

CITY OF SEATTLE
ORDINANCE 127339
COUNCIL BILL 121091

..title
AN ORDINANCE relating to the municipal water system of The City of Seattle; amending
Ordinance 125714, as amended by Ordinance 126483, to incorporate the terms of certain
contingent amendments thereto that were to become effective upon the occurrence of
certain events that have since occurred, to delete certain provisions rendered inoperative
by the amendments, and to make certain other technical amendments; and ratifying and
confirming the amendments and certain prior acts.

..body

WHEREAS, The City of Seattle (the "City") owns, operates, and maintains a municipal water system as part of Seattle Public Utilities (the "Municipal Water System"), which Municipal Water System has from time to time required various additions, improvements, betterments, and extensions; and

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

WHEREAS, pursuant to Ordinance 125714, as amended by Ordinance 126483 (as amended, the “2019 Omnibus Refunding Ordinance”), the City previously authorized the issuance of water revenue bonds for the purpose of refunding Outstanding Parity Bonds and certain outstanding subordinate loans of the Water System; and

WHEREAS, the 2019 Omnibus Refunding Ordinance contains certain contingent amendments with effective dates occurring as of the earlier of: (a) the date on which the City obtained

1 consents of the requisite percentage of Registered Owners of the Parity Bonds then
2 outstanding, in accordance with the provisions of the applicable Outstanding Parity Bond
3 Documents (as defined below); or (b) the date on which certain identified Outstanding
4 Parity Bonds were redeemed or defeased; and

5 WHEREAS, as of May 19, 2025, the Owners of more than 60 percent in aggregate principal
6 amount of the Parity Bonds currently outstanding have consented to certain amendments
7 which have therefore become effective; and

8 WHEREAS, to avoid ambiguity and for ease of reference, the City has determined that it is in
9 the best interest of the City to restate the 2019 Omnibus Refunding Ordinance to
10 incorporate the terms of the contingent amendments, to delete certain inoperative
11 provisions, and to make certain other technical amendments consistent with subsection
12 24(a) of the Outstanding Parity Bond Ordinances to cure ambiguities and/or make other
13 corrections that do not materially adversely affect the interests of the owners of the
14 Outstanding Parity Bonds. For ease of reference, the body of this ordinance sets forth the
15 text of each section, as amended and restated, and a version displaying the changes to
16 each section in underline and strikethrough format is attached as Exhibit D to this
17 ordinance; and

18 WHEREAS, as set forth in Section 28 of this ordinance, from and after the effective date of this
19 ordinance, future Refunding Parity Bonds shall be issued under the authority of this
20 ordinance (the “2026 Omnibus Refunding Ordinance”) and within the parameters set
21 forth in this ordinance, without affecting the outstanding bonds previously issued under
22 the 2019 Omnibus Refunding Ordinance; NOW, THEREFORE,

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

2 Section 1. **Definitions**. Section 1 of Ordinance 125714, last amended by Ordinance
3 126483, is amended to read as follows:

4 In this ordinance, the following capitalized terms shall have the meanings set forth in this
5 section.

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

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

21 **“Adjusted Annual Debt Service”** for any fiscal year means Annual Debt Service minus
22 (a) an amount equal to ULID Assessments due in that year and not delinquent, (b) an amount

1 equal to earnings from investments in the Reserve Subaccount, and (c) Annual Debt Service
2 provided for by Parity Bond proceeds.

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

7 **“Adjusted Net Revenue”** means Adjusted Gross Revenue less Operating and
8 Maintenance Expense.

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

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

21 (b) **Capital Appreciation Bonds.** For purposes of this definition, the principal and
22 interest portions of the Accreted Value of Capital Appreciation Bonds becoming due at maturity
23 or by virtue of a Sinking Fund Requirement shall be included in the calculations of accrued and

1 unpaid and accruing interest or principal in such manner and during such period of time as is
2 specified in the Parity Bond Documents applicable to such Capital Appreciation Bonds.

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

7 **(d) Interest on Parity Bonds With Respect to Which a Payment Agreement is in**
8 **Force.** Debt service on Parity Bonds with respect to which a Payment Agreement is in force
9 shall be based on the net economic effect on the City expected to be produced by the terms of the
10 Parity Bonds and the terms of the Payment Agreement. For example, if the net economic effect
11 of the Payment Agreement and a series of Parity Bonds otherwise bearing interest at a variable
12 rate is to produce an obligation bearing interest at a fixed interest rate, the relevant series of
13 bonds shall be treated as fixed interest rate bonds. And if the net economic effect of the Payment
14 Agreement and a series of Parity Bonds otherwise bearing interest at a fixed rate is to produce an
15 obligation bearing interest at a variable interest rate, the relevant series of bonds shall be treated
16 as Variable Interest Rate Bonds. Accordingly, the amount of interest deemed to be payable on
17 any Parity Bonds with respect to which a Payment Agreement is in force shall be an amount
18 equal to the amount of interest that would be payable at the rate or rates stated in or determined
19 pursuant to the applicable Parity Bond Documents, plus Payment Agreement Payments, minus
20 Payment Agreement Receipts. For the purposes of calculating as nearly as practicable Payment
21 Agreement Receipts and Payment Agreement Payments under a Payment Agreement that
22 includes a variable rate component determined by reference to a pricing mechanism or index that
23 is not the same as the pricing mechanism or index used to determine the variable rate interest

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

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

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

(ii) If City is Obligated to Make Payments Based on a Variable Rate

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

(f) **Balloon Bonds.** For purposes of calculating debt service on any Balloon Bonds, it shall be assumed that the principal of those Balloon Bonds, together with interest thereon at a rate equal to the assumed RBI-based rate set forth in paragraph (c) of this definition, will be amortized in equal annual installments over a term of 30 years.

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

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

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

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

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

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), (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, date or dates of the Bonds, denominations, interest rate or rates
16 (or mechanism for determining the interest rate or rates), payment dates, final maturity,
17 redemption rights, price, and other terms, conditions, or covenants. In connection with a
18 negotiated sale or private placement, the Bond Sale Terms shall be set forth in the Bond
19 Purchase Contract; in connection with a competitive sale, the Bond Sale Terms shall be set forth
20 in a Pricing Certificate.

21 **“Bonds”** means the Municipal Water System revenue bonds issued pursuant to this
22 ordinance.

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

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

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

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

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

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

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

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

10 **“Covered Parity Bonds”** means all Outstanding Parity Bonds, each Series of the Bonds,
11 and each series of Future Parity Bonds, excluding each series of Parity Bonds for which the
12 applicable Bond Documents provide that such series shall not be treated as a series of Covered
13 Parity Bonds and shall not be secured by the amounts in the Reserve Subaccount. For purposes
14 of the Bond Documents applicable to the Outstanding Parity Bonds issued in 2017, 2021, 2022,
15 2024, and 2025, the Reserve Covenant Date (as defined therein) has occurred and those
16 Outstanding Parity Bonds are excluded from the definition of Covered Parity Bonds.

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

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

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

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

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

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

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

14 **“Government Obligations”** means, unless otherwise limited in the Bond Documents for
15 a particular Series of the Bonds, any government obligation as that term is defined in RCW
16 39.53.010, as in effect at the time such government obligation is acquired.

17 **“Gross Revenue”** means (a) all income, revenues, receipts, and profits derived by the
18 City through the ownership and operation of the Municipal Water System; (b) the proceeds
19 received by the City directly or indirectly from the sale, lease, or other disposition of any of the
20 properties, rights or facilities of the Municipal Water System; (c) Payment Agreement Receipts,
21 to the extent that such receipts are not offset by Payment Agreement Payments; and (d) the
22 investment income earned on money held in any fund or account of the City, including any bond
23 redemption funds and the accounts therein, in connection with the ownership and operation of

1 the Municipal Water System. Gross Revenue does not include: (a) income derived from
2 investments irrevocably pledged to the payment of any defeased bonds payable from Gross
3 Revenue; (b) investment income set aside for or earned on money in any fund or account created
4 or maintained solely for the purpose of complying with the arbitrage rebate provisions of the
5 Code; (c) any gifts, grants, donations, or other funds received by the City from any State or
6 federal agency or other person if such gifts, grants, donations, or other funds are the subject of
7 any limitation or reservation imposed by the donor or grantor or imposed by law or
8 administrative regulation to which the donor or grantor is subject, limiting the application of
9 such funds in a manner inconsistent with the application of Gross Revenue hereunder; (d) the
10 proceeds of any borrowing for capital improvements (or the refinancing thereof); (e) the
11 proceeds of any liability or other insurance, including but not limited to insurance proceeds
12 compensating the City for the loss of a capital asset, but excluding business interruption
13 insurance or other insurance of like nature insuring against the loss of revenues; (f) general ad
14 valorem taxes, excise taxes and special assessments (other than ULID Assessments), including
15 interest and penalties thereon; and (g) earnings of any separate utility system that may be created,
16 acquired, or constructed by the City pursuant to Section 19 of this ordinance.

17 **“Independent Utility Consultant”** means an independent person or firm having a
18 favorable reputation for skill and experience with municipal water systems of comparable size
19 and character to the Municipal Water System in such areas as are relevant to the purpose for
20 which they were retained.

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

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

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

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

8 **“Municipal Water System”** means the water system of the City as it now exists, and all
9 additions thereto and betterments and extensions thereof at any time made, together with any
10 utility systems of the City hereafter combined with the Municipal Water System. The Municipal
11 Water System shall not include any separate utility system that may be created, acquired, or
12 constructed by the City as provided in Section 19 of this ordinance.

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

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

19 **“Omnibus Refunding Ordinance”** means this 2026 Omnibus Refunding Ordinance, as
20 it may be amended in the future, or any other ordinance of the City authorizing the issuance of
21 Refunding Parity Bonds for the purpose of refunding Refundable Bonds. If context requires, the
22 term Omnibus Refunding Ordinance may alternatively refer to Ordinance 125714 (as amended
23 by Ordinance 126483, the “2019 Omnibus Refunding Ordinance”).

1 **“Operating and Maintenance Expense”** means all expenses incurred by the City in
2 causing the Municipal Water System to be operated and maintained in good repair, working
3 order and condition, including without limitation: (a) deposits, premiums, assessments, or other
4 payments for insurance, if any, on the Municipal Water System; (b) payments into pension
5 funds; (c) State-imposed taxes; (d) amounts due under Contract Resource Obligations in
6 accordance with Section 20 of this ordinance; (e) payments made to another person or entity for
7 the receipt of water supply or transmission or other commodity or service; and (f) payments with
8 respect to any other expenses of the Municipal Water System that are properly treated as
9 Operating and Maintenance Expense under generally accepted accounting principles applicable
10 to municipal corporations, including payments (other than payments out of proceeds of Parity
11 Bonds or other obligations not issued to pay current expenses of the Municipal Water System)
12 into reasonable reserves for items of operating or maintenance expense the payment of which is
13 not immediately required. Operating and Maintenance Expense does not include: depreciation,
14 amortization or other similar recognitions of non-cash expense items made for accounting
15 purposes only including non-cash pension expense; taxes levied or imposed by the City or
16 payments in lieu of City taxes; payments of claims or judgments; or capital additions or capital
17 replacements of the Municipal Water System.

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

20 **“Outstanding Parity Bonds”** means those outstanding Parity Bonds identified in
21 Exhibit A to this ordinance. When used in reference to a particular date (or in reference to a
22 particular series of Parity Bonds), Outstanding Parity Bonds shall mean those Parity Bonds,

1 including any Parity Bonds issued subsequent to the effective date of this ordinance, that are
2 outstanding as of that date (or as of the Issue Date of the referenced series of Parity Bonds).

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

5 **“Parity Bond Account”** means the Water Revenue Parity Bond Account created by
6 Ordinance 116705 in the Water Fund for the purpose of paying and securing payment of the
7 principal of and interest on Parity Bonds.

8 **“Parity Bond Documents”** means those Bond Documents applicable to a series of Parity
9 Bonds.

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

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

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

19 **“Parity Conditions”** means (a) for purposes of establishing that a Series of the Bonds
20 may be issued on parity with the Parity Bonds outstanding as of the Issue Date of such Series,
21 the conditions for issuing Future Parity Bonds set forth in the Parity Bond Ordinances relating to
22 those Parity Bonds that are then outstanding; and (b) for purposes of issuing Future Parity Bonds

1 on parity with a Series of the Bonds, the conditions described in subsection (a) of this definition,
2 together with the conditions set forth in Section 17 of this ordinance.

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

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

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

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

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

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

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

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

15 **“Qualified Counterparty”** means a party (other than the City or a party related to the
16 City) who is the other party to a Payment Agreement, (a)(i) whose senior debt obligations are
17 rated in one of the three highest rating categories of each Rating Agency (without regard to any
18 gradations within a rating category), or (ii) whose obligations under the Payment Agreement are
19 guaranteed for the entire term of the Payment Agreement by a bond insurer or other institution
20 that has been assigned a credit rating in one of the two highest rating categories (without regard
21 to any gradations within a rating category) of each Rating Agency; and (b) who is otherwise
22 qualified to act as the other party to a Payment Agreement under any applicable laws of the
23 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 Water Fund
12 pursuant to Ordinance 116705 and redesignated for accounting purposes as the Revenue
13 Stabilization Subfund of the Water Fund pursuant to Ordinance 120875.

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

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

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

1 day prior to the date on which the Bond Registrar sends the notice of redemption to the
2 Registered Owner(s) of the affected Bonds.

3 **“Refundable Bonds”** means each series of Parity Bonds and outstanding subordinate
4 obligations of the Municipal Water System that have been designated, or may in the future be
5 designated, as refundable under this ordinance, including: (a) each series of Outstanding Parity
6 Bonds listed in Exhibit A; (b) each Series of the Bonds issued pursuant to this ordinance; (c)
7 each other series of Future Parity Bonds so designated by the City; and (d) all outstanding
8 subordinate obligations of the Municipal Water System, including the outstanding State loans
9 listed on Exhibit C to this ordinance, and all future loan agreements entered into pursuant to
10 chapter 39.69 RCW. For purposes of this ordinance, each Series of the Bonds is designated as a
11 series of Refundable Bonds.

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

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

16 **“Refunding Parity Bonds”** means Future Parity Bonds that satisfy the applicable Parity
17 Conditions and are issued pursuant to this ordinance, or other Future Parity Bond Ordinance, for
18 the purpose of refunding any Refundable Bonds.

19 **“Refunding Plan”** means the plan approved by the Director of Finance pursuant to the
20 delegation set forth herein to accomplish the refunding of the Refundable Bonds. Each
21 Refunding Plan must identify the maturities and series of Refundable Bonds to be refunded
22 thereby, and must provide for their defeasance and/or refunding, substantially as follows, with
23 such additional detail and adjustments to be set forth in the Refunding Trust Agreement

1 (including, without limitation, adjustments to permit a crossover refunding) as the Director of
2 Finance may deem necessary or desirable:

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

8 (b) Upon receipt of a certification or verification by a certified public accounting firm or
9 other financial advisor that the amounts deposited with it will be sufficient to accomplish the
10 refunding as described in such Refunding Trust Agreement, the Refunding Trustee shall invest
11 such escrow deposits in the Acquired Obligations specified therein (unless directed in the
12 Refunding Trust Agreement to hold such deposits uninvested) and shall establish a beginning
13 cash balance; and

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

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

1 **“Refunding Trust Agreement”** means an escrow or trust agreement between the City
2 and a Refunding Trustee as described in subsection 26(d) of this ordinance.

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

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

10 **“Reserve Requirement”** means the lesser of (a) Maximum Annual Debt Service on all
11 Covered Parity Bonds outstanding at the time of calculation, or (b) 1.25 times Average Annual
12 Debt Service on all Covered Parity Bonds outstanding at the time of calculation. In no event
13 shall the Reserve Requirement exceed the sum of 10 percent of the proceeds of each series of
14 Covered Parity Bonds then outstanding, determined as of the Issue Date of each such series.

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

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

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

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

1 **“Securities Depository”** means DTC, any successor thereto, any substitute securities
2 depositary selected by the City, or the nominee of any of the foregoing. Any successor or
3 substitute Securities Depository must be qualified under applicable laws and regulations to
4 provide the services proposed to be provided by it.

5 **“Serial Bonds”** means Parity Bonds maturing in specified years and for which no
6 Sinking Fund Requirements are mandated.

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

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

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

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

15 **“State Auditor”** means the office of the Auditor of the State or such other department or
16 office of the State authorized and directed by State law to perform audits.

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

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

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

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

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

7 **“ULID”** means a utility local improvement district of the City created for the acquisition
8 or construction of additions to and betterments and extensions of the Municipal Water System.

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

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

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

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

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

14 **“Water Fund”** means the fund of that name into which is paid the Gross Revenue of the
15 Municipal Water System.

16 Section 2. **Finding With Respect to Refunding**. Section 2 of Ordinance 125714, last
17 amended by Ordinance 126483, is amended to read as follows:

18 The City Council hereby finds that the irrevocable deposit of money and securities with a
19 Refunding Trustee, verified or certified as to sufficiency in accordance with a Refunding Plan
20 approved pursuant to this ordinance, will discharge and satisfy the obligations of the City as to
21 the Refunded Bonds identified therein, including all pledges, charges, trusts, covenants, and
22 agreements under the applicable Refunded Bond Documents. Immediately upon such deposit,

1 the Refunded Bonds identified in such Refunding Plan shall be defeased and shall no longer be
2 deemed to be outstanding under the applicable Refunded Bond Legislation.

3 Section 3. **Authorization of Bonds; Due Regard Finding**. Section 3 of Ordinance
4 125714, last amended by Ordinance 126483, is amended to read as follows:

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

16 (b) **City Council Finding**. The City Council finds that, in creating the Parity Bond
17 Account and in fixing the amounts to be paid into it in accordance with this ordinance and the
18 parameters for the Bond Sale Terms set forth in Section 5 of this ordinance, the City Council has
19 exercised due regard for the cost of operation and maintenance of the Municipal Water System,
20 and is not setting aside into the Parity Bond Account a greater amount than in the judgment of
21 the City Council, based on the rates established from time to time consistent with subsection
22 16(b) of this ordinance, will be sufficient, in the judgment of the City Council, to meet all
23 expenses of operation and maintenance of the Municipal Water System and to provide the

1 amounts previously pledged for the payment of all outstanding obligations payable out of Gross
2 Revenues and pledged for the payment of the Bonds. Therefore, the City Council finds that the
3 issuance and sale of the Bonds is in the best interest of the City and the public interest.

4 Section 4. **Manner of Sale of Bonds**. Section 4 of Ordinance 125714, last amended by
5 Ordinance 126483, is amended to read as follows:

6 The Director of Finance may provide for the sale of each Series by competitive sale,
7 negotiated sale, limited offering, or private placement and may select and enter into agreements
8 with remarketing agents or providers of liquidity with respect to Variable Interest Rate Bonds.

9 The Purchaser of each Series shall be chosen through a selection process acceptable to the
10 Director of Finance. The Director of Finance is authorized to specify a date and time of sale and
11 a date and time for the delivery of each Series; in the case of a competitive sale, to provide an
12 official notice of sale including bid parameters and other bid requirements, and to provide for the
13 use of an electronic bidding mechanism; to determine matters relating to a forward or delayed
14 delivery of the Bonds; and to determine such other matters and take such other action as, in the
15 Director's determination, may be necessary, appropriate, or desirable in order to carry out the
16 sale of each Series. Each Series must be sold on Bond Sale Terms consistent with the parameters
17 set forth in Section 5 of this ordinance.

18 Section 5. **Appointment of Designated Representative; Bond Sale Terms**. Section 5 of
19 Ordinance 125714, last amended by Ordinance 126483, is amended to read as follows:

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

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

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

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

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

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

(v) **Payment Dates.** Interest shall be payable on dates acceptable to the Director of Finance. Principal shall be payable on dates acceptable to the Director of Finance, which shall

include payment at the maturity of each Bond, in accordance with any Sinking Fund Requirements applicable to Term Bonds, and otherwise in accordance with any redemption or tender provisions.

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

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

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

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

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

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

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

(ix) Other Terms and Conditions.

(A) Refunding Findings; Approval of Refunding Plan. As of the Issue Date of each Series, the Director of Finance must approve a Refunding Plan (which may be set forth in a Refunding Trust Agreement) and must find that such Refunding Plan is necessary to accomplish one or more of the purposes set forth in RCW 39.53.020, as it may be amended from time to time and is consistent with the City's debt policies then in effect (including, if applicable, a finding that the Refunding Plan will achieve an acceptable level of debt service savings or is necessary to effectuate changes in covenants).

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

(C) Additional Terms, Conditions, and Agreements. The Bond Sale Terms for any Series may provide for Bond Insurance, a Reserve Security, Qualified Letter of Credit, credit enhancement, or any Payment Agreement as the Director of Finance may find necessary or desirable. The Bond Sale Terms for any Series may provide for multiple interest rate modes and may include provisions for conversion from any interest rate mode to any other mode. To that end, the Bond Sale Terms may include such additional terms, conditions, and covenants as may be necessary or desirable, including but not limited to: restrictions on investment of Bond proceeds and pledged funds (including any escrow established for the

defeasance of the Bonds); provisions for the conversion of interest rate modes; provisions for the reimbursement of a credit enhancement provider or Qualified Counterparty; and requirements to give notice to or obtain the consent of a credit enhancement provider or a Qualified Counterparty. The Director of Finance is authorized to execute, on behalf of the City, such additional certificates and agreements as may be necessary or desirable to reflect such terms, conditions, and covenants.

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

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

Section 6. **Bond Registrar; Registration and Transfer of Bonds.** Section 6 of Ordinance 125714, last amended by Ordinance 126483, is amended to read as follows:

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

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

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

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

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

18 **(c) Securities Depository; Book-Entry Form.** Unless otherwise determined by the
19 Director of Finance, the Bonds initially shall be issued in Book-Entry Form and registered in the
20 name of the Securities Depository. The Bonds so registered shall be held fully immobilized in
21 Book-Entry Form by the Securities Depository in accordance with the provisions of the Letter of
22 Representations. Neither the City nor the Bond Registrar shall have any responsibility or
23 obligation to participants of the Securities Depository or the persons for whom they act as

1 nominees with respect to the Bonds regarding the accuracy of any records maintained by the
2 Securities Depository or its participants of any amount in respect of principal of or interest on the
3 Bonds, or any notice that is permitted or required to be given to Registered Owners hereunder
4 (except such notice as is required to be given by the Bond Registrar to the Securities
5 Depository). Registered ownership of a Bond initially held in Book-Entry Form, or any portion
6 thereof, may not be transferred except: (i) to any successor Securities Depository; (ii) to any
7 substitute Securities Depository appointed by the City or such substitute Securities Depository's
8 successor; or (iii) to any person if the Bond is no longer held in Book-Entry Form.

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

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

20 **(d) Lost or Stolen Bonds.** In case any Bond or Bonds shall be lost, stolen, or destroyed,
21 the Bond Registrar may authenticate and deliver a new Bond or Bonds of like amount, date,
22 tenor, and effect to the Registered Owner(s) thereof upon the Registered Owner(s)' paying the
23 expenses and charges of the City in connection therewith and upon filing with the Bond

1 Registrar evidence satisfactory to the Bond Registrar that such Bond or Bonds were actually lost,
2 stolen or destroyed and of Registered Ownership thereof, and upon furnishing the City with
3 indemnity satisfactory to both the City and the Bond Registrar.

4 Section 7. **Payment of Bonds**. Section 7 of Ordinance 125714, last amended by
5 Ordinance 126483, is amended to read as follows:

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

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

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

21 Section 8. **Redemption and Purchase of Bonds**. Section 8 of Ordinance 125714, last
22 amended by Ordinance 126483, is amended to read as follows:

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

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

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

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

(d) Selection of Bonds for Redemption; Partial Redemption. If fewer than all of the outstanding Bonds of a Series are to be redeemed at the option of the City, the Director of Finance shall select the maturity or maturities to be redeemed. If less than all of the principal amount of a maturity of the selected Series is to be redeemed and, if such Series is held in Book-

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

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

13 Section 9. **Notice of Redemption; Rescission of Notice.** Section 9 of Ordinance 125714,
14 last amended by Ordinance 126483, is amended to read as follows:

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

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

7 Section 10. **Failure to Pay Bonds**. Section 10 of Ordinance 125714, last amended by
8 Ordinance 126483, is amended to read as follows:

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

17 Section 11. **Form and Execution of Bonds**. Section 11 of Ordinance 125714, last
18 amended by Ordinance 126483, is amended to read as follows:

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

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

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

19 Section 12. **Deposit and Use of Proceeds**. Section 12 of Ordinance 125714, last
20 amended by Ordinance 126483, is amended to read as follows:

21 Unless otherwise provided in the Bond Sale Terms, the principal proceeds and net
22 premium, if any, received from the sale and delivery of each Series of the Bonds (or portion of a
23 Series allocated to the refunding), in the amount necessary to carry out the applicable Refunding

1 Plan, shall be deposited with the Refunding Trustee and used in accordance with the provisions
2 of this section to discharge the obligations of the City relating to the Refunded Bonds identified
3 therein.

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

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

20 The Director of Finance may pay principal of and interest on a Series of the Bonds with
21 any proceeds of that Series (including interest earnings thereon) remaining after applying such
22 proceeds to carry out the Refunding Plan, or after the City Council has determined that the
23 expenditure of such Bond proceeds for those purposes is no longer necessary or appropriate.

1 **Section 13. Security for the Bonds; Parity with Outstanding Parity Bonds.** Section 13
2 of Ordinance 125714, last amended by Ordinance 126483, is amended to read as follows:

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

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

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

1 **Section 14. Priority Expenditure of Gross Revenue; Flow of Funds.** Section 14 of
2 Ordinance 125714, last amended by Ordinance 126483, is amended to read as follows:

3 Gross Revenue shall be deposited as received in the Water Fund and used for the
4 following purposes only in the following order of priority:

5 (a) To pay Operating and Maintenance Expense;

6 (b) To make when due all payments into the Principal and Interest Subaccount required to
7 be made in order to pay the interest on and principal of all Parity Bonds (including all net
8 payments under Parity Payment Agreements), and to make payments due under any agreement
9 with a provider of a Reserve Security which agreement requires those payments to be treated on
10 a parity of lien with the Parity Bonds;

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

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

20 (e) Without priority, for any of the following purposes: to retire by redemption or
21 purchase any outstanding revenue bonds or revenue obligations of the Municipal Water System;
22 to make necessary additions, betterments, improvements, repairs, extensions, and replacements
23 of the Municipal Water System; to pay City taxes or other payments in lieu of taxes payable

1 from Gross Revenue; to make deposits to the Rate Stabilization Account; or for any other lawful
2 Municipal Water System purposes.

3 Section 15. **Parity Bond Account**. Section 15 of Ordinance 125714, last amended by
4 Ordinance 126483, is amended to read as follows:

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

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

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

Until the defeasance or redemption of the 2012 Bonds and 2015 Bonds, to the extent required to permit the City to credit the amount of any existing Reserve Security against the amount needed to satisfy the Reserve Requirement for the outstanding 2012 Bonds and 2015 Bonds, the City further agrees that upon receipt of a notice of cancellation of any Reserve Security that is then used to satisfy all or any part of the Reserve Requirement for the 2012 Bonds or the 2015 Bonds, the City shall either (A) substitute a Reserve Security in the amount required to make up the deficiency created in the Reserve Subaccount, or (B) create a special account in the Water Fund and deposit therein cash sufficient, together with other money and

1 investments on deposit in the Reserve Subaccount allocated to satisfying the Reserve
2 Requirement in respect of the 2012 Bonds and 2015 Bonds, to equal the Reserve Requirement
3 for the 2012 Bonds and 2015 Bonds as of the date the cancellation becomes effective. Such
4 deposits may be spread over three years in approximately equal monthly deposits (provided that
5 the City reserves the right to deposit such amounts on any schedule that provides for
6 accumulation of the necessary amount more quickly than would be accumulated under such a
7 schedule). Amounts on deposit in that special account, if established, shall not be available to
8 pay debt service on Parity Bonds or for any other purpose of the City and shall be transferred to
9 the Reserve Subaccount on the effective date of the cancellation. Amounts remaining in that
10 special account or in the Reserve Subaccount may be transferred back to the Water Fund and
11 used for any purpose if and when a substitute Reserve Security is obtained. From and after the
12 defeasance or redemption of the 2012 Bonds and 2015 Bonds, the foregoing paragraph shall no
13 longer be of any force or effect.

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

made on the Reserve Security, or unless the City receives an opinion of Bond Counsel to the effect that such pro rata withdrawal is not required to maintain the exclusion of interest on the Parity Bonds then outstanding from gross income for federal income tax purposes.

(i) Use of Reserve Subaccount for Payment of Debt Service. In the event of a deficiency in the Principal and Interest Subaccount to meet current installments of either principal (including Sinking Fund Requirements) or interest (including amounts payable under any Parity Payment Agreement), the Director of Finance may make withdrawals of money or proceeds of a Reserve Security in the Reserve Subaccount in the amounts necessary to meet maturing installments of either principal (including Sinking Fund Requirements) or interest (including net payments under Parity Payment Agreements) with respect to Covered Parity Bonds only. Any deficiency created in the Reserve Subaccount by reason of any such withdrawal or claim against a Reserve Security shall then be made up from the ULID Assessments and Net Revenue first available after making necessary provisions for the required payments into the Principal and Interest Subaccount.

(ii) Application of Funds in Reserve Subaccount. The money in the Reserve Subaccount may be applied to the payment of the last outstanding Covered Parity Bonds, and when the total amount in the Parity Bond Account (including investment earnings) equals the total amount of principal and interest for all then-outstanding Covered Parity Bonds to the last maturity thereof, no further payment need be made into the Parity Bond Account in respect of the Covered Parity Bonds. Money in the Reserve Subaccount (including investment earnings) in excess of the Reserve Requirement may be withdrawn and deposited in the Principal and Interest Subaccount and spent for the purpose of retiring Covered Parity Bonds or may be deposited in any other fund or account and spent for any other lawful Municipal Water System purpose.

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

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

Section 16. **Parity Bond Covenants**. Section 16 of Ordinance 125714, last amended by Ordinance 126483, is amended to read as follows:

1 The City covenants with the Owner of each Bond at any time outstanding, as follows:

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

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

19 (c) **Sale or Disposition of the Municipal Water System.** The City may sell, transfer, or
20 otherwise dispose of any of the works, plant, properties, facilities or other part of the Municipal
21 Water System or any real or personal property comprising a part of the Municipal Water System
22 consistent only with one or more of the following:

(i) The City in its discretion may carry out such a sale, transfer, or disposition (each, a “transfer”) if the facilities or property transferred are not material to the operation of the Municipal Water System, or shall have become unserviceable, inadequate, obsolete, or unfit to be used in the operation of the Municipal Water System or are no longer necessary, material, or useful to the operation of the Municipal Water System; or

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

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

1 betterments and extensions of the Municipal Water System financed in part by the proposed
2 portion of the proceeds of the transfer, and (D) any other adjustment permitted in the preparation
3 of a certificate under subsection 17(a)(vi) of this ordinance. Before such a transfer, the City also
4 must obtain confirmation from each of the Rating Agencies to the effect that the rating then in
5 effect will not be reduced or withdrawn upon such transfer.

6 (d) **Books and Records.** The City will keep proper books, records, and accounts with
7 respect to the operations, income, and expenditures of the Municipal Water System in
8 accordance with generally accepted accounting practices relating to municipal utilities and any
9 applicable rules and regulations prescribed by the State, and will cause those books, records, and
10 accounts to be audited on an annual basis by the State Auditor (or, if such audit is not made by
11 the State Auditor within 270 days after the close of any fiscal year of the City, by a certified
12 public accountant selected by the City). It will prepare annual financial and operating statements
13 as soon as practicable after the close of each fiscal year showing reasonable detail, including a
14 balance sheet, an income statement, and a statement of cash flows or other such statement. Such
15 statements shall be sent to the owner of any Parity Bond upon written request received by the
16 City. The City may charge a reasonable cost for providing such financial statements.

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

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

(f) Collection of Delinquent Accounts; No Free Service. On at least an annual basis, the City will determine all accounts that are delinquent and will take such actions as the City determines are reasonably necessary to enforce payment of those delinquent accounts. Except to aid the poor or infirm and for fire-fighting purposes, it will not furnish or supply or permit the furnishing or supplying of any service or facility in connection with the operation of the Municipal Water System free of charge to any person, firm, or corporation, public or private.

(g) Maintenance of Insurance. The City will at all times carry fire and extended coverage, public liability and property damage, and such other forms of insurance with responsible insurers and with policies payable to the City on such of the buildings, equipment, works, plants, facilities, and properties of the Municipal Water System as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, and against such claims for damages as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, or it will self-insure or participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of the City, to protect the Municipal Water System against loss.

(h) Condemnation Awards and Insurance Proceeds. If the City receives any condemnation awards or proceeds of an insurance policy in connection with any loss of or damage to any property of the Municipal Water System, it shall apply the condemnation award or insurance proceeds, in the City's sole discretion, either (i) to the cost of replacing or repairing the lost or damaged properties, (ii) to the payment, purchase, or redemption of Parity Bonds, or (iii) to the cost of improvements to the Municipal Water System.

1 Section 17. **Future Parity Bonds**. Section 17 of Ordinance 125714, last amended by
2 Ordinance 126483, is amended to read as follows:

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

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

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

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

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

17 (v) For each series of Future Parity Bonds that is to be issued as a series of
18 Covered Parity Bonds, the Bond Documents must provide for the deposit into the Reserve
19 Subaccount of an amount (if any) necessary to fund the Reserve Requirement upon the issuance
20 of those Future Parity Bonds (if any), which requirement may be satisfied: (A) by a deposit into
21 the Reserve Subaccount, made on the Issue Date of such series, of proceeds of that series of
22 Future Parity Bonds or other money legally available for such purpose; (B) by obtaining one or
23 more Reserve Securities (or a deposit of cash plus Reserve Securities) available to be drawn

1 upon in specific amounts to be paid into the Reserve Subaccount and credited against the
2 deposits required to be maintained in the Reserve Subaccount; or (C) by a deposit into the
3 Reserve Subaccount of amounts necessary to fund the Reserve Requirement from ULID
4 Assessments and Net Revenue within five years from the date of issuance of those Future Parity
5 Bonds, in five approximately equal annual payments. Immediately prior to the issuance of Future
6 Parity Bonds, amounts then deposited in the Reserve Subaccount shall be valued as determined
7 on the most recent annual financial report of the City applicable to the Municipal Water System,
8 and the additional amounts, if any, required to be deposited into the Reserve Subaccount to
9 satisfy the Reserve Requirement shall be based on that valuation.

10 (vi) There must be on file with the City a Parity Certificate as described in
11 subsection 17(b) of this ordinance. However, if the proposed Future Parity Bonds (or any portion
12 thereof) are to be issued for the purpose of refunding outstanding Parity Bonds (referred to as the
13 “Refunding Parity Bonds”), no Parity Certificate shall be required as to that portion issued for
14 refunding purposes if the Director of Finance finds and certifies that the Adjusted Annual Debt
15 Service on the refunding portion of the proposed Refunding Parity Bonds is not more than
16 \$5,000 greater than the Adjusted Annual Debt Service on the Parity Bonds to be refunded
17 thereby. Alternatively, Refunding Parity Bonds may be issued upon delivery of a Parity
18 Certificate.

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

21 (i) A certificate may be prepared and signed by the Director of Finance,
22 demonstrating that during any 12 consecutive calendar months out of the immediately preceding
23 24 calendar months Adjusted Net Revenue was at least equal to the Coverage Requirement for

1 all Parity Bonds plus the Future Parity Bonds proposed to be issued (and assuming that the debt
2 service of the proposed Future Parity Bonds for that 12-month period was the Average Annual
3 Debt Service for those proposed Future Parity Bonds); or

4 (ii) A certificate may be prepared and signed by both the Director of Finance and
5 the Director of Seattle Public Utilities (or any officer who succeeds to substantially all of the
6 responsibilities of either office), demonstrating that, in their opinion, Adjusted Net Revenue for
7 the five fiscal years next following the earlier of (A) the end of the period during which interest
8 on those Future Parity Bonds is to be capitalized or, if no interest is capitalized, the fiscal year in
9 which the Future Parity Bonds are issued, or (B) the date on which substantially all the new
10 facilities financed with those Future Parity Bonds are expected to commence operations, such
11 Adjusted Net Revenue, further adjusted as provided in subsection 17(b)(ii)(A) through
12 17(b)(ii)(D) of this ordinance, will be at least equal to the Coverage Requirement. That
13 certificate may take into account the following adjustments:

14 (A) Any changes in rates in effect and being charged, or rates expected to
15 be charged in accordance with a program of specific rates, rate levels, or increases in overall rate
16 revenue approved by ordinance or resolution;

17 (B) Net revenue from customers of the Municipal Water System who have
18 become customers during such 12-consecutive-month period or thereafter, and their estimate of
19 net revenue from any customers to be connected to the Municipal Water System who have paid
20 the required connection charges, adjusted to reflect one year's net revenue from those customers;

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

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

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

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

(e) Reserve Requirement; Election to Designate Bonds as Covered Parity Bonds.
Notwithstanding anything in this section to the contrary, in the Bond Documents relating to the issuance or sale of a series of Future Parity Bonds, the City may elect whether any series shall be

1 deemed to be a series of Covered Parity Bonds. Any series that is not deemed to be Covered
2 Parity Bonds shall not be secured by the amounts in the Reserve Subaccount and shall be
3 excluded from the calculation of the Reserve Requirement.

4 Section 18. **Rate Stabilization Account**. Section 18 of Ordinance 125714, last amended
5 by Ordinance 126483, is amended to read as follows:

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

17 Section 19. **Separate Utility Systems**. Section 19 of Ordinance 125714, last amended by
18 Ordinance 126483, is amended to read as follows:

19 The City may create, acquire, construct, finance, own or operate one or more additional
20 systems for water supply, transmission or other commodity or service relating to the Municipal
21 Water System. The revenue of that separate utility system shall not be included in Gross
22 Revenue and may be pledged to the payment of revenue obligations issued to purchase,
23 construct, condemn or otherwise acquire or expand the separate utility system. Neither Gross

Revenue nor Net Revenue shall be pledged by the City to the payment of any obligations of a separate utility system except (a) as a Contract Resource Obligation, upon compliance with Section 20 of this ordinance, or (b) with respect to Net Revenue, on a basis subordinate to the lien of the Parity Bonds on that Net Revenue.

Section 20. **Contract Resource Obligations**. Section 20 of Ordinance 125714, last amended by Ordinance 126483, is amended to read as follows:

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

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

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

(ii) There shall be on file a certificate of an Independent Utility Consultant stating that (A) the payments to be made by the City in connection with the Contract Resource Obligation are reasonable for the supply or transmission rendered; (B) the source of any new supply and any facilities to be constructed to provide the supply or transmission are sound from a water or other supply or transmission planning standpoint, are technically and economically feasible in accordance with prudent utility practice, and are likely to provide such supply or transmission no later than a date set forth in the Independent Utility Consultant's certification;

1 and (C) the Adjusted Net Revenue (further adjusted by the Independent Utility Consultant's
2 estimate of the payments to be made in accordance with the Contract Resource Obligation) for
3 the five fiscal years following the year in which the Contract Resource Obligation is incurred, as
4 such Adjusted Net Revenue is estimated by the Independent Utility Consultant in accordance
5 with the provisions of and adjustments permitted in subsection 17(b)(ii) of this ordinance, will be
6 at least equal to the Coverage Requirement.

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

9 (c) Nothing in this section shall be deemed to prevent the City from entering into other
10 agreements for the acquisition of water supply, transmission or other commodity or service from
11 existing facilities and from treating those payments as an Operating and Maintenance Expense.
12 Nothing in this section shall be deemed to prevent the City from entering into other agreements
13 for the acquisition of water supply, transmission, or other commodity or service from facilities to
14 be constructed and from agreeing to make payments with respect thereto, such payments
15 constituting a charge and lien on Net Revenue subordinate to that of the Parity Bonds.

16 Section 21. **Refunding and Defeasance of the Bonds**. Section 21 of Ordinance 125714,
17 last amended by Ordinance 126483, is amended to read as follows:

18 (a) **Bonds Designated as Refundable and Defeasible Bonds**. Each Series of the Bonds
19 is designated as a series of "Refundable Bonds" for purposes of the Omnibus Refunding
20 Ordinance and as "Defeasible Bonds" for purposes of the Omnibus Defeasance Ordinance.

21 (b) **Refunding; Defeasance**. The City may issue Refunding Parity Bonds pursuant to the
22 laws of the State or use money available from any other lawful source (i) to pay when due the
23 principal of, premium (if any), and interest on any Bond, or any portion thereof, included in a

refunding or defeasance plan (the “Defeased Bonds”); (ii) to redeem and retire, release, refund, or defease the Defeased Bonds; and (iii) to pay the costs of such refunding or defeasance. If money and/or Government Obligations maturing at a time or times and in an amount sufficient (together with known earned income from the investment thereof) to redeem and retire, release, refund, or defease the Defeased Bonds in accordance with their terms are set aside in a special trust fund or escrow account irrevocably pledged to such redemption, retirement, release, refunding, or defeasance (the “Trust Account”), then all right and interest of the Owners of the Defeased Bonds in the covenants of this ordinance and in Net Revenue and the funds and accounts pledged to the payment of such Defeased Bonds, other than the right to receive the funds so set aside and pledged, thereafter shall cease and become void. Such Owners thereafter shall have the right to receive payment of the principal of and interest or redemption price on the Defeased Bonds from the Trust Account. After such a Trust Account is established and funded as set forth above, the Defeased Bonds shall be deemed to be no longer outstanding, and the Director of Finance may then apply any money in any other fund or account established for the payment or redemption of the Defeased Bonds to any lawful purpose.

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

(d) Annual Debt Service Calculation Adjustments for Defeased Bonds. If the refunding or defeasance plan provides (i) that the Defeased Bonds (or the Refunding Party Bonds issued to redeem those Defeased Bonds) are to be secured by money and/or Government Obligations pending the redemption of the Defeased Bonds, and (ii) that certain money and/or

1 Government Obligations are pledged irrevocably for the redemption of the Defeased Bonds, then
2 only the debt service on such Bonds as are not Defeased Bonds (and any Refunding Parity
3 Bonds, the payment of which is not so secured by the refunding plan) shall be included in the
4 calculation of Annual Debt Service.

5 Section 22. **Federal Tax Matters**. Section 22 of Ordinance 125714, last amended by
6 Ordinance 126483, is amended to read as follows:

7 The Bond Documents may include such additional terms and covenants relating to
8 federal tax matters as the Director of Finance deems necessary or appropriate, including the
9 following:

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

1 148 of the Code) to prevent interest on such Series from being included in gross income for
2 federal income tax purposes.

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

14 Section 23. **Official Statement; Continuing Disclosure.** Section 23 of Ordinance
15 125714, last amended by Ordinance 126483, is amended to read as follows:

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

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

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

Section 24. **Supplemental or Amendatory Bond Documents.** Section 24 of Ordinance 125714, last amended by Ordinance 126483, is amended to read as follows:

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

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

1 Counsel stating that such supplement or amendment is authorized or permitted by this ordinance
2 and, upon the effective date thereof, will be valid and binding upon the City in accordance with
3 its terms, and will not adversely affect the exclusion from gross income for federal income tax
4 purposes of interest on the affected Series of the Bonds, if such Series was issued and sold as
5 Tax-Exempt Bonds. The types of supplements and amendments permitted under this subsection
6 24(a) are as follows:

- 7 (i) To cure any formal defect, omission, inconsistency, or ambiguity in the Bond
8 Documents for such Series in a manner not adverse to the owners of any Parity Bonds;
- 9 (ii) To impose upon the Bond Registrar (with its consent) for the benefit of the
10 owners of Parity Bonds any additional rights, remedies, powers, authority, security, liabilities, or
11 duties which may lawfully be granted, conferred, or imposed and which are not contrary to or
12 inconsistent with such Bond Documents as are theretofore in effect;
- 13 (iii) To add to the covenants and agreements of, and limitations and restrictions
14 upon, the City in the Bond Documents, other covenants, agreements, limitations and restrictions
15 to be observed by the City which are not contrary to or inconsistent with such Bond Documents
16 as are theretofore in effect;
- 17 (iv) To confirm, as further assurance, any pledge under (and the subjection to any
18 claim, lien, or pledge created or to be created by) such Bond Documents on any other money,
19 securities, or funds;
- 20 (v) To alter the Authorized Denominations of a Series of the Bonds and to make
21 correlative amendments and modifications to the applicable Bond Documents regarding (A)
22 exchangeability of such Bonds for Bonds of different authorized denominations, (B) redemptions

1 of portions of Bonds of particular authorized denominations, and (C) similar amendments and
2 modifications of a technical nature;

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

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

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

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

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

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

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

1 amendment will be valid and binding upon the City in accordance with its terms and will not
2 adversely affect the exclusion from gross income for federal income tax purposes of interest on
3 any Tax-Exempt Bonds.

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

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

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

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

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

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

Section 25. **Defaults and Remedies**. Section 25 of Ordinance 125714, last amended by Ordinance 126483, is amended to read as follows:

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

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

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

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

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

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

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

21 **(c) Suits at Law or in Equity.** Upon the occurrence of an Event of Default and during
22 the continuance thereof, the Bond Owners' Trustee may, and upon the written request of the
23 registered owners of not less than 25 percent in principal amount of the Parity Bonds outstanding

1 shall, take such steps and institute such suits, actions, or other proceedings, all as it may deem
2 appropriate for the protection and enforcement of the rights of the registered owners of the Parity
3 Bonds, to collect any amounts due and owing to or from the City, or to obtain other appropriate
4 relief, and may enforce the specific performance of any covenant, agreement, or condition
5 contained in this ordinance or set forth in any of the Parity Bond Documents.

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

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

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

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

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

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

(iii) To the payment to the persons entitled thereto of the unpaid principal amounts of any Parity Bonds which shall have become due (other than Parity Bonds previously called for redemption for the payment of which money is held pursuant to the provisions of the applicable Bond Documents), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably,

1 according to the principal amounts due thereon to the persons entitled thereto, without any
2 discrimination or preference.

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

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

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

21 The Bond Owners' Trustee may consult with counsel and the opinion of such counsel
22 shall be full and complete authorization and protection in respect of any action taken or suffered
23 by it hereunder in good faith and in accordance with the opinion of such counsel. The Bond

Owners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.

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

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

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

(iii) Such owner previously shall have given to the Bond Owners' Trustee written

notice of the Event of Default on account of which such suit, action, or proceeding is to be instituted; and

(iv) The registered owners of 25 percent in principal amount of the Parity Bonds,

after the occurrence of such Event of Default, have made written request of the Bond Owners' Trustee and have afforded the Bond Owners' Trustee a reasonable opportunity to institute such suit, action or proceeding; and

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

(vi) The Bond Owners' Trustee has refused or neglected to comply with such

request within a reasonable time.

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

Section 26. **The Refunding Plan**. Section 26 of Ordinance 125714, last amended by Ordinance 126483, is amended to read as follows:

(a) Approval of Refunding Plan; Appointment of Refunding Trustee. The Director of Finance is authorized and directed to select a Refunding Trustee and execute a Refunding Trust Agreement setting forth a Refunding Plan for each series of Refundable Bonds (or portion thereof) to be refunded pursuant to this ordinance, in accordance with subsection 26(d) of this ordinance. Multiple Refunding Plans may be combined in a single Refunding Trust Agreement. The Refunding Plan shall be carried out, and proceeds of the Bonds shall be applied, in accordance with this ordinance, the respective Refunded Bond Documents, the Refunding Trust Agreement, and the laws of the State.

(b) Acquisition of Acquired Obligations. To the extent practicable and desirable, the Refunding Plan shall provide for the Refunding Trustee's purchase of Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the timely payment of the amounts required to be paid by the Refunding Plan. The Acquired Obligations shall be listed and more particularly described in a schedule attached to the Refunding Trust Agreement, but are subject to substitution as set forth in subsection 26(c) of this ordinance.

(c) Substitution of Acquired Obligations. The City reserves the right at any time to substitute cash or other Government Obligations (as defined in the applicable Refunded Bond Documents) for the Acquired Obligations if the City obtains a verification by a nationally recognized independent certified public accounting firm reasonably acceptable to the Refunding Trustee confirming that the payments of principal of and interest on the substitute obligations, if paid when due, together with the cash to be held by the Refunding Trustee, will be sufficient to carry out the Refunding Plan. If the applicable Series of the Bonds (or the applicable Refunded Bonds) were issued as Tax-Exempt Bonds, then prior to such substitution, the City must also

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

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

1 compensation, and expenses of the Refunding Trustee and all other costs incidental to the setting
2 up of the escrow to accomplish the Refunding Plan), and for such other related matters as the
3 Director of Finance may deem necessary or expedient.

4 Section 27. **Redemption of the Refunded Bonds**. Section 27 of Ordinance 125714, last
5 amended by Ordinance 126483, is amended to read as follows:

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

16 Section 28. **Effect on 2019 Omnibus Refunding Ordinance; Outstanding Bonds**

17 **Declared Refundable**. Section 28 of Ordinance 125714, last amended by Ordinance 126483, is
18 amended to read as follows:

19 It is the intent of the City Council that this ordinance reflect the fact that the holders of
20 more than 60 percent of the currently outstanding Parity Bonds have consented to the
21 amendments previously designated as becoming effective on the Reserve Covenant Date as those
22 terms are defined in Ordinance 125714, amended by Ordinance 126483 (as amended, the “2019
23 Omnibus Refunding Ordinance”). To avoid ambiguity and for ease of reference, Sections 1

1 through 32 of the 2019 Omnibus Refunding Ordinance are amended and restated as set forth in
2 Sections 1 through 32 of this ordinance. As of the effective date of this ordinance, this ordinance
3 shall be referred to as the “Omnibus Refunding Ordinance” and future Refunding Bonds shall be
4 issued under this ordinance. All outstanding Parity Bonds previously designated as “Refundable
5 Bonds” under the 2019 Omnibus Refunding Ordinance are hereby designated as Refundable
6 Bonds under this ordinance. If any provision of this ordinance is found by a court of law to be
7 inapplicable to any bonds outstanding as of the effective date of this amendatory ordinance, the
8 amendments contained herein shall be of no force or effect with respect to those outstanding
9 bonds, and the provisions of the ordinance under which those outstanding bonds were issued
10 shall continue in effect with respect to those bonds only.

11 Section 29. **General Authorization**. Section 29 of Ordinance 125714, last amended by
12 Ordinance 126483, is amended to read as follows:

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

18 (a) The Director of Finance, in the Director’s discretion and without further action by the
19 City Council, (i) may issue requests for proposals to provide underwriting services or financing
20 facilities (including, without limitation, Qualified Insurance, a Qualified Letter of Credit, or other
21 credit support or liquidity facility), and may execute engagement letters and other agreements
22 with underwriters and other financial institutions (including providers of liquidity or credit
23 support) based on responses to such requests; (ii) may select and make decisions regarding the

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

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

21 Section 30. **Severability**. Section 30 of Ordinance 125714, last amended by Ordinance
22 126483, is amended to read as follows:

1 The provisions of this ordinance are declared to be separate and severable. The invalidity
2 of any clause, sentence, paragraph, subdivision, section, subsection, or portion of this ordinance,
3 or the invalidity of its application to any person or circumstance, does not affect the validity of
4 the remainder of this ordinance or the validity of its application to other persons or
5 circumstances.

6 Section 31. **Ratification of Prior Acts**. Section 31 of Ordinance 125714, last amended
7 by Ordinance 126483, is amended to read as follows:

8 Any action consistent with the authority of this ordinance taken after its passage and prior
9 to its effective date is ratified and confirmed.

10 Section 32. **Section Headings**. Section 32 of Ordinance 125714, last amended by
11 Ordinance 126483, is amended to read as follows:

12 Section headings in this ordinance are nonsubstantive.

13 Section 33. **Exhibits**. Exhibit A to the 2019 Omnibus Refunding Ordinance is replaced in
14 its entirety, as set forth in Exhibit A to this ordinance. Exhibit B to the 2019 Omnibus Refunding
15 Ordinance is replaced in its entirety, as set forth in Exhibit B to this ordinance. Exhibit C to the
16 2019 Omnibus Refunding Ordinance is replaced in its entirety, as set forth in Exhibit C to this
17 ordinance. Exhibit D to this ordinance shows the cumulative amendments to the text of
18 Ordinance 125714, last amended by Ordinance 126483, using double underlining to indicate
19 added text and using double parentheses and strikethrough formatting to indicate deleted text.

1 Section 34. **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

19 Exhibit D – Amendments to Ordinance 125714 (as previously amended by Ordinance 126483)

1 EXHIBIT A

2 OUTSTANDING PARITY BONDS

Issue Name	Dated Date	Original Par Amount	Bond Legislation		
			New Money Ord.	Refunding Ord.	Bond Sale Res.
Water System Refunding Revenue Bonds, 2012	05/30/2012	\$238,770,000	--	Ord. 121939, as amended by Ord. 122837	Res. 31382
Water System Improvement and Refunding Revenue Bonds, 2015	06/10/2015	\$ 340,840,000	Ord. 124340	Ord. 124339	Res. 31586
Water System Improvement and Refunding Revenue Bonds, 2017	01/25/2017	\$ 194,685,000	Ord. 125183	Ord. 124339, as amended by Ord. 125183	Res. 31726
Water System Improvement and Refunding Revenue Bonds, 2021 (Green Bonds)	06/17/2021	\$ 82,220,000	Ord. 125713, as amended by Ord. 126225	Ord. 125714	--
Water System Improvement and Refunding Revenue Bonds, 2022 (Green Bonds)	07/28/2022	\$ 93,260,000	Ord. 126483	Ord. 125714	--
Water System Improvement Revenue Bonds, 2024	06/06/2024	\$ 68,765,000	Ord. 126716, as amended by Ord. 126942	--	--
Water System Improvement and Refunding Revenue Bonds, 2025	05/19/2925	\$ 230,810,000	Ord. 127148	Ord. 125714, as amended by Ord. 126483	

1 **EXHIBIT B**

2 **FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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

9 (a) Undertaking to Provide Annual Financial Information and Notice of Listed Events. The
10 City undertakes to provide or cause to be provided, either directly or through a designated agent, to the
11 Municipal Securities Rulemaking Board (the “MSRB”), in an electronic format as prescribed by the
12 MSRB, accompanied by identifying information as prescribed by the MSRB:

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

19 (ii) Timely notice (not in excess of 10 business days after the occurrence of the
20 event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and
21 interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws
22 on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements
23 reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to
24 perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final
25 determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices

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

16 For purposes of this Undertaking, the term “financial obligation” shall mean a debt
17 obligation; derivative instrument entered into in connection with, or pledged as security or a source of
18 payment for, an existing or planned debt obligation; or a guarantee of either a debt obligation or a
19 derivative instrument entered into in connection with, or pledged as security or a source of payment
20 for, an existing or planned debt obligation. The term “financial obligation” does not include municipal
21 securities as to which a final official statement has been provided to the MSRB consistent with the
22 Rule.

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

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

(i) Shall consist of (1) annual financial statements of the Water System prepared in accordance with applicable generally accepted accounting principles applicable to governmental units (except as otherwise noted therein), as such principles may be changed from time to time and as permitted by applicable state law; (2) a statement of outstanding bonded debt secured by Net Revenue of the Water System; (3) debt service coverage ratios; (4) general customer statistics, such as number and type of customers and revenues by customer class; and (5) current water rates;

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

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

(c) Amendment of Undertaking. This Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any Owner or holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by the Rule, including:

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

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

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

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

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

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

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

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

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

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

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

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

(v) Effecting any necessary amendment of the Undertaking.

1 **EXHIBIT C**

2 **OUTSTANDING SUBORDINATE OBLIGATIONS**

Loan Name/Reference	Project Description	Year of Agreement	Maximum Loan Amount
04-65104-030	Myrtle Reservoir	2005	\$4,040,000
05-96300-022	Beacon Hill Reservoir	2007	4,040,000
06-96300-020	West Seattle Reservoir	2008	3,030,000
DM09-952-028	Maple Leaf Reservoir	2010	3,030,000
DM09-952-072	Maple Leaf Reservoir ARRA	2010	7,341,758
DM13-952-135	Chester Morse Lake Pump Plant	2014	12,120,000
DM16-952-009	Chester Morse Lake Pump Plant	2016	6,060,000

EXHIBIT D

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

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

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

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

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

“Acquired Obligations” means Government Obligations maturing or having guaranteed

1 redemption prices at the option of the holder at such time or times as may be required to provide
2 funds sufficient to carry out the Refunding Plan, and satisfying the requirements of the Refunded
3 Bond Documents relating to the Refunded Bonds included in that Refunding Plan. For purposes
4 of this definition, eligible “Government Obligations” for inclusion in a Refunding Plan shall be
5 determined in accordance with the applicable Refunded Bond Documents.

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

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

14 **“Adjusted Net Revenue”** means Adjusted Gross Revenue less Operating and
15 Maintenance Expense.

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

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

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

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

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

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

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

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

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

(f) **Balloon Bonds.** For purposes of calculating debt service on any Balloon Bonds, it shall be assumed that the principal of those Balloon Bonds, together with interest thereon at a rate equal to the assumed RBI-based rate set forth in paragraph (c) of this definition, will be amortized in equal annual installments over a term of 30 years.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 **“Bonds”** means the ((water system)) Municipal Water System revenue bonds issued
4 pursuant to this ordinance.

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

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

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

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

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

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

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

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)), excluding each series of Parity Bonds for which the
18 applicable Bond Documents provide that((from and after the Reserve Covenant Date,)) such
19 series shall ((no longer)) not be treated as a series of Covered Parity Bonds and shall ((no
20 longer)) not be secured by the amounts in the Reserve Subaccount. For purposes of the Bond
21 Documents applicable to the Outstanding Parity Bonds issued in 2017, 2021, 2022, 2024, and
22 2025, the Reserve Covenant Date (as defined therein) has occurred and those Outstanding Parity
23 Bonds are excluded from the definition of Covered Parity Bonds.

1 ~~((“DTC” means The Depository Trust Company, New York, New York.))~~

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

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

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

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

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

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

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

23 **“Government Obligations”** means, unless otherwise limited in the Bond Documents for

1 a particular Series of the Bonds, any government obligation as that term is defined in RCW
2 39.53.010, as ((now)) in effect ((~~or as may be hereafter amended~~) at the time such government
3 obligation is acquired.

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

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

4 **“Independent Utility Consultant”** means an independent person or firm having a
5 favorable reputation for skill and experience with municipal water systems of comparable size
6 and character to the Municipal Water System in such areas as are relevant to the purpose for
7 which they were retained.

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

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

13 ((**“MSRB”** means the Municipal Securities Rulemaking Board.))

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

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

18 **“Municipal Water System”** means the water system of the City as it now exists, and all
19 additions thereto and betterments and extensions thereof at any time made, together with any
20 utility systems of the City hereafter combined with the Municipal Water System. The Municipal
21 Water System shall not include any separate utility system that may be created, acquired or
22 constructed by the City as provided in Section 19 of this ordinance.

23 **“Net Revenue”** means, for any period, Gross Revenue less Operating and Maintenance

1 Expense.

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

6 **“Omnibus Refunding Ordinance”** means this ((ordinance)) 2026 Omnibus Refunding
7 Ordinance, ((()as it may be amended ((from time to time))) in the future, or any other ordinance
8 of the City ((passed in the future,)) authorizing the issuance of Refunding Parity Bonds for the
9 purpose of refunding Refundable Bonds. ((For purposes of this ordinance, each Series of the
10 Bonds is designated as a series of Refundable Bonds.)) If context requires, the term Omnibus

11 Refunding Ordinance may alternatively refer to Ordinance 125714 (as amended by Ordinance
12 126483, the “2019 Omnibus Refunding Ordinance”).

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

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

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

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

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

16 **“Parity Bond Account”** means the Water Revenue Parity Bond Account created by
17 Ordinance 116705 in the Water Fund for the purpose of paying and securing payment of the
18 principal of and interest on Parity Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

23 **“Principal and Interest Subaccount”** means the subaccount of that name created in the

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

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

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

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

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

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

4 **“Rate Stabilization Account”** means the account of that name created in the Water Fund
5 pursuant to Ordinance 116705 and redesignated for accounting purposes as the Revenue
6 Stabilization Subfund of the Water Fund pursuant to Ordinance 120875.

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

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

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

18 **“Refundable Bonds”** means each series of Parity Bonds and outstanding subordinate
19 obligations of the Water System that have been designated, or may in the future be designated, as
20 refundable under this ordinance, including: (a) each series of Outstanding Parity Bonds listed in
21 Exhibit A; (b) each Series of the Bonds issued pursuant to this ordinance; (c) each other series of
22 Future Parity Bonds so designated by the City; and (d) all outstanding subordinate obligations of
23 the Water System, including the outstanding State loans listed on Exhibit C to this amendatory

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

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

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

6 **“Refunding Parity Bonds”** means Future Parity Bonds that satisfy the applicable Parity
7 Conditions and are issued pursuant to this ordinance ~~((or another))~~ or other Future Parity Bond
8 Ordinance~~(()))~~₂ for the purpose of refunding any Refundable Bonds.

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

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

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

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

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

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

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

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

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

22 ((“**Registration Ordinance**” means City Ordinance 111724 establishing a system of
23 registration for the City’s bonds and other obligations pursuant to Seattle Municipal Code

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

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

10 **“Reserve Requirement”** means ((~~the lesser of (a) Maximum Annual Debt Service on all~~
11 ~~Parity Bonds outstanding at the time of calculation, or (b) 1.25 times Average Annual Debt~~
12 ~~Service on all Parity Bonds outstanding at the time of calculation. In no event shall the Reserve~~
13 ~~Requirement exceed 10% of the proceeds of each series of Parity Bonds then outstanding,~~
14 ~~determined as of the Issue Date of each such series. *From and after the Reserve Covenant Date,*~~
15 ~~*the Reserve Requirement shall mean*~~)) the lesser of (a) Maximum Annual Debt Service on all
16 Covered Parity Bonds outstanding at the time of calculation, or (b) 1.25 times Average Annual
17 Debt Service on all Covered Parity Bonds outstanding at the time of calculation. In no event
18 shall the Reserve Requirement exceed the sum of 10(~~(%)~~) percent of the proceeds of each series
19 of Covered Parity Bonds then outstanding, determined as of the Issue Date of each such series.

20 **“Reserve Security”** means any Qualified Insurance or Qualified Letter of Credit
21 obtained by the City to satisfy part or all of the Reserve Requirement, and ((~~which~~) that is not
22 cancelable on less than three years’ notice.

23 **“Reserve Subaccount”** means the subaccount of that name created in the Parity Bond

1 Account for the purpose of securing the payment of the principal of and interest on Parity Bonds.

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

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

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

9 **“Serial Bonds”** means Parity Bonds maturing in specified years((,)) and for which no
10 Sinking Fund Requirements are mandated.

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

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

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

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

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

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

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

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

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

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

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

15 “**ULID**” means a utility local improvement district of the City created for the acquisition
16 or construction of additions to and betterments and extensions of the Municipal Water System.

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

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

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

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

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

23 **“Water Fund”** means the fund of that name into which is paid the Gross Revenue of the

1 Municipal Water System.

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

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

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

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

1 labels as deemed necessary or appropriate by the Director of Finance.

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

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

1 necessary, appropriate, or desirable in order to carry out the sale of each Series. Each Series must
2 be sold on Bond Sale Terms consistent with the parameters set forth in Section 5 of this
3 ordinance.

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

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

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

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

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

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

19 **(iv) Interest Rate(s).** Each Bond shall bear interest from its Issue Date or from
20 the most recent date to which interest has been paid or duly provided, whichever is later, unless
21 otherwise provided in the applicable Bond Documents. Each Series of the Bonds shall bear
22 interest at one or more fixed interest rates or Variable Interest Rates. The ((net)) true interest cost
23 for any fixed rate Series may not exceed a rate of 10((%)) percent per annum. The Bond

Documents for any Series may provide for multiple interest rates and interest rate modes, and may provide conditions and mechanisms for the Director of Finance to effect a conversion from one mode to another. Nothing in this ordinance shall be interpreted to prevent the Bond Documents for any Series from including a provision for adjustments to interest rates during the term of the Series upon the occurrence of certain events specified in the applicable Bond Documents.

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

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

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

(A) Optional Redemption. The Director of Finance may designate any Bond as subject to optional redemption prior to its maturity, consistent with subsection 8(a) of this ordinance. Any Bond that is subject to optional redemption prior to maturity must be callable on at least one or more dates occurring not more than ((+0½)) 10-1/2 years after the Issue Date((, consistent with Section 8(a))).

(B) Mandatory Redemption. The Director of Finance may designate any

1 Bond as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in
2 principal payment amounts set forth in Sinking Fund Requirements, consistent with ((Section))
3 subsection 8(b) of this ordinance.

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

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

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

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

16 **(A) Refunding Findings; Approval of Refunding Plan.** As of the Issue
17 Date of each Series, the Director of Finance must approve a Refunding Plan (which may be set
18 forth in a Refunding Trust Agreement) and must find that such Refunding Plan is necessary to
19 accomplish one or more of the purposes set forth in RCW 39.53.020, as it may be amended from
20 time to time and is consistent with the City's debt policies then in effect (including, if applicable,
21 a finding that the Refunding Plan will achieve an acceptable level of debt service savings or is
22 necessary to effectuate changes in covenants).

23 **(B) Parity Conditions Satisfied.** As of the Issue Date of each Series, the

1 Director of Finance must find that the Parity Conditions have been met or otherwise satisfied, so
2 that such Series is permitted to be issued as Parity Bonds.

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

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

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

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

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

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

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

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

21 Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any Authorized
22 Denomination of an equal aggregate principal amount and of the same Series, interest rate and
23 maturity. Bonds may be transferred only if endorsed in the manner provided thereon and

1 surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to an Owner or
2 transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during
3 the period between the Record Date and the corresponding interest payment or principal
4 redemption date.

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

19 Upon the resignation of the Securities Depository from its functions as depository, or
20 upon a determination by the Director of Finance to discontinue utilizing the then-current
21 Securities Depository, the Director of Finance may appoint a substitute Securities Depository. If
22 the Securities Depository resigns from its functions as depository and no substitute Securities
23 Depository can be obtained, or if the Director of Finance determines not to utilize a Securities

1 Depository, then the Bonds shall no longer be held in Book-Entry Form and ownership may be
2 transferred only as provided ((herein)) in this ordinance.

3 Nothing ((herein)) in this ordinance shall prevent the Bond Sale Terms from providing
4 that a Series of the Bonds shall be issued in certificated form without utilizing a Securities
5 Depository, and that the Bonds of such Series shall be registered as of their Issue Date in the
6 names of the Owners thereof, in which case ownership may be transferred only as provided
7 ((herein)) in this ordinance.

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

15 Section 7. **Payment of Bonds.**

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

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

23 (c) **Bonds Not Held In Book-Entry Form.** Interest on each Bond not held in

1 Book-Entry Form shall be payable by electronic transfer on the interest payment date, or by
2 check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner
3 at the address appearing on the Bond Register on the Record Date. The City, however, is not
4 required to make electronic transfers except pursuant to a request by a Registered Owner in
5 writing received at least ten days prior to the Record Date and at the sole expense of the
6 Registered Owner. Principal of each Bond not held in Book-Entry Form shall be payable upon
7 presentation and surrender of the Bond by the Registered Owner to the Bond Registrar.

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

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

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

18 If the City optionally redeems or purchases a principal portion of a Term Bond prior to its
19 maturity, the principal amount ((of that Term Bond that is)) so redeemed or purchased
20 (irrespective of its redemption or purchase price) shall be credited against the remaining
21 ((Sinking Fund Requirements)) mandatory redemption installment payments for that Term Bond
22 in the manner ((as)) directed by the Director of Finance. In the absence of direction by the
23 Director of Finance, credit shall be allocated to ((the remaining Sinking Fund Requirements))

1 each mandatory redemption installment payment for that Term Bond on a pro rata basis.

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

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

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

22 Section 9. **Notice of Redemption; Rescission of Notice**. Unless otherwise set forth in the
23 applicable Bond Documents, the City must cause notice of any intended redemption of Bonds to

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

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

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

22 Section 11. **Form and Execution of Bonds**. The Bonds shall be typed, printed, or
23 reproduced in a form consistent with the provisions of this ordinance and State law; shall be

1 signed by the Mayor and Director of Finance, either or both of whose signatures may be manual
2 or in facsimile((~~; and the~~)). The seal of the City or a facsimile reproduction thereof shall be
3 impressed or printed thereon.

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

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

22 Section 12. **Deposit and Use of Proceeds**. Unless otherwise provided in the Bond Sale
23 Terms, the principal proceeds and net premium, if any, received from the sale and delivery of

1 each Series of the Bonds (or portion of a Series allocated to the refunding), in the amount
2 necessary to carry out the applicable Refunding Plan, shall be deposited with the Refunding
3 Trustee and used in accordance with the provisions of this section to discharge the obligations of
4 the City relating to the Refunded Bonds identified therein.

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

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

21 The Director of Finance may pay principal of and interest on a Series of the Bonds with
22 any proceeds of that Series (including interest earnings thereon) remaining after applying such
23 proceeds to carry out the Refunding Plan, or after the City Council has determined that the

1 expenditure of such Bond proceeds for those purposes is no longer necessary or appropriate.

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

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

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

1 **Section 14. Priority Expenditure of Gross Revenue; Flow of Funds.** Gross Revenue
2 shall be deposited as received in the Water Fund and used for the following purposes only in the
3 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 Subaccount required to
6 be made in order to pay the interest on and principal of all Parity Bonds (including all net
7 payments ((on)) under Parity Payment Agreements) ((when due)), and to make payments due
8 under any agreement with a provider of a Reserve Security which agreement requires those
9 payments to be treated on a parity of lien with the Parity Bonds;

10 (c) To make all payments required to be made (i) into the Reserve Subaccount with
11 respect to Covered Parity Bonds, and (ii) under any agreement with a provider of a Reserve
12 Security, which agreement requires those payments to be treated on a parity of lien with the
13 payments required to be made into the Reserve Subaccount((, and (iii) ***until the Reserve***
14 ***Covenant Date, into a special account in the Water Fund in accordance with the second***
15 ***paragraph in Section 15(a)(iii))***);

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

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

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

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 Water Fund((;)) for the sole purpose of paying the principal of and premium, if any, and
7 interest on the Parity Bonds as the same shall become due. The Parity Bond Account consists of
8 the Principal and Interest Subaccount and the Reserve Subaccount((;)) and may additionally
9 include such subaccounts as the Director of Finance may deem necessary, so long as the
10 maintenance of such subaccounts does not conflict with the rights of the owners of Parity Bonds.
11 Principal of, premium (if any), and interest on the Parity Bonds shall be payable out of the Parity
12 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 ((on)) upon their
16 collection and, out of Net Revenue, certain fixed amounts without regard to any fixed proportion,
17 namely:

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

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

~~((Until the Reserve Covenant Date, the requirements of this paragraph apply:~~

~~On receipt of a notice of cancellation of any Reserve Security used to satisfy all or any part of the Reserve Requirement, the City shall either (A) substitute a Reserve Security in the amount required to make up the deficiency created in the Reserve Subaccount, or (B) create a special account in the Water Fund and deposit therein, on or before the 25th day of each of the 36 succeeding calendar months (commencing with the 25th day of the calendar month next following the date of the notice) 1/36th of the amount sufficient, together with other money and investments on deposit in the Reserve Subaccount, to equal the Reserve Requirement that will be in effect as of the date the cancellation becomes effective. Amounts on deposit in that special account shall not be available to pay debt service on Parity Bonds or for any other purpose of the City, and shall be transferred to the Reserve Subaccount on the effective date of any cancellation of a Reserve Security to make up all or part of the deficiency caused thereby. Amounts in that special account or in the Reserve Subaccount may be transferred back to the Water Fund and used for any purpose if and when a substitute Reserve Security is obtained. *From and after the Reserve Covenant Date, the foregoing paragraph shall no longer be of any force or effect.*))~~

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

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

1 the Reserve Subaccount on the effective date of the cancellation. Amounts remaining in that
2 special account or in the Reserve Subaccount may be transferred back to the Water Fund and
3 used for any purpose if and when a substitute Reserve Security is obtained. From and after the
4 defeasance or redemption of the 2012 Bonds and 2015 Bonds, the foregoing paragraph shall no
5 longer be of any force or effect.

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

20 (i) **Use of Reserve Subaccount for Payment of Debt Service.** In the event of a
21 deficiency in the Principal and Interest Subaccount to meet current installments of either
22 principal (including Sinking Fund Requirements) or interest (including amounts payable under
23 any Parity Payment Agreement), the Director of Finance may make withdrawals of money or

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

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

(c) **Investment of Money in Parity Bond Account.** All money in the Parity Bond
Account may be kept in cash or invested in Permitted Investments maturing not later than the
date when needed (for investments in the Principal and Interest Subaccount) or the last maturity
of any outstanding Parity Bonds (for investments in the Reserve Subaccount). In no event shall

1 any money in the Parity Bond Account or any other money reasonably expected to be used to
2 pay principal of and/or interest on the Parity Bonds be invested at a yield that would cause any
3 Series issued as Tax-Exempt Bonds or ~~((Tax Credit Subsidy))~~ Tax-Advantaged Bonds to be
4 arbitrage bonds within the meaning of Section 148 of the Code. Income from investments in the
5 Principal and Interest Subaccount shall be deposited in that subaccount. Income from
6 investments in the Reserve Subaccount shall be deposited in that subaccount until the amount
7 therein is equal to the Reserve Requirement for all Parity Bonds, and thereafter shall be
8 deposited in the Principal and Interest Subaccount. Notwithstanding the provisions for deposit or
9 retention of earnings in the Parity Bond Account, any earnings that are subject to a federal tax or
10 rebate requirement may be withdrawn from the Parity Bond Account for deposit in a separate
11 fund or account for that purpose. If no longer required for such rebate, money in that separate
12 fund or account shall be returned to the Parity Bond Account.

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

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

20 (a) **Operation and Maintenance.** The City will pay all Operating and Maintenance
21 Expense and otherwise meet the obligations of the City under this ordinance. It will at all times
22 maintain and keep the Municipal Water System in good repair, working order and condition, and
23 will make all necessary and proper additions, betterments, renewals and repairs thereto, and

improvements, replacements and extensions thereof, so that at all times the business carried on in connection therewith will be properly and advantageously conducted, and will at all times operate or cause to be operated the Municipal Water System and the business in connection therewith in an efficient manner and at a reasonable cost.

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

(c) Sale or Disposition of the Municipal Water System. The City may sell, transfer or otherwise dispose of any of the works, plant, properties, facilities or other part of the Municipal Water System or any real or personal property comprising a part of the Municipal Water System consistent only with one or more of the following:

(i) The City in its discretion may carry out such a sale, transfer or disposition (each, a “transfer”) if the facilities or property transferred are not material to the operation of the Municipal Water System, or shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the Municipal Water System or are no longer necessary, material or useful to the operation of the Municipal Water System; or

(ii) The City in its discretion may carry out such a transfer if the aggregate

1 depreciated cost value of the facilities or property being transferred under this subsection in any
2 fiscal year comprises no more than 5((%)) percent of the total assets of the Municipal Water
3 System; or

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

23 (d) **Books and Records.** ((H)) The City will keep proper books, records and accounts

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

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

security of the Parity Bonds.

(f) Collection of Delinquent Accounts; No Free Service. On at least an annual basis, the City will determine all accounts that are delinquent and will take such actions as the City determines are reasonably necessary to enforce payment of those delinquent accounts. Except to aid the poor or infirm and for fire-fighting purposes, it will not furnish or supply or permit the furnishing or supplying of any service or facility in connection with the operation of the Municipal Water System free of charge to any person, firm, or corporation, public or private.

(g) Maintenance of Insurance. The City will at all times carry fire and extended coverage, public liability and property damage and such other forms of insurance with responsible insurers and with policies payable to the City on such of the buildings, equipment, works, plants, facilities, and properties of the Municipal Water System as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, and against such claims for damages as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, or it will self-insure or participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of the City, to protect the Municipal Water System against loss.

(h) Condemnation Awards and Insurance Proceeds. If the City receives any condemnation awards or proceeds of an insurance policy in connection with any loss of or damage to any property of the Municipal Water System, it shall apply the condemnation award or insurance proceeds, in the City's sole discretion, either (i) to the cost of replacing or repairing the lost or damaged properties, (ii) to the payment, purchase, or redemption of Parity Bonds, or (iii) to the cost of improvements to the Municipal Water System.

1 **Section 17. Future Parity Bonds.**

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

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

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

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

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

16 (v) For each series of Future Parity Bonds that is to be issued as a series of
17 Covered Parity Bonds, the Bond Documents must provide for the deposit into the Reserve
18 Subaccount of an amount((;)) (if any(;)) necessary to fund the Reserve Requirement upon the
19 issuance of those Future Parity Bonds (if any), which requirement may be satisfied: (A) by a
20 deposit into the Reserve Subaccount, made on the Issue Date of such series, of proceeds of that
21 series of Future Parity Bonds or other money legally available for such purpose; (B) by obtaining
22 one or more Reserve Securities (or a deposit of cash plus Reserve Securities) available to be
23 drawn upon in specific amounts to be paid into the Reserve Subaccount and credited against the

1 deposits required to be maintained in the Reserve Subaccount; or (C) by a deposit into the
2 Reserve Subaccount of amounts necessary to fund the Reserve Requirement from ULID
3 Assessments and Net Revenue within five years from the date of issuance of those Future Parity
4 Bonds, in five approximately equal annual payments. Immediately prior to the issuance of Future
5 Parity Bonds, amounts then deposited in the Reserve Subaccount shall be valued as determined
6 on the most recent annual financial report of the City applicable to the ((Drainage and
7 Wastewater)) Municipal Water System, and the additional amounts, if any, required to be
8 deposited into the Reserve Subaccount to satisfy the Reserve Requirement shall be based on that
9 valuation.

10 (vi) There must be on file with the City a Parity Certificate as described in
11 subsection 17(b) of this ordinance. However, if the proposed Future Parity Bonds (or any portion
12 thereof) are to be issued for the purpose of refunding outstanding Parity Bonds (referred to as the
13 “Refunding Parity Bonds”), no Parity Certificate shall be required as to that portion issued for
14 refunding purposes if the Director of Finance finds and certifies that the Adjusted Annual Debt
15 Service on the refunding portion of the proposed Refunding Parity Bonds is not more than
16 \$5,000 greater than the Adjusted Annual Debt Service on the Parity Bonds to be refunded
17 thereby. Alternatively, Refunding Parity Bonds may be issued upon delivery of a Parity
18 Certificate.

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

21 (i) A certificate may be prepared and signed by the Director of Finance,
22 demonstrating that during any 12 consecutive calendar months out of the immediately preceding
23 24 calendar months Adjusted Net Revenue was at least equal to the Coverage Requirement for

1 all Parity Bonds plus the Future Parity Bonds proposed to be issued (and assuming that the debt
2 service of the proposed Future Parity Bonds for that 12-month period was the Average Annual
3 Debt Service for those proposed Future Parity Bonds); or

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

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

18 ((2)) (B) Net revenue from customers of the Municipal Water System
19 who have become customers during ((the))such 12-consecutive-month period or thereafter, and
20 their estimate of net revenue from any customers to be connected to the Municipal Water System
21 who have paid the required connection charges, adjusted to reflect one year's net revenue from
22 those customers;

23 ((3)) (C) Their estimate of net revenue from customers anticipated to be

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

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

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

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

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

Notwithstanding anything in this section to the contrary, in the Bond ((Sale Terms)) Documents relating to the issuance or sale of a series of Future Parity Bonds, the City may elect ((that, from and after the Reserve Covenant Date, such)) whether any series shall ((not)) be deemed to be a series of Covered Parity Bonds((,)). Any series that is not deemed to be Covered Parity Bonds shall not be secured by the amounts in the Reserve ((Account,)) Subaccount and shall be excluded from the calculation of the Reserve Requirement.

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

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

1 revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand the
2 separate utility system. Neither Gross Revenue nor Net Revenue shall be pledged by the City to
3 the payment of any obligations of a separate utility system except (a) as a Contract Resource
4 Obligation, upon compliance with Section 20 of this ordinance, or (b) with respect to Net
5 Revenue, on a basis subordinate to the lien of the Parity Bonds on that Net Revenue.

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

10 (a) The City may determine ((that)), and may agree under a Contract Resource Obligation
11 to provide, that((,)) all payments under that Contract Resource Obligation (including payments
12 prior to the time that water supply or transmission or other commodity or service is being
13 provided, or during a suspension or after termination of supply or service) shall be an Operating
14 and Maintenance Expense if the following requirements are met at the time such a Contract
15 Resource Obligation is entered into:

16 (i) No Event of Default has occurred and is continuing; and
17 (ii) There shall be on file a certificate of an Independent Utility Consultant stating
18 that (A) the payments to be made by the City in connection with the Contract Resource
19 Obligation are reasonable for the supply or transmission rendered; (B) the source of any new
20 supply and any facilities to be constructed to provide the supply or transmission are sound from a
21 water or other supply or transmission planning standpoint, are technically and economically
22 feasible in accordance with prudent utility practice, and are likely to provide such supply or
23 transmission no later than a date set forth in the Independent Utility Consultant's certification;

1 and (C) the Adjusted Net Revenue (further adjusted by the Independent Utility Consultant's
2 estimate of the payments to be made in accordance with the Contract Resource Obligation) for
3 the five fiscal years following the year in which the Contract Resource Obligation is incurred, as
4 such Adjusted Net Revenue is estimated by the Independent Utility Consultant in accordance
5 with the provisions of and adjustments permitted in ((Section)) subsection 17(b)(ii) of this
6 ordinance, will be at least equal to the Coverage Requirement.

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

9 (c) Nothing in this section shall be deemed to prevent the City from entering into other
10 agreements for the acquisition of water supply, transmission or other commodity or service from
11 existing facilities and from treating those payments as an Operating and Maintenance Expense.
12 Nothing in this section shall be deemed to prevent the City from entering into other agreements
13 for the acquisition of water supply, transmission, or other commodity or service from facilities to
14 be constructed and from agreeing to make payments with respect thereto, such payments
15 constituting a charge and lien on Net Revenue subordinate to that of the Parity Bonds.

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

17 (a) **Bonds Designated as Refundable and Defeasible Bonds.** Each Series of the Bonds
18 is ((hereby)) designated as a series of “Refundable Bonds” for purposes of the Omnibus
19 Refunding Ordinance and as “Defeasible Bonds” for purposes of the Omnibus Defeasance
20 Ordinance.

21 (b) **Refunding; Defeasance.** The City may issue Refunding Parity Bonds pursuant to the
22 laws of the State or use money available from any other lawful source (i) to pay when due the
23 principal of ((including)) premium((,)) if any, and interest on any Bond, or any portion

thereof, included in a refunding or defeasance plan (the “Defeased Bonds”); (ii) to redeem and retire, release, refund, or defease the Defeased Bonds; and (iii) to pay the costs of such refunding or defeasance. If money and/or Government Obligations maturing at a time or times and in an amount sufficient (together with known earned income from the investment thereof) to redeem and retire, release, refund, or defease the Defeased Bonds in accordance with their terms ((is)) are set aside in a special trust fund or escrow account irrevocably pledged to such redemption, retirement, release, refunding, or defeasance (the “Trust Account”), then all right and interest of the Owners of the Defeased Bonds in the covenants of this ordinance and in Net Revenue and the funds and accounts pledged to the payment of such Defeased Bonds, other than the right to receive the funds so set aside and pledged, thereafter shall cease and become void. Such Owners thereafter shall have the right to receive payment of the principal of and interest or redemption price on the Defeased Bonds from the Trust Account. After ((establishing and fully funding)) such a Trust Account is established and funded as set forth above, the Defeased Bonds shall be deemed to be no longer outstanding, and the Director of Finance may then apply any money in any other fund or account established for the payment or redemption of the Defeased Bonds to any lawful purpose.

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

(d) Annual Debt Service Calculation Adjustments for Defeased Bonds. If the refunding or defeasance plan provides (i) that the Defeased Bonds (or the Refunding Parity Bonds issued to redeem those Defeased Bonds) are to be secured by money and/or Government

1 Obligations pending the redemption of the Defeased Bonds, and (ii) that certain money and/or
2 Government Obligations are pledged irrevocably for the redemption of the Defeased Bonds, then
3 only the debt service on such Bonds ((that)) as are not Defeased Bonds (and any Refunding
4 Parity Bonds, the payment of which is not so secured by the refunding plan) shall be included in
5 the calculation of Annual Debt Service.

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

9 (a) **Tax-Exempt Bonds.** For each Series of the Bonds issued as Tax-Exempt Bonds, the
10 City covenants that it will take all actions, consistent with the terms of such Series as set forth in
11 this ordinance and the applicable Bond Documents, that are reasonably within its power and
12 necessary to prevent interest on that Series from being included in gross income for federal
13 income tax purposes. The City further covenants that it will neither take any action nor make or
14 permit any use of gross proceeds of that Series (or other funds of the City treated as gross
15 proceeds of that Series) at any time during the term of such Series that will cause interest on such
16 Series to be included in gross income for federal income tax purposes. The City also covenants
17 that, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to any
18 Series issued as Tax-Exempt Bonds, it will take all actions necessary to comply (or to be treated
19 as having complied) with that requirement in connection with that Series (including the
20 calculation and payment of any penalties that the City may elect to pay as an alternative to
21 calculating rebuttable arbitrage and the payment of any other penalties if required under Section
22 148 of the Code) to prevent interest on such Series from being included in gross income for
23 federal income tax purposes.

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

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

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

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

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

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

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

1 and, upon the effective date thereof, will be valid and binding upon the City in accordance with
2 its terms, and will not adversely affect the exclusion from gross income for federal income tax
3 purposes of interest on the affected Series of the Bonds, if such Series was issued and sold as
4 Tax-Exempt Bonds. The types of supplements and amendments permitted under this su
5 subsection 24(a) are as follows:

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

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

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

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

19 (v) To alter the Authorized Denominations of a Series of the Bonds and to make
20 correlative amendments and modifications to the applicable Bond Documents regarding
21 (A) exchangeability of such Bonds for Bonds of different authorized denominations,
22 (B) redemptions of portions of Bonds of particular authorized denominations, and (C) similar
23 amendments and modifications of a technical nature;

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

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

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

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

(c) **Amendments Prohibited Except Upon Unanimous Consent.** Unless approved in

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

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

(e) **Effective Date; Consents.** Any supplement or amendment, substantially as described in the notice mailed pursuant to subsection 24(d) of this ordinance, may go into effect upon delivery to the Bond Registrar of (i) the required consents, in writing, of registered owners of the Parity Bonds, and (ii) an opinion of Bond Counsel stating that such supplement or amendment is authorized or permitted by this ordinance. Upon the effective date thereof, such supplement or amendment will be valid and binding upon the City in accordance with its terms and will not

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

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

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

23 (g) **Special Amendments.** If and to the extent that it is determined that the written

1 consent of Registered Owners of the Bonds is required under subsection 24(b) or 24(c) of this
2 ((section)) ordinance, the Registered Owners from time to time of the Bonds, by taking and
3 holding the same, are hereby deemed to have consented to any supplement or amendment to the
4 Bond Documents effecting any one or more of the following changes:

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

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

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

20 Section 25. **Defaults and Remedies.**

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

23 (i) If a default is made in the payment of the principal of or interest on any of the

Bonds when the same shall become due and payable; or

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

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

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

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

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

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

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

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

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

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

authorize or empower the Bond Owners' Trustee to consent to accept or adopt, on behalf of any owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any registered owner thereof, or to authorize or empower the Bond Owners' Trustee to vote the claims of the registered owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization, or other proceeding to which the City is a party.

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

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

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

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

discrimination or preference.

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

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

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

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

corporation employed and selected by it with reasonable care.

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

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

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

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

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

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

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

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

Section 26 The Refunding Plan

(a) Approval of Refunding Plan; Appointment of Refunding Trustee. The Director of

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

8 **(b) Acquisition of Acquired Obligations.** To the extent practicable and desirable, the
9 Refunding Plan shall provide for the Refunding Trustee's purchase of Acquired Obligations,
10 bearing such interest and maturing as to principal and interest in such amounts and at such times
11 so as to provide, together with a beginning cash balance, if necessary, for the timely payment of
12 the amounts required to be paid by the Refunding Plan. The Acquired Obligations shall be listed
13 and more particularly described in a schedule attached to the Refunding Trust Agreement, but
14 are subject to substitution as set forth in subsection 26(c) ((~~below~~)) of this ordinance.

15 **(c) Substitution of Acquired Obligations.** The City reserves the right at any time to
16 substitute cash or other Government Obligations (as defined in the applicable Refunded Bond
17 Documents) for the Acquired Obligations if the City obtains a verification by a nationally
18 recognized independent certified public accounting firm reasonably acceptable to the Refunding
19 Trustee confirming that the payments of principal of and interest on the substitute obligations, if
20 paid when due, together with the cash to be held by the Refunding Trustee, will be sufficient to
21 carry out the Refunding Plan. If the applicable Series of the Bonds (or the applicable Refunded
22 Bonds) were issued as ((~~Tax-Exempt~~)) Tax-Exempt Bonds, then prior to such substitution, the
23 City must also obtain an opinion from Bond Counsel to the effect that the disposition and

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

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

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

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

13 Section 28. **Effect on Prior Omnibus Refunding Ordinances; Outstanding Parity**

14 **Bonds Declared Refundable**. ~~((As of the effective date of this ordinance, no additional~~
15 ~~Refunding Parity Bonds may be issued under Ordinance 121939, as amended by Ordinance~~
16 ~~122837, as amended and restated by Ordinance 124339, and as further amended by Ordinance~~
17 ~~125183 (collectively and as amended, the “Prior Omnibus Refunding Ordinance”). Passage of~~
18 ~~this ordinance shall have no effect on any outstanding bonds previously issued under the~~
19 ~~authority of the Prior Omnibus Refunding Ordinance and such previously issued bonds shall~~
20 ~~remain outstanding in accordance with their terms. All outstanding Parity Bonds previously~~
21 ~~designated as “Refundable Bonds” under the Prior Omnibus Refunding Ordinances are declared~~
22 ~~to be Refundable Bonds under this ordinance.)) It is the intent of the City Council that this~~
23 ~~ordinance reflect the fact that the holders of more than 60 percent of the currently outstanding~~

1 Parity Bonds have consented to the amendments previously designated as becoming effective on
2 the Reserve Covenant Date as those terms are defined in Ordinance 125714, amended by
3 Ordinance 126483 (as amended, the “2019 Omnibus Refunding Ordinance”). To avoid
4 ambiguity and for ease of reference, Sections 1 through 32 of the 2019 Omnibus Refunding
5 Ordinance are amended and restated as set forth in Sections 1 through 32 of this ordinance. As of
6 the effective date of this ordinance, this ordinance shall be referred to as the “Omnibus
7 Refunding Ordinance” and future Refunding Bonds shall be issued under this ordinance. All
8 outstanding Parity Bonds previously designated as “Refundable Bonds” under the 2019 Omnibus
9 Refunding Ordinance are hereby designated as Refundable Bonds under this ordinance. If any
10 provision of this ordinance is found by a court of law to be inapplicable to any bonds outstanding
11 as of the effective date of this amendatory ordinance, the amendments contained herein shall be
12 of no force or effect with respect to those outstanding bonds, and the provisions of the ordinance
13 under which those outstanding bonds were issued shall continue in effect with respect to those
14 bonds only.

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

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

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

1 Director, as applicable, be necessary or appropriate.

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

15 Section 31. **Ratification of Prior Acts.** Any action ~~((taken))~~ consistent with the authority
16 of this ordinance, taken after its passage ~~((but))~~ and prior to ~~((the))~~ its effective date, is ratified~~((,)~~
17 ~~approved))~~ and confirmed.

18 Section 32. **Section Headings.** ~~((Section headings in this ordinance are used for~~
19 ~~convenience only and shall not constitute a substantive portion of this ordinance.))~~ Section
20 headings in this ordinance are nonsubstantive.