

pay the costs of issuance of the bonds; and (d) for other Light System purposes approved by ordinance; and

WHEREAS, pursuant to Ordinance 124335 (as amended by Ordinance 124916) (the “Omnibus Refunding Bond Ordinance”), the City authorized the issuance of Light System revenue bonds for the purpose of, among other things, paying all or a part of the costs of refunding certain of the City’s outstanding Light System revenue bonds; and

WHEREAS, the City previously issued its Municipal Light and Power Improvement and Refunding Revenue Bonds, 2011A, which were authorized pursuant to Ordinance 123483, Ordinance 121941 (as amended by Ordinance 122838) and Resolution 31263 (the “Refunded Bond Legislation”), and reserved the right to call, pay and redeem those bonds maturing on and after February 1, 2022, prior to maturity at any time on or after February 1, 2021, at a price equal to the stated principal amount to be redeemed, plus accrued interest; and

WHEREAS, the New Money Ordinance and the Omnibus Refunding Bond Ordinance (together, the “Bond Ordinances”) authorize the Director of Finance to conduct a public or negotiated sale of bonds and to accept a bid or offer to purchase the bonds at certain interest rates and certain Bond Sale Terms (as defined in the Bond Ordinances), within certain parameters set forth in the Bond Ordinances; and

WHEREAS, to accomplish the refunding of the Refunded Bonds (defined herein), it is necessary and advisable that certain Acquired Obligations (defined herein) bearing interest and maturing at such time or times as necessary to accomplish the Refunding Plan (defined herein) be purchased out of a portion of the proceeds of the Bonds (defined herein) and other money of the City, if necessary; and

WHEREAS, pursuant to the Bond Ordinances, a preliminary official statement dated August 31, 2017, for the public sale of the Bonds, including an official notice of that sale, was prepared and distributed, bids were received in accordance with the Official Notice of Bond Sale, and the proposed sale of the Bonds to Morgan Stanley & Co. LLC has been presented to the City Council for its approval with the interest

rates and other Bond Sale Terms; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE THAT:

Section 1. **Definitions.** The meanings of capitalized terms used and not otherwise defined in this resolution shall be as set forth in the Bond Ordinances. In addition, the following terms as used in this resolution shall have the following meanings:

“2005 Reserve Surety” means the Alternate Reserve Security (FSA Policy No. 205674-S) purchased pursuant to Ordinance 121812, passed on May 16, 2005.

“Acquired Obligations” means those Government Obligations (if any) purchased pursuant to the Refunding Trust Agreement to accomplish the refunding of the Refunded Bonds.

“Bond Legislation” means, collectively, the Bond Ordinances and this resolution.

“Bond Ordinances” means, together, the New Money Ordinance and the Omnibus Refunding Bond Ordinance.

“Bonds” means the \$385,530,000 aggregate principal amount of Municipal Light and Power Improvement and Refunding Revenue Bonds, 2017C, issued pursuant to the Bond Legislation.

“Excluded Bonds” means the City’s (a) Municipal Light and Power Revenue Bonds, 2015B-1 and 2015B-2 (SIFMA Index), issued pursuant to Ordinance 124633 passed on November 24, 2014, and Resolution 31593 adopted June 23, 2015, as supplemented by Resolution 31646 adopted January 13, 2016, (b) Municipal Light and Power Revenue Bonds, Series 2017A (Multi-Modal) and Series 2017B (Multi-Modal), issued pursuant to Ordinance 124916 passed on November 23, 2015, and Resolution 31728 adopted January 11, 2017, and (c) any other issue of Parity Bonds for which the Reserve Requirement is equal to \$0.

“Government Obligations,” when referring to eligible investments in a refunding escrow established to refund or defease the Bonds, shall be limited to the following types of securities, provided that such securities are then included in the State law definition of “government obligations” under RCW 39.53.010 (or any successor statute): (i) direct obligations of, or obligations the principal of and interest on which are

unconditionally guaranteed by, the United States of America, and bank certificates of deposit secured by such obligations; (ii) bonds, debentures, notes, participation certificates, or other obligations issued by the Banks for Cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank system, the Export-Import Bank of the United States, Federal Land Banks, or the Federal National Mortgage Association; (iii) public housing bonds and project notes fully secured by contracts with the United States; and (iv) obligations of financial institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, to the extent insured or to the extent guaranteed as permitted under any other provision of State law.

“New Money Ordinance” means Ordinance 125198 passed by the City Council on November 21, 2016.

“New Money Portion” means that portion of the Bonds identified in the allocation attached to the Tax Certificate to be executed by the Director of Finance as of the Issue Date.

“Official Notice of Bond Sale” means the Official Notice of Bond Sale, a copy of which is attached as Exhibit B.

“Omnibus Refunding Bond Ordinance” means Ordinance 124335, passed by the City Council on November 25, 2013, as amended by Ordinance 124916, passed by the City Council on November 23, 2015 (which amended and restated Ordinance 121941, originally passed by the City Council on September 26, 2005, and subsequently amended by Ordinance 122838, passed by the City Council on November 10, 2008). In accordance with Section 32 of Ordinance 124335, all section references to the Omnibus Refunding Bond Ordinance herein refer to the “clean” version of that legislation attached to Ordinance 124335 as Exhibit C.

“Purchaser” means Morgan Stanley & Co. LLC.

“Refunded Bonds” means that portion of the City’s outstanding Municipal Light and Power Improvement and Refunding Revenue Bonds, 2011A, identified in Exhibit A, which is attached and incorporated by this reference.

“**Refunded Bond Legislation**” means the following legislation collectively authorizing the issuance and sale of the City’s Municipal Light and Power Improvement and Refunding Revenue Bonds, 2011A, allocated to new money and current refundable purposes:

Legislation	Description
Ordinance 123483 passed by the City Council on November 22, 2010	Authorized not to exceed \$210 million of new money Municipal Light and Power Improvement Revenue Bonds, 2011.
Ordinance 121941 passed by the City Council on September 26, 2005, as amended by Ordinance 122838 passed by the City Council on November 10, 2008	Authorized the issuance of Light System refunding revenue bonds,
Resolution 31263 adopted by the City Council on January 12, 2011	Approved the issuance and sale of \$296,315,000 Municipal Light and Power Improvement and Refunding Revenue Bonds, 2011A (including \$200,000,000 new money and \$96,315,000 current refunding portions). The Refunded Bonds are from the portion allocated to new money.

“**Refunding Plan**” means the refunding plan for the Refunded Bonds, as set forth in Section 6(d).

“**Refunding Portion**” means that portion of the Bonds identified in the allocation attached to the Tax Certificate to be executed by the Director of Finance as of the Issue Date.

“**Refunding Trust Agreement**” means the agreement between the City and a Refunding Trustee and such other parties as may be necessary, providing for the carrying out of the Refunding Plan, in a form acceptable to the Director of Finance.

“**Refunding Trustee**” means the financial institution selected by the Director of Finance to serve as refunding trustee or escrow agent under the Refunding Trust Agreement, or its successors.

“**Reserve Fund Requirement**” means, with respect to the Bonds, the additional amount calculated as set forth in Section 5(a) of this resolution.

Section 2. **Sale and Delivery of Bonds.** The City finds that the sale of the Bonds to the Purchaser at the interest rates and pursuant to the Bond Sale Terms set forth in the Bond Legislation, the Official Notice of

Bond Sale, attached as Exhibit B, and the bid information attached as Exhibit C (which includes a summary of the true interest cost associated with each bid and a printed version of all the electronic bids for the Bonds, including the electronic bid of the Purchaser), is in the City’s best interest and therefore confirms, ratifies and approves the award of the Bonds to the Purchaser.

Section 3. Approval of Bond Sale Terms. In accordance with Section 5 of the New Money Ordinance and Section 4 of the Omnibus Refunding Bond Ordinance, the following Bond Sale Terms are approved:

(a) **Principal Amount.** The Bonds shall be issued in the aggregate principal amount of \$385,530,000. The allocation of the Bonds to the New Money Portion and the Refunding Portion shall be as set forth in the allocation attached to the Tax Certificate executed by the Director of Finance as of the Issue Date. The amount allocated to the New Money Portion shall not exceed \$275,000,000, and the amount allocated to the Refunding Portion shall not exceed 125% of the stated principal amount of the Refunded Bonds.

(b) **Date or Dates.** Each Bond shall be dated its Issue Date, which is expected to be September 28, 2017, and which date shall be not later than December 31, 2019.

(c) **Denominations.** The Bonds shall be issued in Authorized Denominations, as set forth in the Bond Ordinances.

(d) **Interest Rates; Payment Dates.** Each Bond shall bear interest at fixed rates per annum, as shown below, computed on the basis of a 360-day year of twelve 30-day months, from the Issue Date or from the most recent date with respect to which interest has been paid or duly provided for, whichever is later. Interest shall be payable on the first day of each March and September, commencing March 1, 2018. Principal shall be payable at maturity in principal amounts on September 1 of the following years in the following amounts:

Maturity Date	Principal Amount	Interest Rate	Maturity Date	Principal Amount	Interest Rate
2018	\$ 5,135,000	5.00%	2032	\$18,770,000	5.00%
2019	4,100,000	5.00	2033	19,705,000	4.00

2020	4,310,000	5.00	2034	20,500,000	4.00
2021	4,525,000	5.00	2035	21,320,000	4.00
2022	11,710,000	5.00	2036	22,170,000	4.00
2023	12,305,000	5.00	2037	9,465,000	4.00
2024	12,915,000	5.00	2038	9,845,000	4.00
2025	13,560,000	5.00	2039	10,240,000	4.00
2026	14,240,000	5.00	2040	10,650,000	4.00
2027	6,040,000	5.00	2041	11,075,000	4.00
2028	15,445,000	5.00	2042	11,515,000	4.00
2029	16,215,000	5.00	2043	11,975,000	4.00
2030	17,030,000	5.00	***	***	***
2031	17,880,000	5.00	2047	52,890,000	4.00

(e) **Final Maturity.** The final maturity of the Bonds is September 1, 2047.

(f) **Redemption Rights.**

(1) Optional Redemption. The Bonds maturing on and before September 1, 2027, are not subject to redemption prior to maturity. The City reserves the right and option to redeem Bonds maturing on and after September 1, 2028, prior to their stated maturity dates at any time on or after September 1, 2027, as a whole or in part, at a price equal to 100% of the stated principal amount to be redeemed plus accrued interest to the date fixed for redemption.

(2) Mandatory Redemption. Bonds maturing in the year 2047 are designated as Term Bonds and, if not redeemed under the optional redemption provisions set forth above or purchased in the open market under the provisions set forth in the Bond Ordinances, shall be called for redemption in accordance with the Bond Ordinances at a price equal to 100% of the principal amount to be redeemed plus accrued interest to the date fixed for redemption on September 1 in the years and amounts as follows:

Year	Mandatory Redemption Amount
2044	\$12,455,000
2045	12,955,000
2046	13,470,000
2047*	14,010,000

*Maturity

If a Term Bond is redeemed under the optional redemption provisions or defeased or purchased by the City and surrendered for cancellation, the principal amount of that Term Bond so redeemed, purchased, or defeased (irrespective of its actual redemption or purchase price) shall be credited against one or more scheduled mandatory redemption installments for that Term Bond in accordance with the Bond Ordinances.

(g) **Price.** The purchase price for the Bonds is \$439,186,725.16, representing the aggregate principal amount of the Bonds, plus an original issue premium and less underwriter's discount.

(h) **Other Terms and Conditions.** The following terms and conditions, along with those additional Bond Sale Terms set forth in the Official Notice of Bond Sale, are ratified, confirmed and approved in all respects:

(1) The average expected life of the capital facilities to be financed with the proceeds of the New Money Portion exceeds the weighted average maturity of the New Money Portion allocated to financing those capital facilities.

(2) The applicable Parity Conditions have been met or satisfied so that the Bonds may be issued as Parity Bonds.

(3) The City Council has given due regard to the cost of operation and maintenance of the Light System and to any portion of the Gross Revenues pledged for the payment of any bonds, warrants or other indebtedness, and finds and determines that the Gross Revenues, at the rates established consistent with Section 13(d) of the New Money Ordinance and Section 15(d) of the Omnibus Refunding Ordinance, will be sufficient to meet all expenses of operation and maintenance of the Light System and to provide the amounts previously pledged for the payment of all outstanding obligations payable out of the Gross Revenues and pledged for the payment of the Bonds.

(4) The Bond Sale Terms do not provide for any bond insurance or other credit enhancement, or for interest rate swaps, caps, floors or other similar hedging devices, at the expense or direction of the City.

(5) The Reserve Fund Requirement shall be established and funded as set forth in Section 5 of this resolution.

(6) Terms and covenants relating to federal tax matters are as set forth in Section 7 of this resolution.

Section 4. Use of Bond Proceeds. Proceeds of the Bonds received by the City shall be allocated as set forth in the Tax Certificate and shall be deposited immediately upon receipt, as set forth below. The amounts necessary to pay the costs of issuance of the Bonds shall be allocated among the various purposes in accordance with the allocation set forth in the Tax Certificate executed by the Director of Finance as of the Issue Date.

(a) **New Money Portion.** Proceeds of the sale of the New Money Portion shall be deposited in the funds, accounts or subaccounts within the Light Fund as determined by the Director of Finance as necessary to pay costs of the Plan of Additions, the costs of issuing the New Money Portion of the Bonds and for such other purposes as may be approved by ordinance.

(b) **Refunding Portion.** Proceeds of the sale of the Refunding Portion shall be deposited immediately upon the receipt thereof with the Refunding Trustee and shall be used to carry out the Refunding Plan, including discharging the obligations of the City relating to the Refunded Bonds under the Refunded Bond Legislation. The Refunding Plan shall be as set forth in the Refunding Trust Agreement and Section 6(d) of this resolution. The Director of Finance shall determine, in his sole discretion, whether the portion of the sale proceeds of the Refunding Portion necessary for payment of costs of issuance and administrative costs of the refunding shall be (i) deposited into a fund, account or subaccount within the Light Fund to be paid directly by the City, or (ii) deposited with the Refunding Trustee, who shall be directed to pay such costs as part of the Refunding Plan.

Section 5. Reserve Fund Requirement.

(a) **Amount of the Reserve Fund Requirement for the Bonds.** With respect to the Bonds, the Reserve Fund Requirement shall mean (1) for so long as the 2005 Reserve Surety remains in effect, the

additional amount necessary, if any, to provide an overall level of funding in the Reserve Fund equal to the maximum amount permitted by the Code as a “reasonably required reserve or replacement fund,” calculated as of the Issue Date based on the debt service requirements for all Parity Bonds then outstanding, and (2) from and after the expiration or termination of the 2005 Reserve Surety, the amount of the Reserve Fund Requirement for the Bonds shall be recalculated based on the debt service requirements as of the Issue Date for all Parity Bonds except for the Excluded Bonds.

(b) **Method of Funding the Reserve Fund Requirement.** Prior to the Issue Date, the Director of Finance shall determine that there is on deposit in the Reserve Fund an amount sufficient to satisfy the Reserve Fund Requirement for the Bonds as set forth in this section. Any additional deposit that may be required shall be made from proceeds of the Bonds.

Section 6. Provisions for Refunding.

(a) **Findings With Respect to Refunding.** The City Council finds that the issuance of the Refunding Portion at this time will effect a savings to the City and is in the best interest of the City and its Light System ratepayers and in the public interest. In making such finding, the City Council has given consideration to the fixed maturities allocated to the Refunding Portion and the Refunded Bonds, the costs of issuance of the Refunding Portion and the known earned income from the investment of the amounts deposited with the Refunding Trustee pending payment and redemption of the Refunded Bonds. The City Council further finds that the money to be deposited with the Refunding Trustee will discharge and satisfy the obligations, pledges, charges, trusts, covenants, and agreements of the City under the Refunded Bond Legislation, and that immediately upon the deposit of such money with the Refunding Trustee, the Refunded Bonds shall be deemed to be no longer outstanding under the Refunded Bond Legislation.

(b) **Call for Redemption of the Refunded Bonds.** The City authorizes the Director of Finance to call for redemption on February 1, 2021, all of the Refunded Bonds at a price of 100% of the principal amount to be redeemed, plus accrued interest to the date set for redemption. Such call for redemption shall be

irrevocable after the Issue Date. The date on which the Refunded Bonds are called for redemption is the first date on which the Refunded Bonds may be called. The City authorizes and directs the Director of Finance to give or cause to be given such notices as required, at the times and in the manner required, pursuant to the Refunded Bond Legislation in order to effect the redemption prior to the maturity of the Refunded Bonds.

(c) **Refunding Trust Agreement.** The Director of Finance is authorized and directed to appoint the Refunding Trustee and to execute a Refunding Trust Agreement, in form and substance acceptable to him, consistent with Section 12 of the Omnibus Refunding Bond Ordinance.

(d) **Refunding Plan.** The Refunding Plan is approved substantially as follows, with such alterations as may be set forth in the Refunding Trust Agreement, all as the Director of Finance deems necessary or appropriate:

(1) On the Issue Date, certain proceeds of the Refunding Portion shall be deposited with the Refunding Trustee in an amount sufficient to purchase the Acquired Obligations.

(2) The Refunding Trustee shall hold the maturing principal of and interest on the Acquired Obligations in a refunding trust account, and shall apply such money, together with other money held in that account, to the payment of the principal of and interest on the Refunded Bonds when due up to and including the date set for redemption.

(3) On the date set for redemption of the Refunded Bonds, the Refunding Trustee shall call, pay, and redeem all of the Refunded Bonds at a price equal to the principal amount to be redeemed, plus accrued interest to that date.

(4) The costs of carrying out the Refunding Plan and the costs of issuance of the Refunding Portion of the Bonds may be paid either by the City directly or from the amounts held by the Refunding Trustee, as directed by the Director of Finance in his discretion.

Section 7. Federal Tax Matters. The Bonds shall be issued as Tax-Exempt Bonds, in accordance with Section 14(a) of the New Money Ordinance and Section 16(a) of the Omnibus Bond Refunding

Ordinance.

Section 8. General Authorization. The Mayor and the Director of Finance and each of the other appropriate officers and agents of the City are each authorized and directed to do everything as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, the Bond Ordinances and this resolution.

Section 9. Severability. The provisions of this resolution are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this resolution to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this resolution in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 10. Ratification of Prior Acts. All acts taken pursuant to the authority of this resolution but prior to its effective date are ratified, approved and confirmed.

Adopted by the City Council the _____ day of _____, 2017, and signed by me in open session in authentication of its adoption this _____ day of _____, 2017.

President _____ of the City Council

Filed by me this _____ day of _____, 2017.

Monica Martinez Simmons, City Clerk

(Seal)

LIST OF EXHIBITS

- Exhibit A Identification of Refunded Bonds
- Exhibit B Official Notice of Bond Sale
- Exhibit C Printed Version of All Electronic Bids