

CITY OF SEATTLE

ORDINANCE 127337

COUNCIL BILL 121089

AN ORDINANCE relating to the drainage and wastewater system of The City of Seattle; adopting a system or plan of additions and betterments to and extensions of the existing drainage and wastewater system; authorizing the issuance and sale of drainage and wastewater revenue bonds in one or more series for the purposes of paying part of the cost of carrying out that system or plan, providing for the reserve requirement, and paying the costs of issuance of the bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; describing the lien of those bonds; amending certain sections and subsections of Ordinance 125455, as last amended by Ordinance 126482 (the “Omnibus Refunding Ordinance”); and ratifying and confirming certain prior acts.

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

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

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

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

6 NOW, THEREFORE,

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

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

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

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

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

5 **“Adjusted Net Revenue”** means Adjusted Gross Revenue less Operating and
6 Maintenance Expense.

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

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

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

1 **(c) Variable Interest Rate Bonds.** The amount of interest deemed to be payable on any
2 series of Variable Interest Rate Bonds shall be calculated on the assumption that the interest rate
3 on those bonds would be equal to the rate that is 90 percent of the average RBI during the four
4 calendar quarters preceding the quarter in which the calculation is made.

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

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

1 that the fixed rate used in calculating Payment Agreement Payments will be equal to 105 percent
2 of the fixed rate specified by the Payment Agreement and that the pricing mechanism or index
3 specified by the Payment Agreement is the same as the pricing mechanism or index specified by
4 the applicable Parity Bond Documents. Notwithstanding the other provisions of this definition,
5 the City shall not be required to (but may in its discretion) take into account in determining
6 Annual Debt Service the effects of any Payment Agreement that has a term of ten years or less.

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

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

22 **(ii) If City Is Obligated to Make Payments Based on Variable Rate Index.** If
23 the City is obligated to make Payment Agreement Payments based on a variable rate index and

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

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

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

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

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

22 **“Balloon Bonds”** means any series of Parity Bonds, the aggregate principal amount
23 (including Sinking Fund Requirements) of which becomes due and payable in any calendar year

1 in an amount that constitutes 25 percent or more of the initial aggregate principal amount of such
2 series of Parity Bonds.

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

5 **“Bond”** means one of the Drainage and Wastewater System revenue bonds issued
6 pursuant to this ordinance.

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

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

19 **“Bond Insurance”** means any municipal bond insurance policy, guaranty, surety bond,
20 or similar credit enhancement device providing for or securing the payment of all or part of the
21 principal of and interest on any Parity Bonds, issued by an insurance company licensed to
22 conduct an insurance business in any state of the United States (or by a service corporation

1 acting on behalf of one or more such insurance companies), or by any other financial institution
2 qualified to provide such credit enhancement device.

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

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

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

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

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

1 Securities Depository (or its designee), where the system for recording and identifying the
2 transfer of the ownership interests of the Beneficial Owners in those Bonds is neither maintained
3 by nor the responsibility of the City or the Bond Registrar.

4 **“Capital Appreciation Bond”** means any Parity Bond, all or a portion of the interest on
5 which is compounded and accumulated at the rates or in the manner, and on the dates, set forth in
6 the applicable Bond Documents and is payable only upon redemption or on the maturity date of
7 such Parity Bond. A Parity Bond that is issued as a Capital Appreciation Bond, but which later
8 converts to an obligation on which interest is paid periodically, shall be a Capital Appreciation
9 Bond until the conversion date and thereafter shall no longer be a Capital Appreciation Bond, but
10 shall be treated as having a principal amount equal to its Accreted Value on the conversion date.

11 For purposes of computing the principal amount of Parity Bonds held by the Owner of any
12 Capital Appreciation Bond in connection with any notice, consent, request, or demand, the
13 principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value at the
14 time that such notice, consent, request, or demand is given or made.

15 **“Capital Improvement Program”** or **“CIP”** means those portions of the City’s “2026-
16 2031 Capital Improvement Program” relating to the Drainage and Wastewater System, adopted
17 by the City in conjunction with the adoption of the 2026 budget, together with any previously
18 adopted capital improvement program of the City. For purposes of this ordinance, the CIP
19 includes all amendments, updates, supplements, or replacements that may be adopted from time
20 to time by ordinance.

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

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

1 **“Code”** means the Internal Revenue Code of 1986, or any successor thereto, as amended
2 at any time, and regulations thereunder.

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

6 **“Continuing Disclosure Certificate”** means, for each Series sold in an offering subject
7 to federal securities regulations requiring a written undertaking to provide continuing disclosure,
8 a continuing disclosure certificate executed pursuant to Section 23 of this ordinance, in
9 substantially the form attached to this ordinance as Exhibit B.

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

13 **“Coverage Requirement”** means Adjusted Net Revenue equal to at least 1.25 times
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*
17 *“Covered Parity Bonds” shall exclude each series of Parity Bonds for which the applicable*
18 *Bond Documents provide that, from and after the Reserve Covenant Date, such series shall no*
19 *longer be treated as a series of Covered Parity Bonds and shall no longer be secured by the*
20 *amounts in the Reserve Subaccount.*

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

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

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

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

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

17 **“Event of Default”** has the meaning given in subsection 25(a) of this ordinance.

18 **“Fiscal Agent”** means the fiscal agent of the State, as the same may be designated by the
19 State from time to time, or such other fiscal agent as the City may appoint.

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

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

9 **“Government Obligations”** means, unless otherwise limited in the Bond Documents for
10 a particular Series of the Bonds, any government obligation as that term is defined in RCW
11 39.53.010, as amended at any time.

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

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

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

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

19 **“Letter of Representations”** means the Blanket Issuer Letter of Representations
20 between the City and DTC dated October 4, 2006, as amended at any time, or an agreement with
21 a substitute or successor Securities Depository.

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

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

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

7 **“Omnibus Defeasance Ordinance”** means Ordinance 126223, as amended at any time,
8 authorizing the defeasance of Defeasible Bonds, or any future ordinance pursuant to which the
9 Bonds (or any Series of the Bonds) are designated as Defeasible Bonds.

10 **“Omnibus Refunding Ordinance”** means Ordinance 125455 (as amended by Ordinance
11 126482 and by Section 27 of this this ordinance), as it may be further amended at any time in the
12 future, authorizing the issuance of Refunding Parity Bonds, or any future ordinance pursuant to
13 which the Bonds (or any Series of the Bonds) are designated as Refundable Bonds.

14 **“Operating and Maintenance Expense”** means all expenses incurred by the City in
15 causing the Drainage and Wastewater System to be operated and maintained in good repair,
16 working order, and condition, including without limitation: (a) deposits, premiums, assessments,
17 or other payments for insurance, if any, on the Drainage and Wastewater System; (b) payments
18 into pension funds; (c) State-imposed taxes; (d) amounts due under Contract Resource
19 Obligations in accordance with Section 20 of this ordinance; (e) payments made to another
20 person or entity for treatment or disposal of sewage or other commodity or service; and (f)
21 payments with respect to any other expenses of the Drainage and Wastewater System that are
22 properly treated as Operating and Maintenance Expense under generally accepted accounting
23 principles applicable to municipal corporations, including payments (other than payments out of

1 proceeds of Parity Bonds or other obligations not issued to pay current expenses of the Drainage
2 and Wastewater System) into reasonable reserves for items of operating or maintenance expense
3 the payment of which is not immediately required. Operating and Maintenance Expense does not
4 include: depreciation, amortization, or other similar recognitions of non-cash expense items
5 made for accounting purposes only including non-cash pension expense; taxes levied or imposed
6 by the City, or payments in lieu of City taxes; payments of claims or judgments; or capital
7 additions or capital replacements of the Drainage and Wastewater System.

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

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

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

17 **“Parity Bond Account”** means the Drainage and Wastewater Revenue Bond Account,
18 1990, created in the Drainage and Wastewater Fund by Ordinance 115098 for the purpose of
19 paying and securing payment of the principal of and interest on Parity Bonds.

20 **“Parity Bond Documents”** means those Bond Documents applicable to a series of Parity
21 Bonds.

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

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

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

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

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

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

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

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

16 **“Permitted Investments”** means any investments or investment agreements permitted
17 for the investment of City funds under the laws of the State, as amended at any time.

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

1 replacements to the CIP, all of which automatically shall constitute amendments to the Plan of
2 Additions. The Plan of Additions also may be modified to include other improvements, without
3 amending the CIP, if the City determines by ordinance that those amendments or other
4 improvements constitute a system or plan of additions to or betterments or extensions of the
5 Drainage and Wastewater System.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 *From and after the Reserve Covenant Date, the Reserve Requirement shall mean the lesser of*
22 *(a) Maximum Annual Debt Service on all Covered Parity Bonds outstanding at the time of*
23 *calculation, or (b) 1.25 times Average Annual Debt Service on all Covered Parity Bonds*

1 *outstanding at the time of calculation. In no event shall the Reserve Requirement exceed the*
2 *sum of 10 percent of the proceeds of each series of Covered Parity Bonds then outstanding,*
3 *determined as of the Issue Date of each such series.*

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

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

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

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

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

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

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

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

21 **“Sinking Fund Requirement”** means, for any calendar year, the principal portion of any
22 Term Bond (including redemption premium, if any) that is required to be purchased, redeemed,

1 paid at maturity, or paid into any Sinking Fund Account for such calendar year, as established in
2 the applicable Bond Documents.

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

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

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

9 **“Tax-Advantaged Bond”** means any Bond that is designated by the City as a tax-
10 advantaged bond, including tax credit bonds or any other type of special tax designation that is
11 now or in the future available pursuant to the Code, pursuant to which the City is able to obtain a
12 tax credit payment or any other type of tax advantage.

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

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

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

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

22 **“ULID Assessments”** means all assessments levied and collected in a ULID, if and only
23 if those assessments are pledged to be paid into the Parity Bond Account, in which case they

1 shall be included in Gross Revenue. ULID Assessments shall include all installments of
2 principal, payments of interest, and penalties and interest on delinquencies, but shall not include
3 any prepaid assessments paid into a construction fund or account.

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

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

18 **“Variable Interest Rate Bond”** means, for any period of time, any Parity Bond that
19 bears interest at a Variable Interest Rate during that period. A Parity Bond shall not be treated as
20 a Variable Interest Rate Bond if the net economic effect of: (a) interest rates on a particular series
21 of Parity Bonds, as set forth in the applicable Bond Documents, and (b) either (i) interest rates on
22 another series of Parity Bonds issued at substantially the same time, or (ii) a Payment Agreement
23 related to that particular series of Parity Bonds, is to produce obligations that bear interest at a

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

4 Section 2. **Adoption of Plan of Additions.** The City specifies, adopts, and orders the
5 Plan of Additions to be carried out as generally provided for in the documents comprising the
6 Plan of Additions. The estimated cost of the Plan of Additions, as near as may be determined, is
7 declared to be approximately \$1.4 billion, of which approximately \$128 million is expected to be
8 financed from proceeds of the Bonds and investment earnings thereon.

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

10 (a) **The Bonds.** The City is authorized to issue Drainage and Wastewater System revenue
11 bonds, payable from the sources described in Section 13 of this ordinance, in the maximum
12 principal amount stated in Section 5 of this ordinance, to provide funds (a) to pay part of the cost
13 of carrying out the Plan of Additions; (b) to provide for the Reserve Requirement (if necessary);
14 (c) to capitalize interest on (if necessary) and pay the costs of issuance of the Bonds; and (d) for
15 other Drainage and Wastewater System purposes approved by ordinance. The Bonds may be
16 issued in one or more Series and may be combined with other Drainage and Wastewater System
17 revenue bonds (including Refunding Parity Bonds) authorized separately. The Bonds shall be
18 designated Drainage and Wastewater System Revenue Bonds, shall be numbered separately, and
19 shall have any name, year, series, or other labels as deemed necessary or appropriate by the
20 Director of Finance.

21 (b) **City Council Finding.** The City Council finds that, in creating the Parity Bond
22 Account and in fixing the amounts to be paid into it in accordance with this ordinance and the
23 parameters for the Bond Sale Terms set forth in Section 5 of this ordinance, the City Council has

1 exercised due regard for the cost of operation and maintenance of the Drainage and Wastewater
2 System, and is not setting aside into the Parity Bond Account a greater amount than in the
3 judgment of the City Council, based on the rates established from time to time consistent with
4 subsection 16(b) of this ordinance, will be sufficient, in the judgment of the City Council, to
5 meet all expenses of operation and maintenance of the Drainage and Wastewater System and to
6 provide the amounts previously pledged for the payment of all outstanding obligations payable
7 out of Gross Revenue and pledged for the payment of the Bonds. Therefore, the City Council
8 finds that the issuance and sale of the Bonds is in the best interest of the City and the public
9 interest.

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

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

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

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

10 (i) **Maximum Principal Amount.** The maximum aggregate principal amount of
11 all Series of the Bonds authorized by this ordinance is not to exceed \$128 million.

12 (ii) **Date or Dates.** Each Bond shall be dated its Issue Date, as determined by the
13 Director of Finance. The initial Issue Date (without restricting any reissuance date with respect
14 to a Series of Variable Interest Rate Bonds) may be no later than December 31, 2028.

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

16 (iv) **Interest Rate(s).** Each Bond shall bear interest from its Issue Date or from
17 the most recent date to which interest has been paid or duly provided, whichever is later, unless
18 otherwise provided in the applicable Bond Documents. Each Series of the Bonds shall bear
19 interest at one or more fixed interest rates or Variable Interest Rates. The true interest cost for
20 any fixed rate Series may not exceed a rate of 10 percent per annum. The Bond Documents for
21 any Series may provide for multiple interest rates and interest rate modes, and may provide
22 conditions and mechanisms for the Director of Finance to effect a conversion from one mode to
23 another. Nothing in this ordinance shall be interpreted to prevent the Bond Documents for any

1 Series from including a provision for adjustments to interest rates during the term of the Series
2 upon the occurrence of certain events specified in the applicable Bond Documents.

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

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

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

13 (A) **Optional Redemption.** The Director of Finance may designate any
14 Bond as subject to optional redemption prior to its maturity, consistent with subsection 8(a) of
15 this ordinance. Any Bond that is subject to optional redemption prior to maturity must be callable
16 on at least one or more dates occurring not more than 10-1/2 years after the Issue Date.

17 (B) **Mandatory Redemption.** The Director of Finance may designate any
18 Bond as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in
19 the principal payment amounts set forth in the Sinking Fund Requirements, consistent with
20 subsection 8(b) of this ordinance.

21 (C) **Extraordinary Redemption.** The Director of Finance may designate
22 any Bond as subject to extraordinary optional redemption or extraordinary mandatory

1 redemption upon the occurrence of an extraordinary event, as such event or events may be set
2 forth in the applicable Bond Documents, consistent with subsection 8(c) of this ordinance.

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

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

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

10 (A) **Expected Life of Capital Facilities.** As of the Issue Date of each
11 Series, the Director of Finance must find to the Director’s satisfaction that the average expected
12 life of the capital facilities to be financed with the proceeds (or allocable share of proceeds) of
13 that Series exceeds the weighted average maturity of such Series (or share thereof) allocated to
14 financing those capital facilities.

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

18 (C) **Additional Terms, Conditions, and Agreements.** The Bond Sale
19 Terms for any Series may provide for Bond Insurance or other credit enhancement, a Reserve
20 Security, Qualified Letter of Credit, or Payment Agreement as the Director of Finance may find
21 necessary or desirable. The Bond Sale Terms for any Series may provide for multiple interest
22 rate modes and may include provisions for conversion from any interest rate mode to any other
23 interest rate mode. To that end, the Bond Sale Terms may include such additional terms,

1 conditions, and covenants as may be necessary or desirable, including but not limited to:
2 restrictions on investment of Bond proceeds and pledged funds (including any escrow
3 established for the defeasance of the Bonds), provisions for the conversion of interest rate modes,
4 provisions for the reimbursement of a credit enhancement provider or Qualified Counterparty,
5 and requirements to give notice to or obtain the consent of a credit enhancement provider or a
6 Qualified Counterparty. The Director of Finance is authorized to execute, on behalf of the City,
7 such additional certificates and agreements as may be necessary or desirable to reflect such
8 terms, conditions, and covenants.

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

12 **(E) Tax Status of the Bonds.** The Director of Finance may determine that
13 any Series of the Bonds may be designated or qualified as Tax-Exempt Bonds, Taxable Bonds,
14 or Tax-Advantaged Bonds consistent with Section 22 of this ordinance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 Only Bonds bearing a certificate of authentication in substantially the following form
21 (with the designation, year, and Series and other designation, if any, all adjusted consistent with
22 this ordinance and the Bond Sale Terms) and manually signed by the Bond Registrar shall be
23 valid or obligatory for any purpose or entitled to the benefits of this ordinance: “This Bond is one

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

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

15 Section 12. **Construction Account; Deposit of Proceeds.** An account to be known as the
16 Drainage and Wastewater Construction Subaccount, 2026 is created in the Drainage and
17 Wastewater Construction Account within the Drainage and Wastewater Fund. After depositing
18 accrued interest (if any) into the Principal and Interest Subaccount and depositing amounts (if
19 any) necessary to provide for the Reserve Requirement (if any) into the Reserve Subaccount, the
20 remaining principal proceeds of the sale of a Series of the Bonds shall be deposited into the
21 Construction Account (or such other fund or account as may be directed by the Director of
22 Finance) to be used (a) to pay part of the costs of carrying out the Plan of Additions, and (b) to
23 pay capitalized interest on (if necessary) and the costs of issuance of the Series. Until needed to

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

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

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

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

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

8 (a) To pay Operating and Maintenance Expense;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (B) The City in its discretion may carry out such transfers 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 Drainage and Wastewater
4 System; or

5 (C) The City in its discretion may carry out such a transfer if the proceeds
6 from such transfer are used to acquire new useful operating facilities or properties of the
7 Drainage and Wastewater System, or are used to retire outstanding Parity Bonds or other revenue
8 obligations of the Drainage and Wastewater System, if, at the time of such transfer, the City has
9 on file a certificate of both the Director of Finance and the Director of Seattle Public Utilities (or
10 any officer who succeeds to substantially all of the responsibilities of either office)
11 demonstrating that, in such officers' opinions, upon such transfer and the use of proceeds of the
12 transfer as proposed by the City, the remaining facilities of the Drainage and Wastewater System
13 will retain their operational integrity and, based on the financial statements for the most recent
14 fiscal year available, the proposed transfer would not prevent the Drainage and Wastewater
15 System from complying with the Coverage Requirement during the five fiscal years following
16 the fiscal year in which the transfer is to occur. The certificate shall take into account (1) the
17 reduction in revenue and expenses, if any, resulting from the transfer; (2) the use of any proceeds
18 of the transfer for the redemption of Parity Bonds; (3) the estimate of revenue from customers
19 anticipated to be served by any additions to and betterments and extensions of the Drainage and
20 Wastewater System financed in part by the proposed portion of the proceeds of the transfer; and
21 (4) any other adjustment permitted in the preparation of a certificate under subsection 17(b) of
22 this ordinance. Before completing any such transfer, the City must also obtain confirmation from
23 each Rating Agency then supplying a rating on the Bonds at the request of the City to the effect

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

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

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

18 Section 17. **Future Parity Bonds.**

19 **(a) Issuance of Future Parity Bonds.** The City reserves the right to issue Future Parity
20 Bonds and to enter into Parity Payment Agreements for any lawful purpose of the Drainage and
21 Wastewater System (including for the purpose of refunding a portion of the then-outstanding
22 Parity Bonds) only if, at the time of the issuance of such series of Future Parity Bonds (or upon
23 the effective date of the Parity Payment Agreement), the following conditions are satisfied:

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

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

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

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

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

1 System, and the additional amounts, if any, required to be deposited into the Reserve Subaccount
2 to satisfy the Reserve Requirement shall be based on that valuation.

3 (vi) There must be on file with the City a Parity Certificate as described in
4 subsection 17(b) of this ordinance. However, if the proposed Future Parity Bonds (or any portion
5 thereof) are to be issued for the purpose of refunding outstanding Parity Bonds (referred to as the
6 “Refunding Parity Bonds”), no Parity Certificate shall be required as to that portion issued for
7 refunding purposes if the Director of Finance finds and certifies that the Adjusted Annual Debt
8 Service on the refunding portion of the proposed Refunding Parity Bonds is not more than
9 \$5,000 greater than the Adjusted Annual Debt Service on the Parity Bonds to be refunded
10 thereby. Alternatively, Refunding Parity Bonds may be issued upon delivery of a Parity
11 Certificate.

12 (b) **Parity Certificate.** A Parity Certificate required under subsection 17(a)(vi) of this
13 ordinance may be provided as follows:

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

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

1 (A) the end of the period during which interest on those Future Parity
2 Bonds is to be capitalized or, if no interest is capitalized, the fiscal year in which the Future
3 Parity Bonds are issued, or

4 (B) the date on which substantially all the new facilities financed with
5 those Future Parity Bonds are expected to commence operations, such Adjusted Net Revenue,
6 further adjusted as provided in paragraphs (b)(ii)(B)(1) through (b)(ii)(B)(4) of this subsection,
7 will be at least equal to the Coverage Requirement. That certificate may take into account the
8 following adjustments:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (b) **Taxable Bonds and Tax-Advantaged Bonds**. For each Series of the Bonds issued as
20 Taxable Bonds or as Tax-Advantaged Bonds, the Director of Finance is authorized to make any
21 required designations or elections in the Bonds and other Bond Documents. In addition, the
22 Director of Finance may execute additional written agreements and approve additional bond
23 covenants on behalf of the City, all as the Director may deem necessary or appropriate in order to

1 obtain, maintain, and administer such tax status. In the case of Tax-Advantaged Bonds, such
2 additional covenants and agreements may include (without limiting the generality of the
3 foregoing) those provisions as are necessary or convenient in order for the City (i) to receive
4 from the United States Treasury any tax credit payment or other tax benefit the City may be
5 eligible to receive in respect of such Tax-Advantaged Bond, and (ii) to ensure that such Series
6 otherwise becomes and remains eligible for those tax advantages under the Code.

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

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

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

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

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

10 (a) **Amendments without Bond Owner Consent.** From time to time and at any time,
11 without the consent of or notice to any owners of Parity Bonds, the City may supplement or
12 amend the Bond Documents applicable to any Series of the Bonds for any of the purposes set
13 forth in this subsection 24(a). Any such supplement or amendment may be passed, adopted, or
14 otherwise approved by the City, without requiring the consent of the registered owners of any
15 Parity Bonds, but may become effective only upon receipt by the City of an opinion of Bond
16 Counsel stating that such supplement or amendment is authorized or permitted by this ordinance
17 and, upon the effective date thereof, will be valid and binding upon the City in accordance with
18 its terms, and will not adversely affect the exclusion from gross income for federal income tax
19 purposes of interest on the affected Series of the Bonds, if such Series was issued and sold as
20 Tax-Exempt Bonds. The types of supplements and amendments permitted under this subsection
21 24(a) are as follows:

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

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

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

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

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

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

1 (vii) To modify, alter, amend, or supplement the Bond Documents in any other
2 respect that is not materially adverse to the owners of the Parity Bonds and that does not involve
3 a change described in subsection 24(c) of this ordinance; and

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

9 (b) **Amendments with Bond Owner Consent.** With the consent of registered owners of
10 not less than 60 percent in aggregate principal amount of the Parity Bonds then outstanding, the
11 City may pass, adopt, or otherwise approve any supplement or amendment (other than
12 amendments requiring unanimous consent as set forth in subsection 24(c) of this ordinance) to
13 any Bond Document that is deemed necessary or desirable by the City for the purpose of
14 modifying, altering, amending, supplementing, or rescinding, in any particular, any of the terms
15 or provisions contained in such Bond Document other than those terms and provisions described
16 in subsection 24(c) of this ordinance.

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

1 or priority of any Parity Bond over any other Parity Bond, or (v) a reduction in the percentage of
2 the aggregate principal amount of the then-outstanding Parity Bonds required to effect a change
3 under subsection 24(b) of this ordinance.

4 **(d) Notice to Bond Owners.** If at any time the City passes, adopts, or otherwise approves
5 a supplement or amendment for any of the purposes of subsection 24(b) or 24(c) of this
6 ordinance, the Bond Registrar shall cause notice of the proposed supplement or amendment to be
7 given by first-class mail (i) to all registered owners of the then-outstanding Parity Bonds, (ii) to
8 each provider of Bond Insurance or a Reserve Security, and (iii) to each Rating Agency. Such
9 notice shall briefly set forth the nature of the proposed supplement or amendment and shall state
10 that a copy is on file at the office of the City Clerk for inspection by all owners of the then-
11 outstanding Parity Bonds.

12 **(e) Effective Date; Consents.** Any supplement or amendment, substantially as described
13 in the notice mailed pursuant to subsection 24(d) of this ordinance, may go into effect upon
14 delivery to the Bond Registrar of (i) the required consents, in writing, of registered owners of the
15 Parity Bonds, and (ii) an opinion of Bond Counsel stating that such supplement or amendment is
16 authorized or permitted by this ordinance. Upon the effective date thereof, such supplement or
17 amendment will be valid and binding upon the City in accordance with its terms and will not
18 adversely affect the exclusion from gross income for federal income tax purposes of interest on
19 any Tax-Exempt Bonds.

20 If registered owners of not less than the percentage of Parity Bonds required by this
21 section shall have consented to and approved such a supplement or amendment, no owner of any
22 Parity Bond shall have any right (i) to object to the passage, adoption, or approval of such
23 supplement or amendment, (ii) to object to any of the terms and provisions contained therein or

1 the operation thereof, (iii) in any manner to question the propriety of the passage, adoption, or
2 approval thereof, (iv) to enjoin or restrain the City from passing, adopting, or otherwise
3 approving the same, or (v) to enjoin or restrain the City, any authorized official thereof, or the
4 Bond Registrar from taking any action pursuant to the provisions thereof. For purposes of
5 determining whether consents representing the requisite percentage of principal amount of Parity
6 Bonds have been obtained, the Accreted Value of Capital Appreciation Bonds shall be deemed to
7 be the principal amount. It shall not be necessary to obtain approval of the particular form of any
8 proposed supplement, but it shall be sufficient if the consent shall approve the substance thereof.

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

17 **(g) Special Amendments.** If and to the extent that it is determined that the written
18 consent of Registered Owners of the Bonds is required under subsection 24(b) or 24(c) of this
19 ordinance, the Registered Owners from time to time of the Bonds, by taking and holding the
20 same, are deemed to have consented to any supplement or amendment to the Bond Documents
21 effecting any one or more of the following changes:

22 (i) When calculating “Annual Debt Service,” to permit or require any tax credit
23 payments (or other similar payments) in respect of any Tax-Advantaged Bonds expected to be

1 received by the City during a given period to be credited against amounts required to be paid in
2 respect of interest on the Parity Bonds in that period; and

3 (ii) To permit or require tax credit payments (or similar payments) in respect of
4 Tax-Advantaged Bonds to be deposited into the Principal and Interest Subaccount and credited
5 against the Net Revenue otherwise required to be deposited into the Principal and Interest
6 Subaccount; and

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

13 Section 25. **Defaults and Remedies.**

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

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

18 (ii) If the City defaults in the observance and performance of any other of the
19 covenants, conditions, or agreements on the part of the City set forth in this ordinance or the
20 applicable Bond Documents (except as otherwise provided herein or in such Bond Documents)
21 and such default or defaults have continued for a period of six months after the City has received
22 from the Bond Owners' Trustee (as defined in subsection 25(b) of this ordinance) or from the
23 registered owners of not less than 25 percent in principal amount of the Parity Bonds a written

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

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

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

1 concurrent instruments in writing signed and acknowledged by such registered owners of the
2 Parity Bonds or by their attorneys-in-fact duly authorized. The Bond Owners' Trustee may
3 require such security and indemnity as may be reasonable against the costs, expenses and
4 liabilities that may be incurred in the performance of its duties.

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

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

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

22 Nothing contained in this section shall, in any event or under any circumstance, be
23 deemed to authorize the acceleration of the maturity of principal on the Parity Bonds, and the

1 remedy of acceleration is expressly denied to the registered owners of the Parity Bonds under
2 any circumstances including, without limitation, upon the occurrence and continuance of an
3 Event of Default.

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

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

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

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

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

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

20 **(e) Duties and Obligations of Bond Owners' Trustee.** The Bond Owners' Trustee shall
21 not be liable except for the performance of such duties as are specifically set forth in this
22 ordinance. During an Event of Default, the Bond Owners' Trustee shall exercise such of the
23 rights and powers vested in it hereby, and shall use the same degree of care and skill in its

1 exercise as a prudent person would exercise or use under the circumstances in the conduct of that
2 person's own affairs. The Bond Owners' Trustee shall have no liability for any act or omission to
3 act hereunder except for the Bond Owners' Trustee's own negligent action, its own negligent
4 failure to act, or its own willful misconduct. The duties and obligations of the Bond Owners'
5 Trustee shall be determined solely by the express provisions of this ordinance, and no implied
6 powers, duties, or obligations of the Bond Owners' Trustee shall be read into this ordinance.

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

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

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

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

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

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

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

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

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

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

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

20 (a) The Director of Finance, in the Director's discretion and without further action by the
21 City Council, (i) may issue requests for proposals to provide underwriting services or financing
22 facilities (including, without limitation, Qualified Insurance, a Qualified Letter of Credit, or other
23 credit support or liquidity facility), and may execute engagement letters and other agreements

1 with underwriters and other financial institutions (including providers of liquidity or credit
2 support) based on responses to such requests; (ii) may select and make decisions regarding the
3 Bond Registrar, fiscal or paying agents, and any Securities Depository for each Series of the
4 Bonds; (iii) may take any and all actions necessary or convenient to provide for the conversion of
5 interest rate modes for any Series in accordance with the applicable Bond Documents; and
6 (iv) may take such actions on behalf of the City as are necessary or appropriate for the City to
7 designate, qualify, or maintain the tax-exempt treatment with respect to any Series issued as Tax-
8 Exempt Bonds, to receive from the United States Treasury any available tax credit payments or
9 other tax advantages available in respect to any Series issued as Tax-Advantaged Bonds, and to
10 otherwise receive any other federal tax benefits relating to any Series of the Bonds that are
11 available to the City; and

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

1 Section 27. **Amendments to Omnibus Refunding Bond Ordinance**. Certain sections
2 and subsections of the Omnibus Refunding Bond Ordinance are amended as set forth in this
3 section. Revisions are displayed as follows: additions are indicated by double underlining, and
4 deletions are enclosed in double parentheses and struck through. Three asterisks (“* * *”) are
5 used to indicate subsections that are not amended by this ordinance and are therefore not set forth
6 in this section. References to section numbers and defined terms used in the amended text set
7 forth in this section refer to the sections and definitions contained within Ordinance 125455, as
8 last amended by Ordinance 126482. These amendments consist of clarifications to delete certain
9 inoperative provisions and to make certain other technical amendments consistent with
10 subsection 24(a) of Ordinance 125455, as last amended by Ordinance 126482, to cure
11 ambiguities and/or make other corrections that do not materially adversely affect the interests of
12 the owners of the Outstanding Parity Bonds.

13 (a) **Amendments to Section 1**. The following defined terms set forth in Section 1 of
14 Ordinance 125455, last amended by Ordinance 126482, are amended or added, as follows:

15 Section 1. **Definitions**. (~~(As used in)~~) In this ordinance, the following
16 capitalized terms shall have the meanings set forth (~~(below)~~) in this section.

17 “**Accreted Value**” means, with respect to any Capital Appreciation Bond,
18 (a) as of any Valuation Date, the amount determined for such Valuation Date in
19 accordance with the applicable Parity Bond Documents, and (b) as of any date
20 other than a Valuation Date, the sum of (i) the Accreted Value on the preceding
21 Valuation Date and (ii) the product of (A) a fraction, the numerator of which is
22 the number of days having elapsed from the preceding Valuation Date and the
23 denominator of which is the number of days from such preceding Valuation Date

1 to the next succeeding Valuation Date, calculated based on the assumption that
2 Accreted Value accrues during any semiannual period in equal daily amounts on
3 the basis of a year of ~~((twelve))~~ 12 30-day months, and (B) the difference between
4 the Accreted Values for such Valuation Dates.

5 “**Acquired Obligations**” means Government Obligations maturing or
6 having guaranteed redemption prices at the option of the holder at such time or
7 times as may be required to provide funds sufficient to carry out the Refunding
8 Plan, and satisfying the requirements of the Refunded Bond Documents relating
9 to the Refunded Bonds included in that Refunding Plan. For purposes of this
10 definition, eligible “Government Obligations” for inclusion in a Refunding Plan
11 shall be determined in accordance with the applicable Refunded Bond
12 Documents.

13 “**Adjusted Annual Debt Service**” for any fiscal year means Annual Debt
14 Service minus (a) an amount equal to ULID Assessments (as defined in this
15 ordinance) due in that year and not delinquent, (b) an amount equal to earnings
16 from investments in the Reserve Subaccount, and (c) Annual Debt Service
17 provided for by Parity Bond proceeds.

18 “**Adjusted Gross Revenue**” means, for any period, Gross Revenue (a)
19 plus withdrawals from the Rate Stabilization Account made during that period,
20 and (b) minus ULID Assessments collected, earnings from investments in the
21 Reserve Subaccount, and deposits into the Rate Stabilization Account made
22 during that period.

1 **“Adjusted Net Revenue”** means Adjusted Gross Revenue less Operating
2 and Maintenance Expense.

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

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

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

1 (c) **Variable Interest Rate Bonds.** The amount of interest deemed to be
2 payable on any series of Variable Interest Rate Bonds shall be calculated on the
3 assumption that the interest rate on those bonds would be equal to the rate that is
4 90((%)) percent of the average RBI during the four calendar quarters preceding
5 the quarter in which the calculation is made.

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

18 Accordingly, the amount of interest deemed to be payable on any Parity
19 Bonds with respect to which a Payment Agreement is in force shall be an amount
20 equal to the amount of interest that would be payable at the rate or rates stated in
21 or determined pursuant to the applicable Parity Bond Documents, plus Payment
22 Agreement Payments, minus Payment Agreement Receipts. For the purposes of
23 calculating as nearly as practicable Payment Agreement Receipts and Payment

1 Agreement Payments under a Payment Agreement that includes a variable rate
2 component determined by reference to a pricing mechanism or index that is not
3 the same as the pricing mechanism or index used to determine the variable rate
4 interest component on the Parity Bonds to which the Payment Agreement is
5 related, it shall be assumed that the fixed rate used in calculating Payment
6 Agreement Payments will be equal to 105(~~(%)~~) percent of the fixed rate specified
7 by the Payment Agreement and that the pricing mechanism or index specified by
8 the Payment Agreement is the same as the pricing mechanism or index specified
9 by the applicable Parity Bond Documents. Notwithstanding the other provisions
10 of this definition, the City shall not be required to (but may in its discretion) take
11 into account in determining Annual Debt Service the effects of any Payment
12 Agreement that has a term of ten years or less.

13 (e) **Parity Payment Agreements.** For any period during which Payment
14 Agreement Payments on a Parity Payment Agreement are taken into account in
15 determining Annual Debt Service on related Parity Bonds under paragraph (d) of
16 this definition, no additional debt service shall be taken into account with respect
17 to that Parity Payment Agreement. However, for any Parity Payment Agreement
18 during a period in which Payment Agreement Payments are not taken into account
19 under paragraph (d) of this definition because the Parity Payment Agreement is
20 not then related to any (~~(outstanding)~~) Outstanding Parity Bonds, payments on
21 that Parity Payment Agreement shall be taken into account (~~(by assuming)~~) as
22 follows:

1 **(i) If City ((is)) Is Obligated to Make Payments Based on Fixed**
2 **Rate.** If the City is obligated to make Payment Agreement Payments based on a
3 fixed rate and the Qualified Counterparty is obligated to make payments based on
4 a variable rate index, it shall be assumed that payments by the City will be based
5 on the assumed fixed payor rate, and that payments by the Qualified Counterparty
6 will be based on a rate equal to the average rate determined by the variable rate
7 index specified by the Parity Payment Agreement during the four calendar
8 quarters preceding the quarter in which the calculation is made.

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

18 **(f) Balloon Bonds. *Upon the ((redemption or defeasance of all of the***
19 ***2008 Bonds, 2009A Bonds, 2009B Bonds, 2012 Bonds, 2014 Bonds, and 2016***
20 ***Bonds (as such Outstanding Parity Bonds are identified in Exhibit A)) Reserve***
21 ***Covenant Date, the following shall become effective:*** For purposes of calculating
22 debt service on any Balloon Bonds, ~~((the City may assume))~~ it shall be assumed
23 that the principal of those Balloon Bonds, together with interest thereon at a rate

1 equal to the assumed RBI-based rate set forth in paragraph (c) of this definition,
2 will be amortized in equal annual installments over a term of 30 years.

3 (g) **Adjustments for Defeased Bonds.** For purposes of calculating and
4 determining compliance with the Coverage Requirement, the Reserve
5 Requirement, and the Parity Conditions, Annual Debt Service shall be adjusted as
6 set forth in ~~((Section))~~ subsection 21(d) of this ordinance.

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

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

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

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

20 “**Bond**” means one of the Drainage and Wastewater System revenue
21 bonds issued pursuant to this ordinance.

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

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

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

22 **“Bond Purchase Contract”** means a written offer to purchase a Series of
23 the Bonds, pursuant to certain Bond Sale Terms, which offer has been accepted

1 by the City in accordance with this ordinance. In the case of a competitive sale,
2 the Purchaser's bid for a Series, together with the official notice of sale and a
3 Pricing Certificate confirming the Bond Sale Terms, shall comprise the Bond
4 Purchase Contract.

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

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

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

20 ~~((**"Bonds"** means the Drainage and Wastewater System refunding revenue~~
21 ~~bonds issued pursuant to this ordinance.))~~

22 **"Book-Entry Form"** means a fully registered form in which physical
23 bond certificates are registered only in the name of the Securities Depository (or

1 its nominee), as Registered Owner, with the physical bond certificates held by and
2 immobilized in the custody of the Securities Depository (or its designee), where
3 the system for recording and identifying the transfer of the ownership interests of
4 the Beneficial Owners in those Bonds is neither maintained by nor the
5 responsibility of the City or the Bond Registrar.

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

19 **“City”** means The City of Seattle, Washington (~~(, a municipal corporation~~
20 ~~duly organized and existing under the laws of the State)~~).

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

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

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

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

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

14 **“Covered Parity Bonds”** means all Outstanding Parity Bonds, each
15 Series of the Bonds, and each series of Future Parity Bonds. *From and after the*
16 ~~*((redemption or defeasance of the 2008 Bonds, 2009A Bonds, 2009B Bonds,*~~
17 ~~*2012 Bonds, 2014 Bonds, and 2016 Bonds (the “Reserve Covenant Date”))*~~
18 *Reserve Covenant Date*, the term **“Covered Parity Bonds”** shall exclude each
19 series of Parity Bonds for which the applicable Bond ~~*((Sale Terms))*~~ Documents
20 *provide that, from and after the Reserve Covenant Date, such series shall no*
21 *longer be treated as a series of Covered Parity Bonds and shall no longer be*
22 *secured by the amounts in the Reserve Subaccount.*

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

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

3 **“Director of Finance”** or **“Director”** means the City’s Director of ~~((the))~~
4 Finance ~~((Division of the Department of Finance and Administrative Services of~~
5 ~~the City, or any))~~ or such other officer who succeeds to substantially all of the
6 responsibilities of that office.

7 **“Drainage and Wastewater Fund”** means the fund created by Ordinance
8 84390 and later renamed by Ordinance 114155, into which is paid the Gross
9 Revenue of the Drainage and Wastewater System.

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

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

1 **“Event of Default”** ~~((shall have))~~ has the meaning ~~((assigned to that term~~
2 ~~in Section))~~ given in subsection 25(a) of this ordinance.

3 **“Fiscal Agent”** means the fiscal agent of the State, as the same may be
4 designated by the State from time to time, or such other fiscal agent as the City
5 may later appoint.

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

10 **“Future Parity Bonds”** means, with reference to any Series, all revenue
11 bonds and obligations of the Drainage and Wastewater System (other than that
12 Series and any other Parity Bonds then outstanding) issued or entered into after
13 the Issue Date of such Series, the payment of which constitutes a charge and lien
14 on Net Revenue equal in priority with the charge and lien upon such revenue for
15 the payment of the amounts required to be paid into the Parity Bond Account in
16 accordance with Section 15 of this ordinance. Future Parity Bonds may include
17 Parity Payment Agreements and any other obligations issued in compliance with
18 the Parity Conditions.

19 **“Government Obligations”** means, unless otherwise limited in the Bond
20 Documents for a particular Series of the Bonds, any government obligation as that
21 term is defined in RCW 39.53.010, as ~~((now in effect or as may be hereafter))~~
22 amended at any time.

1 **“Gross Revenue”** means (a) all income, revenues, receipts, and profits
2 derived by the City through the ownership and operation of the Drainage and
3 Wastewater System; (b) the proceeds received by the City directly or indirectly
4 from the sale, lease, or other disposition of any of the properties, rights, or
5 facilities of the Drainage and Wastewater System; (c) Payment Agreement
6 Receipts, to the extent that such receipts are not offset by Payment Agreement
7 Payments; and (d) the investment income earned on money held in any fund or
8 account of the City, including any bond redemption funds and the accounts
9 therein, in connection with the ownership and operation of the Drainage and
10 Wastewater System. Gross Revenue does not include: (a) income derived from
11 investments irrevocably pledged to the payment of any defeased bonds payable
12 from Gross Revenue; (b) investment income set aside for or earned on money in
13 any fund or account created or maintained solely for the purpose of complying
14 with the arbitrage rebate provisions of the Code; (c) any gifts, grants, donations,
15 or other funds received by the City from any State or federal agency or other
16 person if such gifts, grants, donations, or other funds are the subject of any
17 limitation or reservation imposed by the donor or grantor or imposed by law or
18 administrative regulation to which the donor or grantor is subject, limiting the
19 application of such funds in a manner inconsistent with the application of Gross
20 Revenue hereunder; (d) the proceeds of any borrowing for capital improvements
21 (or the refinancing thereof); (e) the proceeds of any liability or other insurance,
22 including but not limited to insurance proceeds compensating the City for the loss
23 of a capital asset, but excluding business interruption insurance or other insurance

1 of like nature insuring against the loss of revenues; (f) general *ad valorem* taxes,
2 excise taxes and special assessments (other than ULID Assessments), including
3 interest and penalties thereon; and (g) earnings of any separate utility system that
4 may be created, acquired, or constructed by the City pursuant to Section 19 of this
5 ordinance.

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

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

14 “**Letter of Representations**” means the Blanket Issuer Letter of
15 Representations between the City and DTC dated October 4, 2006, as ~~((it may~~
16 ~~be))~~ amended ~~((from time to time))~~ at any time, or an agreement with a substitute or
17 successor Securities Depository.

18 ~~((“MSRB” means the Municipal Securities Rulemaking Board.))~~

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

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

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

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

7 **“Omnibus Refunding Ordinance”** means Ordinance 125455 (as
8 amended by Ordinance 126482 and by this this ordinance ((~~†~~)), as it may be
9 further amended ((~~from~~)) at any time ((~~to time~~), or any other ordinance of the City
10 passed)) in the future, authorizing the issuance of Refunding Parity Bonds ((~~for~~
11 the purpose of refunding)), or any future ordinance pursuant to which the Bonds
12 (or any Series of the Bonds) are designated as Refundable Bonds.

13 **“Operating and Maintenance Expense”** means all expenses incurred by
14 the City in causing the Drainage and Wastewater System to be operated and
15 maintained in good repair, working order, and condition, including without
16 limitation: (a) deposits, premiums, assessments, or other payments for insurance,
17 if any, on the Drainage and Wastewater System; (b) payments into pension funds;
18 (c) State-imposed taxes; (d) amounts due under Contract Resource Obligations in
19 accordance with Section 20 of this ordinance; (e) payments made to another
20 person or entity for treatment or disposal of sewage or other commodity or
21 service; and (f) payments with respect to any other expenses of the Drainage and
22 Wastewater System that are properly treated as Operating and Maintenance
23 Expense under generally accepted accounting principles applicable to municipal

1 corporations, including payments (other than payments out of proceeds of Parity
2 Bonds or other obligations not issued to pay current expenses of the Drainage and
3 Wastewater System) into reasonable reserves for items of operating or
4 maintenance expense the payment of which is not immediately required.

5 Operating and Maintenance Expense does not include: depreciation, amortization,
6 or other similar recognitions of non-cash expense items made for accounting
7 purposes only including non-cash pension expense; taxes levied or imposed by
8 the City, or payments in lieu of City taxes; payments of claims or judgments; or
9 capital additions or capital replacements of the Drainage and Wastewater System.

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

13 **“Outstanding Parity Bonds”** means those outstanding Parity Bonds
14 identified in Exhibit A to this ordinance. When used in reference to a particular
15 date (or in reference to a particular series of Parity Bonds), Outstanding Parity
16 Bonds shall mean those Parity Bonds ~~((t))~~, including any Parity Bonds issued
17 subsequent to the effective date of this ordinance~~),~~ that are outstanding as of that
18 date (or as of the issue date of ((such)) the referenced series of Parity Bonds).

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

21 **“Parity Bond Account”** means the Drainage and Wastewater Revenue
22 Bond Account, 1990, created ~~((by Ordinance 115098))~~ in the Drainage and

1 Wastewater Fund by Ordinance 115098 for the purpose of paying and securing
2 payment of the principal of and interest on Parity Bonds.

3 **“Parity Bond Documents”** means those Bond Documents applicable to a
4 series of Parity Bonds.

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

9 **“Parity Bonds”** means the Outstanding Parity Bonds (~~identified in~~
10 ~~Exhibit A~~), each Series of the Bonds, and any Future Parity Bonds then
11 outstanding. Parity Bonds may include Parity Payment Agreements in accordance
12 with Section 17 of this ordinance.

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

16 **“Parity Conditions”** means: (a) for purposes of establishing that a Series
17 of the Bonds may be issued on parity with the Parity Bonds outstanding as of the
18 Issue Date of such Series, the conditions for issuing Future Parity Bonds set forth
19 in the Parity Bond Ordinances relating to those Parity Bonds that are then
20 outstanding; and (b) for purposes of issuing Future Parity Bonds on parity with a
21 Series of the Bonds, the conditions described in (~~the preceding clause (a)~~)
22 subsection (a) of this definition, together with the conditions set forth in Section
23 17 of this ordinance.

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

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

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

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

7 **“Permitted Investments”** means any investments or investment
8 agreements permitted for the investment of City funds under the laws of the State,
9 as amended ((~~from time to~~)) at any time.

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

14 **“Principal and Interest Subaccount”** means the subaccount of that name
15 created in the Parity Bond Account ((~~by Ordinance 115098~~)) for the payment of
16 the principal of and interest on Parity Bonds.

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

20 **“Qualified Counterparty”** means a party (other than the City or a party
21 related to the City) who is the other party to a Payment Agreement, (a)(i) whose
22 senior debt obligations are rated in one of the three highest rating categories of
23 each Rating Agency (without regard to any gradations within a rating category), or

1 (ii) whose obligations under the Payment Agreement are guaranteed for the entire
2 term of the Payment Agreement by a bond insurer or other institution
3 ~~((which))~~that has been assigned a credit rating in one of the two highest rating
4 categories of each Rating Agency (without regard to any gradations within a rating
5 category); and (b) who is otherwise qualified to act as the other party to a
6 Payment Agreement under any applicable laws of the State.

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

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

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

21 **“Rate Stabilization Account”** means the account of that name
22 ~~((previously established by Section 26 of))~~ created in the Drainage and
23 Wastewater Fund pursuant to Ordinance 118974.

1 **“Rating Agency”** means any nationally recognized rating agency then
2 maintaining a rating on a series of ~~((then outstanding))~~ then-outstanding Parity
3 Bonds at the request of the City.

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

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

14 **“Refundable Bonds”** means any series of Parity Bonds or outstanding
15 subordinate obligations of the Drainage and Wastewater System that have been
16 designated, or may in the future be designated, as refundable under this ordinance.
17 For purposes of ~~((the))~~ this Omnibus Refunding Ordinance, the outstanding State
18 loans listed on Exhibit C to this amendatory ordinance, and all future loan
19 agreements entered into pursuant to chapter 39.69 RCW, are designated as
20 Refundable Bonds.

21 **“Refunded Bond Documents”** means those Bond Documents applicable
22 to a series of the Refunded Bonds.

1 **“Refunded Bonds”** means those Refundable Bonds identified in a
2 Refunding Plan in accordance with this ordinance.

3 **“Refunding Parity Bonds”** means Future Parity Bonds that satisfy the
4 applicable Parity Conditions and are issued pursuant to this ordinance (or another
5 Future Parity Bond Ordinance) for the purpose of refunding any Refundable
6 Bonds.

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

15 (a) The City shall issue a Series of the Bonds (which may be combined
16 within the Series with Parity Bonds authorized hereunder or separately) and, upon
17 receipt, shall deposit the proceeds of the sale of such Series, together with such
18 other money as may be included in the plan by the Director of Finance, into a
19 refunding escrow or trust account held by the Refunding Trustee;

20 (b) Upon receipt of a certification or verification by a certified public
21 accounting firm or other financial advisor that the amounts deposited with it will
22 be sufficient to accomplish the refunding as described in such Refunding Trust
23 Agreement, the Refunding Trustee shall invest such escrow deposits in the

1 Acquired Obligations specified therein (unless directed in the Refunding Trust
2 Agreement to hold such deposits uninvested) and shall establish a beginning cash
3 balance; and

4 (c) As further directed in the Refunding Trust Agreement, the Refunding
5 Trustee shall apply the amounts received as interest on and maturing principal of
6 such Acquired Obligations (together with any cash balance in the refunding trust
7 account) to call, pay, and redeem those Refundable Bonds on the dates and times
8 identified in the plan, and (if so directed) to pay the administrative costs of
9 carrying out the foregoing.

10 If the Director of Finance serves as the Refunding Trustee, the Director of
11 Finance shall approve a written Refunding Plan (which need not be set forth in a
12 Refunding Trust Agreement) providing that the escrow funds are to be held
13 separate and apart from all other funds of the City and are to be applied
14 substantially as set forth above.

15 **“Refunding Trust Agreement”** means an escrow or trust agreement
16 between the City and a Refunding Trustee, as described in ~~((Section))~~ subsection
17 26(d) of this ordinance.

18 **“Refunding Trustee”** means the Director of Finance, or a financial
19 institution selected by the Director of Finance, serving in the capacity of
20 refunding trustee or escrow agent under a Refunding Trust Agreement.

21 **“Registered Owner”** means, with respect to a Bond, the person in whose
22 name that Bond is registered on the Bond Register. For so long as a Series of the

1 Bonds is in Book-Entry Form under the Letter of Representations, the Registered
2 Owner of such Series (~~(shall mean)~~) means the Securities Depository.

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

7 **“Reserve Covenant Date”** means the earlier of: (a) the date on which the
8 City has obtained consents of the requisite percentage of Registered Owners of
9 the Parity Bonds then outstanding, in accordance with the provisions of the
10 applicable Outstanding Parity Bond Documents; or (b) the date on which all of
11 the following Outstanding Parity Bonds have been redeemed or defeased:
12 Drainage and Wastewater Improvement and Refunding Revenue Bonds, 2014,
13 and Drainage and Wastewater System Improvement and Refunding Revenue
14 Bonds, 2016.

15 **“Reserve Requirement”** means the least of (a) Maximum Annual Debt
16 Service on all Parity Bonds outstanding at the time of calculation, (b) 1.25 times
17 Average Annual Debt Service on all Parity Bonds outstanding at the time of
18 calculation, or (c) the sum of 10(~~(%)~~) percent of the proceeds of each series of
19 Parity Bonds then outstanding, as of the delivery of each such series. ***From and***
20 ***after the ((defeasance or redemption of the 2008 Bonds, 2009A Bonds, 2009B***
21 ***Bonds, 2012 Bonds, 2014 Bonds, and 2016 Bonds (as such Outstanding Parity***
22 ***Bonds are identified in Exhibit A))*** Reserve Covenant Date, the Reserve
23 ***Requirement shall mean the ((least))*** lesser of (a) Maximum Annual Debt

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

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

10 **“Reserve Subaccount”** means the subaccount of that name created in the
11 Parity Bond Account (~~(by Ordinance 115098)~~) for the purpose of securing the
12 payment of the principal of and interest on Parity Bonds.

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

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

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

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

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

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

4 **“Sinking Fund Requirement”** means, for any calendar year, the principal
5 ~~((amount and premium, if any,))~~ portion of any Term Bond(s) (including
6 redemption premium, if any) that is required to be purchased, redeemed, paid at
7 maturity, or paid into any Sinking Fund Account for such calendar year, as
8 established ~~((pursuant to))~~ in the applicable Bond Documents ~~((relating to such
9 Term Bonds))~~.

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

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

14 **“System of Registration”** means the system of registration for the City’s
15 bonds and other obligations established pursuant to Seattle Municipal Code
16 Chapter 5.10, as amended at any time.

17 ~~“(Tax Credit Subsidy) ”~~ **Tax-Advantaged Bond** means any ~~((Taxable))~~
18 Bond that is designated by the City as a tax-advantaged bond, including tax credit
19 ~~((bond))~~ bonds or any other type of special tax designation that is now or in the
20 future available pursuant to the Code, ~~((and which is further designated as a~~
21 ~~“qualified bond” under Section 6431 or similar provision of the Code, and with~~
22 ~~respect))~~ pursuant to which the City is ~~((eligible to claim a Tax Credit Subsidy~~
23 ~~Payment))~~ able to obtain a tax credit payment or any other type of tax advantage.

1 (~~“Tax Credit Subsidy Payment” means a payment by the federal~~
2 ~~government with respect to a Tax Credit Subsidy Bond.~~)

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

6 **“Taxable Bond”** means any Parity Bond((;)) the interest on which is not
7 intended, as of the Issue Date, to be excludable from gross income for federal
8 income tax purposes.

9 **“Term Bond”** means any Parity Bond that is issued subject to mandatory
10 redemption (~~(prior to its maturity)~~) in Sinking Fund Requirements prior to its
11 maturity date.

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

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

21 **“Valuation Date”** means, with respect to any Capital Appreciation Bond,
22 the date or dates, determined as set forth in the applicable Parity Bond Documents

1 (~~relating to the relevant series of Parity Bonds~~), on which specific Accreted
2 Values are assigned to that Capital Appreciation Bond.

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

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

1 is in force shall be treated as a Variable Interest Rate Bond if the net economic
2 effect of the Payment Agreement is to produce an obligation that bears interest at
3 a Variable Interest Rate.

4 (b) **Amendments to Subsection 5(b)**. Subsection 5(b) of Ordinance 125455, last
5 amended by Ordinance 126482, is amended as follows:

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

7 **Terms.**

8 * * *

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

15 (i) **Maximum Principal Amount.** The aggregate principal amount
16 of Bonds issued to carry out to each Refunding Plan may not exceed 125% of the
17 stated principal amount of those Refundable Bonds selected for refunding in that
18 Refunding Plan.

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

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

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

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

18 (vi) **Final Maturity**. The final maturity of any Series of the Bonds
19 shall be determined by the Director of Finance, consistent with chapter 39.53
20 RCW and other applicable State law, as ~~((it may be))~~ amended ~~((from time to))~~ at
21 any time.

22 (vii) **Redemption Prior to Maturity**. The Bond Sale Terms may
23 include redemption and tender provisions, as determined by the Director of

1 Finance in ~~((his))~~ the Director's discretion, consistent with Section 8 of this
2 ordinance and subject to the following:

3 (A) **Optional Redemption.** The Director of Finance may
4 designate any Bond as subject to optional redemption prior to its maturity,
5 consistent with subsection 8(a) of this ordinance. Any Bond that is subject to
6 optional redemption prior to maturity must be callable on at least one or more
7 dates occurring not more than ~~((10½))~~ 10-1/2 years after the Issue Date(~~(;~~
8 ~~consistent with Section 8(a))~~).

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

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

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

22 (viii) **Price.** The Director of Finance may approve in the Bond Sale
23 Terms an aggregate purchase price for each Series of the Bonds that is, in ~~((his or~~

1 ~~her~~) the Director's judgment, the price that produces the most advantageous
2 borrowing cost for the City, consistent with the parameters set forth (~~herein~~) in
3 this ordinance and in any applicable bid documents.

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

5 (A) **Refunding Findings; Approval of Refunding Plan.**

6 As of the Issue Date of each Series, the Director of Finance must approve a
7 Refunding Plan (which may be set forth in a Refunding Trust Agreement) and
8 finds that such Refunding Plan is necessary to accomplish one or more of the
9 purposes set forth in RCW 39.53.020, as (it may be) amended (~~from time to~~) at
10 any time and is consistent with the City's debt policies then in effect (including, if
11 applicable, a finding that the Refunding Plan will achieve an acceptable level of
12 debt service savings).

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

17 (C) **Additional Terms, Conditions, and Agreements.** The
18 Bond Sale Terms for any Series may provide for Bond Insurance or other credit
19 enhancement, a Reserve Security, Qualified Letter of Credit, (~~credit~~
20 ~~enhancement, or for any other~~) or Payment Agreement as the Director of Finance
21 may find necessary or desirable. The Bond Sale Terms for any Series may provide
22 for multiple interest rate modes and may include provisions for conversion from
23 any interest rate mode to any other interest rate mode. To that end, the Bond Sale

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

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

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

19 (c) **Amendments to Section 8.** Section 8 of Ordinance 125455, last amended by
20 Ordinance 126482, is amended as follows:

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

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

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

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

21 (c) **Extraordinary Redemption ((~~Provisions~~)).** All or some of the Bonds
22 of any Series may be subject to extraordinary optional redemption or
23 extraordinary mandatory redemption prior to maturity upon the occurrence of an

1 extraordinary event, at the prices, in the principal amounts, and on the dates, all as
2 set forth in the applicable Bond Documents.

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

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

1 (d) **Amendments to Section 9.** Section 9 of Ordinance 125455, last amended by
2 Ordinance 126482, is amended as follows:

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

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

22 (e) **Amendments to Section 10.** Section 10 of Ordinance 125455, last amended by
23 Ordinance 126482, is amended as follows:

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

11 (f) **Amendments to Section 11.** Section 11 of Ordinance 125455, last amended by
12 Ordinance 126482, is amended as follows:

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

18 Only Bonds bearing a certificate of authentication in substantially the
19 following form (with the designation, year, and Series and other designation, if
20 any, all adjusted consistent with this ordinance and the Bond Sale Terms),
21 manually signed by the Bond Registrar, shall be valid or obligatory for any
22 purpose or entitled to the benefits of this ordinance: “This Bond is one of the fully
23 registered The City of Seattle, Washington, [Drainage and Wastewater Refunding

1 Revenue Bonds], [Year], [Series and other designation, if any], described in [this
2 ordinance].” The authorized signing of a certificate of authentication shall be
3 conclusive evidence that the Bond so authenticated has been duly executed,
4 authenticated and delivered and is entitled to the benefits of this ordinance.

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

15 (g) **Amendments to Section 13.** Section 13 of Ordinance 125455, last amended by
16 Ordinance 126482, is amended as follows:

17 Section 13. **Security for the Bonds; Parity with Outstanding Parity**
18 **Bonds.** The Bonds shall be special limited obligations of the City payable from
19 and secured solely by the Net Revenue (including all ULID Assessments, if any)
20 and money in the Parity Bond Account and the subaccounts therein, *except that*
21 *from and after the ~~((date on which the 2008 Bonds, 2009A Bonds, 2009B~~*
22 *~~Bonds, 2012 Bonds, 2014 Bonds, and 2016 Bonds have been redeemed or~~*
23 *~~defeased))~~Reserve Covenant Date, money in the Reserve Subaccount shall*

1 ***secure only Covered Parity Bonds***. The Net Revenue (including all ULID
2 Assessments, if any) is pledged to make the payments into the Parity Bond
3 Account required by this ordinance. This pledge constitutes a charge and lien
4 upon such Net Revenue prior and superior to all other liens and charges
5 whatsoever.

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

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

21 **(h) Amendments to Section 14.** Section 14 of Ordinance 125455, last amended by
22 Ordinance 126482, is amended as follows:

1 Section 14. **Priority Expenditure of Gross Revenue; Flow of Funds.**

2 Gross Revenue shall be deposited as received in the Drainage and Wastewater
3 Fund and used for the following purposes only, in the following order of priority:

4 (a) To pay ~~((the))~~ Operating and Maintenance Expense;

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

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

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

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

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

5 (i) **Amendments to Section 15.** Section 15 of Ordinance 125455, last amended by
6 Ordinance 126482, is amended as follows:

7 Section 15. **Parity Bond Account.** A special account of the City known as
8 the Parity Bond Account has been previously created and shall be maintained as a
9 separate account within the Drainage and Wastewater Fund, for the sole purpose
10 of paying the principal of and premium, if any, and interest on the Parity Bonds as
11 the same shall become due. The Parity Bond Account consists of the Principal and
12 Interest Subaccount and the Reserve Subaccount, and may additionally include
13 such subaccounts as the Director of Finance may deem necessary, so long as the
14 maintenance of such subaccounts does not conflict with the rights of the owners
15 of Parity Bonds. Principal of, premium (if any),² and interest on the Parity Bonds
16 shall be payable out of the Parity Bond Account.

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

22 (i) Into the Principal and Interest Subaccount on or before each
23 date on which interest on or principal of Parity Bonds (including Sinking Fund

1 Requirements and net payments under any Parity Payment Agreements) shall
2 become due and payable, an amount that will be sufficient, together with other
3 money on deposit therein, to pay such principal, interest, Sinking Fund
4 Requirements, and net payments then due on Parity Payment Agreements as the
5 same shall become due; and

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

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

1 **(b) Reserve Subaccount.** The Reserve Subaccount (~~((previously))~~) has
2 been previously created and is maintained as a subaccount within the Parity Bond
3 Account for the purpose of securing the payment of the principal of and interest
4 on all Parity Bonds outstanding (including amounts due under any Parity Payment
5 Agreements if required under such agreement). The City covenants that it will at
6 all times, so long as any Covered Parity Bonds are outstanding, maintain the
7 Reserve Subaccount at the Reserve Requirement (taking into account scheduled
8 payments to fund the Reserve Requirement over time), as it is adjusted from time
9 to time, except for withdrawals as authorized by this ordinance. Any withdrawals
10 authorized below from subaccounts within the Reserve Subaccount shall be made
11 on a *pro rata* basis except if the provider of a Reserve Security requires all cash
12 and investments in the Reserve Subaccount to be withdrawn before draws are
13 made on the Reserve Security, or unless the City receives an opinion of Bond
14 Counsel to the effect that such *pro rata* withdrawal is not required to maintain the
15 exclusion of interest on the then-outstanding Parity Bonds (~~((then-outstanding))~~)
16 issued as Tax-Exempt Bonds from gross income for federal income tax purposes.

17 **(i) Use of Reserve Subaccount for Payment of Debt Service.** In
18 the event of a deficiency in the Principal and Interest Subaccount to meet current
19 installments of either principal (including Sinking Fund Requirements) or interest
20 (including amounts payable under any Parity Payment Agreement), the Director
21 of Finance may make withdrawals of money or proceeds of a Reserve Security in
22 the Reserve Subaccount. *~~From and after the ((redemption or defeasance of the~~*
23 *~~2008 Bonds, 2009A Bonds, 2009B Bonds, 2012 Bonds, 2014 Bonds, and 2016~~*

1 ~~Bonds,))~~ Reserve Covenant Date, the Reserve Subaccount shall secure the
2 payment of principal of and interest on Covered Parity Bonds only and the
3 withdrawals authorized by this paragraph shall be limited to the amounts
4 necessary to meet ((current)) maturing installments of either principal (or
5 Sinking Fund Requirements) or interest (including net payments under Parity
6 Payment Agreements) with respect only to Covered Parity Bonds. Any
7 deficiency created in the Reserve Subaccount by reason of any such withdrawal or
8 claim against a Reserve Security shall then be made up from ((the ULID
9 Assessments and)) Net Revenue (including all ULID Assessments, if any) first
10 available after making necessary provisions for the required payments into the
11 Principal and Interest Subaccount.

12 (ii) **Application of Funds in Reserve Account.** The money in the
13 Reserve Subaccount may be applied to the payment of the last outstanding
14 Covered Parity Bonds, and when the total amount in the Parity Bond Account
15 (including investment earnings) equals the total amount of principal of and
16 interest ((for)) on all then-outstanding Covered Parity Bonds to the last maturity
17 thereof, no further payment need be made into the Parity Bond Account in respect
18 of the Covered Parity Bonds. Money in the Reserve Subaccount (including
19 investment earnings) in excess of the Reserve Requirement may be withdrawn
20 and deposited in the Principal and Interest Subaccount and spent for the purpose
21 of retiring Covered Parity Bonds or may be deposited in any other fund or account
22 and spent for any other lawful Drainage and Wastewater System purpose.

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

20 **(d) Failure to Deposit Money in Parity Bond Account.** If the City fails
21 to set aside and pay into the Parity Bond Account, or the subaccounts therein, the
22 amounts set forth ~~((above))~~ in this ordinance, the registered owner of any of the
23 outstanding Parity Bonds may bring action against the City for failure to make the

1 required deposits to the Parity Bond Account only in accordance with Section 25
2 of this ordinance regarding Events of Default.

3 * * *

4 (j) **Amendments to Subsection 16(c)**. Subsection 16(c) of Ordinance 125455, last
5 amended by Ordinance 126482, is amended as follows:

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

8 * * *

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

10 (i) The City will not sell, lease, mortgage, or in any manner
11 encumber or dispose of all of the property of the Drainage and Wastewater
12 System unless provision is made for the payment into the Parity Bond Account of
13 an amount sufficient to pay the principal of (including redemption premium, if
14 any) and interest on all Parity Bonds then outstanding ~~((; and it will not sell, lease,~~
15 ~~mortgage, or in any manner encumber or))~~.

16 (ii) Notwithstanding the foregoing, the City may sell, transfer, or
17 otherwise dispose of (each, a “transfer”) ((any)) a portion of any of the works,
18 plant, properties, facilities, or other part of ((the property of)) the Drainage and
19 Wastewater System ((that is used, useful and material to the operation thereof,
20 except)), or any real or personal property comprising a part of the Drainage and
21 Wastewater System, consistent with one or more of the following:

22 ~~((i) If)) (A) The City in its discretion may carry out such a
23 transfer if provision is made for replacement ~~((thereof))~~ of the transferred portion~~

1 of the Drainage and Wastewater System, or for payment into the Parity Bond
2 Account of the total amount of Gross Revenue received from the transferred
3 portion of the Drainage and Wastewater System (~~((transferred))~~), which shall not be
4 less than an amount which shall bear the same ratio to the amount of Parity Bonds
5 then outstanding as (x) the Gross Revenue available for debt service for such
6 outstanding bonds for the 12 months preceding such transfer from the transferred
7 portion of the Drainage and Wastewater System (~~((so transferred))~~) bears to (y) the
8 Gross Revenue available for debt service for the (~~((then outstanding))~~) then-
9 outstanding Parity Bonds from the entire Drainage and Wastewater System of the
10 City for the same period. Any such money so paid into the Parity Bond Account
11 shall be used to retire such Parity Bonds at the earliest possible date; or

12 ~~((ii)-H)~~ (B) The City in its discretion may carry out such
13 transfers if the aggregate depreciated cost value of the facilities or property being
14 transferred under this subsection in any fiscal year comprises no more than 5~~((%)~~)
15 percent of the total assets of the Drainage and Wastewater System; or

16 ~~((iii)-H)~~ (C) The City in its discretion may carry out such
17 a transfer if the proceeds from such transfer are used to acquire new useful
18 operating facilities or properties of the Drainage and Wastewater System, or are
19 used to retire outstanding Parity Bonds or other revenue obligations of the
20 Drainage and Wastewater System, (~~((and))~~) if, at the time of such transfer, the City
21 has on file a certificate of both the Director of Finance and the Director of Seattle
22 Public Utilities (or any officer who succeeds to substantially all of the
23 responsibilities of either office) demonstrating that, in (~~((their opinion))~~) such

1 officers' opinions, upon such transfer and the use of proceeds of the transfer as
2 proposed by the City, the remaining facilities of the Drainage and Wastewater
3 System will retain their operational integrity and, based on the financial
4 statements for the most recent fiscal year available, the proposed transfer would
5 not prevent the Drainage and Wastewater System from complying with the
6 Coverage Requirement during the five fiscal years following the fiscal year in
7 which the transfer is to occur. The certificate shall take into account ~~((A))~~ (1)
8 the reduction in revenue and expenses, if any, resulting from the transfer; ~~((B))~~
9 (2) the use of any proceeds of the transfer for the redemption of Parity Bonds;
10 ~~((C))~~ (3) the estimate of revenue from customers anticipated to be served by any
11 additions to and betterments and extensions of the Drainage and Wastewater
12 System financed in part by the proposed portion of the proceeds of the transfer;
13 and ~~((D))~~ (4) any other adjustment permitted in the preparation of a certificate
14 under ~~((Section))~~ subsection 17(b) of this ordinance. Before completing any such
15 ~~((a))~~ transfer, the City ~~((also))~~ must also obtain confirmation from each ~~((of the~~
16 Rating Agencies)) Rating Agency then supplying a rating on the Bonds at the
17 request of the City to the effect that the rating then in effect will not be reduced or
18 withdrawn upon such transfer, unless such Rating Agency no longer offers a
19 rating confirmation service as part of its business.

20 Nothing in this covenant shall prevent the City from transferring facilities
21 or property that are no longer necessary, material or useful to the operation of the
22 Drainage and Wastewater System or that have become unserviceable, inadequate,

1 obsolete, or unfit to be used in the operation of the Drainage and Wastewater
2 System.

3 (k) **Amendments to Section 17.** Section 17 of Ordinance 125455, last amended by
4 Ordinance 126482, is amended as follows:

5 Section 17. **Future Parity Bonds.**

6 (a) **Issuance of Future Parity Bonds.** The City reserves the right to issue
7 Future Parity Bonds and to enter into Parity Payment Agreements for any lawful
8 purpose of the Drainage and Wastewater System (including for the purpose of
9 refunding a portion of the then-outstanding Parity Bonds) only if, at the time of
10 the issuance of such series of Future Parity Bonds (or upon the effective date of
11 the Parity Payment Agreement), the following conditions are satisfied:

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

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

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

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

1 (v) For each series of Future Parity Bonds that is to be issued as a
2 series of Covered Parity Bonds, the Bond Documents must provide for the deposit
3 into the Reserve Subaccount of an amount((;)) (if any((;)) necessary to fund the
4 Reserve Requirement upon the issuance of those Future Parity Bonds ((if any)),
5 which requirement may be satisfied: (A) by a deposit into the Reserve
6 Subaccount, made on the ((Issue Date)) issue date of such series, of proceeds of
7 that series of Future Parity Bonds or other money legally available for such
8 purpose; (B) by obtaining one or more Reserve Securities (or a deposit of cash
9 plus Reserve Securities) available to be drawn upon in specific amounts to be paid
10 into the Reserve Subaccount and credited against the deposits required to be
11 maintained in the Reserve Subaccount; or (C) by a deposit into the Reserve
12 Subaccount of amounts necessary to fund the Reserve Requirement from ((~~ULID~~
13 ~~Assessments and~~) Net Revenue (and ULID Assessments, if any) within five
14 years from the date of issuance of those Future Parity Bonds, in five
15 approximately equal annual payments. Immediately prior to the issuance of
16 Future Parity Bonds, amounts then deposited in the Reserve Subaccount shall be
17 valued as determined on the most recent annual financial report of the City
18 applicable to the Drainage and Wastewater System, and the additional amounts, if
19 any, required to be deposited into the Reserve Subaccount to satisfy the Reserve
20 Requirement shall be based on that valuation.

21 (vi) There must be on file with the City a Parity Certificate as
22 described in subsection 17(b) of this ordinance. However, if the proposed Future
23 Parity Bonds (or any portion thereof) are to be issued for the purpose of refunding

1 outstanding Parity Bonds (referred to as the “Refunding Parity Bonds”), no Parity
2 Certificate shall be required as to that portion issued for refunding purposes if the
3 Director of Finance finds and certifies that the Adjusted Annual Debt Service on
4 the refunding portion of the proposed Refunding Parity Bonds is not more than
5 \$5,000 greater than the Adjusted Annual Debt Service on the Parity Bonds to be
6 refunded thereby. Alternatively, Refunding Parity Bonds may be issued upon
7 delivery of a Parity Certificate.

8 (b) **Parity Certificate.** A Parity Certificate required under subsection
9 17(a)(vi) of this ordinance may be provided as follows:

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

17 (ii) A certificate may be prepared and signed by both the Director
18 of Finance and the Director of Seattle Public Utilities (or any officer who
19 succeeds to substantially all of the responsibilities of either office), demonstrating
20 that, in ~~((their))~~ the opinion of each officer, Adjusted Net Revenue for the five
21 fiscal years next following the earlier of

1 (A) the end of the period during which interest on those
2 Future Parity Bonds is to be capitalized or, if no interest is capitalized, the fiscal
3 year in which the Future Parity Bonds are issued, or

4 (B) the date on which substantially all the new facilities
5 financed with those Future Parity Bonds are expected to commence operations,
6 such Adjusted Net Revenue, further adjusted as provided in paragraphs ~~((1)~~
7 ~~through (4) below))~~ (b)(ii)(B)(1) through (b)(ii)(B)(4) of this subsection, will be at
8 least equal to the Coverage Requirement. That certificate may take into account
9 the following adjustments:

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

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

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

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

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

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

1 Bonds for the purpose of refunding (~~(Outstanding)~~) outstanding Parity Bonds,
2 upon compliance with the Parity Conditions set forth in this section.

3 (e) **Reserve Requirement; Election Not to Designate Bonds as Covered**
4 **Parity Bonds**. Notwithstanding anything in this section to the contrary, in the
5 Bond (~~(Sale Terms)~~) Documents relating to the issuance or sale of a series of
6 Future Parity Bonds, the City may elect that, from and after the (~~(redemption or~~
7 ~~*defeasance of the 2008 Bonds, 2009A Bonds, 2009B Bonds, 2012 Bonds, 2014*~~
8 ~~*Bonds, and 2016 Bonds)*~~) Reserve Covenant Date, such series shall not be
9 deemed to be a series of Covered Parity Bonds, shall not be secured by the
10 amounts in the Reserve (~~(Account)~~) Subaccount, and shall be excluded from the
11 calculation of the Reserve Requirement.

12 (l) **Amendments to Subsection 21(a)**. Subsection 21(a) of Ordinance 125455, last
13 amended by Ordinance 126482, is amended as follows:

14 Section 21. **Refunding (~~(or)~~) and Defeasance of Bonds**.

15 (a) **Bonds Designated as Refundable and Defeasible Bonds**. Each Series
16 of the Bonds is designated as a series of “Refundable Bonds” for purposes of
17 being eligible to be refunded in the future under this ordinance and as “Defeasible
18 Bonds” for purposes of the Omnibus Defeasance Ordinance.

19 * * *

20 (m) **Amendments to Section 22**. Section 22 of Ordinance 125455, last amended by
21 Ordinance 126482, is amended as follows:

22 Section 22. (~~(Provisions Relating to-)~~) **Federal Tax (~~(Issues)~~) Matters**.

23 The Bond Documents may include such additional terms and covenants relating

1 to federal tax matters as the Director of Finance deems necessary or appropriate,
2 including the following:

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

20 (b) **Taxable Bonds(~~;~~ ~~Tax Credit Subsidy~~) and Tax-Advantaged**
21 **Bonds.** For each Series of the Bonds issued as Taxable Bonds or as (~~Tax Credit~~
22 ~~Subsidy~~) Tax-Advantaged Bonds, the Director of Finance is authorized to make
23 (~~provision~~) any required designations or elections in the Bonds and other Bond

1 Documents (~~(, to)~~). In addition, the Director of Finance may execute additional
2 written agreements(,) and (~~(to make)~~) approve additional bond covenants on
3 behalf of the City, all as ((he or she)) the Director may deem necessary or
4 appropriate in order to obtain, maintain, and administer such tax status. In the case
5 of ((Tax Credit Subsidy)) Tax-Advantaged Bonds, such additional covenants and
6 ((agreement)) agreements may include (without limiting the generality of the
7 foregoing) those provisions as are necessary or convenient in order for the City (i)
8 to receive from the United States Treasury ((the applicable Tax Credit Subsidy
9 Payments)) any tax credit payment or other tax benefit the City may be eligible to
10 receive in respect of such ((Tax Credit Subsidy Bonds))Tax-Advantaged Bond,
11 and (ii) to ensure that such Series otherwise ((become)) becomes and ((remain))
12 remains eligible for those tax ((benefits)) advantages under the Code.

13 (n) **Amendments to Section 23.** Section 23 of Ordinance 125455, last amended by
14 Ordinance 126482, is amended as follows:

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

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

1 distribution to potential purchasers of the Bonds of ((~~a~~)) such preliminary official
2 statement that has been deemed final in accordance with this subsection 23(a).

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

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

16 (o) **Amendments to Section 24.** Section 24 of Ordinance 125455, last amended by
17 Ordinance 126482, is amended as follows:

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

1 (a) **Amendments (~~Without~~) without Bond Owner Consent.** From time
2 to time and at any time, without the consent of or notice to any owners of Parity
3 Bonds, the City may supplement or amend the Bond Documents applicable to any
4 Series of the Bonds for any of the purposes set forth in this subsection 24(a). Any
5 such supplement or amendment may be passed, adopted, or otherwise approved
6 by the City, without requiring the consent of the registered owners of any Parity
7 Bonds, but may become effective only upon receipt by the City of an opinion of
8 Bond Counsel stating that such supplement or amendment is authorized or
9 permitted by this ordinance and, upon the effective date thereof, will be valid and
10 binding upon the City in accordance with its terms, and will not adversely affect
11 the exclusion from gross income for federal income tax purposes of interest on the
12 affected Series of the Bonds, if such Series was issued and sold as Tax-Exempt
13 Bonds. The types of supplements and amendments permitted under this
14 subsection 24(a) are as follows:

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

18 (ii) To impose upon the Bond Registrar (with its consent) for the
19 benefit of the owners of Parity Bonds any additional rights, remedies, powers,
20 authority, security, liabilities, or duties which may lawfully be granted, conferred,
21 or imposed and which are not contrary to or inconsistent with such Bond
22 Documents as theretofore in effect;

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

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

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

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

21 (vii) To modify, alter, amend, or supplement the Bond Documents
22 in any other respect (~~which~~) that is not materially adverse to the owners of the

1 Parity Bonds and ~~((which))~~ that does not involve a change described in
2 subsection 24(c) of this ~~((section))~~ ordinance; and

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

9 (b) **Amendments ~~((With))~~ with Bond Owner Consent.** With the consent
10 of registered owners of not less than 60~~((%)~~) percent in aggregate principal
11 amount of the Parity Bonds then outstanding, the City may pass, adopt, or
12 otherwise approve any supplement or amendment (other than amendments
13 requiring unanimous consent as set forth in subsection 24(c) of this ordinance) to
14 any Bond Document that is deemed necessary or desirable by the City for the
15 purpose of modifying, altering, amending, supplementing, or rescinding, in any
16 particular, any of the terms or provisions contained in such Bond Document other
17 than those terms and provisions described in subsection 24(c) of this ordinance.

18 (c) **Amendments Prohibited Except ~~((Upon))~~ upon Unanimous**
19 **Consent.** Unless approved in writing by or on behalf of the registered owner of
20 each Parity Bond then outstanding, nothing contained in this section shall permit,
21 or be construed as permitting, (i) a change in the times, amounts, or currency of
22 payment of the principal of or interest on any outstanding Parity Bond, (ii) a
23 reduction in the principal amount or redemption price of any outstanding Parity

1 Bond, (iii) a change in the method of determining the rate of interest thereon
2 (other than a conversion to a new interest rate mode in accordance with the
3 applicable Bond Documents), (iv) a preference or priority of any Parity Bond over
4 any other Parity Bond, or (v) a reduction in the percentage of the aggregate
5 principal amount of the then-outstanding Parity Bonds required to effect a change
6 under subsection 24(b) of this ordinance.

7 (d) **Notice to Bond Owners.** If at any time the City passes, adopts, or
8 otherwise approves a supplement or amendment for any of the purposes of
9 subsection 24(b) or 24(c) of this ordinance, the Bond Registrar shall cause notice
10 of the proposed supplement or amendment to be given by (~~first-class~~) first-class
11 mail (i) to all registered owners of the (~~then-outstanding~~) then-outstanding Parity
12 Bonds, (ii) to each provider of Bond Insurance or a Reserve Security, and (iii) to
13 each Rating Agency. Such notice shall briefly set forth the nature of the proposed
14 supplement or amendment and shall state that a copy is on file at the office of the
15 City Clerk for inspection by all owners of the then-outstanding Parity Bonds.

16 (e) **Effective Date; Consents.** Any supplement or amendment,
17 substantially as described in the notice mailed pursuant to subsection 24(d) of this
18 ordinance, may go into effect upon delivery to the Bond Registrar of (i) the
19 required consents, in writing, of registered owners of the Parity Bonds, and (ii) an
20 opinion of Bond Counsel stating that such supplement or amendment is
21 authorized or permitted by this ordinance. Upon the effective date thereof, such
22 supplement or amendment will be valid and binding upon the City in accordance

1 with its terms and will not adversely affect the exclusion from gross income for
2 federal income tax purposes of interest on any Tax-Exempt Bonds.

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

18 (f) **Effect of Amendment or Supplement**. Upon the effective date of any
19 (~~supplement or~~) amendment or supplement, this ordinance (or the relevant Bond
20 Document, if not set forth (~~herein~~) in this ordinance) shall be deemed to be
21 modified and amended in accordance therewith, and the respective rights, duties,
22 and obligations of the City and all owners of Parity Bonds then outstanding shall
23 thereafter be determined, exercised, and enforced in accordance with and subject

1 in all respects to such modifications and amendments. All the terms and
2 conditions of any such supplement or amendment shall be deemed to be a part of
3 this ordinance and the Bond Documents for any and all purposes.

4 (g) **Special Amendments.** If and to the extent that it is determined that the
5 written consent of Registered Owners of the Bonds is required under subsection
6 24(b) or 24(c) of this ((section)) ordinance, the Registered Owners from time to
7 time of the Bonds, by taking and holding the same, are ((hereby)) deemed to have
8 consented to any supplement or amendment to the Bond Documents effecting any
9 one or more of the following changes:

10 (i) When calculating “Annual Debt Service,” to permit or require
11 ((Tax Credit Subsidy Payments)) any tax credit payments (or other similar
12 payments) in respect of any Tax-Advantaged Bonds expected to be received by
13 the City ((in any)) during a given period to be credited against amounts required
14 to be paid in respect of interest on the Parity Bonds in that period; and

15 (ii) To permit or require ((Tax Credit Subsidy Payments)) tax
16 credit payments (or similar payments) in respect of Tax-Advantaged Bonds to be
17 deposited into the Principal and Interest Subaccount and credited against the Net
18 Revenue otherwise required to be deposited into the Principal and Interest
19 Subaccount; and

20 (iii) To permit the reimbursement obligations of the City under any
21 Qualified Letter of Credit or Qualified Insurance (other than a Qualified Letter of
22 Credit or Qualified Insurance obtained to satisfy all or part of the Reserve
23 Requirement) to be secured by a lien and charge on Net Revenue equal in rank

1 with the lien and charge upon such Net Revenue required to be paid into the
2 Parity Bond Account to pay and secure the payment of the principal of and
3 interest on Parity Bonds.

4 (p) **Amendments to Section 25.** Section 25 of Ordinance 125455, last amended by
5 Ordinance 126482, is amended as follows:

6 Section 25. **Defaults and Remedies.**

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

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

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

1 steps within the six months after written notice has been given to remedy the
2 default and is diligently pursuing such remedy.

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

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

1 signed and acknowledged by such registered owners of the Parity Bonds or by
2 their attorneys-in-fact duly authorized. The Bond Owners' Trustee may require
3 such security and indemnity as may be reasonable against the costs, expenses and
4 liabilities that may be incurred in the performance of its duties.

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

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

15 (c) **Suits at Law or in Equity.** Upon the occurrence of an Event of
16 Default and during the continuance thereof, the Bond Owners' Trustee may; (and,
17 upon the written request of the registered owners of not less than 25% percent in
18 principal amount of the Parity Bonds then outstanding, shall ~~((;))~~ take such steps
19 and institute such suits, actions, or other proceedings, all as it may deem
20 appropriate for the protection and enforcement of the rights of the registered
21 owners of the Parity Bonds, to collect any amounts due and owing to or from the
22 City, or to obtain other appropriate relief, and may enforce the specific

1 performance of any covenant, agreement, or condition contained in this ordinance
2 or set forth in any of the Parity (~~Bonds~~) Bond Documents.

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

8 Any action, suit, or other (~~proceedings~~) proceeding instituted by the
9 Bond Owners' Trustee hereunder shall be brought in its name as the Bond
10 Owners' Trustee and all such rights of action upon or under any of the Parity
11 Bonds or the provisions of this ordinance may be enforced by the Bond Owners'
12 Trustee without the possession of any of those Parity Bonds and without the
13 production of the same at any trial or proceedings relative thereto except where
14 otherwise required by law. Any such suit, action or proceeding instituted by the
15 Bond Owners' Trustee shall be brought for the ratable benefit of all of the
16 registered owners of those Parity Bonds, subject to the provisions of this
17 ordinance. The respective registered owners of the Parity Bonds, by taking and
18 holding the same, shall be conclusively deemed irrevocably to appoint the Bond
19 Owners' Trustee the true and lawful trustee of the respective registered owners of
20 those Parity Bonds, with authority to institute any such action, suit or proceeding;
21 to receive as trustee and deposit in trust any sums becoming distributable on
22 account of those Parity Bonds; to execute any paper or documents for the receipt
23 of money; and to do all acts with respect thereto that the registered owner

1 (~~himself or herself~~) might have done in person. Nothing (~~herein~~) in this
2 ordinance shall be deemed to authorize or empower the Bond Owners' Trustee to
3 consent to accept or adopt, on behalf of any owner of the Parity Bonds, any plan
4 of reorganization or adjustment affecting the Parity Bonds or any right of any
5 registered owner thereof, or to authorize or empower the Bond Owners' Trustee
6 to vote the claims of the registered owners thereof in any receivership, insolvency,
7 liquidation, bankruptcy, reorganization, or other proceeding to which the City is a
8 party.

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

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

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

21 (iii) (~~to~~) To the payment to the persons entitled thereto of the
22 unpaid principal amounts of any Parity Bonds which shall have become due
23 (other than Parity Bonds previously called for redemption for the payment of

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (q) **Amendments to Section 29.** Section 29 of Ordinance 125455, last amended by
13 Ordinance 126482, is amended as follows:

14 Section 29. **General Authorization.** In addition to the specific
15 authorizations in this ordinance, the Mayor and the Director of Finance and each
16 of the other appropriate officers of the City are each authorized and directed to do
17 everything as ~~((in his or her judgment may be))~~ such officer may judge necessary,
18 appropriate, or desirable in order to carry out the terms and provisions of, and
19 complete the transactions contemplated by, this ordinance. In particular and
20 without limiting the foregoing:

21 (a) The Director of Finance, in ~~((his or her))~~ the Director's discretion and
22 without further action by the City Council, (i) may issue requests for proposals to
23 provide underwriting services or financing facilities (including, without

1 limitation, Qualified Insurance, a Qualified Letter of Credit, or other credit
2 support or liquidity facility), and may execute engagement letters and other
3 agreements with underwriters and other financial institutions (including providers
4 of liquidity or credit support) based on responses to such requests; (ii) may select
5 and make decisions regarding the Bond Registrar, fiscal or paying agents, and any
6 Securities Depository for each Series of the Bonds; (iii) may take any and all
7 actions necessary or convenient to provide for the conversion of interest rate
8 modes for any Series in accordance with the applicable Bond Documents; and
9 (iv) may take such actions on behalf of the City as are necessary or appropriate
10 for the City to designate, qualify, or maintain the tax-exempt treatment with
11 respect to any Series issued as Tax-Exempt Bonds, to receive from the United
12 States Treasury (~~(the applicable Tax Credit Subsidy Payments)~~) any available tax
13 credit payments or other tax advantages available in respect (~~(of)~~) to any Series
14 issued as (~~(Tax Credit Subsidy)~~) Tax-Advantaged Bonds, and to otherwise receive
15 any other federal tax benefits relating to any Series of the Bonds that are available
16 to the City; and

17 (b) (~~(Each of the)~~) The Mayor and the Director of Finance are each
18 (~~(separately)~~) independently authorized to execute and deliver (i) any and all
19 contracts or other documents as are consistent with this ordinance and for which
20 the City's approval is necessary or to which the City is a party (including but not
21 limited to agreements with escrow agents, refunding trustees, liquidity or credit
22 support providers, providers of Qualified Insurance or Reserve Securities,
23 remarketing agents, underwriters, lenders or other financial institutions, fiscal or

1 paying agents, Qualified Counterparties, custodians, and the Bond Registrar); and
2 (ii) such other contracts or documents incidental to: the issuance and sale of any
3 Series of the Bonds; the establishment of the interest rate or rates on a Bond; or
4 the conversion, tender, purchase, remarketing, or redemption of a Bond, as may in
5 ~~((his or her))~~ the judgment of the Mayor or Director of Finance, as applicable, be
6 necessary or appropriate.

7 Section 28. **Effect of Amendments to Omnibus Refunding Ordinance**. The
8 amendments set forth in Section 27 of this ordinance are intended to supplement the Omnibus
9 Refunding Ordinance in a manner that is not materially adverse to the owners of the Outstanding
10 Parity Bonds. Nonetheless, any amendment set forth in that section that is found by a court of
11 competent jurisdiction to materially adversely affect owners of Outstanding Parity Bonds shall
12 be of no force or effect, and the provisions of the Omnibus Refunding Ordinance prior to the
13 effective date of this amendatory ordinance shall continue in effect as to such Outstanding Parity
14 Bonds.

15 Section 29. **Severability**. The provisions of this ordinance are declared to be separate and
16 severable. The invalidity of any clause, sentence, paragraph, subdivision, section, subsection, or
17 portion of this ordinance, or the invalidity of its application to any person or circumstance, does
18 not affect the validity of the remainder of this ordinance or the validity of its application to other
19 persons or circumstances.

20 Section 30. **Ratification of Prior Acts**. Any action consistent with the authority of this
21 ordinance taken after its passage and prior to its effective date is ratified and confirmed.

22 Section 31. **Section Headings**. Section headings in this ordinance are nonsubstantive.

1 Section 32. **Effective Date.** This ordinance shall take effect as provided by Seattle
2 Municipal Code Sections 1.04.020 and 1.04.070.

3 Passed by the City Council the 21st day of November, 2025,
4 and signed by me in open session in authentication of its passage this 21st day of
5 November, 2025.

6 
7 President _____ of the City Council

8 Approved / returned unsigned / vetoed this 24th day of November, 2025.

9 
10 Bruce A. Harrell, Mayor

11 Filed by me this 24th day of November, 2025.

12 
13 Scheereen Dedman, City Clerk

14 (Seal)

- 15 Attachments:
16 Exhibit A – Outstanding Parity Bonds
17 Exhibit B – Form of Continuing Disclosure Certificate
18 Exhibit C – Outstanding Subordinate Obligations

1
2

EXHIBIT A
OUTSTANDING PARITY BONDS

Issue Name	Dated Date	Original Par Amount	Bond Legislation		
			New Money Ord.	Refunding Ord.	Bond Sale Res.
Drainage and Wastewater Improvement and Refunding Revenue Bonds, 2014	07/10/2014	\$133,180,000	Ord. 124337	Ord. 124338	Res. 31531
Drainage and Wastewater System Improvement and Refunding Revenue Bonds, 2016	06/22/2016	\$160,910,000	Ord. 124914	Ord. 124338	Res. 31674
Drainage and Wastewater System Improvement and Refunding Revenue Bonds, 2017	06/28/2017	\$234,125,000	Ord 125297	Ord. 124338 (as amended by Ord. 124914)	Res. 31756
Drainage and Wastewater System Improvement Revenue Bond, 2020A (Ship Canal Water Quality Project-N18106WA) (WIFIA Loan)	04/24/2020	NTE \$192,181,651	Ord. 125454 (as amended by Ord. 125712)	--	--
Drainage and Wastewater System Improvement and Refunding Revenue Bonds, 2021	06/08/2021	\$111,010,000	Ord. 125454 (as amended by Ords. 125712 and 126222)	Ord. 125455	--
Drainage and Wastewater System Improvement and Refunding Revenue Bonds, 2022	06/22/2022	\$117,165,000	Ord. 126482	Ord. 125455 (as amended by Ord. 126482)	--
Drainage and Wastewater System Improvement Revenue Bonds, 2023	06/08/2023	\$97,940,000	Ord. 126715	--	--
Drainage and Wastewater System Improvement and Refunding Revenue Bonds, 2025	6/9/2025	\$151,805,000	Ord. 126941	Ord. 125455 (as amended by Ord. 126482)	--

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EXHIBIT B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 an undertaking to provide any annual financial information and notice of listed events for that
2 person in accordance with the Rule;

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

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

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EXHIBIT C
OUTSTANDING SUBORDINATE OBLIGATIONS

Loan Name/Reference	Project Description	Year of Agreement	Maximum Loan Amount
L0500007	High Point	2004	\$ 2,714,959
L0600021	Thornton Creek	2006	6,819,995
PC12-951-033	Midvale	2011	4,000,000
L1200022	Capitol Hill Water Quality	2012	1,857,150
EL160631	Henderson	2015	39,414,526
EL190167	Ship Canal Water Quality Project	2019	25,000,000
PC20-96103-041	Pearl Street	2020	10,000,000
EL210276	Ship Canal Water Quality Project	2021	38,365,000
EL210311	Ship Canal Water Quality Project	2021	27,635,000
EL220699	Ship Canal Water Quality Project	2021	27,631,000
EL220700	Ship Canal Water Quality Project	2021	31,369,000
WQC-2024-SeaPUD-00059	South Thornton Natural Drainage System	2023	11,891,738

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