



SEATTLE CITY COUNCIL

Legislative Summary

Res 31771

Record No.: Res 31771

Type: Resolution (Res)

Status: Adopted

Version: 1

Ord. no:

In Control: City Clerk

File Created: 09/08/2017

Final Action: 09/13/2017

Title: A RESOLUTION relating to contracting indebtedness; confirming, ratifying and approving certain terms of the issuance and sale of The City of Seattle, Washington, Municipal Light and Power Improvement and Refunding Revenue Bonds, 2017C, for the purposes set forth in Ordinance 125198 and in Ordinance 124335 (as amended by Ordinance 124916); confirming, ratifying and approving actions taken and to be taken to provide for the refunding of certain outstanding bonds of the Light System of the City; confirming, ratifying and approving the notice of bond sale and other actions taken and to be taken in connection with the issuance of the bonds and their sale to the purchaser; and ratifying and confirming the actions of the Director of Finance and other City officials relating to the issuance and sale of the bonds.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Burgess

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Ex A - Identification of Refunded Bonds, Ex B - Official Notice of Bond Sale, Ex C - Printed Version of All Electronic Bids

Drafter: jodee.schwinn@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	Full Council	09/13/2017	adopted				Pass
	Action Text: The Motion carried, the Resolution (Res) was adopted by the following vote, and the President signed the Bill:						
	Notes: Motion was made and duly seconded to adopt Resolution 31771.						
		In Favor: 7	Councilmember Bagshaw, Councilmember Burgess, Councilmember González, Council President Harrell, Councilmember Herbold, Councilmember Juarez, Councilmember Sawant				
		Opposed: 0					

1 City Clerk 09/13/2017 attested by City Clerk
Action Text: The Resolution (Res) was attested by City Clerk.
Notes:

CITY OF SEATTLE

RESOLUTION 31771

A RESOLUTION relating to contracting indebtedness; confirming, ratifying and approving certain terms of the issuance and sale of The City of Seattle, Washington, Municipal Light and Power Improvement and Refunding Revenue Bonds, 2017C, for the purposes set forth in Ordinance 125198 and in Ordinance 124335 (as amended by Ordinance 124916); confirming, ratifying and approving actions taken and to be taken to provide for the refunding of certain outstanding bonds of the Light System of the City; confirming, ratifying and approving the notice of bond sale and other actions taken and to be taken in connection with the issuance of the bonds and their sale to the purchaser; and ratifying and confirming the actions of the Director of Finance and other City officials relating to the issuance and sale of the bonds.

WHEREAS, pursuant to Ordinance 125198 (the "New Money Ordinance"), the City authorized the issuance and sale of not to exceed \$275 million of its Light System revenue bonds in one or more series: (a) to pay part of the cost of carrying out the Plan of Additions (as defined in the New Money Ordinance); (b) to provide for a deposit to the Reserve Fund, if necessary; (c) to capitalize interest on, if necessary, and pay the costs of issuance of the bonds; and (d) for other Light System purposes approved by ordinance; and

WHEREAS, pursuant to Ordinance 124335 (as amended by Ordinance 124916) (the "Omnibus Refunding Bond Ordinance"), the City authorized the issuance of Light System revenue bonds for the purpose of, among other things, paying all or a part of the costs of refunding certain of the City's outstanding Light System revenue bonds; and

WHEREAS, the City previously issued its Municipal Light and Power Improvement and Refunding Revenue Bonds, 2011A, which were authorized pursuant to Ordinance 123483, Ordinance 121941 (as amended by Ordinance 122838) and Resolution 31263 (the "Refunded Bond Legislation"), and reserved the right to call, pay and redeem those bonds maturing on and after February 1, 2022, prior to maturity at any time on or after

February 1, 2021, at a price equal to the stated principal amount to be redeemed, plus accrued interest; and

WHEREAS, the New Money Ordinance and the Omnibus Refunding Bond Ordinance (together, the "Bond Ordinances") authorize the Director of Finance to conduct a public or negotiated sale of bonds and to accept a bid or offer to purchase the bonds at certain interest rates and certain Bond Sale Terms (as defined in the Bond Ordinances), within certain parameters set forth in the Bond Ordinances; and

WHEREAS, to accomplish the refunding of the Refunded Bonds (defined herein), it is necessary and advisable that certain Acquired Obligations (defined herein) bearing interest and maturing at such time or times as necessary to accomplish the Refunding Plan (defined herein) be purchased out of a portion of the proceeds of the Bonds (defined herein) and other money of the City, if necessary; and

WHEREAS, pursuant to the Bond Ordinances, a preliminary official statement dated August 31, 2017, for the public sale of the Bonds, including an official notice of that sale, was prepared and distributed, bids were received in accordance with the Official Notice of Bond Sale, and the proposed sale of the Bonds to Morgan Stanley & Co. LLC has been presented to the City Council for its approval with the interest rates and other Bond Sale Terms; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE THAT:

Section 1. **Definitions.** The meanings of capitalized terms used and not otherwise defined in this resolution shall be as set forth in the Bond Ordinances. In addition, the following terms as used in this resolution shall have the following meanings:

1 **“2005 Reserve Surety”** means the Alternate Reserve Security (FSA Policy No.
2 205674-S) purchased pursuant to Ordinance 121812, passed on May 16, 2005.

3 **“Acquired Obligations”** means those Government Obligations (if any) purchased
4 pursuant to the Refunding Trust Agreement to accomplish the refunding of the Refunded Bonds.

5 **“Bond Legislation”** means, collectively, the Bond Ordinances and this resolution.

6 **“Bond Ordinances”** means, together, the New Money Ordinance and the Omnibus
7 Refunding Bond Ordinance.

8 **“Bonds”** means the \$385,530,000 aggregate principal amount of Municipal Light and
9 Power Improvement and Refunding Revenue Bonds, 2017C, issued pursuant to the Bond
10 Legislation.

11 **“Excluded Bonds”** means the City’s (a) Municipal Light and Power Revenue Bonds,
12 2015B-1 and 2015B-2 (SIFMA Index), issued pursuant to Ordinance 124633 passed on
13 November 24, 2014, and Resolution 31593 adopted June 23, 2015, as supplemented by
14 Resolution 31646 adopted January 13, 2016, (b) Municipal Light and Power Revenue Bonds,
15 Series 2017A (Multi-Modal) and Series 2017B (Multi-Modal), issued pursuant to Ordinance
16 124916 passed on November 23, 2015, and Resolution 31728 adopted January 11, 2017, and
17 (c) any other issue of Parity Bonds for which the Reserve Requirement is equal to \$0.

18 **“Government Obligations,”** when referring to eligible investments in a refunding
19 escrow established to refund or defease the Bonds, shall be limited to the following types of
20 securities, provided that such securities are then included in the State law definition of
21 “government obligations” under RCW 39.53.010 (or any successor statute): (i) direct obligations
22 of, or obligations the principal of and interest on which are unconditionally guaranteed by, the
23 United States of America, and bank certificates of deposit secured by such obligations;

(ii) bonds, debentures, notes, participation certificates, or other obligations issued by the Banks for Cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank system, the Export-Import Bank of the United States, Federal Land Banks, or the Federal National Mortgage Association; (iii) public housing bonds and project notes fully secured by contracts with the United States; and (iv) obligations of financial institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, to the extent insured or to the extent guaranteed as permitted under any other provision of State law.

“New Money Ordinance” means Ordinance 125198 passed by the City Council on November 21, 2016.

“New Money Portion” means that portion of the Bonds identified in the allocation attached to the Tax Certificate to be executed by the Director of Finance as of the Issue Date.

“Official Notice of Bond Sale” means the Official Notice of Bond Sale, a copy of which is attached as Exhibit B.

“Omnibus Refunding Bond Ordinance” means Ordinance 124335, passed by the City Council on November 25, 2013, as amended by Ordinance 124916, passed by the City Council on November 23, 2015 (which amended and restated Ordinance 121941, originally passed by the City Council on September 26, 2005, and subsequently amended by Ordinance 122838, passed by the City Council on November 10, 2008). In accordance with Section 32 of Ordinance 124335, all section references to the Omnibus Refunding Bond Ordinance herein refer to the “clean” version of that legislation attached to Ordinance 124335 as Exhibit C.

“Purchaser” means Morgan Stanley & Co. LLC.

1 **“Refunded Bonds”** means that portion of the City’s outstanding Municipal Light and
2 Power Improvement and Refunding Revenue Bonds, 2011A, identified in Exhibit A, which is
3 attached and incorporated by this reference.

4 **“Refunded Bond Legislation”** means the following legislation collectively authorizing
5 the issuance and sale of the City’s Municipal Light and Power Improvement and Refunding
6 Revenue Bonds, 2011A, allocated to new money and current refundable purposes:

<u>Legislation</u>	<u>Description</u>
Ordinance 123483 passed by the City Council on November 22, 2010	Authorized not to exceed \$210 million of new money Municipal Light and Power Improvement Revenue Bonds, 2011.
Ordinance 121941 passed by the City Council on September 26, 2005, as amended by Ordinance 122838 passed by the City Council on November 10, 2008	Authorized the issuance of Light System refunding revenue bonds.
Resolution 31263 adopted by the City Council on January 12, 2011	Approved the issuance and sale of \$296,315,000 Municipal Light and Power Improvement and Refunding Revenue Bonds, 2011A (including \$200,000,000 new money and \$96,315,000 current refunding portions). The Refunded Bonds are from the portion allocated to new money.

7
8 **“Refunding Plan”** means the refunding plan for the Refunded Bonds, as set forth in
9 Section 6(d).

10 **“Refunding Portion”** means that portion of the Bonds identified in the allocation
11 attached to the Tax Certificate to be executed by the Director of Finance as of the Issue Date.

12 **“Refunding Trust Agreement”** means the agreement between the City and a Refunding
13 Trustee and such other parties as may be necessary, providing for the carrying out of the
14 Refunding Plan, in a form acceptable to the Director of Finance.

1 **“Refunding Trustee”** means the financial institution selected by the Director of Finance
2 to serve as refunding trustee or escrow agent under the Refunding Trust Agreement, or its
3 successors.

4 **“Reserve Fund Requirement”** means, with respect to the Bonds, the additional amount
5 calculated as set forth in Section 5(a) of this resolution.

6 Section 2. **Sale and Delivery of Bonds.** The City finds that the sale of the Bonds to
7 the Purchaser at the interest rates and pursuant to the Bond Sale Terms set forth in the Bond
8 Legislation, the Official Notice of Bond Sale, attached as Exhibit B, and the bid information
9 attached as Exhibit C (which includes a summary of the true interest cost associated with each
10 bid and a printed version of all the electronic bids for the Bonds, including the electronic bid of
11 the Purchaser), is in the City’s best interest and therefore confirms, ratifies and approves the
12 award of the Bonds to the Purchaser.

13 Section 3. **Approval of Bond Sale Terms.** In accordance with Section 5 of the New
14 Money Ordinance and Section 4 of the Omnibus Refunding Bond Ordinance, the following Bond
15 Sale Terms are approved:

16 (a) **Principal Amount.** The Bonds shall be issued in the aggregate principal amount
17 of \$385,530,000. The allocation of the Bonds to the New Money Portion and the Refunding
18 Portion shall be as set forth in the allocation attached to the Tax Certificate executed by the
19 Director of Finance as of the Issue Date. The amount allocated to the New Money Portion shall
20 not exceed \$275,000,000, and the amount allocated to the Refunding Portion shall not exceed
21 125% of the stated principal amount of the Refunded Bonds.

22 (b) **Date or Dates.** Each Bond shall be dated its Issue Date, which is expected to be
23 September 28, 2017, and which date shall be not later than December 31, 2019.

(c) **Denominations.** The Bonds shall be issued in Authorized Denominations, as set forth in the Bond Ordinances.

(d) **Interest Rates; Payment Dates.** Each Bond shall bear interest at fixed rates per annum, as shown below, computed on the basis of a 360-day year of twelve 30-day months, from the Issue Date or from the most recent date with respect to which interest has been paid or duly provided for, whichever is later. Interest shall be payable on the first day of each March and September, commencing March 1, 2018. Principal shall be payable at maturity in principal amounts on September 1 of the following years in the following amounts:

Maturity Date	Principal Amount	Interest Rate	Maturity Date	Principal Amount	Interest Rate
2018	\$ 5,135,000	5.00%	2032	\$18,770,000	5.00%
2019	4,100,000	5.00	2033	19,705,000	4.00
2020	4,310,000	5.00	2034	20,500,000	4.00
2021	4,525,000	5.00	2035	21,320,000	4.00
2022	11,710,000	5.00	2036	22,170,000	4.00
2023	12,305,000	5.00	2037	9,465,000	4.00
2024	12,915,000	5.00	2038	9,845,000	4.00
2025	13,560,000	5.00	2039	10,240,000	4.00
2026	14,240,000	5.00	2040	10,650,000	4.00
2027	6,040,000	5.00	2041	11,075,000	4.00
2028	15,445,000	5.00	2042	11,515,000	4.00
2029	16,215,000	5.00	2043	11,975,000	4.00
2030	17,030,000	5.00	***	***	***
2031	17,880,000	5.00	2047	52,890,000	4.00

(e) **Final Maturity.** The final maturity of the Bonds is September 1, 2047.

(f) **Redemption Rights.**

(1) Optional Redemption. The Bonds maturing on and before September 1, 2027, are not subject to redemption prior to maturity. The City reserves the right and option to redeem Bonds maturing on and after September 1, 2028, prior to their stated maturity dates at any time on or after September 1, 2027, as a whole or in part, at a price equal to 100% of the stated principal amount to be redeemed plus accrued interest to the date fixed for redemption.

(2) **Mandatory Redemption.** Bonds maturing in the year 2047 are designated as Term Bonds and, if not redeemed under the optional redemption provisions set forth above or purchased in the open market under the provisions set forth in the Bond Ordinances, shall be called for redemption in accordance with the Bond Ordinances at a price equal to 100% of the principal amount to be redeemed plus accrued interest to the date fixed for redemption on September 1 in the years and amounts as follows:

2047 Term Bond	
Mandatory Redemption Year	Mandatory Redemption Amount
2044	\$12,455,000
2045	12,955,000
2046	13,470,000
2047*	14,010,000

*Maturity

If a Term Bond is redeemed under the optional redemption provisions or defeased or purchased by the City and surrendered for cancellation, the principal amount of that Term Bond so redeemed, purchased, or defeased (irrespective of its actual redemption or purchase price) shall be credited against one or more scheduled mandatory redemption installments for that Term Bond in accordance with the Bond Ordinances.

(g) **Price.** The purchase price for the Bonds is \$439,186,725.16, representing the aggregate principal amount of the Bonds, plus an original issue premium and less underwriter's discount.

(h) **Other Terms and Conditions.** The following terms and conditions, along with those additional Bond Sale Terms set forth in the Official Notice of Bond Sale, are ratified, confirmed and approved in all respects:

(1) The average expected life of the capital facilities to be financed with the proceeds of the New Money Portion exceeds the weighted average maturity of the New Money Portion allocated to financing those capital facilities.

(2) The applicable Parity Conditions have been met or satisfied so that the Bonds may be issued as Parity Bonds.

(3) The City Council has given due regard to the cost of operation and maintenance of the Light System and to any portion of the Gross Revenues pledged for the payment of any bonds, warrants or other indebtedness, and finds and determines that the Gross Revenues, at the rates established consistent with Section 13(d) of the New Money Ordinance and Section 15(d) of the Omnibus Refunding Ordinance, will be sufficient to meet all expenses of operation and maintenance of the Light System and to provide the amounts previously pledged for the payment of all outstanding obligations payable out of the Gross Revenues and pledged for the payment of the Bonds.

(4) The Bond Sale Terms do not provide for any bond insurance or other credit enhancement, or for interest rate swaps, caps, floors or other similar hedging devices, at the expense or direction of the City.

(5) The Reserve Fund Requirement shall be established and funded as set forth in Section 5 of this resolution.

(6) Terms and covenants relating to federal tax matters are as set forth in Section 7 of this resolution.

Section 4. Use of Bond Proceeds. Proceeds of the Bonds received by the City shall be allocated as set forth in the Tax Certificate and shall be deposited immediately upon receipt, as set forth below. The amounts necessary to pay the costs of issuance of the Bonds shall be

allocated among the various purposes in accordance with the allocation set forth in the Tax Certificate executed by the Director of Finance as of the Issue Date.

(a) **New Money Portion.** Proceeds of the sale of the New Money Portion shall be deposited in the funds, accounts or subaccounts within the Light Fund as determined by the Director of Finance as necessary to pay costs of the Plan of Additions, the costs of issuing the New Money Portion of the Bonds and for such other purposes as may be approved by ordinance.

(b) **Refunding Portion.** Proceeds of the sale of the Refunding Portion shall be deposited immediately upon the receipt thereof with the Refunding Trustee and shall be used to carry out the Refunding Plan, including discharging the obligations of the City relating to the Refunded Bonds under the Refunded Bond Legislation. The Refunding Plan shall be as set forth in the Refunding Trust Agreement and Section 6(d) of this resolution. The Director of Finance shall determine, in his sole discretion, whether the portion of the sale proceeds of the Refunding Portion necessary for payment of costs of issuance and administrative costs of the refunding shall be (i) deposited into a fund, account or subaccount within the Light Fund to be paid directly by the City, or (ii) deposited with the Refunding Trustee, who shall be directed to pay such costs as part of the Refunding Plan.

Section 5. Reserve Fund Requirement.

(a) **Amount of the Reserve Fund Requirement for the Bonds.** With respect to the Bonds, the Reserve Fund Requirement shall mean (1) for so long as the 2005 Reserve Surety remains in effect, the additional amount necessary, if any, to provide an overall level of funding in the Reserve Fund equal to the maximum amount permitted by the Code as a “reasonably required reserve or replacement fund,” calculated as of the Issue Date based on the debt service requirements for all Parity Bonds then outstanding, and (2) from and after the expiration or

1 termination of the 2005 Reserve Surety, the amount of the Reserve Fund Requirement for the
2 Bonds shall be recalculated based on the debt service requirements as of the Issue Date for all
3 Parity Bonds except for the Excluded Bonds.

4 (b) **Method of Funding the Reserve Fund Requirement.** Prior to the Issue Date,
5 the Director of Finance shall determine that there is on deposit in the Reserve Fund an amount
6 sufficient to satisfy the Reserve Fund Requirement for the Bonds as set forth in this section. Any
7 additional deposit that may be required shall be made from proceeds of the Bonds.

8 Section 6. Provisions for Refunding.

9 (a) **Findings With Respect to Refunding.** The City Council finds that the issuance
10 of the Refunding Portion at this time will effect a savings to the City and is in the best interest of
11 the City and its Light System ratepayers and in the public interest. In making such finding, the
12 City Council has given consideration to the fixed maturities allocated to the Refunding Portion
13 and the Refunded Bonds, the costs of issuance of the Refunding Portion and the known earned
14 income from the investment of the amounts deposited with the Refunding Trustee pending
15 payment and redemption of the Refunded Bonds. The City Council further finds that the money
16 to be deposited with the Refunding Trustee will discharge and satisfy the obligations, pledges,
17 charges, trusts, covenants, and agreements of the City under the Refunded Bond Legislation, and
18 that immediately upon the deposit of such money with the Refunding Trustee, the Refunded
19 Bonds shall be deemed to be no longer outstanding under the Refunded Bond Legislation.

20 (b) **Call for Redemption of the Refunded Bonds.** The City authorizes the Director
21 of Finance to call for redemption on February 1, 2021, all of the Refunded Bonds at a price of
22 100% of the principal amount to be redeemed, plus accrued interest to the date set for
23 redemption. Such call for redemption shall be irrevocable after the Issue Date. The date on which

1 the Refunded Bonds are called for redemption is the first date on which the Refunded Bonds may
2 be called. The City authorizes and directs the Director of Finance to give or cause to be given
3 such notices as required, at the times and in the manner required, pursuant to the Refunded Bond
4 Legislation in order to effect the redemption prior to the maturity of the Refunded Bonds.

5 (c) **Refunding Trust Agreement.** The Director of Finance is authorized and
6 directed to appoint the Refunding Trustee and to execute a Refunding Trust Agreement, in form
7 and substance acceptable to him, consistent with Section 12 of the Omnibus Refunding Bond
8 Ordinance.

9 (d) **Refunding Plan.** The Refunding Plan is approved substantially as follows, with
10 such alterations as may be set forth in the Refunding Trust Agreement, all as the Director of
11 Finance deems necessary or appropriate:

12 (1) On the Issue Date, certain proceeds of the Refunding Portion shall be
13 deposited with the Refunding Trustee in an amount sufficient to purchase the Acquired
14 Obligations.

15 (2) The Refunding Trustee shall hold the maturing principal of and interest on
16 the Acquired Obligations in a refunding trust account, and shall apply such money, together with
17 other money held in that account, to the payment of the principal of and interest on the Refunded
18 Bonds when due up to and including the date set for redemption.

19 (3) On the date set for redemption of the Refunded Bonds, the Refunding
20 Trustee shall call, pay, and redeem all of the Refunded Bonds at a price equal to the principal
21 amount to be redeemed, plus accrued interest to that date.

1 (4) The costs of carrying out the Refunding Plan and the costs of issuance of
2 the Refunding Portion of the Bonds may be paid either by the City directly or from the amounts
3 held by the Refunding Trustee, as directed by the Director of Finance in his discretion.

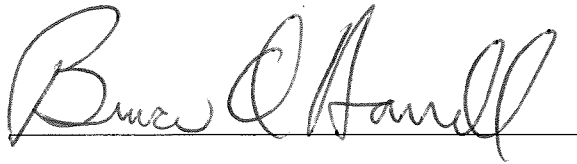
4 Section 7. **Federal Tax Matters.** The Bonds shall be issued as Tax-Exempt Bonds,
5 in accordance with Section 14(a) of the New Money Ordinance and Section 16(a) of the
6 Omnibus Bond Refunding Ordinance.

7 Section 8. **General Authorization.** The Mayor and the Director of Finance and each
8 of the other appropriate officers and agents of the City are each authorized and directed to do
9 everything as in their judgment may be necessary, appropriate or desirable in order to carry out
10 the terms and provisions of, and complete the transactions contemplated by, the Bond
11 Ordinances and this resolution.

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

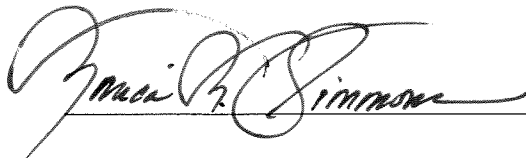
21 Section 10. **Ratification of Prior Acts.** All acts taken pursuant to the authority of this
22 resolution but prior to its effective date are ratified, approved and confirmed.

Adopted by the City Council the 13th day of September, 2017,
and signed by me in open session in authentication of its adoption this 13th day of
September, 2017.



President _____ of the City Council

Filed by me this 13th day of September, 2017.



Monica Martinez Simmons, City Clerk

(Seal)

LIST OF EXHIBITS

- | | |
|-----------|--|
| Exhibit A | Identification of Refunded Bonds |
| Exhibit B | Official Notice of Bond Sale |
| Exhibit C | Printed Version of All Electronic Bids |