

EXHIBIT B

FORM OF UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

The City of Seattle, Washington (the “City”) makes the following written Undertaking for the benefit of the Owners of the City’s [Water System Revenue Bonds, 2017][Series Designation] (the “Bonds”), for the sole purpose of assisting the Purchaser in meeting the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds. Capitalized terms used but not defined below shall have the meanings given in Ordinance _____ and Resolution _____ (together, the “Bond Legislation”).

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

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

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or

1 liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the
2 Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed
3 Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax
4 status of the Bonds, or other material events affecting the tax status of the Bonds;
5 (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than
6 scheduled mandatory redemptions of Term Bonds), if material, and tender offers;
7 (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds,
8 if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the
9 City, as such “Bankruptcy Events” are defined in Rule 15c2-12; (13) the consummation of a
10 merger, consolidation, or acquisition involving the City or the sale of all or substantially all of
11 the assets of the City other than in the ordinary course of business, the entry into a definitive
12 agreement to undertake such an action or the termination of a definitive agreement relating to
13 any such actions, other than pursuant to its terms, if material; and (14) appointment of a
14 successor or additional trustee or the change of name of a trustee, if material.

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

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

19 (i) Shall consist of (1) annual financial statements of the Water System
20 prepared in accordance with applicable generally accepted accounting principles applicable to
21 governmental units (except as otherwise noted herein), as such principles may be changed from
22 time to time and as permitted by State law; (2) a statement of outstanding bonded debt secured
23 by Net Revenue of the Water System; (3) debt service coverage ratios; (4) general customer

1 statistics, such as number and type of customers and revenues by customer class; and (5) current
2 water rates;

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

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

10 (c) Amendment of Undertaking. This Undertaking is subject to amendment after the
11 primary offering of the Bonds without the consent of any Owner or holder of any Bond, or of
12 any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the
13 MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The City will
14 give notice to the MSRB of the substance (or provide a copy) of any amendment to this
15 Undertaking and a brief statement of the reasons for the amendment. If the amendment changes
16 the type of annual financial information to be provided, the annual financial information
17 containing the amended financial information will include a narrative explanation of the effect of
18 that change on the type of information to be provided.

19 (d) Beneficiaries. The Undertaking evidenced by this section shall inure to the
20 benefit of the City and any Beneficial Owner of Bonds, and shall not inure to the benefit of or
21 create any rights in any other person.

22 (e) Termination of Undertaking. The City's obligations under this Undertaking shall
23 terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. In

1 addition, the City's obligations under this Undertaking shall terminate if those provisions of
2 Rule 15c2-12 which require the City to comply with this Undertaking become legally
3 inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally
4 recognized bond counsel or other counsel familiar with federal securities laws delivered to the
5 City, and the City provides timely notice of such termination to the MSRB.

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

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

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

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

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

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

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