

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

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

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WHEREAS, The City of Seattle, Washington ("City"), has determined that it is in its best

interest that certain capital improvement program projects or other City projects

identified in this ordinance be financed by the issuance of limited tax general obligation

bonds of the City in principal amount not to exceed ~~\$108~~-138 million; and

WHEREAS, the City has determined that it is in its best interest to refinance all or a portion of

the outstanding Special Obligation Refunding Bonds, 2007 of the Seattle Chinatown-

International District Preservation and Development Authority (SCIDPDA) to reduce

SCIDPDA's borrowing costs and reduce the amount of outstanding public development

authority indebtedness guaranteed by the City; and

WHEREAS, pursuant to Ordinance 125088, passed on July 25, 2016, the City has determined

that it is in its best interest to provide \$5 million to be used in the replacement of the

Mercer Arena ("Mercer Arena Project") and the City has determined that it is in its best

interests to finance a portion of such amount through the issuance of the general

obligation bonds authorized by this ordinance; and

WHEREAS, RCW 39.36.020 authorizes the City to incur indebtedness without assent of the voters of the City so long as such indebtedness does not result in a total nonvoted indebtedness of the City in excess of 1.5 percent of the value of taxable property within the City as computed in accordance with RCW 39.36.030; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

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

“Authorized Denomination” means \$5,000 or any integral multiple thereof within a maturity of a Series.

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

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

“Bond Fund” means the City’s General Bond Interest and Redemption Fund, previously created by Ordinance 112112 and established and to be used for the payment of the principal of, premium, if any, and interest on the Bonds.

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

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

3 **“Bond Registrar”** or **“Registrar”** means the Fiscal Agent of the State of Washington
4 (unless the Bond Resolution provides for a different Bond Registrar with respect to a particular
5 Series of the Bonds), or any successor bond registrar selected in accordance with the Registration
6 Ordinance.

7 **“Bond Resolution”** means a resolution of the City Council adopted pursuant to this
8 ordinance approving the Bond Sale Terms and taking other actions consistent with this
9 ordinance.

10 **“Bond Sale Terms”** means the terms and conditions for the sale of a Series of the Bonds
11 including the amount, date or dates, denominations, interest rate or rates (or mechanism for
12 determining interest rate or rates), payment dates, final maturity, redemption rights, price, and
13 other terms or covenants set forth in Section 4 of this ordinance.

14 **“Bonds”** means the limited tax general obligation bonds issued pursuant to this
15 ordinance.

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

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

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

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

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

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

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

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

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

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

16 **“Mercer Arena Project”** means the project undertaken by the Seattle Opera to replace
17 the Mercer Arena, pursuant to the Third Amendment to the Mercer Arena Ground Lease, a
18 Construction Agreement and other related documents, all as authorized by Ordinance 125088.

19 **“Omnibus Refunding Ordinance”** means Ordinance 124343 (which amended and
20 restated Ordinance 121651, as amended by Ordinance 122286), as it may in the future be
21 amended from time to time.

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

1 **“Projects”** means items identified in Exhibit A, attached hereto and by this reference
2 made a part hereof, and other projects authorized by ordinance.

3 **“Purchaser”** means the entity or entities who have been selected in accordance with this
4 ordinance to serve as underwriter, purchaser or successful bidder in a sale of any Series of the
5 Bonds.

6 **“Rating Agency”** means any nationally recognized rating agency then maintaining a
7 rating on a Series of the Bonds at the request of the City.

8 **“Record Date”** means, unless otherwise defined in the Bond Resolution, in the case of
9 each interest or principal payment date, the Bond Registrar’s close of business on the 15th day of
10 the month preceding the interest or principal payment date. With regard to redemption of a Bond
11 prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the
12 day prior to the date on which the Bond Registrar sends the notice of redemption.

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

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

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

21 **“SCIDPDA”** means the Seattle Chinatown-International District Preservation and
22 Development Authority, a public development authority of the City formed and operating under
23 RCW 35.21.730, et seq.

1 **“SCIDPDA Refunding”** means the loan or other transfer of Bond proceeds from the
2 City to SCIDPDA for the defeasance, redemption and retirement of all or a portion of
3 SCIDPDA’s outstanding City-guaranteed Special Obligation Refunding Bonds, Series 2007.

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

5 **“Seattle Opera”** means the Seattle Opera, a Washington nonprofit corporation and
6 tax-exempt 501(c)(3) organization.

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

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

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

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

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

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

1 **“Term Bond”** means any Bond that is issued subject to mandatory redemption prior to
2 its maturity in periodic mandatory redemption payments in accordance with Section 7(b) of this
3 ordinance.

4 **“Undertaking”** means each undertaking to provide continuing disclosure entered into
5 pursuant to Section 14(c) of this ordinance, in substantially the form attached as Exhibit B.

6 Section 2. **Authorization of Bonds.** The City is authorized to borrow money on the
7 credit of the City and issue limited tax general obligation bonds evidencing indebtedness in the
8 maximum principal amount stated in Section 4 of this ordinance to pay all or part of the costs of
9 various elements of the City’s capital improvement program (which costs may include
10 capitalized interest, if necessary); to carry out the SCIDPDA Refunding; to finance a portion of
11 the City’s contribution to the Mercer Arena Project; for other City purposes approved by
12 ordinance; and to pay the costs of issuance of the Bonds. The Bonds may be issued in one or
13 more Series and may be combined with other general obligation bonds (including refunding
14 bonds) authorized separately. The Bonds shall be designated limited tax general obligation
15 bonds, shall be numbered separately, and shall have any name, year and series or other label as
16 deemed necessary or appropriate by the Director of Finance.

17 Section 3. **Manner of Sale of Bonds.** The Director of Finance may provide for the sale of
18 each Series of the Bonds (or any portion thereof) by public sale, or by a negotiated sale, limited
19 offering or private placement with a Purchaser chosen through a selection process acceptable to
20 the Director of Finance. The Director of Finance is authorized to specify a date and time of sale
21 of and a date and time for delivery of each Series of the Bonds; to give notice of that sale; to
22 determine any bid parameters or other bid requirements and criteria for determining the award of
23 the bid; to provide for the use of an electronic bidding mechanism; and to specify other matters

1 in his or her determination necessary, appropriate, or desirable in order to carry out the sale of
2 each Series of the Bonds. Each Series of the Bonds must be sold on Bond Sale Terms in
3 accordance with Section 4 of this ordinance.

4 Section 4. **Bond Sale Terms; Bond Resolution.** The Director of Finance is appointed to
5 serve as the City's designated representative in connection with the issuance and sale of the
6 Bonds in accordance with RCW 39.46.040(2) and this ordinance. The Director of Finance is
7 authorized to accept, on behalf of the City, an offer to purchase the Bonds on Bond Sale Terms
8 consistent with the parameters set forth in this section. No such acceptance shall be effective
9 until adoption of a Bond Resolution approving the Bond Sale Terms. Once adopted, the Bond
10 Resolution shall be deemed a part of this ordinance as if set forth herein.

11 (a) **Maximum Principal Amount.** The Bonds may be issued in one or more Series and
12 shall not exceed the aggregate principal amount of \$~~108~~-138 million.

13 (b) **Date or Dates.** Each Bond shall be dated its Issue Date, as determined by the Director
14 of Finance, which issue date may not be later than December 31, 2019.

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

16 (d) **Interest Rate(s); Payment Dates.** Each Bond shall bear interest from the Issue Date
17 or from the most recent date for which interest has been paid or duly provided for, whichever is
18 later, and shall be payable on dates determined by the Director of Finance. One or more rates of
19 interest shall be established for each maturity of each Series of the Bonds, which rate or rates
20 may be fixed or variable. If interest rates are fixed, interest shall be computed on the basis of a
21 360-day year of twelve 30-day months and the net interest cost shall not exceed a weighted
22 average rate of 10% per annum. Principal payments shall commence on a date and shall be

payable at maturity or in mandatory redemption installments on dates determined by the Director of Finance.

(e) **Final Maturity.** The Bonds shall mature no later than 31 years after the Issue Date.

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

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

(ii) **Mandatory Redemption.** Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity consistent with Section 7(b) of this ordinance.

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

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

(i) A Series of the Bonds may not be issued if it would cause the indebtedness of the City to exceed the City's legal debt capacity on the Issue Date of such Series.

(ii) On the Issue Date of each Series, the expected life of the capital facilities to be financed with the proceeds of that Series must exceed the maturity of the Bonds of that Series financing those capital facilities.

(iii) The Bond Sale Terms for any Series may provide for bond insurance or other credit enhancement, or for interest rate swaps, caps, floors or other similar hedging devices. To that end, the Bond Sale Terms may include such additional terms, conditions and covenants as may be necessary or desirable, including but not limited to restrictions on investment of Bond proceeds and pledged funds, and requirements to give notice to or obtain the consent of a credit enhancement provider or a counterparty to a swap, cap floor or other hedging device.

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

Section 5. **Bond Registrar; Registration and Transfer of Bonds.**

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

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

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

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

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

14 **(c) Securities Depository; Book-Entry Form.** The Bonds initially shall be registered in
15 the name of the Securities Depository. The Bonds so registered shall be held fully immobilized
16 in book-entry form by the Securities Depository in accordance with the provisions of the Letter
17 of Representations. Neither the City nor the Bond Registrar shall have any responsibility or
18 obligation to participants of the Securities Depository or the persons for whom they act as
19 nominees with respect to the Bonds regarding accuracy of any records maintained by the
20 Securities Depository or its participants of any amount in respect of principal of or interest on the
21 Bonds, or any notice which is permitted or required to be given to Registered Owners and/or
22 Beneficial Owners hereunder (except such notice as is required to be given by the Bond
23 Registrar to the Securities Depository). Registered ownership of a Bond initially held in book-

entry form, or any portion thereof, may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City or such substitute Securities Depository's successor; or (iii) to any person if the Bond is no longer held in book-entry form.

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

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

Section 6. **Payment of Bonds.** Principal of and interest on each Bond shall be payable in lawful money of the United States of America. Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Bond

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

Section 7. **Redemption and Purchase of Bonds.**

(a) **Optional Redemption.** All or some of the Bonds may be subject to redemption prior to their stated maturity dates at the option of the City at the times and on the terms approved in accordance with Section 4 of this ordinance.

(b) **Mandatory Redemption.** If not redeemed or purchased at the City's option prior to maturity, Term Bonds (if any) shall be redeemed, at a price equal to the principal amount thereof to be redeemed plus accrued interest, on the dates and in the years and principal amounts as set forth in the Bond Resolution. If the City redeems or purchases Term Bonds at the City's option prior to maturity, the Term Bonds so redeemed or purchased (irrespective of their redemption or purchase prices) shall be credited at the par amount thereof against the remaining mandatory redemption requirements as determined by the Director of Finance. In the absence of a determination by the Director of Finance or other direction in the Bond Resolution, credit shall be allocated on a pro-rata basis.

(c) **Selection of Bonds for Redemption; Partial Redemption.** If fewer than all of the outstanding Bonds are to be redeemed at the option of the City, the Director of Finance shall select the Series and maturity or maturities to be redeemed. If fewer than all of the outstanding

Bonds of a maturity of a Series are to be redeemed, the Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar shall select all other Bonds to be redeemed randomly in such manner as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

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

Section 8. **Notice of Redemption.** The City shall cause notice of any intended redemption of Bonds to be given not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register on the Record Date, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the Registered Owner of any Bond.

Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption unless the Bond or Bonds called are not redeemed when presented pursuant to the call.

In the case of an optional redemption, the notice may state that the City retains the right to rescind the redemption notice and the related optional redemption of Bonds by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is rescinded by the Director of Finance

1 shall be of no effect, and the Bonds for which the notice of optional redemption has been
2 rescinded shall remain outstanding.

3 Section 9. **Failure to Pay Bonds.** If any Bond is not paid when properly presented at its
4 maturity or call date, the City shall be obligated to pay interest on that Bond at the same rate
5 provided in that Bond from and after its maturity or call date until that Bond, principal, premium,
6 if any, and interest, is paid in full or until sufficient money for its payment in full is on deposit in
7 the Bond Fund and that Bond has been called for payment by giving notice of that call to the
8 Registered Owner of that Bond.

9 Section 10. **Form and Execution of Bonds.** The Bonds shall be typed, printed, or
10 reproduced in a form consistent with the provisions of this ordinance, the Bond Resolution, and
11 State law; shall be signed by the Mayor and Director of Finance, either or both of whose
12 signatures may be manual or in facsimile; and the seal of the City or a facsimile reproduction
13 thereof shall be impressed or printed thereon.

14 Only Bonds bearing a certificate of authentication in substantially the following form
15 (with the designation, year, and Series of the Bonds adjusted consistent with this ordinance),
16 manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to
17 the benefits of this ordinance: “This Bond is one of the fully registered The City of Seattle,
18 Washington, [Limited Tax General Obligation Bonds], [Year] [Series], described in [this
19 ordinance].” The authorized signing of a certificate of authentication shall be conclusive
20 evidence that the Bond so authenticated has been duly executed, authenticated, and delivered and
21 is entitled to the benefits of this ordinance.

22 If any officer whose manual or facsimile signature appears on a Bond ceases to be an
23 officer of the City authorized to sign bonds before the Bond bearing his or her manual or

1 facsimile signature is authenticated or delivered by the Bond Registrar or issued by the City, that
2 Bond nevertheless may be authenticated, delivered, and issued and, when authenticated, issued,
3 and delivered, shall be as binding on the City as though that person had continued to be an
4 officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City
5 by any person who, on the actual date of signing of the Bond, is an officer of the City authorized
6 to sign bonds, although he or she did not hold the required office on the date of issuance of the
7 Bonds.

8 Section 11. **Pledge of Taxes.** For so long as any of the Bonds are outstanding, the City
9 irrevocably pledges to include in its budget and levy taxes annually within the constitutional and
10 statutory tax limitations provided by law without a vote of the electors of the City on all of the
11 taxable property within the City in an amount sufficient, together with other money legally
12 available and to be used therefor, to pay when due the principal of and interest on the Bonds, and
13 the full faith, credit, and resources of the City are pledged irrevocably for the annual levy and
14 collection of those taxes and the prompt payment of that principal and interest.

15 Section 12. **Provisions Relating to Certain Federal Tax Consequences of the Bonds.**

16 (a) **Tax-Exempt Bonds.** The City covenants that it will take all actions, consistent with
17 the terms of any Series of Tax-Exempt Bonds, this ordinance, and the Bond Resolution,
18 reasonably within its power and necessary to prevent interest on those Tax-Exempt Bonds from
19 being included in gross income for federal income tax purposes, and the City will neither take
20 any action nor make or permit any use of proceeds of such Tax-Exempt Bonds or other funds of
21 the City treated as gross proceeds of the Tax-Exempt Bonds at any time during the term of the
22 Tax-Exempt Bonds that will cause interest on the Tax-Exempt Bonds to be included in gross
23 income for federal income tax purposes. The City also covenants that it will, to the extent the

1 arbitrage rebate requirement of Section 148 of the Code is applicable to any Tax-Exempt Bonds,
2 take all actions necessary to comply (or to be treated as having complied) with that requirement
3 in connection with the Tax-Exempt Bonds, including the calculation and payment of any
4 penalties that the City has elected to pay as an alternative to calculating rebatable arbitrage, and
5 the payment of any other penalties if required under Section 148 of the Code to prevent interest
6 on such Tax-Exempt Bonds from being included in gross income for federal income tax
7 purposes.

8 **(b) Tax Credit Subsidy Bonds or other Taxable Bonds.** The Director of Finance may,
9 without further action by the Council, designate any Series of the Bonds as Taxable Bonds or as
10 Tax Credit Subsidy Bonds, and in the case of Tax Credit Subsidy Bonds may make provision in
11 the Bonds or other written document(s) for such additional covenants of the City as may be
12 necessary or appropriate in order for the City to (i) receive from the United States Treasury the
13 applicable federal credit payments in respect of such Tax Credit Subsidy Bonds and (ii)
14 otherwise become and remain eligible for tax benefits under the Code.

15 Section 13. **Refunding or Defeasance of the Bonds.** The Bonds are hereby designated
16 “Refundable Bonds” for purposes of the Omnibus Refunding Ordinance. The City may issue
17 refunding bonds pursuant to the laws of the State or use money available from any other lawful
18 source to pay when due the principal of, premium, if any, and interest on any Bond, or portion
19 thereof, included in a refunding or defeasance plan, and to redeem and retire, release, refund, or
20 defease those Bonds (the “defeased Bonds”) and to pay the costs of such refunding or
21 defeasance. If money and/or Government Obligations maturing at a time or times and in an
22 amount sufficient, together with known earned income from the investment thereof, to redeem
23 and retire, release, refund, or defease the defeased Bonds in accordance with their terms, are set

1 aside in a special trust fund or escrow account irrevocably pledged to such redemption,
2 retirement, or defeasance (the “trust account”), then all right and interest of the owners of the
3 defeased Bonds in the covenants of this ordinance and in the funds and accounts pledged to the
4 payment of such defeased Bonds, other than the right to receive the funds so set aside and
5 pledged, thereafter shall cease and become void. Such owners thereafter shall have the right to
6 receive payment of the principal of and interest or redemption price on the defeased Bonds from
7 the trust account. After establishing and fully funding such a trust account, the defeased Bonds
8 shall be deemed as no longer outstanding, and the Director of Finance then may apply any
9 money in any other fund or account established for the payment or redemption of the defeased
10 Bonds to any lawful purposes. Notice of refunding or defeasance shall be given, and selection of
11 Bonds for any partial refunding or defeasance shall be conducted, in the manner set forth in this
12 ordinance for the redemption of Bonds.

13 Section 14. **Official Statement; Continuing Disclosure.**

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

22 (b) **Final Official Statement.** The City approves the preparation of a final official
23 statement for the sale of one or more Series of the Bonds to be sold to the public in the form of

1 the preliminary official statement with such modifications and amendments as the Director of
2 Finance deems necessary or desirable, and further authorizes the Director of Finance to execute
3 and deliver such final official statement to the Purchaser. The City authorizes and approves the
4 distribution by the Purchaser of that final official statement to purchasers and potential
5 purchasers of the Bonds.

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

10 Section 15. **Deposit and Use of Proceeds.** Unless provided otherwise in the Bond
11 Resolution, the principal proceeds and premium, if any, received from the sale and delivery of
12 the Bonds shall be paid into or allocated to the 2017 Multipurpose LTGO Bond Fund, which has
13 been created in the City Treasury pursuant to Ordinance 124925, or in such other funds,
14 accounts, or subaccounts of the City Treasury as the Director of Finance may designate, and used
15 for the purposes described in Section 2. The Director of Finance may use the principal proceeds
16 and any premium to pay for costs of issuance of the Bonds, and the Director of Finance also may
17 incur and account for non-cash costs of issuance that are not included as part of the bond
18 proceeds and premium, including but not limited to any underwriter's discount.

19 The Director of Finance may (i) establish and transfer proceeds of the Bonds among
20 funds, accounts, or subaccounts in the City Treasury, or (ii) make interfund loans pursuant to
21 Seattle Municipal Code Section 5.06.030 to or from other City accounts or funds, all on terms he
22 or she may deem necessary, appropriate, or desirable to carry out the purposes of this ordinance
23 and consistent with the Bond Resolution. Enactment of this ordinance authorizes the transfer of

1 amounts from the 2017 Multipurpose LTGO Bond Fund to other funds in order to carry out the
2 purposes of this ordinance.

3 There previously has been created and established in the City Treasury the Bond Fund.
4 Accrued interest on the Bonds received from the sale and delivery of the Bonds, if any, together
5 with any net premium received from the sale and delivery of the Bonds that is not necessary for
6 the purposes described in Section 2, shall be paid or allocated into the Bond Fund prior to the
7 first debt service payment date with respect to those Bonds. Until needed to pay the costs
8 described herein, the City may invest principal proceeds of the Bonds temporarily in any
9 authorized investment, and the investment earnings shall be deposited in such funds and accounts
10 as may be designated by the Director of Finance. Earnings subject to a federal tax or rebate
11 requirement may be withdrawn from any such fund or account and used for those tax or rebate
12 purposes.

13 The Director of Finance may pay principal of and interest on the Bonds with any
14 proceeds of Bonds (including interest earnings thereon) remaining after applying such proceeds
15 to the purposes set forth in Section 2, or after the City Council has determined that the
16 expenditure of such Bond proceeds for those purposes is no longer necessary or appropriate.

17 Section 16. **General Authorization.** In addition to the specific authorizations in this
18 ordinance, the Mayor and the Director of Finance and each of the other appropriate officers of
19 the City are each authorized and directed to do everything as in his or her judgment may be
20 necessary, appropriate, or desirable in order to carry out the terms and provisions of, and
21 complete the transactions contemplated by, this ordinance. In particular and without limiting the
22 foregoing:

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

10 (b) Each of the Mayor and the Director of Finance is separately authorized to (i) execute
11 and deliver any and all contracts or other documents as are consistent with this ordinance and for
12 which the City's approval is necessary or to which the City is a party (including but not limited
13 to agreements with escrow agents, refunding trustees, liquidity or credit support providers, bond
14 insurers, remarketing agents, underwriters, lenders, fiscal agents, counterparties to interest rate
15 swap, cap, floor; or similar agreements, custodians, and the Bond Registrar); (ii) negotiate,
16 execute and deliver any and all contracts or other documents in form and substance acceptable to
17 the Mayor and Director of Finance that are necessary or desirable (A) to carry out the SCIDPDA
18 Refunding and obtain an agreement between the City and SCIDPDA that provides, among other
19 things, for periodic payments by SCIDPDA to reimburse the City for debt service on the portion
20 of the Bonds issued to carry out the SCIDPDA Refunding, and (B) obtain an agreement between
21 the City and the Seattle Opera that provides, among other things, for ownership and use of the
22 improvements or assets acquired in connection with the Mercer Arena Project and take such
23 actions as may be necessary or desirable in connection with the bond financing of the City's

1 portion of such project, and (iii) execute and deliver such other contracts or documents incidental
2 to the issuance and sale of a Series of the Bonds; the establishment of the initial interest rate or
3 rates on a Bond; or the tender, purchase, remarketing, or redemption of a Bond, as may in his or
4 her judgment be necessary or appropriate.

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

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

16 Section 19. **Section Headings**. The section headings in this ordinance are used for
17 convenience only and shall not constitute a substantive portion of this ordinance.

Section 20. **Effective Date.** This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

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

President _____ of the City Council

Approved by me this _____ day of _____, 2016.

Edward B. Murray, Mayor

Filed by me this _____ day of _____, 2016.

Monica Martinez Simmons, City Clerk

(Seal)

Attachments:

Exhibit A – Description of 2017 Projects

Exhibit B – Form of Undertaking to Provide Continuing Disclosure