

**CITY OF SEATTLE**

**ORDINANCE 126481**

**COUNCIL BILL 120196**

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 junior lien bonds; and ratifying and confirming certain prior acts.

WHEREAS, The City of Seattle (the “City”) owns, operates and maintains a municipal light and electric power generation, transmission, and distribution system (the “Light System”) which Light System has from time to time required various additions, improvements, betterments, and extensions; and

WHEREAS, the City needs to acquire and construct certain additions, improvements, and betterments to and extensions of the Light System (the “Plan of Additions”) as described in this ordinance, and needs to borrow funds to pay a portion of the costs of carrying out such Plan of Additions; and

WHEREAS, the City currently has outstanding certain municipal light and power revenue bonds (as identified in Exhibit A to this ordinance, the “Outstanding Parity Bonds”) having a charge and lien upon Gross Revenues of the Light System available after payment of Operating and Maintenance Expense (“Net Revenue”) prior and superior to all other charges whatsoever; and

WHEREAS, pursuant to the Outstanding Parity Bond Ordinances identified in Exhibit A to this ordinance, the City reserved the right to issue additional municipal light and power

1 revenue bonds (“Future Parity Bonds”) having a lien and charge on Net Revenue of the  
2 Light System on parity with the lien and charge of the Outstanding Parity Bonds, upon  
3 satisfaction of certain conditions (the “Parity Conditions”); and

4 WHEREAS, pursuant to the Outstanding Parity Bond Ordinances, the City also reserved the  
5 right to issue additional municipal light and power revenue bonds or other obligations  
6 having a lien and charge on Net Revenue of the Light System that is junior and  
7 subordinate to the lien and charge of the Outstanding Parity Bonds (the “Junior Lien  
8 Bonds”); and

9 WHEREAS, after due consideration, the City has determined that it is in the best interest of the  
10 City and its ratepayers to authorize, subject to the provisions of this ordinance, the  
11 issuance and sale of municipal light and power revenue bonds as either Parity Bonds or  
12 Junior Lien Bonds to pay part of the cost of the Plan of Additions, to provide for the  
13 reserve fund requirement (if any), and to pay the costs of issuance of those bonds; NOW,  
14 THEREFORE,

15 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

16 Section 1. **Definitions.** In this ordinance, the following capitalized terms shall have the  
17 meanings set forth in this section.

18 “**Accreted Value**” means with respect to any Capital Appreciation Bond (a) as of any  
19 Valuation Date, the amount determined for such Valuation Date in accordance with the  
20 applicable Bond Documents, and (b) as of any date other than a Valuation Date, the sum of  
21 (i) the Accreted Value on the preceding Valuation Date and (ii) the product of (A) a fraction, the  
22 numerator of which is the number of days having elapsed from the preceding Valuation Date and  
23 the denominator of which is the number of days from such preceding Valuation Date to the next

1 succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues  
2 during any semiannual period in equal daily amounts on the basis of a year of 12 30-day months,  
3 and (B) the difference between the Accreted Values for such Valuation Dates.

4           **“Adjusted Net Revenue”** means Net Revenue, less any deposits into the Rate  
5 Stabilization Account and plus any withdrawals from the Rate Stabilization Account. In  
6 calculating Net Revenue, the City may include the Tax Credit Subsidy Payments the City  
7 expects to receive from the federal government in respect to the interest on any Tax Credit  
8 Subsidy Bonds (or with respect to which the federal government will provide direct payments).  
9 In a Parity Certificate, Adjusted Net Revenue is subject to further adjustment as set forth in  
10 subsection 18(a)(ii) of this ordinance. In a Junior Lien Coverage Certificate, Adjusted Net  
11 Revenue is subject to further adjustment as set forth in subsection 18(b)(ii) of this ordinance.

12           **“Alternate Reserve Security”** means Qualified Insurance or a Qualified Letter of Credit  
13 that is used by the City to satisfy part or all of the Reserve Fund Requirement, and that is not  
14 cancelable on less than five years’ notice.

15           **“Annual Debt Service”** means, with respect to either Parity Bonds (or a series of Parity  
16 Bonds) (**“Annual Parity Bond Debt Service”**) or Junior Lien Bonds (or a series of Junior Lien  
17 Bonds) (**“Annual Junior Lien Debt Service”**), as applicable, the sum of the amounts required  
18 in a calendar year to pay the interest due in such calendar year (excluding interest to be paid from  
19 the proceeds of the sale of bonds), the principal of Serial Bonds maturing in such calendar year,  
20 and the Sinking Fund Requirements for any Term Bonds due in such calendar year. Additionally,  
21 for purposes of this definition:

22           (a) **Calculation of Interest Due – Generally.** Except as otherwise provided below,  
23 interest shall be calculated based on the actual amount of accrued, accreted, or otherwise

1 accumulated interest that is payable in respect of the relevant series of Parity Bonds or Junior  
2 Lien Bonds, as applicable, taken as a whole, at the rate or rates set forth in the applicable Bond  
3 Documents.

4 (b) **Capital Appreciation Bonds.** The principal and interest portions of the Accreted  
5 Value of Capital Appreciation Bonds becoming due at maturity or by virtue of a Sinking Fund  
6 Requirement shall be included in the calculations of accrued and unpaid and accruing interest or  
7 principal in such manner and during such period of time as is specified in the Bond Documents  
8 applicable to such Capital Appreciation Bonds.

9 (c) **Variable Interest Rate Bonds.**

10 (i) **Assumed Interest on Variable Interest Rate Parity Bonds.** The amount of  
11 interest deemed to be payable on any series of Parity Bonds that are Variable Interest Rate Bonds  
12 shall be calculated on the assumption that the interest rate on those bonds is equal to the highest  
13 12-month rolling average of the SIFMA Municipal Swap Index over the preceding ten years.  
14 *Upon the Second Parity Covenant Date, a five-year look-back period shall be substituted for*  
15 *the ten-year period referenced in the immediately preceding sentence.*

16 (ii) **Assumed Interest on Variable Interest Rate Junior Lien Bonds.** The  
17 amount of interest deemed to be payable on any series of Junior Lien Bonds that are Variable  
18 Interest Rate Bonds shall be calculated on the assumption that the interest rate on those bonds is  
19 equal to the highest 12-month rolling average (ending with the month preceding the date of the  
20 calculation) of the SIFMA Municipal Swap Index over the preceding five years.

21 (d) **Interest on Bonds with Respect to Which a Payment Agreement is in Force.** In  
22 general, debt service on any bonds (Parity Bonds or Junior Lien Bonds, as applicable) with  
23 respect to which a Payment Agreement is in force shall be based on the net economic effect on

1 the City expected to be produced by the terms of the applicable Bond Documents and the terms  
2 of the Payment Agreement. For example, if the net effect of the Payment Agreement on a series  
3 of bonds otherwise bearing interest at a variable interest rate is to produce an obligation bearing  
4 interest at a fixed rate, the relevant series of bonds shall be treated as fixed rate bonds. And if the  
5 net effect of the Payment Agreement on a series of bonds otherwise bearing interest at a fixed  
6 interest rate is to produce an obligation bearing interest at a variable interest rate, the relevant  
7 series of bonds shall be treated as Variable Interest Rate Bonds.

8           Accordingly, the amount of interest deemed to be payable on any series of Parity Bonds  
9 (or Junior Lien Bonds, as applicable) with respect to which a Payment Agreement is in force  
10 shall be an amount equal to the amount of interest that would be payable at the rate or rates  
11 stated in or determined pursuant to the applicable Bond Documents, plus Payment Agreement  
12 Payments, minus Payment Agreement Receipts. For the purposes of calculating as nearly as  
13 practicable Payment Agreement Receipts and Payment Agreement Payments under a Payment  
14 Agreement that includes a variable rate component determined by reference to a pricing  
15 mechanism or index that is not the same as the pricing mechanism or index used to determine the  
16 variable rate interest component on the series of bonds to which the Payment Agreement is  
17 related, it shall be assumed that: (i) the fixed rate used in calculating Payment Agreement  
18 Payments will be equal to 105% of the fixed rate specified by the Payment Agreement, and  
19 (ii) the pricing mechanism or index specified by the Payment Agreement is the same as the  
20 pricing mechanism or index specified by the applicable Bond Documents. Notwithstanding the  
21 other provisions of this definition, the City shall not be required to (but may in its discretion)  
22 take into account in determining Annual Debt Service the effects of any Payment Agreement that  
23 has a term of ten years or less.

1           **(e) Parity Payment Agreements; Junior Lien Payment Agreements.** For any period  
2 during which Payment Agreement Payments under a Parity Payment Agreement (or Junior Lien  
3 Payment Agreement, as applicable) are taken into account in determining Annual Debt Service  
4 on the related Parity Bonds (or Junior Lien Bonds, as applicable) under subsection (d), no  
5 additional debt service shall be taken into account with respect to that Parity Payment Agreement  
6 (or Junior Lien Payment Agreement, as applicable). However, for any period during which  
7 Payment Agreement Payments are not taken into account under subsection (d) because the Parity  
8 Payment Agreement (or Junior Lien Payment Agreement, as applicable) is not then related to  
9 any outstanding Parity Bonds (or Junior Lien Bonds, as applicable), payments on that Payment  
10 Agreement shall be taken into account by assuming:

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

18                   **(ii) If City is Obligated to Make Payments Based on Variable Rate Index.** If  
19 the City is obligated to make Payment Agreement Payments based on a variable rate index and  
20 the Qualified Counterparty is obligated to make payments based on a fixed rate, it shall be  
21 assumed that payments by the City will be based on a rate equal to the average rate determined  
22 by the variable rate index specified by the Payment Agreement during the four calendar quarters

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

3 (f) **Balloon Bonds.** In calculating Annual Debt Service for any series of Parity Bonds,  
4 the City may in its discretion treat the debt service requirements with respect to Parity Bonds that  
5 are Balloon Bonds (including principal of and interest on such bonds at the applicable rate or  
6 rates) as being amortized in approximately equal annual installments over a period equal to the  
7 longer of 30 years or the remaining term of such series of Parity Bonds.

8 In calculating Annual Debt Service for any series of Junior Lien Bonds, the City may in  
9 its discretion treat the debt service requirements with respect to Junior Lien Bonds that are  
10 Balloon Bonds (including principal of and interest on such bonds at the applicable rate or rates)  
11 as being amortized in approximately equal annual installments over a period equal to the longer  
12 of 30 years or the remaining term of such series of Junior Lien Bonds.

13 (g) **Adjustments for Defeased Bonds.** For purposes of determining compliance with the  
14 rate covenants set forth in subsections 17(a)(ii) and 17(b)(ii) of this ordinance, calculating the  
15 Reserve Fund Requirement, and making coverage ratio calculations in connection with the  
16 delivery of a Parity Certificate or Junior Lien Coverage Certificate, Annual Debt Service shall be  
17 adjusted as set forth in subsection 20(d) of this ordinance.

18 (h) **Reimbursement Obligations.** If any payment under a Parity Reimbursement  
19 Obligation is then due and payable, or is then reasonably expected to become due and payable,  
20 the reasonably estimated amount and timing of such payment, calculated in accordance with  
21 applicable generally accepted accounting principles and as reflected in the annual financial  
22 statements of the Light System, shall be included in calculating Annual Debt Service for  
23 purposes of delivering a Parity Certificate. If any payment under a Parity Reimbursement

1 Obligation, an Intermediate Lien Reimbursement Obligation, or a Junior Lien Reimbursement  
2 Obligation is then due and payable, or is then reasonably expected to become due and payable,  
3 the reasonably estimated amount and timing of such payment, calculated in accordance with  
4 applicable generally accepted accounting principles and as reflected in the annual financial  
5 statements of the Light System, shall be included in calculating Annual Junior Lien Debt Service  
6 for purposes of delivering a Junior Lien Coverage Certificate.

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

10 **“Average Annual Debt Service”** means, for purposes of calculating the Reserve Fund  
11 Requirement with respect to all Parity Bonds outstanding at the time of calculation, the sum of  
12 the Annual Parity Bond Debt Service remaining to be paid to the last scheduled maturity of the  
13 applicable Parity Bonds, divided by the number of years such Parity Bonds are scheduled to  
14 remain outstanding.

15 **“Balloon Bonds”** means any series of either Parity Bonds or Junior Lien Bonds, as  
16 applicable, the aggregate principal amount (including Sinking Fund Requirements) of which  
17 becomes due and payable in any calendar year in an amount that constitutes 25% or more of the  
18 initial aggregate principal amount of such series.

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

21 **“Bond”** means a municipal light and power revenue bond issued pursuant to this  
22 ordinance.



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

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

14           **“Bond Owners’ Trustee”** means a bank or trust company organized under the laws of  
15 the State, or a national banking association, appointed in accordance with subsection 24(e) of this  
16 ordinance to act as trustee on behalf of the owners, from time to time, of either the outstanding  
17 Parity Bonds or the outstanding Junior Lien Bonds, as the case may be.

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

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

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

6           **“Bond Sale Terms”** means the terms and conditions for the sale of a Series of the Bonds  
7 approved by the Director of Finance consistent with the parameters set forth in Section 5 of this  
8 ordinance, including the maximum principal amount, date or dates, denominations, interest rate  
9 or rates (or mechanism for determining the interest rate or rates), payment dates, final maturity,  
10 redemption rights, price, and other terms, conditions or covenants. In connection with a  
11 negotiated sale or private placement, the Bond Sale Terms shall be set forth in a Bond Purchase  
12 Contract; in connection with a competitive sale, the Bond Sale Terms shall be set forth in a  
13 Pricing Certificate.

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

20           **“Capital Appreciation Bond”** means any Parity Bond or Junior Lien Bond, all or a  
21 portion of the interest on which is compounded and accumulated at the rates or in the manner,  
22 and on the dates, set forth in the applicable Bond Documents, and is payable only upon  
23 redemption or on the maturity date of such Capital Appreciation Bond. A Parity Bond or a Junior

1 Lien Bond that is issued as a Capital Appreciation Bond, but which later converts to an  
2 obligation on which interest is paid periodically, shall be a Capital Appreciation Bond until the  
3 conversion date and thereafter shall no longer be a Capital Appreciation Bond, but shall be  
4 treated as having a principal amount equal to its Accreted Value on the conversion date. For  
5 purposes of (a) receiving payment of the redemption premium, if any, on a Capital Appreciation  
6 Bond that is redeemed prior to maturity, or (b) computing the principal amount of Parity Bonds  
7 (or Junior Lien Bonds, a applicable) held by the Owner of a Capital Appreciation Bond in  
8 connection with any notice, consent, request, or demand pursuant to this ordinance or for any  
9 purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be  
10 its Accreted Value at the time that such notice, consent, request, or demand is given or made.

11 **“Capital Improvement Program” or “CIP”** means the portion or portions of the  
12 “2021-2026 Capital Improvement Program” adopted by Ordinance 126237 relating to the Light  
13 System, together with those portions of any previously adopted capital improvement program of  
14 the City relating to the Light System, as the CIP may be amended, updated, supplemented, or  
15 replaced from time to time by ordinance.

16 **“City”** means The City of Seattle.

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

19 **“Code”** means the Internal Revenue Code of 1986, or any successor thereto, as amended  
20 at any time, and regulations thereunder.

21 **“Conservation Plan”** means the 2020 Conservation Potential Assessment with respect to  
22 the Light System, reviewed by the City Council in connection with the adoption of Resolution

1 31932 on March 16, 2020, as that plan may be amended, updated, supplemented or replaced at  
2 any time, to the extent that funds are appropriated by the City therefor.

3 **“Construction Account”** means such fund, subfund, or account within the Light Fund as  
4 may be designated from time to time by the Director of Finance for the payment of costs of the  
5 Plan of Additions.

6 **“Continuing Disclosure Agreement”** means, for each Series that is sold in an offering  
7 subject to federal securities regulations requiring a written undertaking to provide continuing  
8 disclosure, a continuing disclosure agreement entered into pursuant to Section 22 of this  
9 ordinance in substantially the form attached to this ordinance as Exhibit B.

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

11 **“Defeasible Bonds”** means the Defeasible Parity Bonds and the Defeasible Junior Lien  
12 Bonds.

13 **“Defeasible Junior Lien Bonds”** means any outstanding Junior Lien Bonds that are  
14 eligible to be defeased pursuant to the Omnibus Defeasance Ordinance.

15 **“Defeasible Parity Bonds”** means any outstanding Parity Bonds that are eligible to be  
16 defeased pursuant to the Omnibus Defeasance Ordinance.

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

21 **“Director of Finance”** or **“Director”** means the Director of the Finance Division of the  
22 Department of Finance and Administrative Services, or any other officer who succeeds to  
23 substantially all of the responsibilities of that office.

1           **“Event of Default”** has the meaning given in Section 24 of this ordinance. A “Parity  
2 Bond Event of Default” shall refer to those Events of Default relating to nonpayment of Parity  
3 Bonds, or defaults in respect of the Parity Bond covenants set forth herein and in the applicable  
4 Parity Bond Documents giving rise to remedies available to the owners of Parity Bonds. A  
5 “Junior Lien Bond Event of Default” shall refer to those Events of Default relating to  
6 nonpayment of Junior Lien Bonds, or in respect of the Junior Lien Bond covenants set forth  
7 herein and in the applicable Junior Lien Bond Documents giving rise to remedies available to the  
8 owners of Junior Lien Bonds.

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

11           **“Future Junior Lien Bonds”** means, with reference to any Series designated as Junior  
12 Lien Bonds, any revenue obligations of the Light System issued or entered into after the Issue  
13 Date of such Series, the payment of which constitutes a charge and lien upon Net Revenue equal  
14 in priority with the charge and lien upon such revenue for the payment of the amounts required  
15 to be paid into the Junior Lien Debt Service Fund to pay and secure payment of the Junior Lien  
16 Bonds (including Junior Lien Payment Agreements and Junior Lien Reimbursement  
17 Obligations), in accordance with the priority of payment set forth in Section 14 of this ordinance.  
18 Future Junior Lien Bonds may include Junior Lien Payment Agreements issued in compliance  
19 with the Junior Lien Additional Bonds Test.

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

1           **“Future Parity Bonds”** means, with reference to any Series designated as Parity Bonds,  
2 any revenue obligations of the Light System issued or entered into after the Issue Date of such  
3 Series, the payment of which constitutes a charge and lien upon Net Revenue equal in priority  
4 with the charge and lien upon such revenue for the payment of the amounts required to be paid  
5 into the Parity Bond Fund and the Reserve Fund to pay and secure payment of the Parity Bonds  
6 (including Parity Payment Agreements), in accordance with Section 14 of this ordinance. Future  
7 Parity Bonds may include Parity Payment Agreements and any other obligations issued in  
8 compliance with the Parity Conditions.

9           **“Government Obligations”** means, unless otherwise limited in the Bond Documents for  
10 a particular Series of the Bonds, any government obligation as that term is defined in RCW  
11 39.53.010, as amended at any time.

12           **“Gross Revenues”** means (a) all income, revenues, receipts and profits derived by the  
13 City through the ownership and operation of the Light System; (b) the proceeds received by the  
14 City directly or indirectly from the sale, lease or other disposition of any of the properties, rights  
15 or facilities of the Light System; (c) Payment Agreement Receipts, to the extent that such  
16 receipts are not offset by Payment Agreement Payments; and (d) the investment income earned  
17 on money held in any fund or account of the City, including any bond redemption funds and the  
18 accounts therein, in connection with the ownership and operation of the Light System. Gross  
19 Revenues do not include: (i) insurance proceeds compensating the City for the loss of a capital  
20 asset; (ii) income derived from investments irrevocably pledged to the payment of any defeased  
21 bonds payable from Gross Revenues; (iii) investment income earned on money in any fund or  
22 account created or maintained solely for the purpose of complying with the arbitrage rebate  
23 provisions of the Code; (iv) any gifts, grants, donations or other funds received by the City from

1 any State or federal agency or other person if such gifts, grants, donations or other funds are the  
2 subject of any limitation or reservation imposed by the donor or grantor or imposed by law or  
3 administrative regulation to which the donor or grantor is subject, limiting the application of  
4 such funds in a manner inconsistent with the application of Gross Revenues hereunder; (v) the  
5 proceeds of any borrowing for capital improvements (or the refinancing thereof); and (vi) the  
6 proceeds of any liability or other insurance (excluding business interruption insurance or other  
7 insurance of like nature insuring against the loss of revenues).

8           **“Intermediate Lien Reimbursement Obligation”** means any payment or  
9 reimbursement obligation incurred under a written agreement entered into in connection with a  
10 series of Parity Bonds or to obtain Qualified Insurance or a Qualified Letter of Credit, under  
11 which the City’s payment obligations are expressly stated to constitute a lien and charge on Net  
12 Revenue junior in rank to the lien and charge upon such Net Revenue required to be paid into the  
13 Parity Bond Fund to pay and secure the payment of the Parity Bonds, but senior to the lien and  
14 charge upon such Net Revenue required to be paid into the Junior Lien Debt Service Fund to pay  
15 and secure the payment of the Junior Lien Bonds. For purposes of determining percentages of  
16 ownership of Bonds under this ordinance or under any Bond Documents, Intermediate Lien  
17 Reimbursement Obligations shall be deemed to have no principal amount, and any consent or  
18 similar rights (if any) shall be determined only as set forth in the applicable Intermediate Lien  
19 Reimbursement Obligations.

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

1           **“Junior Lien Additional Bonds Test”** means the conditions set forth in subsection  
2 18(b) of this ordinance for issuing additional Junior Lien Bonds (including Junior Lien Payment  
3 Agreements and Junior Lien Reimbursement Obligations).

4           **“Junior Lien Bond”** means, generally, any bond or obligation secured by a lien and  
5 charge on Net Revenue that is junior and subordinate to the lien and charge of the Parity Bonds  
6 and Intermediate Lien Reimbursement Obligations, but prior and superior to other liens and  
7 charges, in accordance with the priority of payment set forth in Section 14 of this ordinance. The  
8 term Junior Lien Bond may refer to (a) any Bond of a Series issued pursuant to this ordinance  
9 that is so designated by the Director of Finance upon satisfaction of the Junior Lien Additional  
10 Bonds Test; (b) any Future Junior Lien Bond; (c) any Junior Lien Payment Agreement; and (d)  
11 any Junior Lien Reimbursement Obligation.

12           **“Junior Lien Bond Documents”** means those Bond Documents applicable to a series of  
13 Junior Lien Bonds.

14           **“Junior Lien Bond Ordinance”** means this ordinance, and any future ordinance  
15 authorizing the issuance and sale of any Future Junior Lien Bonds, including any ordinance  
16 amending or supplementing the provisions of any Junior Lien Bond Ordinance.

17           **“Junior Lien Coverage Certificate”** means a certificate delivered pursuant to  
18 subsection 18(b)(ii) of this ordinance, for purposes of satisfying the Junior Lien Additional  
19 Bonds Test in connection with the issuance of Future Junior Lien Bonds.

20           **“Junior Lien Debt Service Fund”** means the special fund of the City known as the  
21 Seattle Municipal Light Revenue Junior Lien Debt Service Fund established within the Light  
22 Fund pursuant to Ordinance 125459 for the purpose of paying and securing the principal of and



1 interest on Junior Lien Bonds and securing obligations under Junior Lien Payment Agreements  
2 and Junior Lien Reimbursement Obligations.

3           **“Junior Lien Payment Agreement”** means any Payment Agreement, which is entered  
4 into in compliance with the Junior Lien Additional Bonds Test, and under which the City’s  
5 payment obligations are expressly stated to constitute a lien and charge on Net Revenue equal in  
6 rank with the lien and charge upon such Net Revenue required to be paid into the Junior Lien  
7 Debt Service Fund to pay and secure the payment of the Junior Lien Bonds in accordance with  
8 Section 14 of this ordinance. For purposes of determining percentages of ownership of Junior  
9 Lien Bonds under this ordinance or under any Bond Documents, Junior Lien Payment  
10 Agreements shall be deemed to have no principal amount, and any consent or similar rights (if  
11 any) shall be determined only as set forth in the applicable Junior Lien Payment Agreement.

12           **“Junior Lien Reimbursement Obligation”** means any reimbursement obligation  
13 incurred under a written reimbursement agreement (or similar agreement) entered into in  
14 connection with a series of Junior Lien Bonds to obtain Qualified Insurance or a Qualified Letter  
15 of Credit, under which the City’s payment obligations are expressly stated to constitute a lien and  
16 charge on Net Revenue equal in rank with the lien and charge upon such Net Revenue required  
17 to be paid into the Junior Lien Debt Service Fund to pay and secure the payment of the Junior  
18 Lien Bonds. For purposes of determining percentages of ownership of Junior Lien Bonds under  
19 this ordinance or under any Bond Documents, Junior Lien Reimbursement Obligations shall be  
20 deemed to have no principal amount, and any consent or similar rights (if any) shall be  
21 determined only as set forth in the applicable Junior Lien Reimbursement Obligations.

1           **“Letter of Representations”** means the Blanket Issuer Letter of Representations  
2 between the City and DTC dated October 4, 2006, as amended at any time, or an agreement with  
3 a substitute or successor Securities Depository.

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

6           **“Light System”** means the municipal light and power generation, transmission, and  
7 distribution system now belonging to or which may hereafter belong to the City.

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

9           **“Maximum Annual Debt Service”** means, with respect to Parity Bonds (or Junior Lien  
10 Bonds, as applicable) the maximum amount of Annual Debt Service that shall become due in the  
11 current calendar year or in any future calendar year with respect to those Parity Bonds (or Junior  
12 Lien Bonds, as applicable) that are outstanding as of the calculation date.

13           **“Net Revenue”** for any period means Gross Revenues less Operating and Maintenance  
14 Expense.

15           **“Omnibus Defeasance Ordinance”** means Ordinance 126220, as amended at any time,  
16 authorizing the defeasance of Defeasible Bonds, or any future ordinance of the City pursuant to  
17 which the Bonds (or any Series of the Bonds) are designated as Defeasible Bonds.

18           **“Omnibus Refunding Ordinance”** means Ordinance 125460, as amended at any time  
19 (including by Ordinance 125987), authorizing the issuance of refunding bonds, or any future  
20 ordinance, pursuant to which the Bonds (or any Series of the Bonds) are designated as  
21 Refundable Bonds.

22           **“Operating and Maintenance Expense”** means all reasonable charges incurred by the  
23 City in causing the Light System to be operated and maintained in good repair, working order

1 and condition, including but not limited to all operating expenses under applicable generally  
2 accepted accounting principles included in the annual audited financial statements of the Light  
3 System, except those excluded in this definition. Operating and Maintenance Expense does not  
4 include: (a) extraordinary, nonrecurring expenses of the Light System or any judgments or  
5 amounts to be paid in settlement of claims against the Light System; (b) non-cash expenses  
6 relating to a mark-to-market treatment of energy-related contracts; (c) any costs or expenses  
7 (including interest expense) for new construction, replacements, or renewals of Light System  
8 property; (d) Deferred Hydroelectric Project Relicensing Costs, the High Ross Capital Payments  
9 (as defined in the Outstanding Parity Bond Ordinances), or other similar payments under any  
10 agreement for the development or licensing of a capital improvement or asset, under which  
11 agreement the City agrees to make periodic payments in respect of its share of the capital  
12 expense; (e) any allowance for depreciation, amortization, or similar recognitions of non-cash  
13 expense items made for accounting purposes only (including non-cash pension expense); (f) any  
14 taxes levied by or paid to the City (or payments in lieu of taxes) upon the properties or earnings  
15 of the Light System; or (g) any obligation authorized pursuant to ordinance or resolution  
16 specifically excluding the payment of such obligation from Operating and Maintenance Expense.

17 **“Outstanding Junior Lien Bonds”** means, with reference to a particular Series of Junior  
18 Lien Bonds issued pursuant to this ordinance, those Junior Lien Bonds that are outstanding as of  
19 the Issue Date of such Series.

20 **“Outstanding Parity Bond Ordinances”** means the ordinances authorizing the various  
21 series of Outstanding Parity Bonds, as such ordinances are identified in Exhibit A to this  
22 ordinance.

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

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

8           **“Parity Bond”** means, generally, any bond or obligation secured by a lien and charge on  
9 Net Revenue that is prior and superior to any other liens or charges whatsoever, in accordance  
10 with the priority of payment set forth in Section 14 of this ordinance. The term Parity Bond may  
11 refer to: (a) the Outstanding Parity Bonds identified in Exhibit A to this ordinance; (b) each  
12 Series of the Bonds designated by the Director of Finance as a Series of Parity Bonds upon  
13 satisfaction of the Parity Conditions; (c) any Future Parity Bonds; and (d) any Parity Payment  
14 Agreement entered into upon satisfaction of the Parity Conditions.

15           **“Parity Bond Documents”** means those Bond Documents applicable to a series of Parity  
16 Bonds.

17           **“Parity Bond Fund”** means the special fund of the City known as the Seattle Municipal  
18 Light Revenue Parity Bond Fund established within the Light Fund pursuant to Ordinance 92938  
19 for the purpose of paying and securing the payment of principal of and interest on Parity Bonds  
20 (including Parity Payment Agreement Payments) and payments under Parity Reimbursement  
21 Obligations.

1           **“Parity Bond Ordinance”** means any ordinance passed by the City Council providing  
2 for the issuance and sale of any Series of Parity Bonds, and any other ordinance amending or  
3 supplementing the provisions of any Parity Bond Ordinance.

4           **“Parity Certificate”** means a certificate delivered pursuant to subsection 18(a)(ii) of this  
5 ordinance for purposes of satisfying the Parity Conditions in connection with the issuance of  
6 Future Parity Bonds.

7           **“Parity Conditions”** means (a) for purposes of establishing that a Series of the Bonds  
8 may be issued on parity with the Parity Bonds outstanding as of the Issue Date of such Series,  
9 the conditions for issuing Future Parity Bonds set forth in the Parity Bond Ordinances relating to  
10 those Parity Bonds that are then outstanding; and (b) for purposes of issuing Future Parity Bonds  
11 on parity with a Series of the Bonds, the conditions described in the preceding clause (a) together  
12 with the conditions set forth in subsection 18(a) of this ordinance.

13           **“Parity Payment Agreement”** means a Payment Agreement that is entered into in  
14 compliance with the Parity Conditions and under which the City’s payment obligations are  
15 expressly stated to constitute a lien and charge on Net Revenue equal in rank with the lien and  
16 charge upon such Net Revenue required to be paid into the Parity Bond Fund and the Reserve  
17 Fund to pay and secure the payment of principal of and interest on Parity Bonds in accordance  
18 with Section 14 of this ordinance. For purposes of determining percentages of ownership of  
19 Parity Bonds under this ordinance or under any Bond Documents, Parity Payment Agreements  
20 shall be deemed to have no principal amount, and any consent or similar rights (if any) shall be  
21 determined only as set forth in the applicable Parity Payment Agreement.

22           **“Parity Reimbursement Obligation”** means any payment or reimbursement obligation  
23 incurred under a written agreement entered into in connection with a series of Parity Bonds or to

1 obtain Qualified Insurance or a Qualified Letter of Credit (other than Qualified Insurance or a  
2 Qualified Letter of Credit obtained to satisfy all or part of the Reserve Fund Requirement), under  
3 which the City’s payment obligations are expressly stated to constitute a lien and charge on Net  
4 Revenue equal in rank to the lien and charge upon such Net Revenue required to be paid into the  
5 Parity Bond Fund to pay and secure the payment of the principal of and interest on the Parity  
6 Bonds. Parity Reimbursement Obligations accruing as a result of a mandatory tender for  
7 purchase of Parity Bonds shall be excluded from the calculation of Annual Debt Service for all  
8 purposes. For purposes of determining percentages of ownership of Parity Bonds, Parity  
9 Reimbursement Obligations shall be deemed to have no principal amount, and any consent or  
10 similar rights (if any) shall be determined only as set forth in the applicable Parity  
11 Reimbursement Obligations.

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

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

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

5           **“Permitted Investments”** means any investments or investment agreements permitted  
6 for the investment of City funds under the laws of the State, as amended at any time.

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

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 the Bonds to the  
3 Purchaser in a competitive sale, in accordance with the parameters set forth in Section 5 of this  
4 ordinance.

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

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

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

15           **“Qualified Insurance”** means any municipal bond insurance policy, surety bond, or  
16 similar credit enhancement device, issued by any insurance company licensed to conduct an  
17 insurance business in any state of the United States, by a service corporation acting on behalf of  
18 one or more such insurance companies, or by any other financial institution, the provider of  
19 which, as of the time of issuance of such credit enhancement device, is rated in one of the two  
20 highest rating categories (without regard to gradations within such categories) by at least two  
21 nationally recognized 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



1 in connection with the issuance of any Parity Bond or Junior Lien Bond, which institution  
2 maintains an office, agency, or branch in the United States and, as of the time of issuance of such  
3 instrument, is rated in one of the two highest rating categories (without regard to gradations  
4 within such categories) 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 percent of the interest rate for actively traded 30-year  
7 United States Treasury obligations.

8 **“Rate Stabilization Account”** means the account of that name previously established in  
9 the Light Fund pursuant to Ordinance 121637.

10 **“Rating Agency”** means any nationally recognized rating agency then maintaining a  
11 rating on a Series of the 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 such interest or principal payment date. With regard to redemption of a  
15 Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on  
16 the day prior to the date on which the Bond Registrar sends the notice of redemption to the  
17 Registered Owner(s) of the affected Bonds.

18 **“Refundable Bonds”** means the Refundable Parity Bonds and the Refundable Junior  
19 Lien Bonds.

20 **“Refundable Junior Lien Bonds”** means any outstanding Junior Lien Bonds that are  
21 eligible to be refunded pursuant to the Omnibus Refunding Ordinance.

22 **“Refundable Parity Bonds”** means any outstanding Parity Bonds that are eligible to be  
23 refunded pursuant to the Omnibus Refunding Ordinance.

1           **“Refunding Junior Lien Bonds”** means Future Junior Lien Bonds that satisfy the  
2 applicable Junior Lien Additional Bonds Test and are issued pursuant to the Omnibus Refunding  
3 Ordinance (or a Future Junior Lien Bond ordinance) for the purpose of refunding any Refundable  
4 Junior Lien Bonds.

5           **“Refunding Parity Bonds”** means Future Parity Bonds that satisfy the applicable Parity  
6 Conditions and are issued pursuant to the Omnibus Refunding Ordinance (or another Future  
7 Parity Bond Ordinance) for the purpose of refunding any Refundable Parity Bonds.

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

12           **“Registration Ordinance”** means Ordinance 111724 establishing a system of  
13 registration for the City’s bonds and other obligations pursuant to Seattle Municipal Code  
14 Chapter 5.10, as amended at any time.

15           **“Reserve Fund”** means the special fund of the City known as the Municipal Light and  
16 Power Bond Reserve Fund established as a separate account within the Light Fund pursuant to  
17 Ordinance 71917, as amended at any time, to secure the payment of Parity Bonds.

18           **“Reserve Fund Requirement”** means, for any Series of Bonds designated as Parity  
19 Bonds, the Reserve Fund Requirement established in the Bond Sale Terms for that Series and  
20 any other Series issued as part of a single “issue” of Parity Bonds, consistent with Section 15 of  
21 this ordinance. For any Series of Future Parity Bonds, the Reserve Fund Requirement means the  
22 requirement specified for that Series in the Bond Sale Terms associated with that issue. The  
23 aggregate Reserve Fund Requirement for all Parity Bonds shall be the sum of the Reserve Fund

1 Requirements for each Series of Parity Bonds. For purposes of this definition, “issue” means all  
2 Series of Parity Bonds issued and sold pursuant to a common set of Bond Sale Terms. For the  
3 purposes of calculating the Reserve Fund Requirement only, the City shall deduct from Annual  
4 Debt Service the Tax Credit Subsidy Payments the City is scheduled to claim from the federal  
5 government in respect of the interest on a Series of Parity Bonds that are Tax Credit Subsidy  
6 Bonds (or with respect to which the federal government is otherwise scheduled to provide direct  
7 payments).

8           **“Rule 15c2-12”** means Rule 15c2-12 promulgated by the SEC under the Securities  
9 Exchange Act of 1934, as amended at any time.

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

11           **“SIFMA Municipal Swap Index”** means the Securities Industry and Financial Markets  
12 Association (“SIFMA”) Municipal Swap Index, calculated and published by Bloomberg and  
13 overseen by SIFMA’s Municipal Swap Index Committee, or a substantially similar recognized  
14 market successor index representing a seven-day market index comprised of certain high-grade  
15 tax-exempt variable rate demand obligations.

16           **“Second Parity Covenant Date”** means the earlier of (a) the date on which the City has  
17 obtained consents of the requisite percentage (as set forth in subsection 23(b) of the Outstanding  
18 Parity Bond Ordinances) of Registered Owners of the Parity Bonds then outstanding, in  
19 accordance with the provisions of the applicable Outstanding Parity Bond Documents; or (b) the  
20 date on which all of the following Outstanding Parity Bonds have been redeemed or defeased:  
21 Municipal Light and Power Revenue Bonds, 2010A (Taxable Build America Bonds – Direct  
22 Payment); Municipal Light and Power Revenue Bonds, 2010C (Taxable Recovery Zone  
23 Economic Development Bonds – Direct Payment); Municipal Light and Power Improvement

1 Revenue Bonds, 2011B (Taxable New Clean Renewable Energy Bonds – Direct Payment);  
2 Municipal Light and Power Improvement and Refunding Revenue Bonds, 2012A; Municipal  
3 Light and Power Improvement Revenue Bonds, 2012C (Taxable New Clean Renewable Energy  
4 Bonds – Direct Payment); Municipal Light and Power Improvement and Refunding Revenue  
5 Bonds, 2013; Municipal Light and Power Improvement and Refunding Revenue Bonds, 2014;  
6 Municipal Light and Power Revenue Bonds, 2015A; Municipal Light and Power Revenue  
7 Bonds, 2016A (Taxable New Clean Renewable Energy Bonds – Direct Payment); Municipal  
8 Light and Power Refunding Revenue Bonds, 2016B; Municipal Light and Power Improvement  
9 and Refunding Revenue Bonds, 2016C; and Municipal Light and Power Improvement and  
10 Refunding Revenue Bonds, 2017C.

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

15           **“Serial Bond”** means any Parity Bond or Junior Lien Bond maturing in a specified year,  
16 for which no Sinking Fund Requirements are mandated.

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

18           **“Sinking Fund Account”** means (a) with respect to Parity Bonds, any account created in  
19 the Parity Bond Fund to amortize the principal or make mandatory redemptions of Parity Bonds  
20 that are Term Bonds; and (b) with respect to Junior Lien Bonds, any account created in the  
21 Junior Lien Debt Service Fund to amortize the principal or make mandatory redemptions of  
22 Junior Lien Bonds that are Term Bonds.

1           **“Sinking Fund Requirement”** means, for any calendar year, the principal portion (and  
2 required redemption premium, if any) of any Term Bond that is required to be purchased,  
3 redeemed, paid at maturity, or paid into any Sinking Fund Account for such calendar year, as  
4 established in the applicable Bond Documents.

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

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

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

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

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

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

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

1           **“Valuation Date”** means, with respect to any Capital Appreciation Bond, the date or  
2 dates, determined as set forth in the applicable Bond Documents, on which specific Accreted  
3 Values are assigned to that Capital Appreciation Bond.

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

15           **“Variable Interest Rate Bond”** means, for any period of time, any Parity Bond or Junior  
16 Lien Bond that bears interest at a Variable Interest Rate during that period. A bond shall not be  
17 treated as a Variable Interest Rate Bond if the net economic effect of (a) interest rates on a  
18 particular series of Parity Bonds (or Junior Lien Bonds, as applicable), as set forth in the  
19 applicable Bond Documents, and (b) either (i) interest rates on another series of Parity Bonds (or  
20 Junior Lien Bonds, as applicable) issued at substantially the same time, or (ii) a Payment  
21 Agreement related to that particular series, in either case, is to produce obligations that bear  
22 interest at a fixed interest rate. Any Parity Bond or Junior Lien Bond with respect to which a  
23 Payment Agreement is in force shall be treated as a Variable Interest Rate Bond if the net

1 economic effect of the Payment Agreement is to produce an obligation that bears interest at a  
2 Variable Interest Rate.

3       Section 2. **Adoption of Plan of Additions.** The City specifies, adopts and orders the  
4 Plan of Additions to be carried out as generally provided for in the documents comprising the  
5 Plan of Additions. The estimated cost of the Plan of Additions, as nearly as may be determined,  
6 is declared to be approximately \$2.3 billion, of which approximately \$375 million is expected to  
7 be financed from proceeds of the Bonds and investment earnings thereon.

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

9       (a) **The Bonds.** The City is authorized to issue municipal light and power revenue bonds  
10 payable from the sources described in Section 13 of this ordinance and secured as either Parity  
11 Bonds or Junior Lien Bonds, as determined by the Director of Finance in accordance with  
12 Section 5 of this ordinance. The Bonds may be issued in one or more Series in a maximum  
13 aggregate principal amount not to exceed the amount stated in Section 5 of this ordinance, for the  
14 purposes of: (a) paying a part of the cost of carrying out the Plan of Additions; (b) providing for  
15 the Reserve Fund Requirement (if necessary); (c) capitalizing interest on (if necessary) and  
16 paying costs of issuance; and (d) carrying out other Light System purposes approved by  
17 ordinance. The Bonds may be issued in one or more Series and may be combined with other  
18 municipal light and power revenue bonds authorized separately. The Bonds shall be designated  
19 municipal light and power revenue bonds, shall be numbered separately and shall have any  
20 name, year, and Series or other label as deemed necessary or appropriate by the Director of  
21 Finance. Any Series of the Bonds designated as Junior Lien Bonds shall bear a designation  
22 clearly indicating that such Bonds are Junior Lien Bonds.

1           **(b) City Council Finding.** The City Council finds that, in creating the Parity Bond Fund,  
2 the Reserve Fund, and the Junior Lien Debt Service Fund (collectively, the “Bond Funds”), and  
3 in fixing the amounts to be paid into those funds in accordance with this ordinance and the  
4 parameters for the Bond Sale Terms set forth in Section 5 of this ordinance, the City Council has  
5 exercised due regard for the cost of operation and maintenance of the Light System, and is not  
6 setting aside into such Bond Funds a greater amount than in the judgment of the City Council,  
7 based on the rates established from time to time consistent with subsection 17(a)(ii) of this  
8 ordinance, will be sufficient, in the judgment of the City Council, to meet all expenses of  
9 operation and maintenance of the Light System and to provide the amounts previously pledged  
10 for the payment of all outstanding obligations payable out of Gross Revenues and pledged for the  
11 payment of the Bonds. Therefore, the City Council finds that the issuance and sale of the Bonds  
12 is in the best interest of the City and is in the public interest.

13           Section 4. **Manner of Sale of the Bonds.** The Director of Finance may provide for the  
14 sale of each Series by competitive sale, negotiated sale, limited offering, or private placement,  
15 and may select and enter into agreements with remarketing agents or providers of liquidity with  
16 respect to Variable Interest Rate Bonds. The Purchaser of each Series shall be chosen through a  
17 selection process acceptable to the Director of Finance. The Director of Finance is authorized to  
18 specify a date and time of sale and a date and time for the delivery of each Series; in the case of a  
19 competitive sale, to provide an official notice of sale including bid parameters and other bid  
20 requirements, and to provide for the use of an electronic bidding mechanism; to provide for and  
21 determine matters relating to the forward or delayed delivery of the Bonds, if deemed desirable;  
22 and to specify such other matters and take such other action as in the Director’s determination  
23 may be necessary, appropriate, or desirable in order to carry out the sale of each Series. Each



1 Series must be sold on Bond Sale Terms consistent with the parameters set forth in Section 5 of  
2 this ordinance.

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

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

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

12 (i) **Maximum Principal Amount.** This ordinance authorizes the issuance of  
13 Bonds in a maximum aggregate principal amount of not to exceed \$375 million.

14 (ii) **Date or Dates.** Each Bond shall be dated its Issue Date, as determined by the  
15 Director of Finance. The initial Issue Date (without restricting any reissuance date with respect  
16 to a Series of Variable Interest Rate Bonds) may not be later than December 31, 2024.

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

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

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

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

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

12 (vii) **Redemption Prior to Maturity.** The Bond Sale Terms may include  
13 redemption and tender provisions, as determined by the Director of Finance in the Director's  
14 discretion, consistent with Section 8 of this ordinance and subject to the following:

15 (A) **Optional Redemption.** The Director of Finance may designate any  
16 Bond as subject to optional redemption prior to its maturity. Any Bond that is subject to optional  
17 redemption prior to maturity must be callable on at least one or more date(s) occurring not more  
18 than 10½ years after the Issue Date, consistent with subsection 8(a) of this ordinance.

19 (B) **Mandatory Redemption.** The Director of Finance may designate any  
20 Bond as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in  
21 principal payment amounts set forth in Sinking Fund Requirements, consistent with subsection  
22 8(b) of this ordinance.

1                                    **(C) Extraordinary Redemption.** The Director of Finance may designate  
2 any Bond as subject to extraordinary optional redemption or extraordinary mandatory  
3 redemption upon the occurrence of an extraordinary event, as such event or events may be set  
4 forth in the applicable Bond Documents, consistent with subsection 8(c) of this ordinance.

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

8                                    **(viii) Price.** The Director of Finance may approve in the Bond Sale Terms an  
9 aggregate purchase price for each Series of the Bonds that is, in the Director’s judgment, the  
10 price that produces the most advantageous borrowing cost for the City for that Series, consistent  
11 with the parameters set forth in this ordinance and in any applicable bid documents.

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

13                                    **(A) Expected Life of Capital Facilities.** As of the Issue Date of each  
14 Series, the Director of Finance must find to the Director’s satisfaction that the average expected  
15 life of the capital facilities to be financed with the proceeds (or allocable share of proceeds) of  
16 that Series exceeds the weighted average maturity of such Series (or share thereof allocated to  
17 financing those capital facilities).

18                                    **(B) Satisfaction of Parity Conditions or Junior Lien Additional Bonds**  
19 **Test.** For each Series of the Bonds, the Director of Finance must designate such Series of the  
20 Bonds as a series of either Parity Bonds or Junior Lien Bonds. For a Series to be designated as  
21 Parity Bonds, the Director of Finance must find to the Director’s satisfaction that, as of the Issue  
22 Date, the Parity Conditions have been met or satisfied so that such Series is permitted to be  
23 issued as Parity Bonds. For a Series to be designated as Junior Lien Bonds, the Director of

1 Finance must find to the Director’s satisfaction that, as of the Issue Date, the Junior Lien  
2 Additional Bonds Test has been met or satisfied so that such Series is permitted to be issued as  
3 Junior Lien Bonds.

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

16 **(D) Parity Bond Reserve Fund Requirement.** The Bond Sale Terms for  
17 any Series of Parity Bonds must establish the Reserve Fund Requirement for such Series and  
18 must set forth the method for satisfying any such requirement, consistent with Section 15 of this  
19 ordinance and the Parity Conditions. The Reserve Fund Requirement for any such Series may  
20 not be set at a level that would cause the aggregate Reserve Fund Requirement to exceed the  
21 least of (1) 125% of Average Annual Debt Service on all Parity Bonds outstanding, (2)  
22 Maximum Annual Debt Service on all Parity Bonds outstanding, or (3) 10% of the proceeds of  
23 the outstanding Parity Bonds.

1                                   (E) **Tax Status of the Bonds.** The Director of Finance may designate any  
2 Series of the Bonds as Tax-Exempt Bonds, Taxable Bonds, or Tax Credit Subsidy Bonds,  
3 consistent with Section 21 of this ordinance.

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

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

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

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

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

1           Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any Authorized  
2 Denomination of an equal aggregate principal amount and of the same Series, seniority, interest  
3 rate, and maturity. Bonds may be transferred only if endorsed in the manner provided thereon  
4 and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to an  
5 Owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond  
6 during the period between the Record Date and the corresponding interest payment or principal  
7 redemption date.

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

22           Upon the resignation of the Securities Depository from its functions as depository, or  
23 upon a determination by the Director of Finance to discontinue utilizing the then-current

1 Securities Depository, the Director of Finance may appoint a substitute Securities Depository. If  
2 the Securities Depository resigns from its functions as depository and no substitute Securities  
3 Depository can be obtained, or if the Director of Finance determines not to utilize a Securities  
4 Depository, then the Bonds shall no longer be held in Book-Entry Form and ownership may be  
5 transferred only as provided in this ordinance.

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

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

17 Section 7. **Payment of Bonds.**

18 (a) **Payment.** Each Bond shall be payable in lawful money of the United States of  
19 America on the dates and in the amounts as provided in the Bond Documents for that Series.  
20 Principal of and interest on each Bond designated as a Parity Bond shall be payable solely out of  
21 the Parity Bond Fund. Principal of and interest on each Bond designated as a Junior Lien Bond  
22 shall be payable solely out of the Junior Lien Debt Service Fund. The Bonds shall not be general

1 obligations of the City. No Bonds of any Series shall be subject to acceleration under any  
2 circumstances.

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

5 (c) **Bonds Not Held In Book-Entry Form.** Interest on each Bond not held in Book-  
6 Entry Form shall be payable by electronic transfer on the interest payment date, or by check or  
7 draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the  
8 address appearing on the Bond Register on the Record Date. The City, however, shall not be  
9 required to make electronic transfers except pursuant to a request by a Registered Owner in  
10 writing received at least ten days prior to the Record Date and at the sole expense of the  
11 Registered Owner. Principal of each Bond not held in Book-Entry Form shall be payable upon  
12 presentation and surrender of the Bond by the Registered Owner to the Bond Registrar.

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

14 (a) **Optional Redemption.** All or some of the Bonds of any Series may be subject to  
15 redemption prior to their stated maturity dates at the option of the City at the times and on the  
16 terms set forth in the applicable Bond Documents.

17 (b) **Mandatory Redemption.** All or some of the Bonds of any Series may be designated  
18 as Term Bonds, subject to mandatory redemption in Sinking Fund Requirements, as set forth in  
19 the applicable Bond Documents. If not redeemed or purchased at the City's option prior to  
20 maturity, Term Bonds (if any) must be redeemed, at a price equal to 100 percent of the principal  
21 amount to be redeemed, plus accrued interest, on the dates and in the years and Sinking Fund  
22 Requirements as set forth in the applicable Bond Documents. If the City optionally redeems or  
23 purchases a Term Bond prior to maturity, the principal amount of that Term Bond that is so



1 redeemed or purchased (irrespective of its redemption or purchase price) shall be credited against  
2 the remaining Sinking Fund Requirements for that Term Bond in the manner as directed by the  
3 Director of Finance. In the absence of direction by the Director of Finance, credit shall be  
4 allocated to the remaining Sinking Fund Requirements for that Term Bond on a *pro rata* basis.

5 (c) **Extraordinary Redemption.** All or some of the Bonds of any Series may be subject  
6 to extraordinary optional or extraordinary mandatory redemption prior to maturity upon the  
7 occurrence of an extraordinary event at the prices, in the principal amounts, and on the dates, all  
8 as set forth in the applicable Bond Documents.

9 (d) **Selection of Bonds for Redemption; Partial Redemption.** If fewer than all of the  
10 outstanding Bonds of a Series are to be redeemed at the option of the City, the Director of  
11 Finance shall select the maturity or maturities to be redeemed. If less than all of the principal  
12 amount of a maturity of the selected Series is to be redeemed and such Series is held in Book-  
13 Entry Form, the portion of such maturity to be redeemed shall be selected for redemption by the  
14 Securities Depository in accordance with the Letter of Representations. If the Series is not then  
15 held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected by the  
16 Bond Registrar using such method of random selection as the Bond Registrar shall determine.  
17 All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in  
18 any applicable Authorized Denomination. If less than all of the outstanding principal amount of  
19 any Bond is redeemed, upon surrender of that Bond to the Bond Registrar there shall be issued to  
20 the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered  
21 Owner) of the same Series, seniority, maturity, and interest rate in any Authorized Denomination  
22 in the aggregate principal amount to remain outstanding.

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

3           Section 9. **Notice of Redemption; Rescission of Notice.** Unless otherwise set forth in  
4 the applicable Bond Documents, the City must cause notice of any intended redemption of  
5 Bonds to be given not fewer than 20 nor more than 60 days prior to the date fixed for redemption  
6 by first-class mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at the  
7 address appearing on the Bond Register on the Record Date, and the requirements of this  
8 sentence shall be deemed to have been fulfilled when notice has been mailed as so provided,  
9 whether or not it is actually received by the Owner of any Bond. Interest on Bonds called for  
10 redemption shall cease to accrue on the date fixed for redemption unless the Bond or Bonds  
11 called are not redeemed when presented pursuant to the call.

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

18           Section 10. **Failure to Pay Bonds.** If any Bond is not paid when properly presented at its  
19 maturity or redemption date, the City shall be obligated to pay, solely from the sources pledged  
20 to that Bond in this ordinance, interest on that Bond at the same rate provided on that Bond from  
21 and after its maturity or redemption date until that Bond, principal (including redemption  
22 premium, if any) and interest, is paid in full or until sufficient money for its payment in full is on  
23 deposit in the Parity Bond Fund (if such Bond is a Parity Bond) or the Junior Lien Debt Service

1 Fund (if such Bond is a Junior Lien Bond) and that Bond has been called for payment by giving  
2 notice of that call to the Registered Owner of that Bond. The exercise of remedies of Owners of  
3 the Bonds are limited as set forth in Section 24 of this ordinance.

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

9 Only Bonds bearing a certificate of authentication in substantially the following form  
10 (with the designation, year, and Series adjusted consistent with this ordinance), manually signed  
11 by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of  
12 this ordinance: “This Bond is one of the fully registered The City of Seattle, Washington,  
13 Municipal Light and Power [Improvement] Revenue Bonds, [Year], [Series and/or Seniority, if  
14 applicable], described in [this ordinance].” Junior Lien Bonds shall also bear the words “Junior  
15 Lien” in their name in the foregoing certificate of authentication. The authorized signing of a  
16 certificate of authentication shall be conclusive evidence that the Bond so authenticated has been  
17 duly executed, authenticated, and delivered and is entitled to the benefits of this ordinance.

18 If any officer whose manual or facsimile signature appears on a Bond ceases to be an  
19 officer of the City authorized to sign bonds before the Bond bearing that officer’s manual or  
20 facsimile signature is authenticated or delivered by the Bond Registrar or issued by the City, that  
21 Bond nevertheless may be authenticated, delivered and issued and, when authenticated, issued  
22 and delivered, shall be as binding on the City as though that person had continued to be an  
23 officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City

1 by any person who, on the actual date of signing of the Bond, is an officer of the City authorized  
2 to sign bonds, although that person did not hold the required office on the Issue Date of that  
3 Series of the Bonds.

4       Section 12. **Construction Account; Deposit of Proceeds.** The principal proceeds of the  
5 sale of each Series of the Bonds (other than amounts necessary to pay accrued interest (if any), to  
6 pay costs of issuance, and to provide for the Reserve Fund Requirement with respect to a Series  
7 of Parity Bonds) shall be deposited into the Construction Account (or such other fund or account  
8 as may be directed by the Director of Finance) to be used for the purposes set forth in Section 3  
9 of this ordinance. Until needed for such purposes, the City may invest principal proceeds and  
10 interest thereon temporarily in any Permitted Investments, and the investment earnings may, as  
11 determined by the Director of Finance, be either (a) retained in the Construction Account to be  
12 spent for the purposes of that account, or (b) deposited into the Parity Bond Fund or Junior Lien  
13 Debt Service Fund, as applicable.

14       Section 13. **Security for the Bonds; Designation as Parity Bonds or Junior Lien**  
15 **Bonds.** 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       (a) **Parity Bonds.** Each Series of the Bonds that is designated as Parity Bonds shall be a  
20 special limited obligation of the City payable from and secured solely by Gross Revenues  
21 available after payment of Operating and Maintenance Expense (“Net Revenue”) and by money  
22 in the Parity Bond Fund and the Reserve Fund. Net Revenue is pledged to make the payments  
23 into the Parity Bond Fund and the Reserve Fund required by Sections 14 and 15 of this

1 ordinance, which pledge shall constitute a lien and charge upon such Net Revenue prior and  
2 superior to all other charges whatsoever. Each Series of the Bonds designated as Parity Bonds  
3 shall be issued on parity with the Outstanding Parity Bonds and all Future Parity Bonds, without  
4 regard to date of issuance or authorization and without preference or priority of right or lien.

5 (b) **Junior Lien Bonds.** Each Series of the Bonds that is designated as Junior Lien  
6 Bonds shall be a special limited obligation of the City payable from and secured solely by Net  
7 Revenue and by money in the Junior Lien Debt Service Fund. Net Revenue is pledged to make  
8 the payments into the Junior Lien Debt Service Fund required by Sections 14 and 16 of this  
9 ordinance, which pledge shall constitute a lien and charge upon such Net Revenue (i)  
10 subordinate only to the payments to be made (A) into the Parity Bond Fund in respect of the  
11 principal of and interest on the Outstanding Parity Bonds and Parity Payment Agreements, (B) in  
12 respect of reimbursement obligations arising under Alternate Reserve Securities, and (C) in  
13 respect of obligations arising under Intermediate Lien Reimbursement Obligations, and (ii) prior  
14 and superior to all other charges whatsoever. Each Series of the Bonds designated as Junior Lien  
15 Bonds shall be issued on parity with the lien and charge of any then outstanding Junior Lien  
16 Bonds and all Future Junior Lien Bonds, without regard to date of issuance or authorization and  
17 without preference or priority of right or lien. Nothing in this ordinance prevents the City from  
18 issuing revenue bonds or other obligations which are a charge or lien upon Net Revenue  
19 subordinate to the payments required to be made into the Junior Lien Debt Service Fund and the  
20 Reserve Fund, and any subfund, account, or subaccount within the foregoing funds.

1           Section 14. **Priority Expenditure of Gross Revenues; Flow of Funds.** Gross Revenues  
2 shall be deposited as received in the Light Fund and used for the following purposes only, in the  
3 following order of priority:

4           (a) To pay the Operating and Maintenance Expense of the Light System;

5           (b) To make, when due, all payments into the Parity Bond Fund required to be made in  
6 order to pay the interest on and principal of all Parity Bonds, including all Parity Bond Sinking  
7 Fund Requirements, all net payments under Parity Payment Agreements, and to make all  
8 payments required to be made (if any) in respect of Parity Reimbursement Obligations;

9           (c) To make all payments required to be made (if any) into the Reserve Fund necessary to  
10 satisfy the Reserve Fund Requirement, to make all payments (if any) required to be made under  
11 subsection 15(c)(i)(B) of this ordinance into a special account within the Light Fund for the  
12 replacement of an Alternate Reserve Security as to which the City has received a notice of  
13 cancellation, and to pay any reimbursement obligations under any Alternate Reserve Security;

14           (d) To make all payments required to be made (if any) in respect of Intermediate Lien  
15 Reimbursement Obligations;

16           (e) To make all payments into the Junior Lien Debt Service Fund required to be made in  
17 order to pay the interest on and principal of all Junior Lien Bonds, including all net payments  
18 under Junior Lien Payment Agreements and all Junior Lien Reimbursement Obligations, when  
19 due;

20           (f) To make all required payments into any revenue bond redemption fund created to pay  
21 and secure the payment of the principal of and interest on any revenue bonds or short-term  
22 obligations of the City having a charge and lien upon Net Revenue subordinate to the lien

1 thereon for the payment of the principal of and interest on the Parity Bonds and the Junior Lien  
2 Bonds; and

3 (g) Without priority, for any of the following purposes: to retire by redemption or  
4 purchase any outstanding revenue bonds or revenue obligations of the Light System; to make  
5 necessary additions, betterments, repairs, extensions, and replacements of the Light System; to  
6 pay City taxes or other payments in lieu of taxes payable from Gross Revenues; to make deposits  
7 to the Rate Stabilization Account; or for any other lawful Light System purpose.

8 Section 15. **Parity Bond Fund; Reserve Fund.** The special funds of the City known as  
9 the Parity Bond Fund and the Reserve Fund have been previously created and shall be  
10 maintained as special funds for the sole purpose of paying the principal (including redemption  
11 premium, if any) of and interest on the Parity Bonds as the same shall become due. The Director  
12 of Finance may create subfunds, accounts, or subaccounts in the Parity Bond Fund and the  
13 Reserve Fund to pay or secure the payment of Parity Bonds as long as the maintenance of such  
14 subfunds, accounts, or subaccounts does not conflict with the rights of the owners of the Parity  
15 Bonds. Principal (including redemption premium, if any) of and interest on the Parity Bonds  
16 shall be payable solely out of the Parity Bond Fund.

17 (a) **Required Payments Into the Parity Bond Fund and Reserve Fund.** So long as  
18 any Parity Bonds (including any Parity Payment Agreements) are outstanding, the City shall set  
19 aside and pay out of Net Revenue certain fixed amounts, without regard to any fixed proportion,  
20 namely:

21 (i) Into the Parity Bond Fund, on or prior to the respective dates on which such  
22 payments shall become due and payable, an amount sufficient, together with other money on  
23 deposit therein, to pay the interest (including net payments due on Parity Payment Agreements)

1 on and principal (including any Sinking Fund Requirements) of the Parity Bonds as the same  
2 shall become due; and

3 (ii) Into the Reserve Fund, an amount necessary to provide for the Reserve Fund  
4 Requirement within the time and manner required by this ordinance and the Bond Sale Terms.

5 To meet the required payments to be made into the Parity Bond Fund and the Reserve  
6 Fund, the Director of Finance may transfer any money from any funds or accounts of the City  
7 legally available therefor, except bond redemption funds, refunding escrow funds, or defeasance  
8 funds. The Director of Finance may provide for the purchase, redemption or defeasance of any  
9 Parity Bonds by the use of money on deposit in any subfund, account, or subaccount in the Parity  
10 Bond Fund or Reserve Fund, so long as the money remaining in those subfunds, accounts, or  
11 subaccounts is sufficient to satisfy the required deposits with respect to the remaining Parity  
12 Bonds.

13 (b) **Parity Bond Fund.** The Parity Bond Fund has been previously created for the sole  
14 purpose of paying the principal of and interest on the Parity Bonds as the same shall become due.  
15 Each Series of the Bonds designated as Parity Bonds shall be payable (including principal,  
16 Sinking Fund Requirements, redemption premium (if any), and interest) out of the Parity Bond  
17 Fund. Money in the Parity Bond Fund shall, to the fullest extent practicable and reasonable, be  
18 invested and reinvested at the direction of the Director of Finance solely in, and obligations  
19 deposited in such accounts shall consist of, Permitted Investments. Earnings on money and  
20 investments in the Parity Bond Fund shall be deposited in and used for the purposes of that fund.

21 (c) **Reserve Fund.** The Reserve Fund has been previously created for the purpose of  
22 securing the payment of the principal of and interest on all Parity Bonds (including all net  
23 payments due under any Parity Payment Agreements, if any). Money held in the Reserve Fund



1 shall, to the fullest extent practicable and reasonable, be invested and reinvested at the direction  
2 of the Director of Finance solely in, and obligations deposited in such accounts shall consist of,  
3 Permitted Investments. Earnings on money and investments in the Reserve Fund shall be  
4 deposited in that fund and credited against amounts required to be deposited therein until the  
5 Reserve Fund is fully funded, and thereafter such earnings shall be deposited in the Parity Bond  
6 Fund.

7 (i) **Reserve Fund Requirement.** The Bond Sale Terms for each Series of the  
8 Bonds shall establish the amount (if any) to be added to the aggregate Reserve Fund  
9 Requirement for such Series, and the method for providing for such incremental addition to the  
10 Reserve Fund deposit, subject to the following:

11 (A) In connection with the issuance of Future Parity Bonds, the City shall  
12 provide the amounts required for deposit into the Reserve Fund (1) at one time on the Issue Date,  
13 or (2) in periodic deposits of Net Revenue (or any other legally available source of funds), so that  
14 by five years from the date of such Future Parity Bonds there will have been paid into the  
15 Reserve Fund an amount that, together with the money already on deposit therein, will be at least  
16 equal to the Reserve Fund Requirement for the Parity Bonds scheduled to be outstanding at the  
17 end of that five-year period.

18 (B) The City may obtain one or more Alternate Reserve Securities for  
19 specific amounts required to be paid into the Reserve Fund. The amount available to be drawn  
20 upon under each such Alternate Reserve Security shall be credited against the amounts needed to  
21 satisfy the Reserve Fund Requirement. In the event of receipt of any notice of cancellation of an  
22 Alternate Reserve Security, the City shall (and, in preparation for the expiration of any such  
23 Alternate Reserve Security in accordance with its terms, the City may) either: (1) obtain a

1 substitute Alternate Reserve Security in the amount necessary to satisfy the Reserve Fund  
2 Requirement on the date any such cancellation (or expiration) becomes effective, or (2) create a  
3 special account in the Light Fund and deposit therein amounts necessary to replace the Alternate  
4 Reserve Security upon its expiration or cancellation. In the case of receipt of a notice of  
5 cancellation, such periodic deposits are to be made on or before the 25th day of each of the  
6 60 calendar months succeeding receipt of such notice, in an amount equal to 1/60 of the amount  
7 necessary (together with other money and investments then on deposit in the Reserve Fund) to  
8 satisfy the expected Reserve Fund Requirement on the date such cancellation shall become  
9 effective, taking into account scheduled redemptions of Parity Bonds and disregarding any  
10 incremental additional amounts that may become necessary due to the issuance of Future Parity  
11 Bonds subsequent to the date of such notice of cancellation. Such amounts shall be transferred  
12 from Net Revenue available in the Light Fund after making provision for the required payments  
13 into the Parity Bond Fund, in accordance with Section 14 of this ordinance. Amounts on deposit  
14 in such special account are preliminarily earmarked for the replacement of such Alternate  
15 Reserve Security and shall not be available to pay debt service on Parity Bonds or for any other  
16 purpose of the City, and shall be transferred to the Reserve Fund on the effective date of any  
17 cancellation or expiration of the Alternate Reserve Security to make up the deficiency caused  
18 thereby. In the event that the Reserve Fund is completely depleted and all Alternate Reserve  
19 Securities have been fully drawn, the amounts in that special account may be withdrawn and  
20 treated as Gross Revenues available to be used in accordance with the flow of funds set forth in  
21 Section 14 of this ordinance. If and when a substitute Alternate Reserve Security having a  
22 sufficient value or policy limit is obtained, amounts held in that special account may be

1 transferred back to the Light Fund and treated as Gross Revenues available to be used in  
2 accordance with the flow of funds set forth in Section 14 of this ordinance.

3 (C) If the amount on deposit in the Reserve Fund is less than the Reserve  
4 Fund Requirement (taking into account the five-year period referred to in paragraph (A) of this  
5 subsection), the City shall transfer to the Reserve Fund money in an amount sufficient to restore  
6 the Reserve Fund to the Reserve Fund Requirement within 12 months after the date of such  
7 deficiency. The City shall transfer such amount first from Net Revenue available in accordance  
8 with the priority of payment in Section 14 of this ordinance, and only thereafter from money in  
9 any construction fund or account established with respect to any issue of Parity Bonds, first  
10 taking money from the unrestricted portion thereof, then taking money from the restricted  
11 portion thereof. If the amount in the Reserve Fund is greater than the Reserve Fund Requirement,  
12 then and only then may the City withdraw such excess from the Reserve Fund and deposit such  
13 excess in the Light Fund.

14 (ii) **Use of Reserve Fund to Refund Parity Bonds.** If any Parity Bonds are to be  
15 refunded, the money set aside in the Reserve Fund to secure the payment of such Parity Bonds  
16 may be used to retire such Parity Bonds, or may be transferred to any reserve fund or account  
17 which may be created to secure the payment of any bonds issued to refund such Parity Bonds, as  
18 long as the money left remaining in the Reserve Fund is at least equal, together with all Alternate  
19 Reserve Securities, to the Reserve Fund Requirement.

20 (iii) **Use of Reserve Fund to Pay Debt Service.** If the money in the Parity Bond  
21 Fund is insufficient to meet maturing installments of either interest on or principal of and interest  
22 on the Parity Bonds (including net amounts payable under any Parity Payment Agreements),  
23 such deficiency shall be made up from the Reserve Fund by the withdrawal of money or

1 proceeds of Alternate Reserve Securities, as the case may be. Any deficiency created in the  
2 Reserve Fund by reason of any such withdrawal or claim against an Alternate Reserve Security  
3 shall then be made up out of Net Revenue or out of any other legally available funds of the City.

4 (iv) **Withdrawals From Reserve Fund.** Money in the Reserve Fund may be  
5 withdrawn by the City for any lawful purpose as long as the aggregate of any money and  
6 Alternate Reserve Securities remaining on deposit in the Reserve Fund is at least equal to the  
7 Reserve Fund Requirement for the Parity Bonds then outstanding. The City reserves the right to  
8 substitute one or more Alternate Reserve Securities for money previously deposited in the  
9 Reserve Fund and to withdraw such excess to the extent described in the preceding sentence.  
10 Any withdrawals from subaccounts within the Reserve Fund shall be made on a pro rata basis,  
11 except when the terms of an Alternate Reserve Security require all cash and investments in the  
12 Reserve Fund to be withdrawn before any draw or claim is made on the Alternate Reserve  
13 Security, or unless the City receives an opinion of Bond Counsel to the effect that such pro rata  
14 withdrawal is not required to maintain the federal tax benefits (if any) of any then outstanding  
15 Parity Bonds issued as Tax-Exempt Bonds or Tax Credit Subsidy Bonds. If multiple Alternate  
16 Reserve Securities are on deposit in the Reserve Fund, draws on such Alternate Reserve  
17 Securities shall be made on a pro rata basis.

18 Section 16. **Junior Lien Debt Service Fund.**

19 (a) **Use of Fund.** The Junior Lien Debt Service Fund has previously been created for the  
20 sole purpose of paying the principal (including redemption premium, if any) of and interest on  
21 the Junior Lien Bonds as the same shall become due. The Junior Lien Debt Service Fund shall  
22 consist of a Principal and Interest Account and such additional subfunds, accounts, or  
23 subaccounts as the Director of Finance may find it necessary or convenient to create in order to

1 pay or secure the payment of Junior Lien Bonds, as long as the maintenance of such subfunds,  
2 accounts, or subaccounts does not conflict with the rights of the owners of the Junior Lien Bonds  
3 or the Parity Bonds.

4 Each Series of the Bonds designated as Junior Lien Bonds shall be payable (including  
5 principal, Sinking Fund Requirements, redemption premium (if any), and interest) out of the  
6 Junior Lien Debt Service Fund. Money in the Junior Lien Debt Service Fund shall, to the fullest  
7 extent practicable and reasonable, be invested and reinvested at the direction of the Director of  
8 Finance solely in, and obligations deposited in such accounts shall consist of, Permitted  
9 Investments. Earnings on money and investments in the Junior Lien Debt Service Fund shall be  
10 deposited in and used for the purposes of that fund.

11 **(b) Required Payments Into the Junior Lien Debt Service Fund.** So long as any  
12 Junior Lien Bonds (including any Junior Lien Payment Agreements) are outstanding, the City  
13 shall set aside and pay out of Net Revenue certain fixed amounts, without regard to any fixed  
14 proportion, namely, into the Principal and Interest Account of the Junior Lien Debt Service  
15 Fund, on or prior to the respective dates on which such payments shall become due and payable,  
16 an amount sufficient, together with other money on deposit therein, to pay the interest on and the  
17 principal of the Junior Lien Bonds, including net payments due on Junior Lien Payment  
18 Agreements and all payments under Junior Lien Reimbursement Obligations, as the same shall  
19 become due. To meet the required payments to be made into the Junior Lien Debt Service Fund,  
20 the Director of Finance may transfer any money from any funds or accounts of the City legally  
21 available therefor, except the Parity Bond Fund, the Reserve Fund, other bond redemption funds,  
22 refunding escrow funds, or defeasance funds. The Director of Finance may provide for the  
23 purchase, redemption or defeasance of any Junior Lien Bonds by the use of money on deposit in

1 any subfund, account, or subaccount in the Junior Lien Debt Service Fund, so long as the money  
2 remaining in those subfunds, accounts, or subaccounts is sufficient to satisfy the required  
3 deposits with respect to the remaining Junior Lien Bonds.

4 **Section 17. Bond Covenants.**

5 (a) **Parity Bond Covenants.** The City covenants with the Owner of each Bond that is  
6 designated as a Parity Bond, for so long as such Bond remains outstanding, as follows:

7 (i) **Sale or Disposition of the Light System.**

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

11 (B) Except as provided below, the City will not dispose of any part of the  
12 Light System in excess of 5% of the value of the net utility plant of the Light System in service  
13 unless prior to such disposition: (1) there has been filed with the Director of Finance a certificate  
14 of a Professional Utility Consultant stating that such disposition will not impair the ability of the  
15 City to comply with the rate covenant set forth in subsection 17(a)(ii) of this ordinance, in which  
16 the Professional Utility Consultant may make those assumptions permitted in delivering a Parity  
17 Certificate under subsection 18(a) of this ordinance; or (2) provision is made for the payment,  
18 redemption or other retirement of a principal amount of Parity Bonds equal to the greater of the  
19 following amounts: (I) an amount which will be in the same proportion to the net principal  
20 amount of Parity Bonds then outstanding (defined as the total principal amount of Parity Bonds  
21 then outstanding less the amount of cash and investments in the Parity Bond Fund) that Gross  
22 Revenues for the twelve preceding months attributable to the part of the Light System being sold  
23 or disposed of bears to the total Gross Revenues for such period; or (II) an amount which will be

1 in the same proportion to the net principal amount of Parity Bonds then outstanding that the book  
2 value of the part of the Light System being sold or disposed of bears to the book value of the  
3 entire Light System immediately prior to such sale or disposition.

4 (C) Notwithstanding the foregoing, the City may dispose of any portion of  
5 the Light System that has become unserviceable, inadequate, obsolete, worn out or unfit to be  
6 used, or no longer necessary for, material to, or useful in the operation of the Light System.

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

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

19 (iii) **Operation and Maintenance of the Light System.** The City will operate  
20 the properties of the Light System in an efficient manner and at a reasonable cost; will maintain,  
21 preserve and keep, or cause to be maintained, preserved and kept, the properties of the Light  
22 System and every part and parcel thereof in good repair, working order and condition; and from  
23 time to time will make or cause to be made all necessary and proper repairs, renewals and

1 replacements thereto so that at all times the business carried on in connection therewith will be  
2 properly and advantageously conducted.

3           (iv) **Books and Financial Statements.** The City will keep and maintain proper  
4 books of account for the Light System in accordance with generally accepted accounting  
5 principles applicable to governmental utilities; will generally adhere to the uniform system of  
6 accounts prescribed by the State Auditor's Office and the Federal Energy Regulatory  
7 Commission (if any); and will prepare, on or before 120 days after the end of each calendar year,  
8 *and, upon the Second Parity Covenant Date, on or before 180 days after the end of each*  
9 *calendar year*, annual financial statements showing reasonable detail, including a balance sheet,  
10 an income statement, and a statement of cash flows or other such statement. Copies of such  
11 financial statements shall be placed on file in the office of the Director of Finance and shall be  
12 open to inspection at any reasonable time by any owner of any Parity Bonds. A copy of such  
13 financial statements shall be sent to any owner of Parity Bonds upon request in writing setting  
14 forth the name and address to which such financial statements may be sent.

15           (b) **Junior Lien Bond Covenants.** The City covenants with the Owner of each Bond  
16 that is designated as a Junior Lien Bond, for so long as such Bond remains outstanding, as  
17 follows:

18           (i) **Sale or Disposition of the Light System.** The City may dispose of all or  
19 substantially all of the Light System only if the City simultaneously causes all of the Junior Lien  
20 Bonds to be, or be deemed to be, no longer outstanding. The City will not dispose of any part of  
21 the Light System in excess of 5% of the value of the net utility plant of the Light System in  
22 service except upon compliance with the covenant set forth in subsection 17(a)(i)(B) of this  
23 ordinance. Notwithstanding the foregoing, the City may dispose of any portion of the Light



1 System that has become unserviceable, inadequate, obsolete, worn out or unfit to be used, or no  
2 longer necessary, material to, or useful in the operation of the Light System.

3 (ii) **Rates and Charges.** The City will establish from time to time and maintain  
4 such rates for electric energy as will maintain the Light System in sound financial condition and  
5 provide sufficient revenues to pay all Operating and Maintenance Expense; to pay into the Parity  
6 Bond Fund the amounts that are required by this ordinance to be applied to the payment of the  
7 principal of and interest on the Parity Bonds until the Parity Bonds shall have been paid in full;  
8 to pay into the Junior Lien Debt Service Fund the amounts that are required by this ordinance to  
9 be paid into such fund, in accordance with the priority of payment set forth in Section 14 of this  
10 ordinance, until the Junior Lien Bonds (including Junior Lien Payment Agreements and Junior  
11 Lien Reimbursement Obligations) shall have been paid in full; and to pay all other bonds,  
12 warrants, and indebtedness for which any revenues of the Light System shall have been pledged.

13 (iii) **Operation and Maintenance of the Light System.** The City will operate  
14 the properties of the Light System in an efficient manner and at a reasonable cost; will maintain,  
15 preserve and keep, or cause to be maintained, preserved and kept, the properties of the Light  
16 System and every part and parcel thereof in good repair, working order and condition; and from  
17 time to time will make or cause to be made all necessary and proper repairs, renewals, and  
18 replacements thereto so that at all times the business carried on in connection therewith will be  
19 properly and advantageously conducted.

20 (iv) **Books and Financial Statements.** The City will keep and maintain proper  
21 books of account for the Light System in accordance with generally accepted accounting  
22 principles applicable to governmental utilities; will generally adhere to the uniform system of  
23 accounts prescribed by the State Auditor's Office and the Federal Energy Regulatory

1 Commission (if any); and will prepare, on or before 180 days after the end of each calendar year,  
2 annual financial statements showing reasonable detail, including a balance sheet, an income  
3 statement, and a statement of cash flows or other such statement. Copies of such financial  
4 statements shall be placed on file in the office of the Director of Finance and shall be open to  
5 inspection at any reasonable time by any owner of any Junior Lien Bonds. A copy of such  
6 financial statements shall be sent to any owner of Junior Lien Bonds upon request in writing  
7 setting forth the name and address to which such financial statements may be sent.

8 Section 18. **Additional Bonds**

9 (a) **Future Parity Bonds.** The City reserves the right to issue Future Parity Bonds  
10 (which term includes Parity Payment Agreements) for any lawful purpose of the City's Light  
11 System if the Parity Conditions are met and complied with as of the date of issuance of such  
12 Future Parity Bonds, or as of the effective date of the Parity Payment Agreement, as appropriate.

13 If the Parity Conditions are met and complied with, then payments into the Parity Bond  
14 Fund with respect to such Future Parity Bonds shall rank equally with the payments out of Net  
15 Revenue required to be made into the Parity Bond Fund by this ordinance. Nothing set forth  
16 herein shall prevent the City from (i) issuing revenue bonds or other obligations that are a charge  
17 upon Net Revenue junior and inferior to the payments required to be made therefrom into the  
18 Parity Bond Fund for the payment of the Parity Bonds, provided that such subordinate bonds  
19 may not be subject to acceleration under any circumstances; or (ii) issuing Refunding Parity  
20 Bonds to refund maturing Parity Bonds of the City for the payment of which money is not  
21 otherwise available.

22 (i) **Parity Conditions.** The Parity Conditions are as follows:

1 (A) No deficiency may then exist in the Parity Bond Fund or in any of the  
2 accounts therein; and

3 (B) Provision must be made to satisfy the Reserve Fund Requirement for  
4 all Parity Bonds then outstanding plus any additional amount required in connection with the  
5 issuance and sale of the proposed Future Parity Bonds (if any) in accordance with subsection  
6 15(c) of this ordinance; and

7 (C) There must be on file with the City a Parity Certificate as described in  
8 subsection (a)(ii). If the proposed Future Parity Bonds (or any portion thereof) are to be issued  
9 for the purpose of refunding outstanding Parity Bonds and the Annual Debt Service on the  
10 refunding portion of the proposed Future Parity Bonds is not more than \$5,000 greater than the  
11 Annual Debt Service on the Parity Bonds to be refunded thereby, then no Parity Certificate shall  
12 be required as to that portion issued for refunding purposes. If the requirements of the preceding  
13 sentence are not satisfied, Refunding Parity Bonds may alternatively be issued upon delivery of a  
14 Parity Certificate.

15 (ii) **Parity Certificate.** A Parity Certificate required by subsection (a)(i) may be  
16 provided by either the Director of Finance or by a Professional Utility Consultant, as follows:

17 (A) A Parity Certificate may be prepared by the Director of Finance,  
18 demonstrating that the amount of Adjusted Net Revenue in any 12 consecutive months out of the  
19 most recent 24 months preceding the delivery of the proposed series of Future Parity Bonds (the  
20 “Base Period”) was not less than 125 percent of Maximum Annual Debt Service in any future  
21 calendar year on all Parity Bonds then outstanding and the proposed series of Future Parity  
22 Bonds. For the purposes of a Parity Certificate delivered under this subsection (A), the Director  
23 of Finance shall reflect in that certificate any adjustment in the rates, fees, and charges for the

1 services of the Light System that will become effective at any time prior to or within six months  
2 after the delivery of the proposed Future Parity Bonds, by including in the amount of Adjusted  
3 Net Revenue the amount that the Director estimates would have been collected in the Base  
4 Period if such new rates, fees, and charges had been in effect for the entire Base Period.

5 (B) A Parity Certificate may be prepared by a Professional Utility  
6 Consultant, demonstrating that the amount of Adjusted Net Revenue (which may be further  
7 adjusted as provided in paragraphs (a)(ii)(B)(1) through (5)) in any 12 consecutive months out of  
8 the most recent 24 months preceding the delivery of the proposed Series of Future Parity Bonds  
9 (the “Base Period”) is not less than 125% of the amount of Maximum Annual Debt Service on  
10 all Parity Bonds and the proposed series of Future Parity Bonds in any future calendar year on all  
11 Parity Bonds then outstanding and the proposed series of Parity Bonds. For the purposes of a  
12 certificate delivered under this subsection (a)(ii), Adjusted Net Revenue may be further adjusted  
13 by the Professional Utility Consultant using any or all of the following methods reflecting the  
14 conditions and requirements as may be appropriate to the circumstances:

15 (1) If the purpose for which the proposed Future Parity Bonds are  
16 being issued is to acquire operating electric utility properties having an earnings record, the  
17 Professional Utility Consultant shall estimate the effect on Adjusted Net Revenue for the Base  
18 Period of the acquisition of such electric utility properties and the integration thereof into the  
19 Light System, and shall further adjust Adjusted Net Revenue for the Base Period to give effect to  
20 such estimate. Any such estimate shall be based upon the operating experience and records of the  
21 City and upon any available financial statements and records relating to the earnings of such  
22 electric utility properties to be acquired.

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

11 (3) If the purpose for which the proposed Future Parity Bonds are  
12 being issued is to acquire or construct generation or transmission facilities required to furnish or  
13 make available to the Light System additional power and energy, or transmission facilities  
14 required to enable the City to sell additional power and energy, the Professional Utility  
15 Consultant may further adjust Adjusted Net Revenue for the Base Period by (I) deducting the  
16 amount of the estimated increase in Operating and Maintenance Expense resulting from the  
17 acquisition or construction of such facilities in their first year of full operation, (II) adding any  
18 additional revenues to be derived from the sale or transmission of such additional power and  
19 energy pursuant to executed power sales contracts, and (III) adding an amount equal to the  
20 estimated cost of the power and energy that would have been replaced or displaced by such  
21 facilities had such additional power and energy in excess of the power and energy to be sold  
22 pursuant to paragraph (a)(ii)(B)(2), been used in the Light System during the Base Period.

1 (4) If any customers were added to the Light System during the  
2 Base Period or thereafter (and prior to the date of the Professional Utility Consultant's  
3 certificate), Adjusted Net Revenue may be further adjusted as if such added customers were  
4 customers of the Light System during the entire Base Period.

5 (5) If extensions of or additions to the Light System (not described  
6 in paragraph (a)(ii)(B)(3)) are in the process of construction on the date of the Professional  
7 Utility Consultant's certificate, or if the proceeds of the proposed Future Parity Bonds are to be  
8 used to acquire or construct extensions of or additions to the Light System (not described in  
9 paragraph (a)(ii)(B)(3)), Adjusted Net Revenue for the Base Period may be further adjusted by  
10 adding any additional revenues not included in the preceding paragraphs that will be derived  
11 from such additions and extensions, and deducting the estimated increase in Operating and  
12 Maintenance Expense resulting from such additions and extensions.

13 In rendering any Parity Certificate under this subsection (a)(ii)(B), the Professional  
14 Utility Consultant may rely upon the following documents, which shall be attached to the Parity  
15 Certificate: financial statements of the Light System, certified by the Director of Finance,  
16 showing income and expenses for the period upon which the same are based and a balance sheet  
17 as of the end of such period; financial statements certified by the Office of the State Auditor of  
18 the State (or any successor thereto); or financial statements certified by a certified public  
19 accountant for as much of such period as any examination by such accountant has been made and  
20 completed. If two or more of such statements are inconsistent with each other, the Professional  
21 Utility Consultant shall rely on the statements certified by the Director of Finance.

22 (b) **Future Junior Lien Bonds.** The City reserves the right to issue Future Junior Lien  
23 Bonds (which term includes Junior Lien Payment Agreements and Junior Lien Reimbursement

1 Obligations) for any lawful purpose of the City's Light System if the Junior Lien Additional  
2 Bonds Test is met and complied with as of the date of issuance of such Future Junior Lien  
3 Bonds, or as of the effective date of the Junior Lien Payment Agreement or Junior Lien  
4 Reimbursement Obligation, as appropriate.

5           If the Junior Lien Additional Bonds Test is met and complied with, then payments into  
6 the Junior Lien Debt Service Fund with respect to such Future Junior Lien Bonds shall rank  
7 equally with the payments out of Net Revenue required to be made into the Junior Lien Debt  
8 Service Fund by this ordinance. Nothing set forth of this ordinance shall prevent the City from (i)  
9 issuing revenue bonds or other obligations that are a charge upon Net Revenue junior and  
10 inferior to the payments required to be made therefrom into the Junior Lien Debt Service Fund  
11 for the payment of the Junior Lien Bonds, provided that such subordinate bonds may not be  
12 subject to acceleration under any circumstances; or (ii) issuing Refunding Junior Lien Bonds for  
13 the purpose of refunding outstanding Junior Lien Bonds to fund or refund maturing Junior Lien  
14 Bonds of the City for the payment of which money is not otherwise available.

15           (i) **Junior Lien Additional Bonds Test.** The Junior Lien Additional Bonds Test  
16 is as follows:

17                           (A) No deficiency may then exist in the Junior Lien Debt Service Fund or  
18 in any of the accounts therein; and

19                           (B) No default may have occurred that is then continuing with respect to  
20 any then outstanding Parity Bonds or Junior Lien Bonds; and

21                           (C) There must be on file with the City a Junior Lien Coverage Certificate  
22 as described in subsection (b)(ii). If the proposed Future Junior Lien Bonds (or any portion  
23 thereof) are to be issued for the purpose of refunding outstanding Junior Lien Bonds and the

1 Annual Debt Service on the refunding portion of the proposed Future Junior Lien Bonds is not  
2 more than \$5,000 greater than the Annual Debt Service on the Junior Lien Bonds to be refunded  
3 thereby, then no Junior Lien Coverage Certificate shall be required as to that portion issued for  
4 refunding purposes. If the requirements of the preceding sentence are not satisfied, Refunding  
5 Junior Lien Bonds may alternatively be issued upon delivery of a Junior Lien Coverage  
6 Certificate.

7 (ii) **Junior Lien Coverage Certificate.** A Junior Lien Coverage Certificate  
8 required by subsection (b)(i) may be provided by either the Director of Finance or by a  
9 Professional Utility Consultant, as follows:

10 (A) A Junior Lien Coverage Certificate may be prepared by the Director  
11 of Finance, demonstrating that the amount of Adjusted Net Revenue in any 12 consecutive  
12 months out of the most recent 24 months preceding the delivery of the proposed Series of Future  
13 Junior Lien Bonds (the “Base Period”) was not less than 115 percent of Maximum Annual Debt  
14 Service in any future calendar year on all Parity Bonds, Intermediate Lien Reimbursement  
15 Obligations (if any), and Junior Lien Bonds then outstanding plus the proposed Series of Future  
16 Junior Lien Bonds. For the purposes of a Junior Lien Coverage Certificate delivered under this  
17 subsection (A), the Director of Finance shall reflect in their certificate any adjustment in the  
18 rates, fees, and charges for the services of the Light System that will become effective at any  
19 time prior to or within six months after the delivery of the proposed Future Junior Lien Bonds,  
20 by including in the amount of Adjusted Net Revenue the amount that he or she estimates would  
21 have been collected in the Base Period if such new rates, fees, and charges had been in effect for  
22 the entire Base Period.



1 (B) A Junior Lien Coverage Certificate may be prepared by a Professional  
2 Utility Consultant, demonstrating that the amount of Adjusted Net Revenue (which may be  
3 further adjusted as provided in subsection (a)(ii)(B)(1) through (5)) in any 12 consecutive  
4 months out of the most recent 24 months preceding the delivery of the proposed Series of Future  
5 Junior Lien Bonds (the “Base Period”) not less than 115 percent of Maximum Annual Debt  
6 Service in any future calendar year on all Parity Bonds and Junior Lien Bonds then outstanding  
7 plus the proposed Series of Future Junior Lien Bonds.

8 Section 19. **Rate Stabilization Account.** The City may at any time deposit in the Rate  
9 Stabilization Account Net Revenue and any other money received by the Light System and  
10 available to be used therefor. Thereafter, the City may withdraw any or all of the money from the  
11 Rate Stabilization Account for inclusion in Adjusted Net Revenue for any applicable year of the  
12 City. Such deposits or withdrawals may be made up to and including the date 90 days after the  
13 end of the applicable year for which the deposit or withdrawal will be included as Adjusted Net  
14 Revenue.

15 Section 20. **Refunding or Defeasance of Bonds.**

16 (a) **Bonds Designated as Refundable and Defeasible Bonds.** Each Series of the Bonds  
17 is designated as a Series of “Refundable Bonds” or “Defeasible Bonds” for purposes of the  
18 Omnibus Refunding Ordinance and the Omnibus Defeasance Ordinance.

19 (b) **Refunding; Defeasance.** The City may issue refunding bonds pursuant to the laws of  
20 the State or use money available from any other lawful source (i) to pay when due the principal  
21 (including redemption premium, if any) of and interest on any Bond, or any portion thereof,  
22 included in a refunding or defeasance plan (the “Defeased Bonds”); (ii) to redeem and retire,  
23 release, refund, or defease the Defeased Bonds; and (iii) to pay the costs of such refunding or

1 defeasance. If money and/or Government Obligations maturing at a time or times and in an  
2 amount sufficient (together with known earned income from the investment thereof) to redeem  
3 and retire, release, refund, or defease the Defeased Bonds in accordance with their terms is set  
4 aside in a special trust fund or escrow account irrevocably pledged to such redemption,  
5 retirement or defeasance (the “Trust Account”), then all right and interest of the Owners of the  
6 Defeased Bonds in the covenants of this ordinance and in Net Revenue and the funds and  
7 accounts pledged to the payment of such Defeased Bonds, other than the right to receive the  
8 funds so set aside and pledged, thereafter shall cease and become void. Such Owners thereafter  
9 shall have the right to receive payment of the principal or redemption price of and interest on the  
10 Defeased Bonds from the Trust Account. After establishing and fully funding such a Trust  
11 Account, the Defeased Bonds shall be deemed no longer outstanding and the Director of Finance  
12 may then apply any money in any other fund or account established for the payment or  
13 redemption of the Defeased Bonds to any lawful purpose.

14       **(c) Notice of Defeasance or Refunding.** Unless otherwise specified in the applicable  
15 Bond Documents, notice of refunding or defeasance shall be given, and selection of Bonds for  
16 any partial refunding or defeasance shall be conducted, in the manner set forth in this ordinance  
17 for the redemption of Bonds.

18       **(d) Annual Debt Service Calculation Adjustments for Defeased Bonds.** If the  
19 refunding or defeasance plan provides (i) that the Defeased Bonds (or the refunding bonds issued  
20 to redeem those Defeased Bonds) are to be secured by money and/or Government Obligations  
21 pending the redemption of the Defeased Bonds, and (ii) that certain money and/or Government  
22 Obligations are pledged irrevocably for the redemption of the Defeased Bonds, then only the  
23 debt service on such Bonds as are not Defeased Bonds (and any refunding bonds, the payment of

1 which is not so secured by the refunding plan) shall be included in the calculation of Annual  
2 Debt Service.

3 Section 21. **Federal Tax Matters.** The Bond Documents may include such additional  
4 terms and covenants relating to federal tax matters as the Director of Finance deems necessary or  
5 appropriate, including the following:

6 (a) **Tax-Exempt Bonds.** For each Series of the Bonds issued as Tax-Exempt Bonds, the  
7 City covenants that it will take all actions, consistent with the terms of such Series as set forth in  
8 this ordinance and the applicable Bond Documents, that are reasonably within its power and  
9 necessary to prevent interest on that Series from being included in gross income for federal  
10 income tax purposes. The City further covenants that it will neither take any action nor make or  
11 permit any use of gross proceeds of that Series (or other funds of the City treated as gross  
12 proceeds of that Series) at any time during the term of such Series that will cause interest on such  
13 Series to be included in gross income for federal income tax purposes. The City also covenants  
14 that, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to any  
15 Series issued as Tax-Exempt Bonds, it will take all actions necessary to comply (or to be treated  
16 as having complied) with that requirement in connection with that Series (including the  
17 calculation and payment of any penalties that the City may elect to pay as an alternative to  
18 calculating rebatable arbitrage and the payment of any other penalties if required under Section  
19 148 of the Code) to prevent interest on such Series from being included in gross income for  
20 federal income tax purposes.

21 (b) **Taxable Bonds; Tax Credit Subsidy Bonds.** For each Series of the Bonds issued as  
22 Taxable Bonds or as Tax Credit Subsidy Bonds, the Director of Finance is authorized to make  
23 provision in the Bonds and other Bond Documents, to execute additional written agreements, and

1 to make additional covenants on behalf of the City, all as the Director may deem necessary or  
2 appropriate in order to obtain, maintain, and administer such tax status. In the case of Tax Credit  
3 Subsidy Bonds, such additional covenants and agreement may include (without limiting the  
4 generality of the foregoing) those necessary in order for the City (i) to receive from the United  
5 States Treasury the applicable Tax Credit Subsidy Payments in respect of such Tax Credit  
6 Subsidy Bonds, and (ii) to ensure that such Series otherwise becomes and remains eligible for tax  
7 benefits under the Code.

8           Section 22. **Official Statement; Continuing Disclosure**

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

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

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

6           Section 23. **Supplemental or Amendatory Bond Documents.** This ordinance and the  
7 other applicable Bond Documents for any Series of the Bonds may not be supplemented or  
8 amended in any respect subsequent to the Issue Date of such Series, except in accordance with  
9 and subject to the provisions of this section.

10           (a) **Amendments Without Bond Owners' Consent.** From time to time and at any time,  
11 without the consent of or notice to the owners of any Parity Bonds or Junior Lien Bonds, the City  
12 may supplement or amend the Bond Documents applicable to any Series of the Bonds for any of  
13 the purposes set forth in this subsection (a). Any such supplement or amendment may be passed,  
14 adopted, or otherwise approved in writing by the City, without requiring the consent of the  
15 registered owners of any Parity Bonds or Junior Lien Bonds, but may become effective only  
16 upon receipt by the City of an opinion of Bond Counsel to the effect that such supplement or  
17 amendment is permitted by the terms of this ordinance. The City shall deliver a copy of any such  
18 supplement or amendment to each Rating Agency prior to its passage, adoption, or approval (as  
19 applicable) by the City. The types of supplements and amendments permitted under this  
20 subsection (a) are as follows:

21           (i) To add to any Parity Bond Documents (or to any Junior Lien Bond  
22 Documents, as applicable) additional covenants and agreements that do not adversely affect the  
23 interests of the owners of any Parity Bonds (or, as to Junior Lien Bond Documents, the interests

1 of the owners of any Junior Lien Bonds) then outstanding, or to surrender any right or power  
2 reserved to or conferred upon the City in any Bond Documents.

3 (ii) To cure any ambiguities or to cure, correct, or supplement any defective  
4 provision in any Bond Documents, in regard to matters or questions arising under such Bond  
5 Documents, as the City may deem necessary or desirable and not inconsistent with this  
6 ordinance, and which do not materially adversely affect the interests of the owners of any Parity  
7 Bonds or Junior Lien Bonds then outstanding.

8 (iii) To make such changes as may be necessary to permit the Bonds to be held in  
9 registered certificate form or in Book-Entry Form, as the case may be, and to make similar  
10 amendments or modifications of a technical nature.

11 (b) **Amendments Permitted Upon Bond Owners' Consent.**

12 (i) **Parity Bond Documents.** With the consent of the registered owners  
13 representing not less than 60% in aggregate principal amount of the Parity Bonds then  
14 outstanding, the City may pass, adopt, or otherwise provide its written approval of any  
15 supplement or amendment to add to, change, or eliminate any provision of the Bond Documents  
16 applicable to a Series of the Bonds designated as Parity Bonds in any manner other than a  
17 supplement or amendment effecting a change described in subsection (c)(i).

18 (ii) **Junior Lien Bond Documents.** With the consent of the registered owners  
19 representing not less than 60% in aggregate principal amount of the Junior Lien Bonds then  
20 outstanding, the City may pass, adopt, or otherwise approve in writing any supplement or  
21 amendment to add to, change, or eliminate any provision of the Bond Documents applicable to a  
22 Series of the Bonds designated as Junior Lien Bonds in any manner other than a supplement or  
23 amendment effecting a change described in subsection (c)(ii).

1           (c) **Amendments Prohibited Except Upon Unanimous Consent.**

2                   (i) **Amendments to Parity Bond Documents.** Nothing contained in this section  
3 shall permit or be construed as permitting an amendment or supplement that would:

4                           (A) Except upon consent from the registered owners of or on behalf of all  
5 Parity Bonds so affected, extend the fixed maturity of any Parity Bond, reduce the rate of interest  
6 on any Parity Bond (other than a change in interest rate permitted under the applicable Parity  
7 Bond Documents then in effect), extend the times of payment of interest from their respective  
8 due dates, reduce the principal amount of any Parity Bond, or reduce any redemption premium;  
9 or

10                           (B) Except upon consent from the registered owners of or on behalf of all  
11 of the Parity Bonds then outstanding, reduce the percentage of ownership required under  
12 subsection (b)(i) to approve any supplement or amendment.

13                   (ii) **Amendments to Junior Lien Bond Documents.** Nothing contained in this  
14 section shall permit or be construed as permitting an amendment or supplement that would:

15                           (A) Except upon consent from the registered owners of or on behalf of all  
16 Junior Lien Bonds so affected, extend the fixed maturity of any Junior Lien Bond, reduce the rate  
17 of interest on any Junior Lien Bond (other than a change in interest rate permitted under the  
18 applicable Junior Lien Bond Documents then in effect), extend the times of payment of interest  
19 from their respective due dates, reduce the principal amount of any Junior Lien Bond, or reduce  
20 any redemption premium; or

21                           (B) Except upon consent from the registered owners of or on behalf of all  
22 of the Junior Lien Bonds then outstanding, reduce the percentage of ownership required under  
23 subsection (b)(ii) to approve any supplement or amendment.

1           (d) **Notice and Consents.** If at any time the City passes, adopts, or otherwise approves in  
2 writing a supplement or amendment for any of the purposes requiring consent under subsection  
3 (b) or (c), it shall provide a notice to each registered owner and to each Rating Agency briefly  
4 summarizing the nature of the proposed supplement or amendment and stating that a copy of  
5 such supplement or amendment is on file at the office of the City Clerk. It shall not be necessary  
6 to obtain consent to or approval of the particular form of any proposed supplement or  
7 amendment, but it shall be sufficient if the consent shall approve the substance thereof. For  
8 purposes of determining whether consents representing the requisite percentage of principal  
9 amount of Parity Bonds or Junior Lien Bonds have been obtained, the Accreted Value of Capital  
10 Appreciation Bonds shall be deemed to be the principal amount.

11           (e) **Effect of Amendment or Supplement.** Upon the effective date of any amendment or  
12 supplement to any Bond Documents, such Bond Documents shall be deemed to be amended and  
13 modified in accordance with such amendment or supplement. Thereafter, the respective rights,  
14 duties, and obligations of the City under the applicable Bond Documents shall be determined,  
15 exercised, and enforced subject in all respects to such supplement or amendments, and all the  
16 terms and conditions of any such supplement or amendment shall be deemed to be a part of the  
17 terms and conditions of those Bond Documents for any and all purposes. The effective dates of  
18 such amendments and supplements shall be as follows:

19           (i) An amendment and supplement permitted under subsection (a) shall become  
20 effective immediately upon (A) the passage, adoption, or other approval of such amendment or  
21 supplement (or upon the effective date of such document as stated therein, if any), and (B) the  
22 delivery of the required opinion of Bond Counsel stating that such amendment or supplement is  
23 permitted under this ordinance.



1                   (ii) A supplement or amendment permitted under subsection (b) or (c) shall  
2 become effective on the date on which the City has received the written consents of the requisite  
3 percentage of registered owners. If the requisite percentage of registered owners of Parity Bonds  
4 or Junior Lien Bonds, as applicable, have given their consent to any such amendment or  
5 supplement, no owner of any Bond shall have any right (i) to object to the passage, adoption, or  
6 approval of such supplement or amendment, (ii) to object to any of the terms and provisions  
7 contained therein or the operation thereof, (iii) in any manner to question the propriety of the  
8 passage, adoption, or approval thereof, (iv) to enjoin or restrain the City, or any authorized  
9 official thereof, from passing, adopting, or otherwise approving the same, or (v) to enjoin or  
10 restrain the City, any authorized official thereof, or the Bond Registrar from taking any action  
11 pursuant to the provisions thereof.

12                   (f) **Notation on Bonds.** Any Bonds executed and delivered after the effective date of any  
13 amendment or supplement that is passed, adopted, or otherwise approved in writing pursuant to  
14 this section may include a notation as to any matter provided for in such amendment or  
15 supplement. The City may, in its discretion, prepare and deliver replacement bonds, modified to  
16 reflect any such amendment or supplement, to the registered owner(s) thereof upon surrender of  
17 the original bonds for cancellation.

18                   Section 24.    **Defaults and Remedies**

19                   (a) **Parity Bond Events of Default.** Each of the following shall constitute an Event of  
20 Default with respect to the Bonds designated as Parity Bonds, except as set forth in subsection  
21 (c):

1 (i) If a default is made in the payment of the principal (including Sinking Fund  
2 Requirements and any redemption premium thereon, if any) of or interest on any Parity Bond  
3 when the same shall become due and payable; or

4 (ii) If the City defaults in the observance and performance of any other of the  
5 Parity Bond covenants, conditions, or agreements on the part of the City set forth in this  
6 ordinance or the applicable Parity Bond Documents (except as otherwise provided herein or in  
7 such Parity Bond Documents) and such default or defaults shall have continued for a period of  
8 six months (the “cure period”) after the City shall have received from the registered owners of  
9 not less than 25% in principal amount of the Parity Bonds then outstanding (or from a Bond  
10 Owners’ Trustee duly appointed as set forth in subsection (e)) a written notice specifying and  
11 demanding the cure of such default. However, if such default is one that cannot be completely  
12 remedied within the cure period, it shall not be an Event of Default with respect to the Parity  
13 Bonds, so long as the City has taken active steps within the cure period to remedy the default and  
14 is diligently pursuing such remedy.

15 (b) **Junior Lien Bond Events of Default.** Each of the following shall constitute an  
16 Event of Default with respect to the Bonds designated as Junior Lien Bonds, except as set forth  
17 in subsection (c) of this section:

18 (i) If a default is made in the payment of the principal (including Sinking Fund  
19 Requirements and any redemption premium thereon, if any) of or interest on any Junior Lien  
20 Bond when the same shall become due and payable; or

21 (ii) If the City defaults in the observance and performance of any other of the  
22 Junior Lien Bond covenants, conditions, or agreements on the part of the City set forth in this  
23 ordinance or the applicable Junior Lien Bond Documents (except as otherwise provided of this

1 ordinance or in such Junior Lien Bond Documents) and such default or defaults shall have  
2 continued for a period of six months (the “cure period”) after the City shall have received from  
3 the registered owners of not less than 25% in principal amount of the Junior Lien Bonds then  
4 outstanding (or from a Bond Owners’ Trustee duly appointed as set forth in subsection (e),  
5 below) a written notice specifying and demanding the cure of such default. However, if such  
6 default is one which cannot be completely remedied within the cure period, it shall not be an  
7 Event of Default with respect to the Bonds as long as the City has taken active steps within the  
8 cure period to remedy the default and is diligently pursuing such remedy.

9 (c) **Exceptions.** Notwithstanding anything in this section to the contrary, the failure of  
10 the City or any obligated person to comply with a Continuing Disclosure Agreement shall not  
11 constitute an Event of Default, and the sole remedy of any holder of any Parity Bond or Junior  
12 Lien Bond, as applicable, shall be to seek an order of specific performance from an appropriate  
13 court to compel the City to comply with the Continuing Disclosure Agreement. For purposes of  
14 determining whether an Event of Default has occurred and is continuing with respect to the rate  
15 covenant set forth in subsection 17(a)(ii) or 17(b)(ii) of this ordinance, if such covenant is met  
16 for any fiscal year, it shall be deemed to have been met for all prior fiscal years.

17 (d) **Remedies; No Acceleration.** In the case of a Parity Bond Event of Default, an owner  
18 of a Parity Bond shall have the remedies set forth in Section 10 of this ordinance and in the  
19 applicable Parity Bond Documents. *Upon the Second Parity Covenant Date, the rights and*  
20 *remedies of the owners from time to time of Parity Bonds shall be limited by subsection (e),*  
21 *below.* In the case of a Junior Lien Bond Event of Default, the owner of a Junior Lien Bond shall  
22 have the remedies set forth in Section 10 of this ordinance and in the applicable Junior Lien  
23 Bond Documents, as limited by subsection (e), below. Nothing contained in this ordinance shall,

1 in any event or under any circumstance, be deemed to authorize the acceleration of the maturity  
2 of principal on the Bonds, and the remedy of acceleration is expressly denied to the registered  
3 owners of the Bonds under any circumstances including, without limitation, upon the occurrence  
4 and continuance of an Event of Default.

5 (e) **Bond Owners' Trustee.** *The provisions of this subsection (e) shall become effective*  
6 *with respect to Parity Bonds only upon the Second Parity Covenant Date.* The provisions of  
7 this subsection shall become effective immediately with respect to Bonds issued as Junior Lien  
8 Bonds. A Bond Owners' Trustee appointed in the manner provided in this section, and each  
9 successor thereto, is declared to be a trustee for all of the owners of the Parity Bonds (in the case  
10 of a Parity Bond Event of Default) or the owners of the Junior Lien Bonds (in the case of a  
11 Junior Lien Bond Event of Default), as applicable, and is empowered to exercise all the rights  
12 and powers herein conferred on the Bond Owners' Trustee.

13 (i) **Appointment of Bond Owners' Trustee; Removal.** Upon the occurrence  
14 and continuance of an Event of Default described in subsection (a), the registered owners of 25  
15 percent in principal amount of the then outstanding Parity Bonds (or upon the occurrence and  
16 continuance of an Event of Default described in subsection (b), the registered owners of 25  
17 percent in principal amount of the then outstanding Junior Lien Bonds, if such default is one  
18 described in subsection (b) of this section) may appoint a Bond Owners' Trustee by an  
19 instrument or concurrent instruments in writing signed by such registered owners (or by their  
20 duly authorized attorneys-in-fact) and delivered to such Bond Owners' Trustee, with notification  
21 of such appointment given to the City. That appointment shall become effective immediately  
22 upon acceptance thereof by the Bond Owners' Trustee. The entity acting as Bond Owners'  
23 Trustee may be removed at any time, and a successor Bond Owners' Trustee may be appointed,

1 by the registered owners of more than 50% in principal amount of the Parity Bonds (in the case  
2 of a Parity Bond Event of Default) or 50% in principal amount of the Junior Lien Bonds (in the  
3 case of a Junior Lien Bond Event of Default), as applicable, by an instrument or concurrent  
4 instruments in writing signed and acknowledged by such registered owners or by their duly  
5 authorized attorneys-in-fact.

6           (ii) **Cure of Event of Default.** If the Bond Owners' Trustee furnishes to the City  
7 a certificate stating that, in its sole judgment, an Event of Default that has occurred has been  
8 cured, such Event of Default shall be conclusively deemed to be cured, and the City, the Bond  
9 Owners' Trustee, and the registered owners of the Parity Bonds or Junior Lien Bonds, as  
10 applicable, shall be restored to the same rights and position which they would have held if no  
11 Event of Default had occurred.

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

21           Any action, suit or other proceedings instituted by the Bond Owners' Trustee hereunder  
22 shall be brought in its name as the Bond Owners' Trustee and all such rights of action upon or  
23 under any of the Parity Bonds or the provisions of this ordinance may be enforced by the Bond

1 Owners' Trustee without the possession of any of those Parity Bonds and without the production  
2 of the same at any trial or proceedings relative thereto except where otherwise required by law.

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

18 (v) **Bond Owners' Direction of Proceedings.** By an instrument or concurrent  
19 instruments in writing executed and delivered to the Bond Owners' Trustee, the owners of more  
20 than 50% in aggregate principal amount of the Parity Bonds (or Junior Lien Bonds, as  
21 applicable) then outstanding shall be entitled to control and direct the enforcement of all rights  
22 and remedies granted to the owners (or the Bond Owners' Trustee for the benefit of the owners)  
23 under the applicable Parity Bond Documents. Notwithstanding the foregoing, the Bond Owners'

1 Trustee shall have the right to decline to follow any such direction which in the opinion of the  
2 Bond Owners' Trustee, in reasonable reliance on advice of counsel, would be unjustly  
3 prejudicial to owners not parties to such direction.

4 (vi) **Limitation on Remedies; Limitations on Individual Actions.** It is  
5 understood and intended that no owner of a Parity Bond, in the case of a Parity Bond Event of  
6 Default (or owner of a Junior Lien Bond, in the case of a Junior Lien Bond Event of Default)  
7 shall have any right in any manner whatever by its action to affect, disturb, or prejudice the  
8 security pledged in this ordinance or the rights of any other owners, or to enforce any right under  
9 the applicable Bond Documents or applicable law except in the manner provided in this section,  
10 and that all proceedings at law or in equity to enforce any such right shall be instituted, had, and  
11 maintained in the manner herein provided and for the equal and ratable benefit and protection of  
12 all owners of the Parity Bonds (or Junior Lien Bonds, as applicable), subject to the provisions of  
13 this ordinance.

14 (vii) **Limitations on Individual Actions.** No owner of a Parity Bond (or Junior  
15 Lien Bond, as applicable) shall have any right to institute any action, suit or proceeding at law or  
16 in equity for the enforcement of same unless (A) such owner previously shall have given to the  
17 Bond Owners' Trustee written notice of the occurrence of an Event of Default; (B) the owners of  
18 more than 50% in aggregate principal amount of the then outstanding Parity Bonds (in the case  
19 of a Parity Bond Event of Default) or 50% in aggregate principal amount of the then outstanding  
20 Junior Lien Bonds (in the case of a Junior Lien Bond Event of Default) shall have made a written  
21 request to the Bond Owners' Trustee to exercise the powers granted above or to institute such  
22 suit, action, or proceeding in its own name; (C) such owners shall have tendered to the Bond  
23 Owners' Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in

1 compliance with such request; and (D) the Bond Owners' Trustee shall have refused or omitted  
2 to comply with such request for a period of 60 days after such written request shall have been  
3 received by, and said tender of indemnity shall have been made to, the Bond Owners' Trustee.  
4 The conditions set forth in (A) through (D) in the preceding sentence are hereby declared to be  
5 conditions precedent to the exercise by any owner of a Parity Bond (in the case of a Parity Bond  
6 Event of Default) or owner of a Junior Lien Bond (in the case of a Junior Lien Bond Event of  
7 Default) of any remedy under the applicable Bond Documents or under applicable law.

8           (viii) **Duties and Obligations of Bond Owners' Trustee.** The Bond Owners'  
9 Trustee shall not be liable except for the performance of such duties as are specifically set forth  
10 in this ordinance. During any period in which an Event of Default has occurred and is continuing  
11 as to the Parity Bonds (or the Junior Lien Bonds, as applicable) the Bond Owners' Trustee shall  
12 exercise such of the rights and powers vested in it by this ordinance, and shall use the same  
13 degree of care and skill in its exercise, as a prudent person would exercise or use under the  
14 circumstances in the conduct of that person's own affairs. The Bond Owners' Trustee shall have  
15 no liability for any act or omission to act hereunder except for the Bond Owners' Trustee's own  
16 negligent action, its own negligent failure to act or its own willful misconduct. The duties and  
17 obligations of the Bond Owners' Trustee shall be determined solely by the express provisions of  
18 this ordinance, and no implied powers, duties or obligations of the Bond Owners' Trustee shall  
19 be read into this ordinance. The Bond Owners' Trustee shall not be required to expend or risk its  
20 own funds or otherwise incur individual liability in the performance of any of its duties or in the  
21 exercise of any of its rights or powers as the Bond Owners' Trustee, except as may result from  
22 its own negligent action, its own negligent failure to act or its own willful misconduct. The fees  
23 and expenses of the Bond Owners' Trustee shall be borne by the owners of the Parity Bonds (or



1 Junior Lien Bonds, as applicable) and not by the City. A Bond Owners' Trustee may require  
2 such security and indemnity as may be reasonable against the costs, expenses and liabilities that  
3 may be incurred in the performance of its duties. The Bond Owners' Trustee shall not be bound  
4 to recognize any person as a registered owner of any Parity Bond (or Junior Lien Bond, as  
5 applicable) until their title thereto, if disputed, has been established to its reasonable satisfaction.  
6 The Bond Owners' Trustee may consult with counsel, and the opinion of such counsel shall be  
7 full and complete authorization and protection in respect of any action taken or suffered by it  
8 hereunder in good faith and in accordance with the opinion of such counsel. The Bond Owners'  
9 Trustee shall not be answerable for any neglect or default of any person, firm or corporation  
10 employed and selected by it with reasonable care.

11           Section 25. **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  
13 the City are each authorized and directed to do everything as in the judgment of such officer may  
14 be necessary, appropriate, or desirable in order to carry out the terms and provisions of, and  
15 complete the transactions contemplated by, this ordinance. In particular and without limiting the  
16 foregoing:

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

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

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

20 Section 26. **Severability**. The provisions of this ordinance are declared to be separate  
21 and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, subsection,  
22 or portion of this ordinance, or the invalidity of its application to any person or circumstance,

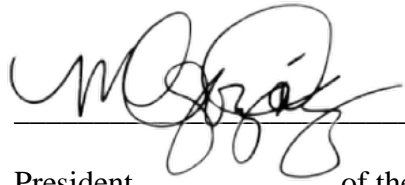
1 does not affect the validity of the remainder of this ordinance or the validity of its application to  
2 other persons or circumstances.

3           Section 27. **Ratification of Prior Acts.** Any action consistent with the authority of this  
4 ordinance taken after its passage and prior to its effective date is ratified and confirmed.

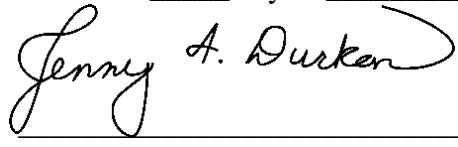
5           Section 28. **Section Headings.** Section headings in this ordinance are nonsubstantive.  
6

1           Section 29. **Effective Date.** This ordinance shall take effect and be in force 30 days after  
2 its approval by the Mayor, but if not approved and returned by the Mayor within ten days after  
3 presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.


4           Passed by the City Council the 22nd day of November, 2021,  
5 and signed by me in open session in authentication of its passage this 22nd day of  
6 November, 2021.

7   
8 \_\_\_\_\_  
President \_\_\_\_\_ of the City Council

9  Approved /  returned unsigned /  vetoed this 2nd day of December, 2021.

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11 \_\_\_\_\_  
Jenny A. Durkan, Mayor

12 Filed by me this 2nd day of December, 2021.

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14 \_\_\_\_\_  
Monica Martinez Simmons, City Clerk

15 (Seal)

16 Exhibits:  
17 Exhibit A – Outstanding Parity Bonds  
18 Exhibit B – Form of Continuing Disclosure Agreement

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**EXHIBIT A**

**OUTSTANDING PARITY BONDS**

Issue Name	Dated Date	Original Par Amount	Bond Legislation		
			New Money Ord.	Refunding Ord.	Bond Sale Res.
Municipal Light and Power Revenue Bonds, 2010A (Taxable Build America Bonds – Direct Payment)	5/26/2010	\$181,625,000	Ord. 123169	--	Res. 31213
Municipal Light and Power Revenue Bonds, 2010C (Taxable Recovery Zone Economic Development Bonds – Direct Payment)	5/26/2010	\$13,275,000	Ord. 123169	--	Res. 31213
Municipal Light and Power Improvement Revenue Bonds, 2011B (Taxable New Clean Renewable Energy Bonds – Direct Payment)	2/8/2011	\$10,000,000	Ord. 123483	Ord. 121941 (as amended by Ord. 122838)	Res. 31263
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2012A	7/17/2012	\$293,280,000	Ord. 123752	Ord. 121941 (as amended by Ord. 122838)	Res. 31390
Municipal Light and Power Improvement Revenue Bonds, 2012C (Taxable New Clean Renewable Energy Bonds – Direct Payment)	7/17/2012	\$43,000,000	Ord. 123752	--	Res. 31390
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2013	7/9/2013	\$190,755,000	Ord. 124045	Ord. 121941 (as amended by Ord. 122838)	Res. 31456
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2014	11/05/2014	\$265,210,000	Ord. 124336	Ord. 124335 (amending and restating Ord. 121941)	Res. 31552
Municipal Light and Power Revenue Bonds, 2015A	7/9/2015	\$171,850,000	Ord. 124633	--	Res. 31592
Municipal Light and Power Revenue Bonds, 2016A (Taxable New Clean Renewable Energy Bonds – Direct Payment)	01/28/2016	\$31,870,000	Ord. 124916	--	Res. 31646
Municipal Light and Power Refunding Revenue Bonds, 2016B	01/28/2016	\$116,875,000	Ord. 124916	Ord. 124335 (amending and restating Ord. 121941) as amended	Res. 31646

Issue Name	Dated Date	Original Par Amount	Bond Legislation		
			New Money Ord.	Refunding Ord.	Bond Sale Res.
				by Ord. 124916	
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2016C	09/28/2016	\$160,815,000	Ord. 124916	Ord. 124335 (amending and restating Ord. 121941) as amended by Ord. 124916	Res. 31707
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2017C	09/28/2017	\$385,530,000	Ord. 125298	Ord. 124335 (amending and restating Ord. 121941) as amended by Ord. 124916	Res. 31771
Municipal Light and Power Improvement Revenue Bonds, 2018, Series A	07/19/2018	\$263,755,000	Ord. 125459	--	--
Municipal Light and Power Refunding Revenue Bonds, 2018C-1 (SIFMA Index) and 2018C-2 (SIFMA Index)	09/04/2018	\$98,590,000	--	Ord. 125460	--
Municipal Light and Power Improvement Revenue Bonds, 2019, Series A	10/15/2019	\$210,540,000	Ord. 125711	--	--
Municipal Light and Power Refunding Revenue Bonds, 2019, Series B	11/05/2019	\$140,275,000	--	125460	--
Municipal Light and Power Improvement Revenue Bonds, 2020, Series A	8/5/2020	\$198,305,000	Ord. 125987	--	--
Municipal Light and Power Improvement and Refunding Revenue Bonds, 2021, Series A	7/15/2021	\$259,795,000	Ord. 126221	Ord. 125460 (as amended by Ord. 125987)	--
Municipal Light and Power Refunding Revenue Bonds, 2021, Series B (SIFMA Index)	08/10/2021	\$100,270,000	--	Ord. 125460 (as amended by Ord. 125987)	--

**EXHIBIT B**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

The City of Seattle, Washington (the “City”) makes the following written undertaking (the “Undertaking”) for the benefit of the Owners of the City’s Municipal Light and Power Revenue Bonds, [Year] [Series] (the “Bonds”), for the sole purpose of assisting the underwriter for the Bonds in meeting the requirements of paragraph (b)(5) of Rule 15c2-12 (the “Rule”), as applicable to a participating underwriter for the Bonds. Capitalized terms used but not defined below shall have the meanings given in Ordinance \_\_\_\_\_ (the “Bond Ordinance”).

(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 regarding the Municipal Light and Power System (the “Light 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 their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices

1 or determinations with respect to the tax status of the Bonds, or other material events affecting the tax  
2 status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls  
3 (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers;  
4 (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if  
5 material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as  
6 such “Bankruptcy Events” are defined in the Rule; (13) the consummation of a merger, consolidation,  
7 or acquisition involving the City or the sale of all or substantially all of the assets of the City other than  
8 in the ordinary course of business, the entry into a definitive agreement to undertake such an action or  
9 the termination of a definitive agreement relating to any such actions, other than pursuant to its terms,  
10 if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if  
11 material; (15) incurrence of a financial obligation of the City, if material, or agreement to covenants,  
12 events of default, remedies, priority rights, or other similar terms of a financial obligation of the City,  
13 any of which affect holders of the Bonds, if material; and (16) any default, event of acceleration,  
14 termination event, modification of terms, or other similar event under the terms of a financial obligation  
15 of the City, any of which reflect financial difficulties.

16 For purposes of this Undertaking, the term “financial obligation” shall mean a debt  
17 obligation; derivative instrument entered into in connection with, or pledged as security or a source of  
18 payment for, an existing or planned debt obligation; or a guarantee of either a debt obligation or a  
19 derivative instrument entered into in connection with, or pledged as security or a source of payment  
20 for, an existing or planned debt obligation. The term “financial obligation” does not include municipal  
21 securities as to which a final official statement has been provided to the MSRB consistent with the  
22 Rule.

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



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

4                   (i)    Shall consist of (1) annual financial statements of the Light System prepared in  
5 accordance with applicable generally accepted accounting principles applicable to governmental units  
6 (except as otherwise noted therein), as such principles may be changed from time to time and as  
7 permitted by applicable state law; (2) a statement of outstanding Parity Bonds, Junior Lien Bonds (if  
8 any), and any other bonded indebtedness secured by Net Revenue of the Light System; (3) debt service  
9 coverage ratios for the then-Outstanding Parity Bonds, Junior Lien Bonds (if any) and any other bonded  
10 indebtedness secured by Net Revenue of the Light System; (4) sources of Light System power and the  
11 MWh produced by those sources; and (5) the average number of customers, revenues, and energy sales  
12 by customer class;

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

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

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

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

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

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

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

16           (d)    Beneficiaries. This Undertaking shall inure to the benefit of the City and any Owner  
17 of Bonds, and shall not inure to the benefit of or create any rights in any other person.

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

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

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

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

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

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

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

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