



SEATTLE CITY COUNCIL

Legislative Summary

CB 119103

Record No.: CB 119103

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125455

In Control: City Clerk

File Created: 09/08/2017

Final Action: 11/28/2017

Title: AN ORDINANCE relating to the drainage and wastewater system of The City of Seattle; authorizing the issuance and sale, from time to time in multiple series, of drainage and wastewater refunding revenue bonds for the purpose of carrying out the current or advance refunding of all or a portion of the City's outstanding drainage and wastewater revenue bonds pursuant to an approved refunding plan, providing for the reserve requirement, and paying the administrative costs of carrying out such refundings and paying costs of issuance of the Refunding Parity Bonds; describing the lien of those Refunding Parity Bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; rescinding the authorization to issue any future Refunding Parity Bonds under Ordinance 121938 (as amended by Ordinances 122209 and 122637, as amended and restated by Ordinance 124338, and as further amended by Ordinance 124914); authorizing the Director of Finance to enter into agreements providing for the disposition of the Refunding Parity Bond proceeds; and ratifying and confirming certain prior acts.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Herbold

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Ex A – Refundable Drainage and Wastewater System Bonds, Ex B – Form of Continuing Disclosure Agreement

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	09/25/2017	Mayor's leg transmitted to Council	City Clerk			

Legislative Summary Continued (CB 119103)

1	City Clerk	10/18/2017	sent for review	Council President's Office	
1	Council President's Office	10/19/2017	sent for review	Select Budget Committee	
	Action Text: The Council Bill (CB) was sent for review. to the Select Budget Committee				
	Notes:				
1	Full Council	10/23/2017	referred	Select Budget Committee	
1	Select Budget Committee	11/14/2017			
1	Select Budget Committee	11/15/2017	pass		Pass
	Action Text: The Committee recommends that Full Council pass the Council Bill (CB).				
	Notes:				
		In Favor:	8	Member Bagshaw, Member Harrell, Member Harris-Talley, Chair Herbold, Vice Chair Johnson, Member Juarez, Vice Chair O'Brien, Member Sawant	
		Opposed:	0		
		Absent(NV):	1	Member González	
1	Full Council	11/20/2017	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 González , Council President Harrell, Councilmember Harris-Talley, Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember O'Brien, Councilmember Sawant	
		Opposed:	0		
1	City Clerk	11/22/2017	submitted for Mayor's signature	Mayor	
1	Mayor	11/22/2017	Signed		
1	Mayor	11/28/2017	returned	City Clerk	
1	City Clerk	11/28/2017	attested by City Clerk		
	Action Text: The Ordinance (Ord) was attested by City Clerk.				
	Notes:				

CITY OF SEATTLE

ORDINANCE

125455

COUNCIL BILL

119103

AN ORDINANCE relating to the drainage and wastewater system of The City of Seattle; authorizing the issuance and sale, from time to time in multiple series, of drainage and wastewater refunding revenue bonds for the purpose of carrying out the current or advance refunding of all or a portion of the City's outstanding drainage and wastewater revenue bonds pursuant to an approved refunding plan, providing for the reserve requirement, and paying the administrative costs of carrying out such refundings and paying costs of issuance of the Refunding Parity Bonds; describing the lien of those Refunding Parity Bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; rescinding the authorization to issue any future Refunding Parity Bonds under Ordinance 121938 (as amended by Ordinances 122209 and 122637, as amended and restated by Ordinance 124338, and as further amended by Ordinance 124914); authorizing the Director of Finance to enter into agreements providing for the disposition of the Refunding Parity Bond proceeds; and ratifying and confirming certain prior acts.

WHEREAS, The City of Seattle (the "City") owns, maintains, and operates a system of sanitary sewerage and storm and surface water drainage as part of Seattle Public Utilities (the "Drainage and Wastewater System"), which Drainage and Wastewater System has from time to time required various additions, improvements, betterments, and extensions; and

WHEREAS, the City has previously authorized and issued, and may from time to time in the future authorize and issue, drainage and wastewater revenue bonds having a charge and lien on the Net Revenue of the Drainage and Wastewater System prior and superior to any other charges whatsoever ("Parity Bonds"), which are designated as refundable under this ordinance (the "Refundable Bonds"); and

WHEREAS, pursuant to the Parity Bond Ordinances, the City permitted the future issuance of additional bonds ("Future Parity Bonds") having a charge and lien on the net revenue of the Drainage and Wastewater System on a parity of lien with those Outstanding Parity Bonds upon satisfaction of certain conditions (the "Parity Conditions"); and

1 WHEREAS, it is advantageous to the City and its ratepayers to provide for the refunding of such
2 Refundable Bonds whenever the Director of Finance determines that such refunding will
3 achieve a cost savings or other benefit to the City or its ratepayers as permitted under
4 chapter 39.53 RCW; and

5 WHEREAS, the City has determined that it is in the best interest of the City and its ratepayers to
6 authorize, subject to the provisions of this ordinance, the issuance and sale of drainage and
7 wastewater refunding revenue bonds (the "Refunding Parity Bonds") from time to time in
8 one or more Series for the purpose of (1) carrying out the current or advance refunding of
9 all or a portion of the Refundable Bonds, (2) providing for the reserve requirement, if
10 necessary, and (3) paying the administrative costs of carrying out the refunding and the
11 costs of issuance of the Refunding Parity Bonds; and

12 WHEREAS, pursuant to the authority delegated in this ordinance, the Director of Finance from
13 time to time will receive, review, and adopt a plan (a "Refunding Plan") to refund selected
14 maturities (or partial maturities) of certain series of those Refundable Bonds, which
15 selected series and maturities (or partial maturities) will be identified in the Refunding
16 Plan; and

17 WHEREAS, this ordinance will allow the Director of Finance to carry out the defeasance and
18 refunding of any Refundable Bonds in accordance with the City's debt policies regarding
19 refundings, as such policies may be amended from time to time and as most recently
20 amended by the City Council in Resolution 30630; and

21 WHEREAS, from and after the effective date of this ordinance, the authority to issue Refunding
22 Parity Bonds, previously granted in Ordinance 121938, as amended by Ordinances 122209
23 and 122637, as amended and restated by Ordinance 124338, and as further amended by

Ordinance 124914 (the “Prior Omnibus Refunding Ordinances”), shall sunset and shall be replaced by the authority granted in this ordinance, such that future Refunding Parity Bonds shall be issued under this authority and within the parameters set forth herein, without affecting the outstanding bonds previously issued under the Prior Omnibus Refunding Ordinances; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. **Definitions.** As used in this ordinance, the following capitalized terms shall have the meanings set forth below:

“**Accreted Value**” means with respect to any Capital Appreciation Bond (a) as of any Valuation Date, the amount determined for such Valuation Date in accordance with the applicable Parity Bond Documents, 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, and (B) the difference between the Accreted Values for such Valuation Dates.

“**Acquired Obligations**” means Government Obligations maturing or having guaranteed redemption prices at the option of the holder at such time or times as may be required to provide funds sufficient to carry out the Refunding Plan, and satisfying the requirements of the Refunded Bond Documents relating to the Refunded Bonds included in that Refunding Plan. For purposes of this definition, eligible “Government Obligations” for inclusion in a Refunding Plan shall be determined in accordance with the applicable Refunded Bond Documents.

1 **“Adjusted Annual Debt Service”** for any fiscal year means Annual Debt Service minus
2 (a) an amount equal to ULID Assessments due in that year and not delinquent, (b) an amount equal
3 to earnings from investments in the Reserve Subaccount, and (c) Annual Debt Service provided
4 for by Parity Bond proceeds.

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

9 **“Adjusted Net Revenue”** means Adjusted Gross Revenue less Operating and
10 Maintenance Expense.

11 **“Annual Debt Service”** for any calendar year means the sum of the amounts required in
12 such calendar year to pay the interest due in such calendar year on all Parity Bonds outstanding,
13 excluding interest to be paid from the proceeds of the sale of Parity Bonds or other bonds; the
14 principal of all outstanding Serial Bonds due in such calendar year; and the Sinking Fund
15 Requirement, if any, for such calendar year. Additionally, for purposes of calculating and
16 determining compliance with the Coverage Requirement, the Reserve Requirement and the
17 conditions for the issuance of Future Parity Bonds and/or entering into Parity Payment
18 Agreements, the following shall apply:

19 (a) **Calculation of Interest Due – Generally.** Except as otherwise provided below,
20 interest on any series of Parity Bonds shall be calculated based on the actual amount of accrued,
21 accreted, or otherwise accumulated interest that is payable in respect of that series taken as a whole,
22 at the rate or rates set forth in the applicable Parity Bond Documents.

1 (b) **Capital Appreciation Bonds.** For purposes of this definition, the principal and
2 interest portions of the Accreted Value of Capital Appreciation Bonds becoming due at maturity
3 or by virtue of a Sinking Fund Requirement shall be included in the calculations of accrued and
4 unpaid and accruing interest or principal in such manner and during such period of time as is
5 specified in the Parity Bond Documents applicable to such Capital Appreciation Bonds.

6 (c) **Variable Interest Rate Bonds.** The amount of interest deemed to be payable on
7 any series of Variable Interest Rate Bonds shall be calculated on the assumption that the interest
8 rate on those bonds would be equal to the rate that is 90% of the average RBI during the four
9 calendar quarters preceding the quarter in which the calculation is made.

10 (d) **Interest on Parity Bonds With Respect to Which a Payment Agreement is in**
11 **Force.** Debt service on Parity Bonds with respect to which a Payment Agreement is in force shall
12 be based on the net economic effect on the City expected to be produced by the terms of the Parity
13 Bonds and the terms of the Payment Agreement. For example, if the net economic effect of the
14 Payment Agreement and a series of Parity Bonds otherwise bearing interest at a variable rate is to
15 produce an obligation bearing interest at a fixed interest rate, the relevant series of bonds shall be
16 treated as fixed interest rate bonds. And if the net economic effect of the Payment Agreement and
17 a series of Parity Bonds otherwise bearing interest at a fixed rate is to produce an obligation bearing
18 interest at a variable interest rate, the relevant series of bonds shall be treated as Variable Interest
19 Rate Bonds.

20 Accordingly, the amount of interest deemed to be payable on any Parity Bonds with respect
21 to which a Payment Agreement is in force shall be an amount equal to the amount of interest that
22 would be payable at the rate or rates stated in or determined pursuant to the applicable Parity Bond
23 Documents, 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 applicable Parity Bond Documents. Notwithstanding the other provisions of this definition, 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.

(e) **Parity Payment Agreements.** For any period during which Payment Agreement Payments on a Parity Payment Agreement are taken into account in determining Annual Debt Service on related Parity Bonds under paragraph (d) of this definition, no additional debt service shall be taken into account with respect to that Parity Payment Agreement. However, for any Parity Payment Agreement during a period in which Payment Agreement Payments are not taken into account under paragraph (d) 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:

(i) **If City is 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, it shall be assumed that payments by the City will be based on the assumed fixed payor rate, and that payments by the

1 Qualified Counterparty will be based on a rate equal to the average rate determined by the variable
2 rate index specified by the Parity Payment Agreement during the four calendar quarters preceding
3 the quarter in which the calculation is made.

4 (ii) **If City is Obligated to Make Payments Based on Variable Rate Index.**

5 If the City is obligated to make Payment Agreement Payments based on a variable rate index and
6 the Qualified Counterparty is obligated to make payments based on a fixed rate, it shall be assumed
7 that payments by the City will be based on a rate equal to the average rate determined by the
8 variable rate index specified by the Parity Payment Agreement during the four calendar quarters
9 preceding the quarter in which the calculation is made, and that the Qualified Counterparty will
10 make payments based on the fixed rate specified by the Parity Payment Agreement.

11 (f) **Balloon Bonds.** *Upon the redemption or defeasance of all of the 2008 Bonds,*
12 *2009A Bonds, 2009B Bonds, 2012 Bonds, 2014 Bonds, and 2016 Bonds (as such Outstanding*
13 *Parity Bonds are identified in Exhibit A), the following shall become effective: For purposes of*
14 *calculating debt service on any Balloon Bonds, the City may assume that the principal of those*
15 *Balloon Bonds, together with interest thereon at a rate equal to the assumed RBI-based rate,*
16 *will be amortized in equal annual installments over a term of 30 years.*

17 (g) **Adjustments for Defeased Bonds.** For purposes of calculating and determining
18 compliance with the Coverage Requirement, the Reserve Requirement, and the Parity Conditions,
19 Annual Debt Service shall be adjusted as set forth in Section 21(d).

20 **“Authorized Denomination”** means \$5,000 or any integral multiple thereof within a
21 maturity of a Series, or such other minimum authorized denominations as may be specified in the
22 applicable Bond Documents.

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

4 **“Balloon Bonds”** means any series of Parity Bonds, the aggregate principal amount
5 (including Sinking Fund Requirements) of which becomes due and payable in any calendar year
6 in an amount that constitutes 25% or more of the initial aggregate principal amount of such series
7 of Parity Bonds.

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

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

12 **“Bond Documents”** means (a)(i) with respect to any Series of the Bonds, this ordinance
13 (including any amendatory or supplemental ordinances), and (ii) with respect to a series of Parity
14 Bonds other than a Series of the Bonds, the applicable Parity Bond Ordinance(s); (b) the
15 authenticated bond form; and (c) the written agreement(s) setting forth the Bond Sale Terms and
16 additional terms, conditions, or covenants pursuant to which such bond was issued and sold, as set
17 forth in any one or more of the following (if any): (i) a sale resolution, (ii) a bond purchase contract
18 (as defined in the applicable authorizing ordinance), (iii) a bond indenture or a fiscal agent or
19 paying agent agreement (other than the State fiscal agency contract), and (iv) a direct purchase or
20 continuing covenant agreement.

21 **“Bond Insurance”** means any municipal bond insurance policy, guaranty, surety bond, or
22 similar credit enhancement device providing for or securing the payment of all or part of the
23 principal of and interest on any Parity Bonds, issued by an insurance company licensed to conduct

1 an insurance business in any state of the United States (or by a service corporation acting on behalf
2 of one or more such insurance companies), or by any other financial institution qualified to provide
3 such credit enhancement device.

4 **“Bond Purchase Contract”** means a written offer to purchase a Series of the Bonds,
5 pursuant to certain Bond Sale Terms, which offer has been accepted by the City in accordance
6 with this ordinance. In the case of a competitive sale, the Purchaser’s bid for a Series, together
7 with the official notice of sale and a Pricing Certificate confirming the Bond Sale Terms, shall
8 comprise the Bond Purchase Contract.

9 **“Bond Register”** means the books or records maintained by the Bond Registrar for the
10 purpose of registering ownership of each Bond.

11 **“Bond Registrar”** means the Fiscal Agent (unless the Director of Finance appoints a
12 different person to act as bond registrar with respect to a particular Series), or any successor bond
13 registrar selected in accordance with the Registration Ordinance.

14 **“Bond Sale Terms”** means the terms and conditions for the sale of a Series of the Bonds
15 approved by the Director of Finance consistent with the parameters set forth in Section 5, including
16 the amount, date or dates, denominations, interest rate or rates (or mechanism for determining the
17 interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms,
18 conditions or covenants. In connection with a negotiated sale or private placement, the Bond Sale
19 Terms shall be set forth in the Bond Purchase Contract; in connection with a competitive sale, the
20 Bond Sale Terms shall be set forth in a Pricing Certificate.

21 **“Bonds”** means the Drainage and Wastewater System refunding revenue bonds issued
22 pursuant to this ordinance.

1 **“Book-Entry Form”** means a fully registered form in which physical bond certificates are
2 registered only in the name of the Securities Depository (or its nominee), as Registered Owner,
3 with the physical bond certificates held by and immobilized in the custody of the Securities
4 Depository (or its designee), where the system for recording and identifying the transfer of the
5 ownership interests of the Beneficial Owners in those Bonds is neither maintained by nor the
6 responsibility of the City or the Bond Registrar.

7 **“Capital Appreciation Bond”** means any Parity Bond, all or a portion of the interest on
8 which is compounded and accumulated at the rates or in the manner, and on the dates, set forth in
9 the applicable Bond Documents and is payable only upon redemption or on the maturity date of
10 such Parity Bond. A Parity Bond that is issued as a Capital Appreciation Bond, but which later
11 converts to an obligation on which interest is paid periodically, shall be a Capital Appreciation
12 Bond until the conversion date and thereafter shall no longer be a Capital Appreciation Bond, but
13 shall be treated as having a principal amount equal to its Accreted Value on the conversion date.
14 For purposes of computing the principal amount of Parity Bonds held by the Owner of any Capital
15 Appreciation Bond in connection with any notice, consent, request, or demand, the principal
16 amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value at the time that
17 such notice, consent, request, or demand is given or made.

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

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

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

1 **“Continuing Disclosure Agreement”** means, for each Series sold in an offering subject
2 to federal securities regulations requiring a written undertaking to provide continuing disclosure,
3 a continuing disclosure agreement entered into pursuant to Section 23, in substantially the form
4 attached as Exhibit B.

5 **“Contract Resource Obligation”** means an obligation of the City that is designated as a
6 Contract Resource Obligation and is entered into in accordance with Section 20.

7 **“Coverage Requirement”** means Adjusted Net Revenue equal to at least 1.25 times
8 Adjusted Annual Debt Service on all Parity Bonds then outstanding.

9 **“Covered Parity Bonds”** means all Outstanding Parity Bonds, each Series of the Bonds,
10 and each series of Future Parity Bonds. *From and after the redemption or defeasance of the 2008*
11 *Bonds, 2009A Bonds, 2009B Bonds, 2012 Bonds, 2014 Bonds, and 2016 Bonds (the “Reserve*
12 *Covenant Date”)*, the term “Covered Parity Bonds” shall exclude each series of Parity Bonds for
13 which the Bond Sale Terms provide that, from and after the Reserve Covenant Date, such series
14 shall no longer be treated as a series of Covered Parity Bonds and shall no longer be secured by
15 the amounts in the Reserve Subaccount.

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

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

20 **“Drainage and Wastewater Fund”** means the fund created by Ordinance 84390 and later
21 renamed by Ordinance 114155, into which is paid the Gross Revenue of the Drainage and
22 Wastewater System.

1 **“Drainage and Wastewater System”** means the drainage and wastewater system of the
2 City, including the sanitary sewerage and storm and surface water drainage systems, as it now
3 exists (except properties, interests, and rights under the jurisdiction of the City’s Parks and
4 Recreation Department, Seattle Center Department, Seattle Public Utilities Water System, City
5 Light Department and Fleets and Facilities Department), and all additions thereto and betterments
6 and extensions thereof at any time made, together with any utility systems of the City hereafter
7 combined with the Drainage and Wastewater System. The Drainage and Wastewater System shall
8 not include any separate utility system that may be created, acquired or constructed by the City as
9 provided in Section 19.

10 **“Event of Default”** shall have the meaning assigned to that term in Section 25(a).

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

13 **“Future Parity Bond Ordinance”** means any ordinance passed by the City Council
14 providing for the issuance and sale of a series of Future Parity Bonds, and any other ordinance
15 amending or supplementing the provisions of any such ordinance.

16 **“Future Parity Bonds”** means, with reference to any Series, all revenue bonds and
17 obligations of the Drainage and Wastewater System (other than that Series and any other Parity
18 Bonds then outstanding) issued or entered into after the Issue Date of such Series, the payment of
19 which constitutes a charge and lien on Net Revenue equal in priority with the charge and lien upon
20 such revenue for the payment of the amounts required to be paid into the Parity Bond Account in
21 accordance with Section 15. Future Parity Bonds may include Parity Payment Agreements and
22 any other obligations issued in compliance with the Parity Conditions.

1 **“Government Obligations”** means, unless otherwise limited in the Bond Documents for
2 a particular Series of the Bonds, any government obligation as that term is defined in RCW
3 39.53.010, as now in effect or as may be hereafter amended.

4 **“Gross Revenue”** means (a) all income, revenues, receipts and profits derived by the City
5 through the ownership and operation of the Drainage and Wastewater System; (b) the proceeds
6 received by the City directly or indirectly from the sale, lease or other disposition of any of the
7 properties, rights or facilities of the Drainage and Wastewater System; (c) Payment Agreement
8 Receipts, to the extent that such receipts are not offset by Payment Agreement Payments; and
9 (d) the investment income earned on money held in any fund or account of the City, including any
10 bond redemption funds and the accounts therein, in connection with the ownership and operation
11 of the Drainage and Wastewater System. Gross Revenue does not include: (a) income derived from
12 investments irrevocably pledged to the payment of any defeased bonds payable from Gross
13 Revenue; (b) investment income set aside for or earned on money in any fund or account created
14 or maintained solely for the purpose of complying with the arbitrage rebate provisions of the Code;
15 (c) any gifts, grants, donations or other funds received by the City from any State or federal agency
16 or other person if such gifts, grants, donations or other funds are the subject of any limitation or
17 reservation imposed by the donor or grantor or imposed by law or administrative regulation to
18 which the donor or grantor is subject, limiting the application of such funds in a manner
19 inconsistent with the application of Gross Revenue hereunder; (d) the proceeds of any borrowing
20 for capital improvements (or the refinancing thereof); (e) the proceeds of any liability or other
21 insurance, including but not limited to insurance proceeds compensating the City for the loss of a
22 capital asset, but excluding business interruption insurance or other insurance of like nature
23 insuring against the loss of revenues; (f) general *ad valorem* taxes, excise taxes and special

1 assessments (other than ULID Assessments), including interest and penalties thereon; and
2 (g) earnings of any separate utility system that may be created, acquired, or constructed by the City
3 pursuant to Section 19.

4 **“Independent Utility Consultant”** means an independent person or firm having a
5 favorable reputation for skill and experience with drainage and wastewater systems of comparable
6 size and character to the Drainage and Wastewater System in such areas as are relevant to the
7 purpose for which they were retained.

8 **“Issue Date”** means, with respect to a Bond, the initial date on which that Bond is issued
9 and delivered to the initial Purchaser in exchange for its purchase price.

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

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

14 **“Maximum Annual Debt Service”** means, at the time of calculation, the maximum
15 amount of Annual Debt Service that shall become due in the current calendar year or in any future
16 calendar year with respect to the Parity Bonds then outstanding.

17 **“Net Revenue”** means, for any period, Gross Revenue less Operating and Maintenance
18 Expense.

19 **“Omnibus Refunding Ordinance”** means this ordinance (as it may be amended from time
20 to time), or any other ordinance of the City passed in the future, authorizing the issuance of
21 Refunding Parity Bonds for the purpose of refunding the Bonds (or any Series of the Bonds).

22 **“Operating and Maintenance Expense”** means all expenses incurred by the City in
23 causing the Drainage and Wastewater System to be operated and maintained in good repair,

1 working order and condition, including without limitation: (a) deposits, premiums, assessments or
2 other payments for insurance, if any, on the Drainage and Wastewater System; (b) payments into
3 pension funds; (c) State-imposed taxes; (d) amounts due under Contract Resource Obligations in
4 accordance with Section 20; (e) payments made to another person or entity for treatment or
5 disposal of sewage or other commodity or service; and (f) payments with respect to any other
6 expenses of the Drainage and Wastewater System that are properly treated as Operating and
7 Maintenance Expense under generally accepted accounting principles applicable to municipal
8 corporations, including payments (other than payments out of proceeds of Parity Bonds or other
9 obligations not issued to pay current expenses of the Drainage and Wastewater System) into
10 reasonable reserves for items of operating or maintenance expense the payment of which is not
11 immediately required. Operating and Maintenance Expense does not include: depreciation,
12 amortization or other similar recognitions of non-cash expense items made for accounting
13 purposes only; taxes levied or imposed by the City, or payments in lieu of City taxes; payments of
14 claims or judgments; or capital additions or capital replacements of the Drainage and Wastewater
15 System.

16 **“Outstanding Parity Bonds”** means those outstanding Parity Bonds identified in
17 Exhibit A. When used in reference to a particular date or series of Parity Bonds, Outstanding Parity
18 Bonds shall mean those Parity Bonds (including any Parity Bonds issued subsequent to the date of
19 this ordinance) that are outstanding as of that date or as of the issue date of such series.

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

1 **“Parity Bond Account”** means the Drainage and Wastewater Revenue Bond Account,
2 1990, created by Ordinance 115098 in the Drainage and Wastewater Fund for the purpose of
3 paying and securing payment of the principal of and interest on Parity Bonds.

4 **“Parity Bond Documents”** means those Bond Documents applicable to a series of Parity
5 Bonds.

6 **“Parity Bond Ordinance”** means any ordinance passed by the City Council providing for
7 the issuance and sale of a series of Parity Bonds, and any other ordinance amending or
8 supplementing the provisions of any Parity Bond Ordinance.

9 **“Parity Bonds”** means the Outstanding Parity Bonds identified in Exhibit A, each Series
10 of the Bonds, and any Future Parity Bonds then outstanding. Parity Bonds may include Parity
11 Payment Agreements in accordance with Section 17.

12 **“Parity Certificate”** means a certificate delivered pursuant to Section 17 for purposes of
13 satisfying the Parity Conditions in connection with the issuance of Future Parity Bonds.

14 **“Parity Conditions”** means, (a) for purposes of establishing that a Series of the Bonds
15 may be issued on parity with the Parity Bonds outstanding as of the Issue Date of such Series, the
16 conditions for issuing Future Parity Bonds set forth in the Parity Bond Ordinances relating to those
17 Parity Bonds that are then outstanding; and (b) for purposes of issuing Future Parity Bonds on
18 parity with a Series of the Bonds, the conditions described in the preceding clause (a) together with
19 the conditions set forth in Section 17.

20 **“Parity Payment Agreement”** means a Payment Agreement which is entered into in
21 compliance with the Parity Conditions and under which the City’s payment obligations are
22 expressly stated to constitute a charge and lien on Net Revenue equal in rank with the charge and
23 lien upon such Net Revenue required to be paid into the Parity Bond Account to pay and secure

1 the payment of interest on Parity Bonds. For purposes of determining percentages of ownership of
2 Parity Bonds under this ordinance or under applicable Parity Bond Documents, Parity Payment
3 Agreements shall be deemed to have no principal amount, and any notice, consent, or similar rights
4 (if any) shall be determined only as set forth in the applicable Parity Payment Agreement.

5 **“Payment Agreement”** means a written agreement entered into by the City and a
6 Qualified Counterparty, as authorized by any applicable laws of the State, 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, and which provides for (i) an
9 exchange of payments based on interest rates, ceilings, or floors on such payments; (ii) options on
10 such payments; (iii) any combination of the foregoing; or (iv) any similar device. A Payment
11 Agreement may be entered into on either a current or forward basis. A Payment Agreement must
12 be entered into in connection with (or incidental to) the issuance, incurring, or carrying of
13 particular bonds, notes, bond anticipation notes, commercial paper, or other obligations for
14 borrowed money (which may include leases, installment purchase contracts, or other similar
15 financing agreements or certificates of participation in any of the foregoing).

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

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

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

1 **“Pricing Certificate”** means a certificate executed by the Director of Finance as of the
2 pricing date confirming the Bond Sale Terms for the sale of a Series of Bonds to the Purchaser in
3 a competitive sale, in accordance with the parameters set forth in Section 5.

4 **“Principal and Interest Subaccount”** means the subaccount of that name created in the
5 Parity Bond Account by Ordinance 115098 for the payment of the principal of and interest on
6 Parity Bonds.

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

10 **“Qualified Counterparty”** means a party (other than the City or a party related to the
11 City) who is the other party to a Payment Agreement, (a)(i) whose senior debt obligations are rated
12 in one of the three highest rating categories of each Rating Agency (without regard to any
13 gradations within a rating category), or (ii) whose obligations under the Payment Agreement are
14 guaranteed for the entire term of the Payment Agreement by a bond insurer or other institution
15 which has been assigned a credit rating in one of the two highest rating categories of each Rating
16 Agency; and (b) who is otherwise qualified to act as the other party to a Payment Agreement under
17 any applicable laws of the State.

18 **“Qualified Insurance”** means any Bond Insurance that, as of the time of issuance of such
19 credit enhancement device, is provided by an entity rated in one of the two highest rating categories
20 (without regard to any gradations within a rating category) by at least two nationally recognized
21 rating agencies.

22 **“Qualified Letter of Credit”** means any letter of credit, standby bond purchase
23 agreement, or other liquidity facility issued by a financial institution for the account of the City in

1 connection with the issuance of any Parity Bonds, which institution maintains an office, agency or
2 branch in the United States and, as of the time of issuance of such instrument, is rated in one of
3 the two highest rating categories (without regard to any gradations within such rating categories)
4 by at least two nationally recognized rating agencies.

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

8 “**Rate Stabilization Account**” means the account of that name previously established by
9 Section 26 of Ordinance 118974.

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

12 “**Record Date**” means, unless otherwise defined in the Bond Documents, in the case of
13 each interest or principal payment date, the Bond Registrar’s close of business on the 15th day of
14 the month preceding the interest or principal payment date. With regard to redemption of a Bond
15 prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the day
16 prior to the date on which the Bond Registrar sends the notice of redemption to the Registered
17 Owner(s) of the affected Bonds.

18 “**Refundable Bonds**” means each series of Parity Bonds that have been designated, or may
19 in the future be designated, as refundable under this ordinance.

20 “**Refunded Bond Documents**” means those Bond Documents applicable to a series of the
21 Refunded Bonds.

22 “**Refunded Bonds**” means those Refundable Bonds identified in a Refunding Plan in
23 accordance with this ordinance.

1 **“Refunding Parity Bonds”** means Future Parity Bonds that satisfy the applicable Parity
2 Conditions and are issued pursuant to this ordinance (or another Future Parity Bond Ordinance)
3 for the purpose of refunding any Refundable Bonds.

4 **“Refunding Plan”** means the plan approved by the Director of Finance pursuant to the
5 delegation set forth herein to accomplish the refunding of Refundable Bonds. Each Refunding Plan
6 must identify the maturities and series of Refundable Bonds to be refunded thereby, and must
7 provide for their defeasance and/or refunding, substantially as follows, with such additional detail
8 and adjustments to be set forth in the Refunding Trust Agreement (including, without limitation,
9 adjustments to permit a crossover refunding) as the Director of Finance may deem necessary or
10 desirable:

11 (a) The City shall issue a Series of the Bonds (which may be combined within the
12 Series with Parity Bonds authorized hereunder or separately) and, upon receipt, shall deposit the
13 proceeds of the sale of such Series, together with such other money as may be included in the plan
14 by the Director of Finance, into a refunding escrow or trust account held by the Refunding Trustee;

15 (b) Upon receipt of a certification or verification by a certified public accounting firm
16 or other financial advisor that the amounts deposited with it will be sufficient to accomplish the
17 refunding as described in such Refunding Trust Agreement, the Refunding Trustee shall invest
18 such escrow deposits in the Acquired Obligations specified therein (unless directed in the
19 Refunding Trust Agreement to hold such deposits uninvested) and shall establish a beginning cash
20 balance; and

21 (c) As further directed in the Refunding Trust Agreement, the Refunding Trustee shall
22 apply the amounts received as interest on and maturing principal of such Acquired Obligations
23 (together with any cash balance in the refunding trust account) to call, pay, and redeem those

1 Refundable Bonds on the dates and times identified in the plan, and (if so directed) to pay the
2 administrative costs of carrying out the foregoing.

3 If the Director of Finance serves as the Refunding Trustee, the Director of Finance shall
4 approve a written Refunding Plan (which need not be set forth in a Refunding Trust Agreement)
5 providing that the escrow funds are to be held separate and apart from all other funds of the City
6 and are to be applied substantially as set forth above.

7 **“Refunding Trust Agreement”** means an escrow or trust agreement between the City and
8 a Refunding Trustee, as described in Section 26(d).

9 **“Refunding Trustee”** means the Director of Finance, or a financial institution selected by
10 the Director of Finance, serving in the capacity of refunding trustee or escrow agent under a
11 Refunding Trust Agreement.

12 **“Registered Owner”** means, with respect to a Bond, the person in whose name that Bond
13 is registered on the Bond Register. For so long as a Series of the Bonds is in Book-Entry Form
14 under the Letter of Representations, the Registered Owner of such Series shall mean the Securities
15 Depository.

16 **“Registration Ordinance”** means City Ordinance 111724 establishing a system of
17 registration for the City’s bonds and other obligations pursuant to Seattle Municipal Code Chapter
18 5.10, as that chapter now exists or may hereafter be amended.

19 **“Reserve Requirement”** means the least of (a) Maximum Annual Debt Service on all
20 Parity Bonds outstanding at the time of calculation, (b) 1.25 times Average Annual Debt Service
21 on all Parity Bonds outstanding at the time of calculation, or (c) the sum of 10% of the proceeds
22 of each series of Parity Bonds then outstanding, as of the delivery of each such series. *From and*
23 *after the defeasance or redemption of the 2008 Bonds, 2009A Bonds, 2009B Bonds, 2012 Bonds,*

1 ***2014 Bonds, and 2016 Bonds (as such Outstanding Parity Bonds are identified in Exhibit A),***
2 ***the Reserve Requirement shall mean the least of (a) Maximum Annual Debt Service on all***
3 ***Covered Parity Bonds outstanding at the time of calculation, or (b) 1.25 times Average Annual***
4 ***Debt Service on all Covered Parity Bonds outstanding at the time of calculation. In no event***
5 ***shall the Reserve Requirement exceed the sum of 10% of the proceeds of each series of Covered***
6 ***Parity Bonds then outstanding, determined as of the Issue Date of each such series.***

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

10 **“Reserve Subaccount”** means the subaccount of that name created in the Parity Bond
11 Account by Ordinance 115098 for the purpose of securing the payment of the principal of and
12 interest on Parity Bonds.

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

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

16 **“Securities Depository”** means DTC, any successor thereto, any substitute Securities
17 Depository selected by the City, or the nominee of any of the foregoing. Any successor or
18 substitute Securities Depository must be qualified under applicable laws and regulations to provide
19 the services proposed to be provided by it.

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

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

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

3 **“Sinking Fund Requirement”** means, for any calendar year, the principal amount and
4 premium, if any, of Term Bonds required to be purchased, redeemed, paid at maturity or paid into
5 any Sinking Fund Account for such calendar year, as established pursuant to the Bond Documents
6 relating to such Term Bonds.

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

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

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

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

16 **“Tax-Exempt Bond”** means any Parity Bond, the interest on which is intended, as of the
17 Issue Date, to be excludable from gross income for federal income tax purposes.

18 **“Taxable Bond”** means any Parity Bond, the interest on which is not intended, as of the
19 Issue Date, to be excludable from gross income for federal income tax purposes.

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

1 **“ULID”** means a utility local improvement district of the City created for the acquisition
2 or construction of additions to and betterments and extensions of the Drainage and Wastewater
3 System.

4 **“ULID Assessments”** means all assessments levied and collected in a ULID, if and only
5 if those assessments are pledged to be paid into the Parity Bond Account, in which case they shall
6 be included in Gross Revenue. ULID Assessments shall include all installments of principal,
7 payments of interest, and penalties and interest on delinquencies, but shall not include any prepaid
8 assessments paid into a construction fund or account.

9 **“Valuation Date”** means, with respect to any Capital Appreciation Bond, the date or dates,
10 determined as set forth in the Parity Bond Documents relating to the relevant series of Parity
11 Bonds, on which specific Accreted Values are assigned to that Capital Appreciation Bond.

12 **“Variable Interest Rate”** means any interest rate that fluctuates during the stated term of
13 a Parity Bond (or during a stated period during which the Parity Bond is designated as a Variable
14 Interest Rate Bond), whether due to a remarketing, a market index reset, or other mechanism set
15 forth in the applicable Bond Documents. The Bond Documents for any Series of the Bonds bearing
16 interest at a Variable Interest Rate shall set forth: (a) the available method(s) of computing interest
17 (the “interest rate modes”); (b) the particular period or periods of time (or manner of determining
18 such period or periods of time) for which each value of such Variable Interest Rate (or each interest
19 rate mode) shall remain in effect; (c) provisions for conversion from one interest rate mode to
20 another and for setting or resetting the interest rates; and (d) the time or times upon which any
21 change in such Variable Interest Rate (or any conversion of interest rate modes) shall become
22 effective.

1 **“Variable Interest Rate Bond”** means, for any period of time, any Parity Bond that bears
2 interest at a Variable Interest Rate during that period. A Parity Bond shall not be treated as a
3 Variable Interest Rate Bond if the net economic effect of: (a) interest rates on a particular series of
4 Parity Bonds, as set forth in the applicable Bond Documents, and (b) either (i) interest rates on
5 another series of Parity Bonds issued at substantially the same time, or (ii) a Payment Agreement
6 related to that particular series of Parity Bonds, is to produce obligations that bear interest at a
7 fixed rate. A Parity Bond with respect to which a Payment Agreement is in force shall be treated
8 as a Variable Interest Rate Bond if the net economic effect of the Payment Agreement is to produce
9 an obligation that bears interest at a Variable Interest Rate.

10 Section 2. **Finding With Respect to Refunding.** The City Council hereby finds that
11 the irrevocable deposit of money and securities with a Refunding Trustee, verified or certified as
12 to sufficiency in accordance with a Refunding Plan approved pursuant to this ordinance, will
13 discharge and satisfy the obligations of the City as to the Refunded Bonds identified therein,
14 including all pledges, charges, trusts, covenants and agreements under the applicable Refunded
15 Bond Documents. Immediately upon such deposit, the Refunded Bonds identified in such
16 Refunding Plan shall be defeased and shall no longer be deemed to be outstanding under the
17 applicable Refunded Bond Legislation.

18 Section 3. **Authorization of Bonds; Due Regard Finding.**

19 (a) **The Bonds.** The City is authorized to issue Drainage and Wastewater System
20 revenue Refunding Parity Bonds, payable from the sources described in Section 13, in the
21 maximum principal amount stated in Section 5 to provide funds, from time to time, to carry out
22 the current or advance refunding of all or a portion of the outstanding Refundable Bonds pursuant
23 to an approved Refunding Plan; to provide for the Reserve Requirement, if necessary; to pay the

1 administrative costs of carrying out each such Refunding Plan and pay the costs of issuance of the
2 Bonds; and for other Drainage and Wastewater System purposes approved by ordinance. The
3 Bonds may be issued in multiple Series and may be combined with other Future Parity Bonds
4 authorized separately. The Bonds shall be designated Drainage and Wastewater System Refunding
5 Revenue Bonds and shall be numbered separately and shall have any name, year and series or other
6 label as deemed necessary or appropriate by the Director of Finance.

7 (b) **City Council Finding.** The City Council hereby finds that, in creating the Parity
8 Bond Account and in fixing the amounts to be paid into it in accordance with this ordinance and
9 the parameters for the Bond Sale Terms set forth in Section 5, the City Council has exercised due
10 regard for the cost of operation and maintenance of the Drainage and Wastewater System, and is
11 not setting aside into the Parity Bond Account a greater amount than in the judgment of the City
12 Council, based on the rates established from time to time consistent with Section 16(b), will be
13 sufficient, in the judgment of the City Council, to meet all expenses of operation and maintenance
14 of the Drainage and Wastewater System and to provide the amounts previously pledged for the
15 payment of all outstanding obligations payable out of Gross Revenues and pledged for the payment
16 of the Bonds. Therefore, the City Council hereby finds that the issuance and sale of the Bonds is
17 in the best interest of the City and in the public interest.

18 Section 4. **Manner of Sale of Bonds.** The Director of Finance may provide for the
19 sale of each Series by competitive sale, negotiated sale, limited offering, or private placement and
20 may select and enter into agreements with remarketing agents or providers of liquidity with respect
21 to Variable Interest Rate Bonds. The Purchaser of each Series shall be chosen through a selection
22 process acceptable to the Director of Finance. The Director of Finance is authorized to specify a
23 date and time of sale and a date and time for the delivery of each Series; in the case of a competitive

1 sale, to provide an official notice of sale including bid parameters and other bid requirements, and
2 provide for the use of an electronic bidding mechanism; to determine matters relating to a forward
3 or delayed delivery of the Bonds; and to determine such other matters and take such other action
4 as, in his or her determination, may be necessary, appropriate, or desirable in order to carry out the
5 sale of each Series. Each Series must be sold on Bond Sale Terms consistent with the parameters
6 set forth in Section 5.

7 Section 5. **Appointment of Designated Representative; Bond Sale Terms.**

8 (a) **Designated Representative.** The Director of Finance is appointed to serve as the
9 City's designated representative in connection with the issuance and sale of the Bonds in
10 accordance with RCW 39.46.040(2) and this ordinance.

11 (b) **Parameters for Bond Sale Terms.** The Director of Finance is authorized to
12 approve, on behalf of the City, Bond Sale Terms for the sale of the Bonds in one or more Series,
13 and, in connection with each such sale, to execute a Bond Purchase Contract (or, in the case of a
14 competitive sale, a Pricing Certificate) confirming the Bond Sale Terms and such related
15 agreements as may be necessary or desirable, consistent with the following parameters:

16 (i) **Maximum Principal Amount.** The aggregate principal amount of Bonds
17 issued to carry out to each Refunding Plan may not exceed 125% of the stated principal amount of
18 those Refundable Bonds selected for refunding in that Refunding Plan.

19 (ii) **Date or Dates.** Each Bond shall be dated its Issue Date, as determined by
20 the Director of Finance.

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

22 (iv) **Interest Rate(s).** Each Bond shall bear interest from its Issue Date or from
23 the most recent date to which interest has been paid or duly provided, whichever is later, unless

1 otherwise provided in the Bond Documents. Each Series of the Bonds shall bear interest at one or
2 more fixed interest rates or Variable Interest Rates. The net interest cost for any fixed rate Series
3 may not exceed a rate of 10% per annum. The Bond Documents for any Series may provide for
4 multiple interest rates and interest rate modes, and may provide conditions and mechanisms for
5 the Director of Finance to effect a conversion from one mode to another. Nothing in this ordinance
6 shall be interpreted to prevent the Bond Documents for any Series from including a provision for
7 adjustments to interest rates during the term of the Series upon the occurrence of certain events
8 specified in the applicable Bond Documents.

9 (v) **Payment Dates.** Interest shall be payable on dates acceptable to the
10 Director of Finance. Principal shall be payable on dates acceptable to the Director of Finance,
11 which shall include payment at the maturity of each Bond, in accordance with any Sinking Fund
12 Requirements applicable to Term Bonds, and otherwise in accordance with any redemption or
13 tender provisions.

14 (vi) **Final Maturity.** The final maturity of any Series of the Bonds shall be
15 determined by the Director of Finance, consistent with chapter 39.53 and other applicable State
16 law, as it may be amended from time to time.

17 (vii) **Redemption Prior to Maturity.** The Bond Sale Terms may include
18 redemption and tender provisions, as determined by the Director of Finance in his discretion,
19 consistent with Section 8 and subject to the following:

20 (A) **Optional Redemption.** The Director of Finance may designate any
21 Bond as subject to optional redemption prior to its maturity. Any Bond that is subject to optional
22 redemption prior to maturity must be callable on at least one or more dates occurring not more
23 than 10½ years after the Issue Date, consistent with Section 8(a).

1 (B) **Mandatory Redemption.** The Director of Finance may designate
2 any Bond as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and
3 in principal payment amounts set forth in Sinking Fund Requirements, consistent with Section
4 8(b).

5 (C) **Extraordinary Redemptions.** The Director of Finance may
6 designate any Bond as subject to extraordinary optional redemption or extraordinary mandatory
7 redemption upon the occurrence of an extraordinary event, as such event or events may be set forth
8 in the applicable Bond Documents, consistent with Section 8(c).

9 (D) **Tender Options.** The Director of Finance may designate any
10 Variable Interest Rate Bond as subject to tender options, as set forth in the applicable Bond
11 Documents.

12 (viii) **Price.** The Director of Finance may approve in the Bond Sale Terms an
13 aggregate purchase price for each Series of the Bonds that is, in his or her judgment, the price that
14 produces the most advantageous borrowing cost for the City, consistent with the parameters set
15 forth herein and in any applicable bid documents.

16 (ix) **Other Terms and Conditions.**

17 (A) **Refunding Findings; Approval of Refunding Plan.** As of the
18 Issue Date of each Series, the Director of Finance must approve a Refunding Plan (which may be
19 set forth in a Refunding Trust Agreement) and finds that such Refunding Plan is necessary to
20 accomplish one or more of the purposes set forth in RCW 39.53.020, as it may be amended from
21 time to time and is consistent with the City's debt policies then in effect (including, if applicable,
22 a finding that the Refunding Plan will achieve an acceptable level of debt service savings).

1 **(B) Parity Conditions Satisfied.** As of the Issue Date of each Series,
2 the Director of Finance must find that the Parity Conditions have been met or otherwise satisfied,
3 so that such Series is permitted to be issued as Parity Bonds.

4 **(C) Additional Terms, Conditions, and Agreements.** The Bond Sale
5 Terms for any Series may provide for Bond Insurance, a Reserve Security, Qualified Letter of
6 Credit, credit enhancement, or for any other Payment Agreement as the Director of Finance may
7 find necessary or desirable. The Bond Sale Terms for any Series may provide for multiple interest
8 rate modes and may include provisions for conversion from any interest rate mode to any other
9 mode. To that end, the Bond Sale Terms may include such additional terms, conditions, and
10 covenants as may be necessary or desirable, including but not limited to: restrictions on investment
11 of Bond proceeds and pledged funds (including any escrow established for the defeasance of the
12 Bonds), provisions for the conversion of interest rate modes, provisions for the reimbursement of
13 a credit enhancement provider or Qualified Counterparty, and requirements to give notice to or
14 obtain the consent of a credit enhancement provider or a Qualified Counterparty. The Director of
15 Finance is authorized to execute, on behalf of the City, such additional certificates and agreements
16 as may be necessary or desirable to reflect such terms, conditions, and covenants.

17 **(D) Reserve Requirement.** The Bond Sale Terms must establish
18 whether the Series is to be treated as Covered Parity Bonds and must establish the method of
19 providing for the Reserve Requirement, consistent with Section 15.

20 **(E) Tax Status of the Bonds.** The Director of Finance may determine
21 that any Series of the Bonds may be designated or qualified as Tax-Exempt Bonds, Taxable Bonds
22 or Tax Credit Subsidy Bonds, consistent with Section 22.

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

(a) **Registration of Bonds; Bond Registrar.** The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register. The Fiscal Agent is appointed to act as Bond Registrar for each Series of the Bonds, unless otherwise determined by the Director of Finance.

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

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

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

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

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

(c) **Securities Depository; Book-Entry Form.** Unless otherwise determined by the Director of Finance, the Bonds initially shall be issued in Book-Entry Form and registered in the name of the Securities Depository. The Bonds so registered shall be held fully immobilized in Book-Entry Form by the Securities Depository in accordance with the provisions of the Letter of Representations. Neither the City nor the Bond Registrar shall have any responsibility or obligation to participants of the Securities Depository or the persons for whom they act as nominees with respect to the Bonds regarding the 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 Director of Finance to discontinue utilizing the then-current Securities Depository, the Director of Finance may appoint a substitute Securities Depository. If the Securities Depository resigns from its functions as depository and no substitute Securities Depository can be obtained, or if the Director of Finance determines not to utilize a Securities

1 Depository, then the Bonds shall no longer be held in Book-Entry Form and ownership may be
2 transferred only as provided herein.

3 Nothing herein shall prevent the Bond Sale Terms from providing that a Series of the Bonds
4 shall be issued in certificated form without utilizing a Securities Depository, and that the Bonds of
5 such Series shall be registered as of their Issue Date in the names of the Owners thereof, in which
6 case ownership may be transferred only as provided herein.

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

13 Section 7. **Payment of Bonds.**

14 (a) **Payment.** Each Bond shall be payable in lawful money of the United States of
15 America on the dates and in the amounts as provided in the Bond Documents applicable to that
16 Series. Principal of and interest on each Bond issued as a Parity Bond shall be payable solely out
17 of the Parity Bond Account and shall not be a general obligation of the City. No Bonds of any
18 Series shall be subject to acceleration under any circumstances.

19 (b) **Bonds Held In Book-Entry Form.** Principal of and interest on each Bond held in
20 Book-Entry Form shall be payable in the manner set forth in the Letter of Representations.

21 (c) **Bonds Not Held In Book-Entry Form.** Interest on each Bond not held in Book-
22 Entry Form shall be payable by electronic transfer on the interest payment date, or by check or
23 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 held in Book-Entry Form shall be payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar.

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 set forth in the applicable Bond Documents.

(b) **Mandatory Redemption.** All or some of the Bonds of any Series may be designated as Term Bonds, subject to mandatory redemption in Sinking Fund Requirements, as set forth in the applicable Bond Documents. If not redeemed or purchased at the City's option prior to maturity, Term Bonds (if any) must be redeemed, at a price equal to 100% of the principal amount to be redeemed plus accrued interest, on the dates and in the years and Sinking Fund Requirements as set forth in the applicable Bond Documents. If the City optionally redeems or purchases a Term Bond prior to maturity, the principal amount of that Term Bond that is so redeemed or purchased (irrespective of its redemption or purchase price) shall be credited against the remaining Sinking Fund Requirements for that Term Bond in the manner as directed by the Director of Finance. In the absence of direction by the Director of Finance, credit shall be allocated to the remaining Sinking Fund Requirements for that Term Bond on a *pro rata* basis.

(c) **Extraordinary Redemption Provisions.** All or some of the Bonds of any Series may be subject to extraordinary optional or extraordinary mandatory redemption prior to maturity

upon the occurrence of an extraordinary event, at the prices, in the principal amounts, and on the dates, all as set forth in the applicable Bond Documents.

(d) **Selection of Bonds for Redemption; Partial Redemption.** If fewer than all of the outstanding Bonds are to be redeemed at the option of the City, the Director of Finance shall select the Series and maturity or maturities to be redeemed. If less than all of the principal amount of a maturity of the selected Series is to be redeemed, if such Series is held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected for redemption by the Securities Depository in accordance with the Letter of Representations, and if the Series is not then held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected by the Bond Registrar randomly in such manner as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any applicable Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity, and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

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

Section 9. **Notice of Redemption; Rescission of Notice.** Unless otherwise set forth in the applicable Bond Documents, the City must cause notice of any intended redemption of Bonds to be given not less than 20 nor more than 60 days prior to the date fixed for redemption by first class mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register on the Record Date, and the requirements of this sentence shall be

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

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

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

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

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

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

18 Section 12. **Deposit and Use of Proceeds.** Unless otherwise provided in the Bond Sale
19 Terms, the principal proceeds and net premium, if any, received from the sale and delivery of each
20 Series of the Bonds, in the amount necessary to carry out the applicable Refunding Plan, shall be
21 deposited with the Refunding Trustee and used in accordance with the provisions of this section
22 to discharge the obligations of the City relating to the Refunded Bonds identified therein.

1 The Director of Finance may use the principal proceeds and any net premium to pay for
2 costs of issuance of the Bonds, and the Director of Finance also may incur and account for costs
3 of issuance that are not included as part of the bond proceeds and net premium, including but not
4 limited to any underwriter's discount. Net premium and accrued interest received from the sale
5 and delivery of a Series of the Bonds, if any, that is not necessary to carry out the Refunding Plan,
6 shall be paid or allocated into the Parity Bond Fund and used to pay interest on that Series.

7 Until needed to carry out the applicable Refunding Plan and to pay the costs described
8 herein, the principal proceeds of each Series of the Bonds shall be held or invested (and the
9 investment earning shall be applied) in accordance with the Refunding Trust Agreement, and the
10 money deposited with the Refunding Trustee, including the Acquired Obligations and any
11 investment earnings, shall be held irrevocably, invested and applied in accordance with the
12 provisions of the respective Refunded Bond Legislation, this ordinance, the Refunding Trust
13 Agreement, chapter 39.53 RCW and other applicable State law. Earnings subject to a federal tax
14 or rebate requirement may be withdrawn from any such fund or account and used for those tax or
15 rebate purposes.

16 The Director of Finance may pay principal of and interest on a Series of the Bonds with
17 any proceeds of that Series (including interest earnings thereon) remaining after applying such
18 proceeds to carry out the Refunding Plan, or after the City Council has determined that the
19 expenditure of such Bond proceeds for those purposes is no longer necessary or appropriate.

20 Section 13. **Security for the Bonds; Parity with Outstanding Parity Bonds.** The
21 Bonds shall be special limited obligations of the City payable from and secured solely by the Net
22 Revenue (including all ULID Assessments, if any) and money in the Parity Bond Account and the
23 subaccounts therein, *except that from and after the date on which the 2008 Bonds, 2009A Bonds,*

1 ***2009B Bonds, 2012 Bonds, 2014 Bonds, and 2016 Bonds have been redeemed or defeased,***
2 ***money in the Reserve Subaccount shall secure only Covered Parity Bonds.*** The Net Revenue
3 (including all ULID Assessments, if any) is pledged to make the payments into the Parity Bond
4 Account required by this ordinance. This pledge constitutes a charge and lien upon such Net
5 Revenue prior and superior to all other liens and charges whatsoever.

6 The Bonds shall be issued on parity with the Outstanding Parity Bonds and all Future Parity
7 Bonds, without regard to date of issuance or authorization and without preference or priority of
8 right or lien. Nothing in this ordinance prevents the City from issuing revenue bonds or other
9 obligations which are a charge or lien upon Net Revenue subordinate to the payments required to
10 be made from Net Revenue into the Parity Bond Account and the subaccounts therein. The City
11 covenants that, for as long as any Bond is outstanding, it will not issue any other revenue
12 obligations (or create any special fund or account therefor), which will have any priority over or
13 which will rank on a parity with the payments required in respect of the Parity Bonds, and that it
14 will issue Future Parity Bonds only accordance with Section 17.

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

19 Section 14. **Priority Expenditure of Gross Revenue; Flow of Funds.** Gross Revenue
20 shall be deposited as received in the Drainage and Wastewater Fund and used for the following
21 purposes only, in the following order of priority:

- 22 (a) To pay the Operating and Maintenance Expense;

1 (b) To make all payments into the Principal and Interest Subaccount required to be
2 made in order to pay the interest on and principal of all Parity Bonds (including all net payments
3 under Parity Payment Agreements) when due;

4 (c) To make all payments required to be made into the Reserve Subaccount with
5 respect to Parity Bonds secured by the Reserve Subaccount;

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

11 (e) Without priority, to any of the following purposes: to retire by redemption or
12 purchase any outstanding revenue bonds or revenue obligations of the Drainage and Wastewater
13 System; to make necessary additions, betterments, improvements, repairs, extensions, and
14 replacements of the Drainage and Wastewater System; to pay City taxes or other payments in lieu
15 of taxes payable from Gross Revenue; to make deposits to the Rate Stabilization Account; or for
16 any other lawful purpose of the Drainage and Wastewater System.

17 Section 15. **Parity Bond Account.** A special account of the City known as the Parity
18 Bond Account has been previously created and shall be maintained as a separate account within
19 the Drainage and Wastewater Fund, for the sole purpose of paying the principal of and premium,
20 if any, and interest on the Parity Bonds as the same shall become due. The Parity Bond Account
21 consists of the Principal and Interest Subaccount and the Reserve Subaccount, and may
22 additionally include such subaccounts as the Director of Finance may deem necessary, so long as
23 the maintenance of such subaccounts does not conflict with the rights of the owners of Parity

1 Bonds. Principal of, premium (if any) and interest on the Parity Bonds shall be payable out of the
2 Parity Bond Account.

3 (a) **Required Payments Into the Parity Bond Account.** So long as any Parity Bonds
4 are outstanding (including amounts required under any Parity Payment Agreement), the City shall
5 set aside and pay into the Parity Bond Account all ULID Assessments on their collection and, out
6 of Net Revenue, certain fixed amounts without regard to any fixed proportion, namely:

7 (i) Into the Principal and Interest Subaccount on or before each date on which
8 interest on or principal of Parity Bonds (including Sinking Fund Requirements and net payments
9 under any Parity Payment Agreements) shall become due and payable, an amount that will be
10 sufficient, together with other money on deposit therein, to pay such principal, interest, Sinking
11 Fund Requirements, and net payments then due on Parity Payment Agreements as the same shall
12 become due; and

13 (ii) Into the Reserve Subaccount an amount necessary to provide for the
14 Reserve Requirement within the time and in the manner required by this ordinance and the Bond
15 Sale Terms. The amount necessary, if any, to satisfy the Reserve Requirement upon the issuance
16 of a Series of the Bonds may be funded (A) on the Issue Date, by a deposit of bond sale proceeds,
17 available funds of the Drainage and Wastewater System, or a Reserve Security; or (B) in annual
18 installments from Net Revenue so that the Reserve Requirement is fully funded by no later than
19 the fifth anniversary of the Issue Date of such Series. The manner of funding the Reserve
20 Requirement for the Bonds shall be set forth in the Bond Sale Terms.

21 To meet the required payments to be made into the Parity Bond Account, the Director of
22 Finance may transfer any money from any funds or accounts of the City legally available therefor,
23 except bond redemption funds, refunding escrow funds or defeasance funds. The Director of

1 Finance may provide for the purchase, redemption or defeasance of any Parity Bonds by the use
2 of money on deposit in any subaccount in the Parity Bond Account as long as the money remaining
3 in those subaccounts is sufficient to satisfy the required deposits in those subaccounts for the
4 remaining Parity Bonds.

5 (b) **Reserve Subaccount.** The Reserve Subaccount previously has been created and
6 maintained as a subaccount within the Parity Bond Account for the purpose of securing the
7 payment of the principal of and interest on all Parity Bonds outstanding (including amounts due
8 under any Parity Payment Agreements if required under such agreement). The City covenants that
9 it will at all times, so long as any Covered Parity Bonds are outstanding, maintain the Reserve
10 Subaccount at the Reserve Requirement (taking into account scheduled payments to fund the
11 Reserve Requirement over time), as it is adjusted from time to time, except for withdrawals as
12 authorized by this ordinance. Any withdrawals authorized below from subaccounts within the
13 Reserve Subaccount shall be made on a *pro rata* basis except if the provider of a Reserve Security
14 requires all cash and investments in the Reserve Subaccount to be withdrawn before draws on the
15 Reserve Security, or unless the City receives an opinion of Bond Counsel to the effect that such
16 *pro rata* withdrawal is not required to maintain the exclusion of interest on the Parity Bonds then
17 outstanding from gross income for federal income tax purposes.

18 (i) **Use of Reserve Subaccount for Payment of Debt Service.** In the event of
19 a deficiency in the Principal and Interest Subaccount to meet current installments of either principal
20 (including Sinking Fund Requirements) or interest (including amounts payable under any Parity
21 Payment Agreement), the Director of Finance may make withdrawals of money or proceeds of
22 Reserve Security in the Reserve Subaccount. *From and after the redemption or defeasance of the*
23 *2008 Bonds, 2009A Bonds, 2009B Bonds, 2012 Bonds, 2014 Bonds, and 2016 Bonds, the*

1 *withdrawals authorized by this paragraph shall be limited to the amounts necessary to meet*
2 *current installments of either principal (or Sinking Fund Requirements) or interest with respect*
3 *to Covered Parity Bonds.* Any deficiency created in the Reserve Subaccount by reason of any such
4 withdrawal or claim against a Reserve Security shall then be made up from the ULID Assessments
5 and Net Revenue first available after making necessary provisions for the required payments into
6 the Principal and Interest Subaccount.

7 (ii) **Application of Funds in Reserve Account.** The money in the Reserve
8 Subaccount may be applied to the payment of the last outstanding Covered Parity Bonds, and when
9 the total amount in the Parity Bond Account (including investment earnings) equals the total
10 amount of principal and interest for all then-outstanding Covered Parity Bonds to the last maturity
11 thereof, no further payment need be made into the Parity Bond Account in respect of the Covered
12 Parity Bonds. Money in the Reserve Subaccount (including investment earnings) in excess of the
13 Reserve Requirement may be withdrawn and deposited in the Principal and Interest Subaccount
14 and spent for the purpose of retiring Covered Parity Bonds or may be deposited in any other fund
15 or account and spent for any other lawful Drainage and Wastewater System purpose.

16 (c) **Investment of Money in Parity Bond Account.** All money in the Parity Bond
17 Account may be kept in cash or invested in Permitted Investments maturing not later than the date
18 when needed (for investments in the Principal and Interest Subaccount) or the last maturity of any
19 outstanding Parity Bonds (for investments in the Reserve Subaccount). In no event shall any
20 money in the Parity Bond Account or any other money reasonably expected to be used to pay
21 principal of and/or interest on the Parity Bonds be invested at a yield which would cause any Series
22 issued as Tax-Exempt Bonds or Tax Credit Subsidy Bonds to be arbitrage bonds within the
23 meaning of Section 148 of the Code. Income from investments in the Principal and Interest

Subaccount shall be deposited in that subaccount. Income from investments in the Reserve Subaccount shall be deposited in that subaccount until the amount therein is equal to the Reserve Requirement for all Parity Bonds, and thereafter shall be deposited in the Principal and Interest Subaccount. Notwithstanding the provisions for deposit or retention of earnings in the Parity Bond Account, any earnings which are subject to a federal tax or rebate requirement may be withdrawn from the Parity Bond Account for deposit in a separate fund or account for that purpose. If no longer required for such rebate, money in that separate fund or account shall be returned to the Parity Bond Account.

(d) **Failure to Deposit Money in Parity Bond Account.** If the City fails to set aside and pay into the Parity Bond Account, or the subaccounts therein, the amounts set forth above, the registered owner of any of the outstanding Parity Bonds may bring action against the City for failure to make the required deposits to the Parity Bond Account only in accordance with Section 25 regarding Events of Default.

Section 16. **Parity Bond Covenants.** The City covenants with the Owner of each Bond at any time outstanding, as follows:

(a) **Operation and Maintenance of the Drainage and Wastewater System.** The City will pay all Operating and Maintenance Expense and otherwise meet the obligations of the City under this ordinance. It will at all times maintain and keep the Drainage and Wastewater System in good repair, working order and condition, will make all necessary and proper additions, betterments, renewals and repairs thereto, and improvements, replacements and extensions thereof so that at all times the business carried on in connection therewith will be properly and advantageously conducted, and will at all times operate or cause to be operated the Drainage and

1 Wastewater System and the business in connection therewith in an efficient manner and at a
2 reasonable cost.

3 **(b) Establishment and Collection of Rates and Charges.** The City will establish,
4 maintain, revise as necessary, and collect rates and charges for services and facilities provided by
5 the Drainage and Wastewater System so that Adjusted Net Revenue in each fiscal year will be at
6 least equal to the Coverage Requirement. The failure of the City to comply with this subsection
7 shall not be an Event of Default if the City promptly retains an Independent Utility Consultant to
8 recommend to the City Council adjustments in the rates of the Drainage and Wastewater System
9 necessary to meet the requirements of this subsection and if the City Council adopts the
10 recommended modifications within 180 days of the date the failure became known to the City
11 Council.

12 **(c) Sale or Disposition of Drainage and Wastewater System.** The City will not sell,
13 lease, mortgage, or in any manner encumber or dispose of all of the property of the Drainage and
14 Wastewater System unless provision is made for the payment into the Parity Bond Account of an
15 amount sufficient to pay the principal of (including redemption premium, if any) and interest on
16 Parity Bonds then outstanding; and it will not sell, lease, mortgage, or in any manner encumber or
17 dispose of (each a “transfer”) any part of the property of the Drainage and Wastewater System that
18 is used, useful and material to the operation thereof, except consistent with one or more of the
19 following:

20 **(i)** If provision is made for replacement thereof, or for payment into the Parity
21 Bond Account of the total amount of Gross Revenue received from the portion of the Drainage
22 and Wastewater System transferred, which shall not be less than an amount which shall bear the
23 same ratio to the amount of Parity Bonds then outstanding as the Gross Revenue available for debt

1 service for such outstanding bonds for the 12 months preceding such transfer from the portion of
2 the Drainage and Wastewater System so transferred bears to the Gross Revenue available for debt
3 service for the then outstanding Parity Bonds from the entire Drainage and Wastewater System of
4 the City for the same period. Any such money so paid into the Parity Bond Account shall be used
5 to retire such Parity Bonds at the earliest possible date; or

6 (ii) If the aggregate depreciated cost value of the property being transferred
7 under this subsection in any fiscal year comprises no more than 5% of the total assets of the
8 Drainage and Wastewater System; or

9 (iii) If the proceeds from such transfer are used to acquire new useful operating
10 facilities or properties of the Drainage and Wastewater System, or are used to retire outstanding
11 Parity Bonds or other revenue obligations of the Drainage and Wastewater System, and if, at the
12 time of such transfer, the City has on file a certificate of both the Director of Finance and the
13 Director of Seattle Public Utilities (or any officer who succeeds to substantially all of the
14 responsibilities of either office) demonstrating that in their opinion, upon such transfer and the use
15 of proceeds of the transfer as proposed by the City, the remaining facilities of the Drainage and
16 Wastewater System will retain their operational integrity and, based on the financial statements
17 for the most recent fiscal year available, the proposed transfer would not prevent the Drainage and
18 Wastewater System from complying with the Coverage Requirement during the five fiscal years
19 following the fiscal year in which the transfer is to occur. The certificate shall take into account
20 (A) the reduction in revenue and expenses, if any, resulting from the transfer; (B) the use of any
21 proceeds of the transfer for the redemption of Parity Bonds; (C) the estimate of revenue from
22 customers anticipated to be served by any additions to and betterments and extensions of the
23 Drainage and Wastewater System financed in part by the proposed portion of the proceeds of the

transfer; and (D) any other adjustment permitted in the preparation of a certificate under Section 17(b). Before such a transfer, the City also must obtain confirmation from each of the Rating Agencies to the effect that the rating then in effect will not be reduced or withdrawn upon such transfer.

(d) **Books and Records.** The City will keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to the Drainage and Wastewater System, and it will furnish the Registered Owner(s) of the Bonds or any subsequent Registered Owner(s) thereof, at the written request of such Registered Owner(s), complete operating and income statements of the Drainage and Wastewater System in reasonable detail covering any fiscal year not more than six months after the close of such fiscal year, and it will grant any Registered Owner(s) of at least 25% of the outstanding Bonds the right at all reasonable times to inspect the entire Drainage and Wastewater System and all records, accounts and data of the City relating thereto. Upon request of any Registered Owner of any of the Bonds, it also will furnish to such Registered Owner a copy of the most recently completed audit of the Drainage and Wastewater System's accounts by the State Auditor.

Section 17. **Future Parity Bonds.**

(a) **Issuance of Future Parity Bonds.** The City reserves the right to issue Future Parity Bonds and to enter into Parity Payment Agreements for any lawful purpose of the Drainage and Wastewater System (including for the purpose of refunding a portion of the then-outstanding Parity Bonds) only if, at the time of the issuance of such series of Future Parity Bonds (or upon the effective date of the Parity Payment Agreement), the following conditions are satisfied:

(i) There must be no deficiency in the Parity Bond Account, and no Event of Default with respect to any Parity Bonds shall have occurred and be continuing.

(ii) The Bond Documents must provide that all ULID Assessments shall be paid directly into the Parity Bond Account.

(iii) The Bond Documents must provide for the payment of the principal thereof and the interest thereon out of the Parity Bond Account.

(iv) The Bond Documents must provide for the payment of any Sinking Fund Requirements from money in the Principal and Interest Subaccount.

(v) For each series of Future Parity Bonds that is to be issued as a series of Covered Parity Bonds, the Bond Documents must provide for the deposit into the Reserve Subaccount of an amount, if any, necessary to fund the Reserve Requirement upon the issuance of those Future Parity Bonds (if any), which requirement may be satisfied: (A) by a deposit, made on the Issue Date of such series, of proceeds of that series of Future Parity Bonds or other money legally available for such purpose; (B) by obtaining one or more Reserve Securities (or a deposit of cash plus Reserve Securities) available to be drawn upon in specific amounts to be paid into the Reserve Subaccount and credited against the deposits required to be maintained in the Reserve Subaccount; or (C) by a deposit of amounts necessary to fund the Reserve Requirement from ULID Assessments and Net Revenue within five years from the date of issuance of those Future Parity Bonds, in five approximately equal annual payments. Immediately prior to the issuance of Future Parity Bonds, amounts then deposited in the Reserve Subaccount shall be valued as determined on the most recent annual financial report of the City applicable to the Drainage and Wastewater System, and the additional amounts, if any, required to be deposited into the Reserve Subaccount to satisfy the Reserve Requirement shall be based on that valuation.

(vi) There must be on file with the City a Parity Certificate as described in subsection (b). However, if the proposed Future Parity Bonds (or any portion thereof) are to be

1 issued for the purpose of refunding outstanding Parity Bonds (referred to as the “Refunding Parity
2 Bonds”), no Parity Certificate shall be required as to that portion issued for refunding purposes if
3 the Director of Finance finds and certifies that the Adjusted Annual Debt Service on the refunding
4 portion of the proposed Refunding Parity Bonds is not more than \$5,000 greater than the Adjusted
5 Annual Debt Service on the Parity Bonds to be refunded thereby. Alternatively, Refunding Parity
6 Bonds may be issued upon delivery of a Parity Certificate.

7 (b) **Parity Certificate.** A Parity Certificate required under subsection (a)(vi) may be
8 provided as follows:

9 (i) A certificate may be prepared and signed by the Director of Finance,
10 demonstrating that during any 12 consecutive calendar months out of the immediately preceding
11 24 calendar months Adjusted Net Revenue was at least equal to the Coverage Requirement for all
12 Parity Bonds plus the Future Parity Bonds proposed to be issued (and assuming that the debt
13 service of the proposed Future Parity Bonds for that 12-month period was the Average Annual
14 Debt Service for those proposed Future Parity Bonds); or

15 (ii) A certificate may be prepared and signed by both the Director of Finance
16 and the Director of Seattle Public Utilities (or any officer who succeeds to substantially all of the
17 responsibilities of either office), demonstrating that, in their opinion, Adjusted Net Revenue for
18 the five fiscal years next following the earlier of (A) the end of the period during which interest on
19 those Future Parity Bonds is to be capitalized or, if no interest is capitalized, the fiscal year in
20 which the Future Parity Bonds are issued, or (B) the date on which substantially all the new
21 facilities financed with those Future Parity Bonds are expected to commence operations, such
22 Adjusted Net Revenue, further adjusted as provided in paragraphs (1) through (4) below, will be

at least equal to the Coverage Requirement. That certificate may take into account the following adjustments:

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

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

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

(4) Net revenue from any person, firm, corporation or municipal corporation under any executed contract for drainage and wastewater or other utility service, which revenue was not included in historical Net Revenue of the Drainage and Wastewater System.

(c) **Other Provisions.** Nothing contained herein shall prevent the City from issuing Future Parity Bonds to refund maturing Parity Bonds, money for the payment of which is not otherwise available, or revenue bonds that are a charge or lien upon Net Revenue subordinate to the charge or lien of the Parity Bonds, or from pledging to pay Net Revenue and/or assessments levied for ULID improvements constructed from the proceeds of subordinate lien bonds into a bond redemption fund created for the payment of the principal of and interest on subordinate lien bonds.

1 (d) **Effect of Issuance of Future Parity Bonds.** If the Parity Conditions are met and
2 complied with at the time of the issuance of such Future Parity Bonds, then payments into the
3 Parity Bond Fund with respect to such Future Parity Bonds shall rank equally with the payments
4 out of the Net Revenue required to be made into the Parity Bond Fund by this ordinance. Nothing
5 set forth herein shall prevent the City from (i) issuing revenue bonds or other obligations that are
6 a charge upon the Net Revenue junior and inferior to the payments required to be made therefrom
7 into the Parity Bond Fund for the payment of the Parity Bonds, provided that such subordinate
8 bonds may not be subject to acceleration under any circumstances; or (ii) issuing Refunding Parity
9 Bonds for the purpose of refunding Outstanding Parity Bonds, upon compliance with the Parity
10 Conditions set forth in this section.

11 (e) **Reserve Requirement.** Notwithstanding anything in this section to the contrary, in
12 the Bond Sale Terms relating to the issuance or sale of a series of Future Parity Bonds, the City
13 may elect that, *from and after the redemption or defeasance of the 2008 Bonds, 2009A Bonds,*
14 *2009B Bonds, 2012 Bonds, 2014 Bonds, and 2016 Bonds,* such series shall not be deemed to be
15 a series of Covered Parity Bonds, shall not be secured by the amounts in the Reserve Account, and
16 shall be excluded from the calculation of the Reserve Requirement.

17 Section 18. **Rate Stabilization Account.** The Rate Stabilization Account has been
18 created as a separate account in the Drainage and Wastewater Fund. The City may at any time, as
19 determined by the Director of Finance and consistent with the flow of funds set forth in Section 14,
20 deposit in the Rate Stabilization Account Gross Revenue and any other money received by the
21 Drainage and Wastewater System and available for this purpose. The Director of Finance may,
22 upon authorization by the City Council, withdraw any or all of the money in the Rate Stabilization
23 Account for inclusion in Adjusted Gross Revenue for any fiscal year of the City. Such deposits or

1 withdrawals may be made up to and including the date 90 days after the end of the fiscal year for
2 which the deposit or withdrawal will be included as Adjusted Gross Revenue. No deposit of Gross
3 Revenue may be made into the Rate Stabilization Account to the extent that such deposit would
4 prevent the City from meeting the Coverage Requirement in the relevant fiscal year.

5 Section 19. **Separate Utility Systems.** The City may create, acquire, construct, finance,
6 own and operate one or more additional systems for drainage and wastewater service or other
7 commodity or service relating to the Drainage and Wastewater System. The revenue of that
8 separate utility system shall not be included in Gross Revenue and may be pledged to the payment
9 of revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand the
10 separate utility system. Neither Gross Revenue nor Net Revenue shall be pledged by the City to
11 the payment of any obligations of a separate utility system except (a) as a Contract Resource
12 Obligation, upon compliance with Section 20, or (b) with respect to the Net Revenue, on a basis
13 subordinate to the lien of the Parity Bonds on that Net Revenue.

14 Section 20. **Contract Resource Obligations.** The City may at any time enter into one
15 or more Contract Resource Obligations for the acquisition, from facilities to be constructed, of
16 drainage and wastewater services or other commodity or service relating to the Drainage and
17 Wastewater System, as follows:

18 (a) The City may determine that, and may agree under a Contract Resource Obligation
19 to provide that, all payments under that Contract Resource Obligation (including payments prior
20 to the time that drainage and wastewater services or other commodity or service is being provided,
21 or during a suspension or after termination of supply or service) shall be an Operating and
22 Maintenance Expense if the following requirements are met at the time such a Contract Resource
23 Obligation is entered into:

(i) No Event of Default has occurred and is continuing; and

(ii) There shall be on file a certificate of an Independent Utility Consultant stating that (A) the payments to be made by the City in connection with the Contract Resource Obligation are reasonable for the commodity or service rendered; (B) any facilities to be constructed to provide the commodity or service are sound from a drainage and wastewater services or other commodity or service planning standpoint, are technically and economically feasible in accordance with prudent utility practice, and are likely to provide such commodity or service no later than a date set forth in the Independent Utility Consultant's certification; and (C) Adjusted Net Revenue (further adjusted by the Independent Utility Consultant's estimate of the payments to be made in accordance with the Contract Resource Obligation) for the five fiscal years following the year in which the Contract Resource Obligation is incurred, as such Adjusted Net Revenue is estimated by the Independent Utility Consultant in accordance with the provisions of and adjustments permitted in Section 17(b), will be at least equal to the Coverage Requirement.

(b) Payments required to be made under Contract Resource Obligations shall not be subject to acceleration.

(c) Nothing in this section shall be deemed to prevent the City from entering into other agreements for the acquisition of drainage and wastewater services or other commodity or service from existing facilities and from treating those payments as an Operating and Maintenance Expense. Nothing in this section shall be deemed to prevent the City from entering into other agreements for the acquisition of drainage and wastewater services or other commodity or service from facilities to be constructed and from agreeing to make payments with respect thereto, such payments constituting a charge and lien on Net Revenue subordinate to that of the Parity Bonds.

Section 21. **Refunding and Defeasance of the Bonds.**

(a) **Bonds Designated as Refundable Bonds.** Each Series of the Bonds issued hereunder is hereby designated as a series of “Refundable Bonds” for purposes of being eligible to be refunded in the future under this ordinance.

(b) **Refunding; Defeasance.** The City may issue Refunding Parity Bonds pursuant to the laws of the State or use money available from any other lawful source (i) to pay when due the principal of (including premium, if any) and interest on any Bond, or any portion thereof, included in a refunding or defeasance plan (the “Defeased Bonds”); (ii) to redeem and retire, release, refund, or defease the Defeased Bonds; and (iii) to pay the costs of such refunding or defeasance. If money and/or Government Obligations maturing at a time or times and in an amount sufficient (together with known earned income from the investment thereof) to redeem and retire, release, refund, or defease the Defeased Bonds in accordance with their terms is set aside in a special trust fund or escrow account irrevocably pledged to such redemption, retirement, or defeasance (the “Trust Account”), then all right and interest of the Owners of the Defeased Bonds in the covenants of this ordinance and in Net Revenue and the funds and accounts pledged to the payment of such Defeased Bonds, other than the right to receive the funds so set aside and pledged, thereafter shall cease and become void. Such Owners thereafter shall have the right to receive payment of the principal of and interest or redemption price on the Defeased Bonds from the Trust Account. After establishing and fully funding such a Trust Account, the Defeased Bonds shall be deemed to be no longer outstanding, and the Director of Finance may then apply any money in any other fund or account established for the payment or redemption of the Defeased Bonds to any lawful purpose.

(c) **Notice of Defeasance or Refunding.** Unless otherwise specified in the Bond Documents, notice of refunding or defeasance shall be given, and selection of Bonds for any partial

1 refunding or defeasance shall be conducted, in the manner set forth in this ordinance for the
2 redemption of Bonds.

3 (d) **Annual Debt Service Calculation Adjustments for Defeased Bonds.** If the
4 refunding or defeasance plan provides (i) that the Defeased Bonds (or the Refunding Parity Bonds
5 issued to redeem those Defeased Bonds) are to be secured by money and/or Government
6 Obligations pending the redemption of the Defeased Bonds, and (ii) that certain money and/or
7 Government Obligations are pledged irrevocably for the redemption of the Defeased Bonds, then
8 only the debt service on such Bonds as are not Defeased bonds (and any Refunding Parity Bonds,
9 the payment of which is not so secured by the refunding plan) shall be included in the calculation
10 of Annual Debt Service.

11 Section 22. **Provisions Relating to Federal Tax Issues.** The Bond Documents may
12 include such additional terms and covenants relating to federal tax matters as the Director of
13 Finance deems necessary or appropriate, including the following:

14 (a) **Tax-Exempt Bonds.** For each Series of the Bonds issued as Tax-Exempt Bonds,
15 the City covenants that it will take all actions, consistent with the terms of such Series as set forth
16 in the applicable Bond Documents that are reasonably within its power and necessary to prevent
17 interest on that Series from being included in gross income for federal income tax purposes. The
18 City further covenants that it will neither take any action nor make or permit any use of gross
19 proceeds of that Series (or other funds of the City treated as gross proceeds of that Series) at any
20 time during the term of such Series that will cause interest on such Series to be included in gross
21 income for federal income tax purposes. The City also covenants that, to the extent the arbitrage
22 rebate requirement of Section 148 of the Code is applicable to any Series issued as Tax-Exempt
23 Bonds, it will take all actions necessary to comply (or to be treated as having complied) with that

1 requirement in connection with that Series (including the calculation and payment of any penalties
2 that the City may elect to pay as an alternative to calculating rebatable arbitrage and the payment
3 of any other penalties if required under Section 148 of the Code) to prevent interest on such Series
4 from being included in gross income for federal income tax purposes.

5 (b) **Taxable Bonds; Tax Credit Subsidy Bonds.** For each Series of the Bonds issued
6 as Taxable Bonds or as Tax Credit Subsidy Bonds, the Director of Finance is authorized to make
7 provision in the Bonds and other Bond Documents, to execute additional written agreements, and
8 to make additional covenants on behalf of the City, all as he or she may deem necessary or
9 appropriate in order to obtain, maintain, and administer such tax status. In the case of Tax Credit
10 Subsidy Bonds, such additional covenants and agreement may include (without limiting the
11 generality of the foregoing) those necessary in order for the City (i) to receive from the United
12 States Treasury the applicable Tax Credit Subsidy Payments in respect of such Tax Credit Subsidy
13 Bonds, and (ii) to ensure that such Series otherwise become and remain eligible for tax benefits
14 under the Code.

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

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

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

7 (c) **Undertaking to Provide Continuing Disclosure.** To meet the requirements of
8 paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for a Series of the
9 Bonds, the Director of Finance is authorized to execute a written Continuing Disclosure
10 Agreement with respect to that Series, in substantially the form attached as Exhibit B.

11 Section 24. **Supplemental or Amendatory Bond Documents.** This ordinance and the
12 other applicable Bond Documents for any particular Series of the Bonds may not be supplemented
13 or amended in any respect subsequent to the Issue Date of such Series, except in accordance with
14 and subject to the provisions of this section.

15 (a) **Amendments Without Bond Owner Consent.** From time to time and at any time,
16 without the consent of or notice to any owners of Parity Bonds, the City may supplement or amend
17 the Bond Documents applicable to any Series of the Bonds for any of the purposes set forth in this
18 subsection (a). Any such supplement or amendment may be passed, adopted, or otherwise
19 approved by the City, without requiring the consent of the registered owners of any Parity Bonds,
20 but may become effective only upon receipt by the City of an opinion of Bond Counsel stating that
21 such supplement or amendment is authorized or permitted by this ordinance and, upon the effective
22 date thereof, will be valid and binding upon the City in accordance with its terms, and will not
23 adversely affect the exclusion from gross income for federal income tax purposes of interest on

the affected Series of the Bonds, if such Series was issued and sold as Tax-Exempt Bonds. The types of supplements and amendments permitted under this subsection (a) are as follows:

(i) To cure any formal defect, omission, inconsistency, or ambiguity in the Bond Documents for such Series in a manner not adverse to the owners of any Parity Bonds;

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

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

(iv) To confirm, as further assurance, any pledge under (and the subjection to any claim, lien, or pledge created or to be created by) such Bond Documents on any other money, securities, or funds;

(v) To alter the Authorized Denominations of a Series of the Bonds and to make correlative amendments and modifications to the applicable Bond Documents regarding (A) exchangeability of such Bonds for Bonds of different authorized denominations, (B) redemptions of portions of Bonds of particular authorized denominations, and (C) similar amendments and modifications of a technical nature;

(vi) To comply with any future federal law or interpretation to preserve the exclusion of the interest on any Series of the Bonds issued and sold as Tax-Exempt Bonds from gross income for federal income tax purposes and the entitlement of the City to receive from the

United States Treasury the applicable Tax Credit Subsidy Payments in respect of any Series of the Bonds issued and sold as Tax Credit Subsidy Bonds;

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

(viii) To add to the covenants and agreements of (or limitations and restrictions upon) the City set forth in any Bond Documents, such additional or alternative covenants, agreements, limitations, or restrictions to be observed by the City as the City may determine are necessary or convenient to accommodate a provider of Qualified Insurance or provider of a Reserve Security and which are not materially adverse to the owners of the Parity Bonds.

(b) **Amendments With Bond Owner Consent.** With the consent of registered owners of not less than 60% in aggregate principal amount of the Parity Bonds then outstanding, the City may pass, adopt, or otherwise approve any supplement or amendment (other than amendments requiring unanimous consent as set forth in subsection (c)) to any Bond Document that is deemed necessary or desirable by the City for the purpose of modifying, altering, amending, supplementing, or rescinding, in any particular, any of the terms or provisions contained in such Bond Document other than those terms and provisions described in subsection (c).

(c) **Amendments Prohibited Except Upon Unanimous Consent.** Unless approved in writing by or on behalf of the registered owner of each Parity Bond then outstanding, nothing contained in this section shall permit, or be construed as permitting (i) a change in the times, amounts, or currency of payment of the principal of or interest on any outstanding Parity Bond, (ii) a reduction in the principal amount or redemption price of any outstanding Parity Bond, (iii) a change in the method of determining the rate of interest thereon (other than a conversion to a new

1 interest rate mode in accordance with the applicable Bond Documents), (iv) a preference or priority
2 of any Parity Bond over any other Parity Bond, or (v) a reduction in the percentage of the aggregate
3 principal amount of the then-outstanding Parity Bonds required to effect a change under subsection
4 (b).

5 (d) **Notice to Bond Owners.** If at any time the City passes, adopts, or otherwise
6 approves a supplement or amendment for any of the purposes of subsection (b) or (c), the Bond
7 Registrar shall cause notice of the proposed supplement or amendment to be given by first class
8 mail (i) to all registered owners of the then outstanding Parity Bonds, (ii) to each provider of Bond
9 Insurance or a Reserve Security, and (iii) to each Rating Agency. Such notice shall briefly set forth
10 the nature of the proposed supplement or amendment and shall state that a copy is on file at the
11 office of the City Clerk for inspection by all owners of the then-outstanding Parity Bonds.

12 (e) **Effective Date; Consents.** Any supplement or amendment, substantially as
13 described in the notice mailed pursuant to subsection (d), may go into effect upon delivery to the
14 Bond Registrar of (i) the required consents, in writing, of registered owners of the Parity Bonds,
15 and (ii) an opinion of Bond Counsel stating that such supplement or amendment is authorized or
16 permitted by this ordinance. Upon the effective date thereof, such supplement or amendment will
17 be valid and binding upon the City in accordance with its terms and will not adversely affect the
18 exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt
19 Bonds.

20 If registered owners of not less than the percentage of Parity Bonds required by this section
21 shall have consented to and approved such a supplement or amendment, no owner of any Parity
22 Bond shall have any right (i) to object to the passage, adoption, or approval of such supplement or
23 amendment, (ii) to object to any of the terms and provisions contained therein or the operation

thereof, (iii) in any manner to question the propriety of the passage, adoption, or approval thereof, (iv) to enjoin or restrain the City from passing, adopting, or otherwise approving the same, or (v) to enjoin or restrain the City, any authorized official thereof, or the Bond Registrar from taking any action pursuant to the provisions thereof. 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 supplement, but it shall be sufficient if the consent shall approve the substance thereof.

(f) **Effect of Amendment.** Upon the effective date of any supplement or amendment, this ordinance (or the relevant Bond Document, if not set forth herein) shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City and all owners of Parity Bonds then outstanding shall thereafter be determined, exercised, and enforced in accordance with and subject in all respects to such modifications and amendments. All the terms and conditions of any such supplement or amendment shall be deemed to be a part of this ordinance and the Bond Documents for any and all purposes.

(g) **Special Amendments.** If and to the extent that it is determined that the written consent of Registered Owners of the Bonds is required under subsection (b) or (c) of this section, the Registered Owners from time to time of the Bonds, by taking and holding the same, are hereby deemed to have consented to any supplement or amendment to the Bond Documents effecting any one or more of the following changes:

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

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

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

Section 25. **Defaults and Remedies.**

(a) **Events of Default.** Each of the following shall constitute an Event of Default with respect to the Bonds:

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

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

1 Bonds as long as the City has taken active steps within the six months after written notice has been
2 given to remedy the default and is diligently pursuing such remedy.

3 Notwithstanding anything in this section to the contrary, the failure of the City or any
4 obligated person to comply with the Continuing Disclosure Agreement shall not constitute an
5 Event of Default, and the sole remedy of any holder of a Bond shall be to seek an order of specific
6 performance from an appropriate court to compel the City to comply with the Continuing
7 Disclosure Agreement.

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

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

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

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

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

22 Any action, suit or other proceedings instituted by the Bond Owners' Trustee hereunder
23 shall be brought in its name as the Bond Owners' Trustee and all such rights of action upon or

under any of the Parity Bonds or the provisions of this ordinance may be enforced by the Bond Owners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action or proceeding instituted by the Bond Owners' Trustee shall be brought for the ratable benefit of all of the registered owners of those Parity Bonds, subject to the provisions of this ordinance. The respective registered owners of the Parity Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bond Owners' Trustee the true and lawful trustee of the respective registered owners of those Parity Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the registered owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bond Owners' Trustee to consent to accept or adopt, on behalf of any owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any registered owner thereof, or to authorize or empower the Bond Owners' Trustee to vote the claims of the registered owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the City is a party.

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

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

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

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

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

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

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

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

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

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

21 (iv) the registered owners of 25% in principal amount of the Parity Bonds, after
22 the occurrence of such Event of Default, have made written request of the Bond Owners' Trustee

1 and have afforded the Bond Owners' Trustee a reasonable opportunity to institute such suit, action
2 or proceeding; and

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

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

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

10 Section 26. **The Refunding Plan.**

11 (a) **Approval of Refunding Plan; Appointment of Refunding Trustee.** The Director
12 of Finance is authorized and directed to select a Refunding Trustee and execute a Refunding Trust
13 Agreement setting forth a Refunding Plan for each series of Refundable Bonds (or portion thereof)
14 to be refunded pursuant to this ordinance, in accordance with subsection (d) of this section.
15 Multiple Refunding Plans may be combined in a single Refunding Trust Agreement. The
16 Refunding Plan shall be carried out, and proceeds of the Bonds shall be applied, in accordance
17 with this ordinance, the respective Refunded Bond Documents, the Refunding Trust Agreement,
18 and the laws of the State.

19 (b) **Acquisition of Acquired Obligations.** To the extent practicable and desirable, the
20 Refunding Plan shall provide for the Refunding Trustee's purchase of Acquired Obligations,
21 bearing such interest and maturing as to principal and interest in such amounts and at such times
22 so as to provide, together with a beginning cash balance, if necessary, for the timely payment of
23 the amounts required to be paid by the Refunding Plan. The Acquired Obligations shall be listed

1 and more particularly described in a schedule attached to the Refunding Trust Agreement, but are
2 subject to substitution as set forth in subsection (c) below.

3 (c) **Substitution of Acquired Obligations.** The City reserves the right at any time to
4 substitute cash or other Government Obligations (as defined in the applicable Refunded Bond
5 Documents) for the Acquired Obligations if the City obtains a verification by a nationally
6 recognized independent certified public accounting firm reasonably acceptable to the Refunding
7 Trustee confirming that the payments of principal of and interest on the substitute obligations, if
8 paid when due, together with the cash to be held by the Refunding Trustee, will be sufficient to
9 carry out the Refunding Plan. If the applicable Series of the Bonds (or the applicable Refunded
10 Bonds) were issued as Tax-Exempt Bonds, then prior to such substitution, the City must also obtain
11 an opinion from Bond Counsel to the effect that the disposition and substitution or purchase of
12 such securities will not cause the interest on the applicable Series of the Bonds (or of the applicable
13 Refunded Bonds) issued as Tax-Exempt Bonds to be included in gross income for federal income
14 tax purposes and that such disposition and substitution or purchase is in compliance with the
15 statutes and regulations applicable to the Series of the Bonds. Any surplus money resulting from
16 the sale, transfer, other disposition or redemption of the Acquired Obligations and the substitutions
17 therefor shall be released from the trust estate and may be used for any lawful City purpose.

18 (d) **Refunding Trust Agreement.** In connection with each Series of the Bonds, the
19 Director of Finance is authorized to execute one or more Refunding Trust Agreements with one or
20 more Refunding Trustees, setting forth the duties, obligations and responsibilities of the Refunding
21 Trustee in connection with carrying out the applicable Refunding Plan. Each Refunding Trust
22 Agreement and Refunding Plan must, among other things: (1) identify the Refundable Bonds to
23 be refunded thereby; (2) contain the elements set forth in the definition of Refunding Plan set forth

1 in this ordinance, including provide for the issuance of the Series of the Bonds and describing the
2 method for carrying out the refunding of the Refunded Bonds (including authorizing and directing
3 the Refunding Trustee to use the money deposited with it to purchase the Acquired Obligations
4 (or substitute obligations) and to apply such money along with the maturing principal of and
5 interest on such obligations to make the payments required to be made by the Refunding Plan);
6 and (3) shall provide for the giving of notices of defeasance and redemption, as required under the
7 Refunded Bond Documents. The Refunding Trust Agreement may additionally provide for the
8 payment of the costs of issuance of the Series and the costs of administering the Refunding Plan
9 (including without limitation, all necessary and proper fees, compensation, and expenses of the
10 Refunding Trustee and all other costs incidental to the setting up of the escrow to accomplish the
11 Refunding Plan), and for such other related matters as the Director of Finance may deem necessary
12 or expedient.

13 Section 27. **Redemption of the Refunded Bonds.** The Director of Finance is
14 authorized on behalf of the City to take such actions as may be necessary or convenient to call the
15 Refunded Bonds for redemption. Such call for redemption of the Refunded Bonds shall identify
16 the Refunded Bonds, redemption dates and redemption prices (expressed as a percentage of the
17 stated principal amount), and shall be irrevocable after the Issue Date of the applicable Series of
18 the Bonds. The dates on which the Refunded Bonds are to be called for redemption shall be, in the
19 judgment of the Director of Finance, the earliest practical dates on which those Refunded Bonds
20 may be called for redemption. The proper City officials are authorized and directed to give or cause
21 to be given such notices as required, at the times and in the manner required pursuant to the
22 Refunded Bond Documents, in order to carry out the Refunding Plan.

1 Section 28. **Effect on Prior Omnibus Refunding Ordinance; Outstanding Parity**

2 **Bonds Declared Refundable.** As of the effective date of this ordinance, no additional Refunding
3 Parity Bonds may be issued under Ordinance 121938, as amended by Ordinances 122209 and
4 122637, as amended and restated by Ordinance 124338, and as amended by Ordinance 124914
5 (collectively and as amended, the “Prior Omnibus Refunding Ordinance”). Passage of this
6 ordinance shall have no effect on any outstanding bonds previously issued under the authority of
7 the Prior Omnibus Refunding Ordinance and such previously issued bonds shall remain
8 outstanding in accordance with their terms. All outstanding Parity Bonds previously designated as
9 “Refundable Bonds” under the Prior Omnibus Refunding Ordinance are declared to be Refundable
10 Bonds under this ordinance.

11 Section 29. **General Authorization.** In addition to the specific authorizations in this
12 ordinance, the Mayor and the Director of Finance and each of the other appropriate officers of the
13 City are each authorized and directed to do everything as in his or her judgment may be necessary,
14 appropriate, or desirable in order to carry out the terms and provisions of, and complete the
15 transactions contemplated by, this ordinance. In particular and without limiting the foregoing:

16 (a) The Director of Finance, in his or her discretion and without further action by the
17 City Council, (i) may issue requests for proposals to provide underwriting services or financing
18 facilities (including, without limitation, Qualified Insurance, a Qualified Letter of Credit, or other
19 credit support or liquidity facility), and may execute engagement letters and other agreements with
20 underwriters and other financial institutions (including providers of liquidity or credit support)
21 based on responses to such requests; (ii) may select and make decisions regarding the Bond
22 Registrar, fiscal or paying agents, and any Securities Depository for each Series of the Bonds;
23 (iii) may take any and all actions necessary or convenient to provide for the conversion of interest

1 rate modes for any Series in accordance with the applicable Bond Documents; and (iv) may take
2 such actions on behalf of the City as are necessary or appropriate for the City to designate, qualify,
3 or maintain the tax-exempt treatment with respect to any Series issued as Tax-Exempt Bonds, to
4 receive from the United States Treasury the applicable Tax Credit Subsidy Payments in respect of
5 any Series issued as Tax Credit Subsidy Bonds, and to otherwise receive any other federal tax
6 benefits relating to any Series of the Bonds that are available to the City; and

7 (b) Each of the Mayor and the Director of Finance are each separately authorized to
8 execute and deliver (i) any and all contracts or other documents as are consistent with this
9 ordinance and for which the City's approval is necessary or to which the City is a party (including
10 but not limited to agreements with escrow agents, refunding trustees, liquidity or credit support
11 providers, providers of Qualified Insurance or Reserve Securities, remarketing agents,
12 underwriters, lenders or other financial institutions, fiscal or paying agents, Qualified
13 Counterparties, custodians, and the Bond Registrar); and (ii) such other contracts or documents
14 incidental to: the issuance and sale of any Series of the Bonds; the establishment of the interest
15 rate or rates on a Bond; or the conversion, tender, purchase, remarketing, or redemption of a Bond,
16 as may in his or her judgment be necessary or appropriate.

17 Section 30. **Severability.** The provisions of this ordinance are declared to be separate
18 and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal
19 periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any
20 person or circumstance, such offending provision shall, if feasible, be deemed to be modified to
21 be within the limits of enforceability or validity. However, if the offending provision cannot be so
22 modified, it shall be null and void with respect to the particular person or circumstance, and all

1 other provisions of this ordinance in all other respects, and the offending provision with respect to
2 all other persons and all other circumstances, shall remain valid and enforceable.

3 Section 31. **Ratification of Prior Acts.** Any action taken consistent with the authority
4 of this ordinance, after its passage but prior to the effective date, is ratified, approved and
5 confirmed.

6 Section 32. **Section Headings.** Section headings in this ordinance are used for
7 convenience only and shall not constitute a substantive portion of this ordinance.

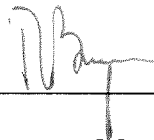
Section 33. **Effective Date.** This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 20th day of NOVEMBER, 2017,
and signed by me in open session in authentication of its passage this 20th day of
NOVEMBER, 2017.



President _____ of the City Council

Approved by me this 22ND day of November, 2017.



Tim Burgess, Mayor

Filed by me this 28th day of NOVEMBER, 2017.



Monica Martinez Simmons, City Clerk

(Seal)

Attachments:

- Exhibit A – Refundable Drainage and Wastewater System Bonds
- Exhibit B – Form of Continuing Disclosure Agreement

EXHIBIT A

LIST OF REFUNDABLE DRAINAGE AND WASTEWATER SYSTEM BONDS

Issue Name	Dated Date	Original Par Amount	Bond Legislation		
			New Money Ord.	Refunding Ord.	Bond Sale Res.
Drainage and Wastewater Revenue Bonds, 2008	04/16/2008	\$84,645,000	Ord. 122637	--	Res. 31050
Drainage and Wastewater Revenue Bonds, Series 2009A (Taxable Build America Bonds – Direct Payment)	12/17/2009	\$102,535,000	Ord. 123055	--	Res. 31177
Drainage and Wastewater Improvement and Refunding Revenue Bonds, Series 2009B	12/17/2009	\$36,680,000	Ord. 123055	Ord. 121938 (as amended by Ord. 122209 and Ord. 122637)	Res. 31177
Drainage and Wastewater Improvement and Refunding Revenue Bonds, 2012	06/27/2012	\$222,090,000	Ord. 123753	Ord. 121938 (as amended by Ord. 122209 and Ord. 122637)	Res. 31387
Drainage and Wastewater Improvement and Refunding Revenue Bonds, 2014	07/10/2014	\$133,180,000	Ord. 124337	Ord. 124338 (amending and restating Ord. 121938)	Res. 31531
Drainage and Wastewater System Improvement and Refunding Revenue Bonds, 2016	06/22/2016	\$164,945,000	Ord. 124914	Ord. 124338 (amending and restating Ord. 121938)	Res. 31674
Drainage and Wastewater System Improvement and Refunding Revenue Bonds, 2017	06/28/2017	\$234,125,000	Ord. 125297	Ord. 124338 (amending and restating Ord. 121938) as amended by Ord. 124914	Res. 31756

EXHIBIT B

FORM OF CONTINUING DISCLOSURE AGREEMENT

The City of Seattle, Washington (the “City”) makes the following written Undertaking for the benefit of the Owners of the City’s [Drainage and Wastewater Refunding Revenue Bonds,] [Series/Year 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 Ordinance _____] ([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 Drainage and Wastewater System 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 the filing of annual financial statements under subsection (b), provided that audited financial statements are to be 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

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

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

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

19 (i) Shall consist of (1) annual financial statements of the Drainage and
20 Wastewater System prepared in accordance with applicable generally accepted accounting
21 principles applicable to governmental units (except as otherwise noted herein), as such principles
22 may be changed from time to time and as permitted by applicable state law; (2) a statement of
23 outstanding bonded debt secured by revenues of the Drainage and Wastewater System; (3) debt

service coverage ratios; (4) general customer statistics, such as number and type of customers and revenues by customer class; and (5) current drainage rate and wastewater rates;

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

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

(c) Amendment of Undertaking. This Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any Owner or holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12, including:

(i) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted;

(ii) The undertaking, as amended, would have complied with the requirements of the rule at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and

(iii) The amendment does not materially impair the interests of holders, as determined either by parties unaffiliated with the City (e.g., bond counsel or other counsel familiar with federal securities laws), or by approving vote of bondholders pursuant to the terms of the Bond Legislation at the time of the amendment.

1 The City will give notice to the MSRB of the substance (or provide a copy) of any
2 amendment to this Undertaking and a brief statement of the reasons for the amendment. If the
3 amendment changes the type of annual financial information to be provided, the annual financial
4 information containing the amended financial information will include a narrative explanation of
5 the effect of that change on the type of information to be provided.

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

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

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

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

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

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

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

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

18 (v) Effecting any necessary amendment of the Undertaking.

STATE OF WASHINGTON -- KING COUNTY

--SS.

356309

No.

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.

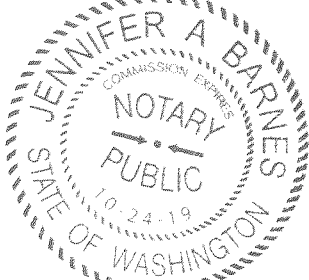
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:125446-477 TITLE ONLY

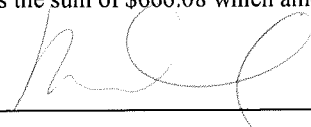
was published on

12/06/17

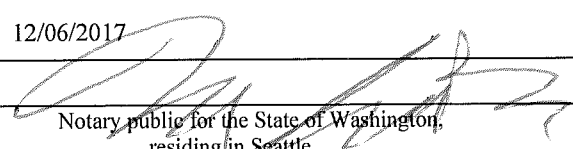
The amount of the fee charged for the foregoing publication is the sum of \$666.08 which amount has been paid in full.



Affidavit of Publication


Subscribed and sworn to before me on

12/06/2017


Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

The full text of the following legislation, passed by the City Council on November 20, 2017, and published below by title only, will be mailed upon request, or can be accessed at <http://seattle.legistar.com>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Ordinance 125446
Council Bill 119139

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Ordinance 125447
Council Bill 119122

AN ORDINANCE authorizing, in 2017, acceptance of funding from non-City sources; authorizing the heads of the Executive Department, Department of Parks and Recreation, Seattle Fire Department, Seattle Police Department, the Seattle Department of Transportation, and the Cable Television Franchise Subfund to accept specified grants and private funding and to execute, deliver, and perform corresponding agreements; and ratifying and confirming certain prior acts.

Ordinance 125448
Council Bill 119123

AN ORDINANCE amending Ordinance 125207, which adopted the 2017 Budget, including the 2017-2022 Capital Improvement Program (CIP) (commonly known as the 3rd quarter supplemental); changing appropriations to various departments and budget control levels, and from various funds in the Budget; revising project allocations for certain projects in the 2017-2022 CIP; making cash transfers between various City funds; transferring positions; and ratifying and confirming certain prior acts: all by a 3/4 vote of the City Council.

Ordinance 125449
Council Bill 119111

AN ORDINANCE relating to regulatory business and professional license fees; adjusting business and professional license and registration fees associated with the regulated activities of alarm monitoring, trade shows, residential sales, tow companies, used and recycled goods, adult entertainment, and price scanning; and amending Seattle Municipal Code Sections 6.08.010, 6.10.010, 6.20.040, 6.204.030, 6.204.080, 6.214.270, 6.250.060, 6.270.060, and 7.04.645.

Ordinance 125450
Council Bill 119112

AN ORDINANCE relating to pet adoption fees and other animal control fees; adjusting and simplifying adoption fees and animal control fees; authorizing the Director of Finance and Administrative Services to adjust adoption fees and animal control fees; and amending Sections 9.26.050 and 9.26.060 of the Seattle Municipal Code.

Ordinance 125451
Council Bill 119106

AN ORDINANCE related to fees and charges for permits and activities of the Seattle Department of Construction and Inspections and related fees by other departments, and technical corrections: amending Seattle Municipal Code Chapter 22.900B, General Provisions; Chapter 22.900C, Fees for Land Use Review; Chapter 22.900D, Fees for New and Altered Buildings and Equipment; Chapter 22.900E, Fees for Certificates and Registrations; Chapter 22.900F, Compliance and Other Inspections; and Chapter 22.900G, Fees Collected for Other Departments.

Ordinance 125452
Council Bill 119099

AN ORDINANCE relating to street and sidewalk use; amending the Street Use Permit Fee Schedule authorized by Section 15.04.074 of the Seattle Municipal Code.

Ordinance 125453
Council Bill 119108

AN ORDINANCE relating to the Department of Parks and Recreation: establishing the 2018 fee schedule for the use of park properties and other park and recreation facilities and services; and superseding previous park and recreation fee schedules.

Ordinance 125454
Council Bill 119102

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

Ordinance 125455
Council Bill 119103

AN ORDINANCE relating to the drainage and wastewater system of The City of Seattle; authorizing the issuance and sale, from time to time in multiple series, of drainage and wastewater refunding revenue bonds for the purpose of carrying out the current or advance refunding of all or a portion of the City's outstanding drainage and wastewater revenue bonds pursuant to an approved refunding plan, providing for the reserve requirement, and paying the administrative costs of carrying out such refundings and paying costs of issuance of the Refunding Parity Bonds; describing the lien of those Refunding Parity Bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; rescinding the authorization to issue any future Refunding Parity Bonds under Ordinance 121938 (as amended by Ordinances 122209 and 122637, as amended and restated by Ordinance 124338, and as further amended by Ordinance 124914); authorizing the Director of Finance to enter into agreements providing for the disposition of the Refunding Parity Bond proceeds; and ratifying and confirming certain prior acts.

Ordinance 125456
Council Bill 119110

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 for other City purposes approved by ordinance, and to pay the costs of issuance of the bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; amending Ordinance 125197 to rescind and reapprove the authorization for certain previously authorized but unissued debt; and ratifying and confirming certain prior acts.

Ordinance 125457
Council Bill 119109

AN ORDINANCE relating to contracting indebtedness; authorizing the issuance and sale, from time to time in multiple series, of limited tax general obligation refunding bonds and unlimited tax general obligation refunding bonds for the purpose of carrying out the current or advance refunding of all or part of the City's outstanding limited tax general obligation bonds, carrying out the current or advance refunding of all or part of the City's outstanding unlimited tax general obligation bonds pursuant to an approved refunding plan, and to pay the administrative costs of carrying out such refundings and the costs of issuance of the refunding

bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; rescinding the authorization to issue any future general obligation refunding bonds under Ordinance 121651 (as previously amended by Ordinance 122286, and as previously amended and restated by Ordinance 124343); authorizing the Director of Finance to enter into agreements providing for the disposition of the refunding bond proceeds; and ratifying and confirming certain prior acts.

Ordinance 125458
Council Bill 119101

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

Ordinance 125459
Council Bill 119105

AN ORDINANCE relating to the electric system of The City of Seattle; adopting a system or plan of additions and betterments to and extensions of the existing municipal light and electric power generation, transmission, and distribution system of the City; authorizing the issuance and sale of municipal light and power revenue bonds for the purposes of providing funds to pay part of the cost of carrying out that system or plan, providing for the reserve fund requirement (if any), and paying the costs of issuance of the bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; describing the lien of the bonds and authorizing their issuance as either senior lien parity bonds or as junior lien bonds; creating a Junior Lien Debt Service Fund, and certain other funds and accounts relating thereto; and ratifying and confirming certain prior acts.

Ordinance 125460
Council Bill 119104

AN ORDINANCE relating to the electric system of The City of Seattle; authorizing and providing for the issuance and sale, from time to time in multiple series, of municipal light and power refunding revenue bonds for the carrying out the current or advance refunding of all or a portion of the City's outstanding municipal light and power revenue bonds pursuant to an approved refunding plan, providing for the reserve requirement (if any), and paying the administrative costs of carrying out such refundings and paying costs of issuance of the refunding bonds; describing the lien of those refunding bonds and authorizing their issuance as either senior lien parity bonds or as junior lien bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; rescinding the authorization to issue any future refunding parity bonds under Ordinance 121941 (as amended by Ordinance 122838, as amended and restated by Ordinance 124335, and as further amended by Ordinance 124916); authorizing the Director of Finance to enter into agreements providing for the disposition of the refunding bond proceeds; and ratifying and confirming certain prior acts.

Ordinance 125461
Council Bill 119100

AN ORDINANCE relating to the solid waste system of The City of Seattle; authorizing the issuance and sale, from time to time in multiple series, of solid waste system refunding revenue bonds, for the purpose of carrying out the current or advance refunding of all or a portion of the City's outstanding solid waste system revenue bonds pursuant to an approved refunding plan, providing for the reserve requirement and paying

the administrative costs of carrying out such refundings and paying costs of issuance of the Refunding Parity Bonds; describing the lien of those Refunding Parity Bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; rescinding the authorization to issue any future Refunding Parity Bonds under Ordinance 121940 (as amended by Ordinance 122498, as amended and restated by Ordinance 124915); authorizing the Director of Finance to enter into agreements providing for the disposition of the Refunding proceeds; and ratifying and confirming certain prior acts.

Ordinance 125462
Council Bill 119135

AN ORDINANCE amending Ordinance 125212, relating to the financing of Equitable Development Implementation Plan projects; changing the source of the interfund loan from the Finance and Administrative Services Fund to the Revenue Stabilization Fund; increasing the loan of funds from \$6,500,000 to \$16,000,000; and amending Ordinance 125207 to change appropriations to various departments and budget control levels and from various funds in the 2017 Budget.

Ordinance 125463
Council Bill 119132

AN ORDINANCE relating to the financing of certain general government programs; authorizing an interfund loan from the Housing Incentive Subfund of the Office of Housing Fund to the General Subfund Fund.

Ordinance 125464
Council Bill 119129

AN ORDINANCE relating to the financing of tax administration system improvements and regulatory licensing systems in the Department of Finance and Administrative Services; authorizing an interfund loan in the amount of \$4,692,000 from the Seattle Information Technology Operating Fund to the General Subfund Fund.

Ordinance 125465
Council Bill 119134

AN ORDINANCE relating to the financing of 2018 activities evaluating effects of the Sweetened Beverage Tax, and authorizing an interfund loan from the Revenue Stabilization Fund (00166) to the General Fund (00100) in the amount of \$500,000.

Ordinance 125466
Council Bill 119098

AN ORDINANCE relating to the financing of the Mercer West project; amending Ordinance 124904 to extend the term of an interfund loan.

Ordinance 125467
Council Bill 119113

AN ORDINANCE relating to employment in Seattle; adding a new Chapter 14.36 to the Seattle Municipal Code; and establishing a retirement-savings program for certain employees working in Seattle.

Ordinance 125468
Council Bill 119107

AN ORDINANCE related to The City of Seattle's Emergency Relocation Assistance Program, as administered by the Seattle Department of Construction and Inspections; and amending Section 22.202.060 of the Seattle Municipal Code.

Ordinance 125469
Council Bill 119115

AN ORDINANCE relating to the City Light Department; amending Ordinance 121176 to remove certain performance pay provisions.

Ordinance 125470
Council Bill 119120

AN ORDINANCE relating to organization of the Office for Civil Rights; amending Section 3.14.910 of the Seattle Municipal Code to change removal from at-will to for-cause for subsequent Directors of the Office for Civil Rights.

Ordinance 125471

Council Bill 119124

AN ORDINANCE conditioning the Seattle Department of Transportation's 2018 grant applications.

Ordinance 125472

Council Bill 119136

AN ORDINANCE relating to decreasing militarization of police activities; adding a new Section 3.28.140 to the Seattle Municipal Code.

Ordinance 125473

Council Bill 119128

AN ORDINANCE relating to the Equitable Development Initiative; establishing a public purpose and authorizing the Director of the Office of Planning and Community Development to execute funding agreements for and on behalf of the City related to implementation of the Equitable Development Initiative.

Ordinance 125474

Council Bill 119125

AN ORDINANCE relating to contracting by the Human Services Department; adding a new Section 3.20.050 to the Seattle Municipal Code to provide that the Seattle Human Services Department utilize a results-based framework for designing human service investments; amending Section 3.20.030 of the Seattle Municipal Code to clarify the duties of the Director of the Human Services Department with respect to contracting for human services to carry out department programs; and adding a new Section 20.50.020 to the Seattle Municipal Code to exempt contracts for human services executed by the Director from provisions of Chapter 20.50.

Ordinance 125475

Council Bill 119116

AN ORDINANCE adopting a budget, including a capital improvement program and position modifications, for The City of Seattle for 2018; and creating positions exempt from civil service: all by a 2/3 vote of the City Council.

Ordinance 125476

Council Bill 119117

AN ORDINANCE relating to the levy of property taxes; fixing the rates and/or amounts of taxes to be levied, and levying the same upon all taxable property, both real and personal, in The City of Seattle, to finance the departments and activities of City government and to provide for the general obligation bond interest and redemption requirements for the year beginning on the first day of January 2018; and ratifying and confirming certain prior acts.

Ordinance 125477

Council Bill 119118

AN ORDINANCE authorizing the levy of regular property taxes by The City of Seattle for collection in 2018, representing an increase above the regular property taxes levied for collection in 2017; and ratifying and confirming certain prior acts.

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