



Legislation Text

File #: CB 119109, Version: 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to contracting indebtedness; authorizing the issuance and sale, from time to time in multiple series, of limited tax general obligation refunding bonds and unlimited tax general obligation refunding bonds for the purpose of carrying out the current or advance refunding of all or part of the City's outstanding limited tax general obligation bonds, carrying out the current or advance refunding of all or part of the City's outstanding unlimited tax general obligation bonds pursuant to an approved refunding plan, and to pay the administrative costs of carrying out such refundings and the costs of issuance of the refunding bonds; providing parameters for the bond sale terms including conditions, covenants, and other sale terms; rescinding the authorization to issue any future general obligation refunding bonds under Ordinance 121651 (as previously amended by Ordinance 122286, and as previously amended and restated by Ordinance 124343); authorizing the Director of Finance to enter into agreements providing for the disposition of the refunding bond proceeds; and ratifying and confirming certain prior acts.

WHEREAS, The City of Seattle, Washington (the "City") has previously authorized and issued, and may from time to time in the future authorize and issue, limited tax general obligation bonds and unlimited tax general obligation bonds designated as refundable under this ordinance (the "Refundable Bonds"), which Refundable Bonds may be refunded in order to achieve a cost savings or other benefit to the City as permitted under chapter 39.53 RCW; and

WHEREAS, the City Council has determined it to be in the best interest of the City and its taxpayers that it authorize the issuance and sale, subject to the provisions of this ordinance, of limited tax general obligation refunding bonds and unlimited tax general obligation refunding bonds (collectively, the "Bonds"), from time to time in one or more Series, for the purpose of (a) carrying out the current or advance refunding of all or a portion of the Refundable Bonds, and (b) paying the administrative costs of such refundings and the costs of issuance of the Bonds; and

WHEREAS, pursuant to the authority delegated in this ordinance, the Director of Finance from time to time will receive, review and adopt a plan (a “Refunding Plan”) to refund selected maturities (or partial maturities) of certain series of those Refundable Bonds, which selected series and maturities (or partial maturities) will be identified in the Refunding Plan; and

WHEREAS, this ordinance will allow the Director of Finance to carry out the defeasance and refunding of any Refundable Bonds in accordance with the City’s debt policies regarding refundings, as such policies may be amended from time to time and as most recently amended by the City Council in Resolution 30630; and

WHEREAS, RCW 39.53.020 authorizes the City to issue refunding bonds, and RCW 39.53.100 provides that, in computing applicable debt limitations, there shall be deducted from the amount of outstanding indebtedness the amounts of money and investments credited to, or on deposit for, general obligation bond retirement; and

WHEREAS, from and after the effective date of this ordinance the authority to issue general obligation refunding bonds previously granted in Ordinance 121651, as amended by Ordinance 122286, and as further amended and restated by Ordinance 124343 (the “Prior Omnibus Refunding Ordinances”), shall sunset and be replaced by the authority granted in this ordinance, such that future general obligation refunding bonds shall be issued under this authority and within the parameters set forth herein without affecting the outstanding bonds previously issued under the Prior Omnibus Refunding Ordinances;
NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. **Definitions.** As used in this ordinance, the following capitalized terms shall have the following meanings.

“**Acquired Obligations**” means Government Obligations maturing or having guaranteed redemption prices at the option of the holder at such time or times as may be required to provide funds sufficient to carry

out the Refunding Plan, and satisfying the requirements of the Refunded Bond Documents that authorized the Refunded Bonds included in that Refunding Plan. For purposes of this definition, eligible “Government Obligations” for inclusion in a Refunding Plan shall be determined in accordance with the applicable Refunded Bond Documents.

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

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

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

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

“**Bond Fund**” means the City’s General Bond Interest and Redemption Fund, previously created by Ordinance 112112 and established and to be used for the payment of the principal of, premium, if any, and interest on the Bonds.

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

confirming the Bond Sale Terms, shall comprise the Bond Purchase Contract.

“Bond Register” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each Bond.

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

“Bond Sale Terms” means the terms and conditions for the sale of a Series of the Bonds approved by the Director of Finance consistent with the parameters set forth in Section 4, including the amount, date or dates, denominations, interest rate or rates (or mechanism for determining the interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms, conditions or covenants. In connection with a negotiated sale or private placement, the Bond Sale Terms shall be set forth in the Bond Purchase Contract; in connection with a competitive sale, the Bond Sale Terms shall be set forth in a Pricing Certificate.

“Bonds” means the Refunding LTGO Bonds and the Refunding UTGO Bonds issued pursuant to this ordinance.

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

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

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

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

“Continuing Disclosure Agreement” means, for each Series sold in an offering subject to federal securities regulations requiring a written undertaking to provide continuing disclosure, a continuing disclosure agreement entered into pursuant to Section 14, in substantially the form attached as Exhibit B.

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

“Director of Finance” means the Director of the Finance Division of the Department of Finance and Administrative Services of the City, or any other officer who succeeds to substantially all of the responsibilities of that office.

“Fiscal Agent” means the fiscal agent of the State, as the same may be designated by the State from time to time.

“Government Obligations” means, unless otherwise limited in the Bond Documents for a particular Series of the Bonds, any government obligation as that term is defined in RCW 39.53.010, as now in effect or as may hereafter be amended.

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

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

“MSRB” means the Municipal Securities Rulemaking Board.

“Omnibus Refunding Ordinance” means this ordinance (as it may be amended from time to time), or any other ordinance of the City passed in the future pursuant to which the Bonds (or any Series of the Bonds) are designated as “refundable bonds.”

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

“Pricing Certificate” means a certificate executed by the Director of Finance as of the pricing date confirming the Bond Sale Terms for the sale of a Series of Bonds to the Purchaser in a competitive sale, in

accordance with the parameters set forth in Section 4.

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

“**Rating Agency**” means any nationally recognized rating agency then maintaining a rating on a Series of the Bonds at the request of the City.

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

“**Refundable Bonds**” means the Refundable LTGO Bonds and the Refundable UTGO Bonds.

“**Refundable LTGO Bonds**” means those outstanding limited tax general obligation bonds of the City listed in Exhibit A hereto, and all other limited tax general obligation bonds of the City that the City may hereafter designate as refundable under this ordinance.

“**Refundable UTGO Bonds**” means those outstanding unlimited tax general obligation bonds of the City listed in Exhibit A hereto, and all other unlimited tax general obligation bonds of the City that the City may hereafter designate as refundable under this ordinance.

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

“**Refunded Bonds**” means, interchangeably and as applicable, the Refunded LTGO Bonds and the Refunded UTGO Bonds.

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

“**Refunded UTGO Bonds**” means those Refundable UTGO Bonds identified in a Refunding Plan in

accordance with this ordinance.

“Refunding Bond” means any LTGO Refunding Bond or UTGO Refunding Bond issued pursuant to this ordinance.

“Refunding LTGO Bonds” means all limited tax general obligation refunding bonds issued pursuant to this ordinance.

“Refunding UTGO Bonds” means all unlimited tax general obligation refunding bonds issued pursuant to this ordinance.

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

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

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

(c) As further directed in the Refunding Trust Agreement, the Refunding Trustee shall apply the amounts received as interest on and maturing principal of such Acquired Obligations (together with any cash

balance in the refunding trust account) to call, pay, and redeem those Refundable Bonds on the dates and times identified in the plan, and (if so directed) to pay the administrative costs of carrying out the foregoing.

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

“Refunding Trust Agreement” means an escrow or trust agreement between the City and a Refunding Trustee, as described in Section 16(d).

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

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

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

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

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

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

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

“State” means the State of Washington.

“**Tax Credit Subsidy Bond**” means any Taxable Bond that is designated by the City as a tax credit bond pursuant to the Code, and which is further designated as a “qualified bond” under Section 6431 or similar provision of the Code, and with respect to which the City is eligible to claim a Tax Credit Subsidy Payment.

“**Tax Credit Subsidy Payment**” means a payment by the federal government with respect to a Tax Credit Subsidy Bond.

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

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

“**Term Bond**” means any Bond that is issued subject to mandatory redemption prior to its maturity in periodic mandatory redemption payments in accordance with Section 7(b) of this ordinance.

Section 2. **Authorization of Bonds; Findings with Respect to Refunding.**

(a) **Authorization.** The City is authorized to borrow money on the credit of the City and issue general obligation Bonds evidencing indebtedness in the maximum principal amount stated in Section 4 to carry out one or more Refunding Plans (including paying the administrative costs of carrying out each such Refunding Plan); to pay the costs of issuance of the Bonds; and for other City purposes approved by Ordinance. The Bonds may be issued in one or more Series and may be combined with other general obligation bonds (including new money bonds) authorized separately. The Bonds shall be designated limited tax or unlimited tax (as appropriate) general obligation refunding bonds and shall be numbered separately, and shall have any name, year and series or other label as deemed necessary or appropriate by the Director of Finance.

(b) **Refunding Findings.** The City Council hereby finds that the irrevocable deposit of money and securities with the Refunding Trustee, verified or certified as to sufficiency in accordance with a Refunding Plan approved pursuant to this ordinance, will discharge and satisfy the obligations of the City as to the Refunded Bonds identified therein, including all pledges, charges, trusts, covenants and agreements under the

applicable Refunded Bond Documents. Immediately upon such deposit, the Refunded Bonds identified in such Refunding Plan shall be defeased and shall no longer be deemed to be outstanding under the applicable Refunded Bond Documents.

Section 3. **Manner of Sale of the Bonds.** The Director of Finance may provide for the sale of each Series by competitive sale, negotiated sale, limited offering, or private placement. The Purchaser of each Series shall be chosen through a selection process acceptable to the Director of Finance. The Director of Finance is authorized to specify a date and time of sale and a date and time for the delivery of each Series; in the case of a competitive sale, to provide an official notice of sale including bid parameters and other bid requirements and provide for the use of an electronic bidding mechanism; to provide for and determine matters relating to the forward or delayed delivery of the Bonds, if deemed desirable; and to specify other matters in his or her determination necessary, appropriate, or desirable in order to carry out the sale of each Series. Each Series must be sold on Bond Sale Terms consistent with the parameters set forth in Section 4.

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

(a) **Designated Representative.** The Director of Finance is appointed to serve as the City's designated representative in connection with the issuance and sale of the Bonds in 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 Bonds may be issued in one or more Series and shall not exceed the following:

(A) **Refunding LTGO Bonds.** The aggregate principal amount of the Refunding LTGO

Bonds issued to carry out each Refunding Plan shall not exceed 125% of the stated principal amount of those Refundable LTGO Bonds selected for refunding in that Refunding Plan.

(B) **Refunding UTGO Bonds.** The aggregate principal amount of the Refunding UTGO Bonds issued to carry out each Refunding Plan shall not exceed the amount permitted by RCW 39.53.090, as it may be amended from time to time.

(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 for, unless otherwise provided in the Bond Documents. One or more rates of interest shall be established for each maturity of each Series of the Bonds, which rate or rates may be fixed or variable. The net interest cost for any fixed rate Series shall not exceed a rate of 10% per annum.

(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 mandatory redemption installments applicable to Term Bonds, and otherwise in accordance with any redemption or tender provisions set forth in the Bond Documents.

(vi) **Final Maturity.** The final maturity of any Series of the Bonds shall be determined by the Director of Finance, consistent with RCW 39.53.090, if applicable, as it may be amended from time to time.

(vii) **Redemption Prior to Maturity.** The Bond Sale Terms may include redemption provisions, as determined by the Director of Finance, consistent with Section 7 and subject to the following:

(A) **Optional Redemption.** The Director of Finance may designate any Bond as being subject to optional redemption prior to its maturity. 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 10½ years after the Issue

Date, consistent with Section 7(a).

(B) **Mandatory Redemption.** The Director of Finance may designate any Bond as a Term Bond, subject to mandatory redemption prior to its maturity in mandatory redemption installment payments of principal, consistent with Section 7(b).

(C) **Extraordinary Redemption.** 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 Section 7(c).

(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 his or her judgment, the price that produces the most advantageous borrowing cost for the City, consistent with the parameters set forth herein and in any applicable bid documents.

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

(A) No Series of the Bonds may be issued unless the Director of Finance approves a Refunding Plan (which may be set forth in a Refunding Trust Agreement) and finds that such Refunding Plan (1) 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 (2) 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).

(B) The Bond Sale Terms for any Series may provide for bond insurance or for any other credit enhancement, 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, and requirements to give notice to or obtain the consent of a credit enhancement provider. 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.

(C) 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 Credit Subsidy Bonds, consistent with Section 13.

Section 5. **Bond Registrar; Registration and Transfer of Bonds.**

(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.

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

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

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

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

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

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

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

Section 6. **Payment of Bonds.**

(a) **Payment.** Principal of and interest on each Bond shall be payable in lawful money of the United States of America on the dates and in the amounts as provided in the Bond Documents applicable to that Series. No Bonds of any Series shall be subject to acceleration under any circumstances.

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

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

Section 7. **Redemption and Purchase of Bonds.**

(a) **Optional Redemption.** All or some of the Bonds of any Series may be subject to redemption prior to their stated maturity dates at the option of the City at the times 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 principal installment payments, 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% of the principal amount to be redeemed plus accrued interest, on the dates and in the years and principal amounts as set forth in the applicable Bond Documents.

If the City optionally redeems or purchases a Term Bond prior to maturity, the principal amount of that Term Bond so redeemed or purchased (irrespective of its redemption or purchase price) shall be credited against the remaining mandatory redemption installment payments in the manner as 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 Bond on a *pro rata* basis.

(c) **Extraordinary Redemption Provisions.** All or some of the Bonds of any Series may be subject to extraordinary optional 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 set forth in the applicable Bond Documents.

(d) **Selection of Bonds for Redemption; Partial Redemption.** If fewer than all of the outstanding Bonds are to be redeemed at the option of the City, the Director of Finance shall select the Series and 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, if such Series is held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected for redemption by the Securities Depository in accordance with the Letter of Representations, and if the Series is not then held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected by the Bond Registrar randomly in such manner as the Bond Registrar shall determine. All or a portion of the

principal amount of any Bond that is to be redeemed may be redeemed in any applicable Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity, and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

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

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

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

Section 9. **Failure to Pay Bonds.** If any Bond is not paid when properly presented at its maturity or redemption date, the City shall be obligated to pay interest on that Bond at the same rate provided on that Bond from and after its maturity or redemption date until that Bond, principal, premium, if any, and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and that Bond has been

called for payment by giving notice of that call to the Registered Owner of that Bond.

Section 10. **Form and Execution of Bonds.** The Bonds shall be typed, printed, or reproduced in a form consistent with the provisions of this ordinance and State law; shall be signed by the Mayor and Director of Finance, either or both of whose signatures may be manual or in facsimile; and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon.

Only Bonds bearing a certificate of authentication in substantially the following form (with the designation, year, and Series of the Bonds adjusted consistent with this ordinance), manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: “This Bond is one of the fully registered The City of Seattle, Washington, [Limited/Unlimited Tax General Obligation Refunding Bonds], [Year] [Series], described in [this ordinance].” The authorized signing of a certificate of authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated, and delivered and is entitled to the benefits of this ordinance.

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

Section 11. **Pledge of Taxes.** For so long as any of the Refunding LTGO Bonds are outstanding, the City irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City on all of the taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor, to pay

when due the principal of and interest on the Refunding LTGO Bonds, and the full faith, credit, and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

For so long as any of the Refunding UTGO Bonds are outstanding, the City irrevocably pledges to include in its budget and levy taxes annually without limitation as to rate or amount on all of the taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Refunding UTGO Bonds, and the full faith, credit, and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Section 12. **Refunding or Defeasance of Bonds.**

(a) **Bonds Designated as Refundable Bonds.** Each Series of the Bonds issued hereunder is hereby designated as a series of “Refundable Bonds” for purposes of being eligible to be refunded in the future under this ordinance or any future Omnibus Refunding Ordinance.

(b) **Refunding; Defeasance.** The City may issue refunding bonds pursuant to the laws of the State or use money available from any other lawful source (i) to pay when due the principal of (including premium, if any) and interest on any Bond, or 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 investments 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, 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 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, the Defeased Bonds shall be deemed 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 purposes.

(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.

Section 13. **Federal Tax Matters.** The Bond Documents may include such additional terms and covenants relating to federal tax matters as the Director of Finance deems necessary or appropriate, including the following:

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

(b) **Taxable Bonds; Tax Credit Subsidy Bonds.** For each Series of the Bonds issued as Taxable Bonds or as Tax Credit Subsidy Bonds, the Director of Finance is authorized to make provision in the Bonds

and other Bond Documents, to execute additional written agreements, and to make additional covenants on behalf of the City, all as he or she may deem necessary or appropriate in order to obtain, maintain, and administer such tax status. In the case of Tax Credit Subsidy Bonds, such additional covenants and agreement may include (without limiting the generality of the foregoing) those necessary in order for the City (i) to receive from the United States Treasury the applicable Tax Credit Subsidy Payments in respect of such Tax Credit Subsidy Bonds, and (ii) to ensure that such Series otherwise become and remain eligible for tax benefits under the Code.

Section 14. **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 of the Bonds to be sold to the public in the form of the preliminary official statement with such 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 with respect to that Series, in substantially

the form attached as Exhibit B.

Section 15. **Deposit and Use of Proceeds.** Unless otherwise provided in the Bond Sale Terms, the principal proceeds and net premium, if any, received from the sale and delivery of each Series of the Bonds, in the amount necessary to carry out the applicable Refunding Plan, shall be deposited with the Refunding Trustee and used in accordance with the provisions of this section to discharge the obligations of the City relating to the Refunded Bonds identified therein. The Director of Finance may use the principal proceeds and any premium to pay for costs of issuance of the Bonds, and the Director of Finance also may incur and account for costs of issuance that are not included as part of the bond proceeds and premium, including but not limited to any underwriter's discount.

The Director of Finance may (i) establish and transfer proceeds of the Bonds among funds, accounts, or subaccounts in the City Treasury, or (ii) make interfund loans pursuant to Seattle Municipal Code Section 5.06.030 to or from other City accounts or funds, all on terms he or she may deem necessary, appropriate, or desirable to carry out the purposes of this ordinance and consistent with the Bond Sale Terms.

There previously has been created and established in the City Treasury the Bond Fund. Net premium and accrued interest received from the sale and delivery of a Series of the Bonds, if any, that is not necessary to carry out the Refunding Plan, shall be paid or allocated into the Bond Fund prior to the first debt service payment date with respect to that Series. The Director of Finance shall determine the amount, if any, from such proceeds, accrued interest or premium to be deposited into specified funds, subfunds, accounts and subaccounts. Until needed to carry out the applicable Refunding Plan and to pay the costs described herein, the principal proceeds of a Series of the Bonds shall be held or invested (and the investment earning shall be applied) in accordance with the Refunding Trust Agreement, and the money deposited with the Refunding Trustee, including the Acquired Obligations and any investment earnings, shall be held irrevocably, invested and applied in accordance with the provisions of the respective Refunded Bond Documents, this ordinance, the Refunding Trust Agreement, chapter 39.53 RCW and other applicable State law. Earnings subject to a federal

tax or rebate requirement may be withdrawn from any such fund or account and used for those tax or rebate purposes.

The Director of Finance may pay principal of and interest on a Series of the Bonds with any proceeds of that Series (including interest earnings thereon) remaining after applying such proceeds to the purposes set forth in Section 2, or after the City Council has determined that the expenditure of such Bond proceeds for those purposes is no longer necessary or appropriate.

Section 16. **The Refunding Plan.**

(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 (d) of this section. 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 (c) below.

(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 provide 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) shall 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, compensation, and expenses of the Refunding Trustee and all other costs incidental to the setting up of the

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

Section 17. **Redemption of the Refunded Bonds.** The Director of Finance is authorized on behalf of the City to take such actions as may be necessary or convenient to call the Refunded Bonds for redemption. Such call for redemption of the Refunded Bonds shall identify the Refunded Bonds, redemption dates and redemption prices (expressed as a percentage of the stated principal amount), and shall be irrevocable after the Issue Date of the applicable Series of the Bonds. The dates on which the Refunded Bonds are to be called for redemption shall be, in the judgment of the Director of Finance, the earliest practical dates on which those Refunded Bonds may be called for redemption. The proper City officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required pursuant to the Refunded Bond Documents, in order to carry out the Refunding Plan.

Section 18. **Effect on Prior Omnibus Refunding Ordinance; Outstanding General Obligation Bonds Declared Refundable.** As of the effective date of this ordinance, no additional limited tax general obligation refunding bonds or unlimited tax general obligation refunding bonds may be issued under Ordinance 121651, as amended by Ordinance 122286, and as amended and restated by Ordinance 124343 (collectively and as amended, the “Prior Omnibus Refunding Ordinance”). Passage of this ordinance shall have no effect on any outstanding bonds previously issued under the authority of the Prior Omnibus Refunding Ordinance and such previously issued bonds shall remain outstanding in accordance with their terms. All outstanding general obligation bonds designated as “Refundable Bonds” under the Prior Omnibus Refunding Ordinance are declared to be Refundable Bonds under this ordinance.

Section 19. **General Authorization.** In addition to the specific authorizations in this ordinance, the Mayor and the Director of Finance and each of the other appropriate officers of the City are each authorized and directed to do everything as in his or her judgment may be necessary, appropriate, or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this ordinance. In

particular and without limiting the foregoing:

(a) The Director of Finance, in his or her discretion and without further action by the City Council, (i) may issue requests for proposals to provide underwriting services or financing facilities (including liquidity or credit support), and may execute engagement letters with underwriters and other financial institutions (including providers of liquidity or credit support) based on responses to such requests, (ii) may select and make decisions regarding the Bond Registrar, fiscal or paying agents, and any Securities Depository for each Series of the Bonds; and (iii) may take such actions on behalf of the City as are necessary or appropriate for the City to designate, qualify, or maintain the tax-exempt treatment with respect to any Series issued as Tax-Exempt Bonds, to receive from the United States Treasury the applicable federal credit payments in respect of any Series issued as Tax Credit Subsidy Bonds, and to otherwise receive any other federal tax benefits relating to any Series of the Bonds that are available to the City; and

(b) Each of the Mayor and the Director of Finance is separately authorized (i) to execute and deliver any and all contracts or other documents as are consistent with this ordinance and for which the City's approval is necessary or to which the City is a party (including but not limited to agreements with escrow agents; refunding trustees; liquidity or credit support providers; bond insurers; underwriters; lenders or other financial institutions; the Bond Registrar and any other fiscal or paying agents; counterparties to interest rate swap, cap, floor, or similar agreements; and custodians); (ii) to negotiate, execute, and deliver any and all contracts or other documents in form and substance acceptable to the Mayor and Director of Finance that are necessary or desirable to ensure that the proceeds of the Bonds are applied to the purposes set forth herein; and (iii) to negotiate, execute, and deliver such other contracts or documents incidental to the issuance and sale of a Series of the Bonds; the establishment of the initial interest rate or rates on a Bond; or the tender, purchase, remarketing, or redemption of a Bond, as may in his or her judgment be necessary or appropriate.

Section 20. **Severability.** The provisions of this ordinance 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 ordinance 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 ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

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

Section 22. **Headings.** Section headings in this ordinance are used for convenience only and shall not constitute a substantive portion of this ordinance.

Section 23. **Effective Date.** This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

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

President _____ of the City Council

Approved by me this _____ day of _____, 2017.

Tim Burgess, Mayor

Filed by me this _____ day of _____, 2017.

Monica Martinez Simmons, City Clerk

(Seal)

Attachments:

Exhibit A - Description of Refundable LTGO and UTGO Bonds

Exhibit B - Form of Continuing Disclosure Agreement