EXHIBIT D

AMENDMENTS TO ORDINANCE 125714 (as previously amended by Ordinance 126483) shown in underline/strikethrough format

The text below displays the cumulative amendments to Sections 1 through 32 of Ordinance 125714 that were set forth in and adopted pursuant to (i) Ordinance 126483 and (ii) the ordinance to which this exhibit is attached. The base document is the original Ordinance 125714, as amended by Ordinance 126843. Text that has been added by the ordinance to which this exhibit is attached is indicated using double underlining and text that has been deleted by this ordinance is indicated using strikethrough formatting enclosed in double parentheses. These amendments include technical amendments as permitted by Section 23(a) of the Omnibus Refunding Ordinance and the effect of certain amendments permitted by Section 23(b) of the Omnibus Refunding Ordinance that went into effect upon the occurrence of the following: (A) the collection of the requisite percentage of bondholder consents, or (B) the occurrence of the Parity Covenant Date (as those terms were defined in the Ordinance 125714, as amended by Ordinance 126843).

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. <u>Definitions</u>. ((As used in)) <u>In</u> this ordinance, the following capitalized terms shall have the meanings set forth ((below:)) in this section.

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

"Acquired Obligations" means Government Obligations maturing or having guaranteed

redemption prices at the option of the holder at such time or times as may be required to provide funds sufficient to carry out the Refunding Plan, and satisfying the requirements of the Refunded Bond Documents relating to the Refunded Bonds included in that Refunding Plan. For purposes of this definition, eligible "Government Obligations" for inclusion in a Refunding Plan shall be

determined in accordance with the applicable Refunded Bond Documents.

"Adjusted Annual Debt Service" for any fiscal year means Annual Debt Service minus

(a) an amount equal to ULID Assessments due in that year and not delinquent, (b) an amount equal to earnings from investments in the Reserve Subaccount, and (c) Annual Debt Service provided for by Parity Bond proceeds.

"Adjusted Gross Revenue" means, for any period, Gross Revenue (a) plus withdrawals from the Rate Stabilization Account made during that period, and (b) minus ULID Assessments collected, earnings from investments in the Reserve Subaccount, and deposits into the Rate Stabilization Account made during that period.

"Adjusted Net Revenue" means Adjusted Gross Revenue less Operating and Maintenance Expense.

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

- (a) Calculation of Interest Due Generally. Except as otherwise provided below, interest on any series of Parity Bonds shall be calculated based on the actual amount of accrued, accreted, or otherwise accumulated interest that is payable in respect of that series taken as a
- (b) Capital Appreciation Bonds. For purposes of this definition, the principal and

whole, at the rate or rates set forth in the applicable Parity Bond Documents.

- (b) Capital Appreciation Bonds. For purposes of this definition, the principal and interest portions of the Accreted Value of Capital Appreciation Bonds becoming due at maturity or by virtue of a Sinking Fund Requirement shall be included in the calculations of accrued and unpaid and accruing interest or principal in such manner and during such period of time as is specified in the Parity Bond Documents applicable to such Capital Appreciation Bonds.
- (c) **Variable Interest Rate Bonds.** The amount of interest deemed to be payable on any series of Variable Interest Rate Bonds shall be calculated on the assumption that the interest rate on those bonds would be equal to the rate that is 90((%)) <u>percent</u> of the average RBI during the four calendar quarters preceding the quarter in which the calculation is made.
- (d) Interest on Parity Bonds With Respect to Which a Payment Agreement is in Force. Debt service on Parity Bonds with respect to which a Payment Agreement is in force shall be based on the net economic effect on the City expected to be produced by the terms of the Parity Bonds and the terms of the Payment Agreement. For example, if the net economic effect of the Payment Agreement and a series of Parity Bonds otherwise bearing interest at a variable rate is to produce an obligation bearing interest at a fixed interest rate, the relevant series of bonds shall be treated as fixed interest rate bonds. And if the net economic effect of the Payment Agreement and a series of Parity Bonds otherwise bearing interest at a fixed rate is to produce an obligation bearing interest at a variable interest rate, the relevant series of bonds shall be treated as Variable Interest Rate Bonds. Accordingly, the amount of interest deemed to be payable on

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any Parity Bonds with respect to which a Payment Agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in or determined pursuant to the applicable Parity Bond Documents, plus Payment Agreement Payments, minus Payment Agreement Receipts. For the purposes of calculating as nearly as practicable Payment Agreement Receipts and Payment Agreement Payments under a Payment Agreement that includes a variable rate component determined by reference to a pricing mechanism or index that is not the same as the pricing mechanism or index used to determine the variable rate interest component on the Parity Bonds to which the Payment Agreement is related, it shall be assumed that the fixed rate used in calculating Payment Agreement Payments will be equal to $105((\frac{9}{4}))$ percent of the fixed rate specified by the Payment Agreement and that the pricing mechanism or index specified by the Payment Agreement is the same as the pricing mechanism or index specified by the applicable Parity Bond Documents. Notwithstanding the other provisions of this definition, the City shall not be required to (but may in its discretion) take into account in determining Annual Debt Service the effects of any Payment Agreement that has a term of ten years or less. (e) Parity Payment Agreements. For any period during which Payment Agreement

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

1 (i) If City is Obligated to Make Payments Based on a Fixed Rate. If the City is 2 obligated to make Payment Agreement Payments based on a fixed rate and the Qualified 3 Counterparty is obligated to make payments based on a variable rate index, it shall be assumed 4 that payments by the City will be based on the assumed fixed payor rate, and that payments by 5 the Qualified Counterparty will be based on a rate equal to the average rate determined by the variable rate index specified by the Parity Payment Agreement during the four calendar quarters 6 7 preceding the quarter in which the calculation is made. 8 (ii) If City is Obligated to Make Payments Based on a Variable Rate Index. 9 If the City is obligated to make Payment Agreement Payments based on a variable rate index and 10 the Qualified Counterparty is obligated to make payments based on a fixed rate, it shall be 11 assumed that payments by the City will be based on a rate equal to the average rate determined by the variable rate index specified by the Parity Payment Agreement during the four calendar 12 quarters preceding the quarter in which the calculation is made, and that the Qualified 13 14 Counterparty will make payments based on the fixed rate specified by the Parity Payment 15 Agreement. 16 (f) **Balloon Bonds.** For purposes of calculating debt service on any Balloon Bonds, it 17 shall be assumed that the principal of those Balloon Bonds, together with interest thereon at a rate equal to the assumed RBI-based rate set forth in paragraph (c) of this definition, will be 18 19 amortized in equal annual installments over a term of 30 years. 20 (g) Adjustments for Defeased Bonds. For purposes of calculating and determining 21 compliance with the Coverage Requirement, the Reserve Requirement, and the Parity 22 Conditions, Annual Debt Service shall be adjusted as set forth in ((Section)) subsection 21(d) of 23 this ordinance.

"Authorized Denomination" means \$5,000 or any integral multiple thereof within a maturity of a Series, or such other minimum authorized denomination as may be specified in the applicable Bond Documents.

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

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

"Beneficial Owner" means, with regard to a Bond, the owner of any beneficial interest in that Bond.

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

"Bond Documents" means (a)(i) with respect to any Series of the Bonds, this ordinance (including any amendatory or supplemental ordinances), and (ii) with respect to a series of Parity Bonds other than a Series of the Bonds, the applicable Parity Bond Ordinance(s); (b) the authenticated bond form; and (c) the written agreement(s) setting forth the ((Bond Sale Terms)) bond sale terms and additional terms, conditions, or covenants pursuant to which such bond was issued and sold, as set forth in any one or more of the following (if any): (i) a sale resolution, (ii) a bond purchase contract (as defined in the applicable authorizing ordinance), (iii) a bond indenture or a fiscal agent or paying agent agreement (other than the State fiscal agency

contract), and (iv) a direct purchase or continuing covenant agreement.

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

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

"Bond Register" means the books or records maintained by the Bond Registrar for the purpose of registering ownership of each Bond.

"Bond Registrar" means the Fiscal Agent (unless the Director of Finance appoints a different person to act as bond registrar with respect to a particular Series), or any successor bond registrar selected in accordance with the <u>System of Registration ((Ordinance))</u>.

"Bond Sale Terms" means the terms and conditions for the sale of a Series of the Bonds approved by the Director of Finance consistent with the parameters set forth in Section 5 of this ordinance, including the amount, date or dates of the Bonds, denominations, interest rate or rates (or mechanism for determining the interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms, conditions or covenants. In connection with a negotiated sale or private placement, the Bond Sale Terms shall be set forth in ((the)) a Bond

Purchase Contract; in connection with a competitive sale, the Bond Sale Terms shall be set forth in a Pricing Certificate.

"Bonds" means the ((water system)) Municipal Water System revenue bonds issued pursuant to this ordinance.

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

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

"City" means The City of Seattle, Washington ((, a municipal corporation duly organized and existing under the laws of the State)).

"City Council" means the City Council of the City, as duly and regularly constituted 1 2 from time to time. "Code" means the Internal Revenue Code of 1986, or any successor thereto, as ((it has 3 4 been and may be)) amended ((from time to)) at any time, and regulations thereunder. 5 "Continuing Disclosure ((Agreement)) Certificate" means, for each Series sold in an offering subject to federal securities regulations requiring a written undertaking to provide 6 7 continuing disclosure, a continuing disclosure ((agreement entered into)) certificate executed 8 pursuant to Section 23 of this ordinance, in substantially the form attached to this ordinance as 9 Exhibit B. 10 "Contract Resource Obligation" means an obligation of the City ((which)) that is 11 designated as a Contract Resource Obligation and is entered into in accordance with Section 20 12 of this ordinance. "Coverage Requirement" means Adjusted Net Revenue equal to at least 1.25 times 13 14 Adjusted Annual Debt Service on all Parity Bonds then outstanding. 15 "Covered Parity Bonds" means all Outstanding Parity Bonds, each Series of the Bonds, 16 and each series of Future Parity Bonds((. From and after the Reserve Covenant Date, the term "Covered Parity Bonds" shall exclude)), excluding each series of Parity Bonds for which the 17 18 applicable Bond Documents provide that((, from and after the Reserve Covenant Date,)) such 19 series shall ((no longer)) not be treated as a series of Covered Parity Bonds and shall ((no 20 *longer*)) not be secured by the amounts in the Reserve Subaccount. For purposes of the Bond 21 Documents applicable to the Outstanding Parity Bonds issued in 2017, 2021, 2022, 2024, and 2025, the Reserve Covenant Date (as defined therein) has occurred and those Outstanding Parity 22 23 Bonds are excluded from the definition of Covered Parity Bonds.

(("DTC" means The Depository Trust Company, New York, New York.)) 1 "Defeasible Bonds" means any outstanding Parity Bonds that are eligible to be defeased 2 pursuant to the Omnibus Defeasance Ordinance. 3 4 "Director of Finance" or "Director" means the City's Director of ((the)) Finance 5 ((Division of the Department of Finance and Administrative Services of the City, or any)) or such other officer who succeeds to substantially all of the responsibilities of that office. 6 7 "DTC" means The Depository Trust Company, New York, New York. "Event of Default" ((shall have)) has the meaning ((assigned to that term in 8 9 Section))given in subsection 25(a) of this ordinance. "Fiscal Agent" means the fiscal agent of the State, as the same may be designated by the 10 11 State from time to time, or such other fiscal agent as the City may later appoint. 12 "Future Parity Bond Ordinance" means any ordinance passed by the City Council providing for the issuance and sale of a series of Future Parity Bonds, and any other ordinance 13 14 amending or supplementing the provisions of any such ordinance. 15 "Future Parity Bonds" means, with reference to any Series, all revenue bonds and obligations of the Municipal Water System (other than that Series and any other Parity Bonds 16 then outstanding), issued or entered into after the Issue Date of such Series, the payment of 17 18 which constitutes a charge and lien on Net Revenue equal in priority with the charge and lien 19 upon such revenue for the payment of the amounts required to be paid into the Parity Bond Account in accordance with Section 15 of this ordinance. Future Parity Bonds may include 20 Parity Payment Agreements and any other obligations issued in compliance with the Parity 21 22 Conditions. 23 "Government Obligations" means, unless otherwise limited in the Bond Documents for

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a particular Series of the Bonds, any government obligation as that term is defined in RCW 39.53.010, as ((now)) in effect ((or as may be hereafter amended)) at the time such government obligation is acquired.

"Gross Revenue" means (a) all income, revenues, receipts and profits derived by the City through the ownership and operation of the Municipal Water System; (b) the proceeds received by the City directly or indirectly from the sale, lease or other disposition of any of the properties, rights or facilities of the Municipal Water System; (c) Payment Agreement Receipts, to the extent that such receipts are not offset by Payment Agreement Payments; and (d) the investment income earned on money held in any fund or account of the City, including any bond redemption funds and the accounts therein, in connection with the ownership and operation of the Municipal Water System. Gross Revenue does not include: (a) income derived from investments irrevocably pledged to the payment of any defeased bonds payable from Gross Revenue; (b) investment income set aside for or earned on money in any fund or account created or maintained solely for the purpose of complying with the arbitrage rebate provisions of the Code; (c) any gifts, grants, donations, or other funds received by the City from any State or federal agency or other person if such gifts, grants, donations or other funds are the subject of any limitation or reservation imposed by the donor or grantor or imposed by law or administrative regulation to which the donor or grantor is subject, limiting the application of such funds in a manner inconsistent with the application of Gross Revenue hereunder; (d) the proceeds of any borrowing for capital improvements (or the refinancing thereof); (e) the proceeds of any liability or other insurance, including but not limited to insurance proceeds compensating the City for the loss of a capital asset, but excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues; (f) general ad

1 valorem taxes, excise taxes and special assessments (other than ULID Assessments), including 2 interest and penalties thereon; and (g) earnings of any separate utility system that may be created, acquired, or constructed by the City pursuant to Section 19 of this ordinance. 3 4 "Independent Utility Consultant" means an independent person or firm having a favorable reputation for skill and experience with municipal water systems of comparable size 5 6 and character to the Municipal Water System in such areas as are relevant to the purpose for 7 which they were retained. 8 "Issue Date" means, with respect to a Bond, the initial date on which that Bond is issued 9 and delivered to the initial Purchaser in exchange for its purchase price. 10 "Letter of Representations" means the Blanket Issuer Letter of Representations between 11 the City and DTC dated October 4, 2006, as ((it may be)) amended ((from time to)) at any time, 12 or an agreement with a substitute or successor Securities Depository. (("MSRB" means the Municipal Securities Rulemaking Board.)) 13 14 "Maximum Annual Debt Service" means, at the time of calculation, the maximum 15 amount of Annual Debt Service that shall become due in the current calendar year or in any 16 future calendar year with respect to the Parity Bonds then outstanding. 17 "MSRB" means the Municipal Securities Rulemaking Board. "Municipal Water System" means the water system of the City as it now exists, and all 18 19 additions thereto and betterments and extensions thereof at any time made, together with any 20 utility systems of the City hereafter combined with the Municipal Water System. The Municipal 21 Water System shall not include any separate utility system that may be created, acquired or 22 constructed by the City as provided in Section 19 of this ordinance.

"Net Revenue" means, for any period, Gross Revenue less Operating and Maintenance

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Expense.

"Omnibus Defeasance Ordinance" means Ordinance 126226, as amended at any time, authorizing the defeasance of Defeasible Bonds (as such ordinance may be amended from time to time), or any future ordinance pursuant to which the Bonds (or any Series of the Bonds) are designated as Defeasible Bonds.

"Omnibus Refunding Ordinance" means this ((ordinance)) 2026 Omnibus Refunding

Ordinance, ((()) as it may be amended ((from time to time))) in the future, or any other ordinance
of the City ((passed in the future,)) authorizing the issuance of Refunding Parity Bonds for the
purpose of refunding Refundable Bonds. ((For purposes of this ordinance, each Series of the

Bonds is designated as a series of Refundable Bonds.)) If context requires, the term Omnibus

Refunding Ordinance may alternatively refer to Ordinance 125714 (as amended by Ordinance

126483, the "2019 Omnibus Refunding Ordinance").

"Operating and Maintenance Expense" means all expenses incurred by the City in causing the Municipal Water System to be operated and maintained in good repair, working order and condition, including without limitation: (a) deposits, premiums, assessments or other payments for insurance, if any, on the Municipal Water System; (b) payments into pension funds; (c) State-imposed taxes; (d) amounts due under Contract Resource Obligations in accordance with Section 20 of this ordinance; (e) payments made to another person or entity for the receipt of water supply or transmission or other commodity or service; and (f) payments with respect to any other expenses of the Municipal Water System that are properly treated as Operating and Maintenance Expense under generally accepted accounting principles applicable to municipal corporations, including payments (other than payments out of proceeds of Parity Bonds or other obligations not issued to pay current expenses of the Municipal Water System)

1 into reasonable reserves for items of operating or maintenance expense the payment of which is 2 not immediately required. Operating and Maintenance Expense does not include: depreciation, 3 amortization or other similar recognitions of non-cash expense items made for accounting 4 purposes only including non-cash pension expense; taxes levied or imposed by the City or 5 payments in lieu of City taxes; payments of claims or judgments; or capital additions or capital replacements of the Municipal Water System. 6 7 "Outstanding Parity Bond Ordinances" means those ordinances authorizing the issuance and sale of the Outstanding Parity Bonds, as identified in Exhibit A to this ordinance. 8 9 "Outstanding Parity Bonds" means those outstanding Parity Bonds identified in Exhibit A to this ordinance. When used in reference to a particular date (or in reference to a particular 10 11 series of Parity Bonds), Outstanding Parity Bonds shall mean those Parity Bonds, including any 12 Parity Bonds issued subsequent to the effective date of this ordinance, that are outstanding as of 13 that date (or as of the Issue Date of the referenced series of Parity Bonds). "Owner" means, without distinction, the Registered Owner and the Beneficial Owner of 14 15 a Bond. "Parity Bond Account" means the Water Revenue Parity Bond Account created by 16 Ordinance 116705 in the Water Fund for the purpose of paying and securing payment of the 17 18 principal of and interest on Parity Bonds. "Parity Bond Documents" means those Bond Documents applicable to a series of Parity 19 20 Bonds. "Parity Bond Ordinance" means any ordinance passed by the City Council providing 21 for the issuance and sale of a series of Parity Bonds, and any other ordinance amending or 22 23 supplementing the provisions of any Parity Bond Ordinance.

"Parity Bonds" means the Outstanding Parity Bonds, each Series of the Bonds, and any 1 2

Future Parity Bonds then outstanding. Parity Bonds may include Parity Payment Agreements in

accordance with Section 17 of this ordinance.

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"Parity Certificate" means a certificate delivered pursuant to Section 17 of this ordinance for purposes of satisfying the Parity Conditions in connection with the issuance of Future Parity Bonds.

"Parity Conditions" means($(\frac{1}{2})$) (a) for purposes of establishing that a Series of the Bonds may be issued on parity with the Parity Bonds outstanding as of the Issue Date of such Series, the conditions for issuing Future Parity Bonds set forth in the Parity Bond Ordinances relating to those Parity Bonds that are then outstanding; and (b) for purposes of issuing Future Parity Bonds on parity with a Series of the Bonds, the conditions described in ((the preceding elause)) subsection (a) of this definition, together with the conditions set forth in Section 17 of this ordinance.

"Payment Agreement" means a written agreement entered into by the City and a Qualified Counterparty, as authorized by any applicable laws of the State, for the purpose of managing or reducing the City's exposure to fluctuations or levels of interest rates, or for other interest rate, investment, or asset or liability management purposes, and ((which)) that provides for (i) an exchange of payments based on interest rates, or ceilings($(\frac{1}{2})$) or floors on such payments; (ii) options on such payments; (iii) any combination of the foregoing; or (iv) any similar device. A Payment Agreement may be entered into on either a current or forward basis. A Payment Agreement must be entered into in connection with (or incidental to) the issuance, incurring, or carrying of particular bonds, notes, bond anticipation notes, commercial paper, or other obligations for borrowed money (which may include leases, installment purchase contracts,

or other similar financing agreements or certificates of participation in any of the foregoing).

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

"Payment Agreement Payments" means the amounts periodically required to be paid by the City to a Qualified Counterparty pursuant to a Payment Agreement.

"Payment Agreement Receipts" means the amounts periodically required to be paid by a Qualified Counterparty to the City pursuant to a Payment Agreement.

"Permitted Investments" means any investments or investment agreements permitted for the investment of City funds under the laws of the State, as amended ((from time to)) at any time.

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

"Principal and Interest Subaccount" means the subaccount of that name created in the

Parity Bond Account for the payment of the principal of and interest on Parity Bonds.

"Purchaser" means the entity or entities who have been selected by the Director of Finance in accordance with this ordinance ((to serve)) as underwriter, purchaser, or successful bidder in a sale of any Series.

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

"Qualified Insurance" means any Bond Insurance that, as of the time of issuance of such credit enhancement device, is provided by an entity rated in one of the two highest rating categories (without regard to any gradations within a rating category) by at least two nationally recognized rating agencies.

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

1 (("RBI" means The Bond Buver Revenue Bond Index or comparable index, or, if no 2 comparable index can be obtained, 80% of the interest rate for actively traded 30-year United 3 States Treasury obligations.)) 4 "Rate Stabilization Account" means the account of that name created in the Water Fund pursuant to Ordinance 116705 and redesignated for accounting purposes as the Revenue 5 Stabilization Subfund of the Water Fund pursuant to Ordinance 120875. 6 7 "Rating Agency" means any nationally recognized rating agency then maintaining a 8 rating on a series of then outstanding Parity Bonds at the request of the City. 9 "RBI" means The Bond Buyer Revenue Bond Index or comparable index, or, if no comparable index can be obtained, 80 percent of the interest rate for actively traded 30-year 10 11 United States Treasury obligations. 12 "Record Date" means, unless otherwise defined in the Bond Documents, in the case of each interest or principal payment date, the Bond Registrar's close of business on the 15th day of 13 14 the month preceding the interest or principal payment date. With regard to redemption of a Bond 15 prior to its maturity, the Record Date shall mean the Bond Registrar's close of business on the 16 day prior to the date on which the Bond Registrar sends the notice of redemption to the Registered Owner(s) of the affected Bonds. 17 "Refundable Bonds" means each series of Parity Bonds and outstanding subordinate 18 19 obligations of the Water System that have been designated, or may in the future be designated, as 20 refundable under this ordinance, including: (a) each series of Outstanding Parity Bonds listed in 21 Exhibit A; (b) each Series of the Bonds issued pursuant to this ordinance; (c) each other series of Future Parity Bonds so designated by the City; and (d) all outstanding subordinate obligations of 22

the Water System, including theoutstanding State loans listed on Exhibit C to this amendatory

ordinance, and all future loan agreements entered into pursuant to chapter 39.69 RCW.

"Refunded Bond Documents" means those Bond Documents applicable to a series of the Refunded Bonds.

"Refunded Bonds" means those Refundable Bonds identified in a Refunding Plan in accordance with this ordinance.

"Refunding Parity Bonds" means Future Parity Bonds that satisfy the applicable Parity Conditions and are issued pursuant to this ordinance (((or another)) or other Future Parity Bond Ordinance(())), for the purpose of refunding any Refundable Bonds.

"Refunding Plan" means the plan approved by the Director of Finance pursuant to the delegation set forth herein to accomplish the refunding of the Refundable Bonds. Each Refunding Plan must identify the maturities and series of Refundable Bonds to be refunded thereby, and must provide for their defeasance and/or refunding, substantially as follows, with such additional detail and adjustments to be set forth in the Refunding Trust Agreement (including, without limitation, adjustments to permit a crossover refunding) as the Director of Finance may deem necessary or desirable:

- (a) The City shall issue a Series of the Bonds (which may be combined within the Series with Parity Bonds authorized hereunder or separately) and, upon receipt, shall deposit the proceeds of the sale of such Series, together with such other money as may be included in the plan by the Director of Finance, into a refunding escrow or trust account held by the Refunding Trustee;
- (b) Upon receipt of a certification or verification by a certified public accounting firm or other financial advisor that the amounts deposited with it will be sufficient to accomplish the refunding as described in such Refunding Trust Agreement, the Refunding Trustee shall invest

1 such escrow deposits in the Acquired Obligations specified therein (unless directed in the 2 Refunding Trust Agreement to hold such deposits uninvested) and shall establish a beginning 3 cash balance; and 4 (c) As further directed in the Refunding Trust Agreement, the Refunding Trustee shall apply the amounts received as interest on and maturing principal of such Acquired Obligations 5 (together with any cash balance in the refunding trust account) to call, pay, and redeem those 6 7 Refundable Bonds on the dates ((and times)) identified in the plan, and (if so directed) to pay the 8 administrative costs of carrying out the foregoing. 9 If the Director of Finance serves as the Refunding Trustee, the Director of Finance shall 10 approve a written Refunding Plan (which need not be set forth in a Refunding Trust Agreement) 11 providing that the escrow funds are to be held separate and apart from all other funds of the City 12 and are to be applied substantially as set forth above. "Refunding Trust Agreement" means an escrow or trust agreement between the City 13 14 and a Refunding Trustee as described in ((Section)) subsection 26(d) of this ordinance. 15 "Refunding Trustee" means the Director of Finance, or a financial institution selected by the Director of Finance serving in the capacity of refunding trustee or escrow agent under a 16 Refunding Trust Agreement. 17 "Registered Owner" means, with respect to a Bond, the person in whose name that 18 19 Bond is registered on the Bond Register. For so long as a Series of the Bonds is in Book-Entry 20 Form under the Letter of Representations, the Registered Owner of such Series shall mean the 21 Securities Depository. (("Registration Ordinance" means City Ordinance 111724 establishing a system of 22 23 registration for the City's bonds and other obligations pursuant to Seattle Municipal Code

Chapter 5.10, as that chapter now exists or may hereafter be amended.

"Reserve Covenant Date" means the earlier of (a) the date on which the City has obtained consents of the requisite percentage of Registered Owners of the Parity Bonds then outstanding, in accordance with the provisions of the applicable Outstanding Parity Bond Documents; or (b) the date on which all of the following Outstanding Parity Bonds have been redeemed or defeased: Water System Revenue Bonds, 2010A (Taxable Build America Bonds Direct Payment); Water System Improvement and Refunding Revenue Bonds, 2010B; Water System Refunding Revenue Bonds, 2012; and Water System Improvement and Refunding Revenue Bonds, 2015.))

"Reserve Requirement" means ((the lesser of (a) Maximum Annual Debt Service on all Parity Bonds outstanding at the time of calculation, or (b) 1.25 times Average Annual Debt Service on all Parity Bonds outstanding at the time of calculation. In no event shall the Reserve Requirement exceed 10% of the proceeds of each series of Parity Bonds then outstanding, determined as of the Issue Date of each such series. From and after the Reserve Covenant Date, the Reserve Requirement shall mean)) the lesser of (a) Maximum Annual Debt Service on all Covered Parity Bonds outstanding at the time of calculation, or (b) 1.25 times Average Annual Debt Service on all Covered Parity Bonds outstanding at the time of calculation. In no event shall the Reserve Requirement exceed the sum of 10((%)) percent of the proceeds of each series of Covered Parity Bonds then outstanding, determined as of the Issue Date of each such series.

"Reserve Security" means any Qualified Insurance or Qualified Letter of Credit obtained by the City to satisfy part or all of the Reserve Requirement, and ((which)) that is not cancelable on less than three years' notice.

"Reserve Subaccount" means the subaccount of that name created in the Parity Bond

1 Account for the purpose of securing the payment of the principal of and interest on Parity Bonds. 2 "Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the Securities 3 Exchange Act of $1934((\frac{1}{2}))$ as amended. 4 "SEC" means the United States Securities and Exchange Commission. "Securities Depository" means DTC, any successor thereto, any substitute securities 5 depository selected by the City, or the nominee of any of the foregoing. Any successor or 6 7 substitute Securities Depository must be qualified under applicable laws and regulations to 8 provide the services proposed to be provided by it. 9 "Serial Bonds" means Parity Bonds maturing in specified years((5)) and for which no Sinking Fund Requirements are mandated. 10 11 "Series" means a series of the Bonds issued pursuant to this ordinance. 12 "Sinking Fund Account" means any account created in the Parity Bond Account to amortize the principal of or make mandatory redemptions of Term Bonds. 13 14 "Sinking Fund Requirement" means, for any calendar year, the principal ((amount)) 15 portion ((and premium, if any,)) of any Term Bond((s)) (including redemption premium, if any) that is required to be purchased, redeemed, paid at maturity, or paid into any Sinking Fund 16 Account for such calendar year, as established ((pursuant to)) in the applicable Bond Documents 17 18 ((relating to such Term Bonds)). 19 "State" means the State of Washington. 20 "State Auditor" means the office of the Auditor of the State or such other department or 21 office of the State authorized and directed by State law to ((make)) perform audits. "System of Registration" means the system of registration for the City's bonds and other 22 23 obligations established pursuant to Seattle Municipal Code Chapter 5.10 as amended.

1	"((Tax Credit Subsidy)) <u>Tax-Advantaged</u> Bond" means any ((Taxable)) Bond that is
2	designated by the City as a <u>tax-advantaged bond</u> , including tax credit ((bond)) <u>bonds or any other</u>
3	type of special tax designation that is now or in the future available pursuant to the Code, ((and
4	which is further designated as a "qualified bond" under Section 6431 or similar provision of the
5	Code, and with respect)) pursuant to which the City is ((eligible to claim a Tax Credit Subsidy
6	Payment)) able to obtain a tax credit payment or any other type of tax advantage.
7	(("Tax Credit Subsidy Payment" means a payment by the federal government with
8	respect to a Tax Credit Subsidy Bond.))
9	"Tax-Exempt Bond" means any Parity Bond((5)) the interest on which is intended, as of
10	the Issue Date, to be excludable from gross income for federal income tax purposes.
11	"Taxable Bond" means any Parity Bond((5)) the interest on which is not intended, as of
12	the Issue Date, to be excludable from gross income for federal income tax purposes.
13	"Term Bond" means any Parity Bond that is issued subject to mandatory redemption
14	((prior to its maturity))in Sinking Fund Requirements prior to its maturity date.
15	"ULID" means a utility local improvement district of the City created for the acquisition
16	or construction of additions to and betterments and extensions of the Municipal Water System.
17	"ULID Assessments" means all assessments levied and collected in a ULID, if and only
18	if those assessments are pledged to be paid into the Parity Bond Account, in which case they
19	shall be included in Gross Revenue. ULID Assessments shall include all installments of
20	principal, payments of interest, and penalties and interest on delinquencies, but shall not include
21	any prepaid assessments paid into a construction fund or account.
22	"Valuation Date" means, with respect to any Capital Appreciation Bond, the date or
23	dates, determined as set forth in the applicable Parity Bond Documents ((relating to the relevant

series of Parity Bonds)), on which specific Accreted Values are assigned to that Capital Appreciation Bond.

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

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

"Water Fund" means the fund of that name into which is paid the Gross Revenue of the

Municipal Water System.

(("Water System Plan" means the long-range water system plan known as the 2013 Water System Plan adopted by the City in Ordinance 124071, as that plan may be amended, updated, supplemented, or replaced from time to time.))

Section 2. <u>Finding With Respect to Refunding</u>. The City Council hereby finds that the irrevocable deposit of money and securities with a Refunding Trustee, verified or certified as to sufficiency in accordance with a Refunding Plan approved pursuant to this ordinance, will discharge and satisfy the obligations of the City as to the Refunded Bonds identified therein, including all pledges, charges, trusts, covenants, and agreements under the applicable Refunded Bond Documents. Immediately upon such deposit, the Refunded Bonds identified in such Refunding Plan shall be defeased and shall no longer be deemed to be outstanding under the applicable Refunded Bond Legislation.

Section 3. Authorization of Bonds; Due Regard Finding.

(a) **The Bonds**. The City is authorized to issue Refunding Parity Bonds, payable from the sources described in Section 13 of this ordinance, in the maximum principal amount stated in Section 5 of this ordinance, to provide funds, from time to time, (a) to carry out the current or advance refunding of all or a portion of the outstanding Refundable Bonds pursuant to an approved Refunding Plan; (b) to provide for the Reserve Requirement, if necessary; (c) to pay the administrative costs of carrying out each such Refunding Plan and pay the costs of issuance of the Bonds; and (d) for other Municipal Water System purposes approved by ordinance. The Bonds may be issued in multiple Series and may be combined with other Future Parity Bonds authorized separately. The Bonds shall be designated Water System Revenue Refunding Bonds and shall be numbered separately and shall have any name, year, ((and)) series, or other ((label))

<u>labels</u> as deemed necessary or appropriate by the Director of Finance.

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

Section 4. Manner of Sale of Bonds. The Director of Finance may provide for the sale of each Series by competitive sale, negotiated sale, limited offering, or private placement and may select and enter into agreements with remarketing agents or providers of liquidity with respect to Variable Interest Rate Bonds. The Purchaser of each Series shall be chosen through a selection process acceptable to the Director of Finance. The Director of Finance is authorized to specify a date and time of sale and a date and time for the delivery of each Series; in the case of a competitive sale, to provide an official notice of sale including bid parameters and other bid requirements, and to provide for the use of an electronic bidding mechanism; to determine matters relating to a forward or delayed delivery of the Bonds; and to determine such other matters and take such other action as, in ((his or her)) the Director's determination, may be

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necessary, appropriate, or desirable in order to carry out the sale of each Series. Each Series must be sold on Bond Sale Terms consistent with the parameters set forth in Section 5 of this ordinance. Section 5. Appointment of Designated Representative; Bond Sale Terms. (a) **Designated Representative**. The Director of Finance is appointed to serve as the City's designated representative in connection with the issuance and sale of the Bonds in accordance with RCW 39.46.040(2) and this ordinance. (b) Parameters for Bond Sale Terms. The Director of Finance is authorized to approve, on behalf of the City, Bond Sale Terms for the sale of the Bonds in one or more Series, and, in connection with each such sale, to execute a Bond Purchase Contract (or, in the case of a competitive sale, a Pricing Certificate) confirming the Bond Sale Terms and such related agreements as may be necessary or desirable, consistent with the following parameters: (i) Maximum Principal Amount. The maximum aggregate principal amount of Bonds issued to carry out each Refunding Plan may not exceed 125% of the stated principal amount of those Refundable Bonds selected for refunding in that Refunding Plan. (ii) **Date or Dates**. Each Bond shall be dated its Issue Date, as determined by the Director of Finance. (iii) **Denominations.** The Bonds shall be issued in Authorized Denominations. (iv) Interest Rate(s). Each Bond shall bear interest from its Issue Date or from the most recent date to which interest has been paid or duly provided, whichever is later, unless otherwise provided in the applicable Bond Documents. Each Series of the Bonds shall bear interest at one or more fixed interest rates or Variable Interest Rates. The ((net)) true interest cost for any fixed rate Series may not exceed a rate of 10((%)) percent per annum. The Bond

Documents for any Series may provide for multiple interest rates and interest rate modes, and 1 2 may provide conditions and mechanisms for the Director of Finance to effect a conversion from 3 one mode to another. Nothing in this ordinance shall be interpreted to prevent the Bond 4 Documents for any Series from including a provision for adjustments to interest rates during the 5 term of the Series upon the occurrence of certain events specified in the applicable Bond 6 Documents. 7 (v) **Payment Dates**. Interest shall be payable on dates acceptable to the Director 8 of Finance. Principal shall be payable on dates acceptable to the Director of Finance, which shall 9 include payment at the maturity of each Bond, in accordance with any Sinking Fund 10 Requirements applicable to Term Bonds, and otherwise in accordance with any redemption or 11 tender provisions. 12 (vi) Final Maturity. The final maturity of any Series of the Bonds shall be determined by the Director of Finance, consistent with chapter 39.53 RCW and other applicable 13 14 State law, as it may be amended from time to time. 15 (vii) Redemption Prior to Maturity. The Bond Sale Terms may include redemption and tender provisions, as determined by the Director of Finance in the Director's 16 discretion, consistent with Section 8 of this ordinance and subject to the following: 17 (A) **Optional Redemption**. The Director of Finance may designate any 18 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 $((\frac{101}{2}))$ 10-1/2 years after the Issue Date($(\frac{1}{5})$ 22 consistent with Section 8(a)). 23 (B) Mandatory Redemption. The Director of Finance may designate any

1 Bond as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in 2 principal payment amounts set forth in Sinking Fund Requirements, consistent with ((Section)) 3 subsection 8(b) of this ordinance. 4 (C) Extraordinary Redemptions. The Director of Finance may designate 5 any Bond as subject to extraordinary optional redemption or extraordinary mandatory redemption upon the occurrence of an extraordinary event, as such event or events may be set 6 7 forth in the applicable Bond Documents, consistent with ((Section)) subsection 8(c) of this 8 ordinance. 9 (D) **Tender Options**. The Director of Finance may designate any 10 Variable Interest Rate Bond as subject to tender options, as set forth in the applicable Bond 11 Documents. 12 (viii) **Price**. The Director of Finance may approve in the Bond Sale Terms an aggregate purchase price for each Series of the Bonds that is, in ((his or her)) the Director's 13 14 judgment, the price that produces the most advantageous borrowing cost for the City, consistent 15 with the parameters set forth ((herein)) in this ordinance and in any applicable bid documents. 16 (ix) Other Terms and Conditions. (A) Refunding Findings; Approval of Refunding Plan. As of the Issue 17 18 Date of each Series, the Director of Finance must approve a Refunding Plan (which may be set 19 forth in a Refunding Trust Agreement) and must find that such Refunding Plan is necessary to 20 accomplish one or more of the purposes set forth in RCW 39.53.020, as it may be amended from 21 time to time and is consistent with the City's debt policies then in effect (including, if applicable, a finding that the Refunding Plan will achieve an acceptable level of debt service savings or is 22 23 necessary to effectuate changes in covenants).

(B) Parity Conditions Satisfied. As of the Issue Date of each Series, the 1 2 Director of Finance must find that the Parity Conditions have been met or otherwise satisfied, so 3 that such Series is permitted to be issued as Parity Bonds. 4 (C) Additional Terms, Conditions, and Agreements. The Bond Sale 5 Terms for any Series may provide for Bond Insurance, a Reserve Security, Qualified Letter of Credit, credit enhancement, or ((for)) any ((other)) Payment Agreement as the Director of 6 7 Finance may find necessary or desirable. The Bond Sale Terms for any Series may provide for 8 multiple interest rate modes and may include provisions for conversion from any interest rate 9 mode to any other mode. To that end, the Bond Sale Terms may include such additional terms, 10 conditions, and covenants as may be necessary or desirable, including but not limited to: 11 restrictions on investment of Bond proceeds and pledged funds (including any escrow 12 established for the defeasance of the Bonds)($(\frac{1}{2}$); provisions for the conversion of interest rate $modes((\frac{1}{2}))$; provisions for the reimbursement of a credit enhancement provider or Qualified 13 14 Counterparty($(\frac{1}{2})$); and requirements to give notice to or obtain the consent of a credit 15 enhancement provider or a Qualified Counterparty. The Director of Finance is authorized to 16 execute, on behalf of the City, such additional certificates and agreements as may be necessary 17 or desirable to reflect such terms, conditions, and covenants. 18 (D) **Reserve Requirement**. The Bond Sale Terms must establish whether 19 the Series is to be treated as Covered Parity Bonds and must establish the method of providing 20 for the Reserve Requirement, consistent with Section 15 of this ordinance. 21 (E) Tax Status of the Bonds. The Director of Finance may determine that any Series of the Bonds may be designated or qualified as Tax-Exempt Bonds, Taxable Bonds, 22 23 or $((\frac{\text{Tax Credit Subsidy}}{\text{Subsidy}}))$ Tax-Advantaged Bonds $((\frac{1}{2}))$ consistent with Section 22 of this

ordinance.

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

- (a) Registration ((of Bonds;)) and Bond Registrar. The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register. The Fiscal Agent is appointed to act as Bond Registrar for each Series of the Bonds, unless otherwise determined by the Director of Finance.
- (b) **Transfer and Exchange of Bonds**. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all times. The Bond Register shall contain the name and mailing address of the Registered Owner of each Bond and the principal amount and number of each of the Bonds held by each Registered Owner.

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

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

Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same Series, interest rate and

maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to an Owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the period between the Record Date and the corresponding interest payment or principal redemption date.

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

Upon the resignation of the Securities Depository from its functions as depository, or upon a determination by the Director of Finance to discontinue utilizing the then-current Securities Depository, the Director of Finance may appoint a substitute Securities Depository. If the Securities Depository resigns from its functions as depository and no substitute Securities

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1 Depository can be obtained, or if the Director of Finance determines not to utilize a Securities 2 Depository, then the Bonds shall no longer be held in Book-Entry Form and ownership may be 3 transferred only as provided ((herein)) in this ordinance. 4 Nothing ((herein)) in this ordinance shall prevent the Bond Sale Terms from providing that a Series of the Bonds shall be issued in certificated form without utilizing a Securities 5 Depository, and that the Bonds of such Series shall be registered as of their Issue Date in the 6 7 names of the Owners thereof, in which case ownership may be transferred only as provided 8 ((herein)) in this ordinance. 9 (d) Lost or Stolen Bonds. In case any Bond or Bonds shall be lost, stolen, or destroyed, the Bond Registrar may authenticate and deliver a new ((bond)) Bond or ((bonds)) Bonds of like 10 11 amount, date, tenor, and effect to the Registered Owner(s) thereof upon the Registered Owner(s)' 12 paying the expenses and charges of the City in connection therewith and upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that such ((bond)) Bond or ((bonds)) 13 14 Bonds were actually lost, stolen or destroyed and of Registered Ownership thereof, and upon 15 furnishing the City with indemnity satisfactory to both the City and the Bond Registrar. Section 7. Payment of Bonds. 16 (a) **Payment**. Each Bond shall be payable in lawful money of the United States of 17 America on the dates and in the amounts as provided in the Bond Documents applicable to that 18

Series. Principal of and interest on each Bond issued as a Parity Bond shall be payable solely out

(b) Bonds Held In Book-Entry Form. Principal of and interest on each Bond held in

of the Parity Bond Account and shall not be a general obligation of the City. No Bonds of any

Book-Entry Form shall be payable in the manner set forth in the Letter of Representations.

Series shall be subject to acceleration under any circumstances.

1 (c) Bonds Not Held In Book-Entry Form. Interest on each Bond not held in 2 Book-Entry Form shall be payable by electronic transfer on the interest payment date, or by 3 check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner 4 at the address appearing on the Bond Register on the Record Date. The City, however, is not 5 required to make electronic transfers except pursuant to a request by a Registered Owner in writing received at least ten days prior to the Record Date and at the sole expense of the 6 7 Registered Owner. Principal of each Bond not held in Book-Entry Form shall be payable upon 8 presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. 9 Section 8. Redemption and Purchase of Bonds. 10 (a) **Optional Redemption**. All or some of the Bonds may be subject to redemption prior 11 to their stated maturity dates at the option of the City ((at)) on the ((times)) dates and on the 12 terms set forth in the applicable Bond Documents. (b) Mandatory Redemption. All or some of the Bonds of any Series may be designated 13 14 as Term Bonds, subject to mandatory redemption in Sinking Fund Requirements, as set forth in 15 the applicable Bond Documents. If not redeemed or purchased at the City's option prior to maturity, Term Bonds (if any) must be redeemed, at a price equal to ((one hundred)) 100 percent 16 of the principal amount to be redeemed, plus accrued interest, on the dates and in the years and 17 Sinking Fund Requirements as set forth in the applicable Bond Documents. 18 19 If the City optionally redeems or purchases a principal portion of a Term Bond prior to its 20 maturity, the principal amount ((of that Term Bond that is)) so redeemed or purchased 21 (irrespective of its redemption or purchase price) shall be credited against the remaining ((Sinking Fund Requirements)) mandatory redemption installment payments for that Term Bond 22

in the manner ((as))directed by the Director of Finance. In the absence of direction by the

- Director of Finance, credit shall be allocated to ((the remaining Sinking Fund Requirements))

 each mandatory redemption installment payment for that Term Bond on a pro rata basis.
 - (c) Extraordinary Redemption ((Provisions)). All or some of the Bonds of any Series may be subject to extraordinary optional <u>redemption</u> or extraordinary mandatory redemption prior to maturity upon the occurrence of an extraordinary event, at the prices, in the principal amounts, and on the dates, all as set forth in the applicable Bond Documents.
 - (d) Selection of Bonds for Redemption; Partial Redemption. If fewer than all of the outstanding Bonds of a Series are to be redeemed at the option of the City, the Director of Finance shall select the maturity or maturities to be redeemed. If less than all of the principal amount of a maturity of the selected Series is to be redeemed and, if such Series is held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected for redemption by the Securities Depository in accordance with the Letter of Representations. If the Series selected for redemption is not then held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected by the Bond Registrar randomly in such manner as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any applicable Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity, and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.
 - (e) **Purchase**. The City reserves the right and option to purchase any or all of the Bonds at any time at any price acceptable to the City plus accrued interest to the date of purchase.
 - Section 9. Notice of Redemption; Rescission of Notice. Unless otherwise set forth in the

applicable Bond Documents, the City must cause notice of any intended redemption of Bonds to be given not ((less)) fewer than 20 nor more than 60 days prior to the date fixed for redemption by ((first class)) first-class mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register on the Record Date, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the Owner of any Bond. Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption unless the Bond or Bonds called are not redeemed when presented pursuant to the call.

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

Section 10. Failure to Pay Bonds. If any Bond is not paid when properly presented at its maturity or redemption date, the City shall be obligated to pay, solely from the Parity Bond Account and the other sources pledged in this ordinance, interest on that Bond at the same rate provided on that Bond from and after its maturity or redemption date until that Bond, including principal, redemption premium((τ)) (if any), and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Parity Bond Account and that Bond has been called for payment by giving notice of that call to the Registered Owner of that Bond. The exercise of remedies of Owners of the Bonds are limited as set forth in Section 25 of this ordinance.

Section 11. Form and Execution of Bonds. The Bonds shall be typed, printed, or

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

Only Bonds bearing a certificate of authentication in substantially the following form (with the designation, year, and Series and other designation, if any, all adjusted consistent with this ordinance and the Bond Sale Terms)((τ)) and manually signed by the Bond Registrar((τ)) shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "This Bond is one of the fully registered The City of Seattle, Washington, [Water System ((Revenue))) Refunding Revenue Bonds], [Year], [Series and other designation, if any], described in [this ordinance]." The authorized signing of a certificate of authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated, and delivered and is entitled to the benefits of this ordinance.

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

Section 12. Deposit and Use of Proceeds. Unless otherwise provided in the Bond Sale

the City relating to the Refunded Bonds identified therein.

Terms, the principal proceeds and net premium, if any, received from the sale and delivery of each Series of the Bonds (or portion of a Series allocated to the refunding), in the amount necessary to carry out the applicable Refunding Plan, shall be deposited with the Refunding Trustee and used in accordance with the provisions of this section to discharge the obligations of

The Director of Finance may use the principal proceeds and any net premium to pay for costs of issuance of the Bonds, and the Director of Finance also may incur and account for costs of issuance that are not included as part of the bond proceeds and net premium, including but not limited to any underwriter's discount. Net premium and accrued interest received from the sale and delivery of a Series of the Bonds, if any, that is not necessary to carry out the Refunding Plan, shall be paid or allocated into the Parity Bond ((Fund)) Account and used to pay interest on that Series.

Until needed to carry out the applicable Refunding Plan and to pay the costs described herein, the principal proceeds of each Series of the Bonds shall be held or invested (and the investment earnings shall be applied) in accordance with the Refunding Trust Agreement, and the money deposited with the Refunding Trustee, including the Acquired Obligations and any investment earnings, shall be held irrevocably, invested and applied in accordance with the provisions of the respective Refunded Bond Legislation, this ordinance, the Refunding Trust Agreement, chapter 39.53 RCW, and other applicable State law. Earnings subject to a federal tax or rebate requirement may be withdrawn from any such fund or account and used for those tax or rebate purposes.

The Director of Finance may pay principal of and interest on a Series of the Bonds with any proceeds of that Series (including interest earnings thereon) remaining after applying such

proceeds to carry out the Refunding Plan, or after the City Council has determined that the expenditure of such Bond proceeds for those purposes is no longer necessary or appropriate.

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

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

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

ordinance.

Section 14. <u>Priority Expenditure of Gross Revenue</u>; <u>Flow of Funds</u>. Gross Revenue shall be deposited as received in the Water Fund and used for the following purposes only in the following order of priority:

- (a) To pay ((the)) Operating and Maintenance Expense;
- (b) To make <u>when due</u> all payments into the Principal and Interest Subaccount required to be made in order to pay the interest on and principal of all Parity Bonds (including all net payments ((on)) <u>under Parity Payment Agreements</u>) ((when due)), and to make payments due under any agreement with a provider of a Reserve Security which agreement requires those payments to be treated on a parity of lien with the Parity Bonds;
- (c) To make all payments required to be made (i) into the Reserve Subaccount with respect to Covered Parity Bonds, and (ii) under any agreement with a provider of a Reserve Security, which agreement requires those payments to be treated on a parity of lien with the payments required to be made into the Reserve Subaccount((, and (iii) until the Reserve Covenant Date, into a special account in the Water Fund in accordance with the second paragraph in Section 15(a)(ii)));
- (d) To make all payments required to be made into any revenue bond, note, warrant or other revenue obligation redemption fund, debt service account, or reserve account created to pay and secure the payment of the principal of and interest on any revenue bonds or short-term obligations of the City having a charge and lien upon Net Revenue subordinate to the lien thereon for the payment of the principal of and interest on the Parity Bonds; and
- (e) Without priority, ((to)) <u>for</u> any of the following purposes: to retire by redemption or purchase any outstanding revenue bonds or revenue obligations of the Municipal Water System;

to make necessary additions, betterments, improvements ((Θ F)), repairs ((Θ F)) extensions, and replacements of the Municipal Water System; to pay City taxes or other payments in lieu of taxes payable from Gross Revenue; to make deposits to the Rate Stabilization Account; or for any other lawful Municipal Water System purposes.

Section 15. Parity Bond Account. A special account of the City known as the Parity Bond Account has been previously created and shall be maintained as a separate account within the Water Fund($(\frac{1}{2})$) for the sole purpose of paying the principal of and premium, if any, and interest on the Parity Bonds as the same shall become due. The Parity Bond Account consists of the Principal and Interest Subaccount and the Reserve Subaccount($(\frac{1}{2})$) and may additionally include such subaccounts as the Director of Finance may deem necessary, so long as the maintenance of such subaccounts does not conflict with the rights of the owners of Parity Bonds. Principal of, premium (if any), and interest on the Parity Bonds shall be payable out of the Parity Bond Account.

- (a) Required Payments Into the Parity Bond Account. So long as any Parity Bonds are outstanding (including amounts required under any Parity Payment Agreement), the City shall set aside and pay into the Parity Bond Account all ULID Assessments ((on)) upon their collection and, out of Net Revenue, certain fixed amounts without regard to any fixed proportion, namely:
- (i) Into the Principal and Interest Subaccount on or before each date on which interest on or principal of Parity Bonds (including Sinking Fund Requirements and net payments under any Parity Payment Agreements) shall become due and payable, an amount that will be sufficient, together with other money on deposit therein, to pay such principal, interest, Sinking Fund Requirements, and net payments then due on Parity Payment Agreements as the same shall

become due; and

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(ii) Into the Reserve Subaccount, an amount necessary to provide for the Reserve Requirement within the time and in the manner required by this ordinance and the Bond Sale Terms. The amount necessary, if any, to satisfy the Reserve Requirement upon the issuance of a Series of the Bonds may be funded (A) on the Issue Date by a deposit of bond sale proceeds, available funds of the Municipal Water System, or a Reserve Security; or (B) in annual installments from Net Revenue so that the Reserve Requirement is fully funded by no later than the fifth anniversary of the Issue Date of such ((series)) Series. The manner of funding the Reserve Requirement for the Bonds shall be set forth in the Bond ((Sale Terms)) Documents. ((Until the Reserve Covenant Date, the requirements of this paragraph apply: On receipt of a notice of cancellation of any Reserve Security used to satisfy all or any part of the Reserve Requirement, the City shall either (A) substitute a Reserve Security in the amount required to make up the deficiency created in the Reserve Subaccount, or (B) create a special account in the Water Fund and deposit therein, on or before the 25th day of each of the 36 succeeding calendar months (commencing with the 25th day of the calendar month next following the date of the notice) 1/36th of the amount sufficient, together with other money and investments on deposit in the Reserve Subaccount, to equal the Reserve Requirement that will be in effect as of the date the cancellation becomes effective. Amounts on deposit in that special account shall not be available to pay debt service on Parity Bonds or for any other purpose of the City, and shall be transferred to the Reserve Subaccount on the effective date of any cancellation of a Reserve Security to make up all or part of the deficiency caused thereby. Amounts in that special account or in the Reserve Subaccount may be transferred back to the Water Fund and used for any purpose if and when a substitute Reserve Security is obtained. From and after the

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Reserve Covenant Date, the foregoing paragraph shall no longer be of any force or effect.)

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

Until the defeasance or redemption of the 2012 Bonds and 2015 Bonds, to the extent required to permit the City to credit the amount of any existing Reserve Security against the amount needed to satisfy the Reserve Requirement for the outstanding 2012 Bonds and 2015 Bonds, the City further agrees that upon receipt of a notice of cancellation of any Reserve Security that is then used to satisfy all or any part of the Reserve Requirement for the 2012 Bonds or the 2015 Bonds, the City shall either (A) substitute a Reserve Security in the amount required to make up the deficiency created in the Reserve Subaccount, or (B) create a special account in the Water Fund and deposit therein cash sufficient, together with other money and investments on deposit in the Reserve Subaccount allocated to satisfying the Reserve Requirement in respect of the 2012 Bonds and 2015 Bonds, to equal the Reserve Requirement for the 2012 Bonds and 2015 Bonds as of the date the cancellation becomes effective. Such deposits may be spread over three years in approximately equal monthly deposits (provided that the City reserves the right to deposit such amounts on any schedule that provides for accumulation of the necessary amount more quickly than would be accumulated under such a schedule). Amounts on deposit in that special account, if established, shall not be available to

pay debt service on Parity Bonds or for any other purpose of the City and shall be transferred to

the Reserve Subaccount on the effective date of the cancellation. Amounts remaining in that

special account or in the Reserve Subaccount may be transferred back to the Water Fund and

used for any purpose if and when a substitute Reserve Security is obtained. From and after the

defeasance or redemption of the 2012 Bonds and 2015 Bonds, the foregoing paragraph shall no

longer be of any force or effect.

- (b) Reserve Subaccount. The Reserve Subaccount ((previously)) has been created and is maintained as a subaccount within the Parity Bond Account for the purpose of securing the payment of the principal of and interest on all Parity Bonds outstanding (including amounts due under any Parity Payment Agreements if required under such agreement). The City covenants that it will at all times, so long as any Covered Parity Bonds are outstanding, maintain the Reserve Subaccount at the Reserve Requirement (taking into account scheduled payments to fund the Reserve Requirement over time), as it is adjusted from time to time, except for withdrawals as authorized by this ordinance. Any withdrawals authorized below from subaccounts within the Reserve Subaccount shall be made on a pro rata basis except if the provider of a Reserve Security requires all cash and investments in the Reserve Subaccount to be withdrawn before draws are made on the Reserve Security, or unless the City receives an opinion of Bond Counsel to the effect that such pro rata withdrawal is not required to maintain the exclusion of interest on the Parity Bonds then outstanding from gross income for federal income tax purposes.
- (i) Use of Reserve Subaccount for Payment of Debt Service. In the event of a deficiency in the Principal and Interest Subaccount to meet current installments of either principal (including Sinking Fund Requirements) or interest (including amounts payable under

1 any Parity Payment Agreement), the Director of Finance may make withdrawals of money or 2 proceeds of a Reserve Security in the Reserve Subaccount((. From and after the Reserve 3 Covenant Date, the Reserve Subaccount shall secure the payment of principal of and interest 4 on Covered Parity Bonds only and the withdrawals authorized by this paragraph shall be 5 *limited to*)) in the amounts necessary to meet maturing installments of either principal (($\frac{1}{1}$)) (including Sinking Fund Requirements) or interest (including net payments under Parity 6 7 Payment Agreements) with respect ((only)) to Covered Parity Bonds only. Any deficiency 8 created in the Reserve Subaccount by reason of any such withdrawal or claim against a Reserve 9 Security shall then be made up from the ULID Assessments and Net Revenue first available after 10 making necessary provisions for the required payments into the Principal and Interest 11 Subaccount. 12 (ii) Application of Funds in Reserve Subaccount. The money in the Reserve Subaccount may be applied to the payment of the last outstanding Covered Parity Bonds, and 13 14 when the total amount in the Parity Bond Account (including investment earnings) equals the 15 total amount of principal and interest for all then-outstanding Covered Parity Bonds to the last maturity thereof, no further payment need be made into the Parity Bond Account in respect of 16 the Covered Parity Bonds. Money in the Reserve Subaccount (including investment earnings) in 17 excess of the Reserve Requirement may be withdrawn and deposited in the Principal and Interest 18 19 Subaccount and spent for the purpose of retiring Covered Parity Bonds or may be deposited in 20 any other fund or account and spent for any other lawful Municipal Water System purpose. 21 (c) Investment of Money in Parity Bond Account. All money in the Parity Bond 22 Account may be kept in cash or invested in Permitted Investments maturing not later than the

date when needed (for investments in the Principal and Interest Subaccount) or the last maturity

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at any time outstanding, as follows:

of any outstanding Parity Bonds (for investments in the Reserve Subaccount). In no event shall any money in the Parity Bond Account or any other money reasonably expected to be used to pay principal of and/or interest on the Parity Bonds be invested at a yield that would cause any Series issued as Tax-Exempt Bonds or ((Tax Credit Subsidy)) Tax-Advantaged Bonds to be arbitrage bonds within the meaning of Section 148 of the Code. Income from investments in the Principal and Interest Subaccount shall be deposited in that subaccount. Income from investments in the Reserve Subaccount shall be deposited in that subaccount until the amount therein is equal to the Reserve Requirement for all Parity Bonds, and thereafter shall be deposited in the Principal and Interest Subaccount. Notwithstanding the provisions for deposit or retention of earnings in the Parity Bond Account, any earnings that are subject to a federal tax or rebate requirement may be withdrawn from the Parity Bond Account for deposit in a separate fund or account for that purpose. If no longer required for such rebate, money in that separate fund or account shall be returned to the Parity Bond Account. (d) Failure to Deposit Money in Parity Bond Account. If the City fails to set aside and pay into the Parity Bond Account, or the subaccounts therein, the amounts set forth ((above)) in this ordinance, the registered owner of any of the outstanding Parity Bonds may bring action 16 against the City for failure to make the required deposits to the Parity Bond Account only in accordance with Section 25 of this ordinance regarding Events of Default. Section 16. Parity Bond Covenants. The City covenants with the Owner of each Bond

(a) **Operation and Maintenance.** The City will pay all Operating and Maintenance Expense and otherwise meet the obligations of the City under this ordinance. It will at all times maintain and keep the Municipal Water System in good repair, working order and condition, and therewith in an efficient manner and at a reasonable cost.

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will make all necessary and proper additions, betterments, renewals and repairs thereto, and improvements, replacements and extensions thereof, so that at all times the business carried on in connection therewith will be properly and advantageously conducted, and will at all times operate or cause to be operated the Municipal Water System and the business in connection

(b) Establishment and Collection of Rates and Charges. The City will establish, maintain, revise as necessary, and collect rates and charges for services and facilities provided by the Municipal Water System so that the Adjusted Net Revenue in each fiscal year will be at least equal to the Coverage Requirement. The failure of the City to comply with this covenant shall not be an Event of Default if the City promptly retains an Independent Utility Consultant to recommend to the City Council adjustments in the rates of the Municipal Water System necessary to meet the requirements of this covenant and if the City Council adopts the recommended modifications within 180 days of the date the failure became known to the City

- (c) Sale or Disposition of the Municipal Water System. The City may sell, transfer or otherwise dispose of any of the works, plant, properties, facilities or other part of the Municipal Water System or any real or personal property comprising a part of the Municipal Water System consistent only with one or more of the following:
- (i) The City in its discretion may carry out such a sale, transfer or disposition (each, a "transfer") if the facilities or property transferred are not material to the operation of the Municipal Water System, or shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the Municipal Water System or are no longer necessary, material or useful to the operation of the Municipal Water System; or

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System; or

1 (ii) The City in its discretion may carry out such a transfer if the aggregate
2 depreciated cost value of the facilities or property being transferred under this subsection in any
3 fiscal year comprises no more than 5((%)) percent of the total assets of the Municipal Water

(iii) The City in its discretion may carry out such a transfer if the proceeds from such transfer are used to acquire new useful operating facilities or properties of the Municipal Water System, or are used to retire outstanding Parity Bonds or other revenue obligations of the Municipal Water System, if, at the time of such transfer, the City has on file a certificate of both the Director of Finance and the Director of Seattle Public Utilities (or any officer who succeeds to substantially all of the responsibilities of either office) demonstrating that, in ((their opinion)) such officers' opinions, upon such transfer and the use of proceeds of the transfer as proposed by the City, the remaining facilities of the Municipal Water System will retain their operational integrity and, based on the financial statements for the most recent fiscal year available, the proposed transfer would not prevent the Municipal Water System from complying with the Coverage Requirement during the five fiscal years following the fiscal year in which the transfer is to occur. The certificate shall take into account (A) the reduction in revenue and expenses, if any, resulting from the transfer; (B) the use of any proceeds of the transfer for the redemption of Parity Bonds, (C) the estimate of revenue from customers anticipated to be served by any additions to and betterments and extensions of the Municipal Water System financed in part by the proposed portion of the proceeds of the transfer, and (D) any other adjustment permitted in the preparation of a certificate under ((Section)) subsection 17(a)(vi) of this ordinance. Before such a transfer, the City also must obtain confirmation from each of the Rating Agencies to the effect that the rating then in effect will not be reduced or withdrawn upon such transfer.

(d) **Books and Records.** ((H)) The City will keep proper books, records and accounts with respect to the operations, income, and expenditures of the Municipal Water System in accordance with generally accepted accounting practices relating to municipal utilities and any applicable rules and regulations prescribed by the State, and will cause those books, records and accounts to be audited on an annual basis by the State Auditor (or, if such audit is not made by the State Auditor within 270 days after the close of any fiscal year of the City, by a certified public accountant selected by the City). It will prepare annual financial and operating statements as soon as practicable after the close of each fiscal year showing ((in)) reasonable detail ((the financial condition of the Municipal Water System as of the close of the previous year and the income and expenses for such year, including the amounts paid into the Parity Bond Account and into any and all special funds or accounts created pursuant to the provisions of this ordinance, the status of all funds and accounts as of the end of such year, and the amounts expended for maintenance, renewals, replacements and capital additions to the Municipal Water System)), including a balance sheet, an income statement, and a statement of cash flows or other such statement. Such statements shall be sent to the owner of any Parity Bond upon written request received by the City. The City may charge a reasonable cost for providing such financial

(e) Liens Upon the Municipal Water System. Except as otherwise provided in this ordinance, ((it)) the City will not at any time create or permit to accrue or to exist any lien or other encumbrance or indebtedness upon the Gross Revenue or any part thereof prior or superior to the lien thereon for the payment of the Parity Bonds, and will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies that, if unpaid or not discharged, might become a lien or charge upon the Gross Revenue or any part thereof,

prior or superior to, or on a parity with, the lien of the Parity Bonds, or which might impair the security of the Parity Bonds.

- (f) Collection of Delinquent Accounts; No Free Service. On at least an annual basis, the City will determine all accounts that are delinquent and will take such actions as the City determines are reasonably necessary to enforce payment of those delinquent accounts. Except to aid the poor or infirm and for fire-fighting purposes, it will not furnish or supply or permit the furnishing or supplying of any service or facility in connection with the operation of the Municipal Water System free of charge to any person, firm, or corporation, public or private.
- (g) Maintenance of Insurance. The City will at all times carry fire and extended coverage, public liability and property damage and such other forms of insurance with responsible insurers and with policies payable to the City on such of the buildings, equipment, works, plants, facilities, and properties of the Municipal Water System as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, and against such claims for damages as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, or it will self-insure or participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of the City, to protect the Municipal Water System against loss.
- (h) Condemnation Awards and Insurance Proceeds. If the City receives any condemnation awards or proceeds of an insurance policy in connection with any loss of or damage to any property of the Municipal Water System, it shall apply the condemnation award or insurance proceeds, in the City's sole discretion, either (i) to the cost of replacing or repairing the lost or damaged properties, (ii) to the payment, purchase, or redemption of Parity Bonds, or (iii) to the cost of improvements to the Municipal Water System.

Section 17. Future Parity Bonds.

- (a) **Issuance of Future Parity Bonds**. The City reserves the right to issue Future Parity Bonds and to enter into Parity Payment Agreements for any lawful purpose of the Municipal Water System (including for the purpose of refunding a portion of the then-outstanding Parity Bonds) only if, at the time of the issuance of such series of Future Parity Bonds (or upon the effective date of the Parity Payment Agreement), the following conditions are satisfied:
- (i) There must be no deficiency in the Parity Bond Account, and no Event of Default with respect to any Parity Bonds shall have occurred and be continuing.
- (ii) The Bond Documents for the proposed Future Parity Bonds must provide that all ULID Assessments shall be paid directly into the Parity Bond Account.
- (iii) The Bond Documents for the proposed Future Parity Bonds must provide for the payment of the principal thereof and the interest thereon out of the Parity Bond Account.
- (iv) The Bond Documents for the proposed Future Parity Bonds must provide for the payment of any Sinking Fund Requirements from money in the Principal and Interest Subaccount.
- (v) For each series of Future Parity Bonds that is to be issued as a series of Covered Parity Bonds, the Bond Documents must provide for the deposit into the Reserve Subaccount of an amount((τ)) (if any((τ))) necessary to fund the Reserve Requirement upon the issuance of those Future Parity Bonds (if any), which requirement may be satisfied: (A) by a deposit into the Reserve Subaccount, made on the Issue Date of such series, of proceeds of that series of Future Parity Bonds or other money legally available for such purpose; (B) by obtaining one or more Reserve Securities (or a deposit of cash plus Reserve Securities) available to be drawn upon in specific amounts to be paid into the Reserve Subaccount and credited against the

1 deposits required to be maintained in the Reserve Subaccount; or (C) by a deposit into the 2 Reserve Subaccount of amounts necessary to fund the Reserve Requirement from ULID Assessments and Net Revenue within five years from the date of issuance of those Future Parity 3 4 Bonds, in five approximately equal annual payments. Immediately prior to the issuance of Future 5 Parity Bonds, amounts then deposited in the Reserve Subaccount shall be valued as determined on the most recent annual financial report of the City applicable to the ((Drainage and 6 7 Wastewater)) Municipal Water System, and the additional amounts, if any, required to be 8 deposited into the Reserve Subaccount to satisfy the Reserve Requirement shall be based on that 9 valuation. 10 (vi) There must be on file with the City a Parity Certificate as described in 11 subsection 17(b) of this ordinance. However, if the proposed Future Parity Bonds (or any portion 12 thereof) are to be issued for the purpose of refunding outstanding Parity Bonds (referred to as the 13 "Refunding Parity Bonds"), no Parity Certificate shall be required as to that portion issued for 14 refunding purposes if the Director of Finance finds and certifies that the Adjusted Annual Debt 15 Service on the refunding portion of the proposed Refunding Parity Bonds is not more than \$5,000 greater than the Adjusted Annual Debt Service on the Parity Bonds to be refunded 16 thereby. Alternatively, Refunding Parity Bonds may be issued upon delivery of a Parity 17 18 Certificate. 19 (b) Parity Certificate. A Parity Certificate required under subsection 17(a)(vi) of this ordinance may be provided as follows: 20 (i) A certificate may be prepared and signed by the Director of Finance, 21 22 demonstrating that during any 12 consecutive calendar months out of the immediately preceding 23 24 calendar months Adjusted Net Revenue was at least equal to the Coverage Requirement for

1 all Parity Bonds plus the Future Parity Bonds proposed to be issued (and assuming that the debt 2 service of the proposed Future Parity Bonds for that 12-month period was the Average Annual 3 Debt Service for those proposed Future Parity Bonds); or 4 (ii) A certificate may be prepared and signed by both the Director 5 of Finance and the Director of Seattle Public Utilities (or any officer who succeeds to substantially all of the responsibilities of either office), demonstrating that, in their opinion, 6 7 Adjusted Net Revenue for the five fiscal years next following the earlier of (A) the end of the 8 period during which interest on those Future Parity Bonds is to be capitalized or, if no interest is 9 capitalized, the fiscal year in which the Future Parity Bonds are issued, or (B) the date on which 10 substantially all the new facilities financed with those Future Parity Bonds are expected to 11 commence operations, such Adjusted Net Revenue, further adjusted as provided in ((paragraphs 12 (1 through 4 below)) subsections 17(b)(ii)(A) through 17(b)(ii)(D) of this ordinance, will be at least equal to the Coverage Requirement. That certificate may take into account the following 13 14 adjustments: 15 (((1))) (A) Any changes in rates in effect and being charged, or rates expected to be charged in accordance with a program of specific rates, rate levels, or increases in 16 17 overall rate revenue approved by ordinance or resolution; 18 (((2))) (B) Net revenue from customers of the Municipal Water System 19 who have become customers during ((the))such 12-consecutive-month period or thereafter, and 20 their estimate of net revenue from any customers to be connected to the Municipal Water System 21 who have paid the required connection charges, adjusted to reflect one year's net revenue from 22 those customers; 23 (((3))) (C) Their estimate of net revenue from customers anticipated to be

served by facilities or improvements financed in substantial part by those Future Parity Bonds (or additional Parity Bonds expected to be issued during the five-year period); and

(((4))) (D) Net revenue from any person, firm, corporation, or municipal corporation under any executed contract for water or other utility service, which revenue was not included in historical Net Revenue of the Municipal Water System.

- (c) Other Provisions. Nothing contained ((herein)) in this ordinance shall prevent the City from issuing Future Parity Bonds to refund maturing Parity Bonds, money for the payment of which is not otherwise available, or revenue bonds that are a charge or lien upon Net Revenue subordinate to the charge or lien of the Parity Bonds, or from pledging to pay Net Revenue and/or assessments levied for ULID improvements constructed from the proceeds of subordinate lien bonds into a bond redemption fund created for the payment of the principal of and interest on subordinate lien bonds.
- (d) Effect of Issuance of Future Parity Bonds. If the Parity Conditions are met and complied with at the time of the issuance of such Future Parity Bonds, then payments into the Parity Bond ((Fund)) Account with respect to such Future Parity Bonds shall rank equally with the payments out of ((the)) Net Revenue required to be made into the Parity Bond ((Fund))

 Account by this ordinance. Nothing set forth herein shall prevent the City from (i) issuing revenue bonds or other obligations that are a charge upon the Net Revenue junior and inferior to the payments required to be made therefrom into the Parity Bond ((Fund)) Account for the payment of the Parity Bonds, provided that such subordinate bonds may not be subject to acceleration under any circumstances; or (ii) issuing Refunding Parity Bonds for the purpose of refunding Outstanding Parity Bonds, upon compliance with the Parity Conditions set forth in this section.

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Notwithstanding anything in this section to the contrary, in the Bond ((Sale Terms)) Documents

(e) Reserve Requirement: Election to Designate Bonds as Covered Parity Bonds.

relating to the issuance or sale of a series of Future Parity Bonds, the City may elect ((that, from

and after the Reserve Covenant Date, such)) whether any series shall ((not)) be deemed to be a

series of Covered Parity Bonds((5)). Any series that is not deemed to be Covered Parity Bonds

shall not be secured by the amounts in the Reserve ((Account,)) Subaccount and shall be

excluded from the calculation of the Reserve Requirement.

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

Section 19. <u>Separate Utility Systems</u>. The City may create, acquire, construct, finance, own or operate one or more additional systems for water supply, transmission or other commodity or service relating to the Municipal Water System. The revenue of that separate utility system shall not be included in Gross Revenue and may be pledged to the payment of

revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand the separate utility system. Neither Gross Revenue nor Net Revenue shall be pledged by the City to

the payment of any obligations of a separate utility system except (a) as a Contract Resource

Obligation, upon compliance with Section 20 of this ordinance, or (b) with respect to Net

Revenue, on a basis subordinate to the lien of the Parity Bonds on that Net Revenue.

Section 20. <u>Contract Resource Obligations</u>. The City may at any time enter into one or more Contract Resource Obligations for the acquisition, from facilities to be constructed, of water supply, transmission, or other commodity or service relating to the Municipal Water System, as follows:

- (a) The City may determine ((that)), and may agree under a Contract Resource Obligation to provide, that((5)) all payments under that Contract Resource Obligation (including payments prior to the time that water supply or transmission or other commodity or service is being provided, or during a suspension or after termination of supply or service) shall be an Operating and Maintenance Expense if the following requirements are met at the time such a Contract Resource Obligation is entered into:
 - (i) No Event of Default has occurred and is continuing; and
- (ii) There shall be on file a certificate of an Independent Utility Consultant stating that (A) the payments to be made by the City in connection with the Contract Resource Obligation are reasonable for the supply or transmission rendered; (B) the source of any new supply and any facilities to be constructed to provide the supply or transmission are sound from a water or other supply or transmission planning standpoint, are technically and economically feasible in accordance with prudent utility practice, and are likely to provide such supply or transmission no later than a date set forth in the Independent Utility Consultant's certification;

laws of the State or use money available from any other lawful source (i) to pay when due the

principal of, (((including)) premium($(\frac{1}{2})$) (if any), and interest on any Bond, or any portion

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- (c) **Notice of Defeasance or Refunding**. Unless otherwise specified in the Bond Documents, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner set forth in this ordinance for the redemption of Bonds.
- (d) Annual Debt Service Calculation Adjustments for Defeased Bonds. If the refunding or defeasance plan provides (i) that the Defeased Bonds (or the Refunding Parity Bonds issued to redeem those Defeased Bonds) are to be secured by money and/or Government

Obligations pending the redemption of the Defeased Bonds, and (ii) that certain money and/or

Government Obligations are pledged irrevocably for the redemption of the Defeased Bonds, then

only the debt service on such Bonds ((that)) as are not Defeased Bonds (and any Refunding

Parity Bonds, the payment of which is not so secured by the refunding plan) shall be included in

the calculation of Annual Debt Service.

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Section 22. ((<u>Provisions Relating to</u>)) <u>Federal Tax</u> ((<u>Issues</u>)) <u>Matters</u>. The Bond Documents may include such additional terms and covenants relating to federal tax matters as the Director of Finance deems necessary or appropriate, including the following:

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

(b) Taxable Bonds ((; Tax Credit Subsidy)) and Tax-Advantaged Bonds. For each Series of the Bonds issued as Taxable Bonds or as ((Tax Credit Subsidy)) Tax-Advantaged Bonds, the Director of Finance is authorized to make ((provision)) any required designations or elections in the Bonds and other Bond Documents((,+to)). In addition, the Director of Finance may execute additional written agreements((,)) and ((to make)) approve additional bond covenants on behalf of the City, all as the Director may deem necessary or appropriate in order to obtain, maintain, and administer such tax status. In the case of ((Tax Credit Subsidy)) Tax-Advantaged Bonds, such additional covenants and ((agreement)) agreements may include (without limiting the generality of the foregoing) those provisions as are necessary or convenient in order for the City (i) to receive from the United States Treasury ((the applicable Tax Credit Subsidy Payments)) any tax credit payment or other tax benefit the City may be eligible to receive in respect of such ((Tax Credit Subsidy Bonds)) Tax-Advantaged Bond, and (ii) to ensure that such Series otherwise becomes and remains eligible for those tax ((benefits)) advantages under the Code.

Section 23. Official Statement; Continuing Disclosure.

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

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

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

(a) Amendments Without Bond Owner Consent. From time to time and at any time, without the consent of or notice to any owners of Parity Bonds, the City may supplement or amend the Bond Documents applicable to any Series of the Bonds for any of the purposes set forth in this subsection 24(a). Any such supplement or amendment may be passed, adopted, or otherwise approved by the City, without requiring the consent of the registered owners of any Parity Bonds, but may become effective only upon receipt by the City of an opinion of Bond Counsel stating that such supplement or amendment is authorized or permitted by this ordinance

and, upon the effective date thereof, will be valid and binding upon the City in accordance with 1 2 its terms, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the affected Series of the Bonds, if such Series was issued and sold as 3 4 Tax-Exempt Bonds. The types of supplements and amendments permitted under this su 5 subsection <u>24(a)</u> are as follows: (i) To cure any formal defect, omission, inconsistency, or ambiguity in the Bond 6 7 Documents for such Series in a manner not adverse to the owners of any Parity Bonds; 8 (ii) To impose upon the Bond Registrar (with its consent) for the benefit of the 9 owners of Parity Bonds any additional rights, remedies, powers, authority, security, liabilities, or 10 duties which may lawfully be granted, conferred, or imposed and which are not contrary to or 11 inconsistent with such Bond Documents as are theretofore in effect; 12 (iii) To add to the covenants and agreements of, and limitations and restrictions upon, the City in the Bond Documents, other covenants, agreements, limitations and restrictions 13 14 to be observed by the City which are not contrary to or inconsistent with such Bond Documents 15 as are theretofore in effect; (iv) To confirm, as further assurance, any pledge under (and the subjection to any 16 17 claim, lien, or pledge created or to be created by) such Bond Documents on any other money, securities, or funds; 18 19 (v) To alter the Authorized Denominations of a Series of the Bonds and to make 20 correlative amendments and modifications to the applicable Bond Documents regarding 21 (A) exchangeability of such Bonds for Bonds of different authorized denominations, (B) redemptions of portions of Bonds of particular authorized denominations, and (C) similar 22 amendments and modifications of a technical nature; 23

writing by or on behalf of the registered owner of each Parity Bond then outstanding, nothing contained in this section shall permit, or be construed as permitting (i) a change in the times, amounts, or currency of payment of the principal of or interest on any outstanding Parity Bond, (ii) a reduction in the principal amount or redemption price of any outstanding Parity Bond, (iii) a change in the method of determining the rate of interest thereon (other than a conversion to a new interest rate mode in accordance with the applicable Bond Documents), (iv) a preference or priority of any Parity Bond over any other Parity Bond, or (v) a reduction in the percentage of the aggregate principal amount of the then-outstanding Parity Bonds required to effect a change under subsection 24(b) of this ordinance.

- (d) **Notice to Bond Owners**. If at any time the City passes, adopts, or otherwise approves a supplement or amendment for any of the purposes of subsection <u>24(b)</u> or <u>24(c)</u> of this <u>ordinance</u>, the Bond Registrar shall cause notice of the proposed supplement or amendment to be given by first class mail (i) to all registered owners of the ((then outstanding)) then-outstanding Parity Bonds, (ii) to each provider of Bond Insurance or a Reserve Security, and (iii) to each Rating Agency. Such notice shall briefly set forth the nature of the proposed supplement or amendment and shall state that a copy is on file at the office of the City Clerk for inspection by all owners of the then-outstanding Parity Bonds.
- (e) Effective Date; Consents. Any supplement or amendment, substantially as described in the notice mailed pursuant to subsection 24(d) of this ordinance, may go into effect upon delivery to the Bond Registrar of (i) the required consents, in writing, of registered owners of the Parity Bonds, and (ii) an opinion of Bond Counsel stating that such supplement or amendment is authorized or permitted by this ordinance. Upon the effective date thereof, such supplement or amendment will be valid and binding upon the City in accordance with its terms and will not

adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds.

If registered owners of not less than the percentage of Parity Bonds required by this section shall have consented to and approved such a supplement or amendment, no owner of any Parity Bond shall have any right (i) to object to the passage, adoption, or approval of such supplement or amendment, (ii) to object to any of the terms and provisions contained therein or the operation thereof, (iii) in any manner to question the propriety of the passage, adoption, or approval thereof, (iv) to enjoin or restrain the City from passing, adopting, or otherwise approving the same, or (v) to enjoin or restrain the City, any authorized official thereof, or the Bond Registrar from taking any action pursuant to the provisions thereof. For purposes of determining whether consents representing the requisite percentage of principal amount of Parity Bonds have been obtained, the Accreted Value of Capital Appreciation Bonds shall be deemed to be the principal amount. It shall not be necessary to obtain approval of the particular form of any proposed supplement, but it shall be sufficient if the consent shall approve the substance thereof.

- (f) Effect of Amendment or Supplement. Upon the effective date of any ((supplement eff)) amendment or supplement, this ordinance (or the relevant Bond Document, if not set forth ((herein)) in this ordinance) shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations of the City and all owners of Parity Bonds then outstanding shall thereafter be determined, exercised, and enforced in accordance with and subject in all respects to such modifications and amendments. All the terms and conditions of any such supplement or amendment shall be deemed to be a part of this ordinance and the Bond Documents for any and all purposes.
 - (g) **Special Amendments**. If and to the extent that it is determined that the written

1 consent of Registered Owners of the Bonds is required under subsection 24(b) or 24(c) of this 2 ((section)) ordinance, the Registered Owners from time to time of the Bonds, by taking and 3 holding the same, are hereby deemed to have consented to any supplement or amendment to the 4 Bond Documents effecting any one or more of the following changes: 5 (i) When calculating "Annual Debt Service," to permit or require ((Tax Credit Subsidy Payments)) any tax credit payments (or other similar payments) in respect of any Tax-6 7 Advantaged Bonds expected to be received by the City ((in any)) during a given period to be 8 credited against amounts required to be paid in respect of interest on the Parity Bonds in that 9 period((; and)), or 10 (ii) To permit or require ((Tax Credit Subsidy Payments)) tax credit payments (or 11 similar payments) in respect of Tax-Advantaged Bonds to be deposited into the Principal and 12 Interest Subaccount and credited against the Net Revenue otherwise required to be deposited into 13 the Principal and Interest Subaccount; and (iii) To permit the reimbursement obligations of the City under any Qualified 14 15 Letter of Credit or Qualified Insurance (other than a Qualified Letter of Credit or Qualified Insurance obtained to satisfy all or part of the Reserve Requirement) to be secured by a lien and 16 charge on Net Revenue equal in rank with the lien and charge upon such Net Revenue required 17 to be paid into the Parity Bond Account to pay and secure the payment of the principal of and 18 19 interest on Parity Bonds. 20 Section 25. Defaults and Remedies. (a) Events of Default. Each of the following shall constitute an Event of Default with 21 respect to the Bonds: 22 23 (i) If a default is made in the payment of the principal of or interest on any of the

Bonds when the same shall become due and payable; or

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

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

(b) **Bond Owners' Trustee**. So long as such Event of Default has not been remedied, a trustee (the "Bond Owners' Trustee") may be appointed by the registered owners of 25((%)) percent in principal amount of the ((then outstanding)) then-outstanding Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Parity Bonds or by their attorneys-in-fact duly authorized and delivered to such

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

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

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

(c) **Suits at Law or in Equity**. Upon the occurrence of an Event of Default and during the continuance thereof, the Bond Owners' Trustee may, and upon the written request of the registered owners of not less than 25((%)) <u>percent</u> in principal amount of the Parity Bonds outstanding shall, take such steps and institute such suits, actions, or other proceedings, all as it

may deem appropriate for the protection and enforcement of the rights of the registered owners of the Parity Bonds, to collect any amounts due and owing to or from the City, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement, or condition contained in this ordinance or set forth in any of the Parity Bond Documents.

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

Any action, suit, or other proceeding instituted by the Bond Owners' Trustee hereunder shall be brought in its name as the Bond Owners' Trustee and all such rights of action upon or under any of the Parity Bonds or the provisions of this ordinance may be enforced by the Bond Owners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action, or proceeding instituted by the Bond Owners' Trustee shall be brought for the ratable benefit of all of the registered owners of those Parity Bonds, subject to the provisions of this ordinance. The respective registered owners of the Parity Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bond Owners' Trustee the true and lawful trustee of the respective registered owners of those Parity Bonds, with authority to institute any such action, suit, or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the registered owner himself or herself might have done in person. Nothing ((herein)) in this ordinance shall be deemed to

authorize or empower the Bond Owners' Trustee to consent to accept or adopt, on behalf of any 1 2 owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds 3 or any right of any registered owner thereof, or to authorize or empower the Bond Owners' 4 Trustee to vote the claims of the registered owners thereof in any receivership, insolvency, 5 liquidation, bankruptcy, reorganization, or other proceeding to which the City is a party. (d) Application of Money Collected by Bond Owners' Trustee. Any money collected 6 7 by the Bond Owners' Trustee at any time pursuant to this section shall be applied in the 8 following order of priority: 9 (i) ((to)) To the payment of the charges, expenses, advances, and compensation of the Bond Owners' Trustee and the charges, expenses, counsel fees, disbursements, and 10 11 compensation of its agents and attorneys; 12 (ii) ((to)) To the payment to the persons entitled thereto of all installments of interest then due on the Parity Bonds in the order of maturity of such installments and, if the 13 14 amount available shall not be sufficient to pay in full any installment or installments maturing on 15 the same date, then to the payment thereof ratably, according to the amounts due thereon to the 16 persons entitled thereto, without any discrimination or preference; and 17 (iii) ((to)) To payment to the persons entitled thereto of the unpaid principal amounts of any Parity Bonds which shall have become due (other than Parity Bonds previously 18 19 called for redemption for the payment of which money is held pursuant to the provisions of the 20 applicable Bond Documents), whether at maturity or by proceedings for redemption or 21 otherwise, in the order of their due dates and, if the amount available shall not be sufficient to 22 pay in full the principal amounts due on the same date, then to the payment thereof ratably, 23 according to the principal amounts due thereon to the persons entitled thereto, without any

discrimination or preference.

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

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

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

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

1 corporation employed and selected by it with reasonable care. 2 (f) Suits by Individual Parity Bond Owners Restricted. No owner of any one or more 3 Parity Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same unless: 4 5 (i) ((an)) An Event of Default has happened and is continuing; and (ii) ((a)) A Bond Owners' Trustee has been appointed; and 6 7 (iii) ((such)) Such owner previously shall have given to the Bond Owners' Trustee 8 written notice of the Event of Default on account of which such suit, action, or proceeding is to 9 be instituted; and 10 (iv) ((the)) The registered owners of 25((%)) percent in principal amount of the 11 Parity Bonds, after the occurrence of such Event of Default, have made written request of the 12 Bond Owners' Trustee and have afforded the Bond Owners' Trustee a reasonable opportunity to 13 institute such suit, action or proceeding; and 14 (v) ((there)) There have been offered to the Bond Owners' Trustee security and 15 indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby; and 16 (vi) ((the)) The Bond Owners' Trustee has refused or neglected to comply with 17 such request within a reasonable time. 18 19 No owner of any Parity Bond shall have any right in any manner whatever by his or her 20 action to affect or impair the obligation of the City to pay from Net Revenue the principal of and 21 interest on such Parity Bonds to the respective registered owners thereof when due. Section 26. The Refunding Plan. 22 23 (a) Approval of Refunding Plan; Appointment of Refunding Trustee. The Director

1 of Finance is authorized and directed to select a Refunding Trustee and execute a Refunding 2 Trust Agreement setting forth a Refunding Plan for each series of Refundable Bonds (or portion 3 thereof) to be refunded pursuant to this ordinance, in accordance with subsection 26(d) of this 4 ((section)) ordinance. Multiple Refunding Plans may be combined in a single Refunding Trust 5 Agreement. The Refunding Plan shall be carried out, and proceeds of the Bonds shall be applied,

6 in accordance with this ordinance, the respective Refunded Bond Documents, the Refunding 7

Trust Agreement, and the laws of the State.

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- (b) Acquisition of Acquired Obligations. To the extent practicable and desirable, the Refunding Plan shall provide for the Refunding Trustee's purchase of Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the timely payment of the amounts required to be paid by the Refunding Plan. The Acquired Obligations shall be listed and more particularly described in a schedule attached to the Refunding Trust Agreement, but are subject to substitution as set forth in subsection 26(c) ((below)) of this ordinance.
- (c) Substitution of Acquired Obligations. The City reserves the right at any time to substitute cash or other Government Obligations (as defined in the applicable Refunded Bond Documents) for the Acquired Obligations if the City obtains a verification by a nationally recognized independent certified public accounting firm reasonably acceptable to the Refunding Trustee confirming that the payments of principal of and interest on the substitute obligations, if paid when due, together with the cash to be held by the Refunding Trustee, will be sufficient to carry out the Refunding Plan. If the applicable Series of the Bonds (or the applicable Refunded Bonds) were issued as ((Tax Exempt)) Tax-Exempt Bonds, then prior to such substitution, the City must also obtain an opinion from Bond Counsel to the effect that the disposition and

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substitution or purchase of such securities will not cause the interest on the applicable Series of the Bonds (or of the applicable Refunded Bonds) issued as ((Tax Exempt)) Tax-Exempt Bonds to be included in gross income for federal income tax purposes and that such disposition and substitution or purchase is in compliance with the statutes and regulations applicable to the Series of the Bonds. Any surplus money resulting from the sale, transfer, other disposition or redemption of the Acquired Obligations and the substitutions therefor shall be released from the trust estate and may be used for any lawful City purpose.

(d) **Refunding Trust Agreement**. In connection with each Series of the Bonds, the Director of Finance is authorized to execute one or more Refunding Trust Agreements with one or more Refunding Trustees, setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with carrying out the applicable Refunding Plan. Each Refunding Trust Agreement and Refunding Plan must, among other things($(\frac{1}{2})$): (1) identify the Refundable Bonds to be refunded thereby; (2) contain the elements set forth in the definition of Refunding Plan set forth in this ordinance, including ((provide)) providing for the issuance of the Series of the Bonds and describing the method for carrying out the refunding of the Refunded Bonds (including authorizing and directing the Refunding Trustee to use the money deposited with it to purchase the Acquired Obligations (or substitute obligations) and to apply such money along with the maturing principal of and interest on such obligations to make the payments required to be made by the Refunding Plan); and (3) ((shall)) provide for the giving of notices of defeasance and redemption, as required under the Refunded Bond Documents. The Refunding Trust Agreement may additionally provide for the payment of the costs of issuance of the Series and the costs of administering the Refunding Plan (including without limitation, all necessary and proper fees, compensation, and expenses of the Refunding Trustee and all other costs

incidental to the setting up of the escrow to accomplish the Refunding Plan), and for such other related matters as the Director of Finance may deem necessary or expedient.

Section 27. Redemption of the Refunded Bonds. The Director of Finance is authorized on behalf of the City to take such actions as may be necessary or convenient to call the Refunded Bonds for redemption. Such call for redemption of the Refunded Bonds shall identify the Refunded Bonds, redemption dates and redemption prices (expressed as a percentage of the stated principal amount), and shall be irrevocable after the Issue Date of the applicable Series of the Bonds. The dates on which the Refunded Bonds are to be called for redemption shall be, in the judgment of the Director of Finance, the earliest practical dates on which those Refunded Bonds may be called for redemption. The proper City officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required pursuant to the Refunded Bond Documents, in order to carry out the Refunding Plan.

Bonds Declared Refundable. ((As of the effective date of this ordinance, no additional Refunding Parity Bonds may be issued under Ordinance 121939, as amended by Ordinance 122837, as amended and restated by Ordinance 124339, and as further amended by Ordinance 125183 (collectively and as amended, the "Prior Omnibus Refunding Ordinance"). Passage of this ordinance shall have no effect on any outstanding bonds previously issued under the authority of the Prior Omnibus Refunding Ordinance and such previously issued bonds shall remain outstanding in accordance with their terms. All outstanding Parity Bonds previously designated as "Refundable Bonds" under the Prior Omnibus Refunding Ordinances are declared to be Refundable Bonds under this ordinance.)) It is the intent of the City Council that this ordinance reflect the fact that the holders of more than 60 percent of the currently outstanding

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Parity Bonds have consented to the amendments previously designated as becoming effective on the Reserve Covenant Date as those terms are defined in Ordinance 125714, amended by Ordinance 126483 (as amended, the "2019 Omnibus Refunding Ordinance"). To avoid ambiguity and for ease of reference, Sections 1 through 32 of the 2019 Omnibus Refunding Ordinance are amended and restated as set forth in Sections 1 through 32 of this ordinance. As of the effective date of this ordinance, this ordinance shall be referred to as the "Omnibus Refunding Ordinance" and future Refunding Bonds shall be issued under this ordinance. All outstanding Parity Bonds previously designated as "Refundable Bonds" under the 2019 Omnibus Refunding Ordinance are hereby designated as Refundable Bonds under this ordinance. If any provision of this ordinance is found by a court of law to be inapplicable to any bonds outstanding as of the effective date of this amendatory ordinance, the amendments contained herein shall be of no force or effect with respect to those outstanding bonds, and the provisions of the ordinance under which those outstanding bonds were issued shall continue in effect with respect to those bonds only. Section 29. General Authorization. In addition to the specific authorizations in this ordinance, the Mayor and the Director of Finance and each ((of the)) other appropriate ((officers)) officer of the City are each authorized and directed to do everything ((as in his or her iudgment may be)) such officer may judge necessary, appropriate, or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this ordinance. In particular and without limiting the foregoing: (a) The Director of Finance, in ((his or her)) the Director's discretion and without further action by the City Council, (i) may issue requests for proposals to provide underwriting services or financing facilities (including, without limitation, Qualified Insurance, a Qualified Letter of

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Credit, or other credit support or liquidity facility), and may execute engagement letters and other agreements with underwriters and other financial institutions (including providers of liquidity or credit support) based on responses to such requests; (ii) may select and make decisions regarding the Bond Registrar, fiscal or paying agents, and any Securities Depository for each Series of the Bonds; (iii) may take any and all actions necessary or convenient to provide for the conversion of interest rate modes for any Series in accordance with the applicable Bond Documents; and (iv) may take such actions on behalf of the City as are necessary or appropriate for the City to designate, qualify, or maintain the tax-exempt treatment with respect to any Series issued as Tax-Exempt Bonds, to receive from the United States Treasury ((the applicable Tax Credit Subsidy Payments)) any available tax credit payments or other tax advantages available in respect of any Series issued as ((Tax Credit Subsidy)) Tax-Advantaged Bonds, and to otherwise receive any other federal tax benefits relating to any Series of the Bonds that are available to the City; and (b) ((Each of the)) The Mayor and the Director of Finance are each ((separately)) independently authorized to execute and deliver (i) any and all contracts or other documents as are consistent with this ordinance and for which the City's approval is necessary or to which the City is a party (including but not limited to agreements with escrow agents, refunding trustees, liquidity or credit support providers, providers of Qualified Insurance or Reserve Securities, remarketing agents, underwriters, lenders or other financial institutions, fiscal or paying agents, Qualified Counterparties, custodians, and the Bond Registrar); and (ii) such other contracts or documents incidental to: the issuance and sale of any Series of the Bonds; the establishment of the interest rate or rates on a Bond; or the conversion, tender, purchase, remarketing, or redemption of a Bond, as may in the ((Mayor's or Director's)) judgment of the Mayor or

Director, as applicable, be necessary or appropriate.

Section 30. Severability. ((The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.)) The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, subsection, or portion of this ordinance, or the invalidity of its application to any person or circumstance, does not affect the validity of the remainder of this ordinance or the validity of its application to other persons or circumstances.

Section 31. <u>Ratification of Prior Acts</u>. Any action ((taken)) consistent with the authority of this ordinance, taken after its passage ((but)) and prior to ((the)) its effective date, is ratified((, approved)) and confirmed.

Section 32. <u>Section Headings</u>. ((Section headings in this ordinance are used for convenience only and shall not constitute a substantive portion of this ordinance.)) <u>Section</u> <u>headings in this ordinance are nonsubstantive.</u>