Legislation Details (With Text)

File #:	CB 118542 **Version:** 1	**Name:**	CB 118542
Type:	Ordinance (Ord)	**Status:**	Passed
		In control:	City Clerk
On agenda:	11/23/2015		
Final Action:	12/1/2015	**Ord. No.**	Ord 124913
Title:	AN ORDINANCE relating to the solid waste system of The City of Seattle; adopting a system or plan of additions and betterments to and extensions of the solid waste system; authorizing the issuance and sale of solid waste system revenue bonds, in one or more series, for the purposes of paying part of the cost of carrying out that system or plan, providing for the reserve requirement and paying the costs of issuance of the bonds; providing for certain terms, conditions, covenants and the manner of sale of the bonds; describing the lien of the bonds; creating certain accounts of the City relating to the bonds; and ratifying and confirming certain prior acts.		
Sponsors:	Nick Licata		
Indexes:			
Attachments:	1. CB 118542 Ex A – Outstanding Parity Bonds, 2. CB 118542 Ex B – Undertaking to Provide Continuing Disclosure, 3. Summary and Fiscal Note, 4. Signed Ord 124913		

Date	Ver.	Action By	Action	Result
12/1/2015	1	City Clerk	attested by City Clerk	
12/1/2015	1	Mayor	returned	
12/1/2015	1	Mayor	Signed	
11/30/2015	1	City Clerk	submitted for Mayor's signature	
11/23/2015	1	City Council	passed	Pass
11/16/2015	1	Select Budget Committee	pass	Pass
10/26/2015	1	City Council	referred	
10/20/2015	1	City Clerk	sent for review	
9/28/2015	1	Mayor	Mayor's leg transmitted to Council	

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the solid waste system of The City of Seattle; adopting a system or plan of additions and betterments to and extensions of the solid waste system; authorizing the issuance and sale of solid waste system revenue bonds, in one or more series, for the purposes of paying part of the cost of carrying out that system or plan, providing for the reserve requirement and paying the costs of issuance of the bonds; providing for certain terms, conditions, covenants and the manner of sale of the bonds; describing the lien of the bonds; creating certain accounts of the City relating to the bonds; and ratifying and confirming certain prior acts.

WHEREAS, The City of Seattle (the "City") owns, maintains and operates a solid waste collection and disposal

system as part of Seattle Public Utilities (the "Solid Waste System"), which Solid Waste System has from time to time required various additions, improvements and extensions; and

WHEREAS, the City needs to acquire and construct certain additions and betterments to and extensions of the Solid Waste System as set forth in this ordinance (the "Plan of Additions"); and

WHEREAS, pursuant to the bond legislation described in Exhibit A, the City issued its solid waste revenue bonds described in Exhibit A, and provided for the issuance of additional bonds having a charge and lien on the net revenue of the Solid Waste System on a parity of lien with those bonds ("Parity Bonds") upon compliance with certain conditions; and

WHEREAS, the City has determined that it is in the best interest of the City to authorize the issuance and sale, subject to the provisions of this ordinance, of solid waste revenue bonds as Parity Bonds, to pay part of the cost of carrying out the Plan of Additions, to provide for the reserve requirement and to pay the costs of issuance of those bonds; 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.

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

"Adjusted Annual Debt Service" for any fiscal year means Annual Debt Service minus (a) an amount

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

"Adjusted Gross Revenue" for any period means Gross Revenue, plus withdrawals from the Rate Stabilization Account made during that period, and minus (a) earnings from investments in the Reserve Subaccount and (b) deposits into the Rate Stabilization Account made during that period.

"Adjusted Net Revenue" means Adjusted Gross Revenue less Maintenance and Operation Expenses.

"Annual Debt Service" for any calendar year means the sum of the amounts required in such calendar year to pay the interest due in such calendar year on all Parity Bonds outstanding, excluding interest to be paid from the proceeds of the sale of Parity Bonds or other bonds; the principal of all outstanding Serial Bonds due in such calendar year; and the Sinking Fund Requirement, if any, for such calendar year.

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

(b) For purposes of calculating and determining compliance with the Coverage Requirement, the Reserve Requirement and the conditions for the issuance of Future Parity Bonds and/or entering into Parity Payment Agreements, the following shall apply:

(i) Generally. Except as otherwise provided by paragraph (ii) of this subsection with respect to Variable Interest Rate Bonds and by paragraph (iii) of this subsection with respect to Parity Bonds with respect to which a Payment Agreement is in force, interest on any issue of Parity Bonds shall be calculated based on the actual amount of accrued, accreted or otherwise accumulated interest that is payable in respect of that issue taken as a whole, at the rate or rates set forth in the applicable Parity Bond Legislation.

(ii) Interest on Variable Interest Rate Bonds. The amount of interest deemed to be payable on any issue of Variable Interest Rate Bonds shall be calculated on the assumption that the interest rate

on those bonds would be equal to the rate that is 90% of the average RBI during the four calendar quarters preceding the quarter in which the calculation is made.

(iii) Interest on Parity Bonds With Respect to Which a Payment Agreement is in Force. Debt service on Parity Bonds with respect to which a Payment Agreement is in force shall be based on the net economic effect on the City expected to be produced by the terms of the Parity Bonds and the terms of the Payment Agreement, including but not limited to the effects produced by the following: (A) Parity Bonds that would, but for a Payment Agreement, be treated as obligations bearing interest at a Variable Interest Rate instead shall be treated as obligations bearing interest at a fixed interest rate, and (B) Parity Bonds that would, but for a Payment Agreement, be treated as obligations bearing interest at a fixed interest rate instead shall be treated as obligations bearing interest at a Variable Interest Rate. Accordingly, the amount of interest deemed to be payable on any Parity Bonds with respect to which a Payment Agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in those Parity Bonds plus Payment Agreement Payments minus Payment Agreement Receipts. For the purposes of calculating as nearly as practicable Payment Agreement Receipts and Payment Agreement Payments under a Payment Agreement that includes a variable rate component determined by reference to a pricing mechanism or index that is not the same as the pricing mechanism or index used to determine the variable rate interest component on the Parity Bonds to which the Payment Agreement is related, it shall be assumed that the fixed rate used in calculating Payment Agreement Payments will be equal to 105% of the fixed rate specified by the Payment Agreement and that the pricing mechanism or index specified by the Payment Agreement is the same as the pricing mechanism or index specified by the Parity Bonds. Notwithstanding the other provisions of this paragraph, the City shall not be required to (but may in its discretion) take into account in determining Annual Debt Service the effects of any Payment Agreement that has a term of ten years or less.

(iv) Parity Payment Agreements. No additional debt service shall be taken into account with respect to a Parity Payment Agreement for any period during which Payment Agreement Payments on that

Parity Payment Agreement are taken into account in determining Annual Debt Service on related Parity Bonds under subsection (iii) of this definition. However, for any period during which Payment Agreement Payments are not taken into account in calculating Annual Debt Service on any outstanding Parity Bonds because the Parity Payment Agreement is not then related to any outstanding Parity Bonds, payments on that Parity Payment Agreement shall be taken into account by assuming:

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

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

"Authorized Denomination" means $5,000 or any integral multiple thereof within a maturity of a Series.

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

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

"Bond Account" means the Solid Waste System Revenue Bond Account, created in the Solid Waste

Fund by Ordinance 118975 for the payment of the principal of and interest on Parity Bonds.

"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 Insurance" means any bond insurance, guaranty, surety bond or similar credit enhancement device providing for or securing the payment of all or part of the principal of and interest on any Parity Bonds.

"Bond Purchase Contract" means a written offer to purchase a Series, which offer has been accepted by the City in accordance with this ordinance. In the case of a competitive sale, the official notice of sale, the Purchaser's bid and the award by the City shall comprise the offer and the award by the City in accordance with this ordinance shall be deemed the acceptance of that offer for purposes of this ordinance.

"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 Bond Resolution provides for a different Bond Registrar with respect to a particular Series), or any successor bond registrar selected in accordance with the Registration Ordinance.

"Bond Resolution" means a resolution of the City Council adopted pursuant to this ordinance approving the Bond Sale Terms and taking other actions consistent with this ordinance.

"Bond Sale Terms" means the terms and conditions for the sale of a Series including the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or covenants set forth in Section 5.

"Bonds" means the Solid Waste System revenue bonds issued pursuant to this ordinance.

"Capital Appreciation Bond" means any Parity Bond, all or a portion of the interest on which is compounded and accumulated at the rates or in the manner, and on the dates, set forth in the applicable Parity Bond Legislation and is payable only upon redemption or on the maturity date of such Parity Bond. A Parity Bond that is issued as a Capital Appreciation Bond, but which later converts to an obligation on which interest

is paid periodically, shall be a Capital Appreciation Bond until the conversion date and thereafter shall no longer be a Capital Appreciation Bond, but shall be treated as having a principal amount equal to its Accreted Value on the conversion date.

"CIP" means those portions of the City's "2015-2020 Capital Improvement Program" relating to the Solid Waste System, adopted by the City in Ordinance 124648, together with any previously adopted Capital Improvement Program of the City. For purposes of this ordinance, the CIP includes all amendments, updates, supplements or replacements that may be adopted from time to time by ordinance.

"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.

"Construction Account" means the "Solid Waste Construction Account 2016" created in the Solid Waste Fund by this ordinance.

"Contract Resource Obligation" means an obligation of the City, which is designated as a Contract Resource Obligation and is entered into in accordance with Section 20.

"Coverage Requirement" means Adjusted Net Revenue equal to at least 1.25 times Adjusted Annual Debt Service on all Parity Bonds then outstanding.

"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.

"Event of Default" shall have the meaning assigned to that term in Section 25(a).

"**Fiscal Agent**" means the fiscal agent of the State, as the same may be designated by the State from

time to time.

"Future Parity Bond Legislation" means any ordinance or resolution passed or adopted by the City Council providing for the issuance and sale of a series of Future Parity Bonds, and any other ordinance or resolution amending or supplementing the provisions of any such ordinance or resolution.

"Future Parity Bonds" means, with reference to any Series, all revenue bonds and obligations of the Solid Waste System (other than that Series and any other Parity Bonds then outstanding) issued or entered into after the Issue Date of such Series, the payment of which constitutes a charge and lien on the Net Revenue equal in rank with the charge and lien upon such revenue required to be paid into the Bond Account in accordance with Section 15. Future Parity Bonds may include Parity Payment Agreements and any other obligations issued in compliance with Section 17.

"Government Obligations" has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

"Gross Revenue" means (a) all income, revenues, receipts and profits derived by the City through the ownership and operation of the Solid Waste System; (b) Payment Agreement Receipts, to the extent that such receipts are not offset by Payment Agreement Payments; and (c) the investment income earned on money held in any fund or account of the City, including any bond redemption funds and the accounts therein, in connection with the ownership and operation of the Solid Waste System. Gross Revenue does not include: (a) income derived from investments irrevocably pledged to the payment of any defeased bonds payable from Gross Revenue; (b) investment income set aside for or earned on money in any fund or account created or maintained solely for the purpose of complying with the arbitrage rebate provisions of the Code; (c) any gifts, grants, donations or other funds received by the City from any State or federal agency or other person if such gifts, grants, donations or other funds are the subject of any limitation or reservation imposed by the donor or grantor or imposed by law or administrative regulation to which the donor or grantor is subject, limiting the application of such funds in a manner inconsistent with the application of Gross Revenue hereunder; (d) the proceeds of

any borrowing for capital improvements (or the refinancing thereof); (e) the proceeds of any liability or other insurance, including but not limited to insurance proceeds compensating the City for the loss of a capital asset, but excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues; and (f) the earnings of any separate utility system acquired or constructed by the City pursuant to Section 19.

"Independent Utility Consultant" means an independent person or firm having a favorable reputation for skill and experience with solid waste systems of comparable size and character to the Solid Waste System in such areas as are relevant to the purpose for which they were retained.

"Issue Date" means, with respect to a Bond, the date, as determined by the Director of Finance, on which that Bond is issued and delivered to the 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.

"Maintenance and Operation Expenses" means all expenses incurred by the City in causing the Solid Waste System to be operated and maintained in good repair, working order and conditions, including without limitation: (a) deposits, premiums, assessments or other payments for insurance (other than payments out of proceeds of Parity Bonds), if any, on the Solid Waste System; (b) payments into pension funds; (c) State-imposed taxes; (d) amounts due under Contract Resource Obligations (but only at the times described in Section 20); (e) payments made to any other person or entity for the collection, transportation, treatment or disposal of solid waste or other commodity or service related to the Solid Waste System; and (f) payments with respect to any other expenses of the Solid Waste System that are properly treated as operation and maintenance expenses under generally accepted accounting principles. Maintenance and Operation Expenses does not include any depreciation, amortization or other similar recognitions of non-cash expense items made for accounting purposes only; taxes levied or imposed by the City or payments in lieu of City taxes; payments of

claims or judgments; or capital additions or capital replacement.

"Maximum Annual Debt Service" means, at the time of calculation, the maximum amount of Annual Debt Service on the Parity Bonds then outstanding which shall become due in the current calendar year or in any future calendar year.

"MSRB" means the Municipal Securities Rulemaking Board.

"Net Revenue" means, for any period, the Gross Revenue less Maintenance and Operation Expense.

"**Omnibus Refunding Bond Ordinance**" means Ordinance 121940, as previously amended by Ordinance 122498, and as it may be amended from time to time, including, without limitation, any amendments adopted in connection with the 2016 budget cycle.

"Outstanding Parity Bonds" means, with reference to any Series, the then outstanding Parity Bonds described in Exhibit A and any other Parity Bonds outstanding as of the Issue Date of that Series of the Bonds.

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

"Parity Bond Legislation" means any ordinance or resolution passed or adopted by the City Council providing for the issuance and sale of a series of Parity Bonds, and any other ordinance or resolution amending or supplementing the provisions of any Parity Bond Legislation.

"Parity Bonds" means the Outstanding Parity Bonds, the Bonds and any outstanding Future Parity Bonds and Parity Payment Agreements.

"Parity Conditions" means the conditions for issuing Future Parity Bonds under the Parity Bond Legislation.

"Parity Payment Agreement" means a Payment Agreement under which the City's payment obligations are expressly stated to constitute a charge and lien on the Net Revenue equal in rank with the charge and lien upon such revenue required to be paid into the Bond Account to pay interest on Parity Bonds.

"Payment Agreement" means a written agreement for the purpose of managing or reducing the City's exposure to fluctuations or levels of interest rates or for other interest rate, investment, asset or liability

management purposes, entered into on either a current or forward basis by the City and a Qualified Counterparty as authorized by any applicable laws of the State in connection with, or incidental to, the issuance, incurring or carrying of particular bonds, notes, bond anticipation notes, commercial paper or other obligations for borrowed money, or lease, installment purchase or other similar financing agreements or certificates of participation therein, that provides for an exchange of payments based on interest rates, ceilings or floors on such payments, options on such payments, or any combination thereof or any similar device.

"Payment Agreement Payments" means the amounts periodically required to be paid by the City to the Qualified Counterparty pursuant to a Payment Agreement.

"Payment Agreement Receipts" means the amounts periodically required to be paid by the Qualified Counterparty to the City pursuant to a Payment Agreement.

"Permitted Investments" means any investments or investment agreements permitted for the investment of City funds under the laws of the State, as amended from time to time.

"Plan of Additions" means the CIP, as it may be modified from time to time. The Plan of Additions includes the purchase and installation of all materials, supplies, appliances, equipment and facilities, the acquisition of all permits, franchises, property and property rights, other capital assets and all engineering, consulting and other professional services and studies (whether performed by the City or by other public or private entities) necessary or convenient to carry out the Plan of Additions. The Plan of Additions includes all amendments, updates, supplements or replacements to the CIP, all of which automatically shall constitute amendments to the Plan of Additions. The Plan of Additions also may be modified to include other improvements, without amending the CIP if the City determines by ordinance that those amendments or other improvements constitute a system or plan of additions to or betterments or extensions of the Solid Waste System.

"Principal and Interest Subaccount" means the subaccount of that name created in the Bond Account by Ordinance 118975 for the payment of the principal of and interest on Parity Bonds.

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

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

"Qualified Insurance" means any municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's Ratings Services or their comparably recognized business successors.

"Qualified Letter of Credit" means any letter of credit issued by a financial institution for the account of the City in connection with the issuance of Parity Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit is rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's Ratings Services or their comparably recognized business successors.

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

"Rate Stabilization Account" means the account of that name originally established by Ordinance 118975.

"Rating Agency" means any nationally recognized rating agency then maintaining a rating on a series of Parity Bonds at the request of the City.

"Record Date" means, unless otherwise defined in the Bond Resolution, 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.

"Registered Owner" means, with regard to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the City uses a book-entry only system under the Letter of Representations, the Registered Owner 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.

"Reserve Requirement" means the least of (a) Maximum Annual Debt Service on all Parity Bonds outstanding at the time of calculation, (b) 1.25 times Average Annual Debt Service on all Parity Bonds outstanding at the time of calculation, or (c) 10% of the proceeds of each series of Parity Bonds then outstanding, as of the delivery of each such series.

"Reserve Security" means any Qualified Insurance or Qualified Letter of Credit obtained by the City to satisfy part or all of the Reserve Requirement, and which is not cancelable on less than three years' notice.

"Reserve Subaccount" means the subaccount of that name created in the Bond Account by Ordinance 118975 for the purpose of securing the payment of the principal of and interest on Parity Bonds.

"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.

"Serial Bonds" means Parity Bonds maturing in specified years, for which no Sinking Fund Requirements are mandated.

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

"Sinking Fund Requirement" means, for any calendar year, the principal amount and premium, if any, of Term Bonds required to be purchased, redeemed, paid at maturity or paid into any Bond Account for such calendar year, as established by the Parity Bond Legislation authorizing the issuance of such Term Bonds.

"Solid Waste Fund" means the "Garbage Collection and Disposal Fund" of the City created by Ordinance 90379 and subsequently renamed the "Solid Waste Fund."

"Solid Waste System" means the entire solid waste collection, transportation and disposal system of the City, created by Ordinance 90379, as amended, together with all additions thereto and betterments and extensions thereof at any time made, acquired or constructed, together with any other utility systems of the City hereafter combined with the Solid Waste System. The Solid Waste System shall not include any separate utility system acquired or constructed by the City pursuant to Section 19.

"State" means the State of Washington.

"State Auditor" means the office of the Auditor of the State or such other department or office of the State authorized and directed by State law to make audits.

"Tax Credit Subsidy Bond" means any 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 excluded 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.

"Undertaking" means the undertaking to provide continuing disclosure entered into pursuant to Section 23, in substantially the form attached as Exhibit B.

"Valuation Date" means, with respect to any Capital Appreciation Bond, the date or dates set forth in the relevant Parity Bond Legislation or Bond Purchase Contract on which specific Accreted Values are assigned to that Capital Appreciation Bond.

"Variable Interest Rate" means any variable interest rate or rates to be borne by any Parity Bonds. The method of computing such a variable interest rate shall be set in accordance with the applicable Parity Bond Legislation, which shall specify either (a) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (b) the time or times upon which any change in such variable interest rate shall become effective.

"Variable Interest Rate Bond" means, for any period of time, any Parity Bond that bears a Variable Interest Rate during that period, except that a Parity Bond shall not be treated as a Variable Interest Rate Bond if the net economic effect of interest rates on particular Parity Bonds of a series and interest rates on other Parity Bonds of the same series, as set forth in the applicable Parity Bond Legislation, or the net economic effect of a Payment Agreement with respect to a particular Parity Bond, in either case is to produce obligations that bear interest at a fixed interest rate; and a Parity Bond with respect to which a Payment Agreement is in force shall be treated as a Variable Interest Rate Bond if the net economic effect of the Payment Agreement is to produce an obligation that bears interest at a Variable Interest Rate.

Section 2. **Adoption of Plan of Additions**. The City specifies, adopts and orders the Plan of Additions to be carried out as generally provided for in the documents comprising the Plan of Additions. The

estimated cost of the Plan of Additions, as near as may be determined, is declared to be $124,648,000, of which approximately $22,000,000 is expected to be financed from the proceeds of the Bonds and investment earnings thereon.

Section 3. Authorization of Bonds. The City is authorized to borrow money and issue Solid Waste System revenue bonds, payable from the sources described in Section 13, in the maximum principal amount stated in Section 5 to (a) pay part of the cost of carrying out the Plan of Additions; (b) provide for the Reserve Requirement; (c) capitalize interest on, if necessary, and pay the costs of issuance of the Bonds; and (d) for other Solid Waste System purposes approved by ordinance. The Bonds may be issued in one or more Series and may be combined with other Solid Waste System revenue bonds (including refunding bonds) authorized separately. The Bonds shall be designated Solid Waste System revenue 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.

Section 4. Manner of Sale of Bonds. The Director of Finance may provide for the sale of each Series (or any portion thereof) by public sale, negotiated sale, limited offering or private placement with a Purchaser 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 of and a date and time for delivery of each Series; to give notice of that sale; to determine any bid parameters or other bid requirements and criteria for determining the award of the bid; to provide for the use of an electronic bidding mechanism; 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 in accordance with Section 5.

Section 5. Bond Sale Terms; Bond Resolution. 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. The Director of Finance is authorized to accept, on behalf of the City, an offer to purchase the Bonds on Bond Sale Terms consistent with the parameters set forth in this section. No

such acceptance shall be effective until adoption of a Bond Resolution approving the Bond Sale Terms. Once adopted, the Bond Resolution shall be deemed a part of this ordinance as if set forth herein.

(a) Maximum Principal Amount. The Bonds may be issued in one or more Series and shall not exceed the aggregate principal amount of $22,000,000.

(b) Date or Dates. Each Bond shall be dated its Issue Date, as determined by the Director of Finance, which Issue Date may not be later than December 31, 2018.

(c) Denominations. The Bonds shall be issued in Authorized Denominations.

(d) Interest Rate(s); Payment Dates. Each Bond shall bear interest from the Issue Date or from the most recent date to which interest has been paid or duly provided for, whichever is later, and shall be payable on dates determined by the Director of Finance. One or more rates of interest shall be established for each maturity of each Series, which rate or rates may be fixed interest rates or Variable Interest Rates. Fixed interest rates shall be computed on the basis of a 360-day year of twelve 30-day months and the net interest cost shall not exceed a weighted average rate of 10% per annum. Principal payments shall commence on a date and shall be payable at maturity or have Sinking Fund Requirements on dates determined by the Director of Finance.

(e) Final Maturity. The Bonds shall mature no later than 40 years after the Issue Date.

(f) Redemption Rights. The Bond Sale Terms may include provisions for the optional and mandatory redemption of Bonds determined by the Director of Finance, subject to the following:

(i) Optional Redemption. Any Bond may be designated as being (A) subject to redemption at the option of the City prior to its maturity date on the dates and at the redemption prices set forth in the Bond Purchase Contract; or (B) not subject to redemption prior to its maturity date. If a Bond is subject to optional redemption prior to its maturity, it must be subject to such redemption on one or more dates occurring not more than 10½ years after the Issue Date.

(ii) Mandatory Redemption. Any Bond may be designated as a Term Bond, subject to

mandatory redemption prior to its maturity on the dates and in Sinking Fund Requirements consistent with Section 8(b).

(g) Price. The purchase price for each Series shall be acceptable to the Director of Finance.

(h) Other Terms and Conditions.

(i) As of the Issue Date of each Series, the average expected life of the capital facilities to be financed with the proceeds (or allocable share of proceeds) of that Series must exceed the weighted average maturity of the Series (or share thereof) allocated to financing those capital facilities.

(ii) As of the Issue Date of each Series, (A) the Finance Director must determine that the Parity Conditions have been met or satisfied, so that such Series may be issued as Parity Bonds, and (B) the City Council must find in the Bond Resolution that, in creating the Bond Account and in fixing the amounts to be paid into it in accordance with this ordinance, the City Council has had due regard for the cost of maintenance and operation of the Solid Waste System, and is not setting aside into the Bond Account a greater amount than in the judgment of the City Council, based on the rates to be established from time to time consistent with Section 16(a), will be available over and above such cost of maintenance and operation.

(iii) The Bond Sale Terms for any Series may provide for Bond Insurance, a Reserve Security or other credit enhancement, or for a Parity Payment Agreement. 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, and requirements to give notice to or obtain the consent of a credit enhancement provider or a Qualified Counterparty.

(iv) The Bond Sale Terms must establish the method of providing for the Reserve Requirement, consistent with Section 15(d).

(v) Any Series may be designated or qualified as Tax-Exempt Bonds, taxable bonds, or Tax Credit Subsidy Bonds, and may include such additional terms and covenants relating to federal tax matters as the Director of Finance deems necessary or appropriate, consistent with Section 22.

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

(a) Registration of Bonds. The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register.

(b) Bond Registrar; 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 the 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 redemption date.

(c) Securities Depository; Book-Entry Form. The Bonds initially shall be 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 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 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 City to discontinue services of the Securities Depository, the City may appoint a substitute Securities Depository. If (i) the Securities Depository resigns from its functions as depository and no substitute Securities Depository can be obtained, or (ii) the City determines that the Bonds are to be in certificated form, then ownership of Bonds may be transferred to any person as provided herein and the Bonds no longer shall be held in book-entry form.

Section 7. Payment of Bonds. Principal of and interest on each Bond shall be payable solely out of the Bond Account, in lawful money of the United States. Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is 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. However, the City 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 registered in the name of the Securities Depository is payable upon presentation and surrender of

the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 8. Redemption and Purchase of Bonds.

(a) Optional Redemption. All or some of the Bonds may be subject to redemption prior to their stated maturity dates at the option of the City at the times and on the terms approved in accordance with Section 5.

(b) Mandatory Redemption. If not redeemed or purchased at the City's option prior to maturity, Term Bonds (if any) shall be redeemed, at a price equal to the principal amount thereof to be redeemed plus accrued interest, on the dates and in the Sinking Fund Requirements as set forth in the Bond Resolution. If the City redeems or purchases Term Bonds at the City's option prior to maturity, the Term Bonds so redeemed or purchased (irrespective of their redemption or purchase prices) shall be credited at the par amount thereof against the remaining Sinking Fund Requirements as determined by the Director of Finance. In the absence of a determination by the Director of Finance or other direction in the Bond Resolution, credit shall be allocated on a pro rata basis.

(c) 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 fewer than all of the outstanding Bonds of a maturity of a Series are to be redeemed, the Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar shall select all other Bonds to be redeemed 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 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.

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

Section 9. Notice of Redemption. The City shall 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 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 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 10. 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, solely from the Bond Account and the other sources pledged in this ordinance, interest on that Bond at the same rate provided in 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 Account and that Bond has been called for payment by giving notice of that call to the Registered Owner of that Bond.

Section 11. Form and Execution of Bonds. The Bonds shall be typed, printed or reproduced in a form consistent with the provisions of this ordinance, the Bond Resolution 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 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, [Solid Waste Revenue 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 the Bonds.

Section 12. Construction Account; Deposit of Proceeds. An account to be known as the "Solid Waste Construction Account 2016" is created in the Solid Waste Fund. The principal proceeds of the sale of the Bonds remaining after the deposit of accrued interest on the Bonds, if any, into the Principal and Interest Subaccount and the deposit of any proceeds as determined by the Bond Resolution into the Reserve Subaccount, shall be deposited into the Construction Account, unless otherwise specified in the Bond Resolution or directed by the Director of Finance, to be used for the purpose of paying part of the costs of carrying out the Plan of Additions and to pay capitalized interest on, if necessary, and the costs of issuance of the Bonds. Until needed to pay such costs, the City may invest principal proceeds and interest thereon temporarily in any Permitted Investments, and the investment earnings may, as determined by the Director of

Finance, be retained in the Construction Account and be spent for the purposes of that account or deposited in the Bond Account.

Section 13. Security for the Bonds. The Bonds shall be special limited obligations of the City payable from and secured solely by the Net Revenue and by money in the Bond Account and the subaccounts therein (including, without limitation, the Reserve Subaccount). Net Revenue is pledged to make the payments into the Bond Account and the Reserve Subaccount required by subsections (b), (c) and (d) of Section 14, which pledge shall constitute a lien and charge upon such Net Revenue prior and superior to all other liens and charges whatsoever.

The Bonds shall be on a parity with the Outstanding Parity Bonds and all Future Parity Bonds, without regard to date of issuance or authorization and without preference or priority of right or lien. Nothing in this ordinance prevents the City from issuing revenue bonds or other obligations which are a lien or charge upon Net Revenue subordinate to the payments required to be made from Net Revenue into the Bond Account and the subaccounts therein.

The Bonds shall not in any manner or to any extent constitute general obligations of the City, the State or any political subdivision of the State or a lien or 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 this ordinance.

Section 14. Flow of Funds. Gross Revenue of the Solid Waste System shall be used for the following purposes only and shall be applied in the following order of priority:

(a) To pay Maintenance and Operation Expenses;

(b) To pay interest on Parity Bonds and Payment Agreement Payments when due;

(c) To pay the principal of Parity Bonds as it comes due at maturity or as the principal is required to be paid pursuant to mandatory redemption requirements applicable to Term Bonds;

(d) To make all payments required to be made into the Reserve Subaccount;

(e) To make all payments required to be made into any revenue bond, note, warrant or other revenue obligation redemption fund, debt service account or reserve account created to pay or secure the payment of the principal of and interest on any revenue bonds, notes, warrants or other obligations of the City having a lien upon the Net Revenue junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds; and

(f) To retire by redemption or purchase any outstanding revenue bonds or other revenue obligations of the Solid Waste System, to make necessary additional betterments, improvements and repairs to or extensions and replacements of the Solid Waste System, to make deposits into the Rate Stabilization Account, or for any other lawful purposes of the Solid Waste System.

The City may transfer any money from any funds or accounts of the Solid Waste System legally available therefor, except bond redemption funds, refunding escrow funds or defeasance funds, to meet the required payments to be made into the Bond Account.

Section 15. Bond Account. A special account of the City known as the "Bond Account" has been created and shall be maintained as a separate account within the Solid Waste Fund, for the sole purpose of paying the principal of and premium, if any, and interest on the Parity Bonds as the same shall become due. The Bond Account consists of the Principal and Interest Subaccount and the Reserve Subaccount and such additional subaccounts as the Director of Finance may deem necessary. Principal of, premium (if any) and interest on the Parity Bonds shall be payable out of the Bond Account.

(a) Required Payments Into the Bond Account. From and after the issuance of the Bonds, and so long thereafter as any Parity Bonds are outstanding against the Bond Account (including any Payment Agreement Payments required to be made under any Parity Payment Agreements), the Director of Finance shall set aside and pay into the Principal and Interest Subaccount on or prior to the respective dates on which the interest on or principal of and interest on the Parity Bonds shall become due and payable certain fixed amounts out of the Net Revenue sufficient to pay such interest or principal and interest as the same shall become due.

(b) Reserve Subaccount. The Reserve Subaccount previously has been created and maintained as a subaccount within the Bond Account for the purpose of securing the payment of the principal of and interest on all Parity Bonds outstanding (including amounts due under any Parity Payment Agreements if required under such agreement).

(c) Investment of Money in Bond Account. Money in the Principal and Interest Subaccount shall, to the fullest extent practicable and reasonable, be invested and reinvested at the direction of the Director of Finance solely in, and obligations deposited in such accounts shall consist of, Permitted Investments. Earnings on money and investments in the Principal and Interest Subaccount shall be deposited in and used for the purposes of that subaccount. Money held in the Reserve Subaccount shall, to the fullest extent practicable and reasonable, be invested and reinvested at the direction of the Director of Finance solely in, and obligations deposited in such accounts shall consist of, Permitted Investments. Earnings on money and investments in the Reserve Subaccount shall be deposited in that fund and credited against amounts required to be deposited therein until the Reserve Subaccount is fully funded, and thereafter such earnings shall be deposited in the Principal and Interest Subaccount.

(d) Funding of Reserve Requirement. The City shall provide in the Bond Resolution with respect to the Bonds or in the Parity Bond Legislation authorizing the issuance of any Future Parity Bonds for the deposit into the Reserve Subaccount out of the Net Revenue (or out of any other funds of the City on hand and legally available therefor, including proceeds of the Bonds or of the Future Parity Bonds being issued or any other Future Parity Bonds) of periodic payments so that by five years from the date of such Future Parity Bonds there will have been paid into the Reserve Subaccount an amount which, together with the money already on deposit therein, will be at least equal to the Reserve Requirement for all Parity Bonds outstanding at the end of that five-year period.

Notwithstanding the foregoing, the Bond Resolution or any Parity Bond Legislation may provide for the City to obtain Qualified Insurance or a Qualified Letter of Credit for specific amounts required to be paid into

the Reserve Subaccount. The amount available to be drawn upon under such Qualified Insurance or Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Reserve Subaccount by this subsection.

Such Qualified Letter of Credit or Qualified Insurance shall not be cancelable on less than three years' notice. If the City receives any such notice of cancellation, the City shall substitute Qualified Insurance or a Qualified Letter of Credit in the amount required pursuant to this subsection or in the alternative shall create a special account in the Solid Waste Fund and deposit therein, on or before the 25th day of each of the 36 succeeding calendar months, 1/36th of the amount sufficient, together with other money and investments on deposit in the Reserve Subaccount, to equal the Reserve Requirement on the date any such cancellation shall become effective. Such amounts shall be transferred from money in the Solid Waste Fund (after making provision for payment of Maintenance and Operation Expenses and for the required payments into the Principal and Interest Subaccount). Amounts on deposit in such special account shall not be available to pay debt service on Parity Bonds or for any other purpose of the City, and shall be transferred to the Reserve Subaccount on the effective date of any cancellation of a Qualified Letter of Credit or Qualified Insurance to make up the deficiency caused thereby.

If the amount in the Reserve Subaccount shall be less than the Reserve Requirement (taking into account the five-year period referred to in this subsection, the City shall transfer to the Reserve Subaccount money in an amount sufficient to restore the Reserve Subaccount to the Reserve Requirement within 12 months after the date of such deficiency. The City shall transfer such amounts from money in the Solid Waste Fund (after making provision for payment of Maintenance and Operation Expenses and for the required payments into the Principal and Interest Subaccount). If the amount in the Reserve Subaccount shall be greater than the Reserve Requirement, then and only then may the City withdraw such excess from the Reserve Subaccount and deposit such excess in the Solid Waste Fund to be used for any lawful purpose.

(e) Use of Reserve Subaccount for Refunding Bonds. If any Parity Bonds are refunded, the

money set aside in the Reserve Subaccount to secure the payment of such Parity Bonds may be used to retire such Parity Bonds or may be transferred to any Reserve Subaccount or account which may be created to secure the payment of any bonds issued to refund such Parity Bonds, as long as the money left remaining in the Reserve Subaccount is at least equal, together with any Qualified Insurance or Qualified Letters of Credit, to the Reserve Subaccount Requirement.

(f) Use of Reserve Subaccount for Payment of Debt Service. If the money in the Principal and Interest Subaccount is insufficient to meet maturing installments of either interest on or principal of and interest on the Parity Bonds payable out of the Bond Account (including amounts payable under any Parity Payment Agreement), such deficiency shall be made up from the Reserve Subaccount by the withdrawal of money or proceeds of Qualified Insurance or Qualified Letters of Credit therefrom, as the case may be. Any deficiency created in the Reserve Subaccount by reason of any such withdrawal or claim against Qualified Insurance or a Qualified Letter of Credit shall then be made up out of the Net Revenue, after making necessary provision for the payments required to be made for debt service on any outstanding Parity Bonds consistent with Section 14.

(g) Withdrawals From Reserve Subaccount. Money in the Reserve Subaccount may be withdrawn by the City for any lawful purpose as long as the aggregate of any money, Qualified Insurance and Qualified Letters of Credit left remaining on deposit in the Reserve Subaccount is at least equal to the Reserve Requirement for the Parity Bonds then outstanding.

The City reserves the right to substitute Qualified Insurance or a Qualified Letter of Credit for money previously deposited in the Reserve Subaccount and to withdraw such money to the extent described in the preceding paragraph.

Any withdrawals from subaccounts within the Reserve Subaccount shall be made on a pro rata basis except when the provider of a Qualified Letter of Credit or Qualified Insurance requires all cash and investments in the Reserve Subaccount to be withdrawn before draws on the Qualified Letter of Credit or Qualified Insurance, or unless the City receives an opinion of Bond Counsel to the effect that such pro rata

withdrawal is not required to maintain the exclusion of interest on the Parity Bonds then outstanding from gross income for federal income tax purposes.

Section 16. Parity Bond Covenants.

(a) Establishment and Collection of Rates and Charges. The City will establish, maintain and collect rates and charges for services and facilities provided by the Solid Waste System and will adjust those rates and charges from time to time so that:

(i) Gross Revenue will be sufficient to (A) pay all Maintenance and Operation Expenses, (B) pay when due all amounts that the City is obligated to pay into the Bond Account and the subaccounts therein, and (C) pay all taxes, assessments or other governmental charges lawfully imposed on the Solid Waste System or the revenue therefrom or payments in lieu thereof and any and all other amounts which the City may now or hereafter become obligated to pay from the Gross Revenue by law or contract; and

(ii) Adjusted Net Revenue in each fiscal year will be at least equal to the Coverage Requirement; and

(iii) Except to aid the poor or infirm, it will not furnish or supply or permit the furnishing or supplying of any service or facility in connection with the operation of the Solid Waste System free of charge to any person, firm or corporation, public or private.

The failure of the City to comply with paragraphs (i) and (ii) of this subsection shall not be an Event of Default under this ordinance if the City promptly retains an Independent Utility Consultant to recommend to the City Council adjustments in the rates of the Solid Waste System necessary to meet the requirements of those paragraphs and if the City Council adopts the recommended modifications within 180 days of the date the failure became known to the City Council.

(b) Maintenance and Operation of the Solid Waste System. The City will operate the properties of the Solid Waste System in an efficient manner and at a reasonable cost, and will maintain, preserve and keep, or cause to be maintained, preserved and kept, the properties of the Solid Waste System in good repair, working

order and condition; and from time to time will make or cause to be made all necessary and proper repairs, renewals and replacements thereto so that at all times the business carried on in connection therewith will be properly and advantageously conducted.

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

(d) Books and Accounts. The City will keep proper books, records and accounts with respect to the operations, income and expenditures of the Solid Waste System in accordance with generally accepted accounting practices applicable to governmental utilities and any applicable rules and regulations prescribed by the State. The City will prepare or cause to be prepared annual financial and operating statements as soon as practicable after the close of each fiscal year showing in reasonable detail the financial condition of the Solid Waste System as of the close of the previous year, and the income and expenses for such year, including the amounts paid into the Bond Account and into any and all special funds or accounts created pursuant to the provisions of this ordinance, the status of all funds and accounts as of the end of such year, and the amounts expended for maintenance, renewals, replacements and capital additions to the Solid Waste System. A copy of such annual financial statements shall be sent to any owner of Parity Bonds upon written request therefor being made to the City. The City may charge a reasonable cost for providing such financial statements.

(e) Collection of Delinquent Accounts. On at least an annual basis, the City will determine all accounts that are delinquent and will take such actions as the City determines are reasonably necessary to enforce payment of those delinquent accounts.

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

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

(h) Sale of System. The City will sell, transfer or otherwise dispose of all or any part of the works, plant, properties, facilities or other component of the Solid Waste System or any real or personal property comprising a part of the Solid Waste System only consistent with one or more of the following:

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

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

(iii) The City in its discretion may carry out such a transfer if the proceeds from such transfer are used to acquire new useful operating facilities or properties of the Solid Waste System, or are used to retire outstanding Parity Bonds or other revenue obligations of the Solid Waste System, if, at the time of such transfer, there is on file with the City Clerk a certificate of the Director of Finance and the Director of Seattle Public Utilities demonstrating that in his or her professional opinion, upon such transfer and the use of proceeds of the transfer as proposed by the City, the remaining facilities of the Solid Waste System will retain their operational integrity and, based on the financial statements for the most recent fiscal year available, the proposed transfer would not prevent the Solid Waste System from complying with the rate covenants contained in Section 16(a) during the five fiscal years following the fiscal year in which the transfer is to occur. The Director of Finance and the Director of Seattle Public Utilities shall take into account (A) the reduction in revenue and expenses, if any, resulting from the transfer, (B) the use of any proceeds of the transfer for the redemption of Parity Bonds, (C) the Director of Finance and the Director of Seattle Public Utilities' estimate of revenue from customers anticipated to be served by any additions to and betterments and extensions of the Solid Waste System financed in part by the proposed portion of the proceeds of the transfer and (D) any other adjustment permitted in the preparation of a certificate under Section 17(a)(ii). Before such a transfer, the City also must obtain confirmation from each of the Rating Agencies to the effect that the rating then in effect will not be reduced or withdrawn upon such transfer.

Section 17. Future Parity Bonds.

(a) Except as provided in subsection (b) of this section for the issuance of refunding Parity Bonds, Future Parity Bonds may be issued (and Parity Payment Agreements may be entered into), from time to time in one or more series for any lawful purpose of the Solid Waste System, only if at the time of the delivery of each series of Future Parity Bonds to the initial purchasers thereof (or on the effective date of the Parity Payment Agreement):

(i) There is no deficiency in the Bond Account or in any of the accounts therein and

provision has been made to meet the Reserve Requirement for all Parity Bonds then outstanding plus such proposed series of Future Parity Bonds; and

(ii) There shall have been filed with the City either:

(A) A certificate of both the Director of Finance and the Director of Seattle Public Utilities (or any officer who succeeds to substantially all of the responsibilities of either office) demonstrating that during any 12 consecutive calendar months out of the immediately preceding 24 calendar months Adjusted Net Revenue was at least equal to the Coverage Requirement of all Parity Bonds plus the Future Parity Bonds proposed to be issued (and assuming that the debt service of the proposed Future Parity Bonds for that 12-month period was the Average Annual Debt Service for those proposed bonds); or

(B) a certificate of both the Director of Finance and the Director of Seattle Public Utilities (or any officer who succeeds to substantially all of the responsibilities of either office) that in their opinion the Adjusted Net Revenue for the five fiscal years next following the earlier of (i) the end of the period during which interest on those Future Parity Bonds is to be capitalized or, if no interest is capitalized, the fiscal year in which the Future Parity Bonds are issued, or (ii) the date on which the substantially all new facilities financed with those Future Parity Bonds are expected to commence operations, such Adjusted Net Revenue further adjusted as provided in paragraphs (1) through (4) below, will be at least equal to the Coverage Requirement. That certificate may take into account the following adjustments.

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

(2) Net revenue from customers of the Solid Waste System who have become customers during the 12-consecutive-month period or thereafter, and their estimate of net revenue from any customers to be connected to the Solid Waste System who have paid the required connection charges, adjusted to reflect one year’s net revenue from those customers;

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

(4) Net revenue from any person, firm, corporation or municipal corporation under any executed contract for solid waste disposal or other utility service, which revenue was not included in the historical Net Revenue of the Solid Waste System.

(b) Without complying with the provisions of subsection (a) of this section, the City may at any time and from time to time issue one or more series of refunding Parity Bonds, but only if there shall have been filed with the City a certificate of the Director of Finance stating that immediately after the issuance of such refunding Parity Bonds the Annual Debt Service in any calendar year that Parity Bonds (other than such refunding Parity Bonds) are then outstanding shall not be increased by more than $5,000 by reason of the issuance of such refunding Parity Bonds.

Parity Bonds of any one or more series or one or more maturities within a series may be refunded by a single series of refunding Parity Bonds, which Parity Bonds to be refunded shall be specified in the Parity Bond Legislation providing for the issuance of the refunding Parity Bonds, and the principal amount of such refunding Parity Bonds may include amounts necessary to pay the principal of the Parity Bonds to be refunded, interest thereon to the date of payment or redemption thereof, any premium payable thereon upon such payment or redemption, the costs of issuance of such refunding Parity Bonds and an amount, if any, required to fund the Reserve Requirement. The proceeds of the refunding Parity Bonds shall be held and applied in such manner as is provided in the Parity Bond Legislation providing for the issuance of such refunding Parity Bonds, so that upon the delivery of such refunding Parity Bonds the Parity Bonds to be refunded thereby shall be deemed to be no longer outstanding in accordance with the provisions of the Parity Bond Legislation providing for the issuance of those Parity Bonds.

Refunding Parity Bonds may also be issued upon compliance with the provisions of subsection (a) of

this section.

Nothing contained in this ordinance shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the City from issuing refunding Parity Bonds to fund or refund maturing Parity Bonds of the City for the payment of which money is not otherwise available without complying with this section.

(c) Nothing in this ordinance shall prevent the City from issuing revenue bonds or other obligations having a lien and charge on the Net Revenue subordinate to the lien and charge of the Parity Bonds.

Section 18. Rate Stabilization Account. There has been created in the Solid Waste Fund a separate account known as the Rate Stabilization Account. The City may at any time, as determined by the City and as consistent with Section 14, deposit in the Rate Stabilization Account Gross Revenue and any other money received by the Solid Waste System and available to be used therefor. The City may withdraw any or all of the money from the Rate Stabilization Account for inclusion in the Adjusted Gross Revenue for any fiscal year of the City. Such deposits or withdrawals may be made up to and including the date 90 days after the end of the fiscal year for which the deposit or withdrawal will be included as Adjusted Gross Revenue. No deposit of Gross Revenue shall be made into the Rate Stabilization Account to the extent that such deposit would prevent the City from meeting the Coverage Requirement in the relevant fiscal year.

Section 19. Separate Utility Systems. The City may create, acquire, construct, finance, own and operate one or more additional systems for solid waste collection, transportation, treatment or disposal, or other commodity or service related to the Solid Waste System. The revenue of that separate utility system shall not be included in the Gross Revenue of the Solid Waste System and may be pledged to the payment of revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand the separate utility system. Neither the Gross Revenue nor the Net Revenue of the Solid Waste System shall be pledged by the City to the payment of any obligations of a separate utility system except (1) as a Contract Resource Obligation upon compliance with Section 20 and/or (2) with respect to the Net Revenue, on a basis subordinate to the lien of the Parity Bonds on that Net Revenue.

Section 20. Contract Resource Obligations. The City may at any time enter into one or more Contract Resource Obligations for the acquisition, from facilities to be constructed, of solid waste collection, transportation, treatment or disposal, or other commodity or service relating to the Solid Waste System. The City may determine that, and may agree under a Contract Resource Obligation to provide that, all payments under that Contract Resource Obligation (including payments prior to the time that the solid waste collection, transportation, treatment or disposal or other commodity or service is being provided, or during a suspension or after termination of such other commodity or service) shall be Maintenance and Operation Expenses if the following requirements are met at the time such a Contract Resource Obligation is entered into:

(a) No event of default under any Parity Bond Legislation has occurred and is continuing.

(b) There shall be on file a certificate of an Independent Utility Consultant stating that (i) the payments to be made by the City in connection with the Contract Resource Obligation are reasonable for the commodities provided or services rendered; (ii) the source of any new commodities or services, and any facilities to be constructed to provide the commodities or services, are sound from a solid waste collection, transportation, treatment and disposal, or other commodity or service planning standpoint, are technically and economically feasible in accordance with prudent utility practice, and are likely to provide commodities or services no later than a date set forth in the Independent Utility Consultant's certification; and (iii) the Adjusted Net Revenue (further adjusted by the Independent Utility Consultant's estimate of the payments to be made in accordance with the Contract Resource Obligation) for the five fiscal years following the year in which the Contract Resource Obligation is incurred, as such Adjusted Net Revenue is estimated by the Independent Utility Consultant in accordance with the provisions of and adjustments permitted in Section 17(a)(ii), will be at least equal to the Coverage Requirement.

Payments required to be made under Contract Resource Obligations shall not be subject to acceleration. Nothing in this section shall be deemed to prevent the City from entering into other agreements for the acquisition of solid waste collection, transportation, treatment or disposal, or other commodity or service, from

existing facilities and from treating those payments as Maintenance and Operation Expenses. Nothing in this section shall be deemed to prevent the City from entering into other agreements for the acquisition of solid waste collection, transportation, treatment or disposal, or other commodity or service, from facilities to be constructed and from agreeing to make payments with respect thereto, such payments constituting a lien and charge on Net Revenue subordinate to that of Parity Bonds.

Section 21. Refunding and Defeasance of the Bonds. The Bonds are hereby designated "Refundable Bonds" for purposes of the Omnibus Refunding Bond Ordinance. The City may issue refunding bonds pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of, premium, if any, and interest on any Bond, or portion thereof, included in a refunding or defeasance plan, and to redeem and retire, release, refund or defease those Bonds (the "defeased Bonds") and to pay the costs of such refunding or defeasance. If money and/or Government Obligations maturing at a time or times and in an amount sufficient, together with known earned income from the investment thereof, to redeem and retire, release, refund or defease the defeased Bonds in accordance with their terms, are set aside in a special trust fund or escrow account irrevocably pledged to such redemption, retirement 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 Net Revenue and the funds and accounts pledged to the payment of such defeased Bonds, other than the right to receive the funds so set aside and pledged, thereafter shall cease and become void. Such Registered 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 as no longer outstanding, and the Director of Finance then may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes. 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.

If the refunding or defeasance plan provides that the defeased Bonds or the refunding bonds to be issued be secured by money and/or Government Obligations pending the prior redemption of the defeased Bonds and if such refunding or defeasance plan also provides that certain money and/or Government Obligations are pledged irrevocably for the prior redemption of the defeased Bonds included in that refunding or defeasance plan, then only the debt service on the Bonds which are not defeased Bonds and the refunding bonds, the payment of which is not so secured by the refunding plan, shall be included in the computation of the Coverage Requirement for the issuance of Future Parity Bonds and the annual computation of the Coverage Requirement for determining compliance with the rate covenants.

Section 22. Provisions Relating to Certain Federal Tax Consequences of the Bonds.

(a) Tax-Exempt Bonds. The City covenants that it will take all actions, consistent with the terms of any Series issued as Tax-Exempt Bonds, this ordinance, and the Bond Resolution, reasonably within its power and necessary to prevent interest on that Series from being included in gross income for federal income tax purposes, and the City will neither take any action nor make or permit any use of gross proceeds of that Series or other funds of the City treated as gross proceeds of that 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 it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to any Series issued as Tax-Exempt Bonds, 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 has elected 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) Tax Credit Subsidy Bonds or other Taxable Bonds. The Director of Finance may, without further action by the City Council, make provision in the Bonds or other written document for such additional covenants of the City as may be necessary or appropriate in order for the City to receive from the United States

Treasury the applicable Tax Credit Subsidy Payments in respect of any Series issued as Tax Credit Subsidy Bonds, or in the instance that the Bonds otherwise become and remain eligible for tax benefits under the Code.

Section 23. Official Statement; Continuing Disclosure.

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

(b) Final Official Statement. The City approves the preparation of a final official statement for each sale of one or more Series to be sold to the public in the form of the preliminary official statement with such 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 the Purchaser of a Series, the Director of Finance is authorized to execute the Undertaking in substantially the form attached as Exhibit B.

Section 24. Supplemental or Amendatory Ordinances.

(a) This ordinance shall not be supplemented or amended in any respect subsequent to the Issue Date, except as provided in and in accordance with and subject to the provisions of this section.

(b) The City may, from time to time and at any time, without the consent of or notice to the owners of the Parity Bonds, pass supplemental or amendatory ordinances for any of the following purposes:

(i) To cure any formal defect, omission, inconsistency or ambiguity in this ordinance in a manner not adverse to the owners of any Parity Bonds;

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

(iii) To add to the covenants and agreements of, and limitations and restrictions upon, the City in this ordinance other covenants, agreements, limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this ordinance as theretofore in effect;

(iv) To confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by this ordinance of any other money, securities or funds;

(v) To authorize different denominations of the Bonds and to make correlative amendments and modifications to this ordinance regarding exchangeability of Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature;

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

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

(viii) To add to the covenants and agreements of, and limitations and restrictions upon, the City in this ordinance, other covenants, agreements, limitations and restrictions to be observed by the City

which are requested by a provider of Bond Insurance or provider of a Reserve Security and which are not materially adverse to the owners of the Parity Bonds.

Before the City may pass any such supplemental or amendatory ordinance pursuant to this subsection, there must be delivered to the City an opinion of Bond Counsel, stating that such supplemental or amendatory ordinance is authorized or permitted by this ordinance and will, upon the effective date thereof, be valid and binding upon the City in accordance with its terms, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds.

(c) Except for any supplemental or amendatory ordinance passed pursuant to subsection (b) of this section, the City may pass supplemental or amendatory ordinances subject to the terms and provisions contained in this subsection and not otherwise:

(i) With the consent of registered owners of not less than 60% in aggregate principal amount of the Parity Bonds then outstanding, the City Council may pass any supplemental or amendatory ordinance deemed necessary or desirable by the City for the purpose of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this ordinance. However, unless approved in writing by the registered owner of each Parity Bond then outstanding, nothing contained in this section shall permit, or be construed as permitting (A) a change in the times, amounts or currency of payment of the principal of or interest on any outstanding Parity Bond, or a reduction in the principal amount or redemption price of any outstanding Parity Bond or a change in the method of determining the rate of interest thereon, (B) a preference or priority of any Parity Bond over any other Parity Bond, or (C) a reduction in the aggregate principal amount of Parity Bonds.

(ii) If at any time the City Council passes a supplemental or amendatory ordinance for any of the purposes of this subsection, the Bond Registrar shall cause notice of the proposed supplemental or amendatory ordinance to be given by first class United States mail to all registered owners of the then outstanding Parity Bonds, to each provider of Bond Insurance or a Reserve Security, and to each Rating

Agency. Such notice shall briefly set forth the nature of the proposed supplemental or amendatory ordinance and shall state that a copy is on file at the office of the City Clerk for inspection by all owners of the outstanding Parity Bonds.

(iii) Within two years after the date of the mailing of such notice, such supplemental or amendatory ordinance, substantially as described in such notice, may go into effect, but only if there shall have first been delivered to the Bond Registrar (A) the required consents, in writing, of registered owners of the Parity Bonds, and (B) an opinion of Bond Counsel stating that such supplemental or amendatory ordinance is authorized or permitted by this ordinance and, upon the effective date thereof, will be valid and binding upon the City in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds.

(iv) If registered owners of not less than the percentage of Parity Bonds required by this subsection shall have consented to and approved the passage of such a supplemental or amendatory ordinance, no owner of a Parity Bond shall have any right to object to the passage of such supplemental ordinance, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the passage thereof, or to enjoin or restrain the City from passing the same or the City, any authorized official thereof, or the Bond Registrar from taking any action pursuant to the provisions thereof.

(d) The Registered Owners from time to time of the outstanding Bonds, by taking and holding the same, shall be deemed to have consented to the adoption by the City of any supplemental or amendatory ordinance or resolution passed pursuant to the provisions of this section for any one or more of the following purposes:

(i) When calculating "Annual Debt Service," to permit or require Tax Credit Subsidy Payments expected to be received by the City in any period to be credited against amounts required to be paid in respect of interest on the Parity Bonds in that period; and

(ii) To permit or require Tax Credit Subsidy Payments to be deposited into the Principal and

Interest Subaccount and credited against the Net Revenue otherwise required to be deposited into the Principal and Interest Subaccount.

(e) Upon the effective date of any supplemental or amendatory ordinance pursuant to the provisions of this section, this ordinance shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this ordinance of the City, the Bond Registrar and all owners of Parity Bonds then outstanding shall thereafter be determined, exercised and enforced under this ordinance subject in all respects to such modifications and amendments.

Section 25. Defaults and Remedies.

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

(i) If a default is made in the payment of the principal of or interest on any of the Bonds when the same shall become due and payable; or

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

Notwithstanding anything in this section to the contrary, the failure of the City or any obligated person to comply with the Undertaking shall not constitute an Event of Default under this ordinance, the Bond Resolution or the Bonds, and the sole remedy of any holder of a Bond shall be to seek an order of specific performance

from an appropriate court to compel the City to comply with the Undertaking.

(b) Bond Owners' Trustee. So long as such Event of Default has not been remedied, a trustee (the "Bond Owners' Trustee") may be appointed by the registered owners of 25% in principal amount of the then outstanding Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Parity Bonds or by their attorneys-in-fact duly authorized and delivered to such Bond Owners' Trustee, notification thereof being given to the City. That appointment shall become effective immediately upon acceptance thereof by the Bond Owners' Trustee. Any Bond Owners' Trustee appointed under the provisions of this subsection shall be a bank or trust company organized under the laws of the State of Washington or the State of New York or a national banking association. The bank or trust company acting as Bond Owners' Trustee may be removed at any time, and a successor Bond Owners' Trustee may be appointed, by the registered owners of a majority in principal amount of the Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Parity Bonds or by their attorneys-in-fact duly authorized. The Bond Owners' Trustee may require such security and indemnity as may be reasonable against the costs, expenses and liabilities that may be incurred in the performance of its duties.

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

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

(c) Suits at Law or in Equity. Upon the happening of an Event of Default and during the continuance thereof, the Bond Owners' Trustee may, and upon the written request of the registered owners of not less than 25% in principal amount of the Parity Bonds outstanding shall, take such steps and institute such

suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the registered owners of the Parity Bonds, to collect any amounts due and owing to or from the City, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this ordinance or set forth in any of the Parity Bonds.

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

Any action, suit or other proceedings instituted by the Bond Owners' Trustee hereunder shall be brought in its name as the Bond Owners' Trustee and all such rights of action upon or under any of the Parity Bonds or the provisions of this ordinance may be enforced by the Bond Owners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action or proceeding instituted by the Bond Owners' Trustee shall be brought for the ratable benefit of all of the registered owners of those Parity Bonds, subject to the provisions of this ordinance. The respective registered owners of the Parity Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bond Owners' Trustee the true and lawful trustee of the respective registered owners of those Parity Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the registered owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bond Owners' Trustee to consent to accept or adopt, on behalf of any registered owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any registered owner thereof, or to authorize or empower the Bond Owners' Trustee to vote the claims of the registered owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other

proceeding to which the City is a party.

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

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

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

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

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

determined solely by the express provisions of this ordinance, and no implied powers, duties or obligations of the Bond Owners' Trustee shall be read into this ordinance.

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

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

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

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

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

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

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

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

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

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

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

Section 26. 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 may, in his or her discretion and without further action by the City Council, (i) issue requests for proposals for underwriting or financing facilities and execute engagement letters with underwriters, bond insurers or other financial institutions based on responses to such requests, (ii) change the Bond Registrar or Securities Depository for the Bonds; and (iii) 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 Tax Credit Subsidy Payments in respect of any Series issued as Tax Credit Subsidy Bonds and to otherwise receive any other federal tax benefits relating to the Bonds available to the City; and

(b) The Mayor and the Director of Finance are each separately authorized to execute and deliver (i) 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, providers of Bond Insurance or Reserve Securities, remarketing agents, underwriters, lenders, fiscal agents, Qualified Counterparties, custodians, and the Bond Registrar); and (ii) such other contracts or documents incidental to the issuance and sale of a Series; 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 27. 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 28. Ratification of Prior Acts. Any action taken consistent with the authority of this ordinance, after its passage but prior to the effective date, is ratified, approved and confirmed.

Section 29. Section Headings. Section headings in this ordinance are used for convenience only and shall not constitute a substantive portion of this ordinance.

Section 30. 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 Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2015, and signed by me in open session in authentication of its passage this _____ day of _____, 2015.

_____

President _____of the City Council

powered by Legistar™

Approved by me this ____ day of _____, 2015.

_____

Edward B. Murray, Mayor

Filed by me this ____ day of _____, 2015.

_____

Monica Martinez Simmons, City Clerk

(Seal)

Exhibits:

Exhibit A - List of Outstanding Parity Bonds

Exhibit B - Form of Undertaking to Provide Continuing Disclosure