

CITY OF SEATTLE

ORDINANCE 126715

COUNCIL BILL 120440

AN ORDINANCE relating to the drainage and wastewater system of The City of Seattle; adopting a system or plan of additions and betterments to and extensions of the existing drainage and wastewater system; authorizing the issuance and sale of drainage and wastewater revenue bonds in one or more series for the purposes of paying part of the cost of carrying out that system or plan, providing for the reserve requirement, and paying the costs of issuance of the bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; describing the lien of those bonds; and ratifying and confirming certain prior acts.

WHEREAS, The City of Seattle (the “City”) owns, maintains, and operates a system of sanitary sewerage and storm and surface water drainage as part of Seattle Public Utilities (the “Drainage and Wastewater System”), which Drainage and Wastewater System has from time to time required various additions, improvements, betterments, and extensions; and

WHEREAS, the City desires to acquire and construct a system or plan of further additions, improvements, betterments to, and extensions of the Drainage and Wastewater System (the “Plan of Additions”) as described in this ordinance, and has a need to borrow funds to pay a portion of the costs of carrying out such Plan of Additions; and

WHEREAS, the City currently has outstanding certain drainage and wastewater revenue bonds (as identified in Exhibit A, the “Outstanding Parity Bonds”). Pursuant to the ordinances authorizing their issuance (the “Outstanding Parity Bond Ordinances”), the City reserved the right to issue additional bonds having a charge and lien on the net revenue of the Drainage and Wastewater System on a parity of lien with those Outstanding Parity Bonds (“Future Parity Bonds”), upon satisfaction of certain conditions (the “Parity Conditions”); and

1 WHEREAS, the City has determined that it is in the best interest of the City and its ratepayers to
2 authorize the issuance and sale, subject to the provisions of this ordinance, of drainage
3 and wastewater revenue bonds as Parity Bonds to pay part of the cost of carrying out the
4 Plan of Additions, to provide for the reserve requirement, and to pay the costs of issuance
5 of those bonds; NOW, THEREFORE,

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

7 Section 1. **Definitions**. In this ordinance, the following capitalized terms shall have the
8 meanings set forth in this section:

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

18 “**Adjusted Annual Debt Service**” for any fiscal year means Annual Debt Service minus
19 (a) an amount equal to ULID Assessments due in that year and not delinquent, (b) an amount
20 equal to earnings from investments in the Reserve Subaccount, and (c) Annual Debt Service
21 provided for by Parity Bond proceeds.

22 “**Adjusted Gross Revenue**” means, for any period, Gross Revenue (a) plus withdrawals
23 from the Rate Stabilization Account made during that period, and (b) minus ULID Assessments

1 collected, earnings from investments in the Reserve Subaccount, and deposits into the Rate
2 Stabilization Account made during that period.

3 **“Adjusted Net Revenue”** means Adjusted Gross Revenue less Operating and
4 Maintenance Expense.

5 **“Annual Debt Service”** for any calendar year means the sum of the amounts required in
6 such calendar year to pay the interest due in such calendar year on all Parity Bonds outstanding,
7 excluding interest to be paid from the proceeds of the sale of Parity Bonds or other bonds; the
8 principal of all outstanding Serial Bonds due in such calendar year; and the Sinking Fund
9 Requirements, if any, for such calendar year. Additionally, for purposes of calculating and
10 determining compliance with the Coverage Requirement, the Reserve Requirement and the
11 conditions for the issuance of Future Parity Bonds and/or entering into Parity Payment
12 Agreements, the following shall apply:

13 (a) **Calculation of Interest Due -- Generally.** Except as otherwise provided below,
14 interest on any series of Parity Bonds shall be calculated based on the actual amount of accrued,
15 accreted, or otherwise accumulated interest that is payable in respect of that series taken as a
16 whole, at the rate or rates set forth in the applicable Parity Bond Documents.

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

22 (c) **Variable Interest Rate Bonds.** The amount of interest deemed to be payable on any
23 series of Variable Interest Rate Bonds shall be calculated on the assumption that the interest rate

1 on those bonds would be equal to the rate that is 90 percent of the average RBI during the four
2 calendar quarters preceding the quarter in which the calculation is made.

3 (d) **Interest on Parity Bonds With Respect to Which a Payment Agreement is in**
4 **Force.** Debt service on Parity Bonds with respect to which a Payment Agreement is in force
5 shall be based on the net economic effect on the City expected to be produced by the terms of the
6 Parity Bonds and the terms of the Payment Agreement. For example, if the net economic effect
7 of the Payment Agreement and a series of Parity Bonds otherwise bearing interest at a variable
8 rate is to produce an obligation bearing interest at a fixed interest rate, the relevant series of
9 bonds shall be treated as fixed interest rate bonds. And if the net economic effect of the Payment
10 Agreement and a series of Parity Bonds otherwise bearing interest at a fixed rate is to produce an
11 obligation bearing interest at a variable interest rate, the relevant series of bonds shall be treated
12 as Variable Interest Rate Bonds.

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

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

5 **(e) Parity Payment Agreements.** For any period during which Payment Agreement
6 Payments on a Parity Payment Agreement are taken into account in determining Annual Debt
7 Service on related Parity Bonds under paragraph (d) of this definition, no additional debt service
8 shall be taken into account with respect to that Parity Payment Agreement. However, for any
9 Parity Payment Agreement during a period in which Payment Agreement Payments are not taken
10 into account under paragraph (d) of this definition because the Parity Payment Agreement is not
11 then related to any outstanding Parity Bonds, payments on that Parity Payment Agreement shall
12 be taken into account as follows:

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

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

1 by the variable rate index specified by the Parity Payment Agreement during the four calendar
2 quarters 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 Payment
4 Agreement.

5 (f) **Balloon Bonds.** *Upon the Reserve Covenant Date, the following shall become*
6 *effective:* For purposes of calculating debt service on any Balloon Bonds, it shall be assumed that
7 the principal of those Balloon Bonds, together with interest thereon at a rate equal to the assumed
8 RBI-based rate set forth in paragraph (c) of this definition, will be amortized in equal annual
9 installments over a term of 30 years.

10 (g) **Adjustments for Defeased Bonds.** For purposes of calculating and determining
11 compliance with the Coverage Requirement, the Reserve Requirement, and the Parity
12 Conditions, Annual Debt Service shall be adjusted as set forth in subsection 21(d) of this
13 ordinance.

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

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

20 “**Balloon Bonds**” means any series of Parity Bonds, the aggregate principal amount
21 (including Sinking Fund Requirements) of which becomes due and payable in any calendar year
22 in an amount that constitutes 25 percent or more of the initial aggregate principal amount of such
23 series of Parity Bonds.

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

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

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

15 **“Bond Insurance”** means any municipal bond insurance policy, guaranty, surety bond,
16 or similar credit enhancement device providing for or securing the payment of all or part of the
17 principal of and interest on any Parity Bonds, issued by an insurance company licensed to
18 conduct an insurance business in any state of the United States (or by a service corporation
19 acting on behalf of one or more such insurance companies), or by any other financial institution
20 qualified to provide such credit enhancement device.

21 **“Bond Purchase Contract”** means a written offer to purchase a Series of the Bonds,
22 pursuant to certain Bond Sale Terms, which offer has been accepted by the City in accordance
23 with this ordinance. In the case of a competitive sale, the Purchaser’s bid for a Series, together

1 with the official notice of sale and a Pricing Certificate confirming the Bond Sale Terms, shall
2 comprise the Bond Purchase Contract.

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

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

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

16 **“Bonds”** means the Drainage and Wastewater System revenue bonds issued pursuant to
17 this ordinance.

18 **“Book-Entry Form”** means a fully registered form in which physical bond certificates
19 are registered only in the name of the Securities Depository (or its nominee), as Registered
20 Owner, with the physical bond certificates held by and immobilized in the custody of the
21 Securities Depository (or its designee), where the system for recording and identifying the
22 transfer of the ownership interests of the Beneficial Owners in those Bonds is neither maintained
23 by nor the responsibility of the City or the Bond Registrar.

1 **“Capital Appreciation Bond”** means any Parity Bond, all or a portion of the interest on
2 which is compounded and accumulated at the rates or in the manner, and on the dates, set forth in
3 the applicable Bond Documents and is payable only upon redemption or on the maturity date of
4 such Parity Bond. A Parity Bond that is issued as a Capital Appreciation Bond, but which later
5 converts to an obligation on which interest is paid periodically, shall be a Capital Appreciation
6 Bond until the conversion date and thereafter shall no longer be a Capital Appreciation Bond, but
7 shall be treated as having a principal amount equal to its Accreted Value on the conversion date.
8 For purposes of computing the principal amount of Parity Bonds held by the Owner of any
9 Capital Appreciation Bond in connection with any notice, consent, request, or demand, the
10 principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value at the
11 time that such notice, consent, request, or demand is given or made.

12 **“Capital Improvement Program”** or **“CIP”** means those portions of the City’s “2022-
13 2027 Capital Improvement Program” relating to the Drainage and Wastewater System, adopted
14 by the City in Ordinance 126490, together with any previously adopted Capital Improvement
15 Program of the City. For purposes of this ordinance, the CIP includes all amendments, updates,
16 supplements or replacements that may be adopted from time to time by ordinance.

17 **“City”** means The City of Seattle, Washington.

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

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

1 **“Construction Account”** means the account or subaccount created in the Drainage and
2 Wastewater Construction Account within the Drainage and Wastewater Fund for the deposit of
3 proceeds of the Bonds, pursuant to Section 12 of this ordinance.

4 **“Continuing Disclosure Agreement”** means, for each Series sold in an offering subject
5 to federal securities regulations requiring a written undertaking to provide continuing disclosure,
6 a continuing disclosure agreement entered into pursuant to Section 23 of this ordinance, in
7 substantially the form attached as Exhibit B.

8 **“Contract Resource Obligation”** means an obligation of the City that is designated as a
9 Contract Resource Obligation and is entered into in accordance with Section 20 of this
10 ordinance.

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

13 **“Covered Parity Bonds”** means all Outstanding Parity Bonds, each Series of the Bonds,
14 and each series of Future Parity Bonds. *From and after the Reserve Covenant Date, the term*
15 *“Covered Parity Bonds” shall exclude each series of Parity Bonds for which the applicable*
16 *Bond Documents provide that, from and after the Reserve Covenant Date, such series shall no*
17 *longer be treated as a series of Covered Parity Bonds and shall no longer be secured by the*
18 *amounts in the Reserve Subaccount.*

19 **“Defeasible Bonds”** means any outstanding Parity Bonds that are eligible to be defeased
20 pursuant to the Omnibus Defeasance Ordinance.

21 **“Director of Finance”** or **“Director”** means the City’s Director of Finance or such other
22 officer who succeeds to substantially all of the responsibilities of that office.

1 **“Drainage and Wastewater Fund”** means the fund created by Ordinance 84390 and
2 later renamed by Ordinance 114155, into which is paid the Gross Revenue of the Drainage and
3 Wastewater System.

4 **“Drainage and Wastewater System”** means the drainage and wastewater system of the
5 City, including the sanitary sewerage and storm and surface water drainage systems, as it now
6 exists (except properties, interests, and rights under the jurisdiction of the City’s Parks and
7 Recreation Department, Seattle Center Department, Seattle Public Utilities Water System, City
8 Light Department, and Fleets and Facilities Department, or the successors of any of the
9 foregoing departments), and all additions thereto and betterments and extensions thereof at any
10 time made, together with any utility systems of the City hereafter combined with the Drainage
11 and Wastewater System. The Drainage and Wastewater System shall not include any separate
12 utility system that may be created, acquired, or constructed by the City as provided in Section 19
13 of this ordinance.

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

15 **“Event of Default”** has the meaning assigned to that term in subsection 25(a) of this
16 ordinance.

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

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

22 **“Future Parity Bonds”** means, with reference to any Series, all revenue bonds and
23 obligations of the Drainage and Wastewater System (other than that Series and any other Parity

1 Bonds then outstanding) issued or entered into after the Issue Date of such Series, the payment of
2 which constitutes a charge and lien on Net Revenue equal in priority with the charge and lien
3 upon such revenue for the payment of the amounts required to be paid into the Parity Bond
4 Account in accordance with Section 15 of this ordinance. Future Parity Bonds may include
5 Parity Payment Agreements and any other obligations issued in compliance with the Parity
6 Conditions.

7 **“Government Obligations”** means, unless otherwise limited in the Bond Documents for
8 a particular Series of the Bonds, any government obligation as that term is defined in RCW
9 39.53.010, as amended at any time.

10 **“Gross Revenue”** means (a) all income, revenues, receipts and profits derived by the
11 City through the ownership and operation of the Drainage and Wastewater System; (b) the
12 proceeds received by the City directly or indirectly from the sale, lease or other disposition of
13 any of the properties, rights or facilities of the Drainage and Wastewater System; (c) Payment
14 Agreement Receipts, to the extent that such receipts are not offset by Payment Agreement
15 Payments; and (d) the investment income earned on money held in any fund or account of the
16 City, including any bond redemption funds and the accounts therein, in connection with the
17 ownership and operation of the Drainage and Wastewater System. Gross Revenue does not
18 include: (a) income derived from investments irrevocably pledged to the payment of any
19 defeased bonds payable from Gross Revenue; (b) investment income set aside for or earned on
20 money in any fund or account created or maintained solely for the purpose of complying with the
21 arbitrage rebate provisions of the Code; (c) any gifts, grants, donations or other funds received
22 by the City from any State or federal agency or other person if such gifts, grants, donations or
23 other funds are the subject of any limitation or reservation imposed by the donor or grantor or

1 imposed by law or administrative regulation to which the donor or grantor is subject, limiting the
2 application of such funds in a manner inconsistent with the application of Gross Revenue
3 hereunder; (d) the proceeds of any borrowing for capital improvements (or the refinancing
4 thereof); (e) the proceeds of any liability or other insurance, including but not limited to
5 insurance proceeds compensating the City for the loss of a capital asset, but excluding business
6 interruption insurance or other insurance of like nature insuring against the loss of revenues;
7 (f) general *ad valorem* taxes, excise taxes and special assessments (other than ULID
8 Assessments), including interest and penalties thereon; and (g) earnings of any separate utility
9 system that may be created, acquired, or constructed by the City pursuant to Section 19 of this
10 ordinance.

11 **“Independent Utility Consultant”** means an independent person or firm having a
12 favorable reputation for skill and experience with drainage and wastewater systems of
13 comparable size and character to the Drainage and Wastewater System in such areas as are
14 relevant to the purpose for which they were retained.

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

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

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

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

1 **“Net Revenue”** means, for any period, Gross Revenue less Operating and Maintenance
2 Expense.

3 **“Omnibus Defeasance Ordinance”** means Ordinance 126223, as amended at any time,
4 authorizing the defeasance of Defeasible Bonds (as such ordinance may be amended from time
5 to time) or any future ordinance pursuant to which the Bonds (or any Series of the Bonds) are
6 designated as Defeasible Bonds.

7 **“Omnibus Refunding Ordinance”** means Ordinance 125455, as amended at any time,
8 authorizing the issuance of Refunding Parity Bonds (as such ordinance may be amended from
9 time to time), or any future ordinance pursuant to which the Bonds (or any Series of the Bonds)
10 are designated as “Refundable Bonds.”

11 **“Operating and Maintenance Expense”** means all expenses incurred by the City in
12 causing the Drainage and Wastewater System to be operated and maintained in good repair,
13 working order, and condition, including without limitation: (a) deposits, premiums, assessments
14 or other payments for insurance, if any, on the Drainage and Wastewater System; (b) payments
15 into pension funds; (c) State-imposed taxes; (d) amounts due under Contract Resource
16 Obligations in accordance with Section 20 of this ordinance; € payments made to another person
17 or entity for treatment or disposal of sewage or other commodity or service; and (f) payments
18 with respect to any other expenses of the Drainage and Wastewater System that are properly
19 treated as Operating and Maintenance Expense under generally accepted accounting principles
20 applicable to municipal corporations, including payments (other than payments out of proceeds
21 of Parity Bonds or other obligations not issued to pay current expenses of the Drainage and
22 Wastewater System) into reasonable reserves for items of operating or maintenance expense the
23 payment of which is not immediately required. Operating and Maintenance Expense does not

1 include: depreciation, amortization, or other similar recognitions of non-cash expense items
2 made for accounting purposes only including non-cash pension expense; taxes levied or imposed
3 by the City, or payments in lieu of City taxes; payments of claims or judgments; or capital
4 additions or capital replacements of the Drainage and Wastewater System.

5 **“Outstanding Parity Bond Ordinances”** means those ordinances authorizing the
6 issuance and sale of the Outstanding Parity Bonds, as identified in Exhibit A to this ordinance.

7 **“Outstanding Parity Bonds”** means those outstanding Parity Bonds identified in
8 Exhibit A to this ordinance. When used in reference to a particular date (or in reference to a
9 particular series of Parity Bonds), Outstanding Parity Bonds shall mean those Parity Bonds,
10 including any Parity Bonds issued subsequent to the effective date of this ordinance, that are
11 outstanding as of that date (or as of the Issue Date of the referenced series of Parity Bonds).

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

14 **“Parity Bond Account”** means the Drainage and Wastewater Revenue Bond Account,
15 1990, created by Ordinance 115098 in the Drainage and Wastewater Fund for the purpose of
16 paying and securing payment of the principal of and interest on Parity Bonds.

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

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

1 **“Parity Bonds”** means the Outstanding Parity Bonds, each Series of the Bonds, and any
2 Future Parity Bonds then outstanding. Parity Bonds may include Parity Payment Agreements in
3 accordance with Section 17 of this ordinance.

4 **“Parity Certificate”** means a certificate delivered pursuant to Section 17 of this
5 ordinance for purposes of satisfying the Parity Conditions in connection with the issuance of
6 Future Parity Bonds.

7 **“Parity Conditions”** means, (a) for purposes of establishing that a Series of the Bonds
8 may be issued on parity with the Parity Bonds outstanding as of the Issue Date of such Series,
9 the conditions for issuing Future Parity Bonds set forth in the Parity Bond Ordinances relating to
10 those Parity Bonds that are then outstanding; and (b) for purposes of issuing Future Parity Bonds
11 on parity with a Series of the Bonds, the conditions described in subsection (a) of this definition,
12 together with the conditions set forth in Section 17 of this ordinance.

13 **“Parity Payment Agreement”** means a Payment Agreement which is entered into in
14 compliance with the Parity Conditions and under which the City’s payment obligations are
15 expressly stated to constitute a charge and lien on Net Revenue equal in rank with the charge and
16 lien upon such Net Revenue required to be paid into the Parity Bond Account to pay and secure
17 the payment of interest on Parity Bonds. For purposes of determining percentages of ownership
18 of Parity Bonds under this ordinance or under applicable Parity Bond Documents, Parity
19 Payment Agreements shall be deemed to have no principal amount, and any notice, consent, or
20 similar rights (if any) shall be determined only as set forth in the applicable Parity Payment
21 Agreement.

22 **“Payment Agreement”** means a written agreement entered into by the City and a
23 Qualified Counterparty, as authorized by any applicable laws of the State, for the purpose of

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

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

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

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

16 **“Plan of Additions”** means the CIP, as it may be modified at any time. The Plan of
17 Additions includes (a) the purchase and installation of all materials, supplies, appliances,
18 equipment and facilities; (b) the acquisition of all permits, franchises, property and property
19 rights, and other capital assets; and (c) all engineering, consulting and other professional services
20 and studies (whether performed by the City or by other public or private entities), each as
21 necessary or convenient to carry out the Plan of Additions. The Plan of Additions includes all
22 amendments, updates, supplements, or replacements to the CIP, all of which automatically shall
23 constitute amendments to the Plan of Additions. The Plan of Additions also may be modified to

1 include other improvements, without amending the CIP if the City determines by ordinance that
2 those amendments or other improvements constitute a system or plan of additions to or
3 betterments or extensions of the Drainage and Wastewater System.

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

7 **“Principal and Interest Subaccount”** means the subaccount of that name created in the
8 Parity Bond Account for the payment of the principal of and interest on Parity Bonds.

9 **“Purchaser”** means the entity or entities who have been selected by the Director of
10 Finance in accordance with this ordinance as underwriter, purchaser, or successful bidder in a
11 sale of any Series.

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

21 **“Qualified Insurance”** means any Bond Insurance that, as of the time of issuance of
22 such credit enhancement device, is provided by an entity rated in one of the two highest rating

1 categories (without regard to any gradations within a rating category) by at least two nationally
2 recognized rating agencies.

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

9 **“Rate Stabilization Account”** means the account of that name created in the Drainage
10 and Wastewater Fund pursuant to Ordinance 118974.

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

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

16 **“Record Date”** means, unless otherwise defined in the Bond Documents, in the case of
17 each interest or principal payment date, the Bond Registrar’s close of business on the 15th day of
18 the month preceding the interest or principal payment date. With regard to redemption of a Bond
19 prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the
20 day prior to the date on which the Bond Registrar sends the notice of redemption to the
21 Registered Owner(s) of the affected Bonds.

1 **“Refundable Bonds”** means Parity Bonds that may be refunded pursuant to the Omnibus
2 Refunding Ordinance. For purposes of this provision, each Series of the Bonds issued pursuant to
3 this ordinance is designated as a series of Refundable Bonds.

4 **“Refunding Parity Bonds”** means Future Parity Bonds that satisfy the applicable Parity
5 Conditions and are issued pursuant to the Omnibus Refunding Ordinance, or other Future Parity
6 Bond Ordinance, for the purpose of refunding any Refundable Bonds.

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

11 **“Reserve Covenant Date”** means the earlier of (a) the date on which the City has
12 obtained consents of the requisite percentage of Registered Owners of the Parity Bonds then
13 outstanding, in accordance with the provisions of the applicable Outstanding Parity Bond
14 Documents; or (b) the date on which all of the following Outstanding Parity Bonds have been
15 redeemed or defeased: Drainage and Wastewater Revenue Bonds, Series 2009A (Taxable Build
16 America Bonds – Direct Payment), Drainage and Wastewater Improvement and Refunding
17 Revenue Bonds, 2014, and Drainage and Wastewater System Improvement and Refunding
18 Revenue Bonds, 2016.

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

23 *From and after the Reserve Covenant Date, the Reserve Requirement shall mean the lesser of*

1 *(a) Maximum Annual Debt Service on all Covered Parity Bonds outstanding at the time of*
2 *calculation, or (b) 1.25 times Average Annual Debt Service on all Covered Parity Bonds*
3 *outstanding at the time of calculation. In no event shall the Reserve Requirement exceed the*
4 *sum of 10 percent of the proceeds of each series of Covered Parity Bonds then outstanding,*
5 *determined as of the Issue Date of each such series.*

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

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

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

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

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

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

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

21 “**Sinking Fund Account**” means any account created in the Parity Bond Account to
22 amortize the principal of or make mandatory redemptions of Term Bonds.

1 **“Sinking Fund Requirement”** means, for any calendar year, the principal amount and
2 premium, if any, of Term Bonds required to be purchased, redeemed, paid at maturity or paid
3 into any Sinking Fund Account for such calendar year, as established pursuant to the Bond
4 Documents relating to such Term Bonds.

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

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

8 **“System of Registration”** means the system of registration for the City’s bonds and
9 other obligations established pursuant to Seattle Municipal Code Chapter 5.10 as amended.

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

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

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

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

20 **“Term Bond”** means any Parity Bond that is issued subject to mandatory redemption in
21 Sinking Fund Requirements prior to its maturity.

1 **“ULID”** means a utility local improvement district of the City created for the acquisition
2 or construction of additions to and betterments and extensions of the Drainage and Wastewater
3 System.

4 **“ULID Assessments”** means all assessments levied and collected in a ULID, if and only
5 if those assessments are pledged to be paid into the Parity Bond Account, in which case they
6 shall be included in Gross Revenue. ULID Assessments shall include all installments of
7 principal, payments of interest, and penalties and interest on delinquencies, but shall not include
8 any prepaid assessments paid into a construction fund or account.

9 **“Valuation Date”** means, with respect to any Capital Appreciation Bond, the date or
10 dates, determined as set forth in the Parity Bond Documents relating to the relevant series of
11 Parity Bonds, on which specific Accreted Values are assigned to that Capital Appreciation Bond.

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

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

10 Section 2. **Adoption of Plan of Additions.** The City specifies, adopts, and orders the
11 Plan of Additions to be carried out as generally provided for in the documents comprising the
12 Plan of Additions. The estimated cost of the Plan of Additions, as near as may be determined, is
13 declared to be \$1.27 billion, of which approximately \$173 million is expected to be financed
14 from proceeds of the Bonds and investment earnings thereon.

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

16 (a) **The Bonds.** The City is authorized to issue Drainage and Wastewater System revenue
17 bonds, payable from the sources described in Section 13 of this ordinance, in the maximum
18 principal amount stated in Section 5 of this ordinance, to provide funds (a) to pay part of the cost
19 of carrying out the Plan of Additions; (b) to provide for the Reserve Requirement (if necessary);
20 (c) to capitalize interest on (if necessary) and pay the costs of issuance of the Bonds; and (d) for
21 other Drainage and Wastewater System purposes approved by ordinance. The Bonds may be
22 issued in one or more Series and may be combined with other Drainage and Wastewater System
23 revenue bonds (including Refunding Parity Bonds) authorized separately. The Bonds shall be

1 designated Drainage and Wastewater System Revenue Bonds and shall be numbered separately
2 and shall have any name, year, series, or other labels as deemed necessary or appropriate by the
3 Director of Finance.

4 (b) **City Council Finding.** The City Council hereby finds that, in creating the Parity
5 Bond Account and in fixing the amounts to be paid into it in accordance with this ordinance and
6 the parameters for the Bond Sale Terms set forth in Section 5 of this ordinance, the City Council
7 has exercised due regard for the cost of operation and maintenance of the Drainage and
8 Wastewater System, and is not setting aside into the Parity Bond Account a greater amount than
9 in the judgment of the City Council, based on the rates established from time to time consistent
10 with subsection 16(b) of this ordinance, will be sufficient, in the judgment of the City Council, to
11 meet all expenses of operation and maintenance of the Drainage and Wastewater System and to
12 provide the amounts previously pledged for the payment of all outstanding obligations payable
13 out of Gross Revenues and pledged for the payment of the Bonds. Therefore, the City Council
14 hereby finds that the issuance and sale of the Bonds is in the best interest of the City and in the
15 public interest.

16 Section 4. **Manner of Sale of Bonds.** The Director of Finance may provide for the sale of
17 each Series of the Bonds by competitive sale, negotiated sale, limited offering, or private
18 placement and may select and enter into agreements with remarketing agents or providers of
19 liquidity with respect to Variable Interest Rate Bonds. The Purchaser of each Series shall be
20 chosen through a selection process acceptable to the Director of Finance. The Director of
21 Finance is authorized to specify a date and time of sale and a date and time for the delivery of
22 each Series; in the case of a competitive sale, to provide an official notice of sale including bid
23 parameters and other bid requirements, and to provide for the use of an electronic bidding

1 mechanism; to determine matters relating to a forward or delayed delivery of the Bonds; and to
2 determine such other matters and take such other action as, in the Director’s determination, may
3 be necessary, appropriate, or desirable in order to carry out the sale of each Series. Each Series
4 must be sold on Bond Sale Terms consistent with the parameters set forth in Section 5 of this
5 ordinance.

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

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

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

15 (i) **Maximum Principal Amount.** The maximum aggregate principal amount of
16 all Series of the Bonds authorized by this ordinance is not to exceed \$173.0 million.

17 (ii) **Date or Dates.** Each Bond shall be dated its Issue Date, as determined by the
18 Director of Finance. The initial Issue Date (without restricting any reissuance date with respect
19 to a Series of Variable Interest Rate Bonds) may be no later than December 31, 2025.

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

21 (iv) **Interest Rate(s).** Each Bond shall bear interest from its Issue Date or from
22 the most recent date to which interest has been paid or duly provided, whichever is later, unless
23 otherwise provided in the Bond Documents. Each Series of the Bonds shall bear interest at one

1 or more fixed interest rates or Variable Interest Rates. The true interest cost for any fixed rate
2 Series may not exceed a rate of 10 percent per annum. The Bond Documents for any Series may
3 provide for multiple interest rates and interest rate modes, and may provide conditions and
4 mechanisms for the Director of Finance to effect a conversion from one mode to another.
5 Nothing in this ordinance shall be interpreted to prevent the Bond Documents for any Series
6 from including a provision for adjustments to interest rates during the term of the Series upon the
7 occurrence of certain events specified in the applicable Bond Documents.

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

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

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

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

22 (B) **Mandatory Redemption.** The Director of Finance may designate any
23 Bond as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in

1 principal payment amounts set forth in the Sinking Fund Requirements, consistent with
2 subsection 8(b) of this ordinance.

3 (C) **Extraordinary Redemptions.** The Director of Finance may designate
4 any Bond as subject to extraordinary optional redemption or extraordinary mandatory
5 redemption upon the occurrence of an extraordinary event, as such event or events may be set
6 forth in the applicable Bond Documents, consistent with subsection 8(c) of this ordinance.

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

9 (viii) **Price.** The Director of Finance may approve in the Bond Sale Terms an
10 aggregate purchase price for each Series of the Bonds that is, in the Director's judgment, the
11 price that produces the most advantageous borrowing cost for the City, consistent with the
12 parameters set forth in this ordinance and in any applicable bid documents.

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

14 (A) **Expected Life of Capital Facilities.** As of the Issue Date of each
15 Series, the Director of Finance must additionally find to the Director's satisfaction that the
16 average expected life of the capital facilities to be financed with the proceeds (or allocable share
17 of proceeds) of that Series must exceed the weighted average maturity of such Series (or share
18 thereof) allocated to financing those capital facilities.

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

22 (C) **Additional Terms, Conditions, and Agreements.** The Bond Sale
23 Terms for any Series may provide for Bond Insurance, a Reserve Security, Qualified Letter of

1 Credit, credit enhancement, or for any other Payment Agreement as the Director of Finance may
2 find necessary or desirable. The Bond Sale Terms for any Series may provide for multiple
3 interest rate modes and may include provisions for conversion from any interest rate mode to any
4 other mode. To that end, the Bond Sale Terms may include such additional terms, conditions,
5 and covenants as may be necessary or desirable, including but not limited to: restrictions on
6 investment of Bond proceeds and pledged funds (including any escrow established for the
7 defeasance of the Bonds), provisions for the conversion of interest rate modes, provisions for the
8 reimbursement of a credit enhancement provider or Qualified Counterparty, and requirements to
9 give notice to or obtain the consent of a credit enhancement provider or a Qualified
10 Counterparty. The Director of Finance is authorized to execute, on behalf of the City, such
11 additional certificates and agreements as may be necessary or desirable to reflect such terms,
12 conditions, and covenants.

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

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

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

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

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

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

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

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

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

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

22 Nothing in this ordinance shall prevent the Bond Sale Terms from providing that a Series
23 of the Bonds shall be issued in certificated form without utilizing a Securities Depository, and

1 that the Bonds of such Series shall be registered as of their Issue Date in the names of the
2 Owners thereof, in which case ownership may be transferred only as provided in this ordinance.

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

10 Section 7. **Payment of Bonds.**

11 (a) **Payment.** Each Bond shall be payable in lawful money of the United States of
12 America on the dates and in the amounts as provided in the Bond Documents applicable to that
13 Series. Principal of and interest on each Bond issued as a Parity Bond shall be payable solely out
14 of the Parity Bond Account and shall not be a general obligation of the City. No Bonds of any
15 Series shall be subject to acceleration under any circumstances.

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

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

1 Owner. Principal of each Bond not held in Book-Entry Form shall be payable upon presentation
2 and surrender of the Bond by the Registered Owner to the Bond Registrar.

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

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

7 (b) **Mandatory Redemption.** All or some of the Bonds of any Series may be designated
8 as Term Bonds, subject to mandatory redemption in Sinking Fund Requirements, as set forth in
9 the applicable Bond Documents. If not redeemed or purchased at the City's option prior to
10 maturity, Term Bonds (if any) must be redeemed, at a price equal to 100 percent of the principal
11 amount to be redeemed plus accrued interest, on the dates and in the years and Sinking Fund
12 Requirements as set forth in the applicable Bond Documents.

13 If the City optionally redeems or purchases a principal portion of a Term Bond prior to its
14 maturity, the principal amount so redeemed or purchased (irrespective of its redemption or
15 purchase price) shall be credited against the remaining mandatory redemption installment
16 payments for that Term Bond in the manner directed by the Director of Finance. In the absence
17 of direction by the Director of Finance, credit shall be allocated to each mandatory redemption
18 installment payment for that Term Bond on a pro rata basis.

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

1 (d) **Selection of Bonds for Redemption; Partial Redemption.** If fewer than all of the
2 outstanding Bonds of a Series are to be redeemed at the option of the City, the Director of
3 Finance shall select the maturity or maturities to be redeemed. If less than all of the principal
4 amount of a maturity of the selected Series is to be redeemed and, if such Series is held in Book-
5 Entry Form, the portion of such maturity to be redeemed shall be selected for redemption by the
6 Securities Depository in accordance with the Letter of Representations. If the Series is not then
7 held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected by the
8 Bond Registrar randomly in such manner as the Bond Registrar shall determine. All or a portion
9 of the principal amount of any Bond that is to be redeemed may be redeemed in any applicable
10 Authorized Denomination. If less than all of the outstanding principal amount of any Bond is
11 redeemed, upon surrender of that Bond to the Bond Registrar there shall be issued to the
12 Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered
13 Owner) of the same Series, maturity, and interest rate in any Authorized Denomination in the
14 aggregate principal amount to remain outstanding.

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

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

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

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

9 Section 10. **Failure to Pay Bonds.** If any Bond is not paid when properly presented at its
10 maturity or redemption date, the City shall be obligated to pay, solely from the Parity Bond
11 Account and the other sources pledged in this ordinance, interest on that Bond at the same rate
12 provided on that Bond from and after its maturity or redemption date until that Bond, including
13 principal, premium (if any), and interest, is paid in full or until sufficient money for its payment
14 in full is on deposit in the Parity Bond Account and that Bond has been called for payment by
15 giving notice of that call to the Registered Owner of that Bond.

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

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

1 benefits of this ordinance: “This Bond is one of the fully registered The City of Seattle,
2 Washington, [Drainage and Wastewater Revenue Bonds], [Year], [Series], described in [this
3 ordinance].” The authorized signing of a certificate of authentication shall be conclusive
4 evidence that the Bond so authenticated has been duly executed, authenticated, and delivered and
5 is entitled to the benefits of this ordinance.

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

15 Section 12. **Construction Account; Deposit of Proceeds.** An account to be known as the
16 Drainage and Wastewater Construction Subaccount, 2023 is created in the Drainage and
17 Wastewater Construction Account within the Drainage and Wastewater Fund. After depositing
18 accrued interest (if any) into the Principal and Interest Subaccount and depositing amounts (if
19 any) necessary to provide for the Reserve Requirement (if any) into the Reserve Subaccount, the
20 remaining principal proceeds of the sale of a Series of the Bonds shall be deposited into the
21 Construction Account (or such other fund or account as may be directed by the Director of
22 Finance) to be used (a) to pay part of the costs of carrying out the Plan of Additions, and (b) to
23 pay capitalized interest on (if necessary) and the costs of issuance of the Series. Until needed to

1 pay such costs, the City may temporarily invest principal proceeds and interest earned thereon in
2 any Permitted Investments, and the investment earnings may be either (a) retained in the
3 Construction Account to be spent for the purposes of that account, or (b) deposited in the Parity
4 Bond Account, as determined by the Director of Finance.

5 Section 13. **Security for the Bonds; Parity with Outstanding Parity Bonds.** The
6 Bonds shall be special limited obligations of the City payable from and secured solely by the Net
7 Revenue (including all ULID Assessments, if any) and money in the Parity Bond Account and
8 the subaccounts therein, *except that from and after the Reserve Covenant Date, money in the*
9 *Reserve Subaccount shall secure only Covered Parity Bonds.* The Net Revenue (including all
10 ULID Assessments, if any) is pledged to make the payments into the Parity Bond Account
11 required by this ordinance. This pledge constitutes a charge and lien upon such Net Revenue
12 prior and superior to all other liens and charges whatsoever.

13 The Bonds shall be issued on parity with the Outstanding Parity Bonds and all Future
14 Parity Bonds, without regard to date of issuance or authorization and without preference or
15 priority of right or lien. Nothing in this ordinance prevents the City from issuing revenue bonds
16 or other obligations that are a charge or lien upon Net Revenue subordinate to the payments
17 required to be made from Net Revenue into the Parity Bond Account and the subaccounts
18 therein. The City covenants that, for as long as any Bond is outstanding, it will not issue any
19 other revenue obligations (or create any special fund or account therefor), that will have any
20 priority over, or that will rank on a parity with, the payments required in respect of the Parity
21 Bonds, and that it will issue Future Parity Bonds only in accordance with Section 17 of this
22 ordinance.

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

5 Section 14. **Priority Expenditure of Gross Revenue; Flow of Funds.** Gross Revenue
6 shall be deposited as received in the Drainage and Wastewater Fund and used for the following
7 purposes only, in the following order of priority:

8 (a) To pay Operating and Maintenance Expense;

9 (b) To make all payments into the Principal and Interest Subaccount required to be made
10 in order to pay the interest on and principal of all Parity Bonds (including all net payments under
11 Parity Payment Agreements) when due;

12 (c) To make all payments required to be made (i) into the Reserve Subaccount with
13 respect to Covered Parity Bonds, and (ii) under any agreement with a provider of a Reserve
14 Security, which agreement requires those payments to be treated on a parity of lien with the
15 payments required to be made into the Reserve Subaccount;

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

21 (e) Without priority, to any of the following purposes: to retire by redemption or purchase
22 any outstanding revenue bonds or revenue obligations of the Drainage and Wastewater System;
23 to make necessary additions, betterments, improvements, repairs, extensions, and replacements

1 of the Drainage and Wastewater System; to pay City taxes or other payments in lieu of taxes
2 payable from Gross Revenue; to make deposits to the Rate Stabilization Account; or for any
3 other lawful purpose of the Drainage and Wastewater System.

4 Section 15. **Parity Bond Account**. A special account of the City known as the Parity
5 Bond Account has been previously created and shall be maintained as a separate account within
6 the Drainage and Wastewater Fund, for the sole purpose of paying the principal of and premium,
7 if any, and interest on the Parity Bonds as the same shall become due. The Parity Bond Account
8 consists of the Principal and Interest Subaccount and the Reserve Subaccount, and may
9 additionally include such subaccounts as the Director of Finance may deem necessary, so long as
10 the maintenance of such subaccounts does not conflict with the rights of the owners of Parity
11 Bonds. Principal of, premium (if any), and interest on the Parity Bonds shall be payable out of
12 the Parity Bond Account.

13 (a) **Required Payments Into the Parity Bond Account**. So long as any Parity Bonds are
14 outstanding (including amounts required under any Parity Payment Agreement), the City shall
15 set aside and pay into the Parity Bond Account all ULID Assessments upon their collection and,
16 out of Net Revenue, certain fixed amounts without regard to any fixed proportion, namely:

17 (i) Into the Principal and Interest Subaccount on or before each date on which
18 interest on or principal of Parity Bonds (including Sinking Fund Requirements and net payments
19 under any Parity Payment Agreements) shall become due and payable, an amount that will be
20 sufficient, together with other money on deposit therein, to pay such principal, interest, Sinking
21 Fund Requirements, and net payments then due on Parity Payment Agreements as the same shall
22 become due; and

1 (ii) Into the Reserve Subaccount, an amount necessary to provide for the Reserve
2 Requirement within the time and in the manner required by this ordinance and the Bond Sale
3 Terms. The amount necessary, if any, to satisfy the Reserve Requirement upon the issuance of a
4 Series of the Bonds may be funded (A) on the Issue Date, by a deposit of bond sale proceeds,
5 available funds of the Drainage and Wastewater System, or a Reserve Security; or (B) in annual
6 installments from Net Revenue so that the Reserve Requirement is fully funded by no later than
7 the fifth anniversary of the Issue Date of such Series. The manner of funding the Reserve
8 Requirement for the Bonds shall be set forth in the Bond Documents.

9 To meet the required payments to be made into the Parity Bond Account, the Director of
10 Finance may transfer any money from any funds or accounts of the City legally available
11 therefor, except bond redemption funds, refunding escrow funds or defeasance funds. The
12 Director of Finance may provide for the purchase, redemption, or defeasance of any Parity
13 Bonds by the use of money on deposit in any subaccount in the Parity Bond Account as long as
14 the money remaining in those subaccounts is sufficient to satisfy the required deposits in those
15 subaccounts for the remaining Parity Bonds.

16 **(b) Reserve Subaccount.** The Reserve Subaccount has been previously created and is
17 maintained as a subaccount within the Parity Bond Account for the purpose of securing the
18 payment of the principal of and interest on all Parity Bonds outstanding (including amounts due
19 under any Parity Payment Agreements if required under such agreement). The City covenants
20 that it will at all times, so long as any Covered Parity Bonds are outstanding, maintain the
21 Reserve Subaccount at the Reserve Requirement (taking into account scheduled payments to
22 fund the Reserve Requirement over time), as it is adjusted from time to time, except for
23 withdrawals as authorized by this ordinance. Any withdrawals authorized below from

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

7 (i) **Use of Reserve Subaccount for Payment of Debt Service.** In the event of a
8 deficiency in the Principal and Interest Subaccount to meet current installments of either
9 principal (including Sinking Fund Requirements) or interest (including amounts payable under
10 any Parity Payment Agreement), the Director of Finance may make withdrawals of money or
11 proceeds of a Reserve Security in the Reserve Subaccount. *From and after the Reserve*
12 *Covenant Date, the Reserve Subaccount shall secure the payment of principal of and interest*
13 *on Covered Parity Bonds only and the withdrawals authorized by this paragraph shall be*
14 *limited to the amounts necessary to meet maturing installments of either principal (or Sinking*
15 *Fund Requirements) or interest (including net payments under Parity Payment Agreements)*
16 *with respect only to Covered Parity Bonds.* Any deficiency created in the Reserve Subaccount
17 by reason of any such withdrawal or claim against a Reserve Security shall then be made up
18 from the ULID Assessments and Net Revenue first available after making necessary provisions
19 for the required payments into the Principal and Interest Subaccount.

20 (ii) **Application of Funds in Reserve Account.** The money in the Reserve
21 Subaccount may be applied to the payment of the last outstanding Covered Parity Bonds, and
22 when the total amount in the Parity Bond Account (including investment earnings) equals the
23 total amount of principal and interest for all then-outstanding Covered Parity Bonds to the last

1 maturity thereof, no further payment need be made into the Parity Bond Account in respect of
2 the Covered Parity Bonds. Money in the Reserve Subaccount (including investment earnings) in
3 excess of the Reserve Requirement may be withdrawn and deposited in the Principal and Interest
4 Subaccount and spent for the purpose of retiring Covered Parity Bonds or may be deposited in
5 any other fund or account and spent for any other lawful Drainage and Wastewater System
6 purpose.

7 **(c)- Investment of Money in Parity Bond Account.** All money in the Parity Bond
8 Account may be kept in cash or invested in Permitted Investments maturing not later than the
9 date when needed (for investments in the Principal and Interest Subaccount) or the last maturity
10 of any outstanding Parity Bonds (for investments in the Reserve Subaccount). In no event shall
11 any money in the Parity Bond Account or any other money reasonably expected to be used to
12 pay principal of and/or interest on the Parity Bonds be invested at a yield that would cause any
13 Series issued as Tax-Exempt Bonds or Tax Credit Subsidy Bonds to be arbitrage bonds within
14 the meaning of Section 148 of the Code. Income from investments in the Principal and Interest
15 Subaccount shall be deposited in that subaccount. Income from investments in the Reserve
16 Subaccount shall be deposited in that subaccount until the amount therein is equal to the Reserve
17 Requirement for all Parity Bonds, and thereafter shall be deposited in the Principal and Interest
18 Subaccount. Notwithstanding the provisions for deposit or retention of earnings in the Parity
19 Bond Account, any earnings that are subject to a federal tax or rebate requirement may be
20 withdrawn from the Parity Bond Account for deposit in a separate fund or account for that
21 purpose. If no longer required for such rebate, money in that separate fund or account shall be
22 returned to the Parity Bond Account.

1 (d) **Failure to Deposit Money in Parity Bond Account.** If the City fails to set aside and
2 pay into the Parity Bond Account, or the subaccounts therein, the amounts set forth in this
3 ordinance, the registered owner of any of the outstanding Parity Bonds may bring action against
4 the City for failure to make the required deposits to the Parity Bond Account only in accordance
5 with Section 25 of this ordinance regarding Events of Default.

6 Section 16. **Parity Bond Covenants.** The City covenants with the Owner of each Bond at
7 any time outstanding, as follows:

8 (a) **Operation and Maintenance.** The City will pay all Operating and Maintenance
9 Expense and otherwise meet the obligations of the City under this ordinance. It will at all times
10 maintain and keep the Drainage and Wastewater System in good repair, working order, and
11 condition, and will make all necessary and proper additions, betterments, renewals, and repairs
12 thereto, and improvements, replacements, and extensions thereof so that at all times the business
13 carried on in connection therewith will be properly and advantageously conducted, and will at all
14 times operate or cause to be operated the Drainage and Wastewater System and the business in
15 connection therewith in an efficient manner and at a reasonable cost.

16 (b) **Establishment and Collection of Rates and Charges.** The City will establish,
17 maintain, revise as necessary, and collect rates and charges for services and facilities provided by
18 the Drainage and Wastewater System so that the Adjusted Net Revenue in each fiscal year will
19 be at least equal to the Coverage Requirement. The failure of the City to comply with this
20 covenant shall not be an Event of Default if the City promptly retains an Independent Utility
21 Consultant to recommend to the City Council adjustments in the rates of the Drainage and
22 Wastewater System necessary to meet the requirements of this covenant and if the City Council

1 adopts the recommended modifications within 180 days of the date the failure became known to
2 the City Council.

3 **(c) Sale or Disposition of Drainage and Wastewater System.**

4 (i) The City will not sell, lease, mortgage, or in any manner encumber or dispose
5 of all of the property of the Drainage and Wastewater System unless provision is made for the
6 payment into the Parity Bond Account of an amount sufficient to pay the principal of (including
7 redemption premium, if any) and interest on all Parity Bonds then outstanding.

8 (ii) Notwithstanding the foregoing, the City may sell, transfer, or otherwise
9 dispose of a portion of any of the works, plant, properties, facilities, or other part of the Drainage
10 and Wastewater System, or any real or personal property comprising a part of the Drainage and
11 Wastewater System consistent with one or more of the following:

12 (A) The City in its discretion may carry out such a transfer if provision is
13 made for replacement of the transferred portion of the Drainage and Wastewater System, or for
14 payment into the Parity Bond Account of the total amount of Gross Revenue received from the
15 transferred portion of the Drainage and Wastewater System, which shall not be less than an
16 amount which shall bear the same ratio to the amount of Parity Bonds then outstanding as (x) the
17 Gross Revenue available for debt service for such outstanding bonds for the 12 months preceding
18 such transfer from the transferred portion of the Drainage and Wastewater System bears to (y)
19 the Gross Revenue available for debt service for the then-outstanding Parity Bonds from the
20 entire Drainage and Wastewater System of the City for the same period. Any such money so paid
21 into the Parity Bond Account shall be used to retire such Parity Bonds at the earliest possible
22 date; or

1 (B) The City in its discretion may carry out such a sale, transfer, or
2 disposition (each, a “transfer”) if the aggregate depreciated cost value of the facilities or property
3 being transferred under this subsection in any fiscal year comprises no more than 5 percent of the
4 total assets of the Drainage and Wastewater System; or

5 (C) The City in its discretion may carry out such a transfer if the proceeds
6 from such transfer are used to acquire new useful operating facilities or properties of the
7 Drainage and Wastewater System, or are used to retire outstanding Parity Bonds or other revenue
8 obligations of the Drainage and Wastewater System, if, at the time of such transfer, the City has
9 on file a certificate of both the Director of Finance and the Director of Seattle Public Utilities (or
10 any officer who succeeds to substantially all of the responsibilities of either office)
11 demonstrating that, in such officers’ opinions, upon such transfer and the use of proceeds of the
12 transfer as proposed by the City, the remaining facilities of the Drainage and Wastewater System
13 will retain their operational integrity and, based on the financial statements for the most recent
14 fiscal year available, the proposed transfer would not prevent the Drainage and Wastewater
15 System from complying with the Coverage Requirement during the five fiscal years following
16 the fiscal year in which the transfer is to occur. The certificate shall take into account (A) the
17 reduction in revenue and expenses, if any, resulting from the transfer; (B) the use of any
18 proceeds of the transfer for the redemption of Parity Bonds, (C) the estimate of revenue from
19 customers anticipated to be served by any additions to and betterments and extensions of the
20 Drainage and Wastewater System financed in part by the proposed portion of the proceeds of the
21 transfer, and (D) any other adjustment permitted in the preparation of a certificate under
22 subsection 17(b) of this ordinance. Before completing any such transfer, the City must also
23 obtain confirmation from each Rating Agency then supplying a rating on the Bonds at the

1 request of the City to the effect that the rating then in effect will not be reduced or withdrawn
2 upon such transfer, unless such Rating Agency no longer offers a rating confirmation service as
3 part of its business.

4 Nothing in this covenant shall prevent the City from transferring facilities or property that
5 are no longer necessary, material or useful to the operation of the Drainage and Wastewater
6 System or that have become unserviceable, inadequate, obsolete, or unfit to be used in the
7 operation of the Drainage and Wastewater System.

8 (d) **Books and Records.** The City will keep proper and separate accounts and records in
9 which complete and separate entries shall be made of all transactions relating to the Drainage
10 and Wastewater System, and it will furnish the Registered Owner(s) of the Bonds or any
11 subsequent Registered Owner(s) thereof, at the written request of such Registered Owner(s),
12 complete operating and income statements of the Drainage and Wastewater System in reasonable
13 detail covering any fiscal year not more than six months after the close of such fiscal year, and it
14 will grant any Registered Owner(s) of at least 25 percent of the outstanding Bonds the right at all
15 reasonable times to inspect the entire Drainage and Wastewater System and all records, accounts
16 and data of the City relating thereto. Upon request of any Registered Owner of any of the Bonds,
17 it also will furnish to such Registered Owner a copy of the most recently completed audit of the
18 Drainage and Wastewater System's accounts by the State Auditor.

19 Section 17. **Future Parity Bonds.**

20 (a) **Issuance of Future Parity Bonds.** The City reserves the right to issue Future Parity
21 Bonds and to enter into Parity Payment Agreements for any lawful purpose of the Drainage and
22 Wastewater System (including for the purpose of refunding a portion of the then-outstanding

1 Parity Bonds) only if, at the time of the issuance of such series of Future Parity Bonds (or upon
2 the effective date of the Parity Payment Agreement), the following conditions are satisfied:

3 (i) There must be no deficiency in the Parity Bond Account, and no Event of
4 Default with respect to any Parity Bonds shall have occurred and be continuing.

5 (ii) The Bond Documents for the proposed Future Parity Bonds must provide that
6 all ULID Assessments shall be paid directly into the Parity Bond Account.

7 (iii) The Bond Documents for the proposed Future Parity Bonds must provide for
8 the payment of the principal thereof and the interest thereon out of the Parity Bond Account.

9 (iv) The Bond Documents for the proposed Future Parity Bonds must provide for
10 the payment of any Sinking Fund Requirements from money in the Principal and Interest
11 Subaccount.

12 (v) For each series of Future Parity Bonds that is to be issued as a series of
13 Covered Parity Bonds, the Bond Documents must provide for the deposit into the Reserve
14 Subaccount of an amount, if any, necessary to fund the Reserve Requirement upon the issuance
15 of those Future Parity Bonds (if any), which requirement may be satisfied: (A) by a deposit into
16 the Reserve Subaccount, made on the Issue Date of such series, of proceeds of that series of
17 Future Parity Bonds or other money legally available for such purpose; (B) by obtaining one or
18 more Reserve Securities (or a deposit of cash plus Reserve Securities) available to be drawn
19 upon in specific amounts to be paid into the Reserve Subaccount and credited against the
20 deposits required to be maintained in the Reserve Subaccount; or (C) by a deposit into the
21 Reserve Subaccount of amounts necessary to fund the Reserve Requirement from ULID
22 Assessments and Net Revenue within five years from the date of issuance of those Future Parity
23 Bonds, in five approximately equal annual payments. Immediately prior to the issuance of Future

1 Parity Bonds, amounts then deposited in the Reserve Subaccount shall be valued as determined
2 on the most recent annual financial report of the City applicable to the Drainage and Wastewater
3 System, and the additional amounts, if any, required to be deposited into the Reserve Subaccount
4 to satisfy the Reserve Requirement shall be based on that valuation.

5 (vi) There must be on file with the City a Parity Certificate as described in
6 subsection (b). However, if the proposed Future Parity Bonds (or any portion thereof) are to be
7 issued for the purpose of refunding outstanding Parity Bonds (referred to as the “Refunding
8 Parity Bonds”), no Parity Certificate shall be required as to that portion issued for refunding
9 purposes if the Director of Finance finds and certifies that the Adjusted Annual Debt Service on
10 the refunding portion of the proposed Refunding Parity Bonds is not more than \$5,000 greater
11 than the Adjusted Annual Debt Service on the Parity Bonds to be refunded thereby.

12 Alternatively, Refunding Parity Bonds may be issued upon delivery of a Parity Certificate.

13 (b) **Parity Certificate.** A Parity Certificate required under subsection (a)(vi) may be
14 provided as follows:

15 (i) A certificate may be prepared and signed by the Director of Finance,
16 demonstrating that during any 12 consecutive calendar months out of the immediately preceding
17 24 calendar months Adjusted Net Revenue was at least equal to the Coverage Requirement for
18 all Parity Bonds plus the Future Parity Bonds proposed to be issued (and assuming that the debt
19 service of the proposed Future Parity Bonds for that 12-month period was the Average Annual
20 Debt Service for those proposed Future Parity Bonds); or

21 (ii) A certificate may be prepared and signed by both the Director of Finance and
22 the Director of Seattle Public Utilities (or any officer who succeeds to substantially all of the
23 responsibilities of either office), demonstrating that, in their opinion, Adjusted Net Revenue for

1 the five fiscal years next following the earlier of (A) the end of the period during which interest
2 on those Future Parity Bonds is to be capitalized or, if no interest is capitalized, the fiscal year in
3 which the Future Parity Bonds are issued, or (B) the date on which substantially all the new
4 facilities financed with those Future Parity Bonds are expected to commence operations, such
5 Adjusted Net Revenue, further adjusted as provided in paragraphs (1) through (4) below, will be
6 at least equal to the Coverage Requirement. That certificate may take into account the following
7 adjustments:

8 (1) Any changes in rates in effect and being charged, or rates expected to
9 be charged in accordance with a program of specific rates, rate levels or increases in overall rate
10 revenue approved by ordinance or resolution;

11 (2) Net revenue from customers of the Drainage and Wastewater System
12 who have become customers during such 12-consecutive-month period or thereafter, and their
13 estimate of net revenue from any customers to be connected to the Drainage and Wastewater
14 System who have paid the required connection charges, adjusted to reflect one year's net revenue
15 from those customers;

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

19 (4) Net revenue from any person, firm, corporation, or municipal
20 corporation under any executed contract for drainage and wastewater or other utility service,
21 which revenue was not included in historical Net Revenue of the Drainage and Wastewater
22 System.

1 (c) **Other Provisions.** Nothing contained herein shall prevent the City from issuing
2 Future Parity Bonds to refund maturing Parity Bonds, money for the payment of which is not
3 otherwise available, or revenue bonds that are a charge or lien upon Net Revenue subordinate to
4 the charge or lien of the Parity Bonds, or from pledging to pay Net Revenue and/or assessments
5 levied for ULID improvements constructed from the proceeds of subordinate lien bonds into a
6 bond redemption fund created for the payment of the principal of and interest on subordinate lien
7 bonds.

8 (d) **Effect of Issuance of Future Parity Bonds.** If the Parity Conditions are met and
9 complied with at the time of the issuance of such Future Parity Bonds, then payments into the
10 Parity Bond Fund with respect to such Future Parity Bonds shall rank equally with the payments
11 out of Net Revenue required to be made into the Parity Bond Fund by this ordinance. Nothing set
12 forth herein shall prevent the City from (i) issuing revenue bonds or other obligations that are a
13 charge upon the Net Revenue junior and inferior to the payments required to be made therefrom
14 into the Parity Bond Fund for the payment of the Parity Bonds, provided that such subordinate
15 bonds may not be subject to acceleration under any circumstances; or (ii) issuing Refunding
16 Parity Bonds for the purpose of refunding Outstanding Parity Bonds, upon compliance with the
17 Parity Conditions set forth in this section.

18 (e) **Reserve Requirement; Election Not to Designate Bonds as Covered Parity Bonds.**
19 Notwithstanding anything in this section to the contrary, in the Bond Documents relating to the
20 issuance or sale of a series of Future Parity Bonds, the City may elect that, from and after the
21 Reserve Covenant Date, such series shall not be deemed to be a series of Covered Parity Bonds,
22 shall not be secured by the amounts in the Reserve Subaccount, and shall be excluded from the
23 calculation of the Reserve Requirement.

1 Section 18. **Rate Stabilization Account.** The Rate Stabilization Account has been
2 created as a separate account in the Drainage and Wastewater Fund. The City may at any time, as
3 determined by the Director of Finance and consistent with the flow of funds set forth in
4 Section 14 of this ordinance, deposit in the Rate Stabilization Account Gross Revenue and any
5 other money received by the Drainage and Wastewater System and available for this purpose.
6 The Director of Finance may, upon authorization by the City Council, withdraw any or all of the
7 money in the Rate Stabilization Account for inclusion in Adjusted Gross Revenue for any fiscal
8 year of the City. Such deposits or withdrawals may be made up to and including the date 90 days
9 after the end of the fiscal year for which the deposit or withdrawal will be included as Adjusted
10 Gross Revenue. No deposit of Gross Revenue may be made into the Rate Stabilization Account
11 to the extent that such deposit would prevent the City from meeting the Coverage Requirement
12 in the relevant fiscal year.

13 Section 19. **Separate Utility Systems.** The City may create, acquire, construct, finance,
14 own, and operate one or more additional systems for drainage and wastewater service or other
15 commodity or service relating to the Drainage and Wastewater System. The revenue of that
16 separate utility system shall not be included in Gross Revenue and may be pledged to the
17 payment of revenue obligations issued to purchase, construct, condemn, or otherwise acquire or
18 expand the separate utility system. Neither Gross Revenue nor Net Revenue shall be pledged by
19 the City to the payment of any obligations of a separate utility system except (a) as a Contract
20 Resource Obligation, upon compliance with Section 20 of this ordinance, or (b) with respect to
21 Net Revenue, on a basis subordinate to the lien of the Parity Bonds on that Net Revenue.

22 Section 20. **Contract Resource Obligations.** The City may at any time enter into one or
23 more Contract Resource Obligations for the acquisition, from facilities to be constructed, of

1 drainage and wastewater services or other commodity or service relating to the Drainage and
2 Wastewater System, as follows:

3 (a) The City may determine that, and may agree under a Contract Resource Obligation to
4 provide that, all payments under that Contract Resource Obligation (including payments prior to
5 the time that drainage and wastewater services or other commodity or service is being provided,
6 or during a suspension or after termination of supply or service) shall be an Operating and
7 Maintenance Expense if the following requirements are met at the time such a Contract Resource
8 Obligation is entered into:

9 (i) No Event of Default has occurred and is continuing; and

10 (ii) There shall be on file a certificate of an Independent Utility Consultant stating
11 that (A) the payments to be made by the City in connection with the Contract Resource
12 Obligation are reasonable for the commodity or service rendered; (B) any facilities to be
13 constructed to provide the commodity or service are sound from a drainage and wastewater
14 services or other commodity or service planning standpoint, are technically and economically
15 feasible in accordance with prudent utility practice, and are likely to provide such commodity or
16 service no later than a date set forth in the Independent Utility Consultant's certification; and
17 (C) Adjusted Net Revenue (further adjusted by the Independent Utility Consultant's estimate of
18 the payments to be made in accordance with the Contract Resource Obligation) for the five fiscal
19 years following the year in which the Contract Resource Obligation is incurred, as such Adjusted
20 Net Revenue is estimated by the Independent Utility Consultant in accordance with the
21 provisions of and adjustments permitted in subsection 17(b)(ii) of this ordinance, will be at least
22 equal to the Coverage Requirement.

1 (b) Payments required to be made under Contract Resource Obligations shall not be
2 subject to acceleration.

3 (c) Nothing in this section shall be deemed to prevent the City from entering into other
4 agreements for the acquisition of drainage and wastewater services or other commodity or
5 service from existing facilities and from treating those payments as an Operating and
6 Maintenance Expense. Nothing in this section shall be deemed to prevent the City from entering
7 into other agreements for the acquisition of drainage and wastewater services or other
8 commodity or service from facilities to be constructed and from agreeing to make payments with
9 respect thereto, such payments constituting a charge and lien on Net Revenue subordinate to that
10 of the Parity Bonds.

11 Section 21. **Refunding and Defeasance of the Bonds.**

12 (a) **Bonds Designated as Refundable and Defeasible Bonds.** Each Series of the Bonds
13 is hereby designated as a series of “Refundable Bonds” for purposes of the Omnibus Refunding
14 Ordinance and as “Defeasible Bonds” for purposes of the Omnibus Defeasance Ordinance.

15 (b) **Refunding; Defeasance.** The City may issue Refunding Parity Bonds pursuant to the
16 laws of the State or use money available from any other lawful source (i) to pay when due the
17 principal of, premium (if any), and interest on any Bond, or any portion thereof, included in a
18 refunding or defeasance plan (the “Defeased Bonds”); (ii) to redeem and retire, release, refund,
19 or defease the Defeased Bonds; and (iii) to pay the costs of such refunding or defeasance. If
20 money and/or Government Obligations maturing at a time or times and in an amount sufficient
21 (together with known earned income from the investment thereof) to redeem and retire, release,
22 refund, or defease the Defeased Bonds in accordance with their terms are set aside in a special
23 trust fund or escrow account irrevocably pledged to such redemption, retirement, or defeasance

1 (the “Trust Account”), then all right and interest of the Owners of the Defeased Bonds in the
2 covenants of this ordinance and in Net Revenue and the funds and accounts pledged to the
3 payment of such Defeased Bonds, other than the right to receive the funds so set aside and
4 pledged, thereafter shall cease and become void. Such Owners thereafter shall have the right to
5 receive payment of the principal of and interest or redemption price on the Defeased Bonds from
6 the Trust Account. After such a Trust Account is established and funded as set forth above, the
7 Defeased Bonds shall be deemed to be no longer outstanding, and the Director of Finance may
8 then apply any money in any other fund or account established for the payment or redemption of
9 the Defeased Bonds to any lawful purpose.

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

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

1 Section 22. **Provisions Relating to Federal Tax Issues**. The Bond Documents may
2 include such additional terms and covenants relating to federal tax matters as the Director of
3 Finance deems necessary or appropriate, including the following:

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

18 (b) **Taxable Bonds; Tax Credit Subsidy Bonds**. For each Series of the Bonds issued as
19 Taxable Bonds or as Tax Credit Subsidy Bonds, the Director of Finance is authorized to make
20 provision in the Bonds and other Bond Documents, to execute additional written agreements, and
21 to make additional covenants on behalf of the City, all as the Director may deem necessary or
22 appropriate in order to obtain, maintain, and administer such tax status. In the case of Tax Credit
23 Subsidy Bonds, such additional covenants and agreements may include (without limiting the

1 generality of the foregoing) those necessary in order for the City (i) to receive from the United
2 States Treasury the applicable Tax Credit Subsidy Payments in respect of such Tax Credit
3 Subsidy Bonds, and (ii) to ensure that such Series otherwise become and remain eligible for tax
4 benefits under the Code.

5 Section 23. **Official Statement; Continuing Disclosure.**

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

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

21 (c) **Undertaking to Provide Continuing Disclosure.** To meet the requirements of
22 paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for a Series of the
23 Bonds, the Director of Finance is authorized to execute a written Continuing Disclosure

1 Agreement with respect to that Series, in substantially the form attached to this ordinance as
2 Exhibit B.

3 Section 24. **Supplemental or Amendatory Bond Documents**. This ordinance and the
4 other applicable Bond Documents for any particular Series of the Bonds may not be
5 supplemented or amended in any respect subsequent to the Issue Date of such Series, except in
6 accordance with and subject to the provisions of this section.

7 (a) **Amendments Without Bond Owner Consent**. From time to time and at any time,
8 without the consent of or notice to any owners of Parity Bonds, the City may supplement or
9 amend the Bond Documents applicable to any Series of the Bonds for any of the purposes set
10 forth in this subsection (a). Any such supplement or amendment may be passed, adopted, or
11 otherwise approved by the City, without requiring the consent of the registered owners of any
12 Parity Bonds, but may become effective only upon receipt by the City of an opinion of Bond
13 Counsel stating that such supplement or amendment is authorized or permitted by this ordinance
14 and, upon the effective date thereof, will be valid and binding upon the City in accordance with
15 its terms, and will not adversely affect the exclusion from gross income for federal income tax
16 purposes of interest on the affected Series of the Bonds, if such Series was issued and sold as
17 Tax-Exempt Bonds. The types of supplements and amendments permitted under this subsection
18 (a) are as follows:

19 (i) To cure any formal defect, omission, inconsistency, or ambiguity in the Bond
20 Documents for such Series in a manner not adverse to the owners of any Parity Bonds;

21 (ii) To impose upon the Bond Registrar (with its consent) for the benefit of the
22 owners of Parity Bonds any additional rights, remedies, powers, authority, security, liabilities, or

1 duties which may lawfully be granted, conferred, or imposed and which are not contrary to or
2 inconsistent with such Bond Documents as theretofore in effect;

3 (iii) To add to the covenants and agreements of, and limitations and restrictions
4 upon, the City in the Bond Documents, other covenants, agreements, limitations and restrictions
5 to be observed by the City which are not contrary to or inconsistent with such Bond Documents
6 as theretofore in effect;

7 (iv) To confirm, as further assurance, any pledge under (and the subjection to any
8 claim, lien, or pledge created or to be created by) such Bond Documents on any other money,
9 securities, or funds;

10 (v) To alter the Authorized Denominations of a Series of the Bonds and to make
11 correlative amendments and modifications to the applicable Bond Documents regarding (A)
12 exchangeability of such Bonds for Bonds of different authorized denominations, (B) redemptions
13 of portions of Bonds of particular authorized denominations, and (C) similar amendments and
14 modifications of a technical nature;

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

20 (vii) To modify, alter, amend, or supplement the Bond Documents in any other
21 respect which is not materially adverse to the owners of the Parity Bonds and which does not
22 involve a change described in subsection (c); and

1 (viii) To add to the covenants and agreements of (or limitations and restrictions
2 upon) the City set forth in any Bond Documents, such additional or alternative covenants,
3 agreements, limitations, or restrictions to be observed by the City as the City may determine are
4 necessary or convenient to accommodate a provider of Qualified Insurance or provider of a
5 Reserve Security and are not materially adverse to the owners of the Parity Bonds.

6 (b) **Amendments With Bond Owner Consent.** With the consent of registered owners of
7 not less than 60 percent in aggregate principal amount of the Parity Bonds then outstanding, the
8 City may pass, adopt, or otherwise approve any supplement or amendment (other than
9 amendments requiring unanimous consent as set forth in subsection (c)) to any Bond Document
10 that is deemed necessary or desirable by the City for the purpose of modifying, altering,
11 amending, supplementing, or rescinding, in any particular, any of the terms or provisions
12 contained in such Bond Document other than those terms and provisions described in subsection
13 (c).

14 (c) **Amendments Prohibited Except Upon Unanimous Consent.** Unless approved in
15 writing by or on behalf of the registered owner of each Parity Bond then outstanding, nothing
16 contained in this section shall permit, or be construed as permitting (i) a change in the times,
17 amounts, or currency of payment of the principal of or interest on any outstanding Parity Bond,
18 (ii) a reduction in the principal amount or redemption price of any outstanding Parity Bond,
19 (iii) a change in the method of determining the rate of interest thereon (other than a conversion to
20 a new interest rate made in accordance with the applicable Bond Documents), (iv) a preference
21 or priority of any Parity Bond over any other Parity Bond, or (v) a reduction in the percentage of
22 the aggregate principal amount of the then-outstanding Parity Bonds required to effect a change
23 under subsection (b).

1 (d) **Notice to Bond Owners.** If at any time the City passes, adopts, or otherwise approves
2 a supplement or amendment for any of the purposes of subsection (b) or (c), the Bond Registrar
3 shall cause notice of the proposed supplement or amendment to be given by first class mail (i) to
4 all registered owners of the then outstanding Parity Bonds, (ii) to each provider of Bond
5 Insurance or a Reserve Security, and (iii) to each Rating Agency. Such notice shall briefly set
6 forth the nature of the proposed supplement or amendment and shall state that a copy is on file at
7 the office of the City Clerk for inspection by all owners of the then outstanding Parity Bonds.

8 (e) **Effective Date; Consents.** Any supplement or amendment, substantially as described
9 in the notice mailed pursuant to subsection (d), may go into effect upon delivery to the Bond
10 Registrar of (i) the required consents, in writing, of registered owners of the Parity Bonds, and
11 (ii) an opinion of Bond Counsel stating that such supplement or amendment is authorized or
12 permitted by this ordinance. Upon the effective date thereof, such supplement or amendment will
13 be valid and binding upon the City in accordance with its terms and will not adversely affect the
14 exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt
15 Bonds.

16 If registered owners of not less than the percentage of Parity Bonds required by this
17 section shall have consented to and approved such a supplement or amendment, no owner of any
18 Parity Bond shall have any right (i) to object to the passage, adoption, or approval of such
19 supplement or amendment, (ii) to object to any of the terms and provisions contained therein or
20 the operation thereof, (iii) in any manner to question the propriety of the passage, adoption, or
21 approval thereof, (iv) to enjoin or restrain the City from passing, adopting, or otherwise
22 approving the same, or (v) to enjoin or restrain the City, any authorized official thereof, or the
23 Bond Registrar from taking any action pursuant to the provisions thereof. For purposes of

1 determining whether consents representing the requisite percentage of principal amount of Parity
2 Bonds have been obtained, the Accreted Value of Capital Appreciation Bonds shall be deemed to
3 be the principal amount. It shall not be necessary to obtain approval of the particular form of any
4 proposed supplement, but it shall be sufficient if the consent shall approve the substance thereof.

5 (f) **Effect of Amendment.** Upon the effective date of any supplement or amendment, this
6 ordinance (or the relevant Bond Document, if not set forth herein) shall be deemed to be
7 modified and amended in accordance therewith, and the respective rights, duties and obligations
8 of the City and all owners of Parity Bonds then outstanding shall thereafter be determined,
9 exercised, and enforced in accordance with and subject in all respects to such modifications and
10 amendments. All the terms and conditions of any such supplement or amendment shall be
11 deemed to be a part of this ordinance and the Bond Documents for any and all purposes.

12 (g) **Special Amendments.** If and to the extent that it is determined that the written
13 consent of Registered Owners of the Bonds is required under subsection (b) or (c), the Registered
14 Owners from time to time of the Bonds, by taking and holding the same, are hereby deemed to
15 have consented to any supplement or amendment to the Bond Documents effecting any one or
16 more of the following changes:

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

20 (ii) To permit or require Tax Credit Subsidy Payments to be deposited into the
21 Principal and Interest Subaccount and credited against the Net Revenue otherwise required to be
22 deposited into the Principal and Interest Subaccount; and

1 (iii) To permit the reimbursement obligations of the City under any Qualified
2 Letter of Credit or Qualified Insurance (other than a Qualified Letter of Credit or Qualified
3 Insurance obtained to satisfy all or part of the Reserve Requirement) to be secured by a lien and
4 charge on Net Revenue equal in rank with the lien and charge upon such Net Revenue required
5 to be paid into the Parity Bond Account to pay and secure the payment of the principal of and
6 interest on Parity Bonds.

7 Section 25. **Defaults and Remedies.**

8 (a) **Events of Default.** Each of the following shall constitute an Event of Default with
9 respect to the Bonds:

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

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

1 Notwithstanding anything in this section to the contrary, the failure of the City or any
2 obligated person to comply with the Continuing Disclosure Agreement shall not constitute an
3 Event of Default, and the sole remedy of any holder of a Bond shall be to seek an order of
4 specific performance from an appropriate court to compel the City to comply with the
5 Continuing Disclosure Agreement.

6 **(b) Bond Owners' Trustee.** So long as such Event of Default has not been remedied, a
7 trustee (the "Bond Owners' Trustee") may be appointed by the registered owners of 25 percent
8 in principal amount of the then outstanding Parity Bonds, by an instrument or concurrent
9 instruments in writing signed and acknowledged by such registered owners of the Parity Bonds
10 or by their attorneys-in-fact duly authorized and delivered to such Bond Owners' Trustee,
11 notification thereof being given to the City. That appointment shall become effective
12 immediately upon acceptance thereof by the Bond Owners' Trustee. Any Bond Owners' Trustee
13 appointed under the provisions of this subsection shall be a bank or trust company organized
14 under the laws of the State of Washington or the State of New York or a national banking
15 association. The bank or trust company acting as Bond Owners' Trustee may be removed at any
16 time, and a successor Bond Owners' Trustee may be appointed, by the registered owners of a
17 majority in principal amount of the Parity Bonds then outstanding, by an instrument or
18 concurrent instruments in writing signed and acknowledged by such registered owners of the
19 Parity Bonds or by their attorneys-in-fact duly authorized. The Bond Owners' Trustee may
20 require such security and indemnity as may be reasonable against the costs, expenses and
21 liabilities that may be incurred in the performance of its duties.

22 In the event that any Event of Default in the sole judgment of the Bond Owners' Trustee
23 is cured and the Bond Owners' Trustee furnishes to the City a certificate so stating, that Event of

1 Default shall be conclusively deemed to be cured and the City, the Bond Owners' Trustee and
2 the registered owners of the Parity Bonds shall be restored to the same rights and position which
3 they would have held if no Event of Default had occurred.

4 The Bond Owners' Trustee appointed in the manner herein provided, and each successor
5 thereto, is declared to be a trustee for the registered owners of all the Parity Bonds then
6 outstanding and is empowered to exercise all the rights and powers herein conferred on the Bond
7 Owners' Trustee.

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

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

21 Any action, suit or other proceeding instituted by the Bond Owners' Trustee hereunder
22 shall be brought in its name as the Bond Owners' Trustee and all such rights of action upon or
23 under any of the Parity Bonds or the provisions of this ordinance may be enforced by the Bond

1 Owners' Trustee without the possession of any of those Parity Bonds and without the production
2 of the same at any trial or proceedings relative thereto except where otherwise required by law.
3 Any such suit, action or proceeding instituted by the Bond Owners' Trustee shall be brought for
4 the ratable benefit of all of the registered owners of those Parity Bonds, subject to the provisions
5 of this ordinance. The respective registered owners of the Parity Bonds, by taking and holding
6 the same, shall be conclusively deemed irrevocably to appoint the Bond Owners' Trustee the true
7 and lawful trustee of the respective registered owners of those Parity Bonds, with authority to
8 institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums
9 becoming distributable on account of those Parity Bonds; to execute any paper or documents for
10 the receipt of money; and to do all acts with respect thereto that the registered owner might have
11 done in person. Nothing in this ordinance shall be deemed to authorize or empower the Bond
12 Owners' Trustee to consent to accept or adopt, on behalf of any owner of the Parity Bonds, any
13 plan of reorganization or adjustment affecting the Parity Bonds or any right of any registered
14 owner thereof, or to authorize or empower the Bond Owners' Trustee to vote the claims of the
15 registered owners thereof in any receivership, insolvency, liquidation, bankruptcy,
16 reorganization, or other proceeding to which the City is a party.

17 **(d) Application of Money Collected by Bond Owners' Trustee.** Any money collected
18 by the Bond Owners' Trustee at any time pursuant to this section shall be applied in the
19 following order of priority:

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

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

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

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

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

5 The Bond Owners' Trustee shall not be bound to recognize any person as a registered
6 owner of any Parity Bond until registered ownership, if disputed, has been established to its
7 reasonable satisfaction.

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

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

16 (i) An Event of Default has happened and is continuing; and

17 (ii) A Bond Owners' Trustee has been appointed; and

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

21 (iv) The registered owners of 25 percent in principal amount of the Parity Bonds
22 then outstanding, after the occurrence of such Event of Default, have made written request of the

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

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

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

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

10 Section 26. **General Authorization**. In addition to the specific authorizations in this
11 ordinance, the Mayor and the Director of Finance and each of the other appropriate officers of
12 the City are each authorized and directed to do everything as such officer may judge necessary,
13 appropriate, or desirable in order to carry out the terms and provisions of, and complete the
14 transactions contemplated by, this ordinance. In particular and without limiting the foregoing:

15 (a) The Director of Finance, in the Director's discretion and without further action by the
16 City Council, (i) may issue requests for proposals to provide underwriting services or financing
17 facilities (including, without limitation, Qualified Insurance, a Qualified Letter of Credit, or other
18 credit support or liquidity facility), and may execute engagement letters and other agreements
19 with underwriters and other financial institutions (including providers of liquidity or credit
20 support) based on responses to such requests; (ii) may select and make decisions regarding the
21 Bond Registrar, fiscal or paying agents, and any Securities Depository for each Series of the
22 Bonds; (iii) may take any and all actions necessary or convenient to provide for the conversion of
23 interest rate modes for any Series in accordance with the applicable Bond Documents; and

1 (iv) may take such actions on behalf of the City as are necessary or appropriate for the City to
2 designate, qualify, or maintain the tax-exempt treatment with respect to any Series issued as Tax-
3 Exempt Bonds, to receive from the United States Treasury the applicable Tax Credit Subsidy
4 Payments in respect of any Series issued as Tax Credit Subsidy Bonds, and to otherwise receive
5 any other federal tax benefits relating to any Series of the Bonds that are available to the City;
6 and

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


17 Section 27. **Severability**. The provisions of this ordinance are declared to be separate and
18 severable. The invalidity of any clause, sentence, paragraph, subdivision, section, subsection, or
19 portion of this ordinance, or the invalidity of its application to any person or circumstance, does
20 not affect the validity of the remainder of this ordinance or the validity of its application to other
21 persons or circumstances.

22 Section 28. **Ratification of Prior Acts**. Any action consistent with the authority of this
23 ordinance taken after its passage and prior to its effective date is ratified and confirmed.

1 Section 29. **Section Headings.** Section headings in this ordinance are nonsubstantive.

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


5 Passed by the City Council the 29th day of November, 2022,
6 and signed by me in open session in authentication of its passage this 29th day of
7 November, 2022.

8 
9 President _____ of the City Council

10 Approved / returned unsigned / vetoed this 2nd day of December, 2022.

11 
12 Bruce A. Harrell, Mayor

13 Filed by me this 2nd day of December, 2022.

14 
15 Elizabeth M. Adkisson, Interim City Clerk

16 (Seal)

17
18
19 Attachments:
20 Exhibit A – Outstanding Drainage and Wastewater Parity Bonds
21 Exhibit B – Form of Continuing Disclosure Agreement

EXHIBIT A

OUTSTANDING DRAINAGE AND WASTEWATER PARITY BONDS

Issue Name	Dated Date	Original Par Amount	Bond Legislation		
			New Money Ord.	Refunding Ord.	Bond Sale Res.
Drainage and Wastewater Revenue Bonds, Series 2009A (Taxable Build America Bonds – Direct Payment)	12/17/2009	\$102,535,000	Ord. 123055	--	Res. 31177
Drainage and Wastewater Improvement and Refunding Revenue Bonds, 2014	07/10/2014	\$133,180,000	Ord. 124337	Ord. 124338 (amending and restating Ord. 121938)	Res. 31531
Drainage and Wastewater System Improvement and Refunding Revenue Bonds, 2016	06/22/2016	\$160,910,000	Ord. 124914	Ord. 124338 (amending and restating Ord. 121938)	Res. 31674
Drainage and Wastewater System Improvement and Refunding Revenue Bonds, 2017	06/28/2017	\$234,125,000	Ord 125297	Ord. 124338 (amending and restating Ord. 121938) (as amended by Ord. 124914)	Res. 31756
Drainage and Wastewater System Improvement Revenue Bond, 2020A (Ship Canal Water Quality Project-N18106WA) (WIFIA Loan)	04/24/2020	NTE \$192,181,651	Ord. 125454 (as amended by Ord. 125712)	--	--
Drainage and Wastewater System Improvement and Refunding Revenue Bonds, 2021	06/08/2021	\$111,010,000	Ord. 125454 (as amended by Ords. 125712 and 126222)	Ord. 125455	--
Drainage and Wastewater System Improvement and Refunding Revenue Bonds, 2022	06/22/2022	\$117,165,000	Ord. 126482	Ord. 125455 (as amended by Ord. 126482)	--

EXHIBIT B

FORM OF CONTINUING DISCLOSURE AGREEMENT

The City of Seattle, Washington (the “City”), makes the following written undertaking (the “Undertaking”) for the benefit of the Owners of the City’s Drainage and Wastewater Revenue Bonds, [Year] [Series Designation] (the “Bonds”), for the sole purpose of assisting the Purchaser in meeting the requirements of paragraph (b)(5) of Rule 15c2-12 (the “Rule”), as applicable to a participating underwriter for the Bonds. Capitalized terms used but not defined below shall have the meanings given in Ordinance _____ (the “Bond Ordinance”).

(a) Undertaking to Provide Annual Financial Information and Notice of Listed Events.

The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (the “MSRB”), in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data of the Drainage and Wastewater System of the type included in the final official statement for the Bonds and described in subsection (b) of this section (“annual financial information”). The timely filing of unaudited financial statements shall satisfy the requirements and filing deadlines pertaining to the filing of annual financial statements under subsection (b), provided that audited financial statements are to be filed if and when they are otherwise prepared and available to the City.

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or

1 their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of
2 proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB)
3 or other material notices or determinations with respect to the tax status of the Bonds, or other
4 material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the
5 Bonds, if material; (8) Bond calls (other than scheduled mandatory redemptions of Term Bonds),
6 if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property
7 securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency,
8 receivership or similar event of the City, as such “Bankruptcy Events” are defined in the Rule;
9 (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of
10 all or substantially all of the assets of the City other than in the ordinary course of business, the
11 entry into a definitive agreement to undertake such an action or the termination of a definitive
12 agreement relating to any such actions, other than pursuant to its terms, if material; (14)
13 appointment of a successor or additional trustee or the change of name of a trustee, if material;
14 (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events
15 of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any
16 of which affect holders of the Bonds, if material; and (16) any default, event of acceleration,
17 termination event, modification of terms, or other similar event under the terms of a financial
18 obligation of the City, any of which reflect financial difficulties.

19 For purposes of this Undertaking, the term “financial obligation” shall mean a debt
20 obligation; a derivative instrument entered into in connection with, or pledged as security or a
21 source of payment for, an existing or planned debt obligation; or a guarantee of either a debt
22 obligation or a derivative instrument entered into in connection with, or pledged as security or a
23 source of payment for, an existing or planned debt obligation. The term “financial obligation” does

1 not include municipal securities as to which a final official statement has been provided to the
2 MSRB consistent with the Rule.

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

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

8 (i) Shall consist of (1) annual financial statements of the Drainage and
9 Wastewater System prepared in accordance with applicable generally accepted accounting
10 principles applicable to governmental units (except as otherwise noted herein), as such principles
11 may be changed from time to time and as permitted by applicable state law; (2) a statement of
12 outstanding bonded debt secured by revenues of the Drainage and Wastewater System; (3) debt
13 service coverage ratios; (4) general customer statistics, such as number and type of customers and
14 revenues by customer class; and (5) current drainage rates and wastewater rates;

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

19 (iii) May be provided in a single document or multiple documents, and may be
20 incorporated by specific reference to documents available to the public on the Internet website of
21 the MSRB or filed with the Securities and Exchange Commission.

22 (c) Amendment of Undertaking. This Undertaking is subject to amendment after the
23 primary offering of the Bonds without the consent of any Owner or holder of any Bond, or of any

1 broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB,
2 under the circumstances and in the manner permitted by the Rule, including:

3 (i) The amendment may only be made in connection with a change in
4 circumstances that arises from a change in legal requirements, change in law, or change in the
5 identity, nature, or status of the City, or type of business conducted by the City;

6 (ii) The Undertaking, as amended, would have complied with the requirements
7 of the Rule at the time of the primary offering, after taking into account any amendments or
8 interpretations of the Rule, as well as any change in circumstances; and

9 (iii) The amendment does not materially impair the interests of holders, as
10 determined either by parties unaffiliated with the City (e.g., bond counsel or other counsel familiar
11 with federal securities laws), or by an approving vote of bondholders pursuant to the terms of the
12 Bond Ordinance at the time of the amendment.

13 The City will give notice to the MSRB of the substance (or provide a copy) of any
14 amendment to this Undertaking and a brief statement of the reasons for the amendment. If the
15 amendment changes the type of annual financial information to be provided, the annual financial
16 information containing the amended financial information will include a narrative explanation of
17 the effect of that change on the type of information to be provided.

18 (d) Beneficiaries. This Undertaking shall inure to the benefit of the City and any
19 Owner of Bonds, and shall not inure to the benefit of or create any rights in any other person.

20 (e) Termination of Undertaking. The City's obligations under this Undertaking shall
21 terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. In
22 addition, the City's obligations under this Undertaking shall terminate if those provisions of the
23 Rule that require the City to comply with this Undertaking become legally inapplicable in respect

1 of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or
2 other counsel familiar with federal securities laws delivered to the City, and the City provides
3 timely notice of such termination to the MSRB.

4 (f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the
5 City learns of any material failure to comply with this Undertaking, the City will proceed with due
6 diligence to cause such noncompliance to be corrected. No failure by the City or other obligated
7 person to comply with this Undertaking shall constitute a default in respect of the Bonds. The sole
8 remedy of any Owner of a Bond shall be to take such actions as that Owner deems necessary,
9 including seeking an order of specific performance from an appropriate court, to compel the City
10 or other obligated person to comply with this Undertaking.

11 (g) Designation of Official Responsible to Administer Undertaking. The Director of
12 Finance of the City (or such other officer of the City who may in the future perform the duties of
13 that office) or the Director’s designee is the person designated, in accordance with the Bond
14 Ordinance, to carry out this Undertaking of the City in respect of the Bonds set forth in this section
15 and in accordance with the Rule, including, without limitation, the following actions:

16 (i) Preparing and filing the annual financial information undertaken to be
17 provided;

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

21 (iii) Determining whether any person other than the City is an “obligated
22 person” within the meaning of the Rule with respect to the Bonds, and obtaining from such person

1 an undertaking to provide any annual financial information and notice of listed events for that
2 person in accordance with the Rule(~~(15c2-12)~~);

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

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