

**CITY OF SEATTLE**

**ORDINANCE 126221**

**COUNCIL BILL 119921**

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, 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, the City reserved the right to issue additional municipal light and power revenue bonds (“Future Parity Bonds”) having

1 a lien and charge on Net Revenue of the Light System on parity with the lien and charge  
2 of the Outstanding Parity Bonds, upon satisfaction of certain conditions (the “Parity  
3 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.** As used in this ordinance, the following capitalized terms  
17 shall have the meanings set forth below.

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 twelve 30-day  
3 months, 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 Section 18(a)(ii). In a Junior Lien Coverage Certificate, Adjusted Net Revenue is subject to  
11 further adjustment as set forth in Section 18(b)(ii).

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  
11 of interest deemed to be payable on any series of Parity Bonds that are Variable Interest Rate  
12 Bonds shall be calculated on the assumption that the interest rate on those bonds is equal to the  
13 rate that is 90% of the average RBI during the four calendar quarters ending at least 15 days  
14 preceding the quarter in which the calculation is made. *Upon the Parity Covenant Date, the*  
15 *following sentence shall replace the immediately preceding sentence: The amount of interest*  
16 *deemed to be payable on any series of Parity Bonds that are Variable Interest Rate Bonds shall*  
17 *be calculated on the assumption that the interest rate on those bonds is equal to the highest*  
18 *12-month rolling average of the SIFMA Municipal Swap Index over the preceding ten years.*  
19 *And, upon the Second Parity Covenant Date, a five-year look-back period shall be substituted*  
20 *for the ten-year period referenced in the immediately preceding sentence.*

21 (ii) **Assumed Interest on Variable Interest Rate Junior Lien Bonds.** The  
22 amount of interest deemed to be payable on any series of Junior Lien Bonds that are Variable  
23 Interest Rate Bonds shall be calculated on the assumption that the interest rate on those bonds is

1 equal to the highest 12-month rolling average (ending with the month preceding the date of the  
2 calculation) of the SIFMA Municipal Swap Index over the preceding five years.

3 (d) **Interest on Bonds with Respect to Which a Payment Agreement is in Force.**

4 In general, debt service on any bonds (Parity Bonds or Junior Lien Bonds, as applicable) with  
5 respect to which a Payment Agreement is in force shall be based on the net economic effect on  
6 the City expected to be produced by the terms of the applicable Bond Documents and the terms  
7 of the Payment Agreement. For example, if the net effect of the Payment Agreement on a series  
8 of bonds otherwise bearing interest at a variable interest rate is to produce an obligation bearing  
9 interest at a fixed rate, the relevant series of bonds shall be treated as fixed rate bonds. And if the  
10 net effect of the Payment Agreement on a series of bonds otherwise bearing interest at a fixed  
11 interest rate is to produce an obligation bearing interest at a variable interest rate, the relevant  
12 series of bonds shall be treated as Variable Interest Rate Bonds.

13 Accordingly, the amount of interest deemed to be payable on any series of Parity Bonds  
14 (or Junior Lien Bonds, as applicable) with respect to which a Payment Agreement is in force  
15 shall be an amount equal to the amount of interest that would be payable at the rate or rates  
16 stated in or determined pursuant to the applicable Bond Documents, plus Payment Agreement  
17 Payments, minus Payment Agreement Receipts. For the purposes of calculating as nearly as  
18 practicable Payment Agreement Receipts and Payment Agreement Payments under a Payment  
19 Agreement that includes a variable rate component determined by reference to a pricing  
20 mechanism or index that is not the same as the pricing mechanism or index used to determine the  
21 variable rate interest component on the series of bonds to which the Payment Agreement is  
22 related, it shall be assumed that: (i) the fixed rate used in calculating Payment Agreement  
23 Payments will be equal to 105% of the fixed rate specified by the Payment Agreement, and

1 (ii) the pricing mechanism or index specified by the Payment Agreement is the same as the  
2 pricing mechanism or index specified by the applicable Bond Documents. Notwithstanding the  
3 other provisions of this definition, the City shall not be required to (but may in its discretion)  
4 take into account in determining Annual Debt Service the effects of any Payment Agreement that  
5 has a term of ten years or less.

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

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

1                   (ii)     **If City is Obligated to Make Payments Based on Variable Rate Index.**

2 If the City is obligated to make Payment Agreement Payments based on a variable rate index and  
3 the Qualified Counterparty is obligated to make payments based on a fixed rate, it shall be  
4 assumed that payments by the City will be based on a rate equal to the average rate determined  
5 by the variable rate index specified by the Payment Agreement during the four calendar quarters  
6 preceding the quarter in which the calculation is made, and that the Qualified Counterparty will  
7 make payments based on the fixed rate specified by the Payment Agreement.

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

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

19                   (g)     **Adjustments for Defeased Bonds.** For purposes of determining compliance with  
20 the rate covenants set forth in Sections 17(a)(ii) and 17(b)(ii), calculating the Reserve Fund  
21 Requirement, and making coverage ratio calculations in connection with the delivery of a Parity  
22 Certificate or Junior Lien Coverage Certificate, Annual Debt Service shall be adjusted as set  
23 forth in Section 20(d).

1           (h)     **Reimbursement Obligations.** If any payment under a Parity 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 Debt Service for  
6     purposes of delivering a Parity Certificate. If any payment under a Parity Reimbursement  
7     Obligation, an Intermediate Lien Reimbursement Obligation, or a Junior Lien Reimbursement  
8     Obligation is then due and payable, or is then reasonably expected to become due and payable,  
9     the reasonably estimated amount and timing of such payment, calculated in accordance with  
10    applicable generally accepted accounting principles and as reflected in the annual financial  
11    statements of the Light System, shall be included in calculating Annual Junior Lien Debt Service  
12    for purposes of delivering a Junior Lien Coverage Certificate.

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

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

21           **“Balloon Bonds”** means any series of either Parity Bonds or Junior Lien Bonds, as  
22    applicable, the aggregate principal amount (including Sinking Fund Requirements) of which

1 becomes due and payable in any calendar year in an amount that constitutes 25% or more of the  
2 initial aggregate principal amount of such series.

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

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

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

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

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

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

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

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

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

19           **“Book-Entry Form”** means a fully registered form in which physical bond certificates  
20 are registered only in the name of the Securities Depository (or its nominee), as Registered  
21 Owner, with the physical bond certificates held by and “immobilized” in the custody of the  
22 Securities Depository or its designee, where the system for recording and identifying the transfer

1 of the ownership interests of the Beneficial Owners in those Bonds is neither maintained by nor  
2 the responsibility of the City or the Bond Registrar.

3       **“Capital Appreciation Bond”** means any Parity Bond or Junior Lien Bond, all or a  
4 portion of the interest on which is compounded and accumulated at the rates or in the manner,  
5 and on the dates, set forth in the applicable Bond Documents, and is payable only upon  
6 redemption or on the maturity date of such Capital Appreciation Bond. A Parity Bond or a Junior  
7 Lien Bond that is issued as a Capital Appreciation Bond, but which later converts to an  
8 obligation on which interest is paid periodically, shall be a Capital Appreciation Bond until the  
9 conversion date and thereafter shall no longer be a Capital Appreciation Bond, but shall be  
10 treated as having a principal amount equal to its Accreted Value on the conversion date. For  
11 purposes of (a) receiving payment of the redemption premium, if any, on a Capital Appreciation  
12 Bond that is redeemed prior to maturity, or (b) computing the principal amount of Parity Bonds  
13 (or Junior Lien Bonds, a applicable) held by the Owner of a Capital Appreciation Bond in  
14 connection with any notice, consent, request, or demand pursuant to this ordinance or for any  
15 purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be  
16 its Accreted Value at the time that such notice, consent, request, or demand is given or made.

17       **“CIP”** means the portion or portions of the “2020-2025 Capital Improvement Program”  
18 adopted by the City in Ordinance 126000 relating to the Light System, together with those  
19 portions of any previously adopted capital improvement program of the City relating to the Light  
20 System, as the CIP may be amended, updated, supplemented, or replaced from time to time by  
21 ordinance.

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

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

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

5           **“Conservation Plan”** means the Conservation Potential Assessment 2016 of the City  
6 with respect to the Light System endorsed by the City Council in Resolution 31631, adopted  
7 January 11, 2016, as that plan may be amended, updated, supplemented or replaced from time to  
8 time, to the extent that funds are appropriated by the City therefor.

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

12           **“Continuing Disclosure Agreement”** means, for each Series that is sold in an offering  
13 subject to federal securities regulations requiring a written undertaking to provide continuing  
14 disclosure, a continuing disclosure agreement entered into pursuant to Section 22 in substantially  
15 the form attached as Exhibit B.

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

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

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

1           **“Event of Default”** has the meaning given in Section 24. A “Parity Bond Event of  
2 Default” shall refer to those Events of Default relating to nonpayment of Parity Bonds, or  
3 defaults in respect of the Parity Bond covenants set forth herein and in the applicable Parity  
4 Bond Documents giving rise to remedies available to the owners of Parity Bonds. A “Junior Lien  
5 Bond Event of Default” shall refer to those Events of Default relating to nonpayment of Junior  
6 Lien Bonds, or in respect of the Junior Lien Bond covenants set forth herein and in the applicable  
7 Junior Lien Bond Documents giving rise to remedies available to the owners of Junior Lien  
8 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. Future Junior  
18 Lien Bonds may include Junior Lien Payment Agreements issued in compliance with the Junior  
19 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. Future Parity Bonds may  
7 include Parity Payment Agreements and any other obligations issued in compliance with the  
8 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 now in effect or as may hereafter be amended.

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           **“High Ross Agreement”** means the agreement dated as of March 30, 1984, between the  
9 City and Her Majesty the Queen in Right of the Province of British Columbia relating to the  
10 City’s High Ross Dam.

11           **“High Ross Capital Payments”** means the deferred portion of the annual capital  
12 payments required to be made by the City under Section 5 of the High Ross Agreement,  
13 representing the annual cost that would have been incurred by the City for the construction of the  
14 High Ross Dam.

15           **“Intermediate Lien Reimbursement Obligation”** means any payment or  
16 reimbursement obligation incurred under a written agreement entered into in connection with a  
17 series of Parity Bonds or to obtain Qualified Insurance or a Qualified Letter of Credit, under  
18 which the City’s payment obligations are expressly stated to constitute a lien and charge on Net  
19 Revenue junior in rank to the lien and charge upon such Net Revenue required to be paid into the  
20 Parity Bond Fund to pay and secure the payment of the Parity Bonds, but senior to the lien and  
21 charge upon such Net Revenue required to be paid into the Junior Lien Debt Service Fund to pay  
22 and secure the payment of the Junior Lien Bonds. For purposes of determining percentages of  
23 ownership of Bonds under this ordinance or under any Bond Documents, Intermediate Lien

1 Reimbursement Obligations shall be deemed to have no principal amount, and any consent or  
2 similar rights (if any) shall be determined only as set forth in the applicable Intermediate Lien  
3 Reimbursement Obligations.

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

6 **“Junior Lien Additional Bonds Test”** means the conditions set forth in Section 18(b)  
7 for issuing additional Junior Lien Bonds (including Junior Lien Payment Agreements and Junior  
8 Lien Reimbursement Obligations).

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

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

19 **“Junior Lien Bond Ordinance”** means this ordinance, and any other ordinance passed  
20 by the City Council in the future authorizing the issuance and sale of any Future Junior Lien  
21 Bonds, including any ordinance amending or supplementing the provisions of any Junior Lien  
22 Bond Ordinance.

1           **“Junior Lien Coverage Certificate”** means a certificate delivered pursuant to Section  
2 18(b)(ii), for purposes of satisfying the Junior Lien Additional Bonds Test in connection with the  
3 issuance of Future Junior Lien Bonds.

4           **“Junior Lien Debt Service Fund”** means the special fund of the City known as the  
5 Seattle Municipal Light Revenue Junior Lien Debt Service Fund established within the Light  
6 Fund pursuant to Ordinance 125459 for the purpose of paying and securing the principal of and  
7 interest on Junior Lien Bonds and securing obligations under Junior Lien Payment Agreements  
8 and Junior Lien Reimbursement Obligations.

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

18           **“Junior Lien Reimbursement Obligation”** means any reimbursement obligation  
19 incurred under a written reimbursement agreement (or similar agreement) entered into in  
20 connection with a series of Junior Lien Bonds to obtain Qualified Insurance or a Qualified Letter  
21 of Credit, under which the City’s payment obligations are expressly stated to constitute a lien and  
22 charge on Net Revenue equal in rank with the lien and charge upon such Net Revenue required  
23 to be paid into the Junior Lien Debt Service Fund to pay and secure the payment of the Junior

1 Lien Bonds. For purposes of determining percentages of ownership of Junior Lien Bonds under  
2 this ordinance or under any Bond Documents, Junior Lien Reimbursement Obligations shall be  
3 deemed to have no principal amount, and any consent or similar rights (if any) shall be  
4 determined only as set forth in the applicable Junior Lien Reimbursement Obligations.

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

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

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

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

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

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

19       **“Omnibus Refunding Ordinance”** means Ordinance 125460, passed by the City  
20 Council on November 20, 2017, as amended by Ordinance 125987, passed by the City Council  
21 on November 25, 2019, authorizing the issuance of refunding bonds (as such ordinance may be  
22 further amended from time to time) or any other ordinance of the City passed in the future,  
23 pursuant to which the Bonds (or any Series of the Bonds) are designated as Refundable Bonds.

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

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

22           **“Outstanding Parity Bonds”** means those outstanding Parity Bonds identified in  
23 Exhibit A. When used in reference to a particular date or series of Parity Bonds, Outstanding

1 Parity Bonds shall mean those Parity Bonds (including any Parity Bonds issued subsequent to the  
2 date of this ordinance) that are outstanding as of that date or as of the issue date of such series.

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

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

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

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

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

1           **“Parity Certificate”** means a certificate delivered pursuant to Section 18(a)(ii) for  
2 purposes of satisfying the Parity Conditions in connection with the issuance of Future Parity  
3 Bonds.

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

10           **“Parity Covenant Date”** means the earlier of (a) the date on which the City has obtained  
11 consents of the requisite percentage (as set forth in Section 23(b)) of Registered Owners of the  
12 Parity Bonds then outstanding, in accordance with the provisions of the applicable Outstanding  
13 Parity Bond Documents; or (b) the date on which all of the following Outstanding Parity Bonds  
14 have been redeemed or defeased: Municipal Light and Power Revenue Bonds, 2010A (Taxable  
15 Build America Bonds – Direct Payment); Municipal Light and Power Improvement and  
16 Refunding Revenue Bonds, 2010B; Municipal Light and Power Revenue Bonds, 2010C  
17 (Taxable Recovery Zone Economic Development Bonds – Direct Payment); Municipal Light  
18 and Power Improvement and Refunding Revenue Bonds, 2011A; Municipal Light and Power  
19 Improvement Revenue Bonds, 2011B (Taxable New Clean Renewable Energy Bonds – Direct  
20 Payment); Municipal Light and Power Improvement and Refunding Revenue Bonds, 2012A;  
21 Municipal Light and Power Improvement Revenue Bonds, 2012C (Taxable New Clean  
22 Renewable Energy Bonds – Direct Payment); Municipal Light and Power Improvement and

1 Refunding Revenue Bonds, 2013; Municipal Light and Power Improvement and Refunding  
2 Revenue Bonds, 2014; and Municipal Light and Power Revenue Bonds, 2015A.

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

12       **“Parity Reimbursement Obligation”** means any payment or reimbursement obligation  
13 incurred under a written agreement entered into in connection with a series of Parity Bonds or to  
14 obtain Qualified Insurance or a Qualified Letter of Credit (other than Qualified Insurance or a  
15 Qualified Letter of Credit obtained to satisfy all or part of the Reserve Fund Requirement), under  
16 which the City’s payment obligations are expressly stated to constitute a lien and charge on Net  
17 Revenue equal in rank to the lien and charge upon such Net Revenue required to be paid into the  
18 Parity Bond Fund to pay and secure the payment of the principal of and interest on the Parity  
19 Bonds. Parity Reimbursement Obligations accruing as a result of a mandatory tender for  
20 purchase of Parity Bonds shall be excluded from the calculation of Annual Debt Service for all  
21 purposes. For purposes of determining percentages of ownership of Parity Bonds, Parity  
22 Reimbursement Obligations shall be deemed to have no principal amount, and any consent or

1 similar rights (if any) shall be determined only as set forth in the applicable Parity  
2 Reimbursement Obligations.

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

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

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

18       **“Permitted Investments”** means any investments or investment agreements permitted  
19 for the investment of City funds under the laws of the State, as amended from time to time.

20       **“Plan of Additions”** means the system or plan of additions to and betterments and  
21 extensions of the Light System adopted by ordinance, including but not limited to the CIP, the  
22 Conservation Plan, the High Ross Capital Payments and the Deferred Hydroelectric Project  
23 Relicensing Costs. The Plan of Additions includes all amendments, updates, supplements or

1 replacements to the CIP, the Conservation Plan, the High Ross Capital Payments and the  
2 Deferred Hydroelectric Project Relicensing Costs, all of which shall automatically constitute  
3 amendments to the Plan of Additions upon approval by ordinance. The Plan of Additions  
4 includes the purchase and installation of all materials, supplies, appliances, equipment (including  
5 but not limited to data processing hardware and software and conservation equipment) and  
6 facilities, the acquisition of all permits, licenses, franchises, property and property rights, other  
7 capital assets and all engineering, consulting and other professional services and studies (whether  
8 performed by the City or by other public or private entities) necessary or convenient to carry out  
9 the Plan of Additions. The Plan of Additions also may be modified to include other  
10 improvements without amending the CIP, the Conservation Plan, the High Ross Capital  
11 Payments and the Deferred Hydroelectric Project Relicensing Costs, if the City determines by  
12 ordinance that those amendments or other improvements constitute a system or plan of additions  
13 to or betterments or extensions of the Light System.

14       **“Pricing Certificate”** means a certificate executed by the Director of Finance as of the  
15 pricing date confirming the Bond Sale Terms for the sale of a Series of the Bonds to the  
16 Purchaser in a competitive sale, in accordance with the parameters set forth in Section 5.

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

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

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

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

11           **“Qualified Letter of Credit”** means any letter of credit, standby bond purchase  
12 agreement, or other liquidity facility issued by a financial institution for the account of the City  
13 in connection with the issuance of any Parity Bond or Junior Lien Bond, which institution  
14 maintains an office, agency or branch in the United States and, as of the time of issuance of such  
15 instrument, is rated in one of the two highest rating categories (without regard to gradations  
16 within such categories) by at least two nationally recognized rating agencies.

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

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

21           **“RBI”** means *The Bond Buyer Revenue Bond Index* or comparable index, or, if no  
22 comparable index can be obtained, 80% of the interest rate for actively traded 30-year United  
23 States Treasury obligations.

1           **“Record Date”** means, unless otherwise defined in the Bond Documents, in the case of  
2 each interest or principal payment date, the Bond Registrar’s close of business on the 15<sup>th</sup> day of  
3 the month preceding such interest or principal payment date. With regard to redemption of a  
4 Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on  
5 the day prior to the date on which the Bond Registrar sends the notice of redemption to the  
6 Registered Owner(s) of the affected Bonds.

7           **“Refundable Bonds”** means the Refundable Parity Bonds and the Refundable Junior  
8 Lien Bonds.

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

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

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

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

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

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

4           **“Reserve Fund”** means the special fund of the City known as the Municipal Light and  
5 Power Bond Reserve Fund established as a separate account within the Light Fund pursuant to  
6 Ordinance 71917, as amended, to secure the payment of Parity Bonds.

7           **“Reserve Fund Requirement”** means, for any Series of Bonds designated as Parity  
8 Bonds, the Reserve Fund Requirement established in the Bond Sale Terms for that Series and  
9 any other Series issued as part of a single “issue” of Parity Bonds, consistent with Section 15.  
10 For any Series of Future Parity Bonds, the Reserve Fund Requirement means the requirement  
11 specified for that Series in the Bond Sale Terms associated with that issue. The aggregate  
12 Reserve Fund Requirement for all Parity Bonds shall be the sum of the Reserve Fund  
13 Requirements for each Series of Parity Bonds. For purposes of this definition, “issue” means all  
14 Series of Parity Bonds issued and sold pursuant to a common set of Bond Sale Terms. For the  
15 purposes of calculating the Reserve Fund Requirement only, the City shall deduct from Annual  
16 Debt Service the Tax Credit Subsidy Payments the City is scheduled to claim from the federal  
17 government in respect of the interest on a Series of Parity Bonds that are Tax Credit Subsidy  
18 Bonds (or with respect to which the federal government is otherwise scheduled to provide direct  
19 payments).

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

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

1           **“Second Parity Covenant Date”** means the earlier of (a) the date on which the City has  
2 obtained consents of the requisite percentage (as set forth in Section 23(b)) of Registered Owners  
3 of the Parity Bonds then outstanding, in accordance with the provisions of the applicable  
4 Outstanding Parity Bond Documents; or (b) the date on which all of the following Outstanding  
5 Parity Bonds have been redeemed or defeased: Municipal Light and Power Revenue Bonds,  
6 2010A (Taxable Build America Bonds – Direct Payment); Municipal Light and Power  
7 Improvement and Refunding Revenue Bonds, 2010B; Municipal Light and Power Revenue  
8 Bonds, 2010C (Taxable Recovery Zone Economic Development Bonds – Direct Payment);  
9 Municipal Light and Power Improvement and Refunding Revenue Bonds, 2011A; Municipal  
10 Light and Power Improvement Revenue Bonds, 2011B (Taxable New Clean Renewable Energy  
11 Bonds – Direct Payment); Municipal Light and Power Improvement and Refunding Revenue  
12 Bonds, 2012A; Municipal Light and Power Improvement Revenue Bonds, 2012C (Taxable New  
13 Clean Renewable Energy Bonds – Direct Payment); Municipal Light and Power Improvement  
14 and Refunding Revenue Bonds, 2013; Municipal Light and Power Improvement and Refunding  
15 Revenue Bonds, 2014; Municipal Light and Power Revenue Bonds, 2015A; Municipal Light and  
16 Power Revenue Bonds, 2016A (Taxable New Clean Renewable Energy Bonds – Direct  
17 Payment); Municipal Light and Power Refunding Revenue Bonds, 2016B; Municipal Light and  
18 Power Improvement and Refunding Revenue Bonds, 2016C; and Municipal Light and Power  
19 Improvement and Refunding Revenue Bonds, 2017C.

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

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

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

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

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

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

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

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

21           **“Tax Credit Subsidy Bond”** means any Taxable Bond that is designated by the City as a  
22 tax credit bond pursuant to the Code and as a “qualified bond” under Section 6431 or similar

1 provision of the Code, and with respect to which the City is eligible to claim a Tax Credit  
2 Subsidy Payment.

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

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

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

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

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

16       **“Variable Interest Rate”** means any interest rate that fluctuates during the stated term of  
17 a bond (or during a stated period during which the bond is designated as a Variable Interest Rate  
18 Bond), whether due to a remarketing, a market index reset, or other mechanism set forth in the  
19 applicable Bond Documents. The Bond Documents for any Series of the Bonds bearing interest  
20 at a Variable Interest Rate shall set forth: (a) the available method(s) of computing interest (the  
21 “interest rate modes”); (b) the particular period or periods of time (or manner of determining  
22 such period or periods of time) for which each value of such Variable Interest Rate (or each  
23 interest rate mode) shall remain in effect; (c) provisions for conversion from one interest rate

1 mode to another and for setting or resetting the interest rates; and (d) the time or times upon  
2 which any change in such Variable Interest Rate (or any conversion of interest rate modes) shall  
3 become effective.

4       **“Variable Interest Rate Bond”** means, for any period of time, any Parity Bond or Junior  
5 Lien Bond that bears interest at a Variable Interest Rate during that period. A bond shall not be  
6 treated as a Variable Interest Rate Bond if the net economic effect of (a) interest rates on a  
7 particular series of Parity Bonds (or Junior Lien Bonds, as applicable), as set forth in the  
8 applicable Bond Documents, and (b) either (i) interest rates on another series of Parity Bonds (or  
9 Junior Lien Bonds, as applicable) issued at substantially the same time, or (ii) a Payment  
10 Agreement related to that particular series, in either case, is to produce obligations that bear  
11 interest at a fixed interest rate. Any Parity Bond or Junior Lien Bond with respect to which a  
12 Payment Agreement is in force shall be treated as a Variable Interest Rate Bond if the net  
13 economic effect of the Payment Agreement is to produce an obligation that bears interest at a  
14 Variable Interest Rate.

15       Section 2.     **Adoption of Plan of Additions.** The City specifies, adopts and orders the  
16 Plan of Additions to be carried out as generally provided for in the documents comprising the  
17 Plan of Additions. The estimated cost of the Plan of Additions, as nearly as may be determined,  
18 is declared to be approximately \$2.2 billion, of which approximately \$350 million is expected to  
19 be financed from proceeds of the Bonds and investment earnings thereon.

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

21       (a)     **The Bonds.** The City is authorized to issue municipal light and power revenue  
22 bonds payable from the sources described in Section 13 and secured as either Parity Bonds or  
23 Junior Lien Bonds, as determined by the Director of Finance in accordance with Section 5. The

1 Bonds may be issued in one or more Series in a maximum aggregate principal amount not to  
2 exceed the amount stated in Section 5, for the purposes of: (a) paying a part of the cost of  
3 carrying out the Plan of Additions; (b) providing for the Reserve Fund Requirement (if  
4 necessary); (c) capitalizing interest on (if necessary) and paying costs of issuance; and  
5 (d) carrying out other Light System purposes approved by ordinance. The Bonds may be issued  
6 in one or more Series and may be combined with other municipal light and power revenue bonds  
7 authorized separately. The Bonds shall be designated municipal light and power revenue bonds,  
8 shall be numbered separately and shall have any name, year, and Series or other label as deemed  
9 necessary or appropriate by the Director of Finance. Any Series of the Bonds designated as  
10 Junior Lien Bonds shall bear a designation clearly indicating that such Bonds are Junior Lien  
11 Bonds.

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

1           Section 4.     **Manner of Sale of the Bonds.** The Director of Finance may provide for  
2 the sale of each Series by competitive sale, negotiated sale, limited offering, or private  
3 placement, and may select and enter into agreements with remarketing agents or providers of  
4 liquidity with respect to Variable Interest Rate Bonds. The Purchaser of each Series shall be  
5 chosen through a selection process acceptable to the Director of Finance. The Director of  
6 Finance is authorized to specify a date and time of sale and a date and time for the delivery of  
7 each Series; in the case of a competitive sale, to provide an official notice of sale including bid  
8 parameters and other bid requirements, and to provide for the use of an electronic bidding  
9 mechanism; to provide for and determine matters relating to the forward or delayed delivery of  
10 the Bonds, if deemed desirable; and to specify such other matters and take such other action as in  
11 his or her determination may be necessary, appropriate, or desirable in order to carry out the sale  
12 of each Series. Each Series must be sold on Bond Sale Terms consistent with the parameters set  
13 forth in Section 5.

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

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

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

1                   (i)     **Maximum Principal Amount.** This ordinance authorizes the issuance of  
2 Bonds in a maximum aggregate principal amount of not to exceed \$350 million.

3                   (ii)    **Date or Dates.** Each Bond shall be dated its Issue Date, as determined by  
4 the Director of Finance. The initial Issue Date (without restricting any reissuance date with  
5 respect to a Series of Variable Interest Rate Bonds) may not be later than December 31, 2023.

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

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

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

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

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

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

8                   (B)    **Mandatory Redemption.** The Director of Finance may designate  
9 any Bond as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and  
10 in principal payment amounts set forth in Sinking Fund Requirements, consistent with Section  
11 8(b).

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

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

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

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

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

7                   (B)    **Satisfaction of Parity Conditions or Junior Lien Additional**  
8 **Bonds Test.** For each Series of the Bonds, the Director of Finance must designate each Series of  
9 the Bonds as a series of either Parity Bonds or Junior Lien Bonds. For a Series to be designated  
10 as Parity Bonds, the Director of Finance must find to his or her satisfaction that, as of the Issue  
11 Date, the Parity Conditions have been met or satisfied so that such Series is permitted to be  
12 issued as Parity Bonds. For a Series to be designated as Junior Lien Bonds, the Director of  
13 Finance must find to his or her satisfaction that, as of the Issue Date, the Junior Lien Additional  
14 Bonds Test has been met or satisfied so that such Series is permitted to be issued as Junior Lien  
15 Bonds.

16                   (C)    **Additional Terms, Conditions, and Agreements.** The Bond Sale  
17 Terms for any Series may provide for Qualified Insurance, a Qualified Letter of Credit or other  
18 liquidity facility, Intermediate Lien Reimbursement Obligation, Junior Lien Reimbursement  
19 Obligation, or any other Payment Agreement as the Director of Finance may find necessary or  
20 desirable, and may include such additional terms, conditions, and covenants as may be necessary  
21 or desirable, including but not limited to: restrictions on investment of Bond proceeds and  
22 pledged funds (including any escrow established for the defeasance of any of the Bonds),  
23 provisions for 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 obtain the  
2 consent of a credit enhancement provider or a Qualified Counterparty. The Director of Finance is  
3 authorized to execute, on behalf of the City, such additional certificates and agreements as may  
4 be necessary or desirable to reflect such terms, conditions, and covenants.

5 (D) **Parity Bond Reserve Fund Requirement.** The Bond Sale Terms  
6 for any Series of Parity Bonds must establish the Reserve Fund Requirement for such Series and  
7 must set forth the method for satisfying any such requirement, consistent with Section 15 and the  
8 Parity Conditions. The Reserve Fund Requirement for any such Series may not be set at a level  
9 that would cause the aggregate Reserve Fund Requirement to exceed the least of (1) 125% of  
10 Average Annual Debt Service on all Parity Bonds outstanding, (2) Maximum Annual Debt  
11 Service on all Parity Bonds outstanding, or (3) 10% of the proceeds of the outstanding Parity  
12 Bonds.

13 (E) **Tax Status of the Bonds.** The Director of Finance may designate  
14 any Series of the Bonds as Tax-Exempt Bonds, Taxable Bonds, or Tax Credit Subsidy Bonds,  
15 consistent with Section 21.

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

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

21 (b) **Transfer and Exchange of Bonds.** The Bond Registrar shall keep, or cause to be  
22 kept, sufficient books for the registration and transfer of the Bonds, which shall be open to  
23 inspection by the City at all times. The Bond Register shall contain the name and mailing address

1 of the Registered Owner of each Bond and the principal amount and number of each of the  
2 Bonds held by each Registered Owner.

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

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

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

20           (c)     **Securities Depository; Book-Entry Form.** Unless otherwise determined by the  
21 Director of Finance, the Bonds initially shall be issued in Book-Entry Form and registered in the  
22 name of the Securities Depository. The Bonds so registered shall be held fully immobilized in  
23 Book-Entry Form by the Securities Depository in accordance with the provisions of the Letter of

1 Representations. Neither the City nor the Bond Registrar shall have any responsibility or  
2 obligation to participants of the Securities Depository or the persons for whom they act as  
3 nominees with respect to the Bonds regarding the accuracy of any records maintained by the  
4 Securities Depository or its participants of any amount in respect of principal of or interest on the  
5 Bonds, or any notice that is permitted or required to be given to Registered Owners hereunder  
6 (except such notice as is required to be given by the Bond Registrar to the Securities  
7 Depository). Registered ownership of a Bond initially held in Book-Entry Form, or any portion  
8 thereof, may not be transferred except: (i) to any successor Securities Depository; (ii) to any  
9 substitute Securities Depository appointed by the City or such substitute Securities Depository's  
10 successor; or (iii) to any person if the Bond is no longer held in Book-Entry Form.

11           Upon the resignation of the Securities Depository from its functions as depository, or  
12 upon a determination by the Director of Finance to discontinue utilizing the then-current  
13 Securities Depository, the Director of Finance may appoint a substitute Securities Depository. If  
14 the Securities Depository resigns from its functions as depository and no substitute Securities  
15 Depository can be obtained, or if the Director of Finance determines not to utilize a Securities  
16 Depository, then the Bonds shall no longer be held in Book-Entry Form and ownership may be  
17 transferred only as provided herein.

18           Nothing herein shall prevent the Bond Sale Terms from providing that a Series of the  
19 Bonds shall be issued in certificated form without utilizing a Securities Depository, and that the  
20 Bonds of such Series shall be registered as of their Issue Date in the names of the Owners  
21 thereof, in which case ownership may be transferred only as provided herein.

22           (d)    **Lost or Stolen Bonds.** In case any Bond shall be lost, stolen or destroyed, the  
23 Bond Registrar may authenticate and deliver a new bond or bonds of like amount, date, tenor,

1 and effect to the Registered Owner(s) thereof upon the Registered Owner(s)' paying the  
2 expenses and charges of the City in connection therewith and upon filing with the Bond  
3 Registrar evidence satisfactory to the Bond Registrar that such bond or bonds were actually lost,  
4 stolen or destroyed and of Registered Ownership thereof, and upon furnishing the City with  
5 indemnity satisfactory to both.

6           Section 7.       **Payment of Bonds.**

7           (a)       **Payment.** Each Bond shall be payable in lawful money of the United States of  
8 America on the dates and in the amounts as provided in the Bond Documents for that Series.  
9 Principal of and interest on each Bond designated as a Parity Bond shall be payable solely out of  
10 the Parity Bond Fund. Principal of and interest on each Bond designated as a Junior Lien Bond  
11 shall be payable solely out of the Junior Lien Debt Service Fund. The Bonds shall not be general  
12 obligations of the City. No Bonds of any Series shall be subject to acceleration under any  
13 circumstances.

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

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

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

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

5           (b)       **Mandatory Redemption.** All or some of the Bonds of any Series may be  
6 designated as Term Bonds, subject to mandatory redemption in Sinking Fund Requirements, as  
7 set forth in the applicable Bond Documents. If not redeemed or purchased at the City's option  
8 prior to maturity, Term Bonds (if any) must be redeemed, at a price equal to one hundred percent  
9 of the principal amount to be redeemed, plus accrued interest, on the dates and in the years and  
10 Sinking Fund Requirements as set forth in the applicable Bond Documents. If the City optionally  
11 redeems or purchases a Term Bond prior to maturity, the principal amount of that Term Bond  
12 that is so redeemed or purchased (irrespective of its redemption or purchase price) shall be  
13 credited against the remaining Sinking Fund Requirements for that Term Bond in the manner as  
14 directed by the Director of Finance. In the absence of direction by the Director of Finance, credit  
15 shall be allocated to the remaining Sinking Fund Requirements for that Term Bond on a *pro rata*  
16 basis.

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

21           (d)       **Selection of Bonds for Redemption; Partial Redemption.** If fewer than all of  
22 the outstanding Bonds of a Series are to be redeemed at the option of the City, the Director of  
23 Finance shall select the maturity or maturities to be redeemed. If less than all of the principal

1 amount of a maturity of the selected Series is to be redeemed and such Series is held in Book-  
2 Entry Form, the portion of such maturity to be redeemed shall be selected for redemption by the  
3 Securities Depository in accordance with the Letter of Representations. If the Series is not then  
4 held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected by the  
5 Bond Registrar using such method of random selection as the Bond Registrar shall determine.

6 All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in  
7 any applicable Authorized Denomination. If less than all of the outstanding principal amount of  
8 any Bond is redeemed, upon surrender of that Bond to the Bond Registrar there shall be issued to  
9 the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered  
10 Owner) of the same Series, seniority, maturity, and interest rate in any Authorized Denomination  
11 in the aggregate principal amount to remain outstanding.

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

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

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

7           Section 10.    **Failure to Pay Bonds.** If any Bond is not paid when properly presented  
8 at its maturity or redemption date, the City shall be obligated to pay, solely from the sources  
9 pledged to that Bond in this ordinance, interest on that Bond at the same rate provided on that  
10 Bond from and after its maturity or redemption date until that Bond, principal (including  
11 redemption premium, if any) and interest, is paid in full or until sufficient money for its payment  
12 in full is on deposit in the Parity Bond Fund (if such Bond is a Parity Bond) or the Junior Lien  
13 Debt Service Fund (if such Bond is a Junior Lien Bond) and that Bond has been called for  
14 payment by giving notice of that call to the Registered Owner of that Bond. The exercise of  
15 remedies of Owners of the Bonds are limited as set forth in Section 24.

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

21           Only Bonds bearing a certificate of authentication in substantially the following form  
22 (with the designation, year, and Series adjusted consistent with this ordinance), manually signed  
23 by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of

1 this ordinance: “This Bond is one of the fully registered The City of Seattle, Washington,  
2 Municipal Light and Power [Improvement] Revenue Bonds, [Year], [Series and/or Seniority, if  
3 applicable], described in [this ordinance].” Junior Lien Bonds shall also bear the words “Junior  
4 Lien” in their name in the foregoing certificate of authentication. The authorized signing of a  
5 certificate of authentication shall be conclusive evidence that the Bond so authenticated has been  
6 duly executed, authenticated, and delivered and is entitled to the benefits of this ordinance.

7         If any officer whose manual or facsimile signature appears on a Bond ceases to be an  
8 officer of the City authorized to sign bonds before the Bond bearing the officer’s manual or  
9 facsimile signature is authenticated or delivered by the Bond Registrar or issued by the City, that  
10 Bond nevertheless may be authenticated, delivered and issued and, when authenticated, issued  
11 and delivered, shall be as binding on the City as though that person had continued to be an  
12 officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City  
13 by any person who, on the actual date of signing of the Bond, is an officer of the City authorized  
14 to sign bonds, although he or she did not hold the required office on the Issue Date of that Series  
15 of the Bonds.

16         Section 12.     **Construction Account; Deposit of Proceeds.** The principal proceeds of  
17 the sale of each Series of the Bonds (other than amounts necessary to pay accrued interest (if  
18 any), to pay costs of issuance, and to provide for the Reserve Fund Requirement with respect to a  
19 Series of Parity Bonds) shall be deposited into the Construction Account (or such other fund or  
20 account as may be directed by the Director of Finance) to be used for the purposes set forth in  
21 Section 3. Until needed for such purposes, the City may invest principal proceeds and interest  
22 thereon temporarily in any Permitted Investments, and the investment earnings may, as  
23 determined by the Director of Finance, be either (a) retained in the Construction Account to be

1 spent for the purposes of that account, or (b) deposited into the Parity Bond Fund or Junior Lien  
2 Debt Service Fund, as applicable.

3           Section 13.    **Security for the Bonds; Designation as Parity Bonds or Junior Lien**

4 **Bonds.** The Bonds shall not constitute general obligations of the City, the State or any political  
5 subdivision of the State or a charge upon any general fund or upon any money or other property  
6 of the City, the State or any political subdivision of the State not specifically pledged by this  
7 ordinance.

8           (a)    **Parity Bonds.** Each Series of the Bonds that is designated as Parity Bonds shall  
9 be a special limited obligation of the City payable from and secured solely by Gross Revenues  
10 available after payment of Operating and Maintenance Expense (“Net Revenue”) and by money  
11 in the Parity Bond Fund and the Reserve Fund. Net Revenue is pledged to make the payments  
12 into the Parity Bond Fund and the Reserve Fund required by Sections 14 and 15, which pledge  
13 shall constitute a lien and charge upon such Net Revenue prior and superior to all other charges  
14 whatsoever. Each Series of the Bonds designated as Parity Bonds shall be issued on parity with  
15 the Outstanding Parity Bonds and all Future Parity Bonds, without regard to date of issuance or  
16 authorization and without preference or priority of right or lien.

17           (b)    **Junior Lien Bonds.** Each Series of the Bonds that is designated as Junior Lien  
18 Bonds shall be a special limited obligation of the City payable from and secured solely by Net  
19 Revenue and by money in the Junior Lien Debt Service Fund. Net Revenue is pledged to make  
20 the payments into the Junior Lien Debt Service Fund required by Sections 14 and 16, which  
21 pledge shall constitute a lien and charge upon such Net Revenue (i) subordinate only to the  
22 payments to be made (A) into the Parity Bond Fund in respect of the principal of and interest on  
23 the Outstanding Parity Bonds and Parity Payment Agreements, (B) in respect of reimbursement

1 obligations arising under Alternate Reserve Securities, and (C) in respect of obligations arising  
2 under Intermediate Lien Reimbursement Obligations, and (ii) prior and superior to all other  
3 charges whatsoever. Each Series of the Bonds designated as Junior Lien Bonds shall be issued on  
4 parity with the lien and charge of any then outstanding Junior Lien Bonds and all Future Junior  
5 Lien Bonds, without regard to date of issuance or authorization and without preference or  
6 priority of right or lien. Nothing in this ordinance prevents the City from issuing revenue bonds  
7 or other obligations which are a charge or lien upon Net Revenue subordinate to the payments  
8 required to be made into the Junior Lien Debt Service Fund and the Reserve Fund, and any  
9 subfund, account, or subaccount within the foregoing funds.

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

- 13 (a) To pay the Operating and Maintenance Expense of the Light System;
- 14 (b) To make, when due, all payments into the Parity Bond Fund required to be made  
15 in order to pay the interest on and principal of all Parity Bonds, including all Parity Bond Sinking  
16 Fund Requirements, all net payments under Parity Payment Agreements, ***and, from and after the***  
17 ***Parity Covenant Date, to make all payments required to be made (if any) in respect of Parity***  
18 ***Reimbursement Obligations;***

- 19 (c) To make all payments required to be made (if any) into the Reserve Fund  
20 necessary to satisfy the Reserve Fund Requirement, to make all payments (if any) required to be  
21 made under Section 15(c)(i)(B) into a special account within the Light Fund for the replacement  
22 of an Alternate Reserve Security as to which the City has received a notice of cancellation, ***and,***

1 *from and after the Parity Covenant Date, to pay any reimbursement obligations under any*  
2 *Alternate Reserve Security;*

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

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

9 (f) To make all required payments into any revenue bond redemption fund created to  
10 pay and secure the payment of the principal of and interest on any revenue bonds or short-term  
11 obligations of the City having a charge and lien upon Net Revenue subordinate to the lien  
12 thereon for the payment of the principal of and interest on the Parity Bonds and the Junior Lien  
13 Bonds; and

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

19 Section 15. **Parity Bond Fund; Reserve Fund.** The special funds of the City known  
20 as the Parity Bond Fund and the Reserve Fund have been previously created and shall be  
21 maintained as special funds for the sole purpose of paying the principal (including redemption  
22 premium, if any) of and interest on the Parity Bonds as the same shall become due. The Director  
23 of Finance may create subfunds, accounts, or subaccounts in the Parity Bond Fund and the

1 Reserve Fund to pay or secure the payment of Parity Bonds as long as the maintenance of such  
2 subfunds, accounts, or subaccounts does not conflict with the rights of the owners of the Parity  
3 Bonds. Principal (including redemption premium, if any) of and interest on the Parity Bonds  
4 shall be payable solely out of the Parity Bond Fund.

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

9 (i) Into the Parity Bond Fund, on or prior to the respective dates on which  
10 such payments shall become due and payable, an amount sufficient, together with other money  
11 on deposit therein, to pay the interest (including net payments due on Parity Payment  
12 Agreements) on and principal (including any Sinking Fund Requirements) of the Parity Bonds as  
13 the same shall become due; and

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

17 To meet the required payments to be made into the Parity Bond Fund and the Reserve  
18 Fund, the Director of Finance may transfer any money from any funds or accounts of the City  
19 legally available therefor, except bond redemption funds, refunding escrow funds, or defeasance  
20 funds. The Director of Finance may provide for the purchase, redemption or defeasance of any  
21 Parity Bonds by the use of money on deposit in any subfund, account, or subaccount in the Parity  
22 Bond Fund or Reserve Fund, so long as the money remaining in those subfunds, accounts, or

1 subaccounts is sufficient to satisfy the required deposits with respect to the remaining Parity  
2 Bonds.

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

11 (c) **Reserve Fund.** The Reserve Fund has been previously created for the purpose of  
12 securing the payment of the principal of and interest on all Parity Bonds (including all net  
13 payments due under any Parity Payment Agreements, if any). Money held in the Reserve Fund  
14 shall, to the fullest extent practicable and reasonable, be invested and reinvested at the direction  
15 of the Director of Finance solely in, and obligations deposited in such accounts shall consist of,  
16 Permitted Investments. Earnings on money and investments in the Reserve Fund shall be  
17 deposited in that fund and credited against amounts required to be deposited therein until the  
18 Reserve Fund is fully funded, and thereafter such earnings shall be deposited in the Parity Bond  
19 Fund.

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

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

8                                   (B)     The City may obtain one or more Alternate Reserve Securities for  
9 specific amounts required to be paid into the Reserve Fund. The amount available to be drawn  
10 upon under each such Alternate Reserve Security shall be credited against the amounts needed to  
11 satisfy the Reserve Fund Requirement. In the event of receipt of any notice of cancellation of an  
12 Alternate Reserve Security, the City shall (and, in preparation for the expiration of any such  
13 Alternate Reserve Security in accordance with its terms, the City may) either: (1) obtain a  
14 substitute Alternate Reserve Security in the amount necessary to satisfy the Reserve Fund  
15 Requirement on the date any such cancellation (or expiration) becomes effective, or (2) create a  
16 special account in the Light Fund and deposit therein amounts necessary to replace the Alternate  
17 Reserve Security upon its expiration or cancellation. In the case of receipt of a notice of  
18 cancellation, such periodic deposits are to be made on or before the 25<sup>th</sup> day of each of the  
19 60 calendar months succeeding receipt of such notice, in an amount equal to 1/60<sup>th</sup> of the amount  
20 necessary (together with other money and investments then on deposit in the Reserve Fund) to  
21 satisfy the expected Reserve Fund Requirement on the date such cancellation shall become  
22 effective, taking into account scheduled redemptions of Parity Bonds and disregarding any  
23 incremental additional amounts that may become necessary due to the issuance of Future Parity

1 Bonds subsequent to the date of such notice of cancellation. Such amounts shall be transferred  
2 from Net Revenue available in the Light Fund after making provision for the required payments  
3 into the Parity Bond Fund, in accordance with Section 14. Amounts on deposit in such special  
4 account are preliminarily earmarked for the replacement of such Alternate Reserve Security and  
5 shall not be available to pay debt service on Parity Bonds or for any other purpose of the City,  
6 and shall be transferred to the Reserve Fund on the effective date of any cancellation or  
7 expiration of the Alternate Reserve Security to make up the deficiency caused thereby. In the  
8 event that the Reserve Fund is completely depleted and all Alternate Reserve Securities have  
9 been fully drawn, the amounts in that special account may be withdrawn and treated as Gross  
10 Revenues available to be used in accordance with the flow of funds set forth in Section 14. If and  
11 when a substitute Alternate Reserve Security having a sufficient value or policy limit is obtained,  
12 amounts held in that special account may be transferred back to the Light Fund and treated as  
13 Gross Revenues available to be used in accordance with the flow of funds set forth in Section 14.

14 (C) If the amount on deposit in the Reserve Fund is less than the  
15 Reserve Fund Requirement (taking into account the five-year period referred to in paragraph (A)  
16 of this subsection), the City shall transfer to the Reserve Fund money in an amount sufficient to  
17 restore the Reserve Fund to the Reserve Fund Requirement within 12 months after the date of  
18 such deficiency. The City shall transfer such amount first from Net Revenue available in  
19 accordance with the priority of payment in Section 14, and only thereafter from money in any  
20 construction fund or account established with respect to any issue of Parity Bonds, first taking  
21 money from the unrestricted portion thereof, then taking money from the restricted portion  
22 thereof. If the amount in the Reserve Fund is greater than the Reserve Fund Requirement, then

1 and only then may the City withdraw such excess from the Reserve Fund and deposit such  
2 excess in the Light Fund.

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

9 (iii) **Use of Reserve Fund to Pay Debt Service.** If the money in the Parity  
10 Bond Fund is insufficient to meet maturing installments of either interest on or principal of and  
11 interest on the Parity Bonds (including net amounts payable under any Parity Payment  
12 Agreements), such deficiency shall be made up from the Reserve Fund by the withdrawal of  
13 money or proceeds of Alternate Reserve Securities, as the case may be. Any deficiency created  
14 in the Reserve Fund by reason of any such withdrawal or claim against an Alternate Reserve  
15 Security shall then be made up out of Net Revenue or out of any other legally available funds of  
16 the City.

17 (iv) **Withdrawals From Reserve Fund.** Money in the Reserve Fund may be  
18 withdrawn by the City for any lawful purpose as long as the aggregate of any money and  
19 Alternate Reserve Securities remaining on deposit in the Reserve Fund is at least equal to the  
20 Reserve Fund Requirement for the Parity Bonds then outstanding. The City reserves the right to  
21 substitute one or more Alternate Reserve Securities for money previously deposited in the  
22 Reserve Fund and to withdraw such excess to the extent described in the preceding sentence.  
23 Any withdrawals from subaccounts within the Reserve Fund shall be made on a *pro rata* basis,

1 except when the terms of an Alternate Reserve Security require all cash and investments in the  
2 Reserve Fund to be withdrawn before any draw or claim is made on the Alternate Reserve  
3 Security, or unless the City receives an opinion of Bond Counsel to the effect that such *pro rata*  
4 withdrawal is not required to maintain the federal tax benefits (if any) of any then outstanding  
5 Parity Bonds issued as Tax-Exempt Bonds or Tax Credit Subsidy Bonds. If multiple Alternate  
6 Reserve Securities are on deposit in the Reserve Fund, draws on such Alternate Reserve  
7 Securities shall be made on a *pro rata* basis.

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

9 (a) **Use of Fund.** The Junior Lien Debt Service Fund has previously been created for  
10 the sole purpose of paying the principal (including redemption premium, if any) of and interest  
11 on the Junior Lien Bonds as the same shall become due. The Junior Lien Debt Service Fund shall  
12 consist of a Principal and Interest Account and such additional subfunds, accounts, or  
13 subaccounts as the Director of Finance may find it necessary or convenient to create in order to  
14 pay or secure the payment of Junior Lien Bonds, as long as the maintenance of such subfunds,  
15 accounts, or subaccounts does not conflict with the rights of the owners of the Junior Lien Bonds  
16 or the Parity Bonds.

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

1           (b)     **Required Payments Into the Junior Lien Debt Service Fund.** So long as any  
2 Junior Lien Bonds (including any Junior Lien Payment Agreements) are outstanding, the City  
3 shall set aside and pay out of Net Revenue certain fixed amounts, without regard to any fixed  
4 proportion, namely, into the Principal and Interest Account of the Junior Lien Debt Service  
5 Fund, on or prior to the respective dates on which such payments shall become due and payable,  
6 an amount sufficient, together with other money on deposit therein, to pay the interest on and the  
7 principal of the Junior Lien Bonds, including net payments due on Junior Lien Payment  
8 Agreements and all payments under Junior Lien Reimbursement Obligations, as the same shall  
9 become due. To meet the required payments to be made into the Junior Lien Debt Service Fund,  
10 the Director of Finance may transfer any money from any funds or accounts of the City legally  
11 available therefor, except the Parity Bond Fund, the Reserve Fund, other bond redemption funds,  
12 refunding escrow funds, or defeasance funds. The Director of Finance may provide for the  
13 purchase, redemption or defeasance of any Junior Lien Bonds by the use of money on deposit in  
14 any subfund, account, or subaccount in the Junior Lien Debt Service Fund, so long as the money  
15 remaining in those subfunds, accounts, or subaccounts is sufficient to satisfy the required  
16 deposits with respect to the remaining Junior Lien Bonds.

17           Section 17.     **Bond Covenants.**

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

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

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

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

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

21                                   (D)     If the ownership of all or part of the Light System is transferred  
22 from the City through the operation of law, the City shall reconstruct or replace the transferred  
23 portion using any proceeds of the transfer unless the City Council determines that such

1 reconstruction or replacement is not in the best interests of the City and the Owners of the Parity  
2 Bonds, in which case any proceeds shall be used to purchase, defease, or redeem Parity Bonds  
3 prior to maturity.

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

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

18 (iv) **Books and Financial Statements.** The City will keep and maintain  
19 proper books of account for the Light System in accordance with generally accepted accounting  
20 principles applicable to governmental utilities; will generally adhere to the uniform system of  
21 accounts prescribed by the State Auditor's Office and the Federal Energy Regulatory  
22 Commission (if any); and will prepare, on or before 120 days after the end of each calendar year,  
23 *and, upon the Second Parity Covenant Date, on or before 180 days after the end of each*

1 **calendar year**, annual financial statements showing reasonable detail, including a balance sheet,  
2 an income statement, and a statement of cash flows or other such statement. Copies of such  
3 financial statements shall be placed on file in the office of the Director of Finance and shall be  
4 open to inspection at any reasonable time by any owner of any Parity Bonds. A copy of such  
5 financial statements shall be sent to any owner of Parity Bonds upon request in writing setting  
6 forth the name and address to which such financial statements may be sent.

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

10 (i) **Sale or Disposition of the Light System.** The City may dispose of all or  
11 substantially all of the Light System only if the City simultaneously causes all of the Junior Lien  
12 Bonds to be, or be deemed to be, no longer outstanding. The City will not dispose of any part of  
13 the Light System in excess of 5% of the value of the net utility plant of the Light System in  
14 service except upon compliance with the covenant set forth in Section 17(a)(i)(B), above.  
15 Notwithstanding the foregoing, the City may dispose of any portion of the Light System that has  
16 become unserviceable, inadequate, obsolete, worn out or unfit to be used, or no longer necessary,  
17 material to, or useful in the operation of the Light System.

18 (ii) **Rates and Charges.** The City will establish from time to time and  
19 maintain such rates for electric energy as will maintain the Light System in sound financial  
20 condition and provide sufficient revenues to pay all Operating and Maintenance Expense; to pay  
21 into the Parity Bond Fund the amounts that are required by this ordinance to be applied to the  
22 payment of the principal of and interest on the Parity Bonds until the Parity Bonds shall have  
23 been paid in full; to pay into the Junior Lien Debt Service Fund the amounts that are required by

1 this ordinance to be paid into such fund, in accordance with the priority of payment set forth in  
2 Section 14, until the Junior Lien Bonds (including Junior Lien Payment Agreements and Junior  
3 Lien Reimbursement Obligations) shall have been paid in full; and to pay all other bonds,  
4 warrants, and indebtedness for which any revenues of the Light System shall have been pledged.

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

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

1           Section 18.    **Additional Bonds.**

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

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

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

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

18                   (B)    Provision must be made to satisfy the Reserve Fund Requirement  
19 for all Parity Bonds then outstanding plus any additional amount required in connection with the  
20 issuance and sale of the proposed Future Parity Bonds (if any) in accordance with Section 15(c);  
21 and

22                   (C)    There must be on file with the City a Parity Certificate as described  
23 in subsection (a)(ii), below. If the proposed Future Parity Bonds (or any portion thereof) are to be

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

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

9                   (A)     A Parity Certificate may be prepared by the Director of Finance,  
10 demonstrating that the amount of Adjusted Net Revenue in any 12 consecutive months out of the  
11 most recent 24 months preceding the delivery of the proposed series of Future Parity Bonds (the  
12 “Base Period”) was not less than 125% of Maximum Annual Debt Service in any future calendar  
13 year on all Parity Bonds then outstanding and the proposed series of Future Parity Bonds. For the  
14 purposes of a Parity Certificate delivered under this subsection (A), the Director of Finance shall  
15 reflect in his or her certificate any adjustment in the rates, fees, and charges for the services of  
16 the Light System that will become effective at any time prior to or within six months after the  
17 delivery of the proposed Future Parity Bonds, by including in the amount of Adjusted Net  
18 Revenue the amount that he or she estimates would have been collected in the Base Period if  
19 such new rates, fees, and charges had been in effect for the entire Base Period.

20                   (B)     A Parity Certificate may be prepared by a Professional Utility  
21 Consultant, demonstrating that the amount of Adjusted Net Revenue (which may be further  
22 adjusted as provided in paragraphs (1) through (5) below) in any 12 consecutive months out of  
23 the most recent 24 months preceding the delivery of the proposed Series of Future Parity Bonds

1 (the “Base Period”) is not less than 125% of the amount of Maximum Annual Debt Service on  
2 all Parity Bonds and the proposed series of Future Parity Bonds in any future calendar year on all  
3 Parity Bonds then outstanding and the proposed series of Parity Bonds. For the purposes of a  
4 certificate delivered under this subsection (a)(ii), Adjusted Net Revenue may be further adjusted  
5 by the Professional Utility Consultant using any or all of the following methods reflecting the  
6 conditions and requirements as may be appropriate to the circumstances:

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

15 (2) If any changes to rates, fees, or charges imposed by the  
16 City on sales of power, energy, or other services furnished by the Light System, which were not  
17 in effect during the entire Base Period, have been adopted by the City Council and are in effect  
18 on the date of sale of the proposed Future Parity Bonds (or effective date of the proposed Parity  
19 Payment Agreement) or are to go into effect not later than 12 months after such date, the  
20 Professional Utility Consultant may, if such changes resulted in increases in such rates, fees, or  
21 charges, and shall, if such changes resulted in reductions in such rates, fees, or charges, further  
22 adjust Adjusted Net Revenue for the Base Period to reflect any change in such Adjusted Net

1 Revenue that would have occurred if the changed rates, fees, or charges had been in effect during  
2 the entire Base Period.

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

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

19 (5) If extensions of or additions to the Light System (not  
20 described in paragraph (3) above) are in the process of construction on the date of the  
21 Professional Utility Consultant's certificate, or if the proceeds of the proposed Future Parity  
22 Bonds are to be used to acquire or construct extensions of or additions to the Light System (not  
23 described in paragraph (3) above), Adjusted Net Revenue for the Base Period may be further

1 adjusted by adding any additional revenues not included in the preceding paragraphs that will be  
2 derived from such additions and extensions, and deducting the estimated increase in Operating  
3 and Maintenance Expense resulting from such additions and extensions.

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

13 (b) **Future Junior Lien Bonds.** The City reserves the right to issue Future Junior  
14 Lien Bonds (which term includes Junior Lien Payment Agreements and Junior Lien  
15 Reimbursement Obligations) for any lawful purpose of the City's Light System if the Junior Lien  
16 Additional Bonds Test is met and complied with as of the date of issuance of such Future Junior  
17 Lien Bonds, or as of the effective date of the Junior Lien Payment Agreement or Junior Lien  
18 Reimbursement Obligation, as appropriate.

19 If the Junior Lien Additional Bonds Test is met and complied with, then payments into  
20 the Junior Lien Debt Service Fund with respect to such Future Junior Lien Bonds shall rank  
21 equally with the payments out of Net Revenue required to be made into the Junior Lien Debt  
22 Service Fund by this ordinance. Nothing set forth herein shall prevent the City from (i) issuing  
23 revenue bonds or other obligations that are a charge upon Net Revenue junior and inferior to the

1 payments required to be made therefrom into the Junior Lien Debt Service Fund for the payment  
2 of the Junior Lien Bonds, provided that such subordinate bonds may not be subject to  
3 acceleration under any circumstances; or (ii) issuing Refunding Junior Lien Bonds for the  
4 purpose of refunding outstanding Junior Lien Bonds to fund or refund maturing Junior Lien  
5 Bonds of the City for the payment of which money is not otherwise available.

6 (i) **Junior Lien Additional Bonds Test.** The Junior Lien Additional Bonds  
7 Test is as follows:

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

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

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

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

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

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

21                   Section 19.     **Rate Stabilization Account.** The City may at any time deposit in the  
22 Rate Stabilization Account Net Revenue and any other money received by the Light System and  
23 available to be used therefor. Thereafter, the City may withdraw any or all of the money from the

1 Rate Stabilization Account for inclusion in Adjusted Net Revenue for any applicable year of the  
2 City. Such deposits or withdrawals may be made up to and including the date 90 days after the  
3 end of the applicable year for which the deposit or withdrawal will be included as Adjusted Net  
4 Revenue.

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

6 (a) **Bonds Designated as Refundable Bonds.** Each Series of the Bonds is hereby  
7 designated as a Series of “Refundable Bonds” for purposes of the Omnibus Refunding  
8 Ordinance.

9 (b) **Refunding; Defeasance.** The City may issue refunding bonds pursuant to the  
10 laws of the State or use money available from any other lawful source (i) to pay when due the  
11 principal (including redemption premium, if any) of and interest on any Bond, or any portion  
12 thereof, included in a refunding or defeasance plan (the “Defeased Bonds”); (ii) to redeem and  
13 retire, release, refund, or defease the Defeased Bonds; and (iii) to pay the costs of such refunding  
14 or defeasance. If money and/or Government Obligations maturing at a time or times and in an  
15 amount sufficient (together with known earned income from the investment thereof) to redeem  
16 and retire, release, refund, or defease the Defeased Bonds in accordance with their terms is set  
17 aside in a special trust fund or escrow account irrevocably pledged to such redemption,  
18 retirement or defeasance (the “Trust Account”), then all right and interest of the Owners of the  
19 Defeased Bonds in the covenants of this ordinance and in Net Revenue and the funds and  
20 accounts pledged to the payment of such Defeased Bonds, other than the right to receive the  
21 funds so set aside and pledged, thereafter shall cease and become void. Such Owners thereafter  
22 shall have the right to receive payment of the principal or redemption price of and interest on the  
23 Defeased Bonds from the Trust Account. After establishing and fully funding such a Trust

1 Account, the Defeased Bonds shall be deemed no longer outstanding and the Director of Finance  
2 may then apply any money in any other fund or account established for the payment or  
3 redemption of the Defeased Bonds to any lawful purpose.

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

8 (d) **Annual Debt Service Calculation Adjustments for Defeased Bonds.** If the  
9 refunding or defeasance plan provides (i) that the Defeased Bonds (or the refunding bonds issued  
10 to redeem those Defeased Bonds) are to be secured by money and/or Government Obligations  
11 pending the redemption of the Defeased Bonds, and (ii) that certain money and/or Government  
12 Obligations are pledged irrevocably for the redemption of the Defeased Bonds, then only the  
13 debt service on such Bonds as are not Defeased Bonds (and any refunding bonds, the payment of  
14 which is not so secured by the refunding plan) shall be included in the calculation of Annual  
15 Debt Service.

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

19 (a) **Tax-Exempt Bonds.** For each Series of the Bonds issued as Tax-Exempt Bonds,  
20 the City covenants that it will take all actions, consistent with the terms of such Series as set  
21 forth in this ordinance and the applicable Bond Documents, that are reasonably within its power  
22 and necessary to prevent interest on that Series from being included in gross income for federal  
23 income tax purposes. The City further covenants that it will neither take any action nor make or

1 permit any use of gross proceeds of that Series (or other funds of the City treated as gross  
2 proceeds of that Series) at any time during the term of such Series that will cause interest on such  
3 Series to be included in gross income for federal income tax purposes. The City also covenants  
4 that, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to any  
5 Series issued as Tax-Exempt Bonds, it will take all actions necessary to comply (or to be treated  
6 as having complied) with that requirement in connection with that Series (including the  
7 calculation and payment of any penalties that the City may elect to pay as an alternative to  
8 calculating rebatable arbitrage and the payment of any other penalties if required under Section  
9 148 of the Code) to prevent interest on such Series from being included in gross income for  
10 federal income tax purposes.

11 (b) **Taxable Bonds; Tax Credit Subsidy Bonds.** For each Series of the Bonds  
12 issued as Taxable Bonds or as Tax Credit Subsidy Bonds, the Director of Finance is authorized  
13 to make provision in the Bonds and other Bond Documents, to execute additional written  
14 agreements, and to make additional covenants on behalf of the City, all as he or she may deem  
15 necessary or appropriate in order to obtain, maintain, and administer such tax status. In the case  
16 of Tax Credit Subsidy Bonds, such additional covenants and agreement may include (without  
17 limiting the generality of the foregoing) those necessary in order for the City (i) to receive from  
18 the United States Treasury the applicable Tax Credit Subsidy Payments in respect of such Tax  
19 Credit Subsidy Bonds, and (ii) to ensure that such Series otherwise becomes and remains eligible  
20 for tax benefits under the Code.

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

22 (a) **Preliminary Official Statement.** The Director of Finance and other appropriate  
23 City officials are directed to cause the preparation of and review the form of a preliminary

1 official statement in connection with each sale of one or more Series to the public. For the sole  
2 purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, the Director of  
3 Finance is authorized to deem that preliminary official statement final as of its date, except for  
4 the omission of information permitted to be omitted by Rule 15c2-12. The City approves the  
5 distribution to potential purchasers of the Bonds of a preliminary official statement that has been  
6 deemed final in accordance with this subsection.

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

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

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

22 (a) **Amendments Without Bond Owners' Consent.** From time to time and at any  
23 time, without the consent of or notice to the owners of any Parity Bonds or Junior Lien Bonds,

1 the City may supplement or amend the Bond Documents applicable to any Series of the Bonds  
2 for any of the purposes set forth in this subsection (a). Any such supplement or amendment may  
3 be passed, adopted, or otherwise approved in writing by the City, without requiring the consent  
4 of the registered owners of any Parity Bonds or Junior Lien Bonds, but may become effective  
5 only upon receipt by the City of an opinion of Bond Counsel to the effect that such supplement  
6 or amendment is permitted by the terms of this ordinance. The City shall deliver a copy of any  
7 such supplement or amendment to each Rating Agency prior to its passage, adoption, or approval  
8 (as applicable) by the City. The types of supplements and amendments permitted under this  
9 subsection (a) are as follows:

10 (i) To add to any Parity Bond Documents (or to any Junior Lien Bond  
11 Documents, as applicable) additional covenants and agreements that do not adversely affect the  
12 interests of the owners of any Parity Bonds (or, as to Junior Lien Bond Documents, the interests  
13 of the owners of any Junior Lien Bonds) then outstanding, or to surrender any right or power  
14 reserved to or conferred upon the City in any Bond Documents.

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

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

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

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

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

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

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

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

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

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

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

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

15 (d) **Notice and Consents.** If at any time the City passes, adopts, or otherwise  
16 approves in writing a supplement or amendment for any of the purposes requiring consent under  
17 subsection (b) or (c) of this section, it shall provide a notice to each registered owner and to each  
18 Rating Agency briefly summarizing the nature of the proposed supplement or amendment and  
19 stating that a copy of such supplement or amendment is on file at the office of the City Clerk. It  
20 shall not be necessary to obtain consent to or approval of the particular form of any proposed  
21 supplement or amendment, but it shall be sufficient if the consent shall approve the substance  
22 thereof. For purposes of determining whether consents representing the requisite percentage of

1 principal amount of Parity Bonds or Junior Lien Bonds have been obtained, the Accreted Value  
2 of Capital Appreciation Bonds shall be deemed to be the principal amount.

3 (e) **Effect of Amendment or Supplement.** Upon the effective date of any  
4 amendment or supplement to any Bond Documents, such Bond Documents shall be deemed to  
5 be amended and modified in accordance with such amendment or supplement. Thereafter, the  
6 respective rights, duties, and obligations of the City under the applicable Bond Documents shall  
7 be determined, exercised, and enforced subject in all respects to such supplement or  
8 amendments, and all the terms and conditions of any such supplement or amendment shall be  
9 deemed to be a part of the terms and conditions of those Bond Documents for any and all  
10 purposes. The effective dates of such amendments and supplements shall be as follows:

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

16 (ii) A supplement or amendment permitted under subsection (b) or (c) shall  
17 become effective on the date on which the City has received the written consents of the requisite  
18 percentage of registered owners. If the requisite percentage of registered owners of Parity Bonds  
19 or Junior Lien Bonds, as applicable, have given their consent to any such amendment or  
20 supplement, no owner of any Bond shall have any right (i) to object to the passage, adoption, or  
21 approval of such supplement or amendment, (ii) to object to any of the terms and provisions  
22 contained therein or the operation thereof, (iii) in any manner to question the propriety of the  
23 passage, adoption, or approval thereof, (iv) to enjoin or restrain the City, or any authorized

1 official thereof, from passing, adopting, or otherwise approving the same, or (v) to enjoin or  
2 restrain the City, any authorized official thereof, or the Bond Registrar from taking any action  
3 pursuant to the provisions thereof.

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

10 Section 24. **Defaults and Remedies.**

11 (a) **Parity Bond Events of Default.** Each of the following shall constitute an Event  
12 of Default with respect to the Bonds designated as Parity Bonds, except as set forth in subsection  
13 (c) of this section:

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

17 (ii) If the City defaults in the observance and performance of any other of the  
18 Parity Bond covenants, conditions, or agreements on the part of the City set forth in this  
19 ordinance or the applicable Parity Bond Documents (except as otherwise provided herein or in  
20 such Parity Bond Documents) and such default or defaults shall have continued for a period of  
21 six months (the “cure period”) after the City shall have received from the registered owners of  
22 not less than 25% in principal amount of the Parity Bonds then outstanding (or from a Bond  
23 Owners’ Trustee duly appointed as set forth in subsection (e), below) a written notice specifying

1 and demanding the cure of such default. However, if such default is one that cannot be  
2 completely remedied within the cure period, it shall not be an Event of Default with respect to  
3 the Parity Bonds, so long as the City has taken active steps within the cure period to remedy the  
4 default and is diligently pursuing such remedy.

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

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

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

22 (c) **Exceptions.** Notwithstanding anything in this section to the contrary, the failure  
23 of the City or any obligated person to comply with a Continuing Disclosure Agreement shall not

1 constitute an Event of Default, and the sole remedy of any holder of any Parity Bond or Junior  
2 Lien Bond, as applicable, shall be to seek an order of specific performance from an appropriate  
3 court to compel the City to comply with the Continuing Disclosure Agreement. For purposes of  
4 determining whether an Event of Default has occurred and is continuing with respect to the rate  
5 covenant set forth in Section 17(a)(ii) or (b)(ii), if such covenant is met for any fiscal year, it  
6 shall be deemed to have been met for all prior fiscal years.

7       (d)     **Remedies; No Acceleration.** In the case of a Parity Bond Event of Default, an  
8 owner of a Parity Bond shall have the remedies set forth in Section 10 and in the applicable  
9 Parity Bond Documents. *Upon the Second Parity Covenant Date, the rights and remedies of*  
10 *the owners from time to time of Parity Bonds shall be limited by subsection (e), below.* In the  
11 case of a Junior Lien Bond Event of Default, the owner of a Junior Lien Bond shall have the  
12 remedies set forth in Section 10 and in the applicable Junior Lien Bond Documents, as limited by  
13 subsection (e), below. Nothing contained in this ordinance shall, in any event or under any  
14 circumstance, be deemed to authorize the acceleration of the maturity of principal on the Bonds,  
15 and the remedy of acceleration is expressly denied to the registered owners of the Bonds under  
16 any circumstances including, without limitation, upon the occurrence and continuance of an  
17 Event of Default.

18       (e)     **Bond Owners' Trustee.** *The provisions of this subsection shall become*  
19 *effective with respect to Parity Bonds only upon the Second Parity Covenant Date.* The  
20 provisions of this subsection shall become effective immediately with respect to Bonds issued as  
21 Junior Lien Bonds. A Bond Owners' Trustee appointed in the manner provided in this section,  
22 and each successor thereto, is declared to be a trustee for all of the owners of the Parity Bonds (in  
23 the case of a Parity Bond Event of Default) or the owners of the Junior Lien Bonds (in the case

1 of a Junior Lien Bond Event of Default), as applicable, and is empowered to exercise all the  
2 rights and powers herein conferred on the Bond Owners' Trustee.

3 (i) **Appointment of Bond Owners' Trustee; Removal.** Upon the  
4 occurrence and continuance of an Event of Default described in subsection (a) of this section, the  
5 registered owners of 25% in principal amount of the then outstanding Parity Bonds (or upon the  
6 occurrence and continuance of an Event of Default described in subsection (b) of this section, the  
7 registered owners of 25% in principal amount of the then outstanding Junior Lien Bonds, if such  
8 default is one described in subsection (b) of this section) may appoint a Bond Owners' Trustee  
9 by an instrument or concurrent instruments in writing signed by such registered owners (or by  
10 their duly authorized attorneys-in-fact) and delivered to such Bond Owners' Trustee, with  
11 notification of such appointment given to the City. That appointment shall become effective  
12 immediately upon acceptance thereof by the Bond Owners' Trustee. The entity acting as Bond  
13 Owners' Trustee may be removed at any time, and a successor Bond Owners' Trustee may be  
14 appointed, by the registered owners of more than 50% in principal amount of the Parity Bonds  
15 (in the case of a Parity Bond Event of Default) or 50% in principal amount of the Junior Lien  
16 Bonds (in the case of a Junior Lien Bond Event of Default), as applicable, by an instrument or  
17 concurrent instruments in writing signed and acknowledged by such registered owners or by  
18 their duly authorized attorneys-in-fact.

19 (ii) **Cure of Event of Default.** If the Bond Owners' Trustee furnishes to the  
20 City a certificate stating that, in its sole judgment, an Event of Default that has occurred has been  
21 cured, such Event of Default shall be conclusively deemed to be cured, and the City, the Bond  
22 Owners' Trustee, and the registered owners of the Parity Bonds or Junior Lien Bonds, as

1 applicable, shall be restored to the same rights and position which they would have held if no  
2 Event of Default had occurred.

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

13 Any action, suit or other proceedings instituted by the Bond Owners' Trustee hereunder  
14 shall be brought in its name as the Bond Owners' Trustee and all such rights of action upon or  
15 under any of the Parity Bonds or the provisions of this ordinance may be enforced by the Bond  
16 Owners' Trustee without the possession of any of those Parity Bonds and without the production  
17 of the same at any trial or proceedings relative thereto except where otherwise required by law.

18 (iv) **Effect of Appointment of Bond Owners' Trustee.** Any suit, action, or  
19 proceeding instituted by the Bond Owners' Trustee shall be brought for the ratable benefit of all  
20 of the owners of the Parity Bonds (or Junior Lien Bonds, as applicable), subject to the provisions  
21 of this ordinance. The respective owners, by taking and holding the same, shall be conclusively  
22 deemed irrevocably to appoint the Bond Owners' Trustee the true and lawful trustee of the  
23 respective owners, with authority to institute any such action, suit or proceeding; to receive as

1 trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to  
2 execute any paper or documents for the receipt of money; and to do all acts with respect thereto  
3 that the owner himself or herself might have done in person. Nothing herein shall be deemed to  
4 authorize or empower the Bond Owners' Trustee to consent to accept or adopt, on behalf of any  
5 owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds  
6 (or Junior Lien Bonds, as applicable) or any right of any registered owner thereof, or to authorize  
7 or empower the Bond Owners' Trustee to vote the claims of the registered owners thereof in any  
8 receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which  
9 the City is a party.

10 (v) **Bond Owners' Direction of Proceedings.** By an instrument or  
11 concurrent instruments in writing executed and delivered to the Bond Owners' Trustee, the  
12 owners of more than 50% in aggregate principal amount of the Parity Bonds (or Junior Lien  
13 Bonds, as applicable) then outstanding shall be entitled to control and direct the enforcement of  
14 all rights and remedies granted to the owners (or the Bond Owners' Trustee for the benefit of the  
15 owners) under the applicable Parity Bond Documents. Notwithstanding the foregoing, the Bond  
16 Owners' Trustee shall have the right to decline to follow any such direction which in the opinion  
17 of the Bond Owners' Trustee, in reasonable reliance on advice of counsel, would be unjustly  
18 prejudicial to owners not parties to such direction.

19 (vi) **Limitation on Remedies; Limitations on Individual Actions.** It is  
20 understood and intended that no owner of a Parity Bond, in the case of a Parity Bond Event of  
21 Default (or owner of a Junior Lien Bond, in the case of a Junior Lien Bond Event of Default)  
22 shall have any right in any manner whatever by its action to affect, disturb, or prejudice the  
23 security pledged in this ordinance or the rights of any other owners, or to enforce any right under

1 the applicable Bond Documents or applicable law except in the manner provided in this section,  
2 and that all proceedings at law or in equity to enforce any such right shall be instituted, had, and  
3 maintained in the manner herein provided and for the equal and ratable benefit and protection of  
4 all owners of the Parity Bonds (or Junior Lien Bonds, as applicable), subject to the provisions of  
5 this ordinance.

6 (vii) **Limitations on Individual Actions.** No owner of a Parity Bond (or  
7 Junior Lien Bond, as applicable) shall have any right to institute any action, suit or proceeding at  
8 law or in equity for the enforcement of same unless (A) such owner previously shall have given  
9 to the Bond Owners' Trustee written notice of the occurrence of an Event of Default; (B) the  
10 owners of more than 50% in aggregate principal amount of the then outstanding Parity Bonds (in  
11 the case of a Parity Bond Event of Default) or 50% in aggregate principal amount of the then  
12 outstanding Junior Lien Bonds (in the case of a Junior Lien Bond Event of Default) shall have  
13 made a written request to the Bond Owners' Trustee to exercise the powers granted above or to  
14 institute such suit, action, or proceeding in its own name; (C) such owners shall have tendered to  
15 the Bond Owners' Trustee reasonable indemnity against the costs, expenses and liabilities to be  
16 incurred in compliance with such request; and (D) the Bond Owners' Trustee shall have refused  
17 or omitted to comply with such request for a period of 60 days after such written request shall  
18 have been received by, and said tender of indemnity shall have been made to, the Bond Owners'  
19 Trustee. The conditions set forth in (A) through (D) in the preceding sentence are hereby  
20 declared to be conditions precedent to the exercise by any owner of a Parity Bond (in the case of  
21 a Parity Bond Event of Default) or owner of a Junior Lien Bond (in the case of a Junior Lien  
22 Bond Event of Default) of any remedy under the applicable Bond Documents or under applicable  
23 law.

1                   (viii) **Duties and Obligations of Bond Owners' Trustee.** The Bond Owners'  
2 Trustee shall not be liable except for the performance of such duties as are specifically set forth  
3 herein. During any period in which an Event of Default has occurred and is continuing as to the  
4 Parity Bonds (or the Junior Lien Bonds, as applicable) the Bond Owners' Trustee shall exercise  
5 such of the rights and powers vested in it hereby, and shall use the same degree of care and skill  
6 in its exercise, as a prudent person would exercise or use under the circumstances in the conduct  
7 of his or her own affairs. The Bond Owners' Trustee shall have no liability for any act or  
8 omission to act hereunder except for the Bond Owners' Trustee's own negligent action, its own  
9 negligent failure to act or its own willful misconduct. The duties and obligations of the Bond  
10 Owners' Trustee shall be determined solely by the express provisions of this ordinance, and no  
11 implied powers, duties or obligations of the Bond Owners' Trustee shall be read into this  
12 ordinance. The Bond Owners' Trustee shall not be required to expend or risk its own funds or  
13 otherwise incur individual liability in the performance of any of its duties or in the exercise of  
14 any of its rights or powers as the Bond Owners' Trustee, except as may result from its own  
15 negligent action, its own negligent failure to act or its own willful misconduct. The fees and  
16 expenses of the Bond Owners' Trustee shall be borne by the owners of the Parity Bonds (or  
17 Junior Lien Bonds, as applicable) and not by the City. A Bond Owners' Trustee may require  
18 such security and indemnity as may be reasonable against the costs, expenses and liabilities that  
19 may be incurred in the performance of its duties. The Bond Owners' Trustee shall not be bound  
20 to recognize any person as a registered owner of any Parity Bond (or Junior Lien Bond, as  
21 applicable) until his or her title thereto, if disputed, has been established to its reasonable  
22 satisfaction. The Bond Owners' Trustee may consult with counsel, and the opinion of such  
23 counsel shall be full and complete authorization and protection in respect of any action taken or

1 suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The  
2 Bond Owners' Trustee shall not be answerable for any neglect or default of any person, firm or  
3 corporation employed and selected by it with reasonable care.

4           Section 25.    **General Authorization.** In addition to the specific authorizations in this  
5 ordinance, the Mayor and the Director of Finance and each of the other appropriate officers of  
6 the City are each authorized and directed to do everything as in his or her judgment may be  
7 necessary, appropriate, or desirable in order to carry out the terms and provisions of, and  
8 complete the transactions contemplated by, this ordinance. In particular and without limiting the  
9 foregoing:

10           (a)       The Director of Finance, in his or her discretion and without further action by the  
11 City Council, (i) may issue requests for proposals to provide underwriting services or financing  
12 facilities (including, without limitation, Qualified Insurance, a Qualified Letter of Credit, or other  
13 credit support or liquidity facility) and may execute engagement letters and other agreements  
14 with underwriters and other financial institutions (including providers of liquidity or credit  
15 support) based on responses to such requests; (ii) may select and make decisions regarding the  
16 Bond Registrar, fiscal or paying agents, and any Securities Depository for each Series of the  
17 Bonds; (iii) may take any and all actions necessary or convenient to provide for the conversion of  
18 interest rate modes for any Series in accordance with the applicable Bond Documents; and  
19 (iv) may take such actions on behalf of the City as are necessary or appropriate for the City to  
20 designate, qualify, or maintain the tax-exempt treatment with respect to any Series issued as Tax-  
21 Exempt Bonds, to receive from the United States Treasury the applicable Tax Credit Subsidy  
22 Payments in respect of any Series issued as Tax Credit Subsidy Bonds, and to otherwise receive

1 any other federal tax benefits relating to any Series of the Bonds that are available to the City;  
2 and

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

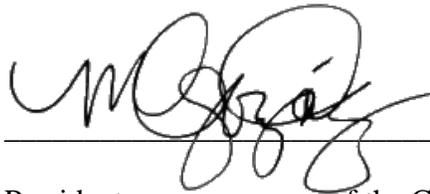
14 Section 26. **Severability**. The provisions of this ordinance are declared to be separate  
15 and severable. If a court of competent jurisdiction, all appeals having been exhausted or all  
16 appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as  
17 to any person or circumstance, such offending provision shall, if feasible, be deemed to be  
18 modified to be within the limits of enforceability or validity. However, if the offending provision  
19 cannot be so modified, it shall be null and void with respect to the particular person or  
20 circumstance, and all other provisions of this ordinance in all other respects, and the offending  
21 provision with respect to all other persons and all other circumstances, shall remain valid and  
22 enforceable.

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

4           Section 28.    **Section Headings.** Section headings in this ordinance are used for  
5 convenience only and shall not constitute a substantive portion of this ordinance.

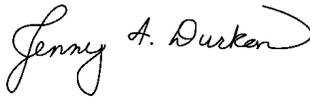
1           Section 29.   **Effective Date.** This ordinance shall take effect and be in force 30 days  
2 after its approval by the Mayor, but if not approved and returned by the Mayor within ten days  
3 after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4           Passed by the City Council the   23rd   day of   November  , 2020,  
5 and signed by me in open session in authentication of its passage this   23rd   day of  
6   November  , 2020.

7 

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

9           **Approved** by me this **1st** day of **December**, 2020.

10 

11 Jenny A. Durkan, Mayor

12           Filed by me this **1st** day of **December**, 2020.

13 

14 Monica Martinez Simmons, City Clerk

15 (Seal)

16

17 Exhibits:

18 Exhibit A – Outstanding Parity Bonds

19 Exhibit B – Form of Continuing Disclosure Agreement

1  
2

**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 and Refunding Revenue Bonds, 2011A	2/8/2011	\$296,315,000	Ord. 123483	Ord. 121941 (as amended by Ord. 122838)	Res. 31263
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

Issue Name	Dated Date	Original Par Amount	Bond Legislation		
			New Money Ord.	Refunding Ord.	Bond Sale Res.
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 by Ord. 124916	Res. 31646
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, 2018B-1 (SIFMA Index), 2018B-2 (SIFMA Index), 2018C-1 (SIFMA Index) and 2018C-2 (SIFMA Index)	09/04/2018	\$198,760,000	--	Ord. 125460	--
Municipal Light and Power Improvement Revenue Bonds, 2019, Series A	10/15/2019	\$210,540,000	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	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.

