



SEATTLE CITY COUNCIL

Legislative Summary

CB 119395

Record No.: CB 119395

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125712

In Control: City Clerk

File Created: 09/17/2018

Final Action: 11/26/2018

Title: AN ORDINANCE relating to the drainage and wastewater system of The City of Seattle; amending Ordinance 125454 to increase the authorized principal amount of drainage and wastewater revenue bonds to be issued for the purposes of paying all or part of the cost of carrying out the system or plan of additions and betterments to and extensions of the existing drainage and wastewater system; making certain other technical amendments to Ordinance 125454 and Exhibit B thereto; and ratifying and confirming certain prior acts.

Date

Notes:

Filed with City Clerk:

Sponsors: Bagshaw

Mayor's Signature:

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Ex A - Amended Exhibit B to Ordinance 125454

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	09/24/2018	Mayor's leg transmitted to Council	City Clerk			
1	City Clerk	10/22/2018	sent for review	Council President's Office			
1	Council President's Office	10/24/2018	sent for review	Select Budget Committee			
1	City Council	10/29/2018	referred	Select Budget Committee			
Action Text:		The Council Bill (CB) was referred. to the Select Budget Committee					
Notes:							

- 1 Select Budget Committee 10/31/2018
 - 1 Select Budget Committee 11/07/2018
 - 1 Select Budget Committee 11/14/2018 pass Pass
 - Action Text: The Committee recommends that City Council pass the Council Bill (CB).
 - Notes:
 - In Favor: 9 Chair Bagshaw, Member González , Member Harrell, Member Herbold, Member Johnson, Member Juarez, Member Mosqueda, Member O'Brien, Member Sawant
 - Opposed: 0
 - 1 City Council 11/19/2018 passed Pass
 - Action Text: The Council Bill (CB) was passed by the following vote, and the President signed the Bill:
 - Notes:
 - In Favor: 9 Councilmember Bagshaw, Councilmember González , Council President Harrell, Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember Mosqueda, Councilmember O'Brien, Councilmember Sawant
 - Opposed: 0
 - 1 City Clerk 11/21/2018 submitted for Mayor
Mayor's signature
 - 1 Mayor 11/26/2018 Signed
 - 1 Mayor 11/26/2018 returned City Clerk
 - 1 City Clerk 11/26/2018 attested by City Clerk
 - Action Text: The Ordinance (Ord) was attested by City Clerk.
 - Notes:
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CITY OF SEATTLE

ORDINANCE 125712

COUNCIL BILL 119395

AN ORDINANCE relating to the drainage and wastewater system of The City of Seattle; amending Ordinance 125454 to increase the authorized principal amount of drainage and wastewater revenue bonds to be issued for the purposes of paying all or part of the cost of carrying out the system or plan of additions and betterments to and extensions of the existing drainage and wastewater system; making certain other technical amendments to Ordinance 125454 and Exhibit B thereto; and ratifying and confirming certain prior acts.

WHEREAS, by Ordinance 125454, passed on November 20, 2017, The City of Seattle, Washington (the "City"), provided for the issuance of not to exceed \$210,000,000 principal amount of Drainage and Wastewater System Bonds (the "Bonds") for the purposes of paying all or part of the cost of carrying out the Plan of Additions, providing for the Reserve Requirement for the Parity Bonds, and issuing and selling the Bonds; and

WHEREAS, the City deems it desirable to increase the authorized principal amount of drainage and wastewater revenue bonds and make certain other technical amendments to Ordinance 125454; NOW THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. **Definitions.** The meaning of capitalized terms used and not otherwise defined in this ordinance shall be as set forth in Ordinance 125454.

Section 2. **Amendment of Section 2 of Ordinance 125454.** Section 2 of Ordinance 125454 is hereby amended as follows. Deleted information is shown as strikeouts and inserted information is shown as double underlined.

Section 2. Adoption of Plan of Additions. The City specifies, adopts and orders the Plan of Additions to be carried out as generally provided for in the documents comprising the Plan of

1 Additions. The estimated cost of the Plan of Additions, as near as
2 may be determined, is declared to be ~~((\\$1,031,866,000))~~
3 \$1,279,666,000, of which approximately
4 ~~((\\$210,000,000))~~\$350,000,000 is expected to be financed from
5 proceeds of the Bonds and investment earnings thereon.

6 Section 3. Amendment of Section 5 of Ordinance 125454. Section 5 of Ordinance
7 125454 is hereby amended as follows. Deleted information is shown as strikeouts and inserted
8 information is shown as double underlined.

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

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

15 (b) **Parameters for Bond Sale Terms.** The Director of
16 Finance is authorized to approve, on behalf of the City, Bond Sale
17 Terms for the sale of the Bonds in one or more Series, and, in
18 connection with each such sale, to execute a Bond Purchase
19 Contract (which, in the case of a Series sold to the United States
20 Environmental Protection Agency ("US EPA"), may be in the form
21 of a loan agreement with the US EPA under the Water
22 Infrastructure Finance and Innovation Act ("WIFIA") program, or,
23 in the case of a Series sold at competitive sale, a Pricing

1 Certificate) confirming the Bond Sale Terms and such related
2 agreements as may be necessary or desirable, consistent with the
3 following parameters:

4 (i) **Maximum Principal Amount.** The maximum
5 aggregate principal amount of all Series of the Bonds authorized
6 by this ordinance is not to exceed \$~~((210))~~350 million.

7 (ii) **Date or Dates.** Each Bond shall be dated its
8 Issue Date, as determined by the Director of Finance. The initial
9 Issue Date (without restricting any conversion or reissuance date
10 with respect to a Series of Variable Interest Rate Bonds and
11 without restricting the dates of any draws on any Series of the
12 Bonds structured as draw-down obligations) may be no later than
13 December 31, ~~((2020))~~2021.

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

16 (iv) **Interest Rate(s).** Each Bond shall bear interest
17 from its Issue Date or from the most recent date to which interest
18 has been paid or duly provided, whichever is later, unless
19 otherwise provided in the Bond Documents. Each Series of the
20 Bonds shall bear interest at one or more fixed interest rates or at
21 Variable Interest Rates. The net interest cost for any fixed rate
22 Series may not exceed a rate of 10% per annum. The Bond
23 Documents for any Series may provide for multiple interest rates

1 and interest rate modes, and may provide conditions and
2 mechanisms for the Director of Finance to effect a conversion from
3 one mode to another. Nothing in this ordinance shall be interpreted
4 to prevent the Bond Documents for any Series from including a
5 provision for adjustments to interest rates during the term of the
6 Series upon the occurrence of certain events specified in the
7 applicable Bond Documents.

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

14 (vi) **Final Maturity.** Each Bond shall mature no
15 later than 40 years after its Issue Date.

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

20 (A) **Optional Redemption.** The Director of
21 Finance may designate any Bond as subject to optional redemption
22 prior to its maturity. Any Tax-Exempt Bond that is subject to
23 optional redemption prior to maturity must be callable on at least

1 one or more dates occurring not more than 10½ years after the
2 Issue Date, consistent with Section 8(a).

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

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

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

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

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

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(A) Expected Life of Capital Facilities. As of the Issue Date of each Series, the Director of Finance must additionally find to his or her satisfaction that the average expected life of the capital facilities to be financed with the proceeds (or allocable share of proceeds) of that Series must exceed the weighted average maturity of such Series (or share thereof) allocated to financing those capital facilities.

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

(C) Additional Terms, Conditions, and Agreements. The Bond Sale Terms for any Series may provide for Bond Insurance, a Reserve Security, Qualified Letter of Credit, credit enhancement, or for any other Payment Agreement as the Director of Finance may find necessary or desirable. The Bond Sale Terms for any Series may provide for multiple interest rate modes and may include provisions for conversion from any interest rate mode to any other mode. To that end, the Bond Sale Terms may include such additional terms, conditions, and covenants as may be necessary or desirable, including but not limited to: restrictions on investment of Bond proceeds and pledged funds (including any escrow established for the defeasance

1 of the Bonds), provisions for the conversion of interest rate modes,
2 provisions for the reimbursement of a credit enhancement provider
3 or Qualified Counterparty, and requirements to give notice to or
4 obtain the consent of a credit enhancement provider or a Qualified
5 Counterparty. The Director of Finance is authorized to execute, on
6 behalf of the City, such additional certificates and agreements as
7 may be necessary or desirable to reflect such terms, conditions, and
8 covenants. In addition and without limiting any of the foregoing,
9 the Bond Purchase Agreement setting forth the Bond Sale Terms
10 for any one or more Series of the Bonds may take the form of a
11 WIFIA Loan Agreement with the US EPA and may provide for
12 such additional terms, conditions and covenants as may be required
13 by US EPA and as are not inconsistent with other provisions of this
14 ordinance.

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

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

1 Section 4. **Amendment to Exhibit B of Ordinance 125454.** Exhibit B to Ordinance
2 125454 is hereby amended as shown in the attached Exhibit A. Deleted information is shown as
3 strikeouts and inserted information is shown as double underlined.

4 Section 5. **General Authorization.** In addition to the specific authorizations in this
5 ordinance, the Mayor and the Director of Finance and each of the other appropriate officers of
6 the City are each authorized and directed to do everything as in his or her judgment may be
7 necessary, appropriate, or desirable in order to carry out the terms and provisions of, and
8 complete the transactions contemplated by, this ordinance.

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

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

21 Section 8. **Section Headings.** Section headings in this ordinance are used for
22 convenience only and shall not constitute a substantive portion of this ordinance.

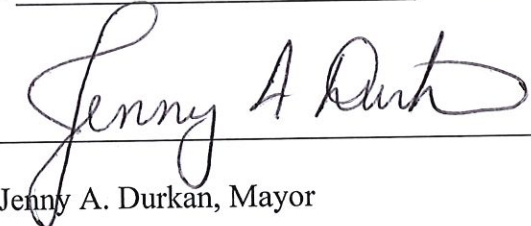
1 Section 9. **Effective Date.** This ordinance shall take effect and be in force 30 days
2 after its approval by the Mayor, but if not approved and returned by the Mayor within ten days
3 after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by the City Council the 19th day of November, 2018,
5 and signed by me in open session in authentication of its passage this 19th day of
6 November, 2018.

7 

8 President _____ of the City Council

9 Approved by me this 26th day of November, 2018.

10 
11 Jenny A. Durkan, Mayor

12 Filed by me this 26th day of NOVEMBER, 2018.

13 

14 Monica Martinez Simmons, City Clerk

15 (Seal)

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Exhibits:
Exhibit A – Amended Exhibit B to Ordinance 125454

EXHIBIT A

AMENDED EXHIBIT B TO ORDINANCE 125454

FORM OF CONTINUING DISCLOSURE AGREEMENT

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4 The City of Seattle, Washington (the “City”) makes the following written undertaking
5 (the “Undertaking”) for the benefit of the Owners of the City’s [Drainage and Wastewater
6 Revenue Bonds, 2018] [Series Designation] (the “Bonds”), for the sole purpose of assisting the
7 Purchaser in meeting the requirements of paragraph (b)(5) of Rule 15c2-12 (the “Rule”), as
8 applicable to a participating underwriter for the Bonds. Capitalized terms used but not defined
9 below shall have the meanings given in Ordinance _____ (~~and Ordinance _____~~
10 ~~))~~(together,)the “Bond ~~(Legislation)~~Ordinance”.

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

16 (i) Annual financial information and operating data of the Drainage and
17 Wastewater System of the type included in the final official statement for the Bonds and
18 described in subsection (b) of this section (“annual financial information”). The timely filing of
19 unaudited financial statements shall satisfy the requirements and filing deadlines pertaining to
20 the filing of annual financial statements under subsection (b), provided that audited financial
21 statements are to be filed if and when they are otherwise prepared and available to the City.

22 (ii) Timely notice (not in excess of 10 business days after the occurrence of
23 the event) of the occurrence of any of the following events with respect to the Bonds:

1 (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material;
2 (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled
3 draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or
4 liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the
5 Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed
6 Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax
7 status of the Bonds, or other material events affecting the tax status of the Bonds;
8 (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls (other than
9 scheduled mandatory redemptions of Term Bonds), if material, and tender offers;
10 (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds,
11 if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the
12 City, as such “Bankruptcy Events” are defined in the Rule((15e2-12)); (13) the consummation
13 of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all
14 of the assets of the City other than in the ordinary course of business, the entry into a definitive
15 agreement to undertake such an action or the termination of a definitive agreement relating to
16 any such actions, other than pursuant to its terms, if material; ~~((and-))~~(14) appointment of a
17 successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a
18 financial obligation of the City, if material, or agreement to covenants, events of default,
19 remedies, priority rights, or other similar terms of a financial obligation of the City, any of which
20 affect holders of the Bonds, if material; and (16) any default, event of acceleration, termination
21 event, modification of terms, or other similar event under the terms of a financial obligation of
22 the City, any of which reflect financial difficulties.

1 For purposes of this Undertaking, the term “financial obligation” shall mean a
2 debt obligation; derivative instrument entered into in connection with, or pledged as security or a
3 source of payment for, an existing or planned debt obligation; or a guarantee of either a debt
4 obligation or a derivative instrument entered into in connection with, or pledged as security or a
5 source of payment for, an existing or planned debt obligation. The term “financial obligation”
6 does not include municipal securities as to which a final official statement has been provided to
7 the MSRB consistent with the Rule.

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

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

13 (i) Shall consist of (1) annual financial statements of the Drainage and
14 Wastewater System prepared in accordance with applicable generally accepted accounting
15 principles applicable to governmental units (except as otherwise noted herein), as such principles
16 may be changed from time to time and as permitted by applicable state law; (2) a statement of
17 outstanding bonded debt secured by revenues of the Drainage and Wastewater System; (3) debt
18 service coverage ratios; (4) general customer statistics, such as number and type of customers
19 and revenues by customer class; and (5) current drainage rates and wastewater rates;

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

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

4 (c) Amendment of Undertaking. This Undertaking is subject to amendment after the
5 primary offering of the Bonds without the consent of any Owner or holder of any Bond, or of
6 any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the
7 MSRB, under the circumstances and in the manner permitted by the Rule~~((15e2-12))~~, including:

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

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

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

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

1 (d) Beneficiaries. ~~((The))~~This Undertaking ~~((evidenced by this section-))~~ shall inure
2 to the benefit of the City and any ~~((Beneficial-))~~ Owner of Bonds, and shall not inure to the
3 benefit of or create any rights in any other person.

4 (e) Termination of Undertaking. The City's obligations under this Undertaking shall
5 terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. In
6 addition, the City's obligations under this Undertaking shall terminate if those provisions of the
7 Rule~~((15e2-12))~~ ~~((which))~~that require the City to comply with this Undertaking become legally
8 inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally
9 recognized bond counsel or other counsel familiar with federal securities laws delivered to the
10 City, and the City provides timely notice of such termination to the MSRB.

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

18 (g) Designation of Official Responsible to Administer Undertaking. The Director of
19 Finance of the City (or such other officer of the City who may in the future perform the duties of
20 that office) or his or her designee is the person designated, in accordance with the Bond
21 ~~((Legislation))~~Ordinance, to carry out ~~((the))~~this Undertaking of the City in respect of the Bonds
22 set forth in this section and in accordance with the Rule~~((15e2-12))~~, including, without
23 limitation, the following actions:

- 1 (i) Preparing and filing the annual financial information undertaken to be
2 provided;
- 3 (ii) Determining whether any event specified in subsection (a)(ii) has
4 occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and
5 disseminating any required notice of its occurrence;
- 6 (iii) Determining whether any person other than the City is an “obligated
7 person” within the meaning of the Rule((~~15e2-12~~)) with respect to the Bonds, and obtaining
8 from such person an undertaking to provide any annual financial information and notice of listed
9 events for that person in accordance with the Rule((~~15e2-12~~));
- 10 (iv) Selecting, engaging and compensating designated agents and consultants,
11 including but not limited to financial advisors and legal counsel, to assist and advise the City in
12 carrying out ((~~the~~))this Undertaking; and
- 13 (v) Effecting any necessary amendment of the Undertaking.