

WHEREAS, pursuant to Ordinance 124338, as amended by Ordinance 124914 (the “Omnibus Refunding Bond Ordinance”), the City authorized the issuance of Drainage and Wastewater System revenue bonds for the purpose, among other things, of paying all or a part of the costs of refunding certain of the City’s outstanding Drainage and Wastewater System revenue bonds; and

WHEREAS, pursuant to Ordinance 122637 and Resolution 31050 (together, the “Refunded Bond Legislation”), the City previously issued its Drainage and Wastewater Revenue Bonds, 2008 and reserved the right to call, pay and redeem those bonds maturing on and after June 1, 2019 prior to maturity at any time on or after June 1, 2018 at a price equal to the stated principal amount to be redeemed, plus accrued interest; and

WHEREAS, the New Money Ordinance and the Omnibus Refunding Bond Ordinance (together, the “Bond Ordinances”) authorize the Director of Finance to conduct a public or negotiated sale of bonds and to recommend to the City Council for its approval by resolution the interest rates and certain Bond Sale Terms (as defined in the Bond Ordinances), within certain parameters set forth in the Bond Ordinances; and

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

WHEREAS, pursuant to the Bond Ordinances, a preliminary official statement dated May 31, 2016, for the public sale of the Bonds, including an official notice of that sale, was prepared and distributed, bids were received in accordance with the notice of bond sale, and the proposed sale of the Bonds to Morgan Stanley & Co. LLC has been recommended to the City Council for its approval with the interest rates and other Bond Sale Terms; NOW THEREFORE,

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

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

“**Acquired Obligations**” means those Government Obligations purchased to accomplish the refunding of the Refunded Bonds as identified in and in accordance with the Refunding Trust Agreement.

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

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

“**Bonds**” means the \$160,910,000 aggregate principal amount of Drainage and Wastewater System Improvement and Refunding Revenue Bonds, 2016, issued pursuant to the Bond Legislation.

“New Money Ordinance” means Ordinance 124914 passed by the City Council on November 23, 2015.

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

“Omnibus Refunding Bond Ordinance” means Ordinance 124338, passed by the City Council on November 25, 2013 (which amended and restated Ordinance 121938, originally passed by the City Council on September 26, 2005 and subsequently amended by Ordinance 122209 (passed by the City Council on September 5, 2006) and Ordinance 122637 (passed by the City Council on March 3, 2008)), as amended by Section 26 of Ordinance 124914, passed by the City Council on November 23, 2015. In accordance with Section 39 of Ordinance 124338, all section references to the Omnibus Refunding Bond Ordinance herein refer to the “clean” version of that legislation attached to Ordinance 124338 as Exhibit C.

“Purchaser” means Morgan Stanley & Co. LLC.

“Refunded Bonds” means those portions of the City’s outstanding Drainage and Wastewater Revenue Bonds, 2008, identified in Exhibit A, which is attached and incorporated by this reference.

“Refunded Bond Legislation” means Ordinance 122637 and Resolution 31050, authorizing the issuance of the Refunded Bonds.

“Refunding Plan” means the refunding plan for the Refunded Bonds, as set forth in Section 5(d).

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

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

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

Section 2. Sale and Delivery of Bonds. The City finds that the sale of the Bonds to the Purchaser at

the interest rates and pursuant to the Bond Sale Terms set forth in the Bond Legislation, the Official Notice of Bond Sale, attached as Exhibit B, and the bid information attached as Exhibit C (which includes a summary of the true interest cost associated with each bid and a printed version of all the electronic bids for the Bonds, including the electronic bid of the Purchaser), is in the City’s best interest and therefore confirms, ratifies and approves the award of the Bonds to the Purchaser.

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

(a) Principal Amount. The Bonds shall be issued in the aggregate principal amount of \$160,910,000. The allocation of the Bonds to the New Money Portion and the Refunding Portion shall be as set forth in the allocation attached to the Tax Certificate executed by the Director of Finance as of the Issue Date.

(b) Date or Dates. Each Bond shall be dated its Issue Date, which date shall be any date selected by the Director of Finance that is not later than December 31, 2018.

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

(d) Interest Rates; Payment Dates. Each Bond shall bear interest at fixed rates per annum, as shown below, computed on the basis of a 360-day year of twelve 30-day months, from the Issue Date or from the most recent date with respect to which interest has been paid or duly provided for, whichever is later. Interest shall be payable on the first day of each April and October, commencing October 1, 2016. Principal shall be payable at maturity (and on mandatory redemption dates in the amounts set forth in subsection (f)) in principal amounts on October 1, 2016 and on April 1 for each maturity thereafter, as follows:

Maturity Date (April 1)	Principal Amount	Interest Rate	Maturity Date (April 1)	Principal Amount	Interest Rate
Oct. 1, 2016	\$ 210,000	5.00%	2030	\$ 6,230,000	4.00%
2017	1,570,000	5.00	2031	6,485,000	4.00
2018	1,650,000	5.00	2032	6,745,000	4.00
2019	3,725,000	5.00	2033	7,020,000	4.00
2020	3,910,000	5.00	2034	7,310,000	4.00
2021	4,115,000	5.00	2035	7,610,000	4.00
2022	4,325,000	5.00	2036	7,920,000	4.00

2023	4,545,000	5.00	2037	8,245,000	4.00
2024	4,775,000	5.00	2038	8,575,000	4.00
2025	5,025,000	5.00	2039	4,160,000	4.00
2026	5,250,000	4.00	***	***	***
2027	5,500,000	5.00	2041	8,835,000	4.00
2028	5,755,000	4.00	***	***	***
2029	5,985,000	4.00	2046	25,435,000	4.00

(e) **Final Maturity.** The final maturity of the Bonds is April 1, 2046.

(f) **Redemption Rights.**

(i) Optional Redemption. The Bonds maturing on and before April 1, 2026, are not subject to redemption prior to maturity. The City reserves the right and option to redeem Bonds maturing on and after April 1, 2027, prior to their stated maturity dates at any time on or after April 1, 2026, as a whole or in part, at a price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

(ii) Mandatory Redemption. Bonds maturing in the years 2041 and 2046 are designated as Term Bonds and, if not redeemed under the optional redemption provisions set forth above or purchased in the open market under the provisions set forth in the Bond Ordinances, shall be called for redemption in accordance with the Bond Ordinances at a price equal to the principal amount to be redeemed plus accrued interest on April 1 in the years and amounts as follows:

2041 Term Bond

Mandatory Redemption Year	Mandatory Redemption Amount
2040	\$4,330,000
2041*	4,505,000

*Maturity

2046 Term Bond

Mandatory Redemption Year	Mandatory Redemption Amount
2042	\$4,690,000
2043	4,880,000
2044	5,080,000
2045	5,285,000
2046*	5,500,000

*Maturity

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

(g) Price. The purchase price for the Bonds is \$184,749,787.61, representing the aggregate principal amount of the Bonds, plus an original issue premium and less underwriter's discount.

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

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

(2) The Parity Conditions have been met or satisfied to allow the Bonds to be issued as Parity Bonds.

(3) The City Council has had due regard for the cost of maintenance and operation of the Drainage and Wastewater System in creating the Parity Bond Account and in fixing the amounts to be paid into it, and is not setting aside into the Parity Bond Account a greater amount than in its judgment, based on rates established from time to time, will be available over and above such cost of maintenance and operation.

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

(5) Proceeds of the New Money Portion will be deposited into the Reserve Subaccount to satisfy the Reserve Requirement in accordance with Section 4(a).

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

Section 4. Use of Bond Proceeds. The principal proceeds of the Bonds received by the City shall be allocated as set forth in the Tax Certificate to be executed by the Director of Finance as of the Issue Date and shall

be deposited immediately upon receipt, as set forth below. The amounts necessary to pay the costs of issuance of the Bonds shall be allocated among the various purposes in accordance with the allocation set forth in the Tax Certificate executed by the Director of Finance as of the Issue Date.

(a) New Money Portion. The principal proceeds of the sale of the New Money Portion shall be deposited (i) in the funds, accounts or subaccounts as determined by the Director of Finance as necessary to pay costs of the Plan of Additions, the costs of issuing the New Money Portion of the Bonds and for such other purposes as may be approved by ordinance; and (ii) into the Reserve Subaccount an amount sufficient to fund the amount necessary to satisfy the Reserve Requirement.

(b) Refunding Portion. The principal proceeds of the sale of the Refunding Portion shall be deposited immediately upon the receipt thereof with the Refunding Trustee and shall be used to carry out the Refunding Plan, including discharging the obligations of the City relating to the Refunded Bonds under the Refunded Bond Legislation. The Refunding Plan shall be as set forth in the Refunding Trust Agreement and Section 5(d). The Director of Finance shall determine, in his sole discretion, whether the portion of the sale proceeds of the Refunding Portion necessary for payment of costs of issuance and administrative costs of the refunding shall be (i) deposited into a fund, account or subaccount to be paid directly by the City, or (ii) deposited with the Refunding Trustee, who shall be directed to pay such costs as part of the Refunding Plan.

Section 5. Provisions for Refunding.

(a) Findings With Respect to Refunding. The City Council finds that the issuance of the Refunding Portion at this time will effect a savings to the City and is in the best interest of the City and its Drainage and Wastewater System ratepayers and in the public interest. In making such finding, the City Council has given consideration to the fixed maturities allocated to the Refunding Portion and the Refunded Bonds, the costs of issuance of the Refunding Portion and the known earned income from the investment of the amounts deposited with the Refunding Trustee pending payment and redemption of the Refunded Bonds. The City Council further finds that the money to be deposited with the Refunding Trustee will discharge and satisfy the obligations, pledges,

charges, trusts, covenants, and agreements of the City under the Refunded Bond Legislation, and that the Refunded Bonds shall no longer be deemed to be outstanding under the Refunded Bond Legislation immediately upon the deposit of such money with the Refunding Trustee.

(b) Call for Redemption of the Refunded Bonds. The City authorizes the Director of Finance to call for redemption on June 1, 2018, all of the Refunded Bonds at a price of 100% of the principal amount to be redeemed, plus accrued interest to the date set for redemption. Such call for redemption shall be irrevocable after the Issue Date. The date on which the Refunded Bonds are called for redemption is the first date on which the Refunded Bonds may be called. The City authorizes and directs the Director of Finance to give or cause to be given such notices as required, at the times and in the manner required, pursuant to the Refunded Bond Legislation in order to effect the redemption prior to the maturity of the Refunded Bonds.

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

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

- (i) On the Issue Date, certain proceeds of the Refunding Portion shall be deposited with the Refunding Trustee in an amount sufficient to purchase the Acquired Obligations.
- (ii) The Refunding Trustee shall hold the maturing principal of and interest on the Acquired Obligations in a refunding trust account, and shall apply such money, together with other money held in that account, to the payment of the principal of and interest on the Refunded Bonds when due up to and including the date set for redemption.
- (iii) On the date set for redemption of the Refunded Bonds, the Refunding Trustee shall call, pay, and redeem all of the Refunded Bonds at a price equal to the principal amount to be redeemed, plus accrued interest to that date.
- (iv) The costs of carrying out the Refunding Plan and the costs of issuance of the Refunding Portion of the Bonds may be paid either by the City directly or from the amounts held by the Refunding Trustee, as directed by the Director of Finance in his discretion.

Section 6. Federal Tax Matters. The Bonds shall be issued as Tax-Exempt Bonds, in accordance with

Section 22(a) of the New Money Ordinance and Section 23(a) of the Omnibus Bond Refunding Ordinance.

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

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

Section 9. Ratification of Prior Acts. All acts taken pursuant to the authority of this resolution but prior to its effective date are ratified, approved and confirmed.

Section 10. Section Headings. Section headings in this resolution are used for convenience only and shall not constitute a substantive portion of this resolution.

ADOPTED by the City Council this 8th day of June, 2016, and signed by me in open session in authentication of its adoption this 8th day of June, 2016.

President of the City Council

The Mayor concurred this _____ day of June, 2016.

Edward B. Murray, Mayor

File by me this _____ day of June, 2016.

Monica Martinez Simmons, City Clerk

(SEAL)

LIST OF EXHIBITS

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