

CITY OF SEATTLE
ORDINANCE 126225
COUNCIL BILL 119925

AN ORDINANCE relating to the municipal water system of The City of Seattle; amending Ordinance 125713 to increase the authorized principal amount of municipal water system revenue bonds to be issued for the purposes of paying all or part of the cost of carrying out the system or plan of additions and betterments to and extensions of the existing municipal water system; extending the initial authorization date for those bonds; and ratifying and confirming certain prior acts.

WHEREAS, by Ordinance 125713, passed on November 19, 2018, (the “2018 Water Bond Ordinance”) The City of Seattle, Washington (the “City”), provided for the issuance of not to exceed \$68.1 million principal amount of Municipal Water System Bonds (the “Bonds”) for the purposes of paying all or part of the cost of carrying out the Plan of Additions, providing for the Reserve Requirement for the Parity Bonds, and issuing and selling the Bonds; and

WHEREAS, the City has not yet issued any of the bonds authorized by the 2018 Water Bond Ordinance, but has since that time accumulated additional capital needs, as reflected in the adopted Capital Improvement Plan previously approved by Council, that are expected to arise during 2021 and which will exceed the amount originally authorized in 2018; and

WHEREAS, the City deems it desirable to increase the authorized principal amount of municipal water system revenue bonds to provide funding for the water system’s current capital needs and to extend date by which such bonds must be issued; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. **Definitions.** The definitions of capitalized terms set forth in the recitals to this ordinance are incorporated by this reference. The meaning of capitalized terms used and not otherwise defined in this ordinance shall be as set forth in Ordinance 125713.

1 Section 2. **Amendment to Section 2 of Ordinance 125713.** Section 2 of Ordinance
2 125713 is amended as follows:

3 **Section 2. Adoption of Plan of Additions.** The City specifies,
4 adopts, and orders the Plan of Additions to be carried out as generally
5 provided for in the documents comprising the Plan of Additions. The
6 estimated cost of the Plan of Additions, as near as may be determined, is
7 declared to be \$531,000,000, of which approximately (~~(\$68.4)~~) \$280
8 million is expected to be financed from proceeds of the Bonds and
9 investment earnings thereon.

10 Section 3. **Amendments to Section 5 of Ordinance 125713.** Section 5 of Ordinance
11 125713 is amended as follows:

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

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

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

1 (i) **Maximum Principal Amount.** The maximum aggregate principal
2 amount of all Series of the Bonds authorized by this ordinance is not to exceed (~~(\$68.4)~~)
3 \$280 million.

4 (ii) **Date or Dates.** Each Bond shall be dated its Issue Date, as determined
5 by the Director of Finance. The initial Issue Date (without restricting any reissuance date
6 with respect to a Series of Variable Interest Rate Bonds) may be no later than December
7 31, (~~(2024)~~) 2023.

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

10 (iv) **Interest Rate(s).** Each Bond shall bear interest from its Issue Date or
11 from the most recent date to which interest has been paid or duly provided, whichever is
12 later, unless otherwise provided in the Bond Documents. Each Series of the Bonds shall
13 bear interest at one or more fixed interest rates or at Variable Interest Rates. The net
14 interest cost for any fixed rate Series may not exceed a rate of 10% per annum. The Bond
15 Documents for any Series may provide for multiple interest rates and interest rate modes,
16 and may provide conditions and mechanisms for the Director of Finance to effect a
17 conversion from one mode to another. Nothing in this ordinance shall be interpreted to
18 prevent the Bond Documents for any Series from including a provision for adjustments to
19 interest rates during the term of the Series upon the occurrence of certain events specified
20 in the applicable Bond Documents.

21 (v) **Payment Dates.** Interest shall be payable on dates acceptable to the
22 Director of Finance. Principal shall be payable on dates acceptable to the Director of
23 Finance, which shall include payment at the maturity of each Bond, in accordance with

1 any Sinking Fund Requirements applicable to Term Bonds, and otherwise in accordance
2 with any redemption or tender provisions.

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

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

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

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

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

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

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

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

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

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

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

1 enhancement provider or Qualified Counterparty, and requirements to give notice to or
2 obtain the consent of a credit enhancement provider or a Qualified Counterparty. The
3 Director of Finance is authorized to execute, on behalf of the City, such additional
4 certificates and agreements as may be necessary or desirable to reflect such terms,
5 conditions, and covenants.

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

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

12 Section 4. **General Authorization.** In addition to the specific authorizations in this
13 ordinance, the Mayor and the Director of Finance and each of the other appropriate officers of
14 the City are each authorized and directed to do everything as in their judgment may be necessary,
15 appropriate, or desirable in order to carry out the terms and provisions of, and complete the
16 transactions contemplated by, this ordinance.

17 Section 5. **Severability.** The provisions of this ordinance are declared to be separate
18 and severable. If a court of competent jurisdiction, all appeals having been exhausted or all
19 appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as
20 to any person or circumstance, such offending provision shall, if feasible, be deemed to be
21 modified to be within the limits of enforceability or validity. However, if the offending provision
22 cannot be so modified, it shall be null and void with respect to the particular person or
23 circumstance, and all other provisions of this ordinance in all other respects, and the offending

1 provision with respect to all other persons and all other circumstances, shall remain valid and
2 enforceable.

3 Section 6. **Ratification of Prior Acts.** Actions taken consistent with this ordinance,
4 after its passage but prior to the effective date, are ratified, approved, and confirmed.

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

