



SEATTLE CITY COUNCIL

Legislative Summary

CB 118544

Record No.: CB 118544

Type: Ordinance (Ord)

Status: Passed

Version: 1

124915

In Control: City Clerk

File Created: 09/11/2015

Final Action: 12/01/2015

Title: AN ORDINANCE relating to the solid waste system of The City of Seattle; amending Ordinance 121940, as amended by Ordinance 122498, to conform Ordinance 121940 to reflect changes recently made by the City to update its standard form of bond ordinance; and ratifying and confirming certain prior acts.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Licata

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: CB 118544 Ex A – List of Outstanding Parity Bonds, CB 118544 Ex B – Form of Undertaking to Provide Continuing Disclosure, CB 118544 Ex C - Amended and Restated Ordinance 121940

Drafter: adam.schaefer@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

Yes

No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	09/28/2015	Mayor's leg transmitted to Council	City Clerk			
	Action Text:		The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk				
	Notes:						
.1	City Clerk	10/20/2015	sent for review	Budget Committee			
	Action Text:		The Council Bill (CB) was sent for review. to the Budget Committee				
	Notes:						
1	Full Council	10/26/2015	referred	Budget Committee			
	Action Text:		The Council Bill (CB) was referred. to the Budget Committee				
	Notes:						
1	Budget Committee	11/16/2015	pass				Pass
	Action Text:		The Committee recommends that Full Council pass the Council Bill (CB).				
	Notes:						

In Favor: 7 Chair Licata, Member Bagshaw, Member Burgess, Member Godden,
Member O'Brien, Member Rasmussen, Member Sawant
Opposed: 0
Absent(NV): 1 Okamoto

1 Full Council 11/23/2015 passed Pass

Action Text: The Council Bill (CB) was passed by the following vote and the President signed the Bill:
Notes:

In Favor: 9 Councilmember Bagshaw, Council President Burgess, Councilmember
Godden, Councilmember Harrell, Councilmember Licata, Councilmember
O'Brien, Okamoto, Councilmember Rasmussen, Councilmember Sawant
Opposed: 0

1 City Clerk 11/30/2015 submitted for Mayor
Mayor's signature

Action Text: The Council Bill (CB) was submitted for Mayor's signature. to the Mayor
Notes:

1 Mayor 12/01/2015 Signed

Action Text: The Council Bill (CB) was Signed.
Notes:

1 Mayor 12/01/2015 returned City Clerk

Action Text: The Council Bill (CB) was returned. to the City Clerk
Notes:

1 City Clerk 12/01/2015 attested by City
Clerk

Action Text: The Ordinance (Ord) was attested by City Clerk.
Notes:

CITY OF SEATTLE
ORDINANCE 124915
COUNCIL BILL 118544

AN ORDINANCE relating to the solid waste system of The City of Seattle; amending Ordinance 121940, as amended by Ordinance 122498, to conform Ordinance 121940 to reflect changes recently made by the City to update its standard form of bond ordinance; and ratifying and confirming certain prior acts.

WHEREAS, by Ordinance 121940 the City provided for the issuance and sale of solid waste system bonds, in one or more series, for the purpose of paying all or part of the cost of refunding certain of the City's outstanding solid waste bonds, and the costs of issuance of those bonds; and

WHEREAS, by Ordinance 122498 the City provided for the amendment of certain definitions and descriptions in Ordinance 121940; and

WHEREAS, the City has recently updated the standard form of its bond ordinances and desires to conform Ordinance 121940 to reflect those changes; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Amendment to Ordinance 121940. Each section of Ordinance 121940, as amended by Ordinance 122498 (the "Ordinance"), is amended and restated as set forth in Sections 2 through 37 of this amendatory ordinance. Additions are double underlined and deletions are enclosed in double parentheses and struck through. Section references in the amended text are made with reference to the Ordinance as amended and restated by this ordinance. With respect to any Bonds authorized by the Ordinance, which are outstanding as of the effective date of this amendatory ordinance, the amendments contained herein shall be of no force or effect and the provisions of the Ordinance prior to the effective date of this amendatory ordinance shall continue in effect with respect to those outstanding Bonds.

1 **Section 2. Amendments to Section 1 of the Ordinance.** Section 1 of Ordinance
2 121940, as amended by Ordinance 122498, is amended and restated as follows:

3 **Section 1. Definitions.** As used in this ordinance, the following
4 ~~((words and phrases))~~capitalized terms shall have the following meanings~~((set~~
5 ~~forth below.))~~:

6 **“Accreted Value”** means with respect to any Capital Appreciation
7 Bond~~((s))~~ (a) as of any Valuation Date, the amount set forth for such date in any
8 Parity Bond ~~((Ordinance))~~Legislation authorizing such Capital Appreciation
9 Bond~~((s))~~ and (b) as of any date other than a Valuation Date, the sum of (i) the
10 Accreted Value on the preceding Valuation Date and (ii) the product of (A) a
11 fraction, the numerator of which is the number of days having elapsed from the
12 preceding Valuation Date and the denominator of which is the number of days
13 from such preceding Valuation Date to the next succeeding Valuation Date,
14 calculated based on the assumption that Accreted Value accrues during any
15 semiannual period in equal daily amounts on the basis of a year of twelve 30-day
16 months, ~~((times))~~multiplied by (B) the difference between the Accreted Values
17 for such Valuation Dates.

18 **“Acquired Obligations”** means those Government Obligations purchased
19 to accomplish the ~~((refunding of the Refunded Bonds))~~Refunding Plan, consistent
20 with the Refunded Bond Legislation and any applicable agreements with
21 ~~((providers))~~a provider of ~~((Qualified))~~Bond Insurance or Qualified Letters of
22 Credit.

1 **“Adjusted Annual Debt Service”** for any fiscal year means Annual Debt
2 Service minus ~~((1))~~a) an amount equal to earnings from investments in the
3 Reserve Subaccount and ~~((2))~~b) Annual Debt Service provided for by Parity
4 Bond proceeds.

5 **“Adjusted Gross Revenue”** for any period means Gross Revenue, plus
6 withdrawals from the Rate Stabilization Account made during that period, and
7 minus ~~((1))~~a) earnings from investments in the Reserve Subaccount and ~~((2))~~b)
8 deposits into the Rate Stabilization Account made during that period.

9 **“Adjusted Net Revenue”** means Adjusted Gross Revenue less
10 Maintenance and Operation Expenses.

11 **“Annual Debt Service”** for any calendar year means the sum of the
12 amounts required in such calendar year to pay ~~((a))~~the interest due in such
13 calendar year on all Parity Bonds outstanding, excluding interest to be paid from
14 the proceeds of the sale of Parity Bonds or other bonds; ~~((and (b) —))~~the principal
15 of all outstanding Serial Bonds due in such calendar year; and ~~((e))~~the Sinking
16 Fund Requirement, if any, for such calendar year.

17 (a) For purposes of this definition, the principal and interest portions
18 of the Accreted Value of Capital Appreciation Bonds becoming due at maturity or
19 by virtue of a Sinking Fund Requirement shall be included in the calculations of
20 accrued and unpaid and accruing interest or principal in such manner and during
21 such period of time as is specified in any Parity Bond ~~((Ordinance))~~Legislation
22 authorizing such Capital Appreciation Bonds.

1 (b) For purposes of calculating and determining compliance with ~~((the~~
2 ~~Reserve Requirement,))~~ the Coverage Requirement, the Reserve Requirement and
3 the conditions for the issuance of Future Parity Bonds and/or entering into Parity
4 Payment Agreements, the following shall apply:

5 (i) **Generally.** Except as otherwise provided by
6 ~~((sub))~~ paragraph (ii) of this subsection with respect to Variable Interest Rate
7 Bonds and by ~~((sub))~~ paragraph (iii) ~~((below))~~ of this subsection with respect to
8 Parity Bonds with respect to which a Payment Agreement is in force, interest on
9 any issue of Parity Bonds shall be calculated based on the actual amount of
10 accrued, accreted or otherwise accumulated interest that is payable in respect of
11 that issue taken as a whole, at the rate or rates set forth in the applicable Parity
12 Bond ~~((Ordinance;))~~ Legislation.

13 (ii) **Interest on Variable Interest Rate Bonds.** The amount of
14 interest deemed to be payable on any issue of Variable Interest Rate Bonds shall
15 be calculated on the assumption that the interest rate on those bonds would be
16 equal to the rate that is ~~((ninety percent (90%)))~~ 90% ~~((90%))~~ of the average RBI during the
17 four calendar quarters preceding the quarter in which the calculation is made ~~((90%))~~.

18 (iii) **Interest on Parity Bonds With Respect to Which a**
19 **Payment Agreement is in Force.** Debt service on Parity Bonds with respect to
20 which a Payment Agreement is in force shall be based on the net economic effect
21 on the City expected to be produced by the terms of the Parity Bonds and the
22 terms of the Payment Agreement, including but not limited to the effects
23 produced by the following: (A) Parity Bonds that would, but for a Payment

1 Agreement, be treated as obligations bearing interest at a Variable Interest Rate
2 instead shall be treated as obligations bearing interest at a fixed interest rate, and
3 (B) Parity Bonds that would, but for a Payment Agreement, be treated as
4 obligations bearing interest at a fixed interest rate instead shall be treated as
5 obligations bearing interest at a Variable Interest Rate. Accordingly, the amount
6 of interest deemed to be payable on any Parity Bonds with respect to which a
7 Payment Agreement is in force shall be an amount equal to the amount of interest
8 that would be payable at the rate or rates stated in those Parity Bonds plus
9 Payment Agreement Payments minus Payment Agreement Receipts. For the
10 purposes of calculating as nearly as practicable Payment Agreement Receipts and
11 Payment Agreement Payments under a Payment Agreement that includes a
12 variable rate component determined by reference to a pricing mechanism or index
13 that is not the same as the pricing mechanism or index used to determine the
14 variable rate interest component on the Parity Bonds to which the Payment
15 Agreement is related, it shall be assumed that the fixed rate used in calculating
16 Payment Agreement Payments will be equal to 105% of the fixed rate specified
17 by the Payment Agreement and that the pricing mechanism or index specified by
18 the Payment Agreement is the same as the pricing mechanism or index specified
19 by the Parity Bonds. Notwithstanding the other provisions of this
20 ~~((sub))~~paragraph~~((--(iii)))~~, the City shall not be required to (but may in its
21 discretion) take into account in determining Annual Debt Service the effects of
22 any Payment Agreement that has a term of ten ~~((10--))~~years or less~~((÷))~~

1 **(iv) Parity Payment Agreements.** No additional debt service
2 shall be taken into account with respect to a Parity Payment Agreement for any
3 period during which Payment Agreement Payments on that Parity Payment
4 Agreement are taken into account in determining Annual Debt Service on related
5 Parity Bonds under ~~((sub))~~ paragraph (iii) of this definition. However, for any
6 period during which Payment Agreement Payments are not taken into account in
7 calculating Annual Debt Service on any outstanding Parity Bonds because the
8 Parity Payment Agreement is not then related to any outstanding Parity Bonds,
9 payments on that Parity Payment Agreement shall be taken into account by
10 assuming:

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

19 **(B) City Obligated To Make Payments Based On**
20 **Variable Rate Index.** If the City is obligated to make Payment Agreement
21 Payments based on a variable rate index and the Qualified Counterparty is
22 obligated to make payments based on a fixed rate, that payments by the City will
23 be based on a rate equal to the average rate determined by the variable rate index

1 specified by the Parity Payment Agreement during the four calendar quarters
2 preceding the quarter in which the calculation is made, and that the Qualified
3 Counterparty will make payments based on the fixed rate specified by the Parity
4 Payment Agreement.

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

7 “Average Annual Debt Service” means, at the time of calculation, the
8 sum of the Annual Debt Service remaining to be paid to the last scheduled
9 maturity of the applicable series of Parity Bonds divided by the number of years
10 such bonds are scheduled to remain outstanding.

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

13 “Bond Account” means ((that special account known as))the Solid Waste
14 System Revenue Bond Account, created in the Solid Waste Fund by Ordinance
15 118975 for the payment of the principal of and interest on ((the-))Parity Bonds.

16 “Bond Counsel” means a lawyer or a firm of lawyers, selected by the
17 City, of nationally recognized ((and accepted as bond counsel and so employed by
18 the City for any purpose under this ordinance applicable to the use of that
19 term))standing in matters pertaining to bonds issued by states and their political
20 subdivisions.

21 “Bond Insurance” means any bond insurance, guaranty, surety bond or
22 similar credit enhancement device providing for or securing the payment of all or
23 part of the principal of and interest on any Parity Bonds.

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

7 “Bond Register” means the books or records maintained by the Bond
8 Registrar for the purpose of ((registration))identifying ownership of ((the))each
9 Bond((s)).

10 “Bond Registrar” ((or “Registrar”))means the Fiscal Agent ((of the
11 State of Washington))(unless the Bond Resolution provides for a different Bond
12 Registrar with respect to a particular Series), or any successor bond registrar
13 selected ((by the City, whose duties include the registration and authentication of
14 the Bonds, maintenance of the Bond Register, effecting transfer of ownership of
15 the Bonds, and paying the principal of and premium, if any, and interest on the
16 Bonds))in accordance with the Registration Ordinance.

17 “Bond Resolution” means ((the))a resolution((or resolutions)) of the City
18 Council adopted pursuant to this ordinance ((to specify certain additional
19 provisions of each series of the Bonds and their sale))approving the Bond Sale
20 Terms and taking other actions consistent with this ordinance.

21 “Bond Sale Terms” means the terms and conditions for the sale of a
22 Series including the amount, date or dates, denominations, interest rate or rates (or

1 mechanism for determining interest rate or rates), payment dates, final maturity,
2 redemption rights, price, and other terms or covenants set forth in Section 4.

3 “**Bonds**” means the Solid Waste System refunding revenue bonds issued
4 ~~((in one or more series from time to time-))~~ pursuant to ~~((, under the authority of~~
5 ~~and for the purposes provided in))~~ this ordinance.

6 “**Capital Appreciation Bond((s))**” means any Parity Bond((s)), all or a
7 portion of the ((as to which))interest on which is compounded and accumulated
8 at the rates or in the manner, and on the dates, set forth in the applicable Parity
9 Bond Legislation and is payable only ((at the maturity or prior))upon redemption
10 or on the maturity date of such Parity Bond((s)). ((For the purpose of (a) receiving
11 payment of the redemption premium, if any, of a Capital Appreciation Bond that
12 is redeemed prior to maturity, or (b) computing the principal amount of Parity
13 Bonds held by the owner of a Capital Appreciation Bond in giving to the City or
14 the paying agent for those bonds any notice, consent, request, or demand pursuant
15 to this ordinance or for any purpose whatsoever, the principal amount of a Capital
16 Appreciation Bond shall be deemed to be its Accreted Value.)) A Parity Bond that
17 is issued as a Capital Appreciation Bond, but which later converts to an obligation
18 on which interest is paid periodically, shall be a Capital Appreciation Bond until
19 the conversion date and thereafter shall no longer be a Capital Appreciation Bond,
20 but shall be treated as having a principal amount equal to its Accreted Value on
21 the conversion date.

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

1 (~~“City Clerk” means the City Clerk of the City, or any other officer who~~
2 ~~succeeds to substantially all of the responsibilities of that office specified in this~~
3 ~~ordinance.~~)

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

6 (~~“Closing Date” means the date on which a series of Bonds is delivered to~~
7 ~~the initial purchaser or purchasers thereof upon payment in full therefor.~~)

8 **“Code”** means the Internal Revenue Code of 1986, or any successor
9 thereto, as it has been and may be amended from time to time, (~~and applicable~~
10 ~~rules~~) and regulations (~~(promulgated)~~) thereunder.

11 **“Contract Resource Obligation”** means an obligation of the City,
12 designated as a Contract Resource Obligation and entered into (~~(pursuant to)~~) in
13 accordance with Section 20 (~~(of this ordinance, to make payments for collection,~~
14 ~~transportation, treatment and disposal of solid waste, or other commodity or~~
15 ~~service related to the Solid Waste System, to another person or entity (including~~
16 ~~without limitation a separate utility system created pursuant to Section 19 of this~~
17 ~~ordinance))~~)).

18 **“Coverage Requirement”** (~~(in any fiscal year)~~) means (~~(the amount of)~~)
19 Adjusted Net Revenue equal to at least 1.25 times Adjusted Annual Debt Service
20 (~~(in that year)~~) on all Parity Bonds then (~~(Outstanding)~~) outstanding.

21 **“DTC”** means The Depository Trust Company, New York, New York (~~(;~~
22 ~~as initial Securities Depository for the Bonds)~~)).

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

5 **“Event of Default”** (~~means an Event of Default as defined in Section 23~~
6 ~~of this ordinance~~))shall have the meaning assigned to that term in Section 26(a).

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

9 **“Future Parity Bond Legislation”** means any ordinance or resolution
10 passed or adopted by the City Council providing for the issuance and sale of a
11 series of Future Parity Bonds, and any other ordinance or resolution amending or
12 supplementing the provisions of any such ordinance or resolution.

13 **“Future Parity Bonds”** means(~~(- any fixed or variable rate)), with~~
14 reference to any Series, all revenue bonds and obligations of the ((City (other than
15 the Bonds) issued hereafter having a charge or lien upon the Net Revenue for
16 payment of the principal thereof and interest thereon equal in priority to the
17 charge or lien upon the Net Revenue for the payment of the principal of and
18 interest on the Outstanding Parity Bonds and the Bonds.))Solid Waste System
19 (other than that Series and any other Parity Bonds then outstanding) issued or
20 entered into after the Issue Date of such Series, the payment of which constitutes
21 a charge and lien on the Net Revenue equal in rank with the charge and lien upon
22 such revenue required to be paid into the Bond Account in accordance with

1 Section 16. Future Parity Bonds may include Parity Payment Agreements and any
2 other obligations issued in compliance with Section ~~((17))~~18.

3 **“Government Obligations”** ~~((means those government obligations~~
4 ~~defined by))~~has the meaning given in RCW 39.53.010~~((9))~~ as ~~((it))~~ now
5 ~~((reads))~~in effect or as may hereafter ~~((may-))~~ be amended~~((or replaced))~~.

6 **“Gross Revenue”** means (a) all income, revenues, receipts and profits
7 derived by the City through the ownership and operation of the Solid Waste
8 System; (b) Payment Agreement Receipts, to the extent that such receipts are not
9 offset by Payment Agreement Payments; and (c) the investment income set aside
10 for or earned on money held in any fund or account of the City, including any
11 bond redemption funds and the accounts therein, in connection with the
12 ownership and operation of the Solid Waste System. Gross Revenue does not
13 include: ~~((A))~~(a) income derived from investments irrevocably pledged to the
14 payment of any defeased bonds payable from Gross Revenue;
15 ~~((B))~~(b) investment income earned on money in any fund or account created or
16 maintained solely for the purpose of complying with the arbitrage rebate
17 provisions of the Code; ~~((C))~~(c) any gifts, grants, donations or other funds
18 received by the City from any State or federal agency or other person if such gifts,
19 grants, donations or other funds are the subject of any limitation or reservation
20 imposed by the donor or grantor or imposed by law or administrative regulation to
21 which the donor or grantor is subject, limiting the application of such funds in a
22 manner inconsistent with the application of Gross Revenue hereunder;
23 ~~((D))~~(d) the proceeds of any borrowing for capital improvements (or the

1 refinancing thereof); ~~((E) the earnings of any separate utility system acquired or~~
2 ~~constructed by the City pursuant to Section 19 of this ordinance; and (F))~~ f) the
3 proceeds of any liability or other insurance, including but not limited to insurance
4 proceeds compensating the City for the loss of a capital asset, but excluding
5 business interruption insurance or other insurance of like nature insuring against
6 the loss of revenues; and (e) the earnings of any separate utility system acquired
7 or constructed by the City pursuant to Section 20.

8 **“Independent Utility Consultant”** means an independent person or firm
9 having a favorable reputation for skill and experience with solid waste systems of
10 comparable size and character to the Solid Waste System in such areas as are
11 relevant to the purpose for which they were retained.

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

15 **“Letter of Representations”** means ~~((, for each series of Bonds,))~~ the
16 Blanket Issuer Letter of Representations ((relating to the Bonds to be delivered by
17 the City to DTC)) between the City and DTC dated October 4, 2006, as it may be
18 amended from time to time, or an agreement with a substitute or successor
19 Securities Depository.

20 **“Maintenance and Operation Expenses”** means all expenses incurred by
21 the City in causing the Solid Waste System to be operated and maintained in good
22 repair, working order and conditions, including without limitation: (a) deposits,
23 premiums, assessments or other payments for insurance (other than payments out

1 of proceeds of Parity Bonds), if any, on the Solid Waste System; (b) payments
2 into pension funds; (c) State-imposed taxes; (d) amounts due under Contract
3 Resource Obligations (but only at the times described in Section ~~((20 of this~~
4 ~~ordinance)))~~21); (e) payments made to any other person or entity for the
5 collection, transportation, treatment or disposal of solid waste or other commodity
6 or service related to the Solid Waste System; and (f) payments with respect to any
7 other expenses of the Solid Waste System that are properly treated as operation
8 and maintenance expenses under generally accepted accounting principles.
9 Maintenance and Operation Expenses does not include any depreciation,
10 amortization, or other similar recognitions of non-cash expense items made for
11 accounting purposes only; taxes levied or imposed by the City or payments ~~((to~~
12 ~~the City))~~ in lieu of City taxes~~((;))~~; payments of claims or judgments; or capital
13 additions or capital replacement.

14 “**Maximum Annual Debt Service**” means, at the time of calculation, the
15 maximum amount of Annual Debt Service ~~((that will))~~ on the Parity Bonds then
16 outstanding which shall become due in ~~((any))~~ the current calendar year or in any
17 future calendar year ~~((on all then-outstanding Parity Bonds))~~.

18 ~~((“Mayor” means the Mayor of the City.))~~

19 ~~((“Moody’s” means Moody’s Investors Service, Inc.))~~

20 “MSRB” means the Municipal Securities Rulemaking Board.

21 “**Net Revenue**” means, for any period, the Gross Revenue less
22 Maintenance and Operation Expenses.

1 **“Outstanding Parity Bonds”** means, with reference to any Series, the
2 then-outstanding ~~((1999A Bonds and 1999B Bonds, as))~~ Parity Bonds described in
3 Exhibit A and any other Parity Bonds outstanding as of the Issue Date of that
4 Series of the Bonds.

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

7 **“Parity Bond ~~((Ordinance))~~Legislation”** means any ordinance or
8 resolution ~~((duly enacted))~~ passed or adopted by the City Council providing for the
9 issuance and sale of a series of Parity Bonds, and any other ordinance or
10 resolution amending or supplementing the provisions of any Parity Bond
11 ~~((Ordinance as originally enacted or as therefore amended or~~
12 ~~supplemented))~~ Legislation.

13 **“Parity Bonds”** means the Outstanding Parity Bonds, the Bonds and any
14 Future Parity Bonds and Parity Payment Agreements.

15 **“Parity Conditions”** means the conditions for issuing Future Parity
16 Bonds under the Parity Bond Legislation.

17 **“Parity Payment Agreement”** means a Payment Agreement~~((;))~~ under
18 which the City’s payment obligations are expressly stated to constitute a charge
19 and lien on the Net Revenue equal in rank with the charge and lien upon such
20 ~~((Net Revenue))~~ revenue required to be paid into the Bond Account to pay ~~((and~~
21 ~~secure the payment of the principal of and))~~ interest on Parity Bonds.

22 **“Payment Agreement”** means a written ~~((contract entered~~
23 ~~into,))~~ agreement for the purpose of managing or reducing the City’s exposure to

1 fluctuations or levels of interest rates or for other interest rate, investment, asset or
2 liability management purposes, entered into on either a current or forward basis
3 by the City and a Qualified Counterparty(~~(-on either a current or forward basis))~~)
4 as authorized by any applicable laws of the State in connection with, or incidental
5 to, the issuance, incurring or carrying of particular bonds, notes, bond anticipation
6 notes, commercial paper or other obligations for borrowed money, or lease,
7 installment purchase or other similar financing agreements or certificates of
8 participation therein, that provides for an exchange of payments based on interest
9 rates, ceilings or floors on such payments, options on such payments, or any
10 combination thereof or any similar device.

11 **“Payment Agreement Payments”** means the amounts((~~5~~)) periodically
12 required to be paid by the City to the Qualified Counterparty pursuant to a
13 Payment Agreement.

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

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

20 **“Principal and Interest Subaccount”** means the subaccount of that name
21 created in the Bond Account by Ordinance 118975 for the payment of the
22 principal of and interest on Parity Bonds.

1 ~~((“Professional Utility Consultant” means the independent person(s) or~~
2 ~~firm(s) selected by the City having a favorable reputation for skill and experience~~
3 ~~with solid waste systems of comparable size and character to the Solid Waste~~
4 ~~System in such areas as are relevant to the purposes for which they were~~
5 ~~retained.))~~

6 “Purchaser” means the entity or entities who have been selected in
7 accordance with this ordinance to serve as underwriter, purchaser or successful
8 bidder in a sale of any Series.

9 “Qualified Counterparty” means a party (other than the City or a
10 ~~((person))~~party related to the City) who is the other party to a Payment
11 Agreement, (a)(i) whose senior debt obligations are rated in one of the three
12 highest rating categories of each Rating Agency (without regard to any gradations
13 within a rating category, or (ii) whose obligations under the Payment Agreement
14 are guaranteed for the entire term of the Payment Agreement by a bond insurer or
15 other institution which has been assigned a credit rating in one of the two highest
16 rating categories of each Rating Agency; and (b) who is otherwise qualified to act
17 as the other party to a Payment Agreement under any applicable laws of the State.

18 “Qualified Insurance” means any municipal bond insurance policy or
19 surety bond issued by any insurance company licensed to conduct an insurance
20 business in any state of the United States (or by a service corporation acting on
21 behalf of one or more such insurance companies) which insurance company or
22 companies, as of the time of issuance of such policy or surety bond, are rated in
23 one of the two highest rating categories by Moody’s Investors Service and

1 ~~((S&P))~~Standard & Poor's Ratings Services or their comparably recognized
2 business successors.

3 **“Qualified Letter of Credit”** means any letter of credit issued by a
4 financial institution for the account of the City ~~((on behalf of the owners))~~in
5 connection with the issuance of Parity Bonds, which institution maintains an
6 office, agency or branch in the United States and as of the time of issuance of
7 such letter of credit is rated in one of the two highest rating categories by
8 Moody's Investors Service and ~~((S&P))~~Standard & Poor's Ratings Services or
9 their comparably recognized business successors.

10 **“RBI”** means *The Bond Buyer* Revenue Bond Index or comparable index,
11 or, if no comparable index can be obtained, ~~((eighty percent -))~~80%~~(())~~ of the
12 interest rate for actively traded ~~((thirty -))~~30~~(())~~-year United States Treasury
13 obligations.

14 **“Rate Stabilization Account”** means the account of that name ~~((created~~
15 ~~in the Solid Waste Fund pursuant to))~~originally established by Ordinance 118975.

16 **“Rating ~~((Agencies))~~Agency”** means ~~((Moody's and S&P, and their~~
17 ~~successors and -))~~any ~~((other -))~~nationally-recognized ~~((securities -))~~rating agency
18 ~~((or agencies))~~then maintaining a rating on a series of Parity Bonds at the request
19 of the City.

20 **“Record Date”** means, unless otherwise defined in the Bond Resolution,
21 in the case of each interest or principal payment date, the Bond Registrar's close
22 of business on the 15th day of the month preceding the interest or principal
23 payment date. With regard to redemption of a Bond prior to its maturity, the

1 Record Date shall mean the Bond Registrar's close of business on the day prior to
2 the date on which the Bond Registrar sends the notice of redemption.

3 **"Refundable Bonds"** means, collectively, all ~~((or a portion of any~~
4 ~~Outstanding Parity Bonds and the Bonds, and all or a portion of those Future~~
5 ~~Parity Bonds designated))~~Parity Bonds that the City may from time to time
6 designate as Refundable Bonds((in the applicable Parity Bond Ordinance)).

7 ~~((**"Refunded Bonds"** means those Refundable Bonds included in a~~
8 ~~Refunding Plan.))~~

9 **"Refunded Bond Legislation"** means the respective ~~((Parity Bond~~
10 ~~Authorizing Ordinances))~~ordinance and resolution, including all amendatory or
11 supplemental ordinances and resolutions, pursuant to which ((the))a series of
12 Refunded Bonds ((were))was issued.

13 **"Refunded Bonds"** means those Refundable Bonds included in a
14 Refunding Plan.

15 ~~((**"Refunding Parity Bonds"** means Parity Bonds issued for the purpose of~~
16 ~~refunding bonds of any prior series of Parity Bonds.))~~

17 **"Refunding Plan"** means~~(, with respect to the issuance of each series of~~
18 ~~Bonds, the refunding of all or a portion of the Refundable Bonds through the~~
19 ~~issuance of such series, as more particularly described in the Bond Resolution))~~
20 the plan approved in a Bond Resolution to issue a Series, and to apply the
21 proceeds of the sale of such Series and any other available money included in the
22 plan, to redeem, or to defease and redeem, those Refundable Bonds identified in
23 the plan.

1 **“Refunding Trust Agreement”** means, with respect to each ~~((series of~~
2 ~~Bonds))~~Series, a refunding trust or escrow agreement, dated as of the Issue Date
3 of such Series, between the City and a Refunding Trustee~~((, dated as of the~~
4 ~~Closing Date of such series,))~~ and providing for the ((safekeeping)) irrevocable
5 deposit of ((ertain)) Bond proceeds and ((the refunding of all or a portion of the
6 ~~Refundable Bonds))~~other available money of the City, to be used to carry out a
7 Refunding Plan.

8 **“Refunding Trustee”** means, for each ~~((series of Bonds))~~Series, the
9 Director of Finance~~((;))~~ or ~~((the trustee or escrow agent designated))~~a financial
10 institution selected by the Director of Finance((, consistent with the Refunded
11 ~~Bond Legislation and any applicable agreements with Bond Insurers))~~ to serve as
12 refunding trustee or escrow agent under a Refunding Trust Agreement.

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

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

22 **“Reserve Requirement”** means, at any time, the lesser of (a) Maximum
23 Annual Debt Service~~((; or (b) the maximum amount permitted by the Code as a~~

1 ~~“reasonably required reserve or replacement fund.”)~~ on all Parity Bonds
2 outstanding at the time of calculation, (b) 1.25 times Average Annual Debt
3 Service on all Parity Bonds outstanding at the time of calculation, or (c) 10% of
4 the proceeds of each series of Parity Bonds then outstanding, as of the delivery of
5 each such series.

6 **“Reserve Security”** means any Qualified Insurance or Qualified Letter of
7 Credit obtained by the City to satisfy part or all of the Reserve Requirement, and
8 which is not cancelable on less than three years’ notice.

9 **“Reserve Subaccount”** means the subaccount of that name created in the
10 Bond Account by Ordinance 118975 for the purpose of securing the payment of
11 the principal of and interest on Parity Bonds.

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

14 ~~(“S&P” means Standard & Poor’s Ratings Services, a Division of The~~
15 ~~McGraw-Hill Companies, Inc.)~~

16 **“Securities Depository”** means~~((any one of the following registered~~
17 ~~securities depositories which has been designated by the City: (i) DTC; (ii)~~
18 ~~Midwest Securities Trust Company, Chicago, Illinois, (iii) Philadelphia~~
19 ~~Depository Trust Company, Philadelphia, Pennsylvania; or (iv) such other~~
20 ~~securities depositories as the City may designate in a certificate of the City~~
21 ~~delivered to the Bond Registrar)) DTC, any successor thereto, any substitute~~
22 ~~securities depository selected by the City, or the nominee of any of the foregoing.~~
23 Any successor or substitute Securities Depository must be qualified under

1 applicable laws and regulations to provide the services proposed to be provided
2 by it.

3 “**Serial Bonds**” means Parity Bonds maturing in specified years, for
4 which no Sinking Fund Requirements are mandated.

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

6 (~~“**Sinking Fund Subaccount**” means any subaccount created in the Bond~~
7 ~~Account to amortize the principal or make mandatory redemptions of Term~~
8 ~~Bonds.)~~)

9 “**Sinking Fund Requirement**” means, for any calendar year, the principal
10 amount and premium, if any, of Term Bonds required to be purchased, redeemed,
11 paid at maturity or paid into any (~~(Sinking Fund Subaccount))~~Bond Account for
12 such calendar year, as established by the Parity Bond (~~(Ordinance))~~Legislation
13 authorizing the issuance of such Term Bonds.

14 “**Solid Waste Fund**” means the (~~(special fund))~~“Garbage Collection and
15 Disposal Fund” of the City (~~(of that name heretofore created and established by~~
16 ~~the City Council))~~created by Ordinance 90379 and subsequently renamed the
17 “Solid Waste Fund.”

18 “**Solid Waste System**” means the entire solid waste collection,
19 transportation and disposal system of the City, created by Ordinance 90379, as
20 amended, together with all additions thereto and betterments and extensions
21 thereof at any time made, acquired or constructed, together with any other utility
22 systems of the City hereafter combined with the Solid Waste System. The Solid

1 Waste System shall not include any separate utility system acquired or
2 constructed by the City pursuant to Section ~~((19 hereof))~~20.

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

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

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

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

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

16 **“Term Bond((s))”** means ~~((any Parity Bonds identified as such in the~~
17 ~~Parity Bond Ordinance authorizing the issuance thereof, which Parity Bond~~
18 ~~Ordinance requires that such bonds be purchased, redeemed or paid prior to~~
19 ~~maturity in a schedule established thereby))~~any Bond that is issued subject to
20 mandatory redemption prior to its maturity in periodic mandatory redemption
21 payments.

22 **“Undertaking”** means the ~~((City’s—))~~undertaking ~~((in the Bond~~
23 ~~Resolution, to the extent applicable,))~~to provide ~~((certain))~~continuing disclosure

1 ~~((as provided by))~~entered into pursuant to Section ((25 of this ordinance))24, in
2 substantially the form attached as Exhibit B.

3 **“Valuation Date”** means, with respect to any Capital Appreciation
4 Bond((s)), the date or dates set forth in ~~((any))~~the relevant Parity Bond
5 ~~((Ordinance authorizing such Parity Bonds))~~Legislation or Bond Purchase
6 Contract on which specific Accreted Values are assigned to ~~((the))~~that Capital
7 Appreciation Bond((s)).

8 **“Variable Interest Rate”** means any variable interest rate or rates to be
9 borne by any Parity Bonds. The method of computing such a variable interest rate
10 shall be ~~((as specified in the Parity Bond Ordinance authorizing or specifying the~~
11 ~~terms of such Parity Bonds, which Parity Bond Ordinance also))~~set in accordance
12 with the applicable Parity Bond Legislation, which shall specify either
13 ~~((i))~~(a) the particular period or periods of time or manner of determining such
14 period or periods of time for which each value of such variable interest rate shall
15 remain in effect or ~~((i))~~(b) the time or times upon which any change in such
16 variable interest rate shall become effective.

17 **“Variable Interest Rate Bond((s))”** means, for any period of time, any
18 Parity Bond((s)) that bears a Variable Interest Rate during that period, except that
19 a Parity Bond((s)) shall not be treated as a Variable Interest Rate Bond((s)) if the
20 net economic effect of interest rates on particular Parity Bonds of ~~((an issue))~~a
21 series and interest rates on other Parity Bonds of the same ~~((issue))~~series, as set
22 forth in the applicable Parity Bond ~~((Ordinance))~~Legislation, or the net economic
23 effect of a Payment Agreement with respect to a particular Parity Bond((s)), in

1 either case is to produce obligations that bear interest at a fixed interest rate; and a
2 Parity Bond((s)) with respect to which a Payment Agreement is in force shall be
3 treated as a Variable Interest Rate Bond((s)) if the net economic effect of the
4 Payment Agreement is to produce an obligation((s)) that bears interest at a
5 Variable Interest Rate.

6 **Section 3. Amendment to Section 2 of the Ordinance.** Section 2 of Ordinance
7 121940 is amended and restated as follows:

8 **Section 2. Authorization ((and Description))of Bonds.** ((The City
9 is authorized to issue Bonds for the purpose of providing all or a part of the funds
10 with which to pay the cost of refunding, defeasing, or refunding and defeasing,
11 the Refunded Bonds and to pay all or part of the costs of issuing and selling the
12 Bonds. The Bonds may be issued in one or more series at any time on or before
13 December 31, 2015, and may be combined with other Parity Bonds authorized
14 separately. The maximum principal amount of any series of the Bonds shall not
15 exceed 125% of the then-outstanding principal amount of the Refundable Bonds
16 refunded by that series of Bonds)) The City is authorized to borrow money and
17 issue Solid Waste System revenue bonds, payable from the sources described in
18 Section 14, in principal amounts not to exceed the limits stated in Section 4 to
19 carry out one or more Refunding Plans, including paying the administrative costs
20 of carrying out each such Refunding Plan, and to pay the costs of issuance of the
21 Bonds. The Bonds may be issued in one or more Series, and may be combined
22 with other Parity Bonds authorized separately.

1 The Bonds shall be ~~((dated and have such year and series or other~~
2 ~~designation as determined by the Director of Finance or as specified by the Bond~~
3 ~~Resolution; shall be in the denomination of \$5,000 or any integral multiple~~
4 ~~thereof within a single maturity or such other denomination specified in the Bond~~
5 ~~Resolution; and shall be numbered separately, in the manner and with any~~
6 ~~additional designation as the Bond Registrar deems necessary for the purpose of~~
7 ~~identification. The Bonds shall mature on the dates and in the amounts and bear~~
8 ~~interest payable on the dates and at the rates specified in the Bond Resolution,~~
9 ~~except that the net interest cost shall not exceed a weighted average rate of ten~~
10 ~~percent per annum; and as specified by the Bond Resolution. All or some of the~~
11 ~~Bonds may be Term Bonds, as specified by the Bond Resolution. The final~~
12 ~~maturity of any series of Bonds shall not exceed 40 years from the issue date for~~
13 ~~that series.))~~designated Solid Waste System revenue bonds and shall be numbered
14 separately and shall have any name, year and series or other label as deemed
15 necessary or appropriate by the Director of Finance.

16 **Section 4. Amendment to Section 3 of the Ordinance.** Section 3 of Ordinance
17 121940 is amended and restated as follows:

18 **Section 3. ~~((Bond Resolution))~~Manner of Sale of Bonds.** With
19 ~~respect to each series of Bonds, the City Council may adopt the Bond Resolution~~
20 ~~and in that resolution may provide for the matters described in this ordinance,~~
21 ~~including the manner of sale and delivery of and payment for the Bonds, the~~
22 ~~refunding of the Refunded Bonds, and such other matters that the City Council~~
23 ~~deems necessary and appropriate to carry out the purposes of this ordinance. Once~~

1 ~~adopted, the Bond Resolution shall be deemed a part of this ordinance as if set~~
2 ~~forth herein.))~~

3 ~~((For each series of Bonds, the Bond Resolution may provide for Qualified~~
4 ~~Insurance or a Qualified Letter of Credit, and conditions or covenants relating~~
5 ~~thereto, including additional terms, conditions and covenants relating to the Bonds~~
6 ~~that are required by the bond insurer or letter of credit provider and are consistent~~
7 ~~with the provisions of this ordinance, including but not limited to restrictions on~~
8 ~~investments and requirements of notice to and consent of the bond insurer or letter~~
9 ~~of credit provider.))~~

10 ~~((For each series of Bonds, the Bond Resolution may approve and~~
11 ~~authorize the execution and delivery on behalf of the City of any contracts~~
12 ~~consistent with the provisions of this ordinance for which the City's approval is~~
13 ~~necessary or to which the City is a party and that are related or incidental to the~~
14 ~~initial issuance and sale of the Bonds, the initial establishment of the interest rate~~
15 ~~or rates on the Bonds and any redemption of the Bonds, including but not limited~~
16 ~~to Payment Agreements and similar contracts for such purposes.))~~

17 ~~((The Bond Resolution for each series of Bonds shall identify the~~
18 ~~Refunded Bonds to be refunded by that series, shall establish the terms and~~
19 ~~conditions upon which the Refunded Bonds are to be refunded, and shall confirm~~
20 ~~the Director of Finance as, or the Director of Finance's appointment of, the~~
21 ~~Refunding Trustee. The City Council may specify in the Bond Resolution the~~
22 ~~amount, if any, from the proceeds of or accrued interest on the Bonds to be~~
23 ~~deposited into specified funds, subfunds, accounts and subaccounts. In the~~

1 ~~absence of such a determination and specification in the Bond Resolution, the~~
2 ~~Director of Finance may make such determination and specification.))~~

3 At least ten days before the date selected by the Director of Finance for the
4 sale of a Series, the Director of Finance shall notify the President of the City
5 Council, in writing, of the Director of Finance's determination that the issuance of
6 the Series is consistent with the then-current financial policies of the City. The
7 notice shall set forth the reasons for the Director of Finance's determination.
8 Upon giving such notice, the Director of Finance may provide for the sale of each
9 Series (or any portion thereof) by public sale, or by a negotiated sale, limited
10 offering or private placement with a Purchaser chosen through a selection process
11 acceptable to the Director of Finance. The City Council's adoption of the Bond
12 Resolution shall be conclusive evidence that proper notice was provided to the
13 President of the City Council. The Director of Finance is authorized to specify a
14 date and time of sale of and a date and time for delivery of each Series, to give
15 notice of that sale, to determine any bid parameters or other bid requirements and
16 criteria for determining the award of the bid; to provide for the use of an
17 electronic bidding mechanism; and to specify other matters in his or her
18 determination necessary, appropriate, or desirable in order to carry out the sale of
19 each Series. Each Series must be sold on Bond Sale Terms in accordance with
20 Section 4.

21 **Section 5. Amendment to Section 4 of the Ordinance.** Section 4 of Ordinance

22 121940 is amended and restated as follows:

1 **Section 4. (~~(Allocation of the Bonds to the Refunded Bonds)~~)Bond**

2 **Sale Terms; Bond Resolution.** ~~((With respect to each series of Bonds, the City~~
3 Council shall, by the Bond Resolution, provide for the allocation of that series of
4 Bonds to the various series of the Refunded Bonds in a manner consistent with the
5 Code. Such allocation shall be reflected in schedules attached to the Bond
6 Resolution.))The Director of Finance is appointed to serve as the City's
7 designated representative in connection with the issuance and sale of the Bonds in
8 accordance with RCW 39.46.040(2) and this ordinance. The Director of Finance
9 is authorized to accept, on behalf of the City, an offer to purchase the Bonds on
10 Bond Sale Terms consistent with the parameters set forth in this section. No such
11 acceptance shall be effective until adoption of a Bond Resolution approving the
12 Bond Sale Terms. Once adopted, the Bond Resolution shall be deemed a part of
13 this ordinance as if set forth herein.

14 **(a) Maximum Principal Amount.** The Bonds may be issued in one
15 or more Series and may be combined with other Parity Bonds authorized
16 separately. The aggregate principal amount of the Bonds allocated to each
17 Refunding Plan shall not exceed 125% of the stated principal amount (or Accreted
18 Value, if applicable) of the Refunded Bonds included in that Refunding Plan.

19 **(b) Date or Dates.** Each Bond shall be dated its Issue Date, as
20 determined by the Director of Finance, which shall be determined by the Director
21 of Finance.

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

1 (d) Interest Rate(s); Payment Dates. Each Bond shall bear interest
2 from the Issue Date or from the most recent date to which interest has been paid
3 or duly provided for, whichever is later, and shall be payable on dates determined
4 by the Director of Finance. One or more rates of interest shall be established for
5 each maturity of each Series, which rate or rates may be fixed interest rates or
6 Variable Interest Rates. Fixed interest rates shall be computed on the basis of a
7 360-day year of twelve 30-day months and the net interest cost shall not exceed a
8 weighted average rate of 10% per annum. Principal payments shall commence on
9 a date and shall be payable at maturity or have Sinking Fund Requirements on
10 dates determined by the Director of Finance.

11 (e) Final Maturity. The Bonds shall mature no later than 40 years
12 after the Issue Date.

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

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

1 (ii) **Mandatory Redemption.** Any bond may be designated as
2 a Term Bond, subject to mandatory redemption prior to its maturity on the dates
3 and in Sinking Fund Requirements consistent with Section 7(b).

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

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

7 (i) As of the Issue Date of each Series, (A) the Finance
8 director must determine that the Parity Conditions have been met or satisfied, so
9 that such Series may be issued as Parity Bonds, and (B) the City Council must
10 find in the Bond Resolution that, in creating the Bond Account and in fixing the
11 amounts to be paid into it in accordance with this ordinance, the City Council has
12 had due regard for the cost of maintenance and operation of the Solid Waste
13 System, and is not setting aside into the Bond Account a greater amount than in
14 the judgment of the City Council, based on the rates to be established from time to
15 time consistent with Section 17(a), will be available over and above such cost of
16 maintenance and operation.

17 (ii) A Series may not be issued unless the Bond Resolution
18 with respect to that Series sets forth a Refunding Plan and includes the findings
19 that:

20 (A) The Refunding Plan (1) will pay or discharge the
21 City's obligations with respect to Refundable Bonds that are in arrears or about to
22 become due, and for which sufficient funds are not available; (2) is necessary or
23 in the best interest of the City to modify debt service requirements, sources of

1 payment covenants or other terms of the Refunded Bonds; or (3) will effect a
2 savings to the City, giving consideration to the fixed maturities of the Series to be
3 issued and of the Refunded Bonds, the costs of issuance of that Series and the
4 known earned income from the investment of the sale proceeds and other money
5 of the City used in the Refunding Plan; and

6 (B) the irrevocable deposit of money and securities with
7 the Refunding Trustee in accordance with the Refunding Plan will discharge and
8 satisfy the obligations of the City as to the Refunded Bonds, including all pledges,
9 charges, trusts, covenants and agreements under the Refunded Bond Legislation,
10 and immediately upon such deposit, the Refunded Bonds will no longer be
11 deemed to be outstanding under the Refunded Bond Legislation.

12 (iii) The Bond Sale Terms for any Series may provide for Bond
13 Insurance, a Reserve Security or other credit enhancement, or for a Parity
14 Payment Agreement. To that end, the Bond Sale Terms may include such
15 additional terms, conditions and covenants as may be necessary or desirable,
16 including but not limited to restrictions on investment of Bond proceeds and
17 pledged funds, and requirements to give notice to or obtain the consent of a credit
18 enhancement provider or a Qualified Counterparty.

19 (iv) The Bond Sale Terms must establish the method of
20 providing for the Reserve Requirement, consistent with Section 16(d).

21 (v) Any Series may be designated or qualified as Tax-Exempt
22 Bonds, taxable bonds, or Tax Credit Subsidy Bonds, and may include such

1 additional terms and covenants relating to federal tax matters as the Director of
2 Finance deems necessary or appropriate, consistent with Section 23.

3 **Section 6. Amendment to Section 5 of the Ordinance.** Section 5 of Ordinance
4 121940 is amended and restated as follows:

5 **Section 5. Bond Registrar; Registration and Transfer ~~((or~~
6 ~~Exchange~~))of Bonds.**

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

10 **(b) Bond Registrar; Transfer and Exchange of Bonds.** The Bond
11 Registrar shall keep, or cause to be kept, sufficient books for the registration and
12 transfer of the Bonds, which shall be open to inspection by the City at all times.
13 The Bond Register shall contain the name and mailing address of the Registered
14 Owner of each Bond and the principal amount and number of each of the Bonds
15 held by each Registered Owner. The Bond Registrar is authorized, on behalf of
16 the City, to authenticate and deliver Bonds transferred or exchanged in
17 accordance with the provisions of the Bonds and this ordinance, to serve as the
18 City's paying agent for the Bonds and to carry out all the Bond Registrar's powers
19 and duties under this ordinance and the Registration Ordinance.

20 The Bond Registrar shall be responsible for its representations contained
21 in the Bond Registrar's certificate of authentication on the Bonds. The Bond
22 Registrar may become an Owner of Bonds with the same rights it would have if it
23 were not the Bond Registrar and, to the extent permitted by law, may act as

1 depository for and permit any of its officers or directors to act as members of, or
2 in any other capacity with respect to, any committee formed to protect the rights
3 of Owners. Bonds surrendered to the Bond Registrar may be exchanged for Bonds
4 in any ~~((a))~~Authorized ~~((d))~~Denomination of an equal aggregate principal amount
5 and of the same ~~((s))~~Series, interest rate and maturity. Bonds may be transferred
6 only if endorsed in the manner provided thereon and surrendered to the Bond
7 Registrar. Any exchange or transfer shall be without cost to the ~~((Registered~~
8 ~~))~~Owner or transferee. The Bond Registrar shall not be obligated to exchange or
9 transfer any Bond during ~~((fifteen (15) days preceding any principal or))~~the
10 period between the Record Date and the corresponding interest payment or
11 redemption date~~((or other record date established by the Bond Registrar)))~~.

12 (c) **Securities Depository; Book-Entry Form.** The Bonds initially
13 shall be registered in the name of the Securities Depository. The Bonds so
14 registered shall be held fully immobilized in book-entry form by the Securities
15 Depository in accordance with the provisions of the Letter of Representations.
16 Neither the City nor the Bond Registrar shall have any responsibility or obligation
17 to participants of the Securities Depository or the persons for whom they act as
18 nominees with respect to the Bonds regarding accuracy of any records maintained
19 by the Securities Depository or its participants of any amount in respect of
20 principal of or interest on the Bonds, or any notice which is permitted or required
21 to be given to Owners hereunder (except such notice as is required to be given by
22 the Bond Registrar to the Securities Depository). Registered ownership of a Bond
23 initially held in book-entry form, or any portion thereof, may not be transferred

1 except: (i) to any successor Securities Depository; (ii) to any substitute Securities
2 Depository appointed by the City or such substitute Securities Depository's
3 successor; or (iii) to any person if the Bond is no longer held in book-entry form.

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

12 ~~((The City appoints DTC as initial Securities Depository for the Bonds.~~
13 ~~For so long as DTC is the Securities Depository for the Bonds, DTC or its~~
14 ~~nominee shall be deemed to be the Registered Owner of the Bonds for all~~
15 ~~purposes hereunder, and all references in this ordinance or the Bond Resolution to~~
16 ~~the Registered Owners of the Bonds shall mean DTC or its nominee and shall not~~
17 ~~mean the owners of any beneficial interests in the Bonds. Payments of principal~~
18 ~~of, premium, if any, and interest on all outstanding Bonds registered in the name~~
19 ~~of the nominee of DTC, or its registered assign, shall be made as provided in the~~
20 ~~Letter of Representations.))~~

21 ~~((Bonds executed and delivered in fully immobilized form shall be~~
22 ~~executed and delivered in the form of one fully registered immobilized certificate~~
23 ~~for each series and maturity of the Bonds representing the aggregate principal~~

1 ~~amount of the Bonds of that series and maturity, which Bonds shall (except as~~
2 ~~provided below for the discontinuation or substitution of Securities Depository)~~
3 ~~be registered in the name of Cede & Co., as nominee of DTC; however, if DTC~~
4 ~~shall request that the Bonds be registered in the name of a different nominee, the~~
5 ~~Bond Registrar shall exchange all or any portion of the Bonds for an equal~~
6 ~~aggregate principal amount of Bonds registered in the name of such other~~
7 ~~nominee or nominees of DTC. No person other than DTC or its nominee shall be~~
8 ~~entitled to receive from the City or the Bond Registrar any Bond or any other~~
9 ~~evidence of ownership of the Bonds, or any right to receive any payment in~~
10 ~~respect thereof, unless DTC or its nominee shall transfer record ownership of all~~
11 ~~or any portion of the Bonds on the Bond Register, in connection with~~
12 ~~discontinuing the book entry system as provided below or otherwise.))~~

13 ((So long as the Bonds are registered in the name of DTC or any nominee
14 thereof, all payments of the principal or interest with respect to the Bonds shall be
15 made to DTC or its nominee in immediately available funds on the dates provided
16 for such payments under this ordinance and the Bond Resolution and at such
17 times and in the manner provided in the Letter of Representations. Each such
18 payment to DTC or its nominee shall be valid and effective to fully discharge all
19 liability of the City or the Bond Registrar with respect to the principal or interest
20 with respect to the Bonds to the extent of the sum or sums so paid. In the event of
21 the redemption of less than all of the Bonds of any series and maturity, the Bond
22 Registrar shall not require surrender by DTC or its nominee of the Bonds so
23 redeemed, and DTC or its nominee may retain such Bonds and make an

1 appropriate notation thereon as to the amount of such partial redemption. DTC
2 shall deliver to the Bond Registrar, upon request, a written confirmation of such
3 partial redemption. The records maintained by the Bond Registrar shall be
4 conclusive as to the amount of the Bonds of such series and maturity that have
5 been redeemed.))

6 ((All transfers of beneficial ownership interests in Bonds registered in the
7 name of DTC or its nominee shall be effected by the procedures of DTC's
8 participants and/or indirect participants for recording and transferring the
9 ownership of beneficial interests in bonds.))

10 ((The City and the Bond Registrar may treat DTC (or its nominee) as the
11 sole and exclusive Registered Owner of the Bonds registered in its name for the
12 purposes of payment of the principal of, premium, if any, or interest with respect
13 to those Bonds, selecting Bonds or portions thereof to be redeemed, giving any
14 notice permitted or required to be given to Registered Owners under this
15 ordinance or the Bond Resolution, registering the transfer of Bonds, obtaining any
16 consent or other action to be taken by Registered Owners of Bonds and for all
17 other purposes whatsoever; and the City and the Bond Registrar shall not be
18 affected by any notice to the contrary. The City and the Bond Registrar shall not
19 have any responsibility or obligation to any direct or indirect DTC participant,
20 any person claiming a beneficial ownership interest in the Bonds under or through
21 DTC or any such participant, or any other person which is not shown on the Bond
22 Register as being a Registered Owner of Bonds, with respect to: (1) the Bonds;
23 (2) any records maintained by DTC or any such participant; (3) the payment by

1 ~~DTC or any such participant of any amount in respect of the principal of,~~
2 ~~premium, if any, or interest with respect to the Bonds; (4) any notice which is~~
3 ~~permitted or required to be given to Registered Owners of Bonds under this~~
4 ~~ordinance or the Bond Resolution; (5) the selection by DTC or any such direct or~~
5 ~~indirect participant of any person to receive payment in the event of a partial~~
6 ~~redemption of the Bonds; or (6) any consent given or other action taken by DTC~~
7 ~~as Registered Owner of the Bonds.))~~

8 ((~~So long as the Bonds are registered in the name of DTC or any nominee~~
9 ~~thereof, all notices required or permitted to be given to the registered owners of~~
10 ~~such Bonds under this ordinance or the Bond Resolution shall be given to DTC as~~
11 ~~provided in the Letter of Representations, in form and content satisfactory to~~
12 ~~DTC, the City and the Bond Registrar.))~~

13 ((~~In connection with any notice or other communication to be provided to~~
14 ~~registered owners pursuant to this ordinance or the Bond Resolution by the City~~
15 ~~or the Bond Registrar with respect to any consent or other action to be taken by~~
16 ~~registered owners of the Bonds, DTC shall consider the date of receipt of notice~~
17 ~~requesting such consent or other action as the record date for such consent or~~
18 ~~other action; however, the City or the Bond Registrar may establish a special~~
19 ~~record date for such consent or other action and shall give DTC notice of such~~
20 ~~special record date not less than fifteen (15) calendar days in advance of such~~
21 ~~special record date to the extent possible.))~~

22 ((~~Any successor Bond Registrar, in its written acceptance of its duties~~
23 ~~under this ordinance and the Bond Resolution, shall agree to take any actions~~

1 ~~necessary from time to time to comply with the requirements of the Letter of~~
2 ~~Representations.))~~

3 ~~((The book entry system for registration of the ownership of the Bonds in~~
4 ~~fully immobilized form may be discontinued at any time if: (1) after notice to the~~
5 ~~City and the Bond Registrar, DTC determines to resign as Securities Depository~~
6 ~~for the Bonds; or (2) after notice to DTC and the Bond Registrar, the City~~
7 ~~determines that a continuation of the system of book entry transfers through DTC~~
8 ~~(or through a successor Securities Depository) is not in the best interests of the~~
9 ~~City. In each of such events (unless, in the case described in clause (1) above, the~~
10 ~~City appoints a successor Securities Depository), the Bonds shall be delivered in~~
11 ~~registered certificate form to such persons, and in such maturities and principal~~
12 ~~amounts, as may be designated by DTC, but without any liability on the part of~~
13 ~~the City or the Bond Registrar for the accuracy of such designation. Whenever~~
14 ~~DTC requests the City and the Bond Registrar to do so, or whenever the City~~
15 ~~requests DTC and the Bond Registrar to do so after the determination by the City~~
16 ~~to replace DTC with a successor Securities Depository, the City and the Bond~~
17 ~~Registrar shall cooperate with DTC in taking appropriate action after reasonable~~
18 ~~notice to arrange for another Securities Depository to maintain custody of~~
19 ~~certificates evidencing the Bonds.))~~

20 **Section 7. Amendment to Section 6 of the Ordinance.** Section 6 of Ordinance

21 121940 is deleted in its entirety:

22 ~~((Section 6. Mutilated, Lost, Stolen and Destroyed Bonds. In case~~
23 ~~any Bonds issued hereunder shall become mutilated or be destroyed, stolen or~~

1 ~~lost, the City may, if not then prohibited or otherwise required by law, cause to be~~
2 ~~executed and delivered a new Bond of like amount, series, interest rate, maturity~~
3 ~~date and tenor in exchange and substitution for and upon cancellation of such~~
4 ~~mutilated Bonds, or in lieu of and in substitution for such destroyed, stolen or lost~~
5 ~~Bonds, upon payment by the Registered Owner thereof of the reasonable expenses~~
6 ~~and charges of the City and the Bond Registrar in connection therewith, and in the~~
7 ~~ease of a Bond destroyed, stolen or lost, the filing with the Bond Registrar of~~
8 ~~evidence satisfactory to the City that such Bond was destroyed, stolen or lost, and~~
9 ~~of the ownership thereof, and furnishing the City and the Bond Registrar with~~
10 ~~indemnity satisfactory to each of them. If the mutilated, destroyed, stolen or lost~~
11 ~~Bond already has matured or been called for redemption in accordance with its~~
12 ~~terms it shall not be necessary to issue a new Bond prior to payment. If the~~
13 ~~provisions of State law at any time differ from the provisions of this Section 6~~
14 ~~with respect to the requirements or procedures for replacing or otherwise handling~~
15 ~~mutilated, lost, stolen or destroyed Bonds, then the provisions of State law shall~~
16 ~~prevail.))~~

17 **Section 8. Amendment to Section 7 of the Ordinance.** Section 7 of Ordinance
18 121940 is renumbered as Section 6 and is amended and restated as follows:

19 Section ((7))6. Payment of Bonds((~~Principal and Interest~~)). Principal
20 of((~~, premium, if any,~~)) and interest on ((the))each Bond((s)) shall be payable
21 solely out of the Bond Account, in lawful money of the United States((~~of~~
22 America. Interest on the Bonds shall be paid by checks or drafts mailed by the
23 Bond Registrar)). Principal of and interest on each Bond registered in the name of

1 the Securities Depository is payable in the manner set forth in the Letter of
2 Representations. Interest on each Bond not registered in the name of the
3 Securities Depository is payable by electronic transfer on the interest payment
4 date, or by check or draft of the Bond Registrar mailed on the interest payment
5 date to the ((~~the~~)Registered ((~~the~~)Owner((s)) at the address((es)) appearing on the
6 Bond Register on the ((~~fifteenth day of the month preceding the interest payment~~
7 date (or other record date established in the Bond Resolution, the "Record Date"
8 or, at))Record Date. However, the City is not required to make electronic transfers
9 except pursuant to a request ((of the))by a ((~~the~~)Registered ((~~the~~)Owner ((of One
10 Million Dollars (\$1,000,000) or more in aggregate principal amount of Bonds, by
11 wire transfer to an account in the United States designated in writing by such
12 registered owner))in writing received at least ten days prior to the Record Date
13 and at the sole expense of the Registered Owner. Principal of ((and premium, if
14 any, on the Bonds shall be))each Bond not registered in the name of the Securities
15 Depository is payable upon presentation and surrender of the Bond((s)) by the
16 ((~~the~~)Registered ((~~the~~)Owner((s at either of the principal offices of the Bond
17 Registrar at the option of the registered owners. Notwithstanding the foregoing,
18 payment of any Bonds registered in the name of DTC or its nominee, shall be
19 made in accordance with the Letter of Representations.)) to the Bond Registrar.
20 The Bonds are not subject to acceleration under any circumstances. ((The Bonds
21 shall be payable solely out of the Bond Account and shall not be general
22 obligations of the City.))

1 **Section 9. Amendment to Section 8 of the Ordinance.** Section 8 of Ordinance
2 121940 is renumbered as Section 7 and is amended and restated as follows:

3 **Section ((8))7. Redemption and ((Open Market))Purchase of Bonds.**

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

8 **(b) Mandatory Redemption.** ~~((The City shall redeem any Term~~
9 ~~Bonds, if))~~If not redeemed ((under the optional redemption provisions set forth in
10 ~~the Bond Resolution or purchased in the open market under the provisions set~~
11 ~~forth below, by lot (or in such other manner as the Bond Registrar shall~~
12 ~~determine) at par))~~or purchased at the City's option prior to maturity, Term Bonds
13 (if any) shall be redeemed, at a price equal to the principal amount thereof to be
14 redeemed plus accrued interest, on the dates and in the ~~((years and principal~~
15 ~~amounts))~~Sinking Fund Requirements as set forth in the Bond Resolution. If the
16 City redeems ~~((Term Bonds under the optional redemption provisions set forth in~~
17 ~~the Bond Resolution))~~or purchases Term Bonds ~~((in))~~at the ((open market as set
18 ~~forth below))~~City's option prior to maturity, the Term Bonds so redeemed or
19 purchased (irrespective of their redemption or purchase prices) shall be credited at
20 the par amount thereof against the remaining ~~((mandatory redemption~~
21 ~~requirements in a manner to be))~~Sinking Fund Requirements as determined by the
22 Director of Finance~~((or, if no such))~~. In the absence of a determination ((is

1 made,))by the Director of Finance or other direction in the Bond Resolution,
2 credit shall be allocated on a pro rata basis.

3 (c) **Selection of Bonds for Redemption; Partial Redemption.**

4 ~~((Whenever less than all of the Bonds of a single series and maturity are to be~~
5 ~~redeemed, the Bond Registrar shall select the Bonds or portions thereof to be~~
6 ~~redeemed from the Bonds of that series and maturity by lot, or in such other~~
7 ~~manner as the Bond Registrar shall determine, except that, for so long as the~~
8 ~~Bonds are)) If fewer than all of the outstanding Bonds are to be redeemed at the~~
9 ~~option of the City, the Director of Finance shall select the Series and maturity or~~
10 ~~maturities to be redeemed. If fewer than all of the outstanding Bonds of a maturity~~
11 ~~of a Series are to be redeemed, the Securities Depository shall select Bonds~~
12 ~~registered in the name of ((DTC or its nominee, DTC shall select the Bonds or~~
13 ~~portions thereof))the Securities Depository to be redeemed in accordance with the~~
14 ~~Letter of Representations, and the Bond Registrar shall select all other Bonds to~~
15 ~~be redeemed randomly in such manner as the Bond Registrar shall determine. ((In~~
16 ~~no event shall any Bond be outstanding in a principal amount that is not an~~
17 ~~authorized denomination.))~~

18 ~~((Portions of the principal amount of any Bond, in integral amounts of~~
19 ~~Five Thousand Dollars (\$5,000)) All or a portion of the principal amount of any~~
20 ~~Bond that is to be redeemed may be redeemed((, unless otherwise provided in the~~
21 ~~Bond Resolution)) in any Authorized Denomination. If less than all of the~~
22 ~~outstanding principal amount of any Bond is redeemed, upon surrender of that~~
23 ~~Bond ((at either of the principal offices of))to the Bond Registrar((;)) there shall~~

1 be issued to the Registered Owner, without charge~~((-therefor))~~, a new Bond (or
2 Bonds, at the option of the Registered Owner) of the same ~~((s))~~Series, maturity
3 and interest rate in any ~~((of the denominations authorized by the Bond
4 Resolution))~~Authorized Denomination in the aggregate ~~((total))~~principal amount
5 ~~((remaining unredeemed))~~to remain outstanding.

6 **~~((Open Market))~~Purchase.** The City reserves the right and
7 option to purchase any or all of the Bonds ~~((in))~~offered to the ~~((open market))~~City
8 at any time at any price acceptable to the City plus accrued interest to the date of
9 purchase.~~((The principal amount of Term Bonds purchased pursuant to this
10 Section shall be credited at the par amount thereof against the next mandatory
11 redemption requirement that is at least sixty (60) days after the date of purchase,
12 or as otherwise directed by the Director of Finance.))~~

13 ~~**((e)) Bonds to be Canceled.** All Bonds purchased or redeemed under
14 this Section shall be canceled.))~~

15 **Section 10. Amendment to Section 9 of the Ordinance.** Section 9 of Ordinance
16 121940 is renumbered as Section 8 and is amended and restated as follows:

17 **Section ~~((9))~~8. Notice of Redemption.** The City shall cause notice of
18 any intended redemption of Bonds to be given not less than ~~((thirty (30)))~~20 nor
19 more than ~~((sixty (60)))~~60(~~((9))~~) days prior to the date fixed for redemption by first~~((-))~~
20 class mail, postage prepaid, to the ~~((R))~~Registered ~~((O))~~Owner of any Bond to be
21 redeemed at the address appearing on the Bond Register ~~((at the time the Bond
22 Registrar prepares the notice))~~on the Record Date, and the requirements of this
23 sentence shall be deemed to have been fulfilled when notice has been mailed as so

1 provided, whether or not it is actually received by the ~~((registered or))~~ Owner of
2 any Bond. Interest on Bonds called for redemption shall cease to accrue on the
3 date fixed for redemption unless the Bond or Bonds called are not redeemed when
4 presented pursuant to the call. ~~((In addition, the redemption notice shall be mailed
5 by the Bond Registrar within the same period, postage prepaid, to the Rating
6 Agencies at their offices in New York, New York, or their successors, to any
7 bond insurer for the Bonds, and to such other persons and with such additional
8 information as the Director of Finance shall determine or as specified in the Bond
9 Resolution, but these additional mailings shall not be a condition precedent to the
10 redemption of Bonds.))~~

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

18 **Section 11. Amendment to Section 10 of the Ordinance.** Section 10 of Ordinance
19 121940 is renumbered as Section 9 and is amended and restated as follows:

20 **Section ~~((10))~~9. Failure to ~~((Redeem))~~Pay Bonds.** If any Bond is
21 not ~~((redeemed))~~ paid when properly presented at its maturity or
22 ~~((call))~~ redemption date, the City shall be obligated to pay, solely from the Bond
23 Account and other sources pledged in this ordinance, interest on that Bond at the

1 same rate provided in ~~((the))~~that Bond from and after its maturity or
2 ~~((each))~~redemption date until that Bond, principal, premium~~((s))~~ (if any), and
3 interest, is paid in full or until sufficient money for its payment in full is on
4 deposit in the Bond Account and ~~((the))~~that Bond has been called for payment by
5 giving notice of that call to the Registered Owner of ~~((each of those unpaid~~
6 ~~Bonds))~~that Bond.

7 **Section 12. Amendment to Section 11 of the Ordinance.** Section 11 of Ordinance
8 121940 is renumbered as Section 10 and is amended and restated as follows:

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

16 Only Bonds bearing a ~~((C))~~certificate of ~~((A))~~authentication in
17 substantially the following form (with the designation, year~~((s))~~ and ~~((s))~~Series
18 ~~((of the Bonds completed))~~adjusted consistent with this ordinance), manually
19 signed by the Bond Registrar, shall be valid or obligatory for any purpose or
20 entitled to the benefits of this ordinance: ~~((CERTIFICATE OF~~
21 ~~AUTHENTICATION))~~“This Bond is one of the fully registered The City of
22 Seattle, Washington, [Solid Waste Refunding Revenue Bonds], [Year], [Series],
23 described in ~~((the Bond Ordinance.))~~[this ordinance].” ~~((Bond Registrar By: _____~~

1 ~~Authorized—Signer—~~)The authorized signing of a ~~((C))~~certificate of
2 ~~((A))~~authentication shall be conclusive evidence that the Bond so authenticated
3 has been duly executed, authenticated and delivered and is entitled to the benefits
4 of this ordinance.

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

15 **Section 13. New Section 11 Added to the Ordinance.** A new section is added to
16 Ordinance 121940, to be numbered Section 11, as follows:

17 **Section 11. Deposit and Use of Proceeds.** Unless provided otherwise
18 in the Bond Resolution, the principal proceeds and premium, if any received from
19 the sale of each Series, in the amount necessary to carry out the Refunding Plan
20 (including payment of costs of issuance and administrative costs of carrying out
21 the refunding) approved in connection with such Series, shall be deposited with
22 the Refunding Trustee and used in accordance with the provisions of Section 12

1 and the Refunding Plan to discharge the obligations of the City relating to the
2 Refunded Bonds.

3 To the extent not necessary to carry out the Refunding Plan, excess
4 proceeds received from the sale of a Series (including interest earnings thereon)
5 shall be deposited into such funds, subfunds, accounts and subaccounts as the
6 Director of Finance shall determine, consistent with the Bond Resolution. The
7 Director of Finance may apply any amounts remaining after the costs of issuance
8 and the administrative costs of the Refunding Plan have been paid (or after the
9 City Council has determined that the expenditure of such amounts for those
10 purposes is no longer necessary or appropriate) to pay principal of and interest on
11 that Series or for any other purposes approved by ordinance or by the Bond
12 Resolution.

13 **Section 14. Amendment to Section 12 of the Ordinance.** Section 12 of Ordinance
14 121940 is deleted in its entirety:

15 ~~((Section 12. Bond Registrar. The Bond Registrar shall keep, or cause~~
16 ~~to be kept, at its principal corporate trust office, sufficient books for the~~
17 ~~registration and transfer of the Bonds which shall be open to inspection by the~~
18 ~~City at all times. The Bond Registrar is authorized, on behalf of the City, to~~
19 ~~authenticate and deliver Bonds transferred or exchanged in accordance with the~~
20 ~~provisions of the Bonds and this ordinance, to serve as the City's paying agent for~~
21 ~~the Bonds and to carry out all of the Bond Registrar's powers and duties under~~
22 ~~this ordinance and SMC Chapter 5.10 establishing a system of registration for the~~
23 ~~City's bonds and obligations, as that chapter now exists or may be amended. The~~

1 City reserves the right in its discretion to appoint special paying agents, registrars
2 or trustees in connection with the payment of some or all of the principal of or
3 interest on the Bonds. If a new Bond Registrar is appointed by the City, notice of
4 the name and address of the new Bond Registrar shall be mailed to the registered
5 owners of the Bonds. The notice may be mailed together with the next interest
6 payment due on the Bonds, but, to the extent practicable, shall be mailed not less
7 than fifteen (15) days prior to a maturity date of the principal of any Bond.))

8 ((The Bond Registrar shall be responsible for its representations contained
9 in the Bond Registrar's Certificate of Authentication on the Bonds. The Bond
10 Registrar may become the registered owner of Bonds with the same rights it
11 would have if it were not the Bond Registrar and, to the extent permitted by law,
12 may act as depository for and permit any of its officers or directors to act as
13 members of, or in any other capacity with respect to, any committee formed to
14 protect the rights of the registered owners of the Bonds.))

15 **Section 15. Amendment to Section 13 of the Ordinance.** Section 13 of Ordinance
16 121940 is deleted in its entirety:

17 ((**Section 13. Finding of Sufficiency of Gross Revenue.** A series of
18 Bonds will be issued only if the City finds and determines by the Bond Resolution
19 (a) that the issuance and sale of such Bonds is in the best interest of the City and
20 in the public interest, and (b) that the Gross Revenue, at the rates charged and to
21 be charged from time to time upon the Solid Waste System consistent with
22 Section 16(a) hereof, will be sufficient, in the judgment of the City, to meet all
23 Maintenance and Operation Expenses and to provide the amounts previously

1 ~~pledged to pay and secure the payment of the principal of and interest on all~~
2 ~~outstanding obligations that are payable out of such Gross Revenue and the~~
3 ~~principal and interest on the Bonds authorized. In making such findings and~~
4 ~~determinations, the City shall have due regard to the cost of operation and~~
5 ~~maintenance of the Solid Waste System and to any portion of the Gross Revenue~~
6 ~~pledged for the payment of any bonds, warrants or other indebtedness.))~~

7 **Section 16. Amendment to Subsection 14(a) of the Ordinance.** Subsection 14(a) to
8 Ordinance 121940 is renumbered as Section 14 and is amended and restated as follows:

9 **Section 14. Security for ((Parity))the Bonds.** ~~(((a) Pledge of Net~~
10 ~~Revenue))~~The Bonds shall be special limited obligations of the City payable from
11 and secured solely by the Net Revenue and by money in the Bond Account and
12 the subaccounts therein, (including, without limitation, the Reserve Subaccount).
13 ~~((The))~~ Net Revenue is pledged to make the payments into the Bond Account and
14 the Reserve Subaccount required by ~~((paragraphs (b) and (c) of this~~
15 ~~Section))~~subsections (b), (c) and (d) of Section 15, which pledge shall constitute a
16 lien and charge upon such Net Revenue prior and superior to all other liens and
17 charges whatsoever.

18 The Bonds shall be on a parity with the Outstanding Parity Bonds and all
19 Future Parity Bonds, without regard to date of issuance or authorization and
20 without preference or priority of right or lien. Nothing in this ordinance prevents
21 the City from issuing revenue bonds or other obligations which are a lien or
22 charge upon Net Revenue subordinate to the payments required to be made from
23 Net Revenue into the Bond Account and the subaccounts therein.

1 The Bonds shall not in any manner or to any extent constitute general
2 obligations of the City, the State or any political subdivision of the State or a lien
3 or charge upon any general fund or upon any money or other property of the City,
4 the State or any political subdivision of the State not specifically pledged thereto
5 by this ordinance.

6 **Section 17. Amendment to Subsections 14(b) and (c) of the Ordinance.**

7 Subsections 14(b) and (c) of Ordinance 121940 are renumbered as Section 16 and are amended
8 and restated as follows:

9 ~~((Section 14](b)))~~**Section 16. Bond Account**~~((; **Principal and Interest**~~
10 **Subaccount**~~)).~~ A special account of the City known as the “Bond Account” has
11 been created and shall be maintained as a separate account within the Solid Waste
12 Fund, for the sole purpose of paying the principal of and premium, if any, and
13 interest on the Parity Bonds as the same shall become due. The Bond Account
14 consists of the Principal and Interest Subaccount and the Reserve Subaccount and
15 such additional subaccounts as the Director of Finance may deem necessary.
16 ~~((The Parity Bonds shall be payable, p))~~Principal of, premium~~((;))~~ (if any)~~((;))~~ and
17 interest on the Parity Bonds~~((;))~~ shall be payable out of the Bond Account.

18 **(a) Required Payments Into the Bond Account.** From and after the
19 issuance of the Bonds, and so long thereafter as any Parity Bonds are outstanding
20 against the Bond Account (including any Payment Agreement Payments required
21 to be made under any Parity Payment Agreements), the Director of Finance shall
22 set aside and pay into the Principal and Interest Subaccount on or prior to the
23 respective dates on which the interest on or principal of and interest on the Parity

1 Bonds shall become due and payable certain fixed amounts out of the Net
2 Revenue sufficient to pay such interest or principal and interest as the same shall
3 become due.

4 (b) Reserve Subaccount. The Reserve Subaccount previously has
5 been created and maintained as a subaccount within the Bond Account for the
6 purpose of securing the payment of the principal of and interest on all Parity
7 Bonds outstanding (including amounts due under any Parity Payment Agreements
8 if required under such agreement).

9 (c) Investment of Money in Bond Account. Money in the Principal
10 and Interest Subaccount shall, to the fullest extent practicable and reasonable, be
11 invested and reinvested at the direction of the Director of Finance solely in, and
12 obligations deposited in such accounts shall consist of, Permitted Investments.
13 Earnings on money and investments in the Principal and Interest Subaccount shall
14 be deposited in and used for the purposes of that subaccount.

15 ~~(((e) Reserve Subaccount. (i) Creation; Investment. The Reserve~~
16 ~~Subaccount has been created and maintained as a subaccount within the Bond~~
17 ~~Account for the purpose of securing the payment of the principal of and interest~~
18 ~~on all Parity Bonds outstanding (including amounts due under any Parity Payment~~
19 ~~Agreements if required under such agreement).))~~ Money held in the Reserve
20 Subaccount shall, to the fullest extent practicable and reasonable, be invested and
21 reinvested at the direction of the Director of Finance solely in, and obligations
22 deposited in such accounts shall consist of, Permitted Investments. Earnings on
23 money and investments in the Reserve Subaccount shall be deposited in that fund

1 and credited against amounts required to be deposited therein until the Reserve
2 Subaccount is fully funded, and thereafter such earnings shall be deposited in the
3 Principal and Interest Subaccount.

4 **(d)** ~~(((ii)(A)))~~ **Funding of Reserve Requirement.** The City shall
5 provide in the Bond Resolution with respect to the Bonds or in the Parity Bond
6 ~~((Ordinance or resolution))~~ Legislation authorizing the issuance of any Future
7 Parity Bonds for the deposit into the Reserve Subaccount out of the Net Revenue
8 (or out of any other funds of the City on hand and legally available therefor,
9 including proceeds of the Bonds or of the Future Parity Bonds being issued or any
10 other Future Parity Bonds) of periodic payments so that by five ~~(((5)))~~ years from
11 the date of such Future Parity Bonds there will have been paid into the Reserve
12 Subaccount an amount which, together with the money already on deposit therein,
13 will be at least equal to the Reserve Requirement for all Parity Bonds outstanding
14 at the end of that five-year period.

15 ~~(((B)))~~ Notwithstanding the foregoing, the Bond Resolution or any Parity
16 Bond ~~((Ordinance))~~ Legislation may provide for the City to obtain Qualified
17 Insurance or a Qualified Letter of Credit for specific amounts required to be paid
18 into the Reserve Subaccount. The amount available to be drawn upon under such
19 Qualified Insurance or Qualified Letter of Credit shall be credited against the
20 amounts required to be maintained in the Reserve Subaccount by
21 ~~((Section 14(e)(ii)(A)))~~ this subsection.

22 ~~(((C)))~~ Such Qualified Letter of Credit or Qualified Insurance shall not be
23 cancelable on less than three ~~(((3)))~~ years' notice. If the City receives any such

1 notice of cancellation, the City shall substitute Qualified Insurance or a Qualified
2 Letter of Credit in the amount required pursuant to ~~((Section 14(e)(ii)(B)))~~this
3 subsection or in the alternative shall create a special account in the Solid Waste
4 Fund and deposit therein, on or before the ~~((twenty-fifth-))~~25th~~(())~~ day of each of
5 the ~~((thirty-six-))~~36~~(())~~ succeeding calendar months, ~~((one-thirty-sixth~~
6 ~~))~~1/36th~~(())~~ of the amount sufficient, together with other money and investments
7 on deposit in the Reserve Subaccount, to equal the Reserve Requirement on the
8 date any such cancellation shall become effective. Such amounts shall be
9 transferred from money in the Solid Waste Fund (after making provision for
10 payment of Maintenance and Operation Expenses and for the required payments
11 into the Principal and Interest Subaccount). Amounts on deposit in such special
12 account shall not be available to pay debt service on Parity Bonds or for any other
13 purpose of the City, and shall be transferred to the Reserve Subaccount on the
14 effective date of any cancellation of a Qualified Letter of Credit or Qualified
15 Insurance to make up the deficiency caused thereby.

16 ~~((D))~~If the amount in the Reserve Subaccount shall be less than the
17 Reserve Requirement (taking into account the five~~((5))~~ year period referred to
18 in ~~((Section 14(e)(ii)(A)))~~this subsection, the City shall transfer to the Reserve
19 Subaccount money in an amount sufficient to restore the Reserve Subaccount to
20 the Reserve Requirement within ~~((twelve-))~~12~~(())~~ months after the date of such
21 deficiency. The City shall transfer such amounts from money in the Solid Waste
22 Fund (after making provision for payment of Maintenance and Operation
23 Expenses and for the required payments into the Principal and Interest

1 Subaccount). If the amount in the Reserve Subaccount shall be greater than the
2 Reserve Requirement, then and only then may the City withdraw such excess
3 from the Reserve Subaccount and deposit such excess in the Solid Waste Fund to
4 be used for any lawful purpose.

5 ~~(((iii)))~~(e) **Use of Reserve Subaccount for Refunding Bonds.** If any
6 Parity Bonds are refunded, the money set aside in the Reserve Subaccount to
7 secure the payment of such Parity Bonds may be used to retire such Parity Bonds
8 or may be transferred to any Reserve Subaccount or account which may be
9 created to secure the payment of any bonds issued to refund such Parity Bonds, as
10 long as the money left remaining in the Reserve Subaccount is at least equal,
11 together with any Qualified Insurance or Qualified Letters of Credit, to the
12 Reserve ~~((Subaccount))~~Requirement.

13 ~~(((iv)))~~(f) **Use of Reserve Subaccount for Payment of Debt**
14 **Service.** If the money in the Principal and Interest Subaccount is insufficient to
15 meet maturing installments of either interest on or principal of and interest on the
16 Parity Bonds payable out of the Bond Account (including amounts payable under
17 any Parity Payment Agreement), such deficiency shall be made up from the
18 Reserve Subaccount by the withdrawal of money or proceeds of Qualified
19 Insurance or Qualified Letters of Credit therefrom, as the case may be. Any
20 deficiency created in the Reserve Subaccount by reason of any such withdrawal or
21 claim against Qualified Insurance or a Qualified Letter of Credit shall then be
22 made up out of the Net Revenue, after making necessary provision for the

1 payments required to be made for debt service on any outstanding Parity Bonds
2 consistent with Section 15(~~of this ordinance~~).

3 ~~((v))~~**(g) Withdrawals From Reserve Subaccount.** Money in the
4 Reserve Subaccount may be withdrawn by the City for any lawful purpose as long
5 as the aggregate of any money, Qualified Insurance and Qualified Letters of
6 Credit left remaining on deposit in the Reserve Subaccount is at least equal to the
7 Reserve Requirement for the Parity Bonds then outstanding.

8 The City reserves the right to substitute Qualified Insurance or a Qualified
9 Letter of Credit for money previously deposited in the Reserve Subaccount and to
10 withdraw such money to the extent described in the preceding paragraph.

11 Any withdrawals from subaccounts within the Reserve Subaccount shall
12 be made on a pro rata basis except when the provider of a Qualified Letter of
13 Credit or Qualified Insurance requires all cash and investments in the Reserve
14 Subaccount to be withdrawn before draws are made on the Qualified Letter of
15 Credit or Qualified Insurance, or unless the City receives an opinion of Bond
16 Counsel to the effect that such pro rata withdrawal is not required to maintain the
17 exclusion of interest on the Parity Bonds then outstanding from gross income for
18 federal income tax purposes.

19 **Section 18. Amendment to Section 15 of the Ordinance.** Section 15 of Ordinance
20 121940 is amended and restated as follows:

21 **Section 15. Flow of Funds.** ~~((The))~~Gross Revenue of the Solid Waste
22 System shall be used for the following purposes only and shall be applied in the
23 following order of priority:

- 1 (a) To pay Maintenance and Operation((s)) Expenses;
- 2 (b) To pay interest on Parity Bonds and Payment Agreement Payments
3 when due;
- 4 (c) To pay the principal of Parity Bonds as it comes due at maturity or
5 as the principal is required to be paid pursuant to mandatory redemption
6 requirements applicable to Term Bonds;
- 7 (d) To make all payments required to be made into the Reserve
8 Subaccount;
- 9 (e) To make all payments required to be made into any revenue bond,
10 note, warrant or other revenue obligation redemption fund, debt service account
11 or reserve account created to pay or secure the payment of the principal of and
12 interest on any revenue bonds, notes, warrants or other obligations of the City
13 having a lien upon the Net Revenue junior and inferior to the lien thereon for the
14 payment of the principal of and interest on the Parity Bonds; and
- 15 (f) To retire by redemption or purchase (~~in the open market~~)any
16 outstanding revenue bonds or other revenue obligations of the Solid Waste
17 System, to make necessary additional betterments, improvements and repairs to or
18 extensions and replacements of the Solid Waste System, to make deposits into the
19 Rate Stabilization Account, or for any other lawful purposes of the Solid Waste
20 System.

21 The City may transfer any money from any funds or accounts of the Solid
22 Waste System legally available therefor, except bond redemption funds, refunding

1 escrow funds or defeasance funds, to meet the required payments to be made into
2 the Bond Account.

3 **Section 19. Amendment to Section 16 of the Ordinance.** Section 16 of Ordinance
4 121940 is renumbered as Section 17 and is amended and restated as follows:

5 **Section ~~((16))17. Parity Bond Covenants.~~**

6 **(a) Establishment and Collection of Rates and Charges.** The City
7 will establish, maintain and collect rates and charges for services and facilities
8 provided by the Solid Waste System and will adjust those rates and charges from
9 time to time so that:

10 (i) Gross Revenue will be sufficient to (A) pay all
11 Maintenance and Operation Expenses, (B) pay when due all amounts that the City
12 is obligated to pay into the Bond Account and the subaccounts therein, and
13 (C) pay all taxes, assessments or other governmental charges lawfully imposed on
14 the Solid Waste System or the revenue therefrom or payments in lieu thereof and
15 any and all other amounts which the City may now or hereafter become obligated
16 to pay from the Gross Revenue by law or contract; and

17 (ii) Adjusted Net Revenue in each fiscal year will be at least
18 equal to the Coverage Requirement; and

19 (iii) Except to aid the poor or infirm, it will not furnish or
20 supply or permit the furnishing or supplying of any service or facility in
21 connection with the operation of the Solid Waste System free of charge to any
22 person, firm or corporation, public or private.

1 The failure of the City to comply with ~~((sub))~~paragraphs (i) and (ii) of this
2 ~~((Section 16(a)))~~subsection shall not be an Event of Default under this ordinance
3 if the City promptly retains ~~((a Professional))~~an Independent Utility Consultant to
4 recommend to the City Council adjustments in the rates of the Solid Waste
5 System necessary to meet the requirements of those ~~((sub))~~paragraphs and if the
6 City Council adopts the recommended modifications within ~~((one hundred eighty~~
7 ~~))~~180~~((9))~~ days of the date the failure became known to the City Council.

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

16 **(c) Liens Upon the Solid Waste System.** Except as otherwise
17 provided in this ordinance, ~~((#))~~the City will not at any time create or permit to
18 accrue or to exist any lien or other encumbrance or indebtedness upon the Gross
19 Revenue or any part thereof~~((;))~~ prior or superior to the lien thereon for the
20 payment of the Parity Bonds, and will pay and discharge, or cause to be paid and
21 discharged, any and all lawful claims for labor, materials or supplies which, if
22 unpaid, might become a lien or charge upon the Gross Revenue or any part

1 thereof((;)) prior or superior to, or on a parity with, the lien of the Parity Bonds, or
2 which might impair the security of the Parity Bonds.

3 **(d) Books and Accounts.** ((#))The City will keep proper books,
4 records and accounts with respect to the operations, income and expenditures of
5 the Solid Waste System in accordance with generally accepted accounting
6 practices applicable to governmental utilities and any applicable rules and
7 regulations prescribed by the State. The City will prepare or cause to be prepared
8 annual financial and operating statements as soon as practicable after the close of
9 each fiscal year showing in reasonable detail the financial condition of the Solid
10 Waste System as of the close of the previous year, and the income and expenses
11 for such year, including the amounts paid into the Bond Account and into any and
12 all special funds or accounts created pursuant to the provisions of this ordinance,
13 the status of all funds and accounts as of the end of such year, and the amounts
14 expended for maintenance, renewals, replacements and capital additions to the
15 Solid Waste System. A copy of such annual financial statements shall be sent to
16 any owner of Parity Bonds upon written request therefor being made to the City.
17 The City may charge a reasonable cost for providing such financial statements.

18 **(e) Collection of Delinquent Accounts.** On at least an annual basis,
19 ((#))the City will determine all accounts that are delinquent and will take such
20 actions as the City determines are reasonably necessary to enforce payment of
21 those delinquent accounts.

22 **(f) Maintenance of Insurance.** ((#))The City at all times will carry
23 fire and extended coverage, public liability and property damage and such other

1 forms of insurance with responsible insurers and with policies payable to the City
2 on such of the buildings, equipment, works, plants, facilities and properties of the
3 Solid Waste System as are ordinarily carried by municipal or privately owned
4 utilities engaged in the operation of ~~((the-))~~like systems, and against such claims
5 for damages as are ordinarily carried by municipal or privately owned utilities
6 engaged in the operation of like systems, or, in the City's sole discretion, it will
7 self-insure or ~~((will-))~~participate in an insurance pool or pools with reserves
8 adequate, in the reasonable judgment of the City, to protect the Solid Waste
9 System against loss.

10 (g) **Condemnation Award((s)) and Insurance Proceeds.** If the City
11 receives any condemnation award((s)) or proceeds of an insurance policy in
12 connection with any loss of or damage to any property of the Solid Waste System,
13 ~~((#))~~the City shall apply the condemnation award or insurance proceeds, in the
14 City's sole discretion, either ~~((to))~~ (i) to the cost of replacing or repairing the lost
15 or damaged properties, (ii) to the payment, purchase or redemption of Parity
16 Bonds, or (iii) to the cost of improvements to the Solid Waste System.

17 (h) **Sale of System.** The City will only sell, transfer or otherwise
18 dispose of all or any part of the works, plant, properties, facilities or other
19 component of the Solid Waste System or any real or personal property comprising
20 a part of the Solid Waste System ~~((only-))~~consistent with one or more of the
21 following:

22 (i) The City in its discretion may carry out such a sale, transfer
23 or disposition (each, as used in this ~~((paragraph (h)))~~subsection, a "transfer") if

1 the facilities or property transferred are not material to the operation of the Solid
2 Waste System, or shall have become unserviceable, inadequate, obsolete or unfit
3 to be used in the operation of the Solid Waste System or are no longer necessary,
4 material or useful to the operation of the Solid Waste System; or

5 (ii) The City in its discretion may carry out such a transfer if
6 the aggregate depreciated cost value of the facilities or property being transferred
7 under this ~~((subparagraph (2)))~~ paragraph in any fiscal year comprises no more
8 than ~~((five percent (5%)))~~ of the total assets of the Solid Waste System; or

9 (iii) The City in its discretion may carry out such a transfer if
10 the proceeds from such transfer are used to acquire new useful operating facilities
11 or properties of the Solid Waste System, or are used to retire outstanding Parity
12 Bonds or other revenue obligations of the Solid Waste System, if, at the time of
13 such transfer, there is on file with the City Clerk a certificate of ~~((a Professional
14 Utility Consultant))~~ the Director of Finance and the Director of Seattle Public
15 Utilities demonstrating that in his or her professional opinion, upon such transfer
16 and the use of proceeds of the transfer as proposed by the City, the remaining
17 facilities of the Solid Waste System will retain their operational integrity and,
18 based on the financial statements for the most recent fiscal year available, the
19 proposed transfer would not prevent the Solid Waste System from complying
20 with the rate covenants contained in Section ~~((16))~~ 17(a) during the five fiscal
21 years following the fiscal year in which the transfer is to occur. The ~~((Professional
22 Utility Consultant))~~ Director of Finance and the Director of Seattle Public Utilities
23 shall take into account, (A) the reduction in revenue and expenses, if any,

1 resulting from the transfer; (B) the use of any proceeds of the transfer for the
2 redemption of Parity Bonds, (C) the ~~((Professional Utility Consultant's))~~Director
3 of Finance and the Director of Seattle Public Utilities' estimate of revenue from
4 customers anticipated to be served by any additions to and betterments and
5 extensions of the Solid Waste System financed in part by the proposed portion of
6 the proceeds of the transfer, and (D) any other adjustment permitted in the
7 preparation of a certificate under Section ~~((17))~~18(a)(ii)~~((of this ordinance))~~.
8 Before such a transfer, the City also must obtain confirmation from each of the
9 Rating Agencies to the effect that the rating then in effect will not be reduced or
10 withdrawn upon such transfer.~~((Upon the redemption or defeasance of all the~~
11 ~~then-outstanding 1999A and 1999B Bonds, the certificate required under~~
12 ~~paragraph (h)(ii) of this section may be given by the Director of Finance and the~~
13 ~~Director of Seattle Public Utilities.))~~

14 **Section 20. Amendment to Section 17 of the Ordinance.** Section 17 of Ordinance
15 121940 is renumbered as Section 18 and is amended and restated as follows:

16 **Section ~~((17))~~18. ((Issuance of))Future Parity Bonds.**

17 (a) ~~((General.))~~Except as provided in ~~((Section 17))~~subsection (b) of
18 this ~~((ordinance))~~section for the issuance of ~~((R))~~refunding Parity Bonds, Future
19 Parity Bonds may be issued (and Parity Payment Agreements may be entered
20 into), from time to time in one or more series for any lawful purpose of the Solid
21 Waste System, only if at the time of the delivery of each series of Future Parity
22 Bonds to the initial purchasers thereof (or on the effective date of the Parity
23 Payment Agreement):

1 (i) There is no deficiency in the Bond Account or in any of the
2 accounts therein and provision has been made to meet the Reserve Requirement
3 for all Parity Bonds then outstanding plus such proposed series of Future Parity
4 Bonds; and

5 (ii) There shall have been filed with the City either:

6 (A) A certificate of both the Director of Finance and the
7 Director of Seattle Public Utilities (or any officer who succeeds to substantially
8 all of the responsibilities of either office) demonstrating that during any
9 ~~((twelve))~~12 consecutive calendar months out of the immediately preceding
10 ~~((twenty-four (4)))~~24 calendar months Adjusted Net Revenue was at least equal
11 to the Coverage Requirement of all Parity Bonds plus the Future Parity Bonds
12 proposed to be issued (and assuming that the debt service of the proposed Future
13 Parity Bonds for that ~~((twelve-))~~12-month period was the average Annual Debt
14 Service for those proposed bonds); or

15 (B) a certificate of both the Director of Finance and the
16 Director of Seattle Public Utilities (or any officer who succeeds to substantially
17 all of the responsibilities of either office) that in their opinion the Adjusted Net
18 Revenue for the five fiscal years next following the earlier of (i) the end of the
19 period during which interest on those Future Parity Bonds is to be capitalized or,
20 if no interest is capitalized, the fiscal year in which the Future Parity Bonds are
21 issued, or (ii) the date on which the substantially all new facilities financed with
22 those Future Parity Bonds are expected to commence operations, such Adjusted
23 Net Revenue further adjusted as provided in paragraphs ~~((w))~~(1) through

1 ~~((z))~~(4) below~~((s))~~ will be at least equal to the Coverage Requirement. That
2 certificate may take into account the following adjustments.

3 ~~((w))~~(1) Any changes in rates in effect and
4 being charged, or rates expected to be charged in accordance with a program of
5 specific rates, rate levels or increases in overall rate revenue approved by
6 ordinance or resolution;

7 ~~((x))~~(2) Net revenue from customers of the
8 Solid Waste System who have become customers during the ~~((twelve-))~~12~~((-))~~
9 consecutive~~((-))~~ -month period or thereafter, and their estimate of net revenue from
10 any customers to be connected to the Solid Waste System who have paid the
11 required connection charges, adjusted to reflect one year's net revenue from those
12 customers.

13 ~~((y))~~(3) Their estimate of net revenue from
14 customers anticipated to be served by facilities or improvements financed in
15 substantial part by those Future Parity Bonds (or additional Parity Bonds expected
16 to be issued during the five-year period); and

17 ~~((z))~~(4) Net revenue from any person, firm,
18 corporation or municipal corporation under any executed contract for ~~((S))~~ solid
19 ~~((W))~~ waste disposal or other utility service, which revenue was not included in
20 the historical Net Revenue of the Solid Waste ~~((Utility))~~ System.

21 (b) ~~((Issuance of Refunding Parity Bonds. (i)))~~ Without complying
22 with the provisions of ~~((Section 17))~~ subsection (a) of this ~~((ordinance))~~ section,
23 the City may at any time and from time to time issue one or more series of

1 ((R))refunding Parity Bonds, but only if there shall have been filed with the City a
2 certificate of the Director of Finance stating that immediately after the issuance of
3 such ((R))refunding Parity Bonds the Annual Debt Service in any calendar year
4 that Parity Bonds (other than such ((R))refunding Parity Bonds) are then
5 outstanding shall not be increased by more than ((Five Thousand Dollars
6))\$5,000(()) by reason of the issuance of such ((R))refunding Parity Bonds.

7 ((ii))Parity Bonds of any one or more series or one or more maturities
8 within a series may be refunded by a single series of ((R))refunding Parity Bonds,
9 which Parity Bonds to be refunded shall be specified in the Parity Bond
10 ((Ordinance))Legislation providing for the issuance of the ((R))refunding Parity
11 Bonds, and the principal amount of such ((R))refunding Parity Bonds may include
12 amounts necessary to pay the principal of the Parity Bonds to be refunded, interest
13 thereon to the date of payment or redemption thereof, any premium payable
14 thereon upon such payment or redemption, the costs of issuance of such
15 ((R))refunding Parity Bonds and an amount, if any, required to fund the Reserve
16 Requirement. The proceeds of the ((R))refunding Parity Bonds shall be held and
17 applied in such manner as is provided in the Parity Bond ((Ordinance))Legislation
18 providing for the issuance of such ((R))refunding Parity Bonds, so that upon the
19 delivery of such ((R))refunding Parity Bonds, the Parity Bonds to be refunded
20 thereby shall be deemed to be no longer outstanding in accordance with the
21 provisions of the Parity Bond ((Ordinance))Legislation providing for the issuance
22 of those Parity((b))Bonds.

1 ~~((iii))~~Refunding Parity Bonds may also be issued upon compliance
2 with the provisions of ~~((Section 17))~~subsection (a) of this ~~((ordinance))~~section.

3 ~~((iv))~~Nothing contained in this ordinance shall prohibit or prevent, or
4 be deemed or construed to prohibit or prevent, the City from issuing
5 ~~((R))~~refunding Parity Bonds to fund or refund maturing Parity Bonds of the City
6 for the payment of which money is not otherwise available without complying
7 with this ~~((Section 17))~~section.

8 (c) ~~((No Limitation on Junior Lien Bonds.))~~Nothing in this ordinance
9 shall prevent the City from issuing revenue bonds or other obligations having a
10 lien and charge on the Net Revenue subordinate to the lien and charge of the
11 Parity Bonds.

12 **Section 21. Amendment to Section 18 of the Ordinance.** Section 18 of Ordinance
13 121940 is renumbered as Section 19 and is amended and restated as follows:

14 **Section ~~((18))~~19. Rate Stabilization Account.** There has been
15 created in the Solid Waste Fund a separate account known as the Rate
16 Stabilization Account. The City may at any time, as determined by the City and as
17 consistent with Section 15, deposit in the Rate Stabilization Account Gross
18 Revenue and any other money received by the Solid Waste System and available
19 to be used therefor. The City may withdraw any or all of the money from the Rate
20 Stabilization Account for inclusion in the Adjusted Gross Revenue for any fiscal
21 year of the City. Such deposits or withdrawals may be made up to ~~((an))~~and
22 including the date ~~((ninety-))~~90(()) days after the end of the fiscal year for which
23 the deposit or withdrawal will be included as Adjusted Gross Revenue. No

1 deposit of Gross Revenue shall be made into the Rate Stabilization Account to the
2 extent that such deposit would prevent the City from meeting the Coverage
3 Requirement in the relevant fiscal year.

4 **Section 22. Amendment to Section 19 of the Ordinance.** Section 19 of Ordinance
5 121940 is renumbered as Section 20 and is amended and restated as follows:

6 **Section ~~((19))20. Separate Utility Systems.~~** The City may create,
7 acquire, construct, finance, own and operate one or more additional systems for
8 solid waste collection, transportation, treatment or disposal, or other commodity
9 or service related to the Solid Waste System. The revenue of that separate utility
10 system shall not be included in the Gross Revenue of the Solid Waste System and
11 may be pledged to the payment of revenue obligations issued to purchase,
12 construct, condemn or otherwise acquire or expand the separate utility system.
13 Neither the Gross Revenue nor the Net Revenue of the Solid Waste System shall
14 be pledged by the City to the payment of any obligations of a separate utility
15 system except (1) as a Contract Resource Obligation upon compliance with
16 Section ~~((20 hereof))21 and/or (2)(5)) with respect to the Net Revenue, on a basis
17 subordinate to the lien of the Parity Bonds on that Net Revenue.~~

18 **Section 23. Amendment to Section 20 of the Ordinance.** Section 20 of Ordinance
19 121940 is renumbered as Section 21 and is amended and restated as follows:

20 **Section ~~((20))21. Contract Resource Obligations.~~** The City may at
21 any time enter into one or more Contract Resource Obligations for the acquisition,
22 from facilities to be constructed, of solid waste collection, transportation,
23 treatment or disposal, or other commodity or service relating to the Solid Waste

1 System. The City may determine that, and may agree under a Contract Resource
2 Obligation to provide that, all payments under that Contract Resource Obligation
3 (including payments prior to the time that the solid waste collection,
4 transportation, treatment or disposal or other commodity or service is being
5 provided, or during a suspension or after termination of such other commodity or
6 service) shall be Maintenance and Operation Expenses if the following
7 requirements are met at the time such a Contract Resource Obligation is entered
8 into:

9 (a) No event of default under a Parity Bond (~~(Ordinance)~~)Legislation
10 has occurred and is continuing.

11 (b) There shall be on file a certificate of an
12 (~~(Professional)~~)Independent Utility Consultant stating that (i) the payments to be
13 made by the City in connection with the Contract Resource Obligation are
14 reasonable for the commodities provided or services rendered; (ii) the source of
15 any new commodities or services, and any facilities to be constructed to provide
16 the commodities or services, are sound from a solid waste collection,
17 transportation, treatment and disposal, or other commodity or service planning
18 standpoint, are technically and economically feasible in accordance with prudent
19 utility practice, and are likely to provide commodities or services no later than a
20 date set forth in the (~~(Professional)~~)Independent Utility Consultant's certification;
21 and (iii) the Adjusted Net Revenue (further adjusted by the
22 (~~(Professional)~~)Independent Utility Consultant's estimate of the payments to be
23 made in accordance with the Contract Resource Obligation) for the five fiscal

1 years following the year in which the Contract Resource Obligation is incurred, as
2 such Adjusted Net Revenue is estimated by the ~~((Professional))~~Independent
3 Utility Consultant in accordance with the provisions of and adjustments permitted
4 in Section ~~((17))~~18(a)(ii)~~((of this ordinance))~~, will be at least equal to the
5 Coverage Requirement.

6 Payments required to be made under Contract Resource Obligations shall
7 not be subject to acceleration. Nothing in this ~~((S))~~section shall be deemed to
8 prevent the City from entering into other agreements for the acquisition of solid
9 waste collection, transportation, treatment or disposal, or other commodity or
10 service, from existing facilities and from treating those payments as Maintenance
11 and Operation Expenses. Nothing in this ~~((S))~~section shall be deemed to prevent
12 the City from entering into other agreements for the acquisition of solid waste
13 collection, transportation, treatment or disposal, or other commodity or service,
14 from facilities to be constructed and from agreeing to make payments with respect
15 thereto, such payments constituting a lien and charge on Net Revenue subordinate
16 to that of Parity Bonds.

17 **Section 24. Amendment to Section 21 of the Ordinance.** Section 21 of Ordinance
18 121940 is renumbered as Section 22 and is amended and restated as follows:

19 **Section ~~((21))~~22. Refunding ~~((or))~~and Defeasance of the Bonds.**

20 The Bonds are hereby designated "Refundable Bonds" for purposes of this
21 ordinance, as it may be amended from time to time. The City may issue refunding
22 bonds pursuant to the laws of the State or use money available from any other
23 lawful source to pay when due the principal of $\frac{1}{2}$ ~~((and))~~ premium, if any, and

1 interest on ~~((the))~~any Bond~~((s))~~, or ~~((any-))~~portion thereof, included in a refunding
2 or defeasance plan, and to redeem and retire, release, refund or defease those
3 Bonds (the “defeased Bonds”) and to pay the costs of such refunding or
4 defeasance. If money and/or Government Obligations maturing at a time or times
5 and in an amount sufficient~~((-in amount))~~, together with known earned income
6 from the investment~~((s))~~ thereof, to redeem and retire, release, refund or defease
7 the defeased Bonds in accordance with their terms, are set aside in a special trust
8 fund or escrow account irrevocably pledged to ~~((that))~~such redemption, retirement
9 or defeasance (the “trust account”), then all right and interest of the ~~((o))~~Owners
10 of the defeased Bonds in the covenants of this ordinance and in the ~~((Gross))~~Net
11 Revenue and the funds and accounts pledged to the payment of ~~((the))~~such
12 defeased Bonds, other than the right to receive the funds so set aside and pledged,
13 thereafter shall cease and become void. Such Registered ~~((o))~~Owners thereafter
14 shall have the right to receive payment of the principal of and interest or
15 redemption price on the defeased Bonds from the trust account. ~~((The City shall~~
16 ~~include in the refunding or defeasance plan such provisions as the City deems~~
17 ~~necessary for the random selection of any defeased Bonds that constitute less than~~
18 ~~all of a particular maturity of the Bonds, for notice of the defeasance to be given~~
19 ~~to the registered owners of the defeased Bonds and to such other persons as the~~
20 ~~City shall determine, and for any required replacement of Bond certificates for~~
21 ~~defeased Bonds.))~~After ~~((the-))~~establishing and fully funding ~~((of-))~~such a trust
22 account, the defeased Bonds shall be deemed to be no longer outstanding and the
23 ~~((City))~~Director of Finance then may apply any money in any other fund or

1 account established for the payment or redemption of the defeased Bonds to any
2 lawful purposes(~~(as it shall determine, subject only to the rights of the owners of~~
3 ~~any other Parity Bonds)~~). Notice of refunding or defeasance shall be given, and
4 selection of Bonds for any partial refunding or defeasance shall be conducted, in
5 the manner set forth in this ordinance for the redemption of Bonds.

6 If the refunding or defeasance plan provides that the defeased Bonds or the
7 refunding bonds to be issued be secured by money and/or Government
8 Obligations pending the prior redemption of the defeased Bonds and if such
9 refunding or defeasance plan also provides that certain money and/or Government
10 Obligations are pledged irrevocably for the prior redemption of the defeased
11 Bonds included in that refunding or defeasance plan, then only the debt service on
12 the Bonds which are not defeased Bonds and the refunding bonds, the payment of
13 which is not so secured by the refunding plan, shall be included in the
14 computation of the ~~((e))~~Coverage ~~((f))~~Requirement for the issuance of Future
15 Parity Bonds and the annual computation of the Coverage Requirement for
16 determining compliance with rate covenants.

17 **Section 25. Amendment to Section 22 of the Ordinance.** Section 22 of Ordinance
18 121940 is renumbered as Section 25 and is amended and restated as follows:

19 **Section ~~((22))~~25. ~~((Amendments))~~Supplemental or Amendatory**
20 **Ordinances.**

21 (a) ~~((Amendments Without Bond Owners' Consent.~~ The City Council
22 ~~from time to time and at any time may pass a resolution or resolutions, or~~
23 ~~ordinance or ordinances, supplemental hereto, which resolution or resolutions,~~

1 ~~ordinance or ordinances thereafter shall become a part of this ordinance, for any~~
2 ~~one or more of the following purposes:))~~This ordinance shall not be supplemented
3 or amended in any respect subsequent to the Issue Date, except as provided in and
4 in accordance with and subject to the provisions of this section.

5 (b) The City may, from time to time and at any time, without the
6 consent of or notice to the owners of the Parity Bonds, pass supplemental or
7 amendatory ordinances for any of the following purposes:

8 (i) ~~To ((add to the covenants and agreements of the City~~
9 ~~contained in this ordinance other covenants and agreements thereafter to be~~
10 ~~observed which shall not adversely affect the interests of the owners of any Parity~~
11 ~~Bonds then outstanding, or to surrender any right or power herein reserved to or~~
12 ~~conferred upon the City.))~~cure any formal defect, omission, inconsistency or
13 ambiguity in this ordinance in a manner not adverse to the owners of any Parity
14 Bonds;

15 (ii) ~~To ((make such provisions for the purpose of curing any~~
16 ~~ambiguities or of curing, correcting or supplementing any defective provision~~
17 ~~contained in this ordinance in regard to matters or questions arising under this~~
18 ~~ordinance as the City Council may deem necessary or desirable and not~~
19 ~~inconsistent with this ordinance and which shall not adversely affect the interests~~
20 ~~of owners of any Parity Bonds then outstanding in any material respect.))~~impose
21 upon the Bond Registrar (with its consent) for the benefit of the owners of any
22 Parity Bonds any additional rights, remedies, powers, authority, security,
23 liabilities or duties which may lawfully be granted, conferred or imposed and

1 which are not contrary to or inconsistent with this ordinance as theretofore in
2 effect;

3 (iii) ~~To ((make such changes as are necessary to permit the~~
4 ~~Bonds to be held in registered certificate form or in fully immobilized form by a~~
5 ~~Securities Depository other than DTC.))~~add to the covenants and agreements of,
6 and limitations and restrictions upon, the City in this ordinance other covenants,
7 agreements, limitations and restrictions to be observed by the City which are not
8 contrary to or inconsistent with this ordinance as theretofore in effect;

9 (iv) To confirm, as further assurance, any pledge under, and the
10 subjection to any claim, lien or pledge created or to be created by this ordinance
11 of any other money, securities or funds;

12 (v) To authorize different denominations of the Bonds and to
13 make correlative amendments and modifications to this ordinance regarding
14 exchangeability of Bonds of different authorized denominations, redemptions of
15 portions of Bonds of particular authorized denominations and similar amendments
16 and modifications of a technical nature;

17 (vi) To comply with any future federal law or interpretation to
18 preserve the exclusion of the interest on the Tax-Exempt Bonds from gross
19 income for federal income tax purposes and the entitlement of the City to receive
20 from the United States Treasury the applicable Tax Credit Subsidy Payments in
21 respect of any Series sold and issued as Tax Credit Subsidy Bonds;

22 (vii) To modify, alter, amend or supplement this ordinance in
23 any other respect which is not materially adverse to the owners of the Parity

1 Bonds and which does not involve a change described in subsection (c) of this
2 section; and

3 (viii) To add to the covenants and agreements of, and limitations
4 and restrictions upon, the City in this ordinance, other covenants, agreements,
5 limitations and restrictions to be observed by the City which are requested by a
6 provider of Bond Insurance or provider of a Reserve Security and which are not
7 materially adverse to the owners of the Parity Bonds.

8 ~~((Any such supplemental resolution or ordinance of the City may be~~
9 ~~passed without the consent of the owners of any Parity Bonds at any time~~
10 ~~outstanding, notwithstanding any of the provisions of Section 22(b), but only~~
11 ~~upon receipt by the City of an opinion of Bond Counsel to the effect that the~~
12 ~~amendment is permitted by the terms of this ordinance. The City shall deliver a~~
13 ~~copy of any such supplemental resolution or ordinance to the Rating Agencies~~
14 ~~prior to its passage by the City.))Before the City may pass any such supplemental~~
15 or amendatory ordinance pursuant to this subsection, there must be delivered to
16 the City an opinion of Bond Counsel, stating that such supplemental or
17 amendatory ordinance is authorized or permitted by this ordinance and will, upon
18 the effective date thereof, be valid and binding upon the City in accordance with
19 its terms, and will not adversely affect the exclusion from gross income for
20 federal income tax purposes of interest on any Tax-Exempt Bonds.

21 ~~(((b) Amendments With Bond Owners' Consent. The City Council~~
22 ~~may, with the consent of the registered owners of not less than sixty percent~~
23 ~~(60%) in aggregate principal amount of the Parity Bonds then outstanding, pass a~~

1 ~~resolution or resolutions or ordinance or ordinances supplemental hereto for the~~
2 ~~purpose of adding any provisions to or changing in any manner or eliminating any~~
3 ~~of the provisions of this ordinance or of any supplemental resolution or ordinance,~~
4 ~~except no such supplemental resolution or ordinance shall:))~~(c) Except for any
5 supplemental or amendatory ordinance passed pursuant to subsection (b) of this
6 section, the City may pass supplemental or amendatory ordinances subject to the
7 terms and provisions contained in this subsection and not otherwise:

8 (i) ~~((Extend the fixed maturity of any Parity Bonds, or reduce~~
9 ~~the rate of interest thereon or extend the times of payment of interest from their~~
10 ~~respective due dates, or reduce the amount of the principal thereof, or reduce any~~
11 ~~premium payable on the redemption thereof, without the consent of the registered~~
12 ~~owner of each Parity Bond so affected; or))~~ With the consent of registered owners
13 of not less than 60% in aggregate principal amount of the Parity Bonds then
14 outstanding, the City Council may pass any supplemental or amendatory
15 ordinance deemed necessary or desirable by the City for the purpose of
16 modifying, altering, amending, supplementing or rescinding, in any particular,
17 any of the terms or provisions contained in this ordinance. However, unless
18 approved in writing by the registered owner of each Parity Bond then outstanding,
19 nothing contained in this section shall permit, or be construed as permitting (A) a
20 change in the times, amounts or currency of payment of the principal of or interest
21 on any outstanding Parity Bond, or a reduction in the principal amount or
22 redemption price of any outstanding Parity Bond or a change in the method of
23 determining the rate of interest thereon, (B) a preference or priority of any Parity

1 Bond over any other Parity Bond, or (C) a reduction in the aggregate principal
2 amount of Parity Bonds.

3 ~~(ii) ((Reduce the aforesaid percentage of registered owners~~
4 ~~required to approve any such supplemental resolution or ordinance, without the~~
5 ~~consent of the registered owners of all of the Parity Bonds then outstanding. (ii)~~

6 If at any time the City Council passes a supplemental or amendatory
7 ordinance for any of the purposes of this subsection, the Bond Registrar shall
8 cause notice of the proposed supplemental or amendatory ordinance to be given
9 by first class United States mail to all registered owners of the then outstanding
10 Parity Bonds, to each provider of Bond Insurance or a Reserve Security, and to
11 each Rating Agency. Such notice shall briefly set forth the nature of the proposed
12 supplemental or amendatory ordinance and shall state that a copy is on file at the
13 office of the City Clerk for inspection by all owners of the outstanding Parity
14 Bonds.

15 (iii) Within two years after the date of the mailing of such
16 notice, such supplemental or amendatory ordinance, substantially as described in
17 such notice may go into effect, but only if there shall have first been delivered to
18 the Bond Registrar (A) the required consents, in writing, of registered owners of
19 the Parity Bonds, and (B) an opinion of Bond Counsel stating that such
20 supplemental or amendatory ordinance is authorized or permitted by this
21 ordinance and, upon the effective date thereof, will be valid and binding upon the
22 City in accordance with its terms and will not adversely affect the exclusion from

1 gross income for federal income tax purposes of interest on any Tax-Exempt
2 Bonds.

3 (iv) If registered owners of not less than the percentage of
4 Parity Bonds required by this subsection shall have consented to and approved the
5 passage of such a supplemental or amendatory ordinance, no owner of a Parity
6 Bond shall have any right to object to the passage of such supplemental
7 ordinance, or to object to any of the terms and provisions contained therein or the
8 operation thereof, or in any manner to question the propriety of the passage
9 thereof, or to enjoin or restrain the City from passing the same or the City, any
10 authorized official thereof, or the Bond Registrar from taking any action pursuant
11 to the provisions thereof.

12 ~~((For purposes of determining whether the registered owners of the~~
13 ~~requisite percentage of principal amount of Parity Bonds have consented to any~~
14 ~~amendment to this ordinance, the Accreted Value of Capital Appreciation Bonds~~
15 ~~shall be deemed to be the principal amount thereof.))~~

16 ~~((It shall not be necessary for the consent of registered owners under this~~
17 ~~paragraph (b) to approve the particular form of any proposed supplemental~~
18 ~~ordinance or resolution, but it shall be sufficient if such consent shall approve the~~
19 ~~substance thereof.))~~

20 (d) The Registered Owners from time to time of the outstanding
21 Bonds, by taking and holding the same, shall be deemed to have consented to the
22 adoption by the City of any supplemental or amendatory ordinance or resolution

1 passed pursuant to the provisions of this section for any one or more of the
2 following purposes:

3 (i) When calculating "Annual Debt Service," to permit or
4 require Tax Credit Subsidy Payments expected to be received by the City in any
5 period to be credited against amounts required to be paid in respect of interest on
6 the Parity Bonds in that period; and

7 (ii) To permit or require Tax Credit Subsidy Payments to be
8 deposited into the Principal and Interest Subaccount and credited against the Net
9 Revenue otherwise required to be deposited into the Principal and Interest
10 Subaccount.

11 ~~((e) — Effect of Amendment.))~~ (c) Upon the ((~~passage~~) effective date
12 of any supplemental ((~~resolution~~)) or amendatory ordinance pursuant to the
13 provisions of this ((~~S~~)) section, this ordinance shall be, and be deemed to be,
14 modified and amended in accordance therewith, and the respective rights, duties
15 and obligations((~~of the City~~)) under this ordinance of the City, the Bond Registrar
16 and all owners of Parity Bonds then outstanding shall thereafter be determined,
17 exercised and enforced ((~~thereunder~~)) under this ordinance subject in all respects
18 to such ((~~modification and amendments, and all the terms and conditions of any~~
19 such supplemental resolution or ordinance shall be deemed to be a part of the
20 terms and conditions of this ordinance for any and all purposes)) modifications
21 and amendments.

22 ~~((d) — Notation on Bonds. Parity Bonds executed and delivered after the~~
23 ~~execution of any supplemental resolution or ordinance passed pursuant to the~~

1 ~~provisions of this Section may have a notation as to any matter provided for in~~
2 ~~such supplemental resolution or ordinance, and if such supplemental resolution or~~
3 ~~ordinance shall so provide, new bonds modified to conform, in the opinion of the~~
4 ~~Director of Finance, to any modification of this ordinance contained in any such~~
5 ~~supplemental resolution or ordinance may be prepared by the City and delivered~~
6 ~~without cost to the owners of any affected Parity Bonds then outstanding, upon~~
7 ~~surrender for cancellation of such bonds in equal aggregate principal amounts.))~~

8 **Section 26. Amendment to Section 23 of the Ordinance.** Section 23 of Ordinance
9 121940 is renumbered as Section 26 and is amended and restated as follows:

10 **Section ~~((23))~~26. Defaults and Remedies.**

11 **(a) Events of Default.** The following shall constitute ~~((“))~~Events of
12 Default~~((“))~~ with respect to the Bonds:

13 (i) If a default is made in the payment of the principal of or
14 interest on any of the Bonds when the same shall become due and payable; or

15 (ii) If the City defaults in the observance and performance of
16 any other of the covenants, conditions and agreements on the part of the City set
17 forth in this ordinance or in any Parity Bond ~~((Ordinance))~~Legislation (except as
18 otherwise provided herein or in such Parity Bond ~~((Ordinance))~~Legislation) and
19 such default or defaults have continued for a period of six months after ~~((they~~
20 ~~have))~~the City has received from the Bond Owners’ Trustee (as defined below) or
21 from the registered owners of not less than ~~((twenty five percent ()))~~25%~~((()))~~
22 principal amount of the Parity Bonds~~((;))~~ a written notice specifying and
23 demanding the cure of such default. However, if the default in the observance and

1 performance of any other of the covenants, conditions and agreements is one
2 which cannot be completely remedied within the six (~~((6-))~~)months after written
3 notice has been given, it shall not be an Event of Default with respect to the
4 Bonds as long as the City has taken active steps within the six (~~((6-))~~)months after
5 written notice has been given to remedy the default and is diligently pursuing
6 such remedy.

7 Notwithstanding anything in this section to the contrary, the failure of the City or
8 any obligated person to comply with the Undertaking shall not constitute an Event
9 of Default under this ordinance, the Bond Resolution or the Bonds, and the sole
10 remedy of any holder of a Bond shall be to seek an order of specific performance
11 from an appropriate court to compel the City to comply with the Undertaking.

12 (b) **Bond Owners' Trustee.** So long as such Event of Default has not
13 been remedied, a (~~((Bond Owners'-))~~)trustee (the "Bond Owners' Trustee") may be
14 appointed by the registered owners of (~~((twenty five percent-))~~)25%~~(())~~ in
15 principal amount of the then outstanding Parity Bonds, by an instrument or
16 concurrent instruments in writing signed and acknowledged by such registered
17 owners of the Parity Bonds or by their attorneys-in-fact duly authorized and
18 delivered to such Bond Owners' Trustee, notification thereof being given to the
19 City. That appointment shall become effective immediately upon acceptance
20 thereof by the Bond Owners' Trustee. Any Bond Owners' Trustee appointed
21 under the provisions of this (~~((Section))~~)subsection shall be a bank or trust company
22 organized under the laws of the State of Washington or the State of New York or
23 a national banking association. The bank or trust company acting as Bond

1 Owners' Trustee may be removed at any time, and a successor Bond Owners'
2 Trustee may be appointed, by the registered owners of a majority in principal
3 amount of the Parity Bonds, by an instrument or concurrent instruments in writing
4 signed and acknowledged by such registered owners of the Parity Bonds or by
5 their attorneys-in-fact duly authorized. The Bond Owners' Trustee may require
6 such security and indemnity as may be reasonable against the costs, expenses and
7 liabilities that may be incurred in the performance of its duties.

8 In the event that any Event of Default in the sole judgment of the Bond
9 Owners' Trustee is cured and the Bond Owners' Trustee furnishes to the City a
10 certificate so stating, that Event of Default shall be conclusively deemed to be
11 cured and the City, the Bond Owners' Trustee and the registered owners of the
12 Parity Bonds shall be restored to the same rights and position which they would
13 have held if no Event of Default had occurred.

14 The Bond Owners' Trustee appointed in the manner herein provided, and
15 each successor thereto, is declared to be a trustee for the registered owners of all
16 the Parity Bonds and is empowered to exercise all the rights and powers herein
17 conferred on the Bond Owners' Trustee.

18 **(c) Suits at Law or in Equity.** Upon the happening of an Event of
19 Default and during the continuance thereof, the Bond Owners' Trustee may, and
20 upon the written request of the registered owners of not less than ~~((twenty-five~~
21 ~~percent ()))25%(((~~) in principal amount of the Parity Bonds outstanding shall, take
22 such steps and institute such suits, actions or other proceedings, all as it may deem
23 appropriate for the protection and enforcement of the rights of the registered

1 owners of the Parity Bonds, to collect any amounts due and owing to or from the
2 City, or to obtain other appropriate relief, and may enforce the specific
3 performance of any covenant, agreement or condition contained in this ordinance
4 or in any of the Parity Bonds.

5 Nothing contained in this ~~((S))~~section shall, in any event or under any
6 circumstance, be deemed to authorize the acceleration of the maturity of principal
7 on the Parity Bonds, and the remedy of acceleration is expressly denied to the
8 registered owners of the Parity Bonds under any circumstances including, without
9 limitation, upon the occurrence and continuance of an Event of Default.

10 Any action, suit or other proceedings instituted by the Bond Owners'
11 Trustee hereunder shall be brought in its name as the Bond Owners' ~~((t))~~Trustee
12 ~~((for the Bond owners--))~~and all such rights of action upon or under any of the
13 Parity Bonds or the provisions of this ordinance may be enforced by the Bond
14 Owners' Trustee without the possession of any of those Parity Bonds and without
15 the production of the same at any trial or proceedings relative thereto except
16 where otherwise required by law. Any such suit, action or proceeding instituted
17 by the Bond Owners' Trustee shall be brought for the ratable benefit of all of the
18 registered owners of those Parity Bonds, subject to the provisions of this
19 ordinance. The respective registered owners of the Parity Bonds, by taking and
20 holding the same, shall be conclusively deemed irrevocably to appoint the Bond
21 Owners' Trustee the true and lawful trustee of the respective registered owners of
22 those Parity Bonds, with authority to institute any such action, suit or proceeding;
23 to receive as trustee and deposit in trust any sums becoming distributable on

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

10 **(d) Application of Money Collected by Bond Owners' Trustee.**

11 Any money collected by the Bond Owners' Trustee at any time pursuant to this
12 ~~((S))~~section shall be applied in the following order of priority:

13 (i) ~~((first,-))~~to the payment of the charges, expenses, advances
14 and compensation of the Bond Owners' Trustee and the charges, expenses,
15 counsel fees, disbursements and compensation of its agents and attorneys;~~((and))~~

16 (ii) ~~((second,-))~~to the payment to the persons entitled thereto of
17 all installments of interest then due on the Parity Bonds in the order of maturity of
18 such installments and, if the amount available shall not be sufficient to pay in full
19 any installment or installments maturing on the same date, then to the payment
20 thereof ratably, according to the amounts due thereon to the persons entitled
21 thereto, without any discrimination or preference; and

22 (iii) ~~((third,-))~~to the payment to the persons entitled thereto of
23 the unpaid principal amounts of any Parity Bonds which shall have become due

1 (other than Parity Bonds previously called for redemption for the payment of
2 which money is held pursuant to the provisions hereto), whether at maturity or by
3 proceedings for redemption or otherwise, in the order of their due dates and, if the
4 amount available shall not be sufficient to pay in full the principal amounts due on
5 the same date, then to the payment thereof ratably, according to the principal
6 amounts due thereon to the persons entitled thereto, without any discrimination or
7 preference.

8 (e) **Duties and Obligations of Bond Owners' Trustee.** The Bond
9 Owners' Trustee shall not be liable except for the performance of such duties as
10 are specifically set forth herein. During an Event of Default, the Bond Owners'
11 Trustee shall exercise such of the rights and powers vested in it hereby, and shall
12 use the same degree of care and skill in its exercise((;)) as a prudent person would
13 exercise or use under the circumstances in the conduct of his or her own affairs.
14 The Bond Owners' Trustee shall have no liability for any act or omission to act
15 hereunder except for the Bond Owners' Trustee's own negligent action, its own
16 negligent failure to act or its own willful misconduct. The duties and obligations
17 of the Bond Owners' Trustee shall be determined solely by the express provisions
18 of this ordinance, and no implied powers, duties or obligations of the Bond
19 Owners' Trustee shall be read into this ordinance.

20 The Bond Owners' Trustee shall not be required to expend or risk its own
21 funds or otherwise incur individual liability in the performance of any of its duties
22 or in the exercise of any of its rights or powers as the Bond Owners' Trustee,

1 except as may result from its own negligent action, its own negligent failure to act
2 or its own willful misconduct.

3 The Bond Owners' Trustee shall not be bound to recognize any person as
4 a registered owner of any Parity Bond until his or her title thereto, if disputed, has
5 been established to its reasonable satisfaction.

6 The Bond Owners' Trustee may consult with counsel and the opinion of
7 such counsel shall be full and complete authorization and protection in respect of
8 any action taken or suffered by it hereunder in good faith and in accordance with
9 the opinion of such counsel. The Bond Owners' Trustee shall not be answerable
10 for any neglect or default of any person, firm or corporation employed and
11 selected((-)) by it with reasonable care.

12 **(f) Suits by Individual Parity Bond Owners Restricted.** No owner
13 of any one or more ((of))Parity Bonds shall have any right to institute any action,
14 suit or proceeding at law or in equity for the enforcement of same unless:

15 (i) an Event of Default has happened and is continuing; and
16 (ii) a Bond Owners' Trustee has been appointed; and
17 (iii) such owner previously shall have given to the Bond
18 Owners' Trustee written notice of the Event of Default on account of which such
19 suit, action or proceeding is to be instituted; and

20 (iv) the registered owners of ((~~twenty five percent~~ ())25%(())
21 in principal amount of the Parity Bonds, after the occurrence of such Event of
22 Default, ((has))have made written request of the Bond Owners' Trustee and have

1 afforded the Bond Owners' Trustee a reasonable opportunity to institute such suit,
2 action or proceeding; and

3 (v) there have been offered to the Bond Owners' Trustee
4 security and indemnity satisfactory to it against the costs, expenses and liabilities
5 to be incurred therein or thereby; and

6 (vi) the Bond Owners' Trustee has refused or neglected to
7 comply with such request within a reasonable time.

8 No owner of any Parity Bond shall have any right in any manner whatever by his
9 or her action to affect or impair the obligation of the City to pay from the Net
10 Revenue the principal of and interest on such Parity Bonds to the respective
11 registered owners thereof when due.

12 ~~((g) Failure to Comply With Undertaking. Notwithstanding~~
13 ~~anything in this Section to the contrary, the failure of the City or any obligated~~
14 ~~person to comply with any Undertaking adopted by the Bond Resolution pursuant~~
15 ~~to Section 25 of this ordinance shall not constitute an Event of Default hereunder,~~
16 ~~and the sole remedy of any holder of a Bond shall be to seek an order of specific~~
17 ~~performance from an appropriate court to compel the City to comply with the~~
18 ~~Undertaking.))~~

19 **Section 27. Amendment to Section 24 of the Ordinance.** Section 24 of Ordinance
20 121940 is renumbered as Section 23 and is amended and restated as follows:

21 **Section ~~((24))~~23.** ~~((Preservation of Tax Exemption for Interest on~~
22 ~~Bonds))~~**Provisions Relating to Certain Federal Tax Consequences of the**
23 **Bonds.**

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

18 ~~((The City has not been notified of any listing or proposed listing by the~~
19 ~~Internal Revenue Service to the effect that it is a bond issuer whose arbitrage~~
20 ~~certifications may not be relied upon.))~~

21 (b) Tax-Credit Subsidy Bonds or other Taxable Bonds. The
22 Director of Finance may, without further action by the City Council, make
23 provision in the Bonds or other written document for such additional covenants of

1 the City as may be necessary or appropriate in order for the City to receive from
2 the United States Treasury the applicable Tax Credit Subsidy Payments in respect
3 of any Series issued as Tax Credit Subsidy Bonds, or in the instance that the
4 Bonds otherwise become and remain eligible for tax benefits under the Code.

5 **Section 28. Amendment to Section 25 of the Ordinance.** Section 25 of Ordinance
6 121940 is renumbered as Section 24 and is amended and restated as follows:

7 **Section ~~((25))~~24. Official Statement; Continuing Disclosure.** ~~((The~~
8 ~~City shall undertake to provide for the benefit of holders of the Bonds, to the~~
9 ~~extent applicable, disclosure of certain financial information and operating data of~~
10 ~~the type included in the final official statement for the Bonds, as well as~~
11 ~~disclosure of certain material events respecting the Bonds, in the manner and to~~
12 ~~the extent required by United States Securities and Exchange Commission~~
13 ~~Rule 15c2-12(b)(5). The particular terms of the Undertaking shall be set forth in~~
14 ~~the Bond Resolution.))~~

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

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

9 **(c) Undertaking to Provide Continuing Disclosure.** To meet the
10 requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a Purchaser of
11 a Series, the Director of Finance is authorized to execute the Undertaking in
12 substantially the form attached as Exhibit B.

13 **Section 29. Amendment to Section 26 of the Ordinance.** Section 26 of Ordinance
14 121940 is renumbered as Section 12 and is amended and restated as follows:

15 **Section ~~((26))12. ((Execution of))The Refunding Plan.~~**

16 **(a) Approval of Refunding Plan; Appointment of Refunding**
17 **Trustee.** ~~((Consistent with the applicable requirements of the Refunded Bonds~~
18 ~~Legislation and any applicable agreements with bond insurers, the Director of~~
19 ~~Finance may serve as, or))The Bond Resolution shall approve a Refunding Plan~~
20 for each Series, which shall provide for the issuance of the Series, shall identify
21 the Refundable Bonds to be refunded, shall allocate the Bonds among the various
22 Refunded Bonds, shall describe the method for carrying out the refunding of the
23 Refunded Bonds, and shall appoint the Refunding Trustee~~((for each series of~~

1 Bonds, which service or appointment shall be confirmed by the Bond
2 Resolution)).

3 ~~((b) Use of Bond Proceeds; Acquisition and Substitution of~~
4 ~~Acquired Obligations.~~ For each series of Bonds, sufficient proceeds of the sale
5 of the Bonds shall be deposited immediately upon the receipt thereof with the
6 Refunding Trustee and used to pay the amounts required by the Refunding Plan to
7 discharge the obligations of the City with respect to the applicable Refunded
8 Bonds.)) The Refunding Plan shall be carried out, and proceeds of the
9 ~~((Bonds))~~Series shall be applied, in accordance with this ordinance, the respective
10 Refunded Bond Legislation, the Bond Resolution and the laws of the State.

11 (b) Acquisition of Acquired Obligations. To the extent practicable,
12 ~~((such obligations))~~the Refunding Plan shall ~~((be discharged fully by))~~provide for
13 the Refunding Trustee's~~((simultaneous))~~ purchase of the Acquired Obligations,
14 bearing such interest and maturing as to principal and interest in such amounts
15 and at such times so as to provide, together with a beginning cash balance, if
16 necessary, for the payment of the amount required to be paid by the Refunding
17 Plan. The Acquired Obligations shall be listed and more particularly described in
18 a schedule attached to the Refunding Trust Agreement, ~~((and shall be))~~but are
19 subject to substitution as set forth ~~((therein))~~in subsection (c) below.

20 (c) Substitution of Acquired Obligations. The City reserves the
21 right at any time to substitute cash or Government Obligations for the Acquired
22 Obligations if the City obtains a verification by a nationally recognized
23 independent certified public accounting firm reasonable acceptable to the

1 Refunding Trustee confirming that the payments of principal of and interest on
2 the substitute Government Obligations, if paid when due, together with the cash to
3 be held by the Refunding Trustee, will be sufficient to carry out the Refunding
4 Plan. If the applicable Series (or series of the Refunded Bonds) were issued as
5 Tax-Exempt Bonds, then prior to such substitution, the City must also obtain an
6 opinion from Bond Counsel to the effect that the disposition and substitution or
7 purchase of such securities will not cause the interest on the applicable Series (or
8 series of the Refunded Bonds) issued as Tax-Exempt Bonds to be included in
9 gross income for federal income tax purposes and that such disposition and
10 substitution or purchase is in compliance with the statutes and regulations
11 applicable to the Series. Any surplus money resulting from the sale, transfer, other
12 disposition or redemption of the Acquired Obligations and the substitutions
13 therefor shall be released from the trust estate and ~~((transferred to the Water Fund~~
14 ~~to))~~ may be used for any lawful City purpose.

15 ~~((e))~~(d) ~~((Administration — of —))~~Refunding ~~((Plan))~~Trust
16 Agreement. ~~((The Refunding Trustee is authorized and directed))~~In connection
17 with each Series, the Director of Finance is authorized to execute a Refunding
18 Trust Agreement with a Refunding Trustee, setting forth the duties, obligations
19 and responsibilities of the Refunding Trustee in connection with carrying out the
20 Refunding Plan. Each Refunding Trust Agreement shall, among other things,
21 authorize and direct the Refunding Trustee to use the money deposited with it to
22 purchase the Acquired Obligations (or substitute obligations) and to apply such
23 money along with the maturing principal of and interest on such obligations to

1 make the payments required to be made by the Refunding Plan(~~from the~~
2 ~~Acquired Obligations (or substitute obligations) and money deposited with the~~
3 ~~Refunding Trustee pursuant to this ordinance. All Acquired Obligations (or~~
4 ~~substitute obligations) and the)), The money deposited with the Refunding
5 Trustee, including the Acquired Obligations and any ~~((income~~
6 ~~therefrom))investment earnings, shall be held irrevocably, invested and applied in~~
7 accordance with the provisions of the respective Refunded Bond Legislation, this
8 ordinance, the Bond Resolution, chapter 39.53 RCW and other applicable
9 ~~((statutes of the --))State ((of Washington and the Refunding Trust~~
10 ~~Agreement))law. All administrative costs (including without limitation, all
11 necessary and proper fees, compensation and expenses of the Refunding Trustee
12 and all other costs incidental to the setting up of the escrow to accomplish the
13 ~~((refunding of the Refunded Bonds and costs related to the issuance and delivery~~
14 ~~of the Bonds, including bond printing, verification fees, Bond Counsel's fees and~~
15 ~~other related expenses, shall be paid out of the proceeds of the Bonds))Refunding
16 Plan) and costs of issuance may, in the discretion of the Director of Finance, be
17 paid out of the amounts deposited with the Refunding Trustee or other available
18 money of the City.~~~~~~

19 ~~(((d) Authorization for Refunding Trust Agreement. To carry out~~
20 ~~the Refunding Plan for each series of Bonds, the Director of Finance is authorized~~
21 ~~and directed to execute and deliver to the Refunding Trustee, in connection with~~
22 ~~each series of Bonds, a Refunding Trust Agreement substantially in the form~~
23 ~~approved by the Bond Resolution setting forth the duties, obligations and~~

1 ~~responsibilities of the Refunding Trustee in connection with the payment,~~
2 ~~redemption and retirement of the Refunded Bonds as provided herein and in the~~
3 ~~Bond Resolution.)~~)

4 **Section 30. Amendment to Section 27 of the Ordinance.** Section 27 of Ordinance
5 121940 is renumbered as Section 13 and is amended and restated as follows:

6 **Section ~~((27))~~13. Call for Redemption of the Refunded Bonds.**

7 ~~((As a part of the Refunding Plan, the))~~The City may in the Bond Resolution call,
8 or authorize the Director of Finance to call, the Refunded Bonds for redemption.
9 Such call for redemption of the Refunded Bonds shall ~~((specify))~~identify the
10 Refunded Bonds, call dates and redemption prices (expressed as a percentage of
11 the stated principal amount, plus accrued interest), and shall be irrevocable after
12 the ~~((delivery to the initial purchaser))~~Issue Date of the applicable ~~((series of~~
13 ~~Bonds. The dates on which the Refunded Bonds are called for redemption shall~~
14 ~~be, in the judgment of the Director of Finance, the earliest practical dates on~~
15 ~~which those bonds may be called for redemption))~~Series. The proper City officials
16 ~~((of the City--))~~are authorized and directed to give or cause to be given such
17 notices as required, at the times and in the manner required pursuant to the
18 ~~((applicable--))~~Refunded Bond Legislation, in order to ~~((effect the redemption~~
19 ~~prior to maturity of the Refunded Bonds))~~carry out the Refunding Plan.

20 **Section 31. Amendment to Section 28 of the Ordinance.** Section 28 of Ordinance
21 121940 is deleted in its entirety:

22 ~~((Section 28. City Findings with Respect to Refunding. With respect~~
23 ~~to each series of Bonds, the Refunding Plan shall be carried out only if the City~~

1 ~~finds and determines in the Bond Resolution that the money to be deposited with~~
2 ~~the Refunding Trustee will discharge and satisfy the obligations of the City with~~
3 ~~respect to the Refunded Bonds under the applicable Refunded Bond Legislation,~~
4 ~~and the pledges, charges, trusts, covenants and agreements of the City therein~~
5 ~~made or provided for as to the Refunded Bonds, and that the Refunded Bonds~~
6 ~~shall no longer be deemed to be outstanding under such legislation immediately~~
7 ~~upon the deposit of such money with the Refunding Trustee.))~~

8 **Section 32. Amendment to Section 29 of the Ordinance.** Section 29 of Ordinance
9 121940 is deleted in its entirety:

10 ~~((**Section 29. Sale of Bonds.**))~~

11 ~~((At least 10 days before the City Council adopts a Bond Resolution for a~~
12 ~~series of Bonds, the Director of Finance shall notify the President of the City~~
13 ~~Council, in writing, of the Director of Finance's determination that the issuance of~~
14 ~~the series of Bonds is consistent with the then-current financial policies of the~~
15 ~~City. The notice shall set forth the reasons for the Director of Finance's~~
16 ~~determination. Upon giving such notice, the Director of Finance may provide for~~
17 ~~the sale of that series of Bonds (or any portion thereof) by public sale or by a~~
18 ~~negotiated sale with an underwriter or other financial institution chosen through a~~
19 ~~selection process acceptable to the Director of Finance. The City Council's~~
20 ~~adoption of the Bond Resolution shall be conclusive evidence that proper notice~~
21 ~~was provided to the President of the City Council. The Director of Finance is~~
22 ~~authorized to specify a date and time of sale of the Bonds, to give notice of that~~
23 ~~sale, to determine any bid requirements and criteria for determining the award of~~

1 ~~the bid, to provide for the use of an electronic bidding mechanism, and to specify~~
2 ~~other matters in his or her determination necessary, appropriate, or desirable to~~
3 ~~carry out the sale of the Bonds. The terms of that sale shall be consistent with this~~
4 ~~ordinance and the Bond Resolution and shall be confirmed by the Bond~~
5 ~~Resolution. The Bonds shall be delivered to the purchasers as provided in the~~
6 ~~Bond Resolution immediately upon payment to the City of the purchase price plus~~
7 ~~accrued interest, if any, to the Closing Date in immediately available federal funds~~
8 ~~in Seattle, Washington, at the City's expense or at another time or place upon~~
9 ~~which the Director of Finance and the purchaser may mutually agree at the~~
10 ~~purchaser's expense.))~~

11 ~~((CUSIP numbers will be printed on the Bonds if requested by the~~
12 ~~purchasers, but neither failure to print CUSIP numbers on any Bond nor error~~
13 ~~with respect thereto shall constitute cause for a failure or refusal by the purchasers~~
14 ~~to accept delivery of and pay for the Bonds in accordance with the purchase offer.~~
15 ~~All expenses in relation to the printing of CUSIP numbers on the Bonds shall be~~
16 ~~paid by the City, but the fee of the CUSIP Service Bureau for the assignment of~~
17 ~~those numbers shall be the responsibility of and shall be paid by the purchasers.))~~

18 ~~((The City will cause the Bonds to be typed, photocopied, printed or~~
19 ~~lithographed, sealed and executed and will furnish the approving legal opinion of~~
20 ~~Bond Counsel, the opinion also being printed on each Bond unless the Bond is~~
21 ~~typed or photocopied.))~~

22 **Section 33. Amendment to Section 30 of the Ordinance.** Section 30 of Ordinance
23 121940 is renumbered as Section 27 and is amended and restated as follows:

1 **Section ~~((30))27. General Authorization.~~ ~~((The))~~In addition to the
2 specific authorizations in the ordinance, the Mayor and the Director of Finance
3 ~~((of the City--))~~and each of the other appropriate officers of the City are each
4 authorized and directed to do everything as in ~~((their))~~his or her judgment may be
5 necessary, appropriate or desirable in order to carry out the terms and provisions
6 of, and complete the transactions contemplated by, this ordinance. In particular,
7 and without ~~((limitation,))~~limiting the foregoing:**

8 (a) The Director of Finance may, in his or her discretion and without
9 further action by the City Council, (i) issue requests for proposals for
10 underwriting or financing facilities and execute engagement letters with
11 underwriters, bond insurers or other financial institutions based on responses to
12 such requests, ~~ii((-) deem final and approve the distribution of any preliminary~~
13 ~~official statement or official statement relating to the Bonds, (iii) comply with any~~
14 ~~continuing disclosure requirements applicable to the Bonds and (iv)))~~ change the
15 Bond Registrar or ~~((any securities depository appointed for the Bonds))~~Securities
16 Depository for the Bonds; and (iii) take such actions on behalf of the City as are
17 necessary or appropriate for the City to designate, qualify or maintain the tax-
18 exempt treatment with respect to any Series issued as Tax-Exempt Bonds, to
19 receive from the United States Treasury the applicable Tax Credit Subsidy
20 Payments in respect of any Series issued as Tax-Credit Subsidy Bonds and to
21 otherwise receive any other federal tax benefits relating to the Bonds available to
22 the City; and

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

11 **Section 34. Amendment to Section 31 of the Ordinance.** Section 31 of Ordinance
12 121940 is renumbered as Section 28 and is amended and restated as follows:

13 **Section ~~((31))28. Severability.~~** The provisions of this ordinance are
14 declared to be separate and severable. If a court of competent jurisdiction, all
15 appeals having been exhausted or all appeal periods having run, finds any
16 provision of this ordinance to be invalid or unenforceable as to any person or
17 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
19 offending provision cannot be so modified, it shall be null and void with respect
20 to the particular person or circumstance, and all other provisions of this ordinance
21 in all other respects, and the offending provision with respect to all other persons
22 and all other circumstances, shall remain valid and enforceable.

1 **Section 35. Amendment to Section 32 of the Ordinance.** Section 32 of Ordinance
2 121940 is renumbered as Section 29 and is amended and restated as follows:

3 **Section ~~((32))29.~~ Ratification of Prior Acts.** Any action taken
4 consistent with the authority of this ordinance, after its passage but prior to the
5 effective date ~~((of this ordinance, including, if applicable, but not limited to~~
6 ~~issuing requests for proposals for financing or underwriting services, executing~~
7 ~~engagement letters for financing or underwriting services based on responses to~~
8 ~~such requests, giving notices of the sale of Bonds, adopting the Bond Resolution,~~
9 ~~executing contracts, making fund transfers and paying warrants,))~~ is ratified,
10 approved and confirmed.

11 **Section 36. Amendment to Section 33 of the Ordinance.** Section 33 of Ordinance
12 121940 is renumbered as Section 30 and is amended and restated as follows:

13 **Section ~~((33))30.~~ Headings.** ~~((The section))~~Section headings in this
14 ordinance are used for convenience only and shall not constitute a substantive
15 portion of this ordinance.

16 **Section 37. Amendment to Section 34 of the Ordinance.** Section 34 of Ordinance
17 121940 is renumbered as Section 31 and is amended and restated as follows:

18 **Section ~~((34))31.~~ Effective Date.** This ordinance shall take effect
19 and be in force ~~((thirty-))30((+))~~ days ~~((from and-))~~ after its approval by the
20 Mayor, but if not approved and returned by the Mayor within ten ~~((+10-))~~ days
21 after presentation, it shall take effect as provided by Municipal Code
22 Section 1.04.020.

1 **Section 38. Exhibits.** Exhibit A to the Ordinance is replaced in its entirety, as set
2 forth in Exhibit A to this amendatory ordinance. A new Exhibit B is added to the Ordinance, as
3 set forth in Exhibit B to this amendatory ordinance.

4 **Section 39. Restatement of Ordinance.** Attached as Exhibit C is a restated
5 Ordinance that incorporates all of the amendments set forth in this amendatory ordinance. The
6 restated Ordinance attached as Exhibit C, and the section numberings used therein, may be cited
7 and used for all purposes as the definitive version of Ordinance 121940, as amended by
8 Ordinance 122498 and this ordinance.

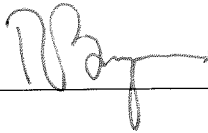
9 **Section 40. Severability.** The provisions of this ordinance are declared to be separate
10 and severable. If a court of competent jurisdiction, all appeals having been exhausted or all
11 appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as
12 to any person or circumstance, such offending provision shall, if feasible, be deemed to be
13 modified to be within the limits of enforceability or validity. However, if the offending provision
14 cannot be so modified, it shall be null and void with respect to the particular person or
15 circumstance, and all other provisions of this ordinance in all other respects, and the offending
16 provision with respect to all other persons and all other circumstances, shall remain valid and
17 enforceable.

18 **Section 41. Ratification of Prior Acts.** Any action taken consistent with the authority
19 of this ordinance, after its passage but prior to the effective date, is ratified, approved and
20 confirmed.


21 **Section 42. Section Headings.** The section headings in this ordinance are used for
22 convenience only and shall not constitute a substantive portion of this ordinance.

1 **Section 43. 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 Nov., 2015, and
5 signed by me in open session in authentication of its passage this
6 23rd day of Nov., 2015.

7
8 
9 _____
10 President _____ of the City Council

11 Approved by me this 1st day of December, 2015.

12
13 
14 _____
15 Edward B. Murray, Mayor

16 Filed by me this 1 day of December, 2015.

17
18 
19 _____
20 Monica Martinez Simmons, City Clerk

21
22 (Seal)
23

- 1 Exhibits:
- 2 Exhibit A – List of Outstanding Parity Bonds
- 3 Exhibit B – Form of Undertaking to Provide Continuing Disclosure
- 4 Exhibit C – Amended and Restated Ordinance 121940, as amended by Ordinance 122498 and
- 5 this ordinance (without strikethroughs and insertions)

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EXHIBIT A
CITY OF SEATTLE
OUTSTANDING SOLID WASTE PARITY BONDS

Issue Name	Dated Date	Original Par Amount	Bond Legislation		
			New Money Ord.	Refunding Ord.	Bond Sale Res.
Solid Waste Revenue and Refunding Bonds, 2007	12/12/2007	\$82,175,000	Ord. 122498	Ord. 121940 (as amended by Ord. 122498)	Res. 31032
Solid Waste Revenue Bonds, 2011	6/22/2011	\$45,750,000	Ord. 123576	--	Res. 31301
Solid Waste Revenue and Refunding Bonds, 2014	6/12/2014	\$95,350,000	Ord. 123576 and Ord. 124046	Ord. 121940 (as amended by Ord. 122498)	Res. 31528
Solid Waste Revenue Bonds, 2015	6/25/2015	\$35,830,000	Ord. 124629	--	Res. 31589

EXHIBIT B

FORM OF UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

The City of Seattle, Washington (the "City"), makes the following written undertaking (the "Undertaking") for the benefit of the holders of the City's Solid Waste Revenue Refunding Bonds, 20__ (the "Bonds"), for the sole purpose of assisting the Purchaser in meeting the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds. Capitalized terms used but not defined below shall have the meanings given in Ordinance _____ and Resolution _____ (together, the "Bond Legislation").

(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, the following information:

(i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in subsection (b) of this section ("annual financial information");

(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 or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such "Bankruptcy Events" are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and

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

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

1 (i) Shall consist of: (1) annual financial statements of the Solid Waste System
2 prepared in accordance with generally accepted accounting principles applicable to governmental
3 units (except as otherwise noted therein), as such principles may be changed from time to time
4 and as permitted by State of Washington (the “State”) law, which financial statements will not be
5 audited, except, that if and when audited financial statements are otherwise prepared and
6 available to the City they will be provided; (2) a statement of outstanding bonded debt secured
7 by the Net Revenue of the Solid Waste System; (3) debt service coverage ratios; (4) summary
8 operating statistics for the Solid Waste System, including data of the type included in the Official
9 Statement for the Bonds dated _____, 20__, in the tables entitled “Solid Waste Tonnage,”
10 “Regional Comparison of Transfer Station Rates,” and “Number of Customers by Class;” and
11 (5) current solid waste rates;

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

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

19 (c) Amendment of Undertaking. The Undertaking is subject to amendment after the
20 primary offering of the Bonds without the consent of any holder of any Bond, or of any broker,
21 dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under
22 the circumstances and in the manner permitted by Rule 15c2-12. The City will give notice to the
23 MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief
24 statement of the reasons for the amendment. If the amendment changes the type of annual
25 financial information to be provided, the annual financial information containing the amended
26 financial information will include a narrative explanation of the effect of that change on the type
27 of information to be provided.

28 (d) Beneficiaries. The Undertaking evidenced by this section shall inure to the
29 benefit of the City and any holder of Bonds, and shall not inure to the benefit of or create any
30 rights in any other person.

31 (e) Termination of Undertaking. The City’s obligations under this Undertaking shall
32 terminate upon the legal defeasance, prior redemption, or payment in full of all of the
33 outstanding Bonds. In addition, the City’s obligations under this Undertaking shall terminate if
34 those provisions of Rule 15c2-12 which require the City to comply with this Undertaking
35 become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion
36 of nationally recognized bond counsel or other counsel familiar with federal securities laws
37 delivered to the City, and the City provides timely notice of such termination to the MSRB.

38 (f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the
39 City learns of any failure to comply with the Undertaking, the City will proceed with due
40 diligence to cause such noncompliance to be corrected. No failure by the City or other obligated
41 person to comply with the Undertaking shall constitute a default in respect of the Bonds. The

1 sole remedy of any Beneficial Owner of a Bond shall be to take such actions as that Beneficial
2 Owner deems necessary, including seeking an order of specific performance from an appropriate
3 court, to compel the City or other obligated person to comply with the Undertaking.

4 (g) Designation of Official Responsible to Administer Undertaking. The Director of
5 Finance of the City (or such other officer of the City who may in the future perform the duties of
6 that office) or his or her designee is the person designated, in accordance with the Bond
7 Legislation, to carry out the Undertaking of the City in respect of the Bonds set forth in this
8 section and in accordance with Rule 15c2-12, including, without limitation, the following
9 actions:

10 (i) Preparing and filing the annual financial information undertaken to be
11 provided;

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

15 (iii) Determining whether any person other than the City is an “obligated
16 person” within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such
17 person an undertaking to provide any annual financial information and notice of listed events for
18 that person in accordance with Rule 15c2-12;

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

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

EXHIBIT C
AMENDED AND RESTATED
ORDINANCE 121940
(as amended)

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6
7 AN ORDINANCE relating to the solid waste system of The City of Seattle; amending
8 Ordinance 121940, as amended by Ordinance 122498, to conform Ordinance 121940 to
9 reflect changes recently made by the City to update its standard form of bond ordinance;
10 and ratifying and confirming certain prior acts.
11

12
13 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

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

16 **“Accreted Value”** means with respect to any Capital Appreciation Bond
17 (a) as of any Valuation Date, the amount set forth for such date in any Parity
18 Bond Legislation authorizing such Capital Appreciation Bond and (b) as of any
19 date other than a Valuation Date, the sum of (i) the Accreted Value on the
20 preceding Valuation Date and (ii) the product of (A) a fraction, the numerator of
21 which is the number of days having elapsed from the preceding Valuation Date
22 and the denominator of which is the number of days from such preceding
23 Valuation Date to the next succeeding Valuation Date, calculated based on the
24 assumption that Accreted Value accrues during any semiannual period in equal
25 daily amounts on the basis of a year of twelve 30-day months, multiplied by
26 (B) the difference between the Accreted Values for such Valuation Dates.

27 **“Acquired Obligations”** means those Government Obligations purchased
28 to accomplish the Refunding Plan, consistent with the Refunded Bond Legislation

1 and any applicable agreements with a provider of Bond Insurance or Qualified
2 Letters of Credit.

3 **“Adjusted Annual Debt Service”** for any fiscal year means Annual Debt
4 Service minus (a) an amount equal to earnings from investments in the Reserve
5 Subaccount and (b) Annual Debt Service provided for by Parity Bond proceeds.

6 **“Adjusted Gross Revenue”** for any period means Gross Revenue, plus
7 withdrawals from the Rate Stabilization Account made during that period, and
8 minus (a) earnings from investments in the Reserve Subaccount and (b) deposits
9 into the Rate Stabilization Account made during that period.

10 **“Adjusted Net Revenue”** means Adjusted Gross Revenue less
11 Maintenance and Operation Expenses.

12 **“Annual Debt Service”** for any calendar year means the sum of the
13 amounts required in such calendar year to pay the interest due in such calendar
14 year on all Parity Bonds outstanding, excluding interest to be paid from the
15 proceeds of the sale of Parity Bonds or other bonds; the principal of all
16 outstanding Serial Bonds due in such calendar year; and the Sinking Fund
17 Requirement, if any, for such calendar year.

18 (a) For purposes of this definition, the principal and interest portions
19 of the Accreted Value of Capital Appreciation Bonds becoming due at maturity or
20 by virtue of a Sinking Fund Requirement shall be included in the calculations of
21 accrued and unpaid and accruing interest or principal in such manner and during
22 such period of time as is specified in any Parity Bond Legislation authorizing
23 such Capital Appreciation Bonds.

1 (b) For purposes of calculating and determining compliance with the
2 Coverage Requirement, the Reserve Requirement and the conditions for the
3 issuance of Future Parity Bonds and/or entering into Parity Payment Agreements,
4 the following shall apply:

5 (i) **Generally.** Except as otherwise provided by paragraph (ii)
6 of this subsection with respect to Variable Interest Rate Bonds and by paragraph
7 (iii) of this subsection with respect to Parity Bonds with respect to which a
8 Payment Agreement is in force, interest on any issue of Parity Bonds shall be
9 calculated based on the actual amount of accrued, accreted or otherwise
10 accumulated interest that is payable in respect of that issue taken as a whole, at
11 the rate or rates set forth in the applicable Parity Bond Legislation.

12 (ii) **Interest on Variable Interest Rate Bonds.** The amount of
13 interest deemed to be payable on any issue of Variable Interest Rate Bonds shall
14 be calculated on the assumption that the interest rate on those bonds would be
15 equal to the rate that is 90% of the average RBI during the four calendar quarters
16 preceding the quarter in which the calculation is made.

17 (iii) **Interest on Parity Bonds With Respect to Which a**
18 **Payment Agreement is in Force.** Debt service on Parity Bonds with respect to
19 which a Payment Agreement is in force shall be based on the net economic effect
20 on the City expected to be produced by the terms of the Parity Bonds and the
21 terms of the Payment Agreement, including but not limited to the effects
22 produced by the following: (A) Parity Bonds that would, but for a Payment
23 Agreement, be treated as obligations bearing interest at a Variable Interest Rate

1 instead shall be treated as obligations bearing interest at a fixed interest rate, and
2 (B) Parity Bonds that would, but for a Payment Agreement, be treated as
3 obligations bearing interest at a fixed interest rate instead shall be treated as
4 obligations bearing interest at a Variable Interest Rate. Accordingly, the amount
5 of interest deemed to be payable on any Parity Bonds with respect to which a
6 Payment Agreement is in force shall be an amount equal to the amount of interest
7 that would be payable at the rate or rates stated in those Parity Bonds plus
8 Payment Agreement Payments minus Payment Agreement Receipts. For the
9 purposes of calculating as nearly as practicable Payment Agreement Receipts and
10 Payment Agreement Payments under a Payment Agreement that includes a
11 variable rate component determined by reference to a pricing mechanism or index
12 that is not the same as the pricing mechanism or index used to determine the
13 variable rate interest component on the Parity Bonds to which the Payment
14 Agreement is related, it shall be assumed that the fixed rate used in calculating
15 Payment Agreement Payments will be equal to 105% of the fixed rate specified
16 by the Payment Agreement and that the pricing mechanism or index specified by
17 the Payment Agreement is the same as the pricing mechanism or index specified
18 by the Parity Bonds. Notwithstanding the other provisions of this paragraph, the
19 City shall not be required to (but may in its discretion) take into account in
20 determining Annual Debt Service the effects of any Payment Agreement that has
21 a term of ten years or less.

22 **(iv) Parity Payment Agreements.** No additional debt service
23 shall be taken into account with respect to a Parity Payment Agreement for any

1 period during which Payment Agreement Payments on that Parity Payment
2 Agreement are taken into account in determining Annual Debt Service on related
3 Parity Bonds under subsection (iii) of this definition. However, for any period
4 during which Payment Agreement Payments are not taken into account in
5 calculating Annual Debt Service on any outstanding Parity Bonds because the
6 Parity Payment Agreement is not then related to any outstanding Parity Bonds,
7 payments on that Parity Payment Agreement shall be taken into account by
8 assuming:

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

17 **(B) City Obligated To Make Payments Based On**
18 **Variable Rate Index.** If the City is obligated to make Payment Agreement
19 Payments based on a variable rate index and the Qualified Counterparty is
20 obligated to make payments based on a fixed rate, that payments by the City will
21 be based on a rate equal to the average rate determined by the variable rate index
22 specified by the Parity Payment Agreement during the four calendar quarters
23 preceding the quarter in which the calculation is made, and that the Qualified

1 Counterparty will make payments based on the fixed rate specified by the Parity
2 Payment Agreement.

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

5 “**Average Annual Debt Service**” means, at the time of calculation, the
6 sum of the Annual Debt Service remaining to be paid to the last scheduled
7 maturity of the applicable series of Parity Bonds divided by the number of years
8 such bonds are scheduled to remain outstanding.

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

11 “**Bond Account**” means the Solid Waste System Revenue Bond Account,
12 created in the Solid Waste Fund by Ordinance 118975 for the payment of the
13 principal of and interest on Parity Bonds.

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

17 “**Bond Insurance**” means any bond insurance, guaranty, surety bond or
18 similar credit enhancement device providing for or securing the payment of all or
19 part of the principal of and interest on any Parity Bonds.

20 “**Bond Purchase Contract**” means a written offer to purchase a Series,
21 which offer has been accepted by the City in accordance with this ordinance. In
22 the case of a competitive sale, the official notice of sale, the Purchaser’s bid and
23 the award by the City shall comprise the offer and the award by the City in

1 accordance with this ordinance shall be deemed the acceptance of that offer for
2 purposes of this ordinance.

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

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

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

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

15 **“Bonds”** means the Solid Waste System refunding revenue bonds issued
16 pursuant to this ordinance.

17 **“Capital Appreciation Bond”** means any Parity Bond, all or a portion of
18 the interest on which is compounded and accumulated at the rates or in the
19 manner, and on the dates, set forth in the applicable Parity Bond Legislation and
20 is payable only upon redemption or on the maturity date of such Parity Bond. A
21 Parity Bond that is issued as a Capital Appreciation Bond, but which later
22 converts to an obligation on which interest is paid periodically, shall be a Capital
23 Appreciation Bond until the conversion date and thereafter shall no longer be a

1 Capital Appreciation Bond, but shall be treated as having a principal amount
2 equal to its Accreted Value on the conversion date.

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

5 “City Council” means the City Council of the City, as duly and regularly
6 constituted from time to time.

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

10 “Contract Resource Obligation” means an obligation of the City, which
11 is designated as a Contract Resource Obligation and is entered into in accordance
12 with Section 20.

13 “Coverage Requirement” means Adjusted Net Revenue equal to at least
14 1.25 times Adjusted Annual Debt Service on all Parity Bonds then outstanding.

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

16 “Director of Finance” means the Director of the Finance Division of the
17 Department of Finance and Administrative Services of the City, or any other
18 officer who succeeds to substantially all of the responsibilities of that office.

19 “Event of Default” shall have the meaning assigned to that term in
20 Section 26(a).

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

1 **“Future Parity Bond Legislation”** means any ordinance or resolution
2 passed or adopted by the City Council providing for the issuance and sale of a
3 series of Future Parity Bonds, and any other ordinance or resolution amending or
4 supplementing the provisions of any such ordinance or resolution.

5 **“Future Parity Bonds”** means, with reference to any Series, all revenue
6 bonds and obligations of the Solid Waste System (other than that Series and any
7 other Parity Bonds then outstanding) issued or entered into after the Issue Date of
8 such Series, the payment of which constitutes a charge and lien on the Net
9 Revenue equal in rank with the charge and lien upon such revenue required to be
10 paid into the Bond Account in accordance with Section 16. Future Parity Bonds
11 may include Parity Payment Agreements and any other obligations issued in
12 compliance with Section 18.

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

15 **“Gross Revenue”** means (a) all income, revenues, receipts and profits
16 derived by the City through the ownership and operation of the Solid Waste
17 System; (b) Payment Agreement Receipts, to the extent that such receipts are not
18 offset by Payment Agreement Payments; and (c) the investment income set aside
19 for or earned on money held in any fund or account of the City, including any
20 bond redemption funds and the accounts therein, in connection with the
21 ownership and operation of the Solid Waste System. Gross Revenue does not
22 include: (a) income derived from investments irrevocably pledged to the payment
23 of any defeased bonds payable from Gross Revenue; (b) investment income

1 earned on money in any fund or account created or maintained solely for the
2 purpose of complying with the arbitrage rebate provisions of the Code; (c) any
3 gifts, grants, donations or other funds received by the City from any State or
4 federal agency or other person if such gifts, grants, donations or other funds are
5 the subject of any limitation or reservation imposed by the donor or grantor or
6 imposed by law or administrative regulation to which the donor or grantor is
7 subject, limiting the application of such funds in a manner inconsistent with the
8 application of Gross Revenue hereunder; (d) the proceeds of any borrowing for
9 capital improvements (or the refinancing thereof); (f) the proceeds of any liability
10 or other insurance, including but not limited to insurance proceeds compensating
11 the City for the loss of a capital asset, but excluding business interruption
12 insurance or other insurance of like nature insuring against the loss of revenues;
13 and (e) the earnings of any separate utility system acquired or constructed by the
14 City pursuant to Section 20.

15 **“Independent Utility Consultant”** means an independent person or firm
16 having a favorable reputation for skill and experience with solid waste systems of
17 comparable size and character to the Solid Waste System in such areas as are
18 relevant to the purpose for which they were retained.

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

22 **“Letter of Representations”** means the Blanket Issuer Letter of
23 Representations between the City and DTC dated October 4, 2006, as it may be

1 amended from time to time, or an agreement with a substitute or successor
2 Securities Depository.

3 **“Maintenance and Operation Expenses”** means all expenses incurred by
4 the City in causing the Solid Waste System to be operated and maintained in good
5 repair, working order and conditions, including without limitation: (a) deposits,
6 premiums, assessments or other payments for insurance (other than payments out
7 of proceeds of Parity Bonds), if any, on the Solid Waste System; (b) payments
8 into pension funds; (c) State-imposed taxes; (d) amounts due under Contract
9 Resource Obligations (but only at the times described in Section 21); (e)
10 payments made to any other person or entity for the collection, transportation,
11 treatment or disposal of solid waste or other commodity or service related to the
12 Solid Waste System; and (f) payments with respect to any other expenses of the
13 Solid Waste System that are properly treated as operation and maintenance
14 expenses under generally accepted accounting principles. Maintenance and
15 Operation Expenses does not include any depreciation, amortization, or other
16 similar recognitions of non-cash expense items made for accounting purposes
17 only; taxes levied or imposed by the City or payments in lieu of City taxes;
18 payments of claims or judgments; or capital additions or capital replacement.

19 **“Maximum Annual Debt Service”** means, at the time of calculation, the
20 maximum amount of Annual Debt Service on the Parity Bonds then outstanding
21 which shall become due in the current calendar year or in any future calendar
22 year.

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

1 **“Net Revenue”** means, for any period, the Gross Revenue less
2 Maintenance and Operation Expenses.

3 **“Outstanding Parity Bonds”** means, with reference to any Series, the
4 then-outstanding Parity Bonds described in Exhibit A and any other Parity Bonds
5 outstanding as of the Issue Date of that Series of the Bonds.

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

8 **“Parity Bond Legislation”** means any ordinance or resolution passed or
9 adopted by the City Council providing for the issuance and sale of a series of
10 Parity Bonds, and any other ordinance or resolution amending or supplementing
11 the provisions of any Parity Bond Legislation.

12 **“Parity Bonds”** means the Outstanding Parity Bonds, the Bonds and any
13 outstanding Future Parity Bonds and Parity Payment Agreements.

14 **“Parity Conditions”** means the conditions for issuing Future Parity
15 Bonds under the Parity Bond Legislation.

16 **“Parity Payment Agreement”** means a Payment Agreement under which
17 the City’s payment obligations are expressly stated to constitute a charge and lien
18 on the Net Revenue equal in rank with the charge and lien upon such revenue
19 required to be paid into the Bond Account to pay interest on Parity Bonds.

20 **“Payment Agreement”** means a written agreement for the purpose of
21 managing or reducing the City’s exposure to fluctuations or levels of interest rates
22 or for other interest rate, investment, asset or liability management purposes,
23 entered into on either a current or forward basis by the City and a Qualified

1 Counterparty as authorized by any applicable laws of the State in connection with,
2 or incidental to, the issuance, incurring or carrying of particular bonds, notes,
3 bond anticipation notes, commercial paper or other obligations for borrowed
4 money, or lease, installment purchase or other similar financing agreements or
5 certificates of participation therein, that provides for an exchange of payments
6 based on interest rates, ceilings or floors on such payments, options on such
7 payments, or any combination thereof or any similar device.

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

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

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

17 **“Principal and Interest Subaccount”** means the subaccount of that name
18 created in the Bond Account by Ordinance 118975 for the payment of the
19 principal of and interest on Parity Bonds.

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

1 **“Qualified Counterparty”** means a party (other than the City or a party
2 related to the City) who is the other party to a Payment Agreement, (a)(i) whose
3 senior debt obligations are rated in one of the three highest rating categories of
4 each Rating Agency (without regard to any gradations within a rating category, or
5 (ii) whose obligations under the Payment Agreement are guaranteed for the entire
6 term of the Payment Agreement by a bond insurer or other institution which has
7 been assigned a credit rating in one of the two highest rating categories of each
8 Rating Agency; and (b) who is otherwise qualified to act as the other party to a
9 Payment Agreement under any applicable laws of the State.

10 **“Qualified Insurance”** means any municipal bond insurance policy or
11 surety bond issued by any insurance company licensed to conduct an insurance
12 business in any state of the United States (or by a service corporation acting on
13 behalf of one or more such insurance companies) which insurance company or
14 companies, as of the time of issuance of such policy or surety bond, are rated in
15 one of the two highest rating categories by Moody’s Investors Service and
16 Standard & Poor’s Ratings Services or their comparably recognized business
17 successors.

18 **“Qualified Letter of Credit”** means any letter of credit issued by a
19 financial institution for the account of the City in connection with the issuance of
20 Parity Bonds, which institution maintains an office, agency or branch in the
21 United States and as of the time of issuance of such letter of credit is rated in one
22 of the two highest rating categories by Moody’s Investors Service and Standard &
23 Poor’s Ratings Services or their comparably recognized business successors.

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

4 **“Rate Stabilization Account”** means the account of that name originally
5 established by Ordinance 118975.

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

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

14 **“Refundable Bonds”** means, collectively, all Parity Bonds that the City
15 may from time to time designate as Refundable Bonds.

16 **“Refunded Bond Legislation”** means the respective ordinance and
17 resolution, including all amendatory or supplemental ordinances and resolutions,
18 pursuant to which a series of Refunded Bonds was issued.

19 **“Refunded Bonds”** means those Refundable Bonds included in a
20 Refunding Plan.

21 **“Refunding Plan”** means the plan approved in a Bond Resolution to issue
22 a Series, and to apply the proceeds of the sale of such Series and any other

1 available money included in the plan, to redeem, or to defease and redeem, those
2 Refundable Bonds identified in the plan.

3 **“Refunding Trust Agreement”** means, with respect to each Series, a
4 refunding trust or escrow agreement, dated as of the Issue Date of such Series,
5 between the City and a Refunding Trustee and providing for the irrevocable
6 deposit of Bond proceeds and other available money of the City, to be used to
7 carry out a Refunding Plan.

8 **“Refunding Trustee”** means, for each Series, the Director of Finance or a
9 financial institution selected by the Director of Finance to serve as refunding
10 trustee or escrow agent under a Refunding Trust Agreement.

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

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

19 **“Reserve Requirement”** means the least of (a) Maximum Annual Debt
20 Service on all Parity Bonds outstanding at the time of calculation, (b) 1.25 times
21 Average Annual Debt Service on all Parity Bonds outstanding at the time of
22 calculation, or (c) 10% of the proceeds of each series of Parity Bonds then
23 outstanding, as of the delivery of each such series.

1 **“Reserve Security”** means any Qualified Insurance or Qualified Letter of
2 Credit obtained by the City to satisfy part or all of the Reserve Requirement, and
3 which is not cancelable on less than three years’ notice.

4 **“Reserve Subaccount”** means the subaccount of that name created in the
5 Bond Account by Ordinance 118975 for the purpose of securing the payment of
6 the principal of and interest on Parity Bonds.

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

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

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

15 **“Serial Bonds”** means Parity Bonds maturing in specified years, for
16 which no Sinking Fund Requirements are mandated.

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

18 **“Sinking Fund Requirement”** means, for any calendar year, the principal
19 amount and premium, if any, of Term Bonds required to be purchased, redeemed,
20 paid at maturity or paid into any Bond Account for such calendar year, as
21 established by the Parity Bond Legislation authorizing the issuance of such Term
22 Bonds.

1 **“Solid Waste Fund”** means the “Garbage Collection and Disposal Fund”
2 of the City created by Ordinance 90379 and subsequently renamed the “Solid
3 Waste Fund.”

4 **“Solid Waste System”** means the entire solid waste collection,
5 transportation and disposal system of the City, created by Ordinance 90379, as
6 amended, together with all additions thereto and betterments and extensions
7 thereof at any time made, acquired or constructed, together with any other utility
8 systems of the City hereafter combined with the Solid Waste System. The Solid
9 Waste System shall not include any separate utility system acquired or
10 constructed by the City pursuant to Section 20.

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

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

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

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

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

1 **“Term Bond”** means any Bond that is issued subject to mandatory
2 redemption prior to its maturity in periodic mandatory redemption payments.

3 **“Undertaking”** means the undertaking to provide continuing disclosure
4 entered into pursuant to Section 24, in substantially the form attached as
5 Exhibit B.

6 **“Valuation Date”** means, with respect to any Capital Appreciation Bond,
7 the date or dates set forth in the relevant Parity Bond Legislation or Bond
8 Purchase Contract on which specific Accreted Values are assigned to that Capital
9 Appreciation Bond.

10 **“Variable Interest Rate”** means any variable interest rate or rates to be
11 borne by any Parity Bonds. The method of computing such a variable interest rate
12 shall be set in accordance with the applicable Parity Bond Legislation, which shall
13 specify either (a) the particular period or periods of time or manner of
14 determining such period or periods of time for which each value of such variable
15 interest rate shall remain in effect or (b) the time or times upon which any change
16 in such variable interest rate shall become effective.

17 **“Variable Interest Rate Bond”** means, for any period of time, any Parity
18 Bond that bears a Variable Interest Rate during that period, except that a Parity
19 Bond shall not be treated as a Variable Interest Rate Bond if the net economic
20 effect of interest rates on particular Parity Bonds of a series and interest rates on
21 other Parity Bonds of the same series, as set forth in the applicable Parity Bond
22 Legislation, or the net economic effect of a Payment Agreement with respect to a
23 particular Parity Bond, in either case is to produce obligations that bear interest at

1 a fixed interest rate; and a Parity Bond with respect to which a Payment
2 Agreement is in force shall be treated as a Variable Interest Rate Bond if the net
3 economic effect of the Payment Agreement is to produce an obligation that bears
4 interest at a Variable Interest Rate.

5 **Section 2. Authorization of Bonds.** The City is authorized to borrow
6 money and issue Solid Waste System revenue bonds, payable from the sources
7 described in Section 14, in principal amounts not to exceed the limits stated in
8 Section 4 to carry out one or more Refunding Plans, including paying the
9 administrative costs of carrying out each such Refunding Plan, and to pay the
10 costs of issuance of the Bonds. The Bonds may be issued in one or more Series,
11 and may be combined with other Parity Bonds authorized separately.

12 The Bonds shall be designated Solid Waste System revenue bonds and
13 shall be numbered separately and shall have any name, year and series or other
14 label as deemed necessary or appropriate by the Director of Finance.

15 **Section 3. Manner of Sale of Bonds.** At least ten days before the
16 date selected by the Director of Finance for the sale of a Series, the Director of
17 Finance shall notify the President of the City Council, in writing, of the Director
18 of Finance's determination that the issuance of the Series is consistent with the
19 then-current financial policies of the City. The notice shall set forth the reasons
20 for the Director of Finance's determination. Upon giving such notice, the Director
21 of Finance may provide for the sale of each Series (or any portion thereof) by
22 public sale, or by a negotiated sale, limited offering or private placement with a
23 Purchaser chosen through a selection process acceptable to the Director of

1 Finance. The City Council's adoption of the Bond Resolution shall be conclusive
2 evidence that proper notice was provided to the President of the City Council. The
3 Director of Finance is authorized to specify a date and time of sale of and a date
4 and time for delivery of each Series, to give notice of that sale, to determine any
5 bid parameters or other bid requirements and criteria for determining the award of
6 the bid; to provide for the use of an electronic bidding mechanism; and to specify
7 other matters in his or her determination necessary, appropriate, or desirable in
8 order to carry out the sale of each Series. Each Series must be sold on Bond Sale
9 Terms in accordance with Section 4.

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

18 (a) **Maximum Principal Amount.** The Bonds may be issued in one
19 or more Series and may be combined with other Parity Bonds authorized
20 separately. The aggregate principal amount of the Bonds allocated to each
21 Refunding Plan shall not exceed 125% of the stated principal amount (or Accreted
22 Value, if applicable) of the Refunded Bonds included in that Refunding Plan.

1 **(b) Date or Dates.** Each Bond shall be dated its Issue Date, as
2 determined by the Director of Finance, which shall be determined by the Director
3 of Finance.

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

6 **(d) Interest Rate(s); Payment Dates.** Each Bond shall bear interest
7 from the Issue Date or from the most recent date to which interest has been paid
8 or duly provided for, whichever is later, and shall be payable on dates determined
9 by the Director of Finance. One or more rates of interest shall be established for
10 each maturity of each Series, which rate or rates may be fixed interest rates or
11 Variable Interest Rates. Fixed interest rates shall be computed on the basis of a
12 360-day year of twelve 30-day months and the net interest cost shall not exceed a
13 weighted average rate of 10% per annum. Principal payments shall commence on
14 a date and shall be payable at maturity or have Sinking Fund Requirements on
15 dates determined by the Director of Finance.

16 **(e) Final Maturity.** The Bonds shall mature no later than 40 years
17 after the Issue Date.

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

21 **(i) Optional Redemption.** Any Bond may be designated as
22 being (A) subject to redemption at the option of the City prior to its maturity date
23 on the dates and at the redemption prices set forth in the Bond Purchase Contract;

1 or (B) not subject to redemption prior to its maturity date. If a Bond is subject to
2 optional redemption prior to its maturity, it must be subject to such redemption on
3 one or more dates occurring not more than 10½ years after the Issue Date.

4 (ii) **Mandatory Redemption.** Any bond may be designated as
5 a Term Bond, subject to mandatory redemption prior to its maturity on the dates
6 and in Sinking Fund Requirements consistent with Section 7(b).

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

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

10 (i) As of the Issue Date of each Series, (A) the Finance
11 director must determine that the Parity Conditions have been met or satisfied, so
12 that such Series may be issued as Parity Bonds, and (B) the City Council must
13 find in the Bond Resolution that, in creating the Bond Account and in fixing the
14 amounts to be paid into it in accordance with this ordinance, the City Council has
15 had due regard for the cost of maintenance and operation of the Solid Waste
16 System, and is not setting aside into the Bond Account a greater amount than in
17 the judgment of the City Council, based on the rates to be established from time to
18 time consistent with Section 17(a), will be available over and above such cost of
19 maintenance and operation.

20 (ii) A Series may not be issued unless the Bond Resolution
21 with respect to that Series sets forth a Refunding Plan and includes the findings
22 that:

1 (A) The Refunding Plan (1) will pay or discharge the
2 City's obligations with respect to Refundable Bonds that are in arrears or about to
3 become due, and for which sufficient funds are not available; (2) is necessary or
4 in the best interest of the City to modify debt service requirements, sources of
5 payment covenants or other terms of the Refunded Bonds; or (3) will effect a
6 savings to the City, giving consideration to the fixed maturities of the Series to be
7 issued and of the Refunded Bonds, the costs of issuance of that Series and the
8 known earned income from the investment of the sale proceeds and other money
9 of the City used in the Refunding Plan; and

10 (B) the irrevocable deposit of money and securities with
11 the Refunding Trustee in accordance with the Refunding Plan will discharge and
12 satisfy the obligations of the City as to the Refunded Bonds, including all pledges,
13 charges, trusts, covenants and agreements under the Refunded Bond Legislation,
14 and immediately upon such deposit, the Refunded Bonds will no longer be
15 deemed to be outstanding under the Refunded Bond Legislation.

16 (iii) The Bond Sale Terms for any Series may provide for Bond
17 Insurance, a Reserve Security or other credit enhancement, or for a Parity
18 Payment Agreement. To that end, the Bond Sale Terms may include such
19 additional terms, conditions and covenants as may be necessary or desirable,
20 including but not limited to restrictions on investment of Bond proceeds and
21 pledged funds, and requirements to give notice to or obtain the consent of a credit
22 enhancement provider or a Qualified Counterparty.

1 (iv) The Bond Sale Terms must establish the method of
2 providing for the Reserve Requirement, consistent with Section 16(d).

3 (v) Any Series may be designated or qualified as Tax-Exempt
4 Bonds, taxable bonds, or Tax Credit Subsidy Bonds, and may include such
5 additional terms and covenants relating to federal tax matters as the Director of
6 Finance deems necessary or appropriate, consistent with Section 23.

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

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

11 (b) **Bond Registrar; Transfer and Exchange of Bonds.** The Bond
12 Registrar shall keep, or cause to be kept, sufficient books for the registration and
13 transfer of the Bonds, which shall be open to inspection by the City at all times.
14 The Bond Register shall contain the name and mailing address of the Registered
15 Owner of each Bond and the principal amount and number of each of the Bonds
16 held by each Registered Owner. The Bond Registrar is authorized, on behalf of
17 the City, to authenticate and deliver Bonds transferred or exchanged in
18 accordance with the provisions of the Bonds and this ordinance, to serve as the
19 City's paying agent for the Bonds and to carry out all of the Bond Registrar's
20 powers and duties under this ordinance and the Registration Ordinance.

21 The Bond Registrar shall be responsible for its representations contained
22 in the Bond Registrar's certificate of authentication on the Bonds. The Bond
23 Registrar may become an Owner of Bonds with the same rights it would have if it

1 were not the Bond Registrar and, to the extent permitted by law, may act as
2 depository for and permit any of its officers or directors to act as members of, or
3 in any other capacity with respect to, any committee formed to protect the rights
4 of Owners. Bonds surrendered to the Bond Registrar may be exchanged for Bonds
5 in any Authorized Denomination of an equal aggregate principal amount and of
6 the same Series, interest rate and maturity. Bonds may be transferred only if
7 endorsed in the manner provided thereon and surrendered to the Bond Registrar.
8 Any exchange or transfer shall be without cost to the Owner or transferee. The
9 Bond Registrar shall not be obligated to exchange or transfer any Bond during the
10 period between the Record Date and the corresponding interest payment or
11 redemption date.

12 (c) **Securities Depository; Book-Entry Form.** The Bonds initially
13 shall be registered in the name of the Securities Depository. The Bonds so
14 registered shall be held fully immobilized in book-entry form by the Securities
15 Depository in accordance with the provisions of the Letter of Representations.
16 Neither the City nor the Bond Registrar shall have any responsibility or obligation
17 to participants of the Securities Depository or the persons for whom they act as
18 nominees with respect to the Bonds regarding accuracy of any records maintained
19 by the Securities Depository or its participants of any amount in respect of
20 principal of or interest on the Bonds, or any notice which is permitted or required
21 to be given to Owners hereunder (except such notice as is required to be given by
22 the Bond Registrar to the Securities Depository). Registered ownership of a Bond
23 initially held in book-entry form, or any portion thereof, may not be transferred

1 except: (i) to any successor Securities Depository; (ii) to any substitute Securities
2 Depository appointed by the City or such substitute Securities Depository's
3 successor; or (iii) to any person if the Bond is no longer held in book-entry form.

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

12 **Section 6. Payment of Bonds.** Principal of and interest on each Bond
13 shall be payable solely out of the Bond Account, in lawful money of the United
14 States. Principal of and interest on each Bond registered in the name of the
15 Securities Depository is payable in the manner set forth in the Letter of
16 Representations. Interest on each Bond not registered in the name of the
17 Securities Depository is payable by electronic transfer on the interest payment
18 date, or by check or draft of the Bond Registrar mailed on the interest payment
19 date to the Registered Owner at the address appearing on the Bond Register on the
20 Record Date. However, the City is not required to make electronic transfers
21 except pursuant to a request by a Registered Owner in writing received at least ten
22 days prior to the Record Date and at the sole expense of the Registered Owner.
23 Principal of each Bond not registered in the name of the Securities Depository is

1 payable upon presentation and surrender of the Bond by the Registered Owner to
2 the Bond Registrar. The Bonds are not subject to acceleration under any
3 circumstances.

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

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

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

18 (c) **Selection of Bonds for Redemption; Partial Redemption.** If
19 fewer than all of the outstanding Bonds are to be redeemed at the option of the
20 City, the Director of Finance shall select the Series and maturity or maturities to
21 be redeemed. If fewer than all of the outstanding Bonds of a maturity of a Series
22 are to be redeemed, the Securities Depository shall select Bonds registered in the
23 name of the Securities Depository to be redeemed in accordance with the Letter of

1 Representations, and the Bond Registrar shall select all other Bonds to be
2 redeemed randomly in such manner as the Bond Registrar shall determine. All or
3 a portion of the principal amount of any Bond that is to be redeemed may be
4 redeemed in any Authorized Denomination. If less than all of the outstanding
5 principal amount of any Bond is redeemed, upon surrender of that Bond to the
6 Bond Registrar there shall be issued to the Registered Owner, without charge, a
7 new Bond (or Bonds, at the option of the Registered Owner) of the same Series,
8 maturity and interest rate in any Authorized Denomination in the aggregate
9 principal amount to remain outstanding.

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

13 **Section 8. Notice of Redemption.** The City shall cause notice of any
14 intended redemption of Bonds to be given not less than 20 nor more than 60 days
15 prior to the date fixed for redemption by first class mail, postage prepaid, to the
16 Registered Owner of any Bond to be redeemed at the address appearing on the
17 Bond Register on the Record Date, and the requirements of this sentence shall be
18 deemed to have been fulfilled when notice has been mailed as so provided,
19 whether or not it is actually received by the Owner of any Bond. Interest on
20 Bonds called for redemption shall cease to accrue on the date fixed for
21 redemption unless the Bond or Bonds called are not redeemed when presented
22 pursuant to the call.

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

Section 9. Failure to Pay Bonds. If any Bond is not paid when properly presented at its maturity or redemption date, the City shall be obligated to pay, solely from the Bond Account and the other sources pledged in this ordinance, interest on that Bond at the same rate provided in that Bond from and after its maturity or redemption date until that Bond, principal, premium (if any), and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Account and that Bond has been called for payment by giving notice of that call to the Registered Owner of that Bond.

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

Only Bonds bearing a certificate of authentication in substantially the following form (with the designation, year and Series adjusted consistent with this

1 ordinance), manually signed by the Bond Registrar, shall be valid or obligatory
2 for any purpose or entitled to the benefits of this ordinance: “This Bond is one of
3 the fully registered The City of Seattle, Washington, [Solid Waste Refunding
4 Revenue Bonds], [Year], [Series], described in [this ordinance].” The authorized
5 signing of a certificate of authentication shall be conclusive evidence that the
6 Bond so authenticated has been duly executed, authenticated and delivered and is
7 entitled to the benefits of this ordinance.

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

18 **Section 11. Deposit and Use of Proceeds.** Unless provided otherwise
19 in the Bond Resolution, the principal proceeds and premium, if any received from
20 the sale of each Series, in the amount necessary to carry out the Refunding Plan
21 (including payment of costs of issuance and administrative costs of carrying out
22 the refunding) approved in connection with such Series, shall be deposited with
23 the Refunding Trustee and used in accordance with the provisions of Section 12

1 and the Refunding Plan to discharge the obligations of the City relating to the
2 Refunded Bonds.

3 To the extent not necessary to carry out the Refunding Plan, excess
4 proceeds received from the sale of a Series (including interest earnings thereon)
5 shall be deposited into such funds, subfunds, accounts and subaccounts as the
6 Director of Finance shall determine, consistent with the Bond Resolution. The
7 Director of Finance may apply any amounts remaining after the costs of issuance
8 and the administrative costs of the Refunding Plan have been paid (or after the
9 City Council has determined that the expenditure of such amounts for those
10 purposes is no longer necessary or appropriate) to pay principal of and interest on
11 that Series or for any other purposes approved by ordinance or by the Bond
12 Resolution.

13 **Section 12. The Refunding Plan.**

14 **(a) Approval of Refunding Plan; Appointment of Refunding**
15 **Trustee.** The Bond Resolution shall approve a Refunding Plan for each Series,
16 which shall provide for the issuance of the Series, shall identify the Refundable
17 Bonds to be refunded, shall allocate the Bonds among the various Refunded
18 Bonds, shall describe the method for carrying out the refunding of the Refunded
19 Bonds, and shall appoint the Refunding Trustee. The Refunding Plan shall be
20 carried out, and proceeds of the Series shall be applied, in accordance with this
21 ordinance, the respective Refunded Bond Legislation, the Bond Resolution and
22 the laws of the State.

1 **(b) Acquisition of Acquired Obligations.** To the extent practicable,
2 the Refunding Plan shall provide for the Refunding Trustee's purchase of the
3 Acquired Obligations, bearing such interest and maturing as to principal and
4 interest in such amounts and at such times so as to provide, together with a
5 beginning cash balance, if necessary, for the payment of the amount required to
6 be paid by the Refunding Plan. The Acquired Obligations shall be listed and more
7 particularly described in a schedule attached to the Refunding Trust Agreement,
8 but are subject to substitution as set forth in subsection (c) below.

9 **(c) Substitution of Acquired Obligations.** The City reserves the
10 right at any time to substitute cash or Government Obligations for the Acquired
11 Obligations if the City obtains a verification by a nationally recognized
12 independent certified public accounting firm reasonable acceptable to the
13 Refunding Trustee confirming that the payments of principal of and interest on
14 the substitute Government Obligations, if paid when due, together with the cash to
15 be held by the Refunding Trustee, will be sufficient to carry out the Refunding
16 Plan. If the applicable Series (or series of the Refunded Bonds) were issued as
17 Tax-Exempt Bonds, then prior to such substitution, the City must also obtain an
18 opinion from Bond Counsel to the effect that the disposition and substitution or
19 purchase of such securities will not cause the interest on the applicable Series (or
20 series of the Refunded Bonds) issued as Tax-Exempt Bonds to be included in
21 gross income for federal income tax purposes and that such disposition and
22 substitution or purchase is in compliance with the statutes and regulations
23 applicable to the Series. Any surplus money resulting from the sale, transfer, other

1 disposition or redemption of the Acquired Obligations and the substitutions
2 therefor shall be released from the trust estate and may be used for any lawful
3 City purpose.

4 (d) **Refunding Trust Agreement.** In connection with each Series, the
5 Director of Finance is authorized to execute a Refunding Trust Agreement with a
6 Refunding Trustee, setting forth the duties, obligations and responsibilities of the
7 Refunding Trustee in connection with carrying out the Refunding Plan. Each
8 Refunding Trust Agreement shall, among other things, authorize and direct the
9 Refunding Trustee to use the money deposited with it to purchase the Acquired
10 Obligations (or substitute obligations) and to apply such money along with the
11 maturing principal of and interest on such obligations to make the payments
12 required to be made by the Refunding Plan. The money deposited with the
13 Refunding Trustee, including the Acquired Obligations and any investment
14 earnings, shall be held irrevocably, invested and applied in accordance with the
15 provisions of the respective Refunded Bond Legislation, this ordinance, the Bond
16 Resolution, chapter 39.53 RCW and other applicable State law. All administrative
17 costs (including without limitation, all necessary and proper fees, compensation
18 and expenses of the Refunding Trustee and all other costs incidental to the setting
19 up of the escrow to accomplish the Refunding Plan) and costs of issuance may, in
20 the discretion of the Director of Finance, be paid out of the amounts deposited
21 with the Refunding Trustee or other available money of the City.

22 **Section 13. Call for Redemption of the Refunded Bonds.** The City
23 may in the Bond Resolution call, or authorize the Director of Finance to call, the

1 Refunded Bonds for redemption. Such call for redemption of the Refunded Bonds
2 shall identify the Refunded Bonds, call dates and redemption prices (expressed as
3 a percentage of the stated principal amount, plus accrued interest), and shall be
4 irrevocable after the Issue Date of the applicable Series. The proper City officials
5 are authorized and directed to give or cause to be given such notices as required,
6 at the times and in the manner required pursuant to the Refunded Bond
7 Legislation, in order to carry out the Refunding Plan.

8 **Section 14. Security for the Bonds.** The Bonds shall be special
9 limited obligations of the City payable from and secured solely by the Net
10 Revenue and by money in the Bond Account and the subaccounts therein,
11 (including, without limitation, the Reserve Subaccount). Net Revenue is pledged
12 to make the payments into the Bond Account and the Reserve Subaccount
13 required by subsections (b), (c) and (d) of Section 15, which pledge shall
14 constitute a lien and charge upon such Net Revenue prior and superior to all other
15 liens and charges whatsoever.

16 The Bonds shall be on a parity with the Outstanding Parity Bonds and all
17 Future Parity Bonds, without regard to date of issuance or authorization and
18 without preference or priority of right or lien. Nothing in this ordinance prevents
19 the City from issuing revenue bonds or other obligations which are a lien or
20 charge upon Net Revenue subordinate to the payments required to be made from
21 Net Revenue into the Bond Account and the subaccounts therein.

22 The Bonds shall not in any manner or to any extent constitute general
23 obligations of the City, the State or any political subdivision of the State or a lien

1 or charge upon any general fund or upon any money or other property of the City,
2 the State or any political subdivision of the State not specifically pledged thereto
3 by this ordinance.

4 **Section 15. Flow of Funds.** Gross Revenue of the Solid Waste System
5 shall be used for the following purposes only and shall be applied in the following
6 order of priority:

7 (a) To pay Maintenance and Operation Expenses;

8 (b) To pay interest on Parity Bonds and Payment Agreement Payments
9 when due;

10 (c) To pay the principal of Parity Bonds as it comes due at maturity or
11 as the principal is required to be paid pursuant to mandatory redemption
12 requirements applicable to Term Bonds;

13 (d) To make all payments required to be made into the Reserve
14 Subaccount;

15 (e) To make all payments required to be made into any revenue bond,
16 note, warrant or other revenue obligation redemption fund, debt service account
17 or reserve account created to pay or secure the payment of the principal of and
18 interest on any revenue bonds, notes, warrants or other obligations of the City
19 having a lien upon the Net Revenue junior and inferior to the lien thereon for the
20 payment of the principal of and interest on the Parity Bonds; and

21 (f) To retire by redemption or purchase any outstanding revenue
22 bonds or other revenue obligations of the Solid Waste System, to make necessary
23 additional betterments, improvements and repairs to or extensions and

1 replacements of the Solid Waste System, to make deposits into the Rate
2 Stabilization Account, or for any other lawful purposes of the Solid Waste
3 System.

4 The City may transfer any money from any funds or accounts of the Solid
5 Waste System legally available therefor, except bond redemption funds, refunding
6 escrow funds or defeasance funds, to meet the required payments to be made into
7 the Bond Account.

8 **Section 16. Bond Account.** A special account of the City known as the
9 “Bond Account” has been created and shall be maintained as a separate account
10 within the Solid Waste Fund, for the sole purpose of paying the principal of and
11 premium, if any, and interest on the Parity Bonds as the same shall become due.
12 The Bond Account consists of the Principal and Interest Subaccount and the
13 Reserve Subaccount and such additional subaccounts as the Director of Finance
14 may deem necessary. Principal of, premium (if any) and interest on the Parity
15 Bonds shall be payable out of the Bond Account.

16 **(a) Required Payments Into the Bond Account.** From and after the
17 issuance of the Bonds, and so long thereafter as any Parity Bonds are outstanding
18 against the Bond Account (including any Payment Agreement Payments required
19 to be made under any Parity Payment Agreements), the Director of Finance shall
20 set aside and pay into the Principal and Interest Subaccount on or prior to the
21 respective dates on which the interest on or principal of and interest on the Parity
22 Bonds shall become due and payable certain fixed amounts out of the Net

1 Revenue sufficient to pay such interest or principal and interest as the same shall
2 become due.

3 (b) **Reserve Subaccount.** The Reserve Subaccount previously has
4 been created and maintained as a subaccount within the Bond Account for the
5 purpose of securing the payment of the principal of and interest on all Parity
6 Bonds outstanding (including amounts due under any Parity Payment Agreements
7 if required under such agreement).

8 (c) **Investment of Money in Bond Account.** Money in the Principal
9 and Interest Subaccount shall, to the fullest extent practicable and reasonable, be
10 invested and reinvested at the direction of the Director of Finance solely in, and
11 obligations deposited in such accounts shall consist of, Permitted Investments.
12 Earnings on money and investments in the Principal and Interest Subaccount shall
13 be deposited in and used for the purposes of that subaccount. Money held in the
14 Reserve Subaccount shall, to the fullest extent practicable and reasonable, be
15 invested and reinvested at the direction of the Director of Finance solely in, and
16 obligations deposited in such accounts shall consist of, Permitted Investments.
17 Earnings on money and investments in the Reserve Subaccount shall be deposited
18 in that fund and credited against amounts required to be deposited therein until the
19 Reserve Subaccount is fully funded, and thereafter such earnings shall be
20 deposited in the Principal and Interest Subaccount.

21 (d) **Funding of Reserve Requirement.** The City shall provide in the
22 Bond Resolution with respect to the Bonds or in the Parity Bond Legislation
23 authorizing the issuance of any Future Parity Bonds for the deposit into the

1 Reserve Subaccount out of the Net Revenue (or out of any other funds of the City
2 on hand and legally available therefor, including proceeds of the Bonds or of the
3 Future Parity Bonds being issued or any other Future Parity Bonds) of periodic
4 payments so that by five years from the date of such Future Parity Bonds there
5 will have been paid into the Reserve Subaccount an amount which, together with
6 the money already on deposit therein, will be at least equal to the Reserve
7 Requirement for all Parity Bonds outstanding at the end of that five-year period.

8 Notwithstanding the foregoing, the Bond Resolution or any Parity Bond
9 Legislation may provide for the City to obtain Qualified Insurance or a Qualified
10 Letter of Credit for specific amounts required to be paid into the Reserve
11 Subaccount. The amount available to be drawn upon under such Qualified
12 Insurance or Qualified Letter of Credit shall be credited against the amounts
13 required to be maintained in the Reserve Subaccount by this subsection.

14 Such Qualified Letter of Credit or Qualified Insurance shall not be
15 cancelable on less than three years' notice. If the City receives any such notice of
16 cancellation, the City shall substitute Qualified Insurance or a Qualified Letter of
17 Credit in the amount required pursuant to this subsection or in the alternative shall
18 create a special account in the Solid Waste Fund and deposit therein, on or before
19 the 25th day of each of the 36 succeeding calendar months, 1/36th of the amount
20 sufficient, together with other money and investments on deposit in the Reserve
21 Subaccount, to equal the Reserve Requirement on the date any such cancellation
22 shall become effective. Such amounts shall be transferred from money in the
23 Solid Waste Fund (after making provision for payment of Maintenance and

1 Operation Expenses and for the required payments into the Principal and Interest
2 Subaccount). Amounts on deposit in such special account shall not be available to
3 pay debt service on Parity Bonds or for any other purpose of the City, and shall be
4 transferred to the Reserve Subaccount on the effective date of any cancellation of
5 a Qualified Letter of Credit or Qualified Insurance to make up the deficiency
6 caused thereby.

7 If the amount in the Reserve Subaccount shall be less than the Reserve
8 Requirement (taking into account the five-year period referred to in this
9 subsection, the City shall transfer to the Reserve Subaccount money in an amount
10 sufficient to restore the Reserve Subaccount to the Reserve Requirement within
11 12 months after the date of such deficiency. The City shall transfer such amounts
12 from money in the Solid Waste Fund (after making provision for payment of
13 Maintenance and Operation Expenses and for the required payments into the
14 Principal and Interest Subaccount). If the amount in the Reserve Subaccount shall
15 be greater than the Reserve Requirement, then and only then may the City
16 withdraw such excess from the Reserve Subaccount and deposit such excess in
17 the Solid Waste Fund to be used for any lawful purpose.

18 **(e) Use of Reserve Subaccount for Refunding Bonds.** If any Parity
19 Bonds are refunded, the money set aside in the Reserve Subaccount to secure the
20 payment of such Parity Bonds may be used to retire such Parity Bonds or may be
21 transferred to any Reserve Subaccount or account which may be created to secure
22 the payment of any bonds issued to refund such Parity Bonds, as long as the
23 money left remaining in the Reserve Subaccount is at least equal, together with

1 any Qualified Insurance or Qualified Letters of Credit, to the Reserve
2 Requirement.

3 (f) **Use of Reserve Subaccount for Payment of Debt Service.** If the
4 money in the Principal and Interest Subaccount is insufficient to meet maturing
5 installments of either interest on or principal of and interest on the Parity Bonds
6 payable out of the Bond Account (including amounts payable under any Parity
7 Payment Agreement), such deficiency shall be made up from the Reserve
8 Subaccount by the withdrawal of money or proceeds of Qualified Insurance or
9 Qualified Letters of Credit therefrom, as the case may be. Any deficiency created
10 in the Reserve Subaccount by reason of any such withdrawal or claim against
11 Qualified Insurance or a Qualified Letter of Credit shall then be made up out of
12 the Net Revenue, after making necessary provision for the payments required to
13 be made for debt service on any outstanding Parity Bonds consistent with
14 Section 15.

15 (g) **Withdrawals From Reserve Subaccount.** Money in the Reserve
16 Subaccount may be withdrawn by the City for any lawful purpose as long as the
17 aggregate of any money, Qualified Insurance and Qualified Letters of Credit left
18 remaining on deposit in the Reserve Subaccount is at least equal to the Reserve
19 Requirement for the Parity Bonds then outstanding.

20 The City reserves the right to substitute Qualified Insurance or a Qualified
21 Letter of Credit for money previously deposited in the Reserve Subaccount and to
22 withdraw such money to the extent described in the preceding paragraph.

1 Any withdrawals from subaccounts within the Reserve Subaccount shall
2 be made on a pro rata basis except when the provider of a Qualified Letter of
3 Credit or Qualified Insurance requires all cash and investments in the Reserve
4 Subaccount to be withdrawn before draws are made on the Qualified Letter of
5 Credit or Qualified Insurance, or unless the City receives an opinion of Bond
6 Counsel to the effect that such pro rata withdrawal is not required to maintain the
7 exclusion of interest on the Parity Bonds then outstanding from gross income for
8 federal income tax purposes.

9 **Section 17. Parity Bond Covenants.**

10 **(a) Establishment and Collection of Rates and Charges.** The City
11 will establish, maintain and collect rates and charges for services and facilities
12 provided by the Solid Waste System and will adjust those rates and charges from
13 time to time so that:

14 (i) Gross Revenue will be sufficient to (A) pay all
15 Maintenance and Operation Expenses, (B) pay when due all amounts that the City
16 is obligated to pay into the Bond Account and the subaccounts therein, and
17 (C) pay all taxes, assessments or other governmental charges lawfully imposed on
18 the Solid Waste System or the revenue therefrom or payments in lieu thereof and
19 any and all other amounts which the City may now or hereafter become obligated
20 to pay from the Gross Revenue by law or contract; and

21 (ii) Adjusted Net Revenue in each fiscal year will be at least
22 equal to the Coverage Requirement; and

1 (iii) Except to aid the poor or infirm, it will not furnish or
2 supply or permit the furnishing or supplying of any service or facility in
3 connection with the operation of the Solid Waste System free of charge to any
4 person, firm or corporation, public or private.

5 The failure of the City to comply with paragraphs (i) and (ii) of this
6 subsection shall not be an Event of Default under this ordinance if the City
7 promptly retains an Independent Utility Consultant to recommend to the City
8 Council adjustments in the rates of the Solid Waste System necessary to meet the
9 requirements of those paragraphs and if the City Council adopts the recommended
10 modifications within 180 days of the date the failure became known to the City
11 Council.

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

20 **(c) Liens Upon the Solid Waste System.** Except as otherwise
21 provided in this ordinance, the City will not at any time create or permit to accrue
22 or to exist any lien or other encumbrance or indebtedness upon the Gross Revenue
23 or any part thereof prior or superior to the lien thereon for the payment of the

1 Parity Bonds, and will pay and discharge, or cause to be paid and discharged, any
2 and all lawful claims for labor, materials or supplies which, if unpaid, might
3 become a lien or charge upon the Gross Revenue or any part thereof prior or
4 superior to, or on a parity with, the lien of the Parity Bonds, or which might
5 impair the security of the Parity Bonds.

6 (d) **Books and Accounts.** The City will keep proper books, records
7 and accounts with respect to the operations, income and expenditures of the Solid
8 Waste System in accordance with generally accepted accounting practices
9 applicable to governmental utilities and any applicable rules and regulations
10 prescribed by the State. The City will prepare or cause to be prepared annual
11 financial and operating statements as soon as practicable after the close of each
12 fiscal year showing in reasonable detail the financial condition of the Solid Waste
13 System as of the close of the previous year, and the income and expenses for such
14 year, including the amounts paid into the Bond Account and into any and all
15 special funds or accounts created pursuant to the provisions of this ordinance, the
16 status of all funds and accounts as of the end of such year, and the amounts
17 expended for maintenance, renewals, replacements and capital additions to the
18 Solid Waste System. A copy of such annual financial statements shall be sent to
19 any owner of Parity Bonds upon written request therefor being made to the City.
20 The City may charge a reasonable cost for providing such financial statements.

21 (e) **Collection of Delinquent Accounts.** On at least an annual basis,
22 the City will determine all accounts that are delinquent and will take such actions

1 as the City determines are reasonably necessary to enforce payment of those
2 delinquent accounts.

3 (f) **Maintenance of Insurance.** The City at all times will carry fire
4 and extended coverage, public liability and property damage and such other forms
5 of insurance with responsible insurers and with policies payable to the City on
6 such of the buildings, equipment, works, plants, facilities and properties of the
7 Solid Waste System as are ordinarily carried by municipal or privately owned
8 utilities engaged in the operation of like systems, and against such claims for
9 damages as are ordinarily carried by municipal or privately owned utilities
10 engaged in the operation of like systems, or, in the City's sole discretion, it will
11 self-insure or participate in an insurance pool or pools with reserves adequate, in
12 the reasonable judgment of the City, to protect the Solid Waste System against
13 loss.

14 (g) **Condemnation Award and Insurance Proceeds.** If the City
15 receives any condemnation award or proceeds of an insurance policy in
16 connection with any loss of or damage to any property of the Solid Waste System,
17 the City shall apply the condemnation award or insurance proceeds, in the City's
18 sole discretion, either (i) to the cost of replacing or repairing the lost or damaged
19 properties, (ii) to the payment, purchase or redemption of Parity Bonds, or (iii) to
20 the cost of improvements to the Solid Waste System.

21 (h) **Sale of System.** The City will only sell, transfer or otherwise
22 dispose of all or any part of the works, plant, properties, facilities or other

1 component of the Solid Waste System or any real or personal property comprising
2 a part of the Solid Waste System consistent with one or more of the following:

3 (i) The City in its discretion may carry out such a sale, transfer
4 or disposition (each, as used in this subsection, a “transfer”) if the facilities or
5 property transferred are not material to the operation of the Solid Waste System,
6 or shall have become unserviceable, inadequate, obsolete or unfit to be used in the
7 operation of the Solid Waste System or are no longer necessary, material or useful
8 to the operation of the Solid Waste System; or

9 (ii) The City in its discretion may carry out such a transfer if
10 the aggregate depreciated cost value of the facilities or property being transferred
11 under this paragraph in any fiscal year comprises no more than 5% of the total
12 assets of the Solid Waste System; or

13 (iii) The City in its discretion may carry out such a transfer if
14 the proceeds from such transfer are used to acquire new useful operating facilities
15 or properties of the Solid Waste System, or are used to retire outstanding Parity
16 Bonds or other revenue obligations of the Solid Waste System, if, at the time of
17 such transfer, there is on file with the City Clerk a certificate of the Director of
18 Finance and the Director of Seattle Public Utilities demonstrating that in his or
19 her professional opinion, upon such transfer and the use of proceeds of the
20 transfer as proposed by the City, the remaining facilities of the Solid Waste
21 System will retain their operational integrity and, based on the financial
22 statements for the most recent fiscal year available, the proposed transfer would
23 not prevent the Solid Waste System from complying with the rate covenants

1 contained in Section 17(a) during the five fiscal years following the fiscal year in
2 which the transfer is to occur. The Director of Finance and the Director of Seattle
3 Public Utilities shall take into account, (A) the reduction in revenue and expenses,
4 if any, resulting from the transfer; (B) the use of any proceeds of the transfer for
5 the redemption of Parity Bonds, (C) the Director of Finance and the Director of
6 Seattle Public Utilities' estimate of revenue from customers anticipated to be
7 served by any additions to and betterments and extensions of the Solid Waste
8 System financed in part by the proposed portion of the proceeds of the transfer,
9 and (D) any other adjustment permitted in the preparation of a certificate under
10 Section 18(a)(ii). Before such a transfer, the City also must obtain confirmation
11 from each of the Rating Agencies to the effect that the rating then in effect will
12 not be reduced or withdrawn upon such transfer.

13 **Section 18. Future Parity Bonds.**

14 (a) Except as provided in subsection (b) of this section for the issuance
15 of refunding Parity Bonds, Future Parity Bonds may be issued (and Parity
16 Payment Agreements may be entered into), from time to time in one or more
17 series for any lawful purpose of the Solid Waste System, only if at the time of the
18 delivery of each series of Future Parity Bonds to the initial purchasers thereof (or
19 on the effective date of the Parity Payment Agreement):

20 (i) There is no deficiency in the Bond Account or in any of the
21 accounts therein and provision has been made to meet the Reserve Requirement
22 for all Parity Bonds then outstanding plus such proposed series of Future Parity
23 Bonds; and

1 (ii) There shall have been filed with the City either:

2 (A) A certificate of both the Director of Finance and the
3 Director of Seattle Public Utilities (or any officer who succeeds to substantially
4 all of the responsibilities of either office) demonstrating that during any 12
5 consecutive calendar months out of the immediately preceding 24 calendar
6 months Adjusted Net Revenue was at least equal to the Coverage Requirement of
7 all Parity Bonds plus the Future Parity Bonds proposed to be issued (and
8 assuming that the debt service of the proposed Future Parity Bonds for that 12-
9 month period was the average Annual Debt Service for those proposed bonds); or

10 (B) a certificate of both the Director of Finance and the
11 Director of Seattle Public Utilities (or any officer who succeeds to substantially
12 all of the responsibilities of either office) that in their opinion the Adjusted Net
13 Revenue for the five fiscal years next following the earlier of (i) the end of the
14 period during which interest on those Future Parity Bonds is to be capitalized or,
15 if no interest is capitalized, the fiscal year in which the Future Parity Bonds are
16 issued, or (ii) the date on which the substantially all new facilities financed with
17 those Future Parity Bonds are expected to commence operations, such Adjusted
18 Net Revenue further adjusted as provided in paragraphs (1) through (4) below will
19 be at least equal to the Coverage Requirement. That certificate may take into
20 account the following adjustments.

21 (1) Any changes in rates in effect and being
22 charged, or rates expected to be charged in accordance with a program of specific

1 rates, rate levels or increases in overall rate revenue approved by ordinance or
2 resolution;

3 (2) Net revenue from customers of the Solid
4 Waste System who have become customers during the 12-consecutive-month
5 period or thereafter, and their estimate of net revenue from any customers to be
6 connected to the Solid Waste System who have paid the required connection
7 charges, adjusted to reflect one year's net revenue from those customers.

8 (3) Their estimate of net revenue from
9 customers anticipated to be served by facilities or improvements financed in
10 substantial part by those Future Parity Bonds (or additional Parity Bonds expected
11 to be issued during the five-year period); and

12 (4) Net revenue from any person, firm,
13 corporation or municipal corporation under any executed contract for solid waste
14 disposal or other utility service, which revenue was not included in the historical
15 Net Revenue of the Solid Waste System.

16 (b) Without complying with the provisions of subsection (a) of this
17 section, the City may at any time and from time to time issue one or more series
18 of refunding Parity Bonds, but only if there shall have been filed with the City a
19 certificate of the Director of Finance stating that immediately after the issuance of
20 such refunding Parity Bonds the Annual Debt Service in any calendar year that
21 Parity Bonds (other than such refunding Parity Bonds) are then outstanding shall
22 not be increased by more than \$5,000 by reason of the issuance of such refunding
23 Parity Bonds.

1 Parity Bonds of any one or more series or one or more maturities within a
2 series may be refunded by a single series of refunding Parity Bonds, which Parity
3 Bonds to be refunded shall be specified in the Parity Bond Legislation providing
4 for the issuance of the refunding Parity Bonds, and the principal amount of such
5 refunding Parity Bonds may include amounts necessary to pay the principal of the
6 Parity Bonds to be refunded, interest thereon to the date of payment or redemption
7 thereof, any premium payable thereon upon such payment or redemption, the
8 costs of issuance of such refunding Parity Bonds and an amount, if any, required
9 to fund the Reserve Requirement. The proceeds of the refunding Parity Bonds
10 shall be held and applied in such manner as is provided in the Parity Bond
11 Legislation providing for the issuance of such refunding Parity Bonds, so that
12 upon the delivery of such refunding Parity Bonds, the Parity Bonds to be refunded
13 thereby shall be deemed to be no longer outstanding in accordance with the
14 provisions of the Parity Bond Legislation providing for the issuance of those
15 Parity Bonds.

16 Refunding Parity Bonds may also be issued upon compliance with the
17 provisions of subsection (a) of this section.

18 Nothing contained in this ordinance shall prohibit or prevent, or be
19 deemed or construed to prohibit or prevent, the City from issuing refunding Parity
20 Bonds to fund or refund maturing Parity Bonds of the City for the payment of
21 which money is not otherwise available without complying with this section.

1 (c) Nothing in this ordinance shall prevent the City from issuing
2 revenue bonds or other obligations having a lien and charge on the Net Revenue
3 subordinate to the lien and charge of the Parity Bonds.

4 **Section 19. Rate Stabilization Account.** There has been created in the
5 Solid Waste Fund a separate account known as the Rate Stabilization Account.
6 The City may at any time, as determined by the City and as consistent with
7 Section 15, deposit in the Rate Stabilization Account Gross Revenue and any
8 other money received by the Solid Waste System and available to be used
9 therefor. The City may withdraw any or all of the money from the Rate
10 Stabilization Account for inclusion in the Adjusted Gross Revenue for any fiscal
11 year of the City. Such deposits or withdrawals may be made up to and including
12 the date 90 days after the end of the fiscal year for which the deposit or
13 withdrawal will be included as Adjusted Gross Revenue. No deposit of Gross
14 Revenue shall be made into the Rate Stabilization Account to the extent that such
15 deposit would prevent the City from meeting the Coverage Requirement in the
16 relevant fiscal year.

17 **Section 20. Separate Utility Systems.** The City may create, acquire,
18 construct, finance, own and operate one or more additional systems for solid
19 waste collection, transportation, treatment or disposal, or other commodity or
20 service related to the Solid Waste System. The revenue of that separate utility
21 system shall not be included in the Gross Revenue of the Solid Waste System and
22 may be pledged to the payment of revenue obligations issued to purchase,
23 construct, condemn or otherwise acquire or expand the separate utility system.

1 Neither the Gross Revenue nor the Net Revenue of the Solid Waste System shall
2 be pledged by the City to the payment of any obligations of a separate utility
3 system except (1) as a Contract Resource Obligation upon compliance with
4 Section 21 and/or (2) with respect to the Net Revenue, on a basis subordinate to
5 the lien of the Parity Bonds on that Net Revenue.

6 **Section 21. Contract Resource Obligations.** The City may at any
7 time enter into one or more Contract Resource Obligations for the acquisition,
8 from facilities to be constructed, of solid waste collection, transportation,
9 treatment or disposal, or other commodity or service relating to the Solid Waste
10 System. The City may determine that, and may agree under a Contract Resource
11 Obligation to provide that, all payments under that Contract Resource Obligation
12 (including payments prior to the time that the solid waste collection,
13 transportation, treatment or disposal or other commodity or service is being
14 provided, or during a suspension or after termination of such other commodity or
15 service) shall be Maintenance and Operation Expenses if the following
16 requirements are met at the time such a Contract Resource Obligation is entered
17 into:

18 (a) No event of default under any Parity Bond Legislation has
19 occurred and is continuing.

20 (b) There shall be on file a certificate of an Independent Utility
21 Consultant stating that (i) the payments to be made by the City in connection with
22 the Contract Resource Obligation are reasonable for the commodities provided or
23 services rendered; (ii) the source of any new commodities or services, and any

1 facilities to be constructed to provide the commodities or services, are sound from
2 a solid waste collection, transportation, treatment and disposal, or other
3 commodity or service planning standpoint, are technically and economically
4 feasible in accordance with prudent utility practice, and are likely to provide
5 commodities or services no later than a date set forth in the Independent Utility
6 Consultant's certification; and (iii) the Adjusted Net Revenue (further adjusted by
7 the Independent Utility Consultant's estimate of the payments to be made in
8 accordance with the Contract Resource Obligation) for the five fiscal years
9 following the year in which the Contract Resource Obligation is incurred, as such
10 Adjusted Net Revenue is estimated by the Independent Utility Consultant in
11 accordance with the provisions of and adjustments permitted in Section 18(a)(ii),
12 will be at least equal to the Coverage Requirement.

13 Payments required to be made under Contract Resource Obligations shall
14 not be subject to acceleration. Nothing in this section shall be deemed to prevent
15 the City from entering into other agreements for the acquisition of solid waste
16 collection, transportation, treatment or disposal, or other commodity or service,
17 from existing facilities and from treating those payments as Maintenance and
18 Operation Expenses. Nothing in this section shall be deemed to prevent the City
19 from entering into other agreements for the acquisition of solid waste collection,
20 transportation, treatment or disposal, or other commodity or service, from
21 facilities to be constructed and from agreeing to make payments with respect
22 thereto, such payments constituting a lien and charge on Net Revenue subordinate
23 to that of Parity Bonds.

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Section 22. Refunding and Defeasance of the Bonds. The Bonds are hereby designated “Refundable Bonds” for purposes of this ordinance, as it may be amended from time to time. The City may issue refunding bonds pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of, premium, if any, and interest on any Bond, or portion thereof, included in a refunding or defeasance plan, and to redeem and retire, release, refund or defease those Bonds (the “defeased Bonds”) and to pay the costs of such refunding or defeasance. If money and/or Government Obligations maturing at a time or times and in an amount sufficient, together with known earned income from the investment thereof, to redeem and retire, release, refund or defease the defeased Bonds in accordance with their terms, are set aside in a special trust fund or escrow account irrevocably pledged to such redemption, retirement or defeasance (the “trust account”), then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and in the Net Revenue and the funds and accounts pledged to the payment of such defeased Bonds, other than the right to receive the funds so set aside and pledged, thereafter shall cease and become void. Such Registered Owners thereafter shall have the right to receive payment of the principal of and interest or redemption price on the defeased Bonds from the trust account. After establishing and fully funding such a trust account, the defeased Bonds shall be deemed to be no longer outstanding and the Director of Finance then may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes. Notice of refunding or defeasance shall be given, and

1 selection of Bonds for any partial refunding or defeasance shall be conducted, in
2 the manner set forth in this ordinance for the redemption of Bonds.

3 If the refunding or defeasance plan provides that the defeased Bonds or the
4 refunding bonds to be issued be secured by money and/or Government
5 Obligations pending the prior redemption of the defeased Bonds and if such
6 refunding or defeasance plan also provides that certain money and/or Government
7 Obligations are pledged irrevocably for the prior redemption of the defeased
8 Bonds included in that refunding or defeasance plan, then only the debt service on
9 the Bonds which are not defeased Bonds and the refunding bonds, the payment of
10 which is not so secured by the refunding plan, shall be included in the
11 computation of the Coverage Requirement for the issuance of Future Parity Bonds
12 and the annual computation of the Coverage Requirement for determining
13 compliance with rate covenants.

14 **Section 23. Provisions Relating to Certain Federal Tax**
15 **Consequences of the Bonds.**

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

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

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

16 **Section 24. Official Statement; Continuing Disclosure.**

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

1 distribution to potential purchasers of the Bonds of a preliminary official
2 statement that has been deemed final in accordance with this subsection.

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

11 (c) **Undertaking to Provide Continuing Disclosure.** To meet the
12 requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a Purchaser of
13 a Series, the Director of Finance is authorized to execute the Undertaking in
14 substantially the form attached as Exhibit B.

15 **Section 25. Supplemental or Amendatory Ordinances.**

16 (a) This ordinance shall not be supplemented or amended in any
17 respect subsequent to the Issue Date, except as provided in and in accordance with
18 and subject to the provisions of this section.

19 (b) The City may, from time to time and at any time, without the
20 consent of or notice to the owners of the Parity Bonds, pass supplemental or
21 amendatory ordinances for any of the following purposes:

1 (i) To cure any formal defect, omission, inconsistency or
2 ambiguity in this ordinance in a manner not adverse to the owners of any Parity
3 Bonds;

4 (ii) To impose upon the Bond Registrar (with its consent) for
5 the benefit of the owners of any Parity Bonds any additional rights, remedies,
6 powers, authority, security, liabilities or duties which may lawfully be granted,
7 conferred or imposed and which are not contrary to or inconsistent with this
8 ordinance as theretofore in effect;

9 (iii) To add to the covenants and agreements of, and limitations
10 and restrictions upon, the City in this ordinance other covenants, agreements,
11 limitations and restrictions to be observed by the City which are not contrary to or
12 inconsistent with this ordinance as theretofore in effect;

13 (iv) To confirm, as further assurance, any pledge under, and the
14 subjection to any claim, lien or pledge created or to be created by this ordinance
15 of any other money, securities or funds;

16 (v) To authorize different denominations of the Bonds and to
17 make correlative amendments and modifications to this ordinance regarding
18 exchangeability of Bonds of different authorized denominations, redemptions of
19 portions of Bonds of particular authorized denominations and similar amendments
20 and modifications of a technical nature;

21 (vi) To comply with any future federal law or interpretation to
22 preserve the exclusion of the interest on the Tax-Exempt Bonds from gross
23 income for federal income tax purposes and the entitlement of the City to receive

1 from the United States Treasury the applicable Tax Credit Subsidy Payments in
2 respect of any Series sold and issued as Tax Credit Subsidy Bonds;

3 (vii) To modify, alter, amend or supplement this ordinance in
4 any other respect which is not materially adverse to the owners of the Parity
5 Bonds and which does not involve a change described in subsection (c) of this
6 section; and

7 (viii) To add to the covenants and agreements of, and limitations
8 and restrictions upon, the City in this ordinance, other covenants, agreements,
9 limitations and restrictions to be observed by the City which are requested by a
10 provider of Bond Insurance or provider of a Reserve Security and which are not
11 materially adverse to the owners of the Parity Bonds.

12 Before the City may pass any such supplemental or amendatory ordinance
13 pursuant to this subsection, there must be delivered to the City an opinion of Bond
14 Counsel, stating that such supplemental or amendatory ordinance is authorized or
15 permitted by this ordinance and will, upon the effective date thereof, be valid and
16 binding upon the City in accordance with its terms, and will not adversely affect
17 the exclusion from gross income for federal income tax purposes of interest on
18 any Tax-Exempt Bonds.

19 (c) Except for any supplemental or amendatory ordinance passed
20 pursuant to subsection (b) of this section, the City may pass supplemental or
21 amendatory ordinances subject to the terms and provisions contained in this
22 subsection and not otherwise:

1 (i) With the consent of registered owners of not less than 60%
2 in aggregate principal amount of the Parity Bonds then outstanding, the City
3 Council may pass any supplemental or amendatory ordinance deemed necessary
4 or desirable by the City for the purpose of modifying, altering, amending,
5 supplementing or rescinding, in any particular, any of the terms or provisions
6 contained in this ordinance. However, unless approved in writing by the
7 registered owner of each Parity Bond then outstanding, nothing contained in this
8 section shall permit, or be construed as permitting (A) a change in the times,
9 amounts or currency of payment of the principal of or interest on any outstanding
10 Parity Bond, or a reduction in the principal amount or redemption price of any
11 outstanding Parity Bond or a change in the method of determining the rate of
12 interest thereon, (B) a preference or priority of any Parity Bond over any other
13 Parity Bond, or (C) a reduction in the aggregate principal amount of Parity Bonds.

14 (ii) If at any time the City Council passes a supplemental or
15 amendatory ordinance for any of the purposes of this subsection, the Bond
16 Registrar shall cause notice of the proposed supplemental or amendatory
17 ordinance to be given by first class United States mail to all registered owners of
18 the then outstanding Parity Bonds, to each provider of Bond Insurance or a
19 Reserve Security, and to each Rating Agency. Such notice shall briefly set forth
20 the nature of the proposed supplemental or amendatory ordinance and shall state
21 that a copy is on file at the office of the City Clerk for inspection by all owners of
22 the outstanding Parity Bonds.

1 (iii) Within two years after the date of the mailing of such
2 notice, such supplemental or amendatory ordinance, substantially as described in
3 such notice may go into effect, but only if there shall have first been delivered to
4 the Bond Registrar (A) the required consents, in writing, of registered owners of
5 the Parity Bonds, and (B) an opinion of Bond Counsel stating that such
6 supplemental or amendatory ordinance is authorized or permitted by this
7 ordinance and, upon the effective date thereof, will be valid and binding upon the
8 City in accordance with its terms and will not adversely affect the exclusion from
9 gross income for federal income tax purposes of interest on any Tax-Exempt
10 Bonds.

11 (iv) If registered owners of not less than the percentage of
12 Parity Bonds required by this subsection shall have consented to and approved the
13 passage of such a supplemental or amendatory ordinance, no owner of a Parity
14 Bond shall have any right to object to the passage of such supplemental
15 ordinance, or to object to any of the terms and provisions contained therein or the
16 operation thereof, or in any manner to question the propriety of the passage
17 thereof, or to enjoin or restrain the City from passing the same or the City, any
18 authorized official thereof, or the Bond Registrar from taking any action pursuant
19 to the provisions thereof.

20 (d) The Registered Owners from time to time of the outstanding
21 Bonds, by taking and holding the same, shall be deemed to have consented to the
22 adoption by the City of any supplemental or amendatory ordinance or resolution

1 passed pursuant to the provisions of this section for any one or more of the
2 following purposes:

3 (i) When calculating “Annual Debt Service,” to permit or
4 require Tax Credit Subsidy Payments expected to be received by the City in any
5 period to be credited against amounts required to be paid in respect of interest on
6 the Parity Bonds in that period; and

7 (ii) To permit or require Tax Credit Subsidy Payments to be
8 deposited into the Principal and Interest Subaccount and credited against the Net
9 Revenue otherwise required to be deposited into the Principal and Interest
10 Subaccount.

11 (e) Upon the effective date of any supplemental or amendatory
12 ordinance pursuant to the provisions of this section, this ordinance shall be, and
13 be deemed to be, modified and amended in accordance therewith, and the
14 respective rights, duties and obligations under this ordinance of the City, the Bond
15 Registrar and all owners of Parity Bonds then outstanding shall thereafter be
16 determined, exercised and enforced under this ordinance subject in all respects to
17 such modifications and amendments.

18 **Section 26. Defaults and Remedies.**

19 (a) **Events of Default.** The following shall constitute Events of
20 Default with respect to the Bonds:

21 (i) If a default is made in the payment of the principal of or
22 interest on any of the Bonds when the same shall become due and payable; or

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

14 Notwithstanding anything in this section to the contrary, the failure of the City or
15 any obligated person to comply with the Undertaking shall not constitute an Event
16 of Default under this ordinance, the Bond Resolution or the Bonds, and the sole
17 remedy of any holder of a Bond shall be to seek an order of specific performance
18 from an appropriate court to compel the City to comply with the Undertaking.

19 **(b) Bond Owners' Trustee.** So long as such Event of Default has not
20 been remedied, a trustee (the "Bond Owners' Trustee") may be appointed by the
21 registered owners of 25% in principal amount of the then outstanding Parity
22 Bonds, by an instrument or concurrent instruments in writing signed and
23 acknowledged by such registered owners of the Parity Bonds or by their

1 attorneys-in-fact duly authorized and delivered to such Bond Owners' Trustee,
2 notification thereof being given to the City. That appointment shall become
3 effective immediately upon acceptance thereof by the Bond Owners' Trustee.
4 Any Bond Owners' Trustee appointed under the provisions of this
5 subsection shall be a bank or trust company organized under the laws of the State
6 of Washington or the State of New York or a national banking association. The
7 bank or trust company acting as Bond Owners' Trustee may be removed at any
8 time, and a successor Bond Owners' Trustee may be appointed, by the registered
9 owners of a majority in principal amount of the Parity Bonds, by an instrument or
10 concurrent instruments in writing signed and acknowledged by such registered
11 owners of the Parity Bonds or by their attorneys-in-fact duly authorized. The
12 Bond Owners' Trustee may require such security and indemnity as may be
13 reasonable against the costs, expenses and liabilities that may be incurred in the
14 performance of its duties.

15 In the event that any Event of Default in the sole judgment of the Bond
16 Owners' Trustee is cured and the Bond Owners' Trustee furnishes to the City a
17 certificate so stating, that Event of Default shall be conclusively deemed to be
18 cured and the City, the Bond Owners' Trustee and the registered owners of the
19 Parity Bonds shall be restored to the same rights and position which they would
20 have held if no Event of Default had occurred.

21 The Bond Owners' Trustee appointed in the manner herein provided, and
22 each successor thereto, is declared to be a trustee for the registered owners of all

1 the Parity Bonds and is empowered to exercise all the rights and powers herein
2 conferred on the Bond Owners' Trustee.

3 (c) **Suits at Law or in Equity.** Upon the happening of an Event of
4 Default and during the continuance thereof, the Bond Owners' Trustee may, and
5 upon the written request of the registered owners of not less than 25% in principal
6 amount of the Parity Bonds outstanding shall, take such steps and institute such
7 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
9 Bonds, to collect any amounts due and owing to or from the City, or to obtain
10 other appropriate relief, and may enforce the specific performance of any
11 covenant, agreement or condition contained in this ordinance or set forth in any of
12 the Parity Bonds.

13 Nothing contained in this section shall, in any event or under any
14 circumstance, be deemed to authorize the acceleration of the maturity of principal
15 on the Parity Bonds, and the remedy of acceleration is expressly denied to the
16 registered owners of the Parity Bonds under any circumstances including, without
17 limitation, upon the occurrence and continuance of an Event of Default.

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

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

18 **(d) Application of Money Collected by Bond Owners' Trustee.**

19 Any money collected by the Bond Owners' Trustee at any time pursuant to this
20 section shall be applied in the following order of priority:

21 (i) to the payment of the charges, expenses, advances and
22 compensation of the Bond Owners' Trustee and the charges, expenses, counsel
23 fees, disbursements and compensation of its agents and attorneys;

1 (ii) to the payment to the persons entitled thereto of all
2 installments of interest then due on the Parity Bonds in the order of maturity of
3 such installments and, if the amount available shall not be sufficient to pay in full
4 any installment or installments maturing on the same date, then to the payment
5 thereof ratably, according to the amounts due thereon to the persons entitled
6 thereto, without any discrimination or preference; and

7 (iii) to the payment to the persons entitled thereto of the unpaid
8 principal amounts of any Parity Bonds which shall have become due (other than
9 Parity Bonds previously called for redemption for the payment of which money is
10 held pursuant to the provisions hereto), whether at maturity or by proceedings for
11 redemption or otherwise, in the order of their due dates and, if the amount
12 available shall not be sufficient to pay in full the principal amounts due on the
13 same date, then to the payment thereof ratably, according to the principal amounts
14 due thereon to the persons entitled thereto, without any discrimination or
15 preference.

16 (e) **Duties and Obligations of Bond Owners' Trustee.** The Bond
17 Owners' Trustee shall not be liable except for the performance of such duties as
18 are specifically set forth herein. During an Event of Default, the Bond Owners'
19 Trustee shall exercise such of the rights and powers vested in it hereby, and shall
20 use the same degree of care and skill in its exercise as a prudent person would
21 exercise or use under the circumstances in the conduct of his or her own affairs.
22 The Bond Owners' Trustee shall have no liability for any act or omission to act
23 hereunder except for the Bond Owners' Trustee's own negligent action, its own

1 negligent failure to act or its own willful misconduct. The duties and obligations
2 of the Bond Owners' Trustee shall be determined solely by the express provisions
3 of this ordinance, and no implied powers, duties or obligations of the Bond
4 Owners' Trustee shall be read into this ordinance.

5 The Bond Owners' Trustee shall not be required to expend or risk its own
6 funds or otherwise incur individual liability in the performance of any of its duties
7 or in the exercise of any of its rights or powers as the Bond Owners' Trustee,
8 except as may result from its own negligent action, its own negligent failure to act
9 or its own willful misconduct.

10 The Bond Owners' Trustee shall not be bound to recognize any person as
11 a registered owner of any Parity Bond until his or her title thereto, if disputed, has
12 been established to its reasonable satisfaction.

13 The Bond Owners' Trustee may consult with counsel and the opinion of
14 such counsel shall be full and complete authorization and protection in respect of
15 any action taken or suffered by it hereunder in good faith and in accordance with
16 the opinion of such counsel. The Bond Owners' Trustee shall not be answerable
17 for any neglect or default of any person, firm or corporation employed and
18 selected by it with reasonable care.

19 **(f) Suits by Individual Parity Bond Owners Restricted.** No owner
20 of any one or more Parity Bonds shall have any right to institute any action, suit
21 or proceeding at law or in equity for the enforcement of same unless:

- 22 (i) an Event of Default has happened and is continuing; and
23 (ii) a Bond Owners' Trustee has been appointed; and

1 (iii) such owner previously shall have given to the Bond
2 Owners' Trustee written notice of the Event of Default on account of which such
3 suit, action or proceeding is to be instituted; and

4 (iv) the registered owners of 25% in principal amount of the
5 Parity Bonds, after the occurrence of such Event of Default, have made written
6 request of the Bond Owners' Trustee and have afforded the Bond Owners'
7 Trustee a reasonable opportunity to institute such suit, action or proceeding; and

8 (v) there have been offered to the Bond Owners' Trustee
9 security and indemnity satisfactory to it against the costs, expenses and liabilities
10 to be incurred therein or thereby; and

11 (vi) the Bond Owners' Trustee has refused or neglected to
12 comply with such request within a reasonable time.

13 No owner of any Parity Bond shall have any right in any manner whatever by his
14 or her action to affect or impair the obligation of the City to pay from the Net
15 Revenue the principal of and interest on such Parity Bonds to the respective
16 registered owners thereof when due.

17 **Section 27. General Authorization.** In addition to the specific
18 authorizations in this ordinance, the Mayor and the Director of Finance and each
19 of the other appropriate officers of the City are each authorized and directed to do
20 everything as in his or her judgment may be necessary, appropriate or desirable in
21 order to carry out the terms and provisions of, and complete the transactions
22 contemplated by, this ordinance. In particular, and without limiting the foregoing:

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

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

22 **Section 28. Severability.** The provisions of this ordinance are declared
23 to be separate and severable. If a court of competent jurisdiction, all appeals

1 having been exhausted or all appeal periods having run, finds any provision of
2 this ordinance to be invalid or unenforceable as to any person or circumstance,
3 such offending provision shall, if feasible, be deemed to be modified to be within
4 the limits of enforceability or validity. However, if the offending provision cannot
5 be so modified, it shall be null and void with respect to the particular person or
6 circumstance, and all other provisions of this ordinance in all other respects, and
7 the offending provision with respect to all other persons and all other
8 circumstances, shall remain valid and enforceable.

9 **Section 29. Ratification of Prior Acts.** Any action taken consistent
10 with the authority of this ordinance, after its passage but prior to the effective date
11 is ratified, approved and confirmed.

12 **Section 30. Headings.** Section headings in this ordinance are used for
13 convenience only and shall not constitute a substantive portion of this ordinance.

14 **Section 31. Effective Date.** This ordinance shall take effect and be in
15 force 30 days after its approval by the Mayor, but if not approved and returned by
16 the Mayor within ten days after presentation, it shall take effect as provided by
17 Municipal Code Section 1.04.020.

18 Exhibit A – List of Outstanding Parity Bonds

19 Exhibit B – Form of Undertaking to Provide Continuing Disclosure

20 Exhibit C – Amended and Restated Ordinance 121940, as amended by Ordinance 122498 and
21 this ordinance (without strikethroughs and insertions)