



Legislation Text

File #: CB 120687, Version: 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to the municipal water system of The City of Seattle; amending Ordinance 126716 to increase the authorized principal amount of municipal water system revenue bonds to be issued for the purposes of paying all or part of the cost of carrying out the system or plan of additions and betterments to and extensions of the existing municipal water system; extending the initial authorization date for those bonds; and ratifying and confirming certain prior acts.

WHEREAS, by Ordinance 126716, passed on November 29, 2022 (the “2023 Water Bond Ordinance”) The City of Seattle, Washington (the “City”) provided for the issuance of not to exceed \$81 million principal amount of Municipal Water System Bonds (the “Bonds”) for the purposes of paying all or part of the cost of carrying out the Plan of Additions, providing for the Reserve Requirement for the Parity Bonds, and issuing and selling the Bonds; and

WHEREAS, the City has not yet issued any of the bonds authorized by the 2023 Water Bond Ordinance, but has since that time has accumulated additional capital needs, as reflected in the adopted Capital Improvement Plan previously approved by Council, that have arisen or are expected to arise during 2024 and which will exceed the amount originally authorized in the 2023 Water Bond Ordinance; and

WHEREAS, the City deems it desirable to increase the authorized principal amount of municipal water system revenue bonds to provide funding for the water system’s capital needs; and

WHEREAS, the City deems it desirable to extend the date by which such bonds must be issued; NOW,
THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Definitions. The definitions of capitalized terms set forth in the recitals to this ordinance are

incorporated by this reference. The meaning of capitalized terms used and not otherwise defined in this ordinance shall be as set forth in Ordinance 126716.

Section 2. Amendment to Section 2 of Ordinance 126716. Section 2 of Ordinance 126716 is amended as follows:

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 \$631 million, of which approximately ~~(\$81)~~ \$99 million is expected to be financed from proceeds of the Bonds and investment earnings thereon.

Section 3. Amendments to Section 5 of Ordinance 126716. Section 5 of Ordinance 126716 is amended as follows:

Section 5. Appointment of Designated Representative; Bond Sale Terms.

(a) **Designated Representative.** The Director of Finance is appointed to serve as the City's designated representative in connection with the issuance and sale of the Bonds in accordance with RCW 39.46.040(2) and this ordinance.

(b) **Parameters for Bond Sale Terms.** The Director of Finance is authorized to approve, on behalf of the City, Bond Sale Terms for the sale of the Bonds in one or more Series, and, in connection with each such sale, to execute a Bond Purchase Contract (or, in the case of a competitive sale, a Pricing Certificate) confirming the Bond Sale Terms and such related agreements as may be necessary or desirable, consistent with the following parameters:

(i) **Maximum Principal Amount.** The maximum aggregate principal amount of all Series of the Bonds authorized by this ordinance is not to exceed ~~\$(81)~~ 99 million.

(ii) **Date or Dates.** Each Bond shall be dated its Issue Date, as determined by the Director of Finance. The initial Issue Date (without restricting any reissuance date with respect to a

Series of Variable Interest Rate Bonds) may be no later than December 31, (~~2025~~) 2026.

(iii) **Denominations.** The Bonds shall be issued in Authorized Denominations.

(iv) **Interest Rate(s).** Each Bond shall bear interest from its Issue Date or from the most recent date to which interest has been paid or duly provided, whichever is later, unless otherwise provided in the Bond Documents. Each Series of the Bonds shall bear interest at one or more fixed interest rates or Variable Interest Rates. The true interest cost for any fixed rate Series may not exceed a rate of 10 percent per annum. The Bond Documents for any Series may provide for multiple interest rates and interest rate modes, and may provide conditions and mechanisms for the Director of Finance to effect a conversion from one mode to another. Nothing in this ordinance shall be interpreted to prevent the Bond Documents for any Series from including a provision for adjustments to interest rates during the term of the Series upon the occurrence of certain events specified in the applicable Bond Documents.

(v) **Payment Dates.** Interest shall be payable on dates acceptable to the Director of Finance. Principal shall be payable on dates acceptable to the Director of Finance, which shall include payment at the maturity of each Bond, in accordance with any Sinking Fund Requirements applicable to Term Bonds, and otherwise in accordance with any redemption or tender provisions.

(vi) **Final Maturity.** Each Bond shall mature no later than 40 years after its Issue Date.

(vii) **Redemption Prior to Maturity.** The Bond Sale Terms may include redemption and tender provisions, as determined by the Director of Finance in the Director's discretion, consistent with Section 8 of this ordinance and subject to the following:

(A) **Optional Redemption.** The Director of Finance may designate any Bond as subject to optional redemption prior to its maturity, consistent with subsection 8(a) of this ordinance. Any Bond that is subject to optional redemption prior to maturity must be callable on at least one or more dates occurring not more than 10½ years after the Issue Date.

(B) **Mandatory Redemption.** The Director of Finance may designate any Bond as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in principal payment amounts set forth in Sinking Fund Requirements, consistent with subsection 8(b) of this ordinance.

(C) **Extraordinary Redemptions.** The Director of Finance may designate any Bond as subject to extraordinary optional redemption or extraordinary mandatory redemption upon the occurrence of an extraordinary event, as such event or events may be set forth in the applicable Bond Documents, consistent with Section 8(c) of this ordinance.

(D) **Tender Options.** The Director of Finance may designate any Variable Interest Rate Bond as subject to tender options, as set forth in the applicable Bond Documents.

(viii) **Price.** The Director of Finance may approve in the Bond Sale Terms an aggregate purchase price for each Series of the Bonds that is, in the Director's judgment, the price that produces the most advantageous borrowing cost for the City, consistent with the parameters set forth in this ordinance and in any applicable bid documents.

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

(A) **Expected Life of Capital Facilities.** As of the Issue Date of each Series, the Director of Finance must additionally find to the Director's satisfaction that 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 such Series (or share thereof) allocated to financing those capital facilities.

(B) **Parity Conditions Satisfied.** As of the Issue Date of each Series, the Director of Finance must find that the Parity Conditions have been met or otherwise satisfied, so that such Series is permitted to be issued as Parity Bonds.

(C) **Additional Terms, Conditions, and Agreements.** The Bond Sale Terms for

any Series may provide for Bond Insurance, a Reserve Security, Qualified Letter of Credit, credit enhancement, or any Payment Agreement as the Director of Finance may find necessary or desirable. The Bond Sale Terms for any Series may provide for multiple interest rate modes and may include provisions for conversion from any interest rate mode to any other mode. To that end, the Bond Sale Terms may include such additional terms, conditions, and covenants as may be necessary or desirable, including but not limited to: restrictions on investment of Bond proceeds and pledged funds (including any escrow established for the defeasance of the Bonds); provisions for the conversion of interest rate modes; provisions for the reimbursement of a credit enhancement provider or Qualified Counterparty; and requirements to give notice to or obtain the consent of a credit enhancement provider or a Qualified Counterparty. The Director of Finance is authorized to execute, on behalf of the City, such additional certificates and agreements as may be necessary or desirable to reflect such terms, conditions, and covenants.

(D) **Reserve Requirement.** The Bond Sale Terms must establish whether the Series is to be treated as Covered Parity Bonds and must establish the method of providing for the Reserve Requirement, consistent with Section 15 of this ordinance.

(E) **Tax Status of the Bonds.** The Director of Finance may determine that any Series of the Bonds may be designated or qualified as Tax-Exempt Bonds, Taxable Bonds or Tax Credit Subsidy Bonds, consistent with Section 22 of this ordinance.

Section 4. **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 their 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.

Section 5. **Severability.** The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, subsection, or portion of this ordinance, or

the invalidity of its application to any person or circumstance, does not affect the validity of the remainder of this ordinance or the validity of its application to other persons or circumstances.

Section 6. **Ratification of Prior Acts**. Any action consistent with the authority of this ordinance taken after its passage and prior to its effective date is ratified and confirmed.

Section 7. **Section Headings**. Section headings in this ordinance are nonsubstantive.

Section 8. **Effective Date**. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the _____ day of _____, 2023, and signed by me in open session in authentication of its passage this _____ day of _____, 2023.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2023.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2023.

Scheereen Dedman, City Clerk

(Seal)