions of Section 13(g).

(iv) Nothing contained in this ordinance shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the City from issuing Refunding Parity Bonds to fund or refund maturing Parity Bonds of the City for the payment of which money is not otherwise available.

Section 14. **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 proceeds of such Series or other funds of the City treated as proceeds of the Series at any time during the term of the Series that will cause interest on the 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

1 prevent interest on such Series from being included in gross income for federal income tax
2 purposes.

3 (b) **Tax Credit Subsidy Bonds or other Taxable Bonds.** The Director of Finance may,
4 without further action by the City Council, make provision in the Bonds or other written
5 document for such additional covenants of the City as may be necessary or appropriate in order
6 for the City to receive from the United States Treasury the applicable Tax Credit Subsidy
7 Payments in respect of any Series of the Bonds issued as Tax Credit Subsidy Bonds or otherwise
8 become and remain eligible for tax benefits under the Code.

9 Section 15. **Refunding or Defeasance of Bonds.** The Bonds are hereby designated
10 “Refundable Bonds” for purposes of the Omnibus Refunding Bond Ordinance. The City may
11 issue refunding bonds pursuant to the laws of the State or use money available from any other
12 lawful source to pay when due the principal of and premium, if any, and interest on any Bond, or
13 any portion thereof, included in a refunding or defeasance plan, and to redeem and retire, release,
14 refund or defease those Bonds (the “Defeased Bonds”) and to pay the costs of such refunding or
15 defeasance. If money and/or Government Obligations maturing at a time or times and in an
16 amount sufficient, together with known earned income from the investments thereof, to redeem
17 and retire, release, refund or defease the Defeased Bonds in accordance with their terms, are set
18 aside in a special trust fund or escrow account irrevocably pledged to such redemption,
19 retirement or defeasance (the “Trust Account”), then all right and interest of the Owners of the
20 Defeased Bonds in the covenants of this ordinance and in Gross Revenues and the funds and
21 accounts pledged to the payment of such Defeased Bonds, other than the right to receive the
22 funds so set aside and pledged, thereafter shall cease and become void. Such Owners thereafter
23 shall have the right to receive payment of the principal of and interest or redemption price on the

1 Defeased Bonds from the Trust Account. Unless otherwise specified in the Bond Resolution,
2 notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding
3 or defeasance shall be conducted, in the manner set forth in this ordinance for the redemption of
4 Bonds. After establishing and fully funding such a Trust Account, the Defeased Bonds shall be
5 deemed no longer outstanding and the City may apply any money in any other fund or account
6 established for the payment or redemption of the Defeased Bonds to any lawful purposes, subject
7 only to the rights of the Owners of any other Parity Bonds.

8 Section 16. **Amendments.**

9 (a) **Amendments Without Bond Owners' Consent.** The City Council from time to time
10 and at any time may pass supplemental resolutions or ordinances, which shall become a part of
11 this ordinance, for any one or more of the following purposes:

12 (i) To add other covenants and agreements that do not adversely affect the
13 interests of the owners of any Parity Bonds then outstanding, or to surrender any right or power
14 reserved to or conferred upon the City.

15 (ii) To cure any ambiguities or to cure, correct or supplement any defective
16 provision contained in this ordinance in regard to matters or questions arising under this
17 ordinance as the City Council may deem necessary or desirable and not inconsistent with this
18 ordinance and which do not materially adversely affect the interests of owners of any Parity
19 Bonds then outstanding.

20 (iii) To make such changes as are necessary to permit the Bonds to be held in
21 registered certificate form or in fully immobilized form by a Securities Depository.

22 Any such supplemental resolution or ordinance may be passed without the consent of the
23 registered owners of the Parity Bonds at the time outstanding, notwithstanding any of the

provisions of subsection (b) of this section, but only upon receipt by the City of an opinion of Bond Counsel to the effect that the amendment is permitted by the terms of this ordinance. The City shall deliver a copy of any such supplemental resolution or ordinance to each Rating Agency prior to its passage by the City.

(b) **Amendments With Bond Owners' Consent.** The City Council may, with the consent of the registered owners representing not less than 60% in aggregate principal amount of the Parity Bonds then outstanding, pass supplemental resolutions or ordinances to add to, change, or eliminate any provision of this ordinance or of any supplemental resolution or ordinance, except no such supplemental resolution or ordinance may:

(i) Extend the fixed maturity of any Parity Bond, reduce the rate of interest on any Parity Bond, extend the times of payment of interest from their respective due dates, reduce the principal amount of any Parity Bond, or reduce any redemption premium, without consent from the registered owners of or on behalf of all Parity Bonds so affected; or

(ii) Reduce the percentage of ownership required to approve any such supplemental resolution or ordinance without the consent from the registered owners of or on behalf of all of the Parity Bonds then outstanding.

For purposes of determining whether consents representing the requisite percentage of principal amount of Parity Bonds have been obtained, the Accreted Value of Capital Appreciation Bonds shall be deemed to be the principal amount. It shall not be necessary to obtain approval of the particular form of any proposed supplemental resolution or ordinance, but it shall be sufficient if the consent shall approve the substance thereof.

(c) **Special Amendments.** The Registered Owners from time to time of the Bonds, by taking and holding the same, shall be deemed to have consented to the passage by the City

Council of any supplemental resolution or ordinance, which shall become a part of this ordinance, for any one or more of the following purposes if and to the extent such consent is determined to be necessary:

(i) Permit the reimbursement obligations of the City under any Qualified Insurance or Qualified Letter of Credit (other than Qualified Insurance or a Qualified Letter of Credit obtained to satisfy all or a part of the Reserve Fund Requirement) to be secured by a charge and lien on Net Revenue of the Light System equal in rank with the charge and lien upon such Net Revenue required to be paid into the Parity Bond Fund to pay and secure the payment of the principal of and interest on Parity Bonds;

(ii) Permit the reimbursement obligations of the City under any Alternate Reserve Security to be made by transfers from money in the Light Fund on a parity with the transfers to be made to upon receipt of any notice of cancellation of an Alternate Reserve Security;

(iii) Provide, in calculating Annual Debt Service with respect to any series of Parity Bonds, the aggregate principal amount of which becomes due and payable, either at maturity for Serial Bonds or as a Sinking Fund Requirement for Term Bonds, in any calendar year in an amount that constitutes 25% or more of the initial aggregate principal amount of such series of Parity Bonds, that the principal of such series of Parity Bonds, together with interest thereon at the rate or rates applicable to such series of Parity Bonds, may be amortized in equal annual installments over a period equal to the longer of 30 years or the remaining term of such series of Parity Bonds;

(iv) Provide that the amount of interest deemed to be payable on any series of Variable Interest Rate Bonds shall be calculated on the assumption that the interest rate on those

Parity Bonds is equal to the highest 12-month rolling average of the SIFMA Municipal Swap Index over the preceding 10 years.

(d) **Effect of Amendment.** Upon the passage of any supplemental resolution or ordinance pursuant to the provisions of this section, this ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City under this ordinance shall thereafter be determined, exercised and enforced, subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental resolution or ordinance shall be deemed to be a part of the terms and conditions of this ordinance for any and all purposes.

(e) **Notation on Bonds.** Parity Bonds executed and delivered after the execution of any supplemental resolution or ordinance passed pursuant to the provisions of this section may have a notation as to any matter provided for in such supplemental resolution or ordinance, and if such supplemental resolution or ordinance shall so provide, new bonds modified to conform, in the opinion of the City Council, to any modification of this ordinance contained in any such supplemental resolution or ordinance may be prepared by the City and delivered without cost to the owners of any affected Parity Bonds then outstanding, upon surrender for cancellation of such bonds in equal aggregate principal amounts.

Section 17. **Rate Stabilization Account.** The City may at any time deposit in the Rate Stabilization Account, Gross Revenues and any other money received by the Light System and available to be used therefor. Thereafter, the City may withdraw any or all of the money from the Rate Stabilization Account for inclusion in Net Revenue for any applicable year of the City. Such deposits or withdrawals may be made up to and including the date 90 days after the end of the applicable year for which the deposit or withdrawal will be included as Net Revenue.

1 Section 18. **Official Statement; Continuing Disclosure.**

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

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

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

21 Section 19. **General Authorization.** In addition to the specific authorizations in this
22 ordinance, the Mayor and the Director of Finance and each of the other appropriate officers of
23 the City are each authorized and directed to do everything as in his or her judgment may be

1 necessary, appropriate, or desirable in order to carry out the terms and provisions of, and
2 complete the transactions contemplated by, this ordinance. In particular and without limiting the
3 foregoing:

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

13 (b) each of the Mayor and the Director of Finance is separately authorized to execute and
14 deliver (i) any and all contracts or other documents as are consistent with this ordinance and for
15 which the City's approval is necessary or to which the City is a party (including but not limited
16 to agreements with escrow agents, refunding trustees, liquidity or credit support providers, bond
17 insurers, remarketing agents, underwriters, lenders, fiscal agents, counterparties to Payment
18 Agreements, custodians, and the Bond Registrar); and (ii) such other contracts or documents
19 incidental to the issuance and sale of a Series of the Bonds; the establishment of the initial
20 interest rate or rates on a Bond; or the tender, purchase, remarketing, or redemption of a Bond, as
21 may in his or her judgment be necessary or appropriate.

22 Section 20. **Severability**. The provisions of this ordinance are declared to be separate and
23 severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal

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

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

10 Section 22. **Headings.** Section headings in this ordinance are used for convenience only
11 and shall not constitute a substantive portion of this ordinance.

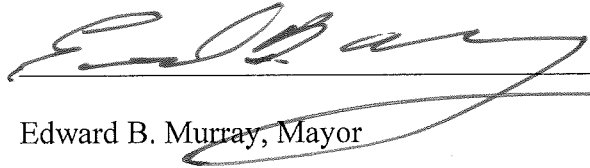
Section 23. **Effective Date.** This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 21st day of November, 2016,
and signed by me in open session in authentication of its passage this 21st day of
November, 2016.



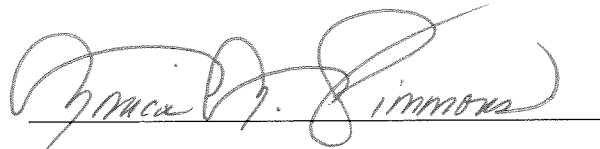
President _____ of the City Council

Approved by me this 28th day of November, 2016.



Edward B. Murray, Mayor

Filed by me this 28th day of NOVEMBER, 2016.



Monica Martinez Simmons, City Clerk

(Seal)

Attachments:

Exhibit A: Outstanding City Light Parity Bonds

Exhibit B: Form of Undertaking to Provide Continuing Disclosure

EXHIBIT A

OUTSTANDING CITY LIGHT PARITY BONDS

Issue Name	Dated Date	Original Par Amount	Bond Legislation		
			New Money Ord.	Refunding Ord.	Bond Sale Res.
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2008	12/30/2008	\$257,375,000	Ord. 122807	Ord. 121941 (as amended by Ord. 122838)	Res. 31105
Municipal Light and Power Revenue Bonds, 2010A (Taxable Build America Bonds – Direct Payment)	5/26/2010	\$181,625,000	Ord. 123169	--	Res. 31213
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2010B	5/26/2010	\$596,870,000	Ord. 123169	Ord. 121941 (as amended by Ord. 122838)	Res. 31213
Municipal Light and Power Revenue Bonds, 2010C (Taxable Recovery Zone Economic Development Bonds – Direct Payment)	5/26/2010	\$13,275,000	Ord. 123169	--	Res. 31213
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2011A	2/8/2011	\$296,315,000	Ord. 123483	Ord. 121941 (as amended by Ord. 122838)	Res. 31263
Municipal Light and Power Improvement Revenue Bonds, 2011B (Taxable New Clean Renewable Energy Bonds – Direct Payment)	2/8/2011	\$10,000,000	Ord. 123483	Ord. 121941 (as amended by Ord. 122838)	Res. 31263
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2012A	7/17/2012	\$293,280,000	Ord. 123752	Ord. 121941 (as amended by Ord. 122838)	Res. 31390
Municipal Light and Power Improvement Revenue Bonds, 2012C (Taxable New Clean Renewable Energy Bonds – Direct Payment)	7/17/2012	\$43,000,000	Ord. 123752	--	Res. 31390

Issue Name	Dated Date	Original Par Amount	Bond Legislation		
			New Money Ord.	Refunding Ord.	Bond Sale Res.
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2013	7/9/2013	\$190,755,000	Ord. 124045	Ord. 121941 (as amended by Ord. 122838)	Res. 31456
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2014	11/05/2014	\$265,210,000	Ord. 124336	Ord. 124335 (amending and restating Ord. 121941)	Res. 31552
Municipal Light and Power Revenue Bonds, 2015A	7/9/2015	\$171,850,000	Ord. 124633	--	Res. 31592
Municipal Light and Power Revenue Bonds, 2015B-1 (SIFMA Index)	7/23/2015	\$50,000,000	Ord. 124633	--	Res. 31593
Municipal Light and Power Revenue Bonds, 2015B-2 (SIFMA Index)	7/23/2015	\$50,000,000	Ord. 124633	--	Res. 31593
Municipal Light and Power Revenue Bonds, 2016A (Taxable New Clean Renewable Energy Bonds – Direct Payment)	01/28/2016	\$31,870,000	124916	--	31646
Municipal Light and Power Refunding Revenue Bonds, 2016B	01/28/2016	\$116,875,000	124916	124335 (amending and restating Ord. 121941) as amended by Ord. 124916	31646

EXHIBIT B

FORM OF UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

The City of Seattle, Washington (the “City”) makes the following written Undertaking for the benefit of the Owners of the City’s [Municipal Light and Power Revenue Bonds, 2017][Series Designation] (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:

(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”). The timely filing of unaudited financial statements shall satisfy the requirements and filing deadlines pertaining to subsection (b), so long as audited financial statements are filed if and when they are otherwise prepared and available to the City.

(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

1 proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB)
2 or other material notices or determinations with respect to the tax status of the Bonds, or other
3 material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the
4 Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds),
5 if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property
6 securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency,
7 receivership or similar event of the City, as such “Bankruptcy Events” are defined in Rule 15c2-
8 12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale
9 of all or substantially all of the assets of the City other than in the ordinary course of business, the
10 entry into a definitive agreement to undertake such an action or the termination of a definitive
11 agreement relating to any such actions, other than pursuant to its terms, if material; and (14)
12 appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

15 (b) Type of Annual Financial Information Undertaken to be Provided. The annual
16 financial information that the City undertakes to provide in subsection (a) of this section:

17 (i) Shall consist of (1) annual financial statements of the Light System
18 prepared in accordance with applicable generally accepted accounting principles applicable to
19 governmental units (except as otherwise noted herein), as such principles may be changed from
20 time to time and as permitted by State law; (2) a statement of outstanding bonded debt secured by
21 Gross Revenues of the Light System; (3) debt service coverage ratios for the bond debt secured by
22 Gross Revenues of the Light System; (4) sources of Light System power and the MWh produced

1 by those sources; and (5) the average number of customers, revenues, and energy sales by customer
2 class;

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

7 (iii) May be provided in a single document or multiple documents, and may be
8 incorporated by specific reference to documents available to the public on the Internet website of
9 the MSRB or filed with the SEC.

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

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

22 (e) Termination of Undertaking. The City's obligations under this Undertaking shall
23 terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. In

1 addition, the City's obligations under this Undertaking shall terminate if those provisions of
2 Rule 15c2-12 which require the City to comply with this Undertaking become legally inapplicable
3 in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond
4 counsel or other counsel familiar with federal securities laws delivered to the City, and the City
5 provides timely notice of such termination to the MSRB.

6 (f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the
7 City learns of any material failure to comply with the Undertaking, the City will proceed with due
8 diligence to cause such noncompliance to be corrected. No failure by the City or other obligated
9 person to comply with this Undertaking shall constitute a default in respect of the Bonds. The sole
10 remedy of any Owner of a Bond shall be to take such actions as that Owner deems necessary,
11 including seeking an order of specific performance from an appropriate court, to compel the City
12 or other obligated person to comply with the Undertaking.

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

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

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

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

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

8 (v) Effecting any necessary amendment of the Undertaking.
9

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
FAS/City Light	Michael Van Dyck 4-8347 Kirsty Grainger 4-3713	S. Reddy 5-1232 G. Shiring 6-4085

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the electric system of The City of Seattle; authorizing the issuance and sale of municipal light and power revenue bonds for the purposes of providing funds for certain additions and betterments to and extensions of the existing municipal light and power plant and system of the City, paying the costs of issuance of those bonds, and providing for the reserve fund requirement; providing for the terms, conditions, covenants, and manner of sale of those bonds; describing the lien of those bonds; and ratifying and confirming certain prior acts.

Summary and background of the Legislation: This legislation provides the legal authorization to issue up to \$275 million of bonds for Seattle City Light's System to fund a portion of capital expenditures outlined in the proposed 2017-2022 Capital Improvement Program (CIP).

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 City Light bond sale is anticipated to occur in mid-2017. The bond proceeds, combined with internally generated funds, will support City Light's capital program for about one year.

The bond sizing is based on the proposed budget, operating financial plans, rates, planned cash flow and cash contribution targets. The bond proceeds will also be used to make a deposit to the bond reserve fund and to pay issuance costs.

The proposed issue will have fixed rates, a maximum maturity of 30 years, and estimated annual debt service (principal and interest payments) of about \$17.9 million starting in 2018. City Light's proposed 5.6% rate increase for 2017 incorporates the debt service costs resulting from this bond issue.

Major projects supported by the bond issue include Denny substation construction, advanced metering infrastructure and Alaskan Way viaduct infrastructure relocation. For further information about City Light's capital projects, please see the proposed 2017-2022 CIP.

2. 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?**

Yes. City Light will be obligated to pay 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 substantial cuts in capital and/or operating programs or significant 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 the bonds.

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

No

- e) **Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**

No

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

No

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

No

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

None/No

- i) **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

- j) **Other Issues:**

List attachments/exhibits below:

STATE OF WASHINGTON -- KING COUNTY

--SS.

344222

No. 125197,98,99,125200,01,02

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

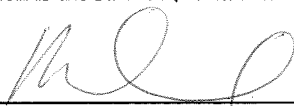
was published on

12/09/16

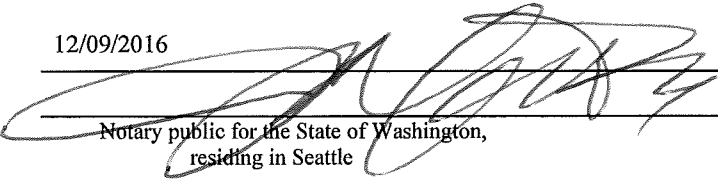
The amount of the fee charged for the foregoing publication is the sum of \$151.53 which amount has been paid in full.



Affidavit of Publication


Subscribed and sworn to before me on

12/09/2016


Notary public for the State of Washington,
residing in Seattle

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 21, 2016, and published below by title only, will be mailed upon request, or can be accessed at <https://seattle.legistar.com/Legislation.aspx>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Contact: Office of the City Clerk at (206) 684-8344.

Ordinance 125197

AN ORDINANCE relating to contracting indebtedness; authorizing and providing for the issuance and sale of limited tax general obligation bonds to pay all or part of the costs of various elements of the City's capital improvement program and other City purposes approved by ordinance, to refinance certain outstanding City-guaranteed bonds of the Seattle Chinatown-International District Preservation and Development Authority, to provide a portion of the funds necessary to replace the Mercer Arena, and to pay the costs of issuance of the bonds; providing for certain terms, conditions, and covenants and the manner of sale of the bonds; authorizing certain agreements for the use of proceeds of the Bonds; and ratifying and confirming certain prior acts.

Ordinance 125198

AN ORDINANCE relating to the electric system of The City of Seattle; authorizing the issuance and sale of municipal light and power revenue bonds for the purposes of providing funds for certain additions and betterments to and extensions of the existing municipal light and power plant and system of the City, paying the costs of issuance of those bonds, and providing for the reserve fund requirement; providing for the terms, conditions, covenants, and manner of sale of those bonds; describing the lien of those bonds; and ratifying and confirming certain prior acts.

Ordinance 125199

AN ORDINANCE relating to fees charged by the Seattle Center Department, modifying the fee range schedule from which the Seattle Center Director is authorized to set fees for use of Seattle Center facilities and property; and amending Section 17.16.015 of the Seattle Municipal Code to provide for adoption of future fee schedules by ordinance.

Ordinance 125200

AN ORDINANCE authorizing, in 2016, acceptance of funding from non-City sources; authorizing the heads of the Executive Department, Seattle Department of Transportation, Seattle Fire Department, and Seattle Police Department to accept specified grants and private funding and to execute, deliver, and perform corresponding agreements; and ratifying and confirming certain prior acts.

Ordinance 125201

AN ORDINANCE amending Ordinance 124927, which adopted the 2016 Budget, including the 2016-2021 Capital Improvement Program (CIP); changing appropriations to various departments and budget control levels, and from various funds in the Budget; creating both exempt and nonexempt positions; modifying positions; adding new projects; making cash transfers between various City funds; revising project allocations for certain projects in the 2016-2021 CIP; lifting a proviso; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

Ordinance 125202

AN ORDINANCE relating to the Smith Cove project and the Capital Fund in the Department of Parks and Recreation; amending Ordinance 124909 to extend the duration of loan, increasing the loan amount to \$4 million and establishing the City's 2008 Parks and Green Spaces Levy as the lending

fund for the Smith Cove interfund loan; and authorizing the loan of funds from the City's 2008 Parks and Green Spaces Levy fund, or its participating funds, in the amount of \$4,000,000 to the Parks Capital Fund for bridge financing of other Seattle Parks District approved capital projects.

Date of publication in the Seattle Daily Journal of Commerce, December 9, 2016.

12/9(344222)