

**EXHIBIT B**

**OFFICIAL NOTICE OF BOND SALE**

**OFFICIAL NOTICE OF BOND SALE**

**\$239,915,000<sup>(1)</sup>**

**THE CITY OF SEATTLE, WASHINGTON**

**DRAINAGE AND WASTEWATER SYSTEM IMPROVEMENT AND REFUNDING REVENUE BONDS, 2017**

Electronic bids for the purchase of The City of Seattle Drainage and Wastewater System Improvement and Refunding Revenue Bonds, 2017 (the "Bonds"), will be received by The City of Seattle, Washington (the "City"), by the Director of Finance via the PARITY Electronic Bid Submission System ("Parity"), in the manner described below on

**JUNE 6, 2017, NO LATER THAN 7:45 A.M., PACIFIC TIME,**

or such other day or time and under such other terms and conditions as may be established by the Director of Finance and provided to Parity as described under "Modification, Cancellation, Postponement."

*Bids must be submitted electronically via Parity in accordance with this Official Notice of Bond Sale. For further information about Parity, potential bidders may contact Parity at 212-849-5021. Hard-copy bids will not be accepted.*

No bid will be received after the cut-off time for receiving bids specified above. Each bidder (and not the City) is responsible for the timely electronic delivery of its bid. The official time will be determined by the City and not by any bidder or Parity. All proper bids received with respect to the Bonds will be considered and acted on by the City Council at approximately 1:30 p.m. on June 6, 2017. No bid will be awarded until the City Council has adopted a resolution accepting the bid at its meeting.

Bidders are referred to the Preliminary Official Statement for additional information regarding the City, Seattle Public Utilities, the Bonds, the security for the Bonds, and other matters.

**Modification, Cancellation, Postponement**

The City may modify the terms of this Official Notice of Bond Sale prior to the cut-off time for receiving bids if the City elects to change the principal amounts or the redemption or other provisions or increase or decrease the total principal amount or the amounts of individual maturities of Bonds. Any such modification will be provided to Parity on or before June 5, 2017. In addition, the City may cancel or postpone the date and time for receiving bids for the Bonds at any time prior to the cut-off time for receiving bids. Notice of such cancellation or postponement will be provided to Parity as soon as practicable following such cancellation or postponement. As an accommodation to bidders, telephone, facsimile, or electronic notice of any such modification, cancellation, or postponement will be given to any bidder requesting such notice from the City's Financial Advisor at the address and phone number provided under "Contact Information" below. Failure of any bidder to receive such notice will not affect the legality of the sale.

---

(1) Preliminary, subject to change.

1  
2

#### CONTACT INFORMATION

Finance Division	Michael van Dyck, Debt Manager, City of Seattle (206) 684-8347 <i>michael.vandyck@seattle.gov</i>
Financial Advisor	Rob Shelley, Piper Jaffray & Co. Office phone: (206) 628-2879 Day of sale phone: (206) 601-2249 <i>robert.e.shelley@pjc.com</i>
Bond Counsel	Alice Ostdiek, Stradling Yocca Carlson & Rauth, P.C. (206) 829-3002 <i>aostdiek@syer.com</i>

#### DESCRIPTION OF THE BONDS

##### Bond Details

The Bonds will be dated the date of their initial delivery. Interest on the Bonds is payable semiannually on each January 1 and July 1, beginning January 1, 2018.

##### Registration and Book-Entry Transfer System

The Bonds will be issued only in registered form as to both principal and interest by the fiscal agent of the State (the "Bond Registrar"), currently U.S. Bank National Association in Seattle, Washington (or such other fiscal agent or agents as the State may from time to time designate). The Bonds initially will be registered in the name of the Securities Depository, which is defined in the Bond Legislation as the Depository Trust Company, New York, New York ("DTC"), or any successor thereto.

##### Election of Maturities

The successful bidder for the Bonds shall designate whether some or all of the principal amounts of the Bonds maturing on and after July 1, 2028, shall be retired as shown in the table below as serial bonds maturing in such year or as sinking fund requirements of Term Bonds maturing in the years specified by the bidder. Term Bonds, if any, must consist of the total principal payments of two or more consecutive years and mature in the latest of those years.

Serial Maturities or Sinking Fund		Serial Maturities or Sinking Fund	
Years (July 1)	Requirements <sup>(1)</sup>	Years (July 1)	Requirements <sup>(1)</sup>
2018	\$ 7,915,000	2033	\$ 7,805,000 <sup>(2)</sup>
2019	8,390,000	2034	8,115,000 <sup>(2)</sup>
2020	5,275,000	2035	8,440,000 <sup>(2)</sup>
2021	5,535,000	2036	8,775,000 <sup>(2)</sup>
2022	5,815,000	2037	9,125,000 <sup>(2)</sup>
2023	6,100,000	2038	7,180,000 <sup>(2)</sup>
2024	6,415,000	2039	7,470,000 <sup>(2)</sup>
2025	6,730,000	2040	7,765,000 <sup>(2)</sup>
2026	8,745,000	2041	8,075,000 <sup>(2)</sup>
2027	9,185,000	2042	8,400,000 <sup>(2)</sup>
2028	9,650,000 <sup>(2)</sup>	2043	8,735,000 <sup>(2)</sup>
2029	10,040,000 <sup>(2)</sup>	2044	9,085,000 <sup>(2)</sup>
2030	6,935,000 <sup>(2)</sup>	2045	9,450,000 <sup>(2)</sup>
2031	7,215,000 <sup>(2)</sup>	2046	9,825,000 <sup>(2)</sup>
2032	7,505,000 <sup>(2)</sup>	2047	10,220,000 <sup>(2)</sup>

(1) Preliminary, subject to change. See "Bidding Information and Award—Adjustment of Principal Amounts and Bid Price After Receipt of Bids" below for a description of the City's right to adjust the principal amounts after the bids are received

(2) These amounts will constitute principal maturities of the Bonds unless Term Bonds are specified by the successful bidder, in which case the amounts so specified will constitute sinking fund requirements of Term Bonds.

#### Redemption

**Optional Redemption.** The Bonds maturing on and before July 1, 2027, are not subject to redemption prior to maturity. The City reserves the right and option to redeem Bonds maturing on and after July 1, 2028, prior to their stated maturity dates at any time on or after July 1, 2027, as a whole or in part, at a price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption. See "Description of the Bonds—Redemption of Bonds—Optional Redemption" in the Preliminary Official Statement.

**Mandatory Redemption.** As indicated on the schedule above, Bonds that are designated by the successful bidder as Term Bonds will be subject to sinking fund requirements. See "Description of the Bonds—Redemption of Bonds—Mandatory Redemption" in the Preliminary Official Statement.

**Selection of Bonds for Redemption.** If fewer than all of the Bonds are to be redeemed prior to maturity, the selection of such Bonds for redemption shall be made as described under "Description of the Bonds—Redemption of Bonds—Selection of Bonds for Redemption" in the Preliminary Official Statement.

#### Purpose

The Bonds are being issued to pay for part of the costs of various projects of the City's Drainage and Wastewater System, to make a deposit into the Reserve Subaccount, to refund, subject to market conditions, certain outstanding obligations of the Drainage and Wastewater System, and to pay the costs of issuing the Bonds and administering the Refunding Plan.

#### Security

The Bonds are special limited obligations of the City payable from and secured solely by the Net Revenue of the Drainage and Wastewater System (including all utility local improvement district assessments pledged to Parity Bonds) and by money in the Parity Bond Account and subaccounts therein (including the Reserve Subaccount). Net Revenue is pledged to make the payments into the Parity Bond Account and the Reserve Subaccount required by the Bond Legislation, which pledge constitutes a charge and lien upon such Net Revenue prior and superior to all other

liens and charges whatsoever. The Bonds are on a parity with the Outstanding Parity Bonds and all Future Parity Bonds, without preference or priority of right or lien.

*The Bonds do not constitute general obligations of the City, the State of Washington (the "State"), or any political subdivision of the State, or a charge upon any general fund or upon any money or other property of the City, the State, or any political subdivision of the State not specifically pledged thereto by the legislation authorizing the issuance of the Bonds. Neither the full faith and credit nor the taxing power of the City, nor any revenues of the City derived from sources other than the Drainage and Wastewater System, are pledged to the payment of the Bonds.*

#### BIDDING INFORMATION AND AWARD

Bidders are invited to submit bids for the purchase of the Bonds fixing the interest rate or rates that the Bonds will bear. Interest rates included as part of a bid shall be in multiples of 1/8 or 1/20 of 1%, or any combination thereof. Bidders must specify interest rates of equal to or greater than 4% for each maturity of the Bonds maturing on or after July 1, 2028, and no interest rate greater than 5% is allowed for any maturity of the Bonds. No more than one interest rate may be fixed for any one maturity of the Bonds.

No bid will be considered for the Bonds that is less than an amount equal to 106% of the par value of the Bonds nor more than an amount equal to 119% of the par value of the Bonds. For the purpose of this paragraph, "price" means the lesser of the price to the redemption date, if any, or the price to the maturity date.

Bids for the Bonds must be unconditional. No bid for less than the entire offering of the Bonds will be accepted. Bids may not be withdrawn or revised after the cut-off time for receiving bids. The City strongly encourages the inclusion of women and minority business enterprise firms in bidding syndicates.

#### Bidding Process

Bids for the Bonds must be submitted via Parity. By submitting an electronic bid for the Bonds, each bidder thereby agrees to the following terms and conditions:

- (i) If any provision in this Official Notice of Bond Sale conflicts with information or terms provided or required by Parity, this Official Notice of Bond Sale (including any modifications provided by the City to Parity) shall control.
- (ii) Each bidder is solely responsible for making necessary arrangements to access Parity for purposes of submitting a timely bid in compliance with the requirements of this Official Notice of Bond Sale (including any modifications provided by the City to Parity).
- (iii) The City has no duty or obligation to provide or assure access to Parity, and the City shall not be responsible for the proper operation of Parity, or have any liability for any delays or interruptions or any damages caused by use or attempted use of Parity.
- (iv) Parity is acting as an independent contractor and is not acting for or on behalf of the City.
- (v) The City is not responsible for ensuring or verifying bidder compliance with Parity's procedures.
- (vi) If the bidder's bid is accepted by the City, this Official Notice of Bond Sale (including any modifications provided by the City to Parity) and the information that is submitted electronically through Parity shall form a contract, and the bidder shall be bound by the terms of such contract.
- (vii) Information provided by Parity to bidders shall form no part of any bid or of any contract between the successful bidder and the City unless that information is included in this Official Notice of Bond Sale (including any modifications provided by the City to Parity).

#### Good Faith Deposit

The winning bid must be backed by a good faith deposit in the amount of \$2,400,000. The good faith deposit must be paid by federal funds wire transfer within 90 minutes after notice from the City to the apparent successful bidder for the Bonds. Wiring instructions will be provided to the apparent successful bidder at the time of the notice from the City.

The good faith deposit for the Bonds shall be retained by the City as security for the performance of the apparent successful bidder and shall be applied to the purchase price of the Bonds upon the delivery of the Bonds to the

apparent successful bidder. Pending delivery of the Bonds, the good faith deposit may be invested for the sole benefit of the City. If the Bonds are ready for delivery and the apparent successful bidder fails or neglects to complete the purchase of the Bonds within 30 days following the acceptance of its bid, the good faith deposit shall be retained by the City as reasonable liquidated damages and not as a penalty.

#### **Award**

The Bonds will be sold to the bidder making a bid for the Bonds that conforms to the terms of the offering and is, based on the City's determination of the lowest true interest cost, the best bid. The true interest cost will be the rate that, when used to discount to the date of the Bonds all future payments of principal and interest (using semiannual compounding and a 30/360-day basis), produces an amount equal to the bid amount. The true interest cost calculations for the Bonds will be performed by the City's Financial Advisor, and the City will base its determination of the best bid for the Bonds solely on such calculations. If there are two or more equal bids for the Bonds and those bids are the best bids received, the Director of Finance will determine by random selection which bid will be presented to the City Council.

The apparent successful bidder for the Bonds will be notified by the City and must provide a good faith deposit as described above. The bid for the Bonds will be presented to the City Council at approximately 1:30 p.m., Pacific Time, on the date set for receiving bids and shall remain in effect until 5:00 p.m., Pacific Time, on that date. Such bid shall be considered awarded upon the City Council's adoption of a resolution accepting the bid.

The City reserves the right to reject any or all bids submitted and to waive any formality or irregularity in any bid or the bidding process. If all bids for the Bonds are rejected, then the Bonds may be sold in the manner provided by law. Any bid presented after the cut-off time for receiving bids will not be accepted.

#### **Adjustment of Principal Amounts and Bid Price After Receipt of Bids**

The City reserves the right to increase or decrease the preliminary aggregate principal amount of the Bonds by an amount not to exceed 10% of the aggregate principal amount of the Bonds after the cut-off time for receiving bids. The City also reserves the right to increase or decrease the preliminary principal amount of any maturity of the Bonds shown on Parity by an amount not to exceed 15% of the preliminary principal amount of that maturity.

If the preliminary principal amount of the Bonds is adjusted by the City, the price bid by the successful bidder for the Bonds will be adjusted by the City on a proportionate basis to reflect an increase or decrease in the principal amount and maturity schedule. If the City elects to increase or decrease the principal amount of the Bonds after receiving bids, the Underwriter's discount, expressed in dollars per thousand, will be held constant. The City will not be responsible in the event and to the extent that any adjustment affects (i) the net compensation to be realized by the successful bidder, or (ii) the true interest cost of the winning bid or its ranking relative to other bids.

#### **Issue Price Information**

Upon award of the Bonds, the successful bidder for the Bonds shall advise the City and Bond Counsel of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"), for the City's inclusion in the final Official Statement for the Bonds. Prior to delivery of the Bonds, the successful bidder shall furnish to the City and Bond Counsel a certificate in form and substance acceptable to Bond Counsel:

- (i) confirming the Initial Reoffering Prices,
- (ii) certifying that a *bona fide* offering of the Bonds has been made to the public (excluding bond houses, brokers, and other intermediaries),
- (iii) stating the first price at which a substantial amount (at least 10%) of each maturity of the Bonds was sold to the public (excluding bond houses, brokers, and other intermediaries), and
- (iv) if the first price at which a substantial amount of any maturity of the Bonds is sold does not conform to the Initial Reoffering Price of that maturity, providing an explanation of the facts and circumstances that resulted in that nonconformity.

A draft form of such certificate will be available prior to the sale date from the City's Financial Advisor. See "Contact Information" in this Official Notice of Bond Sale.

#### **Insurance**

No bid for the Bonds may be conditioned upon obtaining insurance or any other credit enhancement, or upon the City's acceptance of any of the terms of insurance or other credit enhancement. Any purchase of municipal bond insurance or commitment therefor shall be at the sole option and expense of the bidder, and any increased costs of issuance of the Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder, but shall not, in any event, be paid by the City. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued shall not in any way relieve the successful bidder of its contractual obligations arising from the acceptance of its bid.

If the successful bidder purchases insurance for any of the Bonds, the City may require the successful bidder to furnish to the City and Bond Counsel a certificate in form and substance acceptable to Bond Counsel confirming that the present value (calculated using the same yield as the yield on the insured Bonds) of the insurance premium is less than the present value (calculated using the same yield as the yield on the insured Bonds) of the interest cost savings represented by the comparative differences between interest amounts that would have been payable on the various maturities of the insured Bonds at interest rates on the insured Bonds issued with and without the insurance on the insured Bonds.

#### **Ratings**

The Bonds have been rated "Aa1" and "AA+" by Moody's Investors Service, Inc. and S&P Global Ratings, respectively. The City will pay the fees for these ratings; any other ratings are the responsibility of the successful bidder.

#### **DELIVERY**

The City will deliver the Bonds (consisting of one certificate for each maturity of the Bonds) to DTC in New York, New York, or to the Bond Registrar on behalf of DTC for closing by Fast Automated Securities Transfer, prior to the date of closing. Closing shall occur within 30 days after the sale date. Settlement shall be in immediately available federal funds on the date of delivery.

If, prior to the delivery of the Bonds, the interest receivable by the owners of the Bonds becomes includable in gross income for federal income tax purposes, or becomes subject to federal income tax other than as described in the Preliminary Official Statement, the successful bidder for the Bonds, at its option, may be relieved of its obligation to purchase the Bonds and in that case the good faith deposit accompanying its bid will be returned without interest.

The City will furnish to the successful bidder for the Bonds one CD-ROM transcript of proceedings; additional transcripts will be furnished at the successful bidder's cost.

#### **Legal Opinion**

The approving legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Seattle, Washington, Bond Counsel, with respect to the Bonds will be provided to the successful bidder for the Bonds at the time of the delivery of the Bonds. The form of Bond Counsel's opinion is attached to the Preliminary Official Statement as Appendix B. A no-litigation certificate will be included in the closing documents for the Bonds.

#### **CUSIP Numbers**

It is anticipated that a CUSIP identification number will appear on each Bond, but neither the failure to insert such number nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder for the Bonds to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Bond Sale.

*The successful bidder for the Bonds is responsible for obtaining CUSIP numbers for the Bonds. The charge of the CUSIP Service Bureau shall be paid by such successful bidder.*

#### **CONTINUING DISCLOSURE UNDERTAKING**

In order to assist bidders in complying with paragraph (b)(5) of United States Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), the City will undertake to provide certain annual financial information and notices

x

of the occurrence of certain events. A description of this undertaking and the City's compliance with its prior undertakings is set forth in the Preliminary Official Statement under "Legal and Tax Information—Continuing Disclosure Undertaking" and also will be set forth in the final Official Statement.

#### OFFICIAL STATEMENT

##### Preliminary Official Statement

The Preliminary Official Statement is in a form that the City has deemed final for the purpose of paragraph (b)(1) of Rule 15c2-12, but is subject to revision, amendment, and completion in a final Official Statement, which the City will deliver, at the City's expense, to the successful bidder through its designated representative not later than seven business days after the City's acceptance of the successful bidder's bid, in sufficient quantities to permit the successful bidder to comply with Rule 15c2-12.

By submitting the successful proposal for the Bonds, the successful bidder's designated senior representative agrees:

- (i) to provide to the City's Debt Manager, in writing, within 24 hours after the acceptance of the bid, pricing and other related information, including Initial Reoffering Prices of the Bonds, necessary for completion of the final Official Statement (see "Issue Price Information");
- (ii) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any amendments or supplements prepared by the City;
- (iii) to take any and all actions necessary to comply with applicable rules of the Securities and Exchange Commission and Municipal Securities Rulemaking Board governing the offering, sale, and delivery of the Bonds to ultimate purchasers, including the delivery of a final Official Statement to each investor who purchases Bonds; and
- (iv) to file the final Official Statement or cause it to be filed with the Municipal Securities Rulemaking Board within one business day following its receipt from the City.

The Preliminary Official Statement may be obtained from i-Deal Prospectus at [www.i-dealprospectus.com](http://www.i-dealprospectus.com), telephone (212) 849-5024. In addition, the Preliminary Official Statement may be obtained upon request to the City's Debt Manager or Financial Advisor. See "Contact Information" in this Official Notice of Bond Sale.

##### Official Statement

At closing, the City will furnish a certificate of an official or officials of the City, stating that, to the best knowledge of such official(s), as of the date of the Official Statement and as of the date of delivery of the Bonds:

- (i) the information (including financial information) regarding the City contained in the Official Statement was and is true and correct in all material respects and did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; and
- (ii) the descriptions and statements, including financial data, of or pertaining to entities other than the City and their activities contained in the Official Statement have been obtained from sources that the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect (however, the City will make no representation regarding Bond Counsel's form of opinion, the information provided by Bond Counsel under "Legal and Tax Information—Limitations on Remedies and Municipal Bankruptcies" and "—Tax Exemption," or the information provided by or obtained from DTC or from any entity providing bond insurance, reserve insurance, or other credit facility).

DATED at Seattle, Washington, this 25th day of May, 2017.

/s/ Glen M. Lee

Glen M. Lee  
Director of Finance