

Resolution No. 31177

# The City of Seattle – Legislative Department

sponsored by: Conlin

A RESOLUTION providing for the sale and issuance of The City of Seattle, Washington, Drainage and Wastewater Revenue Bonds, 2009A (Taxable Build America Bonds— Direct Payment) and The City of Seattle, Washington, Drainage and Wastewater Improvement and Refunding Revenue Bonds, 2009B; specifying the amount, maturities, interest rates and other terms of the bonds; providing for the payment of part of the cost of the Plan of Additions to the Drainage and Wastewater System, the Reserve Requirement and the refunding of certain outstanding bonds of the Drainage and Wastewater System: providing

for the call, payment and redemption of the outstanding bonds to be refunded, appointing a refunding trustee and approving the form and execution of a refunding trust agreement, and authorizing the purchase of certain obligations and the use and application of money derived from those obligations and the payment of costs of issuance and sale of the bonds; approving the form and execution of a calculation agency agreement; and ratifying and confirming certain prior acts.

## Committee Action:

Recommendation

Vote

Related Legislation File: \_\_\_\_\_

Date Introduced and Referred: <b>12-9-09</b>	To: (committee): <b>Full Council</b>
Date Re-referred:	To: (committee):
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Date Signed by Mayor:	Date Returned to City Clerk: <b>12-9-09</b>
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This file is complete and ready for presentation to Full Council.

## Full Council Action:

Date

Decision

Vote

**RESOLUTION 31177**

A RESOLUTION providing for the sale and issuance of The City of Seattle, Washington, Drainage and Wastewater Revenue Bonds, 2009A (Taxable Build America Bonds—Direct Payment) and The City of Seattle, Washington, Drainage and Wastewater Improvement and Refunding Revenue Bonds, 2009B; specifying the amount, maturities, interest rates and other terms of the bonds; providing for the payment of part of the cost of the Plan of Additions to the Drainage and Wastewater System, the Reserve Requirement and the refunding of certain outstanding bonds of the Drainage and Wastewater System; providing for the call, payment and redemption of the outstanding bonds to be refunded, appointing a refunding trustee and approving the form and execution of a refunding trust agreement, and authorizing the purchase of certain obligations and the use and application of money derived from those obligations and the payment of costs of issuance and sale of the bonds; approving the form and execution of a calculation agency agreement; and ratifying and confirming certain prior acts.

Adopted December 9, 2009

**RESOLUTION 31177**

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4 A RESOLUTION providing for the sale and issuance of The City of Seattle, Washington,  
5 Drainage and Wastewater Revenue Bonds, 2009A (Taxable Build America Bonds—  
6 Direct Payment) and The City of Seattle, Washington, Drainage and Wastewater  
7 Improvement and Refunding Revenue Bonds, 2009B; specifying the amount, maturities,  
8 interest rates and other terms of the bonds; providing for the payment of part of the cost  
9 of the Plan of Additions to the Drainage and Wastewater System, the Reserve  
10 Requirement and the refunding of certain outstanding bonds of the Drainage and  
11 Wastewater System; providing for the call, payment and redemption of the outstanding  
bonds to be refunded, appointing a refunding trustee and approving the form and  
execution of a refunding trust agreement, and authorizing the purchase of certain  
obligations and the use and application of money derived from those obligations and the  
payment of costs of issuance and sale of the bonds; approving the form and execution of  
a calculation agency agreement; and ratifying and confirming certain prior acts.

12 WHEREAS, by Ordinance 123055 (the “Bond Ordinance”), The City of Seattle, Washington  
13 (the “City”) authorized the issuance of its drainage and wastewater revenue bonds in one  
14 or more series, to be issued in the aggregate principal amount of not to exceed  
15 \$121,000,000 to (i) pay for part of the costs of the Plan of Additions of the Drainage and  
Wastewater System; (ii) provide for the Reserve Requirement for the bonds; and (iii) pay  
the costs of issuing and selling the bonds; and

16 WHEREAS, by Ordinance 118974 and Resolution 29765 (the “1998 Refunded Bond  
17 Legislation”), the City issued its Drainage and Wastewater Revenue Bonds, 1998; and

18 WHEREAS, by Ordinance 121938, as amended (the “Refunding Bond Ordinance”), the City  
19 authorized the issuance and sale of drainage and wastewater revenue bonds for the  
20 purpose, among other things, of paying all or a part of the costs of refunding the City’s  
outstanding drainage and wastewater revenue bonds; and

21 WHEREAS, the Bond Ordinance and the Refunding Bond Ordinance authorized the Director of  
22 Finance to conduct a public or negotiated sale of bonds and to recommend to the City  
23 Council for its approval by resolution the interest rates and other terms and matters  
relating to the bonds consistent with the Bond Ordinance and the Refunding Bond  
Ordinance; and

24 WHEREAS, the Director of Finance has recommended the issuance of \$102,535,000 of  
25 Drainage and Wastewater Revenue Bonds, 2009A (Taxable Build America Bonds—  
26 Direct Payment) (the “2009A Bonds”) and Drainage and Wastewater Improvement and  
27 Refunding Revenue Bonds, 2009B (the “2009B Bonds,” and together with the 2009A  
28 Bonds, the “Bonds”) to carry out the purposes of the Bond Ordinance and the Refunding  
Bond Ordinance; and

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

5 WHEREAS, pursuant to the Bond Ordinance, a preliminary official statement dated December 2,  
6 2009 (the "Preliminary Official Statement") for the public sale of the Bonds was  
7 prepared, an official notice of that sale (the "Notice of Bond Sale") was given, bids have  
8 been received in accordance with the Notice of Bond Sale, and the proposed sale of the  
9 2009A Bonds to Stone & Youngberg LLC (the "2009A Purchaser") has been  
10 recommended to the City Council for its approval with the interest rates and other terms  
11 of and matters relating to the 2009A Bonds set forth in this resolution and the proposed  
sale of the 2009B Bonds to Robert W. Baird & Co., Inc. (the "2009B Purchaser") has  
12 been recommended to the City Council for its approval with the interest rates and other  
terms of and matters relating to the 2009B Bonds set forth in this resolution; NOW,  
THEREFORE,

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

13 **Section 1. Definitions.** The meaning of capitalized terms used and not otherwise  
14 defined in this resolution shall be as set forth in the Bond Ordinance.

15 **"Acquired Obligations"** means those "Acquired Obligations" (as such term is defined in  
16 the Refunding Bond Ordinance) purchased to accomplish the refunding of the Refunded Bonds  
17 as authorized by this resolution.

18 **"Bond Ordinance"** means Ordinance 123055 of the City authorizing the issuance of the  
19 Bonds (other than the Bonds issued to refund the Refunded Bonds).

20 **"2009A Bonds"** means the \$102,535,000 par value Drainage and Wastewater Revenue  
21 Bonds, 2009A (Taxable Build America Bonds—Direct Payment), issued pursuant to and for the  
22 purposes provided in the Bond Ordinance and this resolution.

23 **"2009B Bonds"** means the \$36,680,000 par value Drainage and Wastewater  
24 Improvement and Refunding Revenue Bonds, 2009B, issued pursuant to and for the purposes  
25 provided in the Bond Ordinance, the Refunding Bond Ordinance and this resolution.

26 **"Bonds"** means the 2009A Bonds and the 2009B Bonds.  
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1           **“Refunded Bonds Legislation”** means Ordinance 118974 and Resolution 29765 of the  
2 City authorizing the issuance and sale of the Refunded Bonds.

3           **“Refunded Bonds”** means the Drainage and Wastewater Revenue Bonds, 1998,  
4 identified in Exhibit A attached hereto.

5           **“Refunding Bond Ordinance”** means Ordinance 121938 pursuant to which the City  
6 authorized the issuance and sale of drainage and wastewater refunding revenue bonds, as  
7 subsequently amended by Ordinance 122209 and Ordinance 122637.

8           **“Refunding Plan”** means:

9           (a) the deposit of proceeds of the 2009B Bonds sufficient to acquire the Acquired  
10 Obligations; and

11           (b) the payment of the interest on the Refunded Bonds when due up to and including  
12 January 19, 2010, and the call, payment and redemption on January 19, 2010, of all of the  
13 outstanding Refunded Bonds at a price of par.

14           **“Refunding Trust Agreement”** means the Refunding Trust Agreement between the City  
15 and the Refunding Trustee relating to the Refunded Bonds, substantially in the form attached  
16 hereto as Exhibit G.

17           **“Refunding Trustee”** means U.S. Bank National Association, serving as refunding  
18 trustee or escrow agent or any successor refunding trustee or escrow agent.

19           **Section 2. The Bonds.** The Bonds shall be issued in two series. The 2009A Bonds shall  
20 be called “The City of Seattle, Washington, Drainage and Wastewater Revenue Bonds, 2009A  
21 (Taxable Build America Bonds—Direct Payment)”, and shall be issued in the aggregate  
22 principal amount of \$102,535,000. The 2009B Bonds shall be called “The City of Seattle,  
23 Washington, Drainage and Wastewater Improvement and Refunding Revenue Bonds, 2009B”,  
24 and shall be issued in the aggregate principal amount of \$36,680,000. The Bonds shall be in the  
25 denomination of \$5,000 or any integral multiple thereof within a single maturity and series; shall  
26 be dated the date of initial delivery; shall be registered as to both principal and interest; and shall  
27 bear interest from their date until the Bonds bearing such interest have been paid or their  
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1 payment has been duly provided for, payable semiannually on each May 1 and November 1,  
 2 commencing May 1, 2010; and shall mature on November 1 of the following years and in the  
 3 following amounts and shall bear interest as follows:

4 2009A Bonds

5 Maturities	Principal Amounts	Interest Rates	Maturities	Principal Amounts	Interest Rates
6 2017	\$ 3,025,000	4.25%	2024	\$ 3,740,000	5.00%
7 2018	3,105,000	4.375	2025	3,870,000	5.00
8 2019	3,195,000	4.50	***	***	***
9 2020	3,290,000	4.60	2030	21,575,000	5.375
10 2021	3,390,000	4.65	***	***	***
11 2022	3,500,000	4.75	2039	50,230,000	5.55
12 2023	3,615,000	4.875			

13 2009B Bonds

14 Maturities	Principal Amounts	Interest Rates	Maturities	Principal Amounts	Interest Rates
15 2010	\$3,695,000	2.00%	2019	\$ 975,000	4.00%
16 2011	3,155,000	2.00	2020	1,020,000	4.00
17 2012	3,245,000	2.00	2021	1,070,000	3.25
18 2013	3,360,000	2.00	2022	1,105,000	4.00
19 2014	3,480,000	2.00	2023	1,160,000	4.00
20 2015	3,600,000	2.25	2024	1,215,000	4.00
21 2016	3,765,000	2.50	2025	1,270,000	4.00
22 2017	905,000	3.00	***	***	***
23 2018	935,000	4.00	2027	2,725,000	4.00

24 Portions of the above 2009B Bonds maturity amounts are allocated to pay the respective  
 25 costs of the Plan of Additions and of carrying out the Refunding Plan, including a ratable share  
 26 of proceeds used to pay the costs of issuance of the 2009B Bonds, all in accordance with the  
 27 schedule set forth in Exhibit B of this resolution.

28 **Section 3. Optional Redemption.**

(a) Optional Redemption of 2009A Bonds. The City reserves the right and option to  
 redeem the 2009A Bonds prior to their stated maturity dates at any time, as a whole or in part, at  
 a price of par plus the Make-Whole Premium, if any, together with accrued interest to the date  
 fixed for redemption.

1           “Make-Whole Premium” means, with respect to any redemption date for a particular  
2 2009A Bond, the excess, if any, of (i) the sum of the present value of the remaining scheduled  
3 payments of principal of and interest on such 2009A Bond, not including any portion of those  
4 payments of interest accrued and unpaid as of such redemption date, discounted to such  
5 redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day  
6 months, at the Treasury Rate plus 25 basis points, over (ii) the principal amount of such 2009A  
7 Bond.

8           “Treasury Rate” means, with respect to any redemption date for a particular 2009A Bond,  
9 the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity  
10 of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on  
11 the redemption date for a price equal to the Comparable Treasury Price, as calculated by the  
12 Designated Investment Banker.

13           “Comparable Treasury Issue” means, with respect to any redemption date for a particular  
14 2009A Bond, the United States Treasury security or securities selected by the Designated  
15 Investment Banker that has an actual or interpolated maturity comparable to the remaining  
16 average life of such 2009A Bond, and that would be utilized in accordance with customary  
17 financial practice in pricing new issues of debt securities of comparable maturity to the  
18 remaining average life of such 2009A Bond.

19           “Comparable Treasury Price” means, with respect to any redemption date for a particular  
20 2009A Bond:

21           (i) the most recent yield data for the applicable United States Treasury maturity  
22 index from the Federal Reserve Statistical Release H.15 Daily Update (or any  
23 comparable or successor publication) reported, as of 11:00 a.m., New York City time, on  
the Valuation Date; or

24           (ii) if the yield described in (i) above is not reported as of such time or the yield  
25 reported as of such time is not ascertainable, the average of four Reference Treasury  
26 Dealer Quotations for such redemption date, after excluding the highest and lowest of  
27 such Reference Treasury Dealer Quotations, or if the Designated Investment Banker  
obtains fewer than four Reference Treasury Dealer Quotations, the average of all  
28 quotations obtained by the Designated Investment Banker.

1 “Designated Investment Banker” means each of the Reference Treasury Dealers  
2 appointed by the City.

3 “Reference Treasury Dealer” means each of four firms, specified by the City from time to  
4 time, that are primary United States Government securities dealers in the City of New York  
5 (each, a “Primary Treasury Dealer”); provided, that if any of them ceases to be a Primary  
6 Treasury Dealer, the City will substitute another Primary Treasury Dealer.

7 “Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury  
8 Dealer and any redemption date for a particular 2009A Bond, the average, as determined by the  
9 Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue  
10 (expressed in each case as a percentage of its principal amount) quoted in writing to the  
11 Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City  
12 time, on the Valuation Date.

13 “Valuation Date” means the third business day preceding the redemption date.

14 (b) Extraordinary Optional Redemption of 2009A Bonds. The City reserves the right  
15 and option to redeem the 2009A Bonds prior to their stated maturity dates upon the occurrence of  
16 an Extraordinary Event, as a whole or in part, at a price of par plus the Make-Whole Premium,  
17 calculated using the Treasury Rate plus 100 basis points, together with accrued interest to the  
18 date fixed for redemption.

19 An “Extraordinary Event” will have occurred if a material adverse change has occurred  
20 to Section 54AA or Section 6431 of the Code (as such Sections were added by Section 1531 of  
21 the American Recovery and Reinvestment Act of 2009 pertaining to “Build America Bonds”)  
22 pursuant to which the City’s 35 percent direct payments from the United States Treasury in  
23 respect of interest on the 2009A Bonds are reduced or eliminated.

24 (c) Optional Redemption of 2009B Bonds. The 2009B Bonds maturing on or before  
25 November 1, 2019, shall be issued without the right or option of the City to redeem those 2009B  
26 Bonds prior to their stated maturity dates. The City reserves the right and option to redeem  
27 2009B Bonds maturing on or after November 1, 2020, prior to their stated maturity dates at any  
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1 time on or after November 1, 2019, as a whole or in part, at a price of par plus accrued interest to  
2 the date fixed for redemption.

3 **Section 4. Mandatory Redemption.** The Bonds identified below are designated as  
4 Term Bonds and, if not redeemed under the optional or extraordinary optional redemption  
5 provisions set forth above or purchased in the open market under the provisions set forth in the  
6 Bond Ordinance and the Refunding Bond Ordinance, shall be called for redemption in  
7 accordance with the Bond Ordinance and the Refunding Bond Ordinance at par plus accrued  
8 interest to the date fixed for redemption, on November 1 in the years and amounts as follows:

9 2009A Term Bonds Maturing 2030

<u>Mandatory Redemption Years</u>	<u>Mandatory Redemption Amounts</u>
2026	\$4,010,000
2027	4,160,000
2028	4,310,000
2029	4,465,000
2030*	4,630,000

13 \*maturity

14 2009A Term Bonds Maturing 2039

<u>Mandatory Redemption Years</u>	<u>Mandatory Redemption Amounts</u>
2031	\$4,800,000
2032	4,980,000
2033	5,165,000
2034	5,360,000
2035	5,555,000
2036	5,765,000
2037	5,975,000
2038	6,200,000
2039*	6,430,000

20 \*final maturity

21 2009B Term Bonds Maturing 2027

<u>Mandatory Redemption Years</u>	<u>Mandatory Redemption Amounts</u>
2026	\$1,330,000
2027*	1,395,000

24 \*final maturity

25 If the City redeems under the optional or extraordinary optional redemption provisions,  
26 purchases in the open market or defeases Term Bonds, the par amount of the Term Bonds so  
27 redeemed, purchased or defeased (irrespective of their actual redemption or purchase prices)

1 shall be credited against one or more scheduled mandatory redemption amounts for those Term  
2 Bonds. The City shall determine the manner in which the credit is to be allocated in accordance  
3 with Section 5 of this resolution and shall notify the Bond Registrar in writing of its allocation at  
4 least 60 days prior to the earliest mandatory redemption date for that maturity of Term Bonds for  
5 which notice of redemption has not already been given.

6 Portions of the principal amount of any Bond, in installments of \$5,000 or any integral  
7 multiple thereof, may be redeemed. If less than all of the principal amount of any Bond is  
8 redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the  
9 registered owner, without charge therefor, a new Bond (or Bonds, at the option of the registered  
10 owner) of the same maturity and interest rate in any of the denominations authorized by this  
11 resolution in the aggregate principal amount remaining unredeemed.

12 **Section 5. Selection of Bonds for Redemption.**

13 (a) 2009A Bonds. If fewer than all of the 2009A Bonds are to be redeemed prior to  
14 maturity, then:

- 15 (i) if such 2009A Bonds are in book-entry form at the time of such redemption, the  
16 Bond Registrar shall instruct DTC to instruct the DTC participants to select the  
17 specific 2009A Bonds for redemption pro rata among maturities and within each  
18 maturity, and neither the City nor the Bond Registrar will have any responsibility  
19 to ensure that DTC or the DTC participants properly select such 2009A Bonds for  
20 redemption, and
- 21 (ii) if such 2009A Bonds are not in book-entry form at the time of such redemption,  
22 on each redemption date, the Bond Registrar shall select the specific 2009A  
23 Bonds for redemption pro rata among maturities and within each maturity.

24 The portion of any 2009A Bond of a denomination of more than \$5,000 to be redeemed  
25 will be in the principal amount of \$5,000 or any integral multiple thereof, to be selected, as the  
26 case may be, by DTC in accordance with the Letter of Representations or by the Bond Registrar  
27 in such manner as the Bond Registrar in its discretion may deem to be fair and appropriate.  
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1 (b) 2009B Bonds. If fewer than all of the 2009B Bonds are to be redeemed prior to  
2 maturity, the City will select the maturity or maturities to be redeemed. If fewer than all of a  
3 single maturity of 2009B Bonds are to be redeemed prior to maturity, then:

- 4 (i) if such 2009B Bonds are in book-entry form at the time of such redemption, DTC  
5 shall select the specific 2009B Bonds in accordance with the Letter of  
6 Representations, and  
7 (ii) if such 2009B Bonds are not in book-entry form at the time of such redemption,  
8 on each redemption date, the Bond Registrar shall select the specific 2009B  
9 Bonds for redemption by lot or in such manner as the Bond Registrar in its  
10 discretion may deem to be fair and appropriate.

11 The portion of any 2009B Bond of a denomination more than \$5,000 to be redeemed will  
12 be in the principal amount of \$5,000 or any integral multiple thereof, to be selected, as the case  
13 may be, by DTC in accordance with the Letter of Representations or by the Bond Registrar in  
14 such manner as the Bond Registrar in its discretion may deem to be fair and appropriate.

15 **Section 6. Form of Bonds.** The 2009A Bonds shall be substantially in the form attached  
16 hereto as Exhibit C-1 and the 2009B Bonds shall be substantially in the form attached here as  
17 Exhibit C-2, both of which are incorporated herein by this reference.

18 **Section 7. Tax Matters.**

19 (a) Designation of 2009A Bonds as "Build America Bonds." The City hereby  
20 irrevocably elects to have Section 54AA of the Code apply to the 2009A Bonds so that the  
21 2009A Bonds are treated as "Build America Bonds," and further to have Subsection 54AA(g) of  
22 the Code apply to the 2009A Bonds so that the 2009A Bonds are treated as "qualified bonds"  
23 with respect to which the City will be allowed a credit payable by the United States Treasury to  
24 or to the order of the City pursuant to Section 6431 of the Code in an amount equal to 35% of the  
25 interest payable on the 2009A Bonds on each interest payment date. The City Council hereby  
26 authorizes and directs the Director of Finance (or his or her designee) to take such actions as are  
27 necessary or appropriate for the City to receive or cause to be received from the United States  
28 Treasury the applicable federal credit payments in respect of the 2009A Bonds, including but not  
limited to the timely filing with the Internal Revenue Service of Form 8038-CP – "Return for

1 Credit Payments to Issuers of Qualified Bonds” and the execution of a Calculation Agency  
2 Agreement substantially in the form attached hereto as Exhibit D.

3 (b) Preservation of Tax Exemption for Interest on 2009B Bonds. The City covenants  
4 that it will take all actions necessary to prevent interest on the 2009B Bonds from being included  
5 in gross income for federal income tax purposes, and that it will neither take any action nor make  
6 or permit any use of proceeds of the 2009B Bonds or other funds of the City treated as proceeds  
7 of the 2009B Bonds at any time during the term of the 2009B Bonds which will cause interest on  
8 the 2009B Bonds to be included in gross income for federal income tax purposes. The City also  
9 covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is  
10 applicable to the 2009B Bonds, take all actions necessary to comply (or to be treated as having  
11 complied) with that requirement in connection with the 2009B Bonds, including the calculation  
12 and payment of any penalties that the City has elected to pay as an alternative to calculating  
13 rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the  
14 Code to prevent interest on the 2009B Bonds from being included in gross income for federal  
15 income tax purposes.

16 **Section 8. Sale and Delivery of Bonds.** The City finds that the sale and delivery of the  
17 2009A Bonds to the 2009A Purchaser at the interest rates and under the conditions set forth in  
18 the Bond Ordinance, this resolution, the Notice of Bond Sale attached hereto as Exhibit E, and  
19 the bid information attached hereto as Exhibit F-1 (which includes: (a) a summary of the true  
20 interest cost associated with each bid, determined after subtracting 35 percent of each interest  
21 payment (the “BABs TIC”), which calculation has been verified by the City’s financial advisor,  
22 Seattle-Northwest Securities Corporation, and (b) a printed version of all the electronic bids for  
23 the 2009A Bonds, including the electronic bid of the 2009A Purchaser), is in the City’s best  
24 interest and therefore approves, confirms and ratifies the award of the 2009A Bonds to the  
25 2009A Purchaser.

26 The City finds that the sale and delivery of the 2009B Bonds to the 2009B Purchaser at  
27 the interest rates and under the conditions set forth in the Bond Ordinance, the Refunding Bond  
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1 Ordinance, this resolution, the Notice of Bond Sale attached hereto as Exhibit E, and the bid  
2 information attached hereto as Exhibit F-2 (which includes: (a) a summary of the true interest  
3 cost associated with each bid, and (b) a printed version of all the electronic bids for the 2009B  
4 Bonds, including the electronic bid of the 2009B Purchaser), is in the City's best interest and  
5 therefore approves, confirms and ratifies the award of the 2009B Bonds to the 2009B Purchaser.

6 **Section 9. Authorization of Official Statement.** The Director of Finance is hereby  
7 authorized and directed to review and approve on behalf of the City a final official statement (the  
8 "Official Statement") with respect to the Bonds, substantially in the form of the Preliminary  
9 Official Statement and supplemented or amended as he, with the approval of Bond Counsel,  
10 deems necessary or appropriate.

11 **Section 10. Provisions for Satisfying Reserve Requirement.** The Director of Finance  
12 is authorized to deposit from Bond proceeds into the Reserve Subaccount the amount necessary  
13 to satisfy the Reserve Requirement allocated to the Bonds.

14 **Section 11. Use of Bond Proceeds; Refunding Plan.** The principal proceeds of the  
15 Bonds received by the City and, if necessary, other money of the City shall be applied as follows  
16 (the amounts to be determined by the Director of Finance prior to the issuance of the Bonds):  
17 (i) an amount sufficient to carry out the Refunding Plan shall be deposited immediately upon the  
18 receipt thereof with the Refunding Trustee and used to discharge the obligations of the City  
19 relating to the Refunded Bonds under the Refunded Bonds Legislation pursuant to the Refunding  
20 Plan, as defined herein and modified or amplified by the Refunding Trust Agreement; (ii) an  
21 amount sufficient to fund the additional amount necessary to satisfy the Reserve Requirement  
22 shall be deposited into the Reserve Subaccount; and (iii) the balance of the Bond proceeds shall  
23 be deposited in the account(s) within the Drainage and Wastewater Fund as designated by the  
24 Director of Finance and shall be used to pay costs of issuing the Bonds, part of the costs of the  
25 Plan of Additions and for the purposes described in the Bond Ordinance.

26 **Section 12. Call for Redemption of the Refunded Bonds.** In accordance with Section  
27 9 of Ordinance 118974 authorizing the Refunded Bonds, the City hereby authorizes the Director  
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1 of Finance to call the Refunded Bonds for redemption on the date and at the redemption price set  
2 forth in the Refunding Plan, plus accrued interest to the date of redemption.

3 **Section 13. City Findings With Respect to Refunding.** The City finds and determines  
4 that the issuance and sale of the 2009B Bonds allocated to the Refunding Plan will effect a  
5 savings to the City and will be in the best interest of the City and in the public interest through  
6 the restructuring of debt service. In making such finding and determination, the City has given  
7 consideration to the fixed maturities and scheduled redemptions of the 2009B Bonds allocated to  
8 the Refunding Plan and the Refunded Bonds and allocable costs of issuance, and the known  
9 earned income from the investment of the proceeds of the issuance and sale of the 2009B Bonds  
10 allocated to the Refunding Plan and other money, if any, of the City used in the Refunding Plan  
11 pending payment and redemption of the Refunded Bonds. The City further finds and determines  
12 that the money to be deposited with the Refunding Trustee for the Refunded Bonds in  
13 accordance with the Refunding Bond Ordinance and this resolution will discharge and satisfy the  
14 obligations of the City with respect to the Refunded Bonds under the Refunded Bonds  
15 Legislation, and the pledges, charges, trusts, covenants and agreements of the City previously  
16 made or provided for as to the Refunded Bonds and that the Refunded Bonds shall no longer be  
17 deemed to be outstanding under the Refunded Bonds Legislation immediately upon the deposit  
18 of such money with the Refunding Trustee.

19 **Section 14. City Finding as to Sufficiency of Gross Revenue.** The City Council finds  
20 and determines that the issuance and sale of the Bonds at this time is in the best interest of the  
21 City and in the public interest. In making such finding and determination, and in maintaining the  
22 Parity Bond Account, the City Council has had due regard to the cost of operation and  
23 maintenance of the Drainage and Wastewater System and to any portion of the Gross Revenues  
24 pledged for the payment of any bonds, warrants or other indebtedness. The Gross Revenues, at  
25 the rates established from time to time consistent with the Bond Ordinance and the Refunding  
26 Bond Ordinance, will be sufficient, in the judgment of the City Council, to meet all expenses of  
27 operation and maintenance of the Drainage and Wastewater System and to provide the amounts  
28

1 previously pledged for the payment of all outstanding obligations payable out of the Gross  
2 Revenue and pledged herein for the payment of the Bonds.

3 **Section 15. Undertaking to Provide Continuing Disclosure.** This Section 15  
4 constitutes the written undertaking (the “Undertaking”) for the benefit of the holders of the  
5 Bonds as required by paragraph (b)(5) of SEC Rule 15c2-12, (the “Rule”), and pursuant to the  
6 Bond Ordinance and the Refunding Bond Ordinance. For purposes of this Undertaking, the term  
7 “holders of the Bonds” shall have the meaning intended for such term under the Rule. The City  
8 as an “obligated person” within the meaning of the Rule undertakes to provide or cause to be  
9 provided to the Municipal Securities Rulemaking Board (the “MSRB”), in an electronic format  
10 as prescribed by the MSRB, either directly or through a designated agent:

11 (a) Annual financial information and operating data regarding the Drainage and  
12 Wastewater System of the type included in the Official Statement for the Bonds as follows:  
13 (i) annual financial statements of the Drainage and Wastewater System, prepared in accordance  
14 with generally accepted accounting principles applicable to governmental units (except as  
15 otherwise noted therein), as such principles may be changed from time to time and as permitted  
16 by State law, which statements will not be audited, except that if and when audited financial  
17 statements are otherwise prepared and available to the City they will be provided; (ii) a statement  
18 of authorized, issued and outstanding bonded debt secured by revenues of the Drainage and  
19 Wastewater System; (iii) debt service coverage ratios; (iv) general customer statistics, such as  
20 number and type of customers and revenues by customer class; and (v) current drainage rates and  
21 wastewater rates.

22 Annual financial information, as described above, will be provided to the MSRB not later  
23 than the last day of the ninth month after the end of each fiscal year of the City, as such fiscal  
24 year may be changed as permitted or required by State law, commencing with the City’s current  
25 fiscal year which ends December 31, 2009. In its provision of annual financial information with  
26 respect to these obligations of the City, the City may include by specific reference documents  
27  
28

1 available to the public on the Internet Web site of the MSRB or filed with the Securities and  
2 Exchange Commission.

3 (b) Timely notice of the occurrence of any of the following events with respect to the  
4 Bonds, if material: (i) principal and interest payment delinquencies; (ii) non-payment related  
5 defaults; (iii) unscheduled draws on debt service reserves reflecting financial difficulties;  
6 (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution  
7 of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions or events  
8 affecting the tax-exempt status of the 2009B Bonds; (vii) modifications to the rights of the  
9 holders of the Bonds; (viii) Bond calls (other than scheduled mandatory redemptions of Term  
10 Bonds); (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the  
11 Bonds; and (xi) rating changes.

12 (c) Timely notice of a failure by the City to provide required annual financial  
13 information on or before the date specified in paragraph (a) above.

14 This Undertaking may be amended without the consent of any holder of any Bond, any  
15 broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB,  
16 under the circumstances and in the manner permitted by the Rule. The City will give notice to  
17 the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief  
18 statement of the reasons for the amendment. If the amendment changes the type of annual  
19 financial information to be provided, the annual financial information containing the amended  
20 operating data or financial information will include a narrative explanation of the effect of that  
21 change on the type of information being provided.

22 If the City fails to comply with this Undertaking, the City will proceed with due diligence  
23 to cause such noncompliance to be corrected as soon as practicable after the City learns of that  
24 failure. No failure by the City (or any other obligated person) to comply with this Undertaking  
25 shall constitute a default with respect to the Bonds. The sole remedy of any holder of a Bond  
26 will be to take such actions as that holder deems necessary and appropriate to compel the City or  
27 other obligated person to comply with this Undertaking.

1           This Undertaking shall inure to the benefit of the City and any holder of the Bonds, and  
2 shall not inure to the benefit of or create any rights in any other person.

3           **Section 16. Termination of Undertaking.** The City's obligations under the  
4 Undertaking described in Section 15 of this resolution shall terminate upon the legal defeasance,  
5 prior redemption, or payment in full of all of the then outstanding Bonds. In addition, the  
6 Undertaking, or any provision thereof, will be null and void if the City (i) obtains an opinion of  
7 nationally recognized bond counsel or other counsel familiar with federal securities laws to the  
8 effect that those portions of the Rule which require the City to comply with the Undertaking, or  
9 any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the  
10 Bonds; and (ii) notifies the MSRB of such termination.

11           **Section 17. General Authorization.** The Mayor and the Director of Finance and each  
12 of the other appropriate officers of the City are each authorized and directed to do everything as  
13 in their judgment may be necessary, appropriate or desirable in order to carry out the terms and  
14 provisions of, and complete the transactions contemplated by, the Bond Ordinance, the  
15 Refunding Bond Ordinance and this resolution.

16           **Section 18. Severability.** The provisions of this resolution are declared to be separate  
17 and severable. If a court of competent jurisdiction, all appeals having been exhausted or all  
18 appeal periods having run, finds any provision of this resolution to be invalid or unenforceable as  
19 to any person or circumstance, such offending provision shall, if feasible, be deemed to be  
20 modified to be within the limits of enforceability or validity. However, if the offending  
21 provision cannot be so modified, it shall be null and void with respect to the particular person or  
22 circumstance, and all other provisions of this resolution in all other respects, and the offending  
23 provision with respect to all other persons and all other circumstances, shall remain valid and  
24 enforceable.

25           **Section 19. Ratification of Prior Acts.** All acts taken pursuant to the authority of this  
26 resolution but prior to its effective date are ratified, approved and confirmed.



**EXHIBIT A**

**Refunded Bonds**

<b>Designation/ Name of Issue</b>	<b>Date of Issue</b>	<b>Original Principal Amount</b>	<b>Principal Amount Refunded</b>	<b>Maturities to be Refunded “Refunded Bonds”</b>	<b>Redemption Date and Redemption Price</b>
Drainage and Wastewater Revenue Bonds, 1998	5/15/1998	\$24,170,000	\$18,395,000	2010-2018, inclusive, 2021 and 2027	1/19/2010 at par

**EXHIBIT B**

**Allocation of 2009B Bonds**

<b>Maturity Year</b>	<b>Plan of Additions</b>	<b>Refunding Plan</b>	<b>Total</b>
2010	\$2,845,000	\$ 850,000	\$3,695,000
2011	2,370,000	785,000	3,155,000
2012	2,440,000	805,000	3,245,000
2013	2,540,000	820,000	3,360,000
2014	2,640,000	840,000	3,480,000
2015	2,745,000	855,000	3,600,000
2016	2,885,000	880,000	3,765,000
2017	-	905,000	905,000
2018	-	935,000	935,000
2019	-	975,000	975,000
2020	-	1,020,000	1,020,000
2021	-	1,070,000	1,070,000
2022	-	1,105,000	1,105,000
2023	-	1,160,000	1,160,000
2024	-	1,215,000	1,215,000
2025	-	1,270,000	1,270,000
2026	-	1,330,000	1,330,000
2027	-	1,395,000	1,395,000
Total	\$18,465,000	\$18,215,000	\$36,680,000



1 (presently The Bank of New York Mellon, New York, New York) or such other paying agents as  
2 designated by the City upon notice to the Registered Owners of the 2009A Bonds (the "Bond Registrar").  
3 Payment of each installment of interest shall be made to the Registered Owner whose name appears on  
4 the registration books of the City maintained by the Bond Registrar (the "Bond Register") at the close of  
5 business on the 15th day of the month next preceding the interest payment date (the "Record Date") and  
6 shall be paid by check or draft of the Bond Registrar mailed on the interest payment date to the Registered  
7 Owner at the address appearing on the Bond Register or, when requested in writing to the Bond Registrar  
8 before the applicable Record Date by the Registered Owner of \$1,000,000 or more in principal amount of  
9 the 2009A Bonds, by wire transfer on the interest payment date. Notwithstanding the foregoing, as long  
10 as this bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company  
11 ("DTC"), payment of principal, premium, if any, and interest shall be made as provided in the Letter of  
12 Representations.

13  
14 This bond is one of an authorized issue of bonds designated The City of Seattle, Washington,  
15 Drainage and Wastewater Revenue Bonds, 2009A (Taxable Build America Bonds—Direct Payment) (the  
16 "2009A Bonds") aggregating \$102,535,000 in principal amount, maturing on November 1 in the years  
17 2017 through 2025, inclusive, and in the years 2030 and 2039, of like date, tenor and effect, except as to  
18 numbers, denominations, options of redemption, maturity dates and interest rates. The 2009A Bonds are  
19 issued by the City pursuant to Ordinance 123055 and Resolution 31177 of the City (together, the "Bond  
20 Legislation") for the purposes of (i) paying part of the costs of the Plan of Additions of the Drainage and  
21 Wastewater System described in the Bond Legislation, (ii) providing for the Reserve Requirement for the  
22 2009A Bonds, and (iii) paying the costs of issuing and selling the 2009A Bonds, all as provided in the  
23 Bond Legislation. The 2009A Bonds are issued in fully registered form in the denomination of \$5,000 or  
24 any integral multiple thereof within a single maturity.

25 The 2009A Bonds are special obligations of the City payable solely out of the Parity Bond  
26 Account, including the Reserve Subaccount therein, into which account the City has irrevocably pledged  
27 to set aside and pay certain fixed amounts out of the Net Revenue of the Drainage and Wastewater  
28 System, namely, amounts sufficient to pay the principal of and interest on the Parity Bonds when due and  
to satisfy the Reserve Requirement, all at the times and in the manner set forth in the Bond Legislation.

The Net Revenue of the Drainage and Wastewater System is pledged to make the required  
payments into the Parity Bond Account, which pledge constitutes a lien and charge upon such Net  
Revenue on a parity with the lien and charge of the Outstanding Parity Bonds and any Future Parity  
Bonds.

THE 2009A BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE CITY  
PAYABLE SOLELY FROM THE SOURCES IDENTIFIED HEREIN AND IN THE BOND  
LEGISLATION AND ARE NOT GENERAL OBLIGATIONS OF THE CITY, THE STATE OF  
WASHINGTON OR ANY OTHER POLITICAL SUBDIVISION THEREOF. THE 2009A BONDS DO  
NOT CONSTITUTE A LIEN OR CHARGE UPON ANY GENERAL FUND OR UPON ANY MONEY  
OR OTHER PROPERTY OF THE CITY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION  
THEREOF NOT SPECIFICALLY PLEDGED THERETO BY THE BOND LEGISLATION.

The City reserves the right and option to redeem the 2009A Bonds prior to their stated maturity  
dates at any time, as a whole or in part, at a price of par plus the Make-Whole Premium, if any, together  
with accrued interest to the date fixed for redemption. The City reserves the right and option to redeem  
the 2009A Bonds prior to their stated maturity dates upon the occurrence of an Extraordinary Event, as a

whole or in part, at a price of par plus the Make-Whole Premium, calculated using the Treasury Rate plus 100 basis points, together with accrued interest to the date fixed for redemption.

2009A Bonds maturing in the years 2030 and 2039 are Term Bonds and, if not redeemed under the optional or extraordinary optional redemption provisions set forth above or purchased in the open market under the provisions set forth below, shall be called for redemption:

- (i) if such 2009A Bonds are in book-entry form at the time of such redemption, the Bond Registrar shall instruct DTC to instruct the DTC participants to select the specific 2009A Bonds for redemption pro rata among maturities and within each maturity, and neither the City nor the Bond Registrar will have any responsibility to ensure that DTC or the DTC participants properly select such 2009A Bonds for redemption, and
- (ii) if such 2009A Bonds are not in book-entry form at the time of such redemption, on each redemption date, the Bond Registrar shall select the specific 2009A Bonds for redemption pro rata among maturities and within each maturity,

at par plus accrued interest on November 1 in years and amounts as follows:

Term Bonds Maturing 2030		Term Bonds Maturing 2039	
Mandatory Redemption Years	Mandatory Redemption Amounts	Mandatory Redemption Years	Mandatory Redemption Amounts
2026	\$4,010,000	2031	\$4,800,000
2027	4,160,000	2032	4,980,000
2028	4,310,000	2033	5,165,000
2029	4,465,000	2034	5,360,000
2030*	4,630,000	2035	5,555,000
		2036	5,765,000
		2037	5,975,000
		2038	6,200,000
		2039*	6,430,000

\*final maturity

The par amount of the Term Bonds previously redeemed by call or purchased in the open market (irrespective of their actual redemption prices) shall be credited at the par amount thereof against the remaining mandatory redemption requirements in accordance with the Bond Legislation.

Any 2009A Bond in the principal amount of greater than \$5,000 may be redeemed partially in any integral multiple of \$5,000. In such event, upon surrender of that 2009A Bond at either of the principal offices of the Bond Registrar, there shall be issued to the Registered Owner a new 2009A Bond (or 2009A Bonds, at the option of the Registered Owner) of the same maturity and interest rate in any of the denominations authorized by the Bond Legislation in the aggregate principal amount remaining unredeemed, without charge therefor.

Notice of any such intended redemption shall be sent by first-class mail, postage prepaid, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the Registered Owner of each 2009A Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice, and this requirement shall be deemed to be complied with when notice is so mailed,

1 whether or not it is actually received by the owner of any 2009A Bond. If such notice has been given,  
2 this bond will cease to bear interest on the date fixed for redemption, provided that funds sufficient to pay  
3 all 2009A Bonds called for redemption are on deposit with the Bond Registrar on such date, and this bond  
4 shall no longer be deemed outstanding. In addition, the redemption notice shall be mailed within the  
5 same period, postage prepaid, to Moody's Investors Service, Inc., and Standard & Poor's Ratings  
6 Services, and to such other persons and with such additional information as the Director of Finance shall  
7 determine, but such mailings shall not be a condition precedent to the redemption of such 2009A Bonds.  
8 Notwithstanding the foregoing, for so long as the 2009A Bonds are registered in the name of Cede & Co.,  
9 as nominee of DTC, notice of redemption shall be given in accordance with the Letter of Representations.

6 The City has further reserved the right and option to purchase any or all of the 2009A Bonds in  
7 the open market at any time at a price acceptable to the City plus accrued interest to the date of such  
8 purchase. 2009A Bonds so purchased shall be retired and canceled.

8 Reference is made to the Bond Legislation for other covenants and declarations of the City and  
9 other terms and conditions upon which this bond has been issued, which terms and conditions, including,  
10 but not limited to, terms pertaining to defeasance, are made a part hereof by this reference. Reference  
11 also is made to the Bond Legislation for the definitions of the capitalized terms used and not otherwise  
12 defined herein.

11 The City irrevocably and unconditionally covenants that it will keep and perform all of the  
12 covenants of this bond and of the Bond Legislation.

13 This bond shall not be valid or become obligatory for any purpose until the Certificate of  
14 Authentication hereon has been signed by the Bond Registrar.

15 The principal of and premium, if any, and interest on this bond shall be paid only to the  
16 Registered Owner as of the Record Date set forth above and to no other person or entity, and this bond  
17 may not be assigned except on the Bond Register.

17 In the manner and subject to the limitations set forth in the Bond Legislation, this bond may be  
18 transferred by the Registered Owner or by such Owner's authorized agent at the Bond Registrar on  
19 completion of the assignment form appearing hereon and surrender and cancellation of this bond. Upon  
20 such transfer, a new 2009A Bond (or 2009A Bonds, at the option of the new Registered Owner) of an  
21 equal aggregate principal amount and of the same maturity and interest rate in any authorized  
22 denomination will be issued to the new Registered Owner, without charge, in exchange therefor. This  
23 bond and other 2009A Bonds may be surrendered to the Bond Registrar and exchanged, without charge,  
24 for an equal aggregate principal amount of 2009A Bonds of the same maturity and interest rate in any  
25 authorized denomination. The Bond Registrar shall not be obligated to exchange or transfer any 2009A  
26 Bond after notice of redemption of such 2009A Bond has been prepared.

23 The City and the Bond Registrar may deem and treat the Registered Owner of this bond as its  
24 absolute owner for the purpose of receiving payment of principal, premium, if any, and interest and for all  
25 other purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary  
26 other than proper notice of assignment. As used herein, "Registered Owner" means the person or entity  
27 named as Registered Owner of this bond on the front hereof and on the Bond Register.

26 It is certified and declared that all acts, conditions and things required to be done precedent to and  
27 in the issuance of this bond have been done, have happened and have been performed as required by law.



**EXHIBIT C-2**

**2009B Bond Form**

No. R- \_\_\_\_\_

\$ \_\_\_\_\_

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA

STATE OF WASHINGTON

THE CITY OF SEATTLE

DRAINAGE AND WASTEWATER IMPROVEMENT AND REFUNDING REVENUE BOND, 2009B

Interest Rate:  
\_\_\_\_%

Maturity Date:  
November 1, 20\_\_

CUSIP No.:  
\_\_\_\_\_

Registered Owner: CEDE & CO.

Principal Amount: AND NO/100 DOLLARS

THE CITY OF SEATTLE, WASHINGTON (the "City"), a municipal corporation of the State of Washington, for value received, promises to pay the Registered Owner identified above on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) thereon from the later of the date of this bond or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above, payable semiannually on each May 1 and November 1, commencing May 1, 2010, to the maturity or earlier redemption of this bond. If this bond is duly presented for payment and not paid on its maturity or call date, then interest shall continue to accrue at the Interest Rate identified above until this bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Parity Bond Account and this bond has been called for payment by giving notice to the Registered Owner.

Principal of and premium, if any, and interest on this bond are payable in lawful money of the United States of America. Principal of and premium, if any, are payable only to the Registered Owner upon presentation and surrender of this bond at the principal office of the fiscal agency of the City (presently The Bank of New York Mellon, New York, New York) or such other paying agents as

1 designated by the City upon notice to the Registered Owners of the 2009B Bonds (the "Bond Registrar").  
2 Payment of each installment of interest shall be made to the Registered Owner whose name appears on  
3 the registration books of the City maintained by the Bond Registrar (the "Bond Register") at the close of  
4 business on the 15th day of the month next preceding the interest payment date (the "Record Date") and  
5 shall be paid by check or draft of the Bond Registrar mailed on the interest payment date to the Registered  
6 Owner at the address appearing on the Bond Register or, when requested in writing to the Bond Registrar  
7 before the applicable Record Date by the Registered Owner of \$1,000,000 or more in principal amount of  
8 the 2009B Bonds, by wire transfer on the interest payment date. Notwithstanding the foregoing, as long  
9 as this bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company  
10 ("DTC"), payment of principal, premium, if any, and interest shall be made as provided in the Letter of  
11 Representations.

12 This bond is one of an authorized issue of bonds designated The City of Seattle, Washington,  
13 Drainage and Wastewater Improvement and Refunding Revenue Bonds, 2009B (the "2009B Bonds"),  
14 aggregating \$36,680,000 in principal amount, maturing on November 1 in the years 2010 through 2025,  
15 inclusive, and in the year 2027, of like date, tenor and effect, except as to numbers, denominations,  
16 options of redemption, maturity dates and interest rates. The 2009B Bonds are issued by the City  
17 pursuant to Ordinance 121938, as amended, Ordinance 123055 and Resolution 31177 of the City  
18 (together, the "Bond Legislation") for the purposes of (i) paying part of the costs of the Plan of Additions  
19 of the Drainage and Wastewater System described in the Bond Legislation, (ii) refunding certain  
20 outstanding obligations of the Drainage and Wastewater System, (iii) providing for the Reserve  
21 Requirement for the 2009B Bonds, and (iv) paying the costs of issuing and selling the 2009B Bonds, all  
22 as provided in the Bond Legislation. The 2009B Bonds are issued in fully registered form in the  
23 denomination of \$5,000 or any integral multiple thereof within a single maturity.

24 The 2009B Bonds are special obligations of the City payable solely out of the Parity Bond  
25 Account, including the Reserve Subaccount therein, into which account the City has irrevocably pledged  
26 to set aside and pay certain fixed amounts out of the Net Revenue of the Drainage and Wastewater  
27 System, namely, amounts sufficient to pay the principal of and interest on the Parity Bonds when due and  
28 to satisfy the Reserve Requirement, all at the times and in the manner set forth in the Bond Legislation.

The Net Revenue of the Drainage and Wastewater System is pledged to make the required  
payments into the Parity Bond Account, which pledge constitutes a lien and charge upon such Net  
Revenue on a parity with the lien and charge of the Outstanding Parity Bonds and any Future Parity  
Bonds.

THE 2009B BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE CITY  
PAYABLE SOLELY FROM THE SOURCES IDENTIFIED HEREIN AND IN THE BOND  
LEGISLATION AND ARE NOT GENERAL OBLIGATIONS OF THE CITY, THE STATE OF  
WASHINGTON OR ANY OTHER POLITICAL SUBDIVISION THEREOF. THE 2009B BONDS DO  
NOT CONSTITUTE A LIEN OR CHARGE UPON ANY GENERAL FUND OR UPON ANY MONEY  
OR OTHER PROPERTY OF THE CITY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION  
THEREOF NOT SPECIFICALLY PLEDGED THERETO BY THE BOND LEGISLATION.

The 2009B Bonds maturing on or before November 1, 2019, are issued without the right or option  
of the City to redeem those 2009B Bonds prior to their stated maturity dates. The City reserves the right  
and option to redeem 2009B Bonds maturing on or after November 1, 2020, prior to their stated maturity  
dates at any time on or after November 1, 2019, as a whole or in part, at a price of par plus accrued  
interest to the date fixed for redemption.



1 but not limited to, terms pertaining to defeasance, are made a part hereof by this reference. Reference  
2 also is made to the Bond Legislation for the definitions of the capitalized terms used and not otherwise  
3 defined herein.

4 The City irrevocably and unconditionally covenants that it will keep and perform all of the  
5 covenants of this bond and of the Bond Legislation.

6 This bond shall not be valid or become obligatory for any purpose until the Certificate of  
7 Authentication hereon has been signed by the Bond Registrar.

8 The principal of and premium, if any, and interest on this bond shall be paid only to the  
9 Registered Owner as of the Record Date set forth above and to no other person or entity, and this bond  
10 may not be assigned except on the Bond Register.

11 In the manner and subject to the limitations set forth in the Bond Legislation, this bond may be  
12 transferred by the Registered Owner or by such Owner's authorized agent at the Bond Registrar on  
13 completion of the assignment form appearing hereon and surrender and cancellation of this bond. Upon  
14 such transfer, a new 2009B Bond (or 2009B Bonds, at the option of the new Registered Owner) of an  
15 equal aggregate principal amount and of the same maturity and interest rate in any authorized  
16 denomination will be issued to the new Registered Owner, without charge, in exchange therefor. This  
17 bond and other 2009B Bonds may be surrendered to the Bond Registrar and exchanged, without charge,  
18 for an equal aggregate principal amount of 2009B Bonds of the same maturity and interest rate in any  
19 authorized denomination. The Bond Registrar shall not be obligated to exchange or transfer any 2009B  
20 Bond after notice of redemption of such 2009B Bond has been prepared.

21 The City and the Bond Registrar may deem and treat the Registered Owner of this bond as its  
22 absolute owner for the purpose of receiving payment of principal, premium, if any, and interest and for all  
23 other purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary  
24 other than proper notice of assignment. As used herein, "Registered Owner" means the person or entity  
25 named as Registered Owner of this bond on the front hereof and on the Bond Register.

26 It is certified and declared that all acts, conditions and things required to be done precedent to and  
27 in the issuance of this bond have been done, have happened and have been performed as required by law.

28 IN WITNESS WHEREOF, the City has caused this bond to be executed on behalf of the City by  
the facsimile signatures of its Mayor and Director of Finance and a facsimile reproduction of the seal of  
the City to be printed hereon, this 17th day of December, 2009.

THE CITY OF SEATTLE, WASHINGTON

1 Date of Authentication: \_\_\_\_\_

2  
3 CERTIFICATE OF AUTHENTICATION

4 This bond is one of the fully registered The City of Seattle, Washington, Drainage and  
5 Wastewater Improvement and Refunding Revenue Bonds, 2009B, described in the Bond Legislation.

6 WASHINGTON STATE FISCAL AGENCY  
7 Bond Registrar

8 By: \_\_\_\_\_

9 ASSIGNMENT

10 For value received, the undersigned Registered Owner does sell, assign and transfer unto:

11 \_\_\_\_\_  
(Name, address and social security or other identifying number of assignee)

12 the within-mentioned bond and irrevocably constitutes and appoints: \_\_\_\_\_

13 to transfer the same on the Bond Register with full power of substitution in the premises.

14 DATED: \_\_\_\_\_

15  
16 \_\_\_\_\_  
Registered Owner

17 (NOTE: The signature above must correspond with the name  
18 of the Registered Owner as it appears on the front of this bond  
19 in every particular, without alteration or enlargement or any  
20 change whatsoever.)

21 Signature Guaranteed:

22 \_\_\_\_\_  
(NOTE: Signature must be guaranteed pursuant to law.)

**EXHIBIT D**

**Form of Calculation Agency Agreement**

This Calculation Agency Agreement (the "Agreement") is entered into as of the 17th day of December, 2009 by and between The City of Seattle, Washington (the "Issuer") and The Bank of New York Mellon (the "Calculation Agent") in connection with the Issuer's Drainage and Wastewater Revenue Bonds, 2009A (Taxable Build America Bonds-Direct Payment) (the "Bonds"), issued pursuant to Ordinance 123055 and Resolution 31177 of the Issuer (collectively, the "Bond Legislation").

**WITNESSETH:**

**WHEREAS**, the Issuer authorized the issuance of its Bonds (described in **Exhibit A** attached hereto) pursuant to the Bond Legislation; and

**WHEREAS**, the Issuer is authorized to enter into this Agreement with the Calculation Agent for the preparation and submittal of Internal Revenue Service Forms 8038-CP in connection with credit payments with respect to the Bonds payable pursuant to the American Recovery and Reinvestment Act of 2009; and

**WHEREAS**, the Issuer has determined that it is desirable and in the best interests of the Issuer to provide for the deposit by the Calculation Agent with the Issuer's fiscal agent (which may be the Calculation Agent) of payments received from the federal government resulting from the filing of Form 8038-CP in connection with the Bonds;

**NOW, THEREFORE**, intending to be legally bound, the Issuer and the Calculation Agent agree as follows:

**Section 1. Appointment and Acceptance.** The Issuer hereby appoints The Bank of New York Mellon as calculation agent for the Bonds, and the Calculation Agent accepts such appointment, acknowledging the duties, obligations and responsibilities of the Calculation Agent as set forth herein.

**Section 2. Documents to be Filed with the Calculation Agent.** The Issuer shall provide to the Calculation Agent in connection with its appointment hereunder, (i) a copy of the executed Form 8038-G filed in connection with the issuance of the Bonds, (ii) an incumbency certificate listing the officers of the Issuer authorized to act on behalf of the Issuer under this Agreement and (iii) such other instruments, opinions and certificates as the Calculation Agent may reasonably request. The Issuer shall also, at the request of the Calculation Agent, periodically provide for an authorized officer of the Issuer to sign forms prepared by the Calculation Agent (Form 8038-CP) for filing by the Calculation Agent with the Department of the Treasury.

**Section 3. Duties of the Calculation Agent.** The Calculation Agent shall act as calculation agent for the Bonds and in such capacity it shall:

- (i) not less than 45 and not more than 90 days prior to each interest payment date for the Bonds, perform the calculations necessary to complete Form 8038-CP requesting payment of a credit equal to 35% of the interest payable on the Bonds for the period ending on each such interest payment date;

- 1 (ii) secure the signature of an authorized officer of the Issuer on each such Form 8038-CP;
- 2 (iii) file each Form 8038-CP with the Department of the Treasury at the Internal Revenue  
3 Service Center, Ogden, Utah 84201-0020 (unless notified by the Issuer or the Internal  
4 Revenue Service in writing of a change of address therefor) not less than 45 and not more  
5 than 90 days prior to each interest payment date for the Bonds; and
- 6 (iv) accept payment of each amount due from the Department of the Treasury, promptly  
7 advise the Issuer of the receipt and amount of each such payment, promptly deposit the  
8 amount of each such payment in the Account established pursuant to Section 4 hereof and  
9 promptly thereafter remit those amounts to the fiscal agent of the State of Washington  
10 (which may include The Bank of New York Mellon) for the benefit of the Issuer, or as  
11 otherwise directed by the Issuer pursuant to written payment instructions filed by the  
12 Issuer with the Calculation Agent; provided that the Calculation Agent shall have no  
13 liability for interest on any amounts held pending delivery to, or upon the written  
14 direction of, the Issuer; and
- 15 (v) promptly advise the Issuer of any nonreceipt or delay in receipt of payment of any  
16 amount due from the Department of the Treasury.

17 **Section 4. Establishment of Account.** The Issuer hereby directs the Calculation Agent to  
18 establish and maintain a separate account (the "Account") in its capacity as Calculation Agent, acting as a  
19 fiduciary for the benefit of the Issuer, pursuant to the terms of this Agreement. The Account shall be  
20 designated "The City of Seattle, Washington Drainage and Wastewater Revenue Bonds, 2009A Federal  
21 Credit Payments Account" or such other designation as the Issuer and Calculation Agent may agree upon.  
22 The Account established hereby shall remain the property of the Issuer. Subaccounts may be established  
23 within the Account when deemed necessary or convenient by the Issuer or the Calculation Agent. The  
24 Calculation Agent shall have custody of the Account, which shall be held on behalf of the Issuer and kept  
25 separate from the other assets of the Calculation Agent, and the money on deposit in the Account shall be  
26 held, invested and disbursed as directed by the Issuer pursuant to this Agreement.

27 **Section 5. Investments.**

28 (a) The Calculation Agent agrees to invest and reinvest funds in the Account as directed in  
writing by an authorized agent of the Issuer in a Permitted Investment (as defined below). The Director  
of Finance and any other authorized officer of the Issuer shall be authorized to give the Calculation Agent  
investment instructions.

(b) "Permitted Investments" shall mean:

(i) Direct obligations of, and obligations fully and unconditionally guaranteed as to  
timely payment by, the United States government and any agency, instrumentality, or  
establishment of the United States government ("Government Securities"); and

(ii) Investment in money market mutual funds comprised solely of Government  
Securities and having a rating in the highest investment category granted thereby from S&P or  
Moody's, including without limitation any mutual fund for which the Calculation Agent or an  
affiliate of the Calculation Agent serves as investment manager, administrator, shareholder  
servicing agent and/or custodian or subcustodian, notwithstanding that (i) the Calculation Agent

1 or an affiliate of the Calculation Agent receives fees from funds for services rendered, (ii) the  
2 Calculation Agent collects fees for services rendered pursuant to this Agreement, which fees are  
3 separate from the fees received from such funds, and (iii) services performed for such funds and  
4 pursuant to this Agreement may at times duplicate those provided to such funds by the  
5 Calculation Agent or an affiliate of the Calculation Agent.

6 (c) The Issuer recognizes and agrees that the Calculation Agent will not provide supervision,  
7 recommendations or advice relating to either the investment of money held in the Account or the  
8 purchase, sale, retention or other disposition of any Permitted Investment. The Issuer shall be  
9 solely responsible for complying with the provisions of any law, rule or regulation concerning the  
10 investment of public funds. Earnings on Permitted Investments shall be added to the Account.  
11 The Calculation Agent shall be under no obligation to invest money in the Account other than as  
12 directed in writing by the Issuer pursuant to this Agreement. Any loss or expense incurred as a  
13 result of an investment will be borne by the Account.

14 (d) The Calculation Agent is hereby authorized to trade with itself and any affiliated entity in  
15 the purchase and sale of securities for investment, and is authorized to execute purchases and  
16 sales of Permitted Investments through the facilities of its own trading or capital markets  
17 operations or those of any affiliated entity. The Calculation Agent shall send statements to the  
18 Issuer on a monthly basis reflecting activity in the Account for the preceding month. Although  
19 the Issuer recognizes that it may obtain a broker confirmation or written statement containing  
20 comparable information at no additional cost, the Issuer hereby agrees that confirmations of  
21 Permitted Investments are not required to be issued by the Calculation Agent for each month in  
22 which a monthly statement is rendered.

23 (e) The Issuer acknowledges and agrees that the delivery of the funds held hereunder is  
24 subject to the sale and final settlement of Permitted Investments. Proceeds of a sale of Permitted  
25 Investments will be delivered on the business day on which the appropriate instructions are  
26 delivered to the Calculation Agent if received prior to the deadline for same day sale of such  
27 Permitted Investments. If such instructions are received after the applicable deadline, proceeds  
28 will be delivered on the next succeeding business day.

**Section 6. Disbursement of Account.** Money held in the Account shall be transferred by  
the Calculation Agent on or before each debt service payment date for the Bonds to the fiscal agent of the  
State of Washington (which may include The Bank of New York Mellon) or as otherwise directed in  
writing by the Issuer. In addition, such money may be paid out from time to time by the Calculation  
Agent within two business days after receipt by the Calculation Agent of a written direction of the Issuer,  
properly completed and executed in substantially the form of **Exhibit B** attached hereto.

**Section 7. Compensation; Indemnification.** The Issuer agrees to pay the Calculation  
Agent fees as set forth in **Exhibit C** attached hereto and made a part hereof, and, if applicable, to  
reimburse the Calculation Agent for its out-of-pocket expenses (including without limitation legal and  
accounting fees and expenses). Such fees and expenses shall not be payable from amounts due from the  
Department of the Treasury, and the Calculation Agent shall have no right to set off any fees or expenses  
owing to the Calculation Agent against, nor shall the Calculation Agent have any lien on, any such  
amounts or any amounts in the Account. The Issuer assumes full responsibility and, to the extent  
permitted by law, will indemnify the Calculation Agent and its officers, directors, agent and employees  
and save it and them harmless from and against any and all actions or suits, whether groundless or  
otherwise, and from and against any and all losses, liabilities, costs and expenses (including attorneys'

1 fees and expenses) arising out of the agency relationship created by this Agreement, unless such losses,  
2 liabilities, costs and expenses shall have been finally adjudicated to have resulted from the bad faith or  
3 gross negligence of the Calculation Agent. The provisions of this Section 7 shall survive the Calculation  
Agent's resignation or removal or the termination of this Agreement.

4 **Section 8. Instructions From the Issuer; Advice of Counsel.** At any time the Calculation  
5 Agent may apply to any duly authorized representative of the Issuer for instructions, and shall have the  
6 right, but not the obligation, to consult with counsel of its choice when reasonably necessary at the  
7 reasonable expense of the Issuer, and shall not be liable for action taken or omitted to be taken either in  
accordance with such instruction or such advice of counsel, or in accordance with any opinion of counsel  
to the Issuer addressed to the Calculation Agent.

8 **Section 9. Concerning the Calculation Agent.** The Calculation Agent shall have only  
9 those duties as are specifically provided herein, which shall be deemed purely ministerial in nature, and  
10 shall have the right to perform any of its duties hereunder through agents, attorneys, custodians or  
11 nominees. The Calculation Agent shall neither be responsible for, nor chargeable with, knowledge of the  
12 terms and conditions of any other agreement, instrument or document in connection herewith, including  
13 without limitation the Bond Legislation. The Calculation Agent shall not be answerable for other than its  
14 gross negligence or willful misconduct. The Calculation Agent shall have no responsibility for (i) the  
15 payment of debt service with respect to the Bonds or (ii) any diminution in value of any assets held  
16 hereunder which may result from any investments or reinvestment made in accordance with any provision  
17 which may be contained herein. The Calculation Agent shall be protected in acting upon any paper or  
18 document believed by it to be genuine and to have been signed by the proper person or persons and shall  
19 not be held to have notice of any change of authority of any person, until receipt of written notice thereof  
20 from the Issuer. The Calculation Agent shall not be under any obligation to prosecute any action or suit  
in respect of the agency relationship which, in its sole judgment, may involve it in expense or liability. In  
any action or suit the Issuer shall, as often as requested, reimburse the Calculation Agent for any expense  
or liability growing out of such action or suit by or against the Calculation Agent in its agency capacity;  
provided, however, that no such reimbursement shall be made for any expense or liability arising as a  
result of Calculation Agent's gross negligence or willful misconduct. The Calculation Agent's liability  
with respect to matters relating to its performance as Calculation Agent shall be limited to an amount  
equal to the amount of its annual administration fee. For purposes of this Agreement, the Calculation  
Agent's failure to timely file a Form 8038-CP with the Department of the Treasury as described in  
Section 3 shall be deemed "gross negligence" unless such failure to file is due to an act or omission of the  
Issuer or is due to an event described in the following paragraph.

21 The Calculation Agent shall not be responsible or liable for any failure or delay in the  
22 performance of its obligation under this Agreement arising out of or caused, directly or indirectly, by  
23 circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire;  
24 flood; wars; terrorism; military disturbances; sabotage; epidemic; riots; interruptions, loss or malfunctions  
25 of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts  
of civil or military authority; or governmental action; it being understood that Calculation Agent shall use  
commercially reasonable efforts which are consistent with accepted practices in the banking industry to  
resume performance as soon as reasonably practicable under the circumstances.

26 Anything in this Agreement to the contrary notwithstanding, in no event shall the Calculation  
27 Agent be liable for special, punitive, indirect or consequential loss or damage of any kind whatsoever  
28 (including but not limited to lost profits), even if the Calculation Agent has been advised of the likelihood  
of such loss or damage and regardless of the form of action.

1           The Calculation Agent agrees to accept and act upon instructions or directions pursuant to this  
2 Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic  
3 methods, provided, however, that the Issuer shall provide to the Calculation Agent an incumbency  
4 certificate listing designated persons authorized to provide such instructions, which incumbency  
5 certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer  
6 elects to give the Calculation Agent e-mail or facsimile instructions (or instructions by a similar electronic  
7 method) and the Calculation Agent in its discretion elects to act upon such instructions, the Calculation  
8 Agent's understanding of such instructions shall be deemed controlling. The Calculation Agent shall not  
9 be liable for any losses, costs or expenses arising directly or indirectly from the Calculation Agent's  
10 reliance upon and compliance with such instructions notwithstanding such instructions conflict or are  
11 inconsistent with a subsequent written instruction. The Issuer agrees to assume all risks arising out of the  
12 use of such electronic methods to submit instructions and directions to the Calculation Agent, including  
13 without limitation the risk of the Calculation Agent acting on unauthorized instructions, and the risk of  
14 interception and misuse by third parties.

15           Any banking association or corporation into which the Calculation Agent may be merged,  
16 converted or with which the Calculation Agent may be consolidated, or any banking association or  
17 corporation resulting from any merger, conversion or consolidation to which the Calculation Agent shall  
18 be a party, or any banking association or corporation to which all or substantially all of the corporate trust  
19 business of the Calculation Agent shall be transferred, shall succeed to all the Calculation Agent's rights,  
20 obligations and immunities hereunder without the execution or filing of any paper or any further act on  
21 the part of the parties hereto, anything herein to the contrary notwithstanding.

22           **Section 10. Notices.** Until changed by notice in writing, communications between the parties  
23 shall be delivered to:

24                           If to the Issuer:

25                           The City of Seattle, Washington  
26                           600 Fourth Avenue, 6th Floor  
27                           Seattle, WA 98104  
28                           Attn: Director of Finance  
                            Fax Number: (206) 684-8286

                            If to the Calculation Agent:

                            The Bank of New York Mellon  
                            Global Corporate Trust – Municipal Finance  
                            101 Barclay Street – 7 West  
                            New York, New York 10286  
                            Attention: Fiscal Agency Unit  
                            Fax Number: (212) 815-3455

**Section 11. Destruction of Records, Instruments and Papers.** The Calculation Agent may  
retain in its files records, instruments, and papers maintained by it in relation to its agency as long as the  
Calculation Agent shall consider that such retention is necessary.



**EXHIBIT A**

**Description of Bonds**

**\$102,535,000 DRAINAGE AND WASTEWATER REVENUE BONDS, 2009A (TAXABLE BUILD AMERICA BONDS-DIRECT PAYMENT)**

<b>Period Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Federal Credit Payments</b>	<b>Net Debt Service</b>
05/01/2010					
11/01/2010					
05/01/2011					
11/01/2011					
05/01/2012					
11/01/2012					
05/01/2013					
11/01/2013					
05/01/2014					
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11/01/2026					
05/01/2027					
11/01/2027					
05/01/2028					
11/01/2028					

	<b>Period Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Federal Credit Payments</b>	<b>Net Debt Service</b>
1						
2						
3	05/01/2029					
4	11/01/2029					
5	05/01/2030					
6	11/01/2030					
7	05/01/2031					
8	11/01/2031					
9	05/01/2032					
10	11/01/2032					
11	05/01/2033					
12	11/01/2033					
13	05/01/2034					
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16	11/01/2035					
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18	11/01/2036					
19	05/01/2037					
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21	05/01/2038					
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23	05/01/2039					
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**EXHIBIT B**

**Disbursement Direction**

To: The Bank of New York Mellon  
Global Corporate Trust – Municipal Finance  
101 Barclay Street – 7 West  
New York, New York 10286  
Attention: Fiscal Agency Unit

Re: Calculation Agency Agreement dated December 17, 2009 between  
The City of Seattle, Washington and  
The Bank of New York Mellon, as Calculation Agent  
(the “Calculation Agency Agreement”)

Ladies and Gentlemen:

You are hereby authorized and directed as Calculation Agent under the above-referenced  
Calculation Agency Agreement to wire \$\_\_\_\_\_ to \_\_\_\_\_.

**The City of Seattle, Washington**

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT C**

**FEE SCHEDULE**

Calculation Agent  
For Preparation of Form 8038-CP

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**EXHIBIT E**

**Official Notice of Bond Sale**

**THE CITY OF SEATTLE, WASHINGTON**

**\$102,535,000**

**Drainage and Wastewater Revenue Bonds, 2009A  
(Taxable Build America Bonds-Direct Payment)**

**\$30,355,000<sup>(1)</sup>**

**Drainage and Wastewater Improvement and Refunding Revenue Bonds, 2009B**

Separate electronic bids for the purchase of The City of Seattle Drainage and Wastewater Revenue Bonds, 2009A (the "2009A Bonds") and The City of Seattle Drainage and Wastewater Improvement and Refunding Revenue Bonds, 2009B (the "2009B Bonds") will be received by The City of Seattle, Washington (the "City"), by the Director of Finance via Bidcomp's electronic bidding service, Parity ("Parity"), in the manner described below on

**DECEMBER 9, 2009, AT**

**2009A BONDS: 7:30 A.M., PACIFIC TIME**

**2009B BONDS: 8:00 A.M., PACIFIC TIME,**

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

The 2009A Bonds are issued as taxable, direct pay Build America Bonds. The 2009B Bonds are issued as tax-exempt bonds. The 2009A Bonds and the 2009B Bonds collectively are referred to in this Official Notice of Bond Sale as the "Bonds."

**Bids must be submitted electronically via Parity in accordance with this Official Notice of Bond Sale. For further information about Parity, potential bidders may contact Parity at (212) 404-8102. Hard copy bids will not be accepted.** The City will make an official bid form (each, an "Official Bid Form") for each series of the Bonds available to Parity at least 18 hours prior to the time bids are to be received.

No bid will be received after the time for receiving bids specified above. All proper bids received with respect to the Bonds will be considered and acted on by the City Council at approximately 1:00 p.m., Pacific Time, on December 9, 2009. No bid will be awarded until the City Council has adopted a resolution accepting the bid at its meeting.

*Modification, Cancellation, Postponement.* Bidders are advised that the City may modify the terms of this Official Notice of Bond Sale prior to the time for receipt of bids, including to change the principal amount and principal payments of one or more series of the Bonds if the City elects not to refund all or any of the bonds expected to be refunded with the 2009B Bonds or because the City elects to change the principal amounts of the two series or to change the redemption provisions. Any such modification will be announced through The Bond Buyer Wire (available on TM3, the Thomson Municipal Market Monitor, at <http://www.tm3.com>, which reference is not incorporated herein by reference) (the "News Service"), prior to 1:00 p.m., Pacific Time, on December 8, 2009. In addition, the City may cancel or postpone the date and time for the receipt of bids for the Bonds at any time prior to the opening of the bids. Notice of such cancellation or postponement will be communicated through the News Service as soon as practicable following such cancellation or postponement. As an accommodation to bidders, telephone, facsimile or electronic notice of any amendment or modification

(1) Preliminary, subject to change.

of this Official Notice of Bond Sale will be given to any bidder requesting such notice from the City's financial advisor at the address and phone number listed in the last paragraph of this Official Notice of Sale.

## DESCRIPTION OF THE BONDS

### Bond Details

The Bonds will be dated the date of their initial delivery. Interest on the Bonds will be payable semiannually on each May 1 and November 1, beginning May 1, 2010.

### Registration and Book-Entry Only System

The Bonds are issuable only as fully registered bonds and when issued will be registered in the name of Cede & Co. as registered owner and nominee for the Depository Trust Company ("DTC"), New York, New York. DTC will act as initial securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof within a single series and maturity. Purchasers will not receive certificates representing their interest in the Bonds purchased. The principal of and interest on the Bonds are payable by the City's Bond Registrar, currently the fiscal agent of the State of Washington (currently The Bank of New York Mellon in New York, New York) to DTC, which is obligated in turn to remit such payments to its participants for subsequent disbursement to beneficial owners of the Bonds.

### Election of Maturities

*2009A Bonds.* The successful bidder for the 2009A Bonds shall designate whether some or all of the principal amounts of the 2009A Bonds, as set forth below, shall be retired on November 1 of each respective year as serial bonds maturing in such year or as amortization installments of 2009A Term Bonds maturing in the years specified by the bidder. 2009A Term Bonds, if any, must consist of the total principal payments of two or more consecutive years and mature in the latest of those years.

<u>Years</u> <u>(November 1)</u>	<u>Serial Maturities</u> <u>or Amortization</u> <u>Installments<sup>(1)</sup></u>	<u>Years</u> <u>(November 1)</u>	<u>Serial Maturities</u> <u>or Amortization</u> <u>Installments<sup>(1)</sup></u>
2015	\$ 2,915,000	2028	\$ 4,275,000
2016	2,970,000	2029	4,425,000
2017	3,040,000	2030	4,585,000
2018	3,115,000	2031	4,750,000
2019	3,200,000	2032	4,920,000
2020	3,295,000	2033	5,095,000
2021	3,390,000	2034	5,280,000
2022	3,495,000	2035	5,470,000
2023	3,605,000	2036	5,670,000
2024	3,725,000	2037	5,870,000
2025	3,850,000	2038	6,085,000
2026	3,990,000	2039	6,305,000
2027	4,130,000		

(1) These amounts will constitute principal maturities of the 2009A Bonds unless 2009A Term Bonds are specified by the successful bidder, in which case these amounts will constitute mandatory sinking fund redemptions of 2009A Term Bonds.

*2009B Bonds.* The successful bidder for the 2009B Bonds shall designate whether some or all of the principal amounts of the 2009B Bonds maturing on or after November 1, 2020, as set forth below, shall be retired on November 1 of each respective year as serial bonds maturing in such year or as amortization installments of 2009B Term Bonds maturing in the years specified by the bidder. 2009B Term Bonds, if any, must consist of the total principal payments of two or more consecutive years and mature in the latest of those years.

Years (November 1)	Serial Maturities or Amortization Installments <sup>(1)</sup>	Years (November 1)	Serial Maturities or Amortization Installments <sup>(1)</sup>
2010	\$ 3,660,000	2019	\$ 905,000
2011	3,140,000	2020	955,000 <sup>(2)</sup>
2012	3,240,000	2021	1,010,000 <sup>(2)</sup>
2013	3,370,000	2022	1,065,000 <sup>(2)</sup>
2014	3,505,000	2023	1,130,000 <sup>(2)</sup>
2015	735,000	2024	1,195,000 <sup>(2)</sup>
2016	775,000	2025	1,255,000 <sup>(2)</sup>
2017	815,000	2026	1,330,000 <sup>(2)</sup>
2018	860,000	2027	1,410,000 <sup>(2)</sup>

(1) Preliminary, subject to change.

(2) These amounts will constitute principal maturities of the 2009B Bonds unless 2009B Term Bonds are specified by the successful bidder, in which case these amounts will constitute mandatory sinking fund redemptions of 2009B Term Bonds.

### Redemption

*Optional Redemption—2009A Bonds.* The City reserves the right and option to redeem the 2009A Bonds prior to their stated maturity dates at any time, as a whole or in part, at a price of par plus the Make-Whole Premium (as defined in the Preliminary Official Statement), if any, calculated using the Treasury Rate (as defined in the Preliminary Official Statement) plus 25 basis points, together with accrued interest to the date fixed for redemption.

*Extraordinary Optional Redemption—2009A Bonds.* The City reserves the right and option to redeem the 2009A Bonds prior to their stated maturity dates upon the occurrence of an Extraordinary Event, as a whole or in part, at a price of par plus the Make-Whole Premium (as defined in the Preliminary Official Statement), calculated using the Treasury Rate (as defined in the Preliminary Official Statement) plus 100 basis points, if any, together with accrued interest to the date fixed for redemption.

An “Extraordinary Event” will have occurred if a material adverse change has occurred to Section 54AA or Section 6431 of the Internal Revenue Code of 1986, as amended (the “Code”) (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009 pertaining to “Build America Bonds”) pursuant to which the City’s 35 percent direct payments from the United States Treasury in respect of interest on the 2009A Bonds are reduced or eliminated.

*Optional Redemption—2009B Bonds.* The 2009B Bonds maturing on or before November 1, 2019, are not subject to redemption prior to maturity. The City reserves the right and option to redeem 2009B Bonds maturing on or after November 1, 2020, prior to their stated maturity dates at any time on and after November 1, 2019, as a whole or in part, at a price of par plus accrued interest to the date fixed for redemption.

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

### Purpose

The Bonds are being issued (i) to pay for part of the costs of various projects of the City’s Drainage and Wastewater System, (ii) to refund, depending on market conditions, certain outstanding obligations of the Drainage and Wastewater System, (iii) to provide for the Reserve Requirement for the Bonds, and (iv) to pay the issuance costs of the Bonds.

1 **Security**

2 The Bonds are special fund obligations of the City. The Net Revenue of the Drainage and Wastewater System  
3 and any utility local improvement district assessments pledged to Parity Bonds ("ULID Assessments") are  
4 pledged to the payment of all Parity Bonds, including the Bonds. This pledge constitutes a lien and charge  
5 upon the Net Revenue and ULID Assessments prior and superior to any other liens and charges whatsoever.

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

12 **BIDDING INFORMATION AND AWARD**

13 Bidders are invited to submit separate bids for the purchase of either or both series of the Bonds fixing the  
14 interest rate or rates that the Bonds will bear. Interest rates bid shall be in multiples of 1/8, 1/20 or 1/100 of  
15 one percent, or any combination thereof. No more than one rate of interest may be fixed for any one maturity  
16 of a series of the Bonds.

17 All bids shall be without condition. The City strongly encourages the inclusion of Women and Minority  
18 Business Enterprise firms in bidding syndicates.

19 *2009A Bonds.* No bid will be considered for the 2009A Bonds that is less than an amount equal to  
20 98.5 percent of the par value of the 2009A Bonds. Bidders must bid on the entire offering of the 2009A Bonds.  
21 Each individual maturity must be reoffered at a yield that will produce a price of not more than a *de minimis*  
22 amount of premium as indicated in the following table.  
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Due November 1	Serial Maturities or Amortization Installments	Maximum Permitted Price
2015	\$2,915,000	101.25
2016	2,970,000	101.50
2017	3,040,000	101.75
2018	3,115,000	102.00
2019	3,200,000	102.25
2020	3,295,000	102.50
2021	3,390,000	102.50
2022	3,495,000	102.50
2023	3,605,000	102.50
2024	3,725,000	102.50
2025	3,850,000	102.50
2026	3,990,000	102.50
2027	4,130,000	102.50
2028	4,275,000	102.50
2029	4,425,000	102.50
2030	4,585,000	102.50
2031	4,750,000	102.50
2032	4,920,000	102.50
2033	5,095,000	102.50
2034	5,280,000	102.50
2035	5,470,000	102.50
2036	5,670,000	102.50
2037	5,870,000	102.50
2038	6,085,000	102.50
2039	6,305,000	102.50

*2009B Bonds.* No bid will be considered for the 2009B Bonds that is less than an amount equal to 99 percent of the par value of the 2009B Bonds nor more than an amount equal to 112 percent of the par value of the 2009B Bonds. No bid for less than the entire offering of the 2009B Bonds will be accepted. Each individual maturity must be reoffered at a yield that will produce a price of not less than 98 percent of the principal amount for that maturity. For the purpose of this paragraph, "price" means the lesser of the price at the redemption date or the price at the maturity date.

**Official Bid Forms**

The Official Bid Forms will be made available by 1:00 p.m., Pacific Time, on December 8, 2009. The City will provide the Official Bid Forms to Parity. The Official Bid Forms also can be obtained through either the City's Debt Manager, Michael Van Dyck, at (206) 684-8347, or the City's Financial Advisor, Seattle-Northwest Securities Corporation, at (206) 628-2898.

**Bidding Process**

By submitting an electronic bid for either or both series of the Bonds, each bidder thereby agrees to the following terms and conditions:

- (i) If any provision in this Official Notice of Bond Sale conflicts with information or terms provided to or required of the bidder by Parity, this Official Notice of Bond Sale (including any amendments issued by wire service) and the Official Bid Forms shall control. Information provided by Parity to bidders shall form no part of any bid or of any contract between the successful bidder and the City unless that information is included in this Official Notice of Bond Sale or in the Official Bid Forms provided by the City.

- 1 (ii) The bidder is solely responsible for making necessary arrangements to access Parity for purposes of  
2 submitting a timely bid in compliance with the requirements of this Official Notice of Bond Sale  
(including any amendments issued by the City through a wire service) and the Official Bid Forms to  
3 be made available by the City.
- 4 (iii) The City shall have no duty or obligation to provide or assure access to Parity, and shall not be  
5 responsible for the proper operation of Parity or have any liability for any delays or interruptions of, or  
6 any damages caused by, use or attempted use of Parity.
- 7 (iv) Parity is not the City's agent, but rather is the bidder's agent for submitting its bid to the City.
- 8 (v) The City will regard the electronic transmission of each bid it receives through Parity (including  
9 information regarding the purchase price of the Bonds and interest rate for each maturity of each  
10 series of the Bonds) as though the information were submitted on the applicable Official Bid Form  
11 (which will be made available on Parity) and executed on behalf of the named bidder by a duly  
12 authorized signatory.
- 13 (vi) If an electronic bid is accepted by the City, this Official Notice of Bond Sale (including any  
14 amendments issued by the City through a wire service), the applicable Official Bid Form to be made  
15 available by the City and the information regarding the purchase price of each series of the Bonds, any  
16 Term Bonds specified, and the interest rates for any maturity of the Bonds that is submitted  
17 electronically to the City through Parity shall form a contract between the bidder and the City, and the  
18 bidder shall be bound by the terms of such contract whether or not the bidder in fact attempted or  
19 intended to submit a bid on those terms.

### 20 **Good Faith Deposit**

21 In order to be considered by the City Council, all bids must be backed by a good faith deposit in the amount of  
22 \$1,000,000 with respect to the 2009A Bonds and \$340,000 with respect to the 2009B Bonds.

23 The good faith deposit for each series of the Bonds must be paid by federal funds wire transfer within  
24 90 minutes of the verbal award to the successful bidder for such series. Wiring instructions will be provided on  
25 Parity.

26 The good faith deposit of the successful bidder for each series of the Bonds shall be retained by the City as  
27 security for the performance of the successful bid and shall be applied to the purchase price of such series of the  
28 Bonds upon the delivery of such series of the Bonds to the successful bidder. Pending delivery of the Bonds,  
each good faith deposit may be invested for the sole benefit of the City. If the Bonds of a series are ready for  
delivery and the successful bidder for such series fails or neglects to complete the purchase of such series of the  
Bonds within 30 days following the acceptance of its bid, the applicable good faith deposit shall be retained by  
the City as reasonable liquidated damages and not as a penalty.

### 29 **Award**

30 The Bonds of each series will be sold to the bidder making a bid conforming to the terms of the offering and  
31 which, on the basis of the City's determination of the lowest true interest cost, is the best bid. The true interest  
32 cost to the City will be the rate that, when used to discount to the date of the Bonds all future payments of  
33 principal and interest (using semiannual compounding and a 30/360 day basis), produces an amount equal to  
34 the bid amount, without regard to the interest accrued to the date of delivery of the Bonds. If there are two or  
35 more equal bids for a series of the Bonds and those bids are the best bids received, the Director of Finance will  
determine by lot which bid will be presented to the City Council. *For bids submitted for 2009A Bonds, the true  
interest cost to the City will be determined after subtracting 35 percent of each interest payment.*

36 The City reserves the right to reject any or all bids submitted and to waive any formality or irregularity in the  
37 bid or bidding process. If all bids for a series of the Bonds are rejected, then such series of the Bonds may be  
38 sold in the manner provided by law. Any bid presented after the time specified for the receipt of bids will not  
be accepted, and any bid not backed by the required good faith deposit will not be considered by the City

1 Council. The successful bid for each series of the Bonds shall remain in effect until 5:00 p.m., Pacific Time, on  
2 the day of such bid opening.

3 **Adjustment of Principal Amounts and Bid Price After Bid Opening**

4 The City has reserved the right to increase or decrease the preliminary principal amount of the 2009B Bonds  
5 by an amount not to exceed 15 percent of the principal amount of the 2009B Bonds following the opening of  
6 the bids. The City also reserves the right to increase or decrease the preliminary principal amount of any  
7 maturity of the 2009B Bonds shown on the Official Bid Form by an amount not to exceed the greater of  
8 \$200,000 or 20 percent of the preliminary principal amount of that maturity. The price bid by the successful  
9 bidder for the 2009B Bonds will be adjusted by the City on a proportionate basis to reflect an increase or  
10 decrease in the principal amount and maturity schedule. In the event that the City elects to alter the bond size  
11 of the 2009B Bonds after the bid pursuant to this Official Notice of Sale, the underwriter's discount, expressed  
12 in dollars per thousand, will be held constant. The City will not be responsible in the event and to the extent  
13 that any adjustment affects (i) the net compensation to be realized by the successful bidder, or (ii) the true  
14 interest cost of the winning bid or its ranking relative to other bids.

15 **Issue Price Information**

16 Upon award of the Bonds, the successful bidder for each series of the Bonds shall advise the City and Bond  
17 Counsel of the initial reoffering prices to the public of each maturity of such series of the Bonds (the "Initial  
18 Reoffering Prices"), for the City's inclusion in the final Official Statement for the Bonds. Simultaneously with  
19 or before delivery of the Bonds, the successful bidder shall furnish to the City and Bond Counsel a certificate in  
20 form and substance acceptable to Bond Counsel:

- 21 (i) confirming the Initial Reoffering Prices,  
22 (ii) certifying that a *bona fide* offering of the applicable series of the Bonds has been made to the public  
23 (excluding bond houses, brokers and other intermediaries),  
24 (iii) stating the first price at which a substantial amount (at least ten percent) of each maturity of such  
25 series of the Bonds was sold to the public (excluding bond houses, brokers and other intermediaries),  
26 (iv) if the first price at which a substantial amount of any maturity of such series of the Bonds does not  
27 conform to the Initial Reoffering Price of that maturity, providing an explanation of the facts and  
28 circumstances that resulted in that nonconformity, and  
29 (v) stating which maturities, if any, are amortization installments of Term Bonds maturing in the years  
30 specified by the bidder.

31 The first price at which a substantial amount of any maturity of the 2009A Bonds is sold to the public, as  
32 described above, shall not exceed the principal amount of such maturity by more than 0.25 percent multiplied  
33 by the number of complete years to the maturity date of such maturity.

34 **Insurance**

35 Bids for either or both series of the Bonds shall not be conditioned upon obtaining insurance or any other  
36 credit enhancement, or upon City acceptance of the terms of insurance or other credit enhancement. If the  
37 Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor, any purchase of  
38 such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased  
39 costs of issuance of the Bonds resulting by reason of such insurance, unless otherwise paid, shall be paid by  
40 such bidder, but shall not, in any event, be paid by the City. Any failure of the Bonds to be so insured or of  
41 any such policy of insurance to be issued shall not in any way relieve the purchaser of its contractual  
42 obligations arising from the acceptance of its proposal for the purchase of the Bonds.

43 If the successful bidder purchases insurance for any of the 2009A Bonds, the City will not modify the Official  
44 Statement to include information regarding such insurance and will not treat such insurance as a qualified  
45 guarantee of such 2009A Bonds. In addition, the amount of the underwriter's discount of a successful bidder

1 that purchases insurance for any of the 2009A Bonds shall be reduced by the amount, if any, that the use of  
2 underwriter's discount directly or indirectly to pay such insurance premium would cause more than two  
percent of the sale proceeds of the 2009A Bonds to have been used to pay costs of issuance of the 2009A  
Bonds.

3 If the successful bidder purchases insurance for any of the 2009B Bonds, the City may require the successful  
4 bidder to furnish to the City and Bond Counsel a certificate in form and substance satisfactory to Bond  
5 Counsel confirming that (i) the present value (calculated using the same yield as the yield on the insured 2009B  
6 Bonds) of the insurance premium is less than the present value (calculated using the same yield as the yield on  
7 the insured 2009B Bonds) of the interest cost savings represented by the comparative differences between  
interest amounts that would have been payable on the various maturities of the insured 2009B Bonds at  
interest rates on the insured 2009B Bonds issued with and without the insurance on the insured 2009B Bonds,  
and (ii) in the process of requesting competitive proposals to provide such insurance, such insurance provided  
the lowest cost.

#### 8 DELIVERY

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

12 If, prior to the delivery of the 2009B Bonds, the interest receivable by the owners of the 2009B Bonds becomes  
13 includable in gross income for federal income tax purposes, or becomes subject to federal income tax other  
than as described in the Official Statement for the Bonds, the successful bidder for the 2009B Bonds, at its  
option, may be relieved of its obligation to purchase the 2009B Bonds and in that case the good faith deposit  
14 accompanying its bid will be returned without interest.

#### 15 Legal Opinion

16 The approving legal opinion of Foster Pepper PLLC, Seattle, Washington, Bond Counsel, will be provided to  
the purchaser of each series of the Bonds at the time of the delivery of the Bonds. A no-litigation certificate  
will be included in the closing papers of the Bonds.

#### 17 CUSIP Numbers

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

21 *The City's financial advisor is responsible for obtaining CUSIP numbers for the Bonds. The charge of the CUSIP  
Service Bureau will be paid by the City.*

#### 22 CONTINUING DISCLOSURE UNDERTAKING

23 In order to assist bidders in complying with paragraph (b)(5) of SEC Rule 15c2-12 (the "Rule"), the City will  
24 undertake to provide certain annual financial information and notices of the occurrence of certain events, if  
material. A description of this undertaking is set forth in the Preliminary Official Statement and also will be  
25 set forth in the final Official Statement.

**OFFICIAL STATEMENT**

**Preliminary Official Statement**

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

By submitting the successful proposal for either or both series of the Bonds, the purchaser's designated representative agrees:

- (i) to provide to the City's Debt Manager, in writing, within 24 hours of the acceptance of the bid, pricing and other related information, including Initial Reoffering Prices of the Bonds, necessary for completion of the final Official Statement;
- (ii) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any amendments or supplements prepared by the City;
- (iii) to take any and all actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to ultimate purchasers, including without limitation, the delivery of a final Official Statement to each investor who purchases Bonds; and
- (iv) to file the final Official Statement or cause it to be filed with the Municipal Securities Rulemaking Board within one business day following its receipt from the City.

The Preliminary Official Statement (with the Official Notice of Bond Sale) and the Official Bid Forms may be obtained upon request to the City's Debt Manager, 600 Fourth Avenue, Sixth Floor, Seattle, Washington, 98124-4747 (telephone: (206) 684-8347) or to Seattle-Northwest Securities Corporation, 1420 Fifth Avenue, Suite 4300, Seattle, Washington, 98101 (telephone: (206) 628-2882).

**Official Statement**

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

- (i) the information (including financial information) regarding the City and Seattle Public Utilities (including the Drainage and Wastewater System) contained in the Official Statement was and is true and correct in all material respects and did not and does not contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (however, the City will make no representation regarding Bond Counsel's form of opinion or the information provided by DTC, The Bank of New York Mellon or any entity providing bond insurance, reserve insurance or other credit facility); and
- (ii) the descriptions and statements, including financial data, of or pertaining to other bodies and their activities contained in the Official Statement have been obtained from sources that the City believes to be reliable, and the City has no reason to believe that they are untrue in any material respect.

DATED at Seattle, Washington, this 2nd day of December, 2009.

/s/ Dwight D. Dively  
Director of Finance

**EXHIBIT F-1**

**Bid Information for the 2009A Bonds**

**Summary of TICs**

<b>Bid Award</b>	<b>Bidder Name</b>	<b>BAB TIC</b>
X	Stone & Youngberg LLC	3.5379%
	Citigroup Global Markets Inc.	3.5440
	J.P. Morgan Securities Inc.	3.5461
	Barclays Capital, Inc.	3.5477
	Merrill Lynch & Co.	3.5733
	Robert W. Baird & Co., Inc.	3.5808
	Wachovia Bank, National Association	3.5809
	BMO Capital Markets	3.6285

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PARITY Reoffering

Page 1 of 1

**Result**

**Stone & Youngberg LLC's Reoffering Scale  
 Seattle**



**\$102,535,000 Taxable Drainage and Wastewater Revenue  
 Bonds, Series 2009A (Build America Bonds-  
 Direct Payment)**

Maturity Date	Amount \$	Coupon %	BAB Coupon %	Yield %	Dollar Price	BAB Dollar Price	Call Date	Taxable
11/01/2017	3,025M	4.2500	2.7625	4.2300	100.128	100.128		Yes
11/01/2018	3,105M	4.3750	2.8438	4.3800	99.959	99.959		Yes
11/01/2019	3,195M	4.5000	2.9250	4.4800	100.153	100.153		Yes
11/01/2020	3,290M	4.6000	2.9900	4.5800	100.164	100.164		Yes
11/01/2021	3,390M	4.6500	3.0225	4.6800	99.723	99.723		Yes
11/01/2022	3,500M	4.7500	3.0875	4.7800	99.708	99.708		Yes
11/01/2023	3,615M	4.8750	3.1688	4.8800	99.944	99.944		Yes
11/01/2024	3,740M	5.0000	3.2500	4.9800	100.202	100.202		Yes
11/01/2025	3,870M	5.0000	3.2500	5.0800	99.129	99.129		Yes
11/01/2026								
11/01/2027								
11/01/2028								
11/01/2029								
11/01/2030	21,575M	5.3750	3.4938	5.5100	98.330	98.330		Yes
11/01/2031								
11/01/2032								
11/01/2033								
11/01/2034								
11/01/2035								
11/01/2036								
11/01/2037								
11/01/2038								
11/01/2039	50,230M	5.5500	3.6075	5.5900	99.415	99.415		Yes

**Accrued Interest: \$0.00**

**Gross Production: \$101,845,947.30**

**BAB Gross Production: \$101,845,947.30**

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<https://www.newissuehome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityR...> 12/9/2009

Upcoming Calendar	Overview	Result	Excel
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**J.P. Morgan Securities Inc. - New York , NY's Bid  
 Seattle**



**\$102,535,000 Taxable Drainage and Wastewater Revenue  
 Bonds, Series 2009A (Build America Bonds-  
 Direct Payment)**

For the aggregate principal amount of \$102,535,000.00, we will pay you \$102,073,509.44, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %	BAB Coupon %	Taxable
11/01/2017	3,025M	4.2500	2.7625	Yes
11/01/2018	3,105M	4.2500	2.7625	Yes
11/01/2019	3,195M	4.2500	2.7625	Yes
11/01/2020	3,290M	4.5000	2.9250	Yes
11/01/2021	3,390M	4.7500	3.0875	Yes
11/01/2022	3,500M	4.7500	3.0875	Yes
11/01/2023	3,615M	4.7500	3.0875	Yes
11/01/2024	3,740M	5.0000	3.2500	Yes
11/01/2025	3,870M	5.1250	3.3313	Yes
11/01/2026	4,010M	5.2500	3.4125	Yes
11/01/2027				
11/01/2028				
11/01/2029	12,935M	5.5000	3.5750	Yes
11/01/2030				
11/01/2031				
11/01/2032				
11/01/2033				
11/01/2034				
11/01/2035				
11/01/2036				
11/01/2037				
11/01/2038				
11/01/2039	54,860M	5.6250	3.6563	Yes

Time Last Bid Received On:12/09/2009 7:29:23 PST

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Upcoming Calendar	Overview	Result	Excel
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**Stone & Youngberg LLC - San Francisco , CA's Bid  
 Seattle**



**\$102,535,000 Taxable Drainage and Wastewater Revenue  
 Bonds, Series 2009A (Build America Bonds-  
 Direct Payment)**

For the aggregate principal amount of \$102,535,000.00, we will pay you \$101,618,628.54, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %	BAB Coupon %	Taxable
11/01/2017	3,025M	4.2500	2.7625	Yes
11/01/2018	3,105M	4.3750	2.8438	Yes
11/01/2019	3,195M	4.5000	2.9250	Yes
11/01/2020	3,290M	4.6000	2.9900	Yes
11/01/2021	3,390M	4.6500	3.0225	Yes
11/01/2022	3,500M	4.7500	3.0875	Yes
11/01/2023	3,615M	4.8750	3.1688	Yes
11/01/2024	3,740M	5.0000	3.2500	Yes
11/01/2025	3,870M	5.0000	3.2500	Yes
11/01/2026				
11/01/2027				
11/01/2028				
11/01/2029				
11/01/2030	21,575M	5.3750	3.4938	Yes
11/01/2031				
11/01/2032				
11/01/2033				
11/01/2034				
11/01/2035				
11/01/2036				
11/01/2037				
11/01/2038				
11/01/2039	50,230M	5.5500	3.6075	Yes

Time Last Bid Received On:12/09/2009 7:29:16 PST

<https://www.newissuehome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

Upcoming Calendar Overview Result Excel

**Citigroup Global Markets Inc. - New York , NY's Bid  
 Seattle**



**\$102,535,000 Taxable Drainage and Wastewater Revenue  
 Bonds, Series 2009A (Build America Bonds-  
 Direct Payment)**

For the aggregate principal amount of \$102,535,000.00, we will pay you \$102,051,552.75, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %	BAB Coupon %	Taxable
11/01/2017	3,025M	4.2500	2.7625	Yes
11/01/2018	3,105M	4.4000	2.8600	Yes
11/01/2019	3,195M	4.6000	2.9900	Yes
11/01/2020	3,290M	4.7000	3.0550	Yes
11/01/2021	3,390M	4.8000	3.1200	Yes
11/01/2022	3,500M	4.9000	3.1850	Yes
11/01/2023	3,615M	5.0000	3.2500	Yes
11/01/2024	3,740M	5.1000	3.3150	Yes
11/01/2025	3,870M	5.2000	3.3800	Yes
11/01/2026	4,010M	5.2500	3.4125	Yes
11/01/2027	4,160M	5.2500	3.4125	Yes
11/01/2028	4,310M	5.2500	3.4125	Yes
11/01/2029	4,465M	5.5000	3.5750	Yes
11/01/2030				
11/01/2031				
11/01/2032				
11/01/2033				
11/01/2034				
11/01/2035				
11/01/2036				
11/01/2037				
11/01/2038				
11/01/2039	54,860M	5.6000	3.6400	Yes

Time Last Bid Received On:12/09/2009 7:29:39 PST

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Upcoming Calendar	Overview	Result	Excel
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**BMO Capital Markets - Chicago , IL's Bid**  
**Seattle**  
**\$102,535,000 Taxable Drainage and Wastewater Revenue**  
**Bonds, Series 2009A (Build America Bonds-**  
**Direct Payment)**



For the aggregate principal amount of \$102,535,000.00, we will pay you \$101,897,279.59, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %	BAB Coupon %	Taxable
11/01/2017	3,025M	4.0000	2.6000	Yes
11/01/2018	3,105M	4.2000	2.7300	Yes
11/01/2019	3,195M	4.3500	2.8275	Yes
11/01/2020	3,290M	4.5000	2.9250	Yes
11/01/2021	3,390M	4.6500	3.0225	Yes
11/01/2022	3,500M	4.8000	3.1200	Yes
11/01/2023	3,615M	5.0000	3.2500	Yes
11/01/2024	3,740M	5.1500	3.3475	Yes
11/01/2025	3,870M	5.3500	3.4775	Yes
11/01/2026	4,010M	5.5000	3.5750	Yes
11/01/2027				
11/01/2028				
11/01/2029	12,935M	5.6500	3.6725	Yes
11/01/2030				
11/01/2031				
11/01/2032				
11/01/2033				
11/01/2034	24,935M	5.7000	3.7050	Yes
11/01/2035				
11/01/2036				
11/01/2037				
11/01/2038				
11/01/2039	29,925M	5.7500	3.7375	Yes

Time Last Bid Received On:12/09/2009 7:29:33 PST

<https://www.newissuehome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

Upcoming	Calendar	Overview	Result	Excel
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**Wachovia Bank, National Association - Charlotte , NC's Bid  
 Seattle**



**\$102,535,000 Taxable Drainage and Wastewater Revenue  
 Bonds, Series 2009A (Build America Bonds-  
 Direct Payment)**

For the aggregate principal amount of \$102,535,000.00, we will pay you \$101,667,924.40, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %	BAB Coupon %	Taxable
11/01/2017	3,025M	4.4000	2.8600	Yes
11/01/2018	3,105M	4.4000	2.8600	Yes
11/01/2019	3,195M	4.5000	2.9250	Yes
11/01/2020	3,290M	4.6500	3.0225	Yes
11/01/2021	3,390M	4.7500	3.0875	Yes
11/01/2022	3,500M	5.0500	3.2825	Yes
11/01/2023	3,615M	5.2000	3.3800	Yes
11/01/2024	3,740M	5.3000	3.4450	Yes
11/01/2025				
11/01/2026				
11/01/2027				
11/01/2028				
11/01/2029	20,815M	5.5000	3.5750	Yes
11/01/2030				
11/01/2031				
11/01/2032				
11/01/2033				
11/01/2034	24,935M	5.5000	3.5750	Yes
11/01/2035				
11/01/2036				
11/01/2037				
11/01/2038				
11/01/2039	29,925M	5.6000	3.6400	Yes

Time Last Bid Received On: 12/09/2009 7:29:43 PST

<https://www.newissuehome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

Upcoming Calendar	Overview	Result	Excel
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**Robert W. Baird & Co., Inc. - Red Bank , NJ's Bid  
 Seattle**



**\$102,535,000 Taxable Drainage and Wastewater Revenue  
 Bonds, Series 2009A (Build America Bonds-  
 Direct Payment)**

For the aggregate principal amount of \$102,535,000.00, we will pay you \$101,669,129.28, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %	BAB Coupon %	Taxable
11/01/2017	3,025M	4.1250	2.6813	Yes
11/01/2018	3,105M	4.2500	2.7625	Yes
11/01/2019	3,195M	4.3750	2.8438	Yes
11/01/2020	3,290M	4.6250	3.0063	Yes
11/01/2021				
11/01/2022				
11/01/2023				
11/01/2024	14,245M	4.7500	3.0875	Yes
11/01/2025	3,870M	5.0000	3.2500	Yes
11/01/2026	4,010M	5.1250	3.3313	Yes
11/01/2027	4,160M	5.2500	3.4125	Yes
11/01/2028	4,310M	5.3750	3.4938	Yes
11/01/2029	4,465M	5.5000	3.5750	Yes
11/01/2030				
11/01/2031				
11/01/2032				
11/01/2033				
11/01/2034	24,935M	5.6250	3.6563	Yes
11/01/2035				
11/01/2036				
11/01/2037				
11/01/2038				
11/01/2039	29,925M	5.7500	3.7375	Yes

Time Last Bid Received On:12/09/2009 7:24:01 PST

<https://www.newissuhome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

Upcoming Calendar	Overview	Result	Excel
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**Merrill Lynch & Co. - New York , NY's Bid  
 Seattle**  
**\$102,535,000 Taxable Drainage and Wastewater Revenue  
 Bonds, Series 2009A (Build America Bonds-  
 Direct Payment)**



For the aggregate principal amount of \$102,535,000.00, we will pay you \$101,826,659.41, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %	BAB Coupon %	Taxable
11/01/2017	3,025M	4.2800	2.7820	Yes
11/01/2018	3,105M	4.3800	2.8470	Yes
11/01/2019	3,195M	4.4800	2.9120	Yes
11/01/2020	3,290M	4.5800	2.9770	Yes
11/01/2021	3,390M	4.6800	3.0420	Yes
11/01/2022	3,500M	4.7800	3.1070	Yes
11/01/2023	3,615M	4.8800	3.1720	Yes
11/01/2024	3,740M	4.9800	3.2370	Yes
11/01/2025				
11/01/2026				
11/01/2027				
11/01/2028				
11/01/2029	20,815M	5.5000	3.5750	Yes
11/01/2030				
11/01/2031				
11/01/2032				
11/01/2033				
11/01/2034				
11/01/2035				
11/01/2036				
11/01/2037				
11/01/2038				
11/01/2039	54,860M	5.6000	3.6400	Yes

Time Last Bid Received On:12/09/2009 7:29:40 PST

<https://www.newissuehome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

Upcoming Calendar	Overview	Result	Excel
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**Barclays Capital, Inc. - New York , NY's Bid  
 Seattle**



**\$102,535,000 Taxable Drainage and Wastewater Revenue  
 Bonds, Series 2009A (Build America Bonds-  
 Direct Payment)**

For the aggregate principal amount of \$102,535,000.00, we will pay you \$102,060,262.95, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %	BAB Coupon %	Taxable
11/01/2017	3,025M	3.6500	2.3725	Yes
11/01/2018	3,105M	4.3400	2.8210	Yes
11/01/2019	3,195M	4.4900	2.9185	Yes
11/01/2020	3,290M	4.6400	3.0160	Yes
11/01/2021	3,390M	4.7900	3.1135	Yes
11/01/2022	3,500M	4.9400	3.2110	Yes
11/01/2023	3,615M	5.0900	3.3085	Yes
11/01/2024	3,740M	5.1900	3.3735	Yes
11/01/2025	3,870M	5.2900	3.4385	Yes
11/01/2026	4,010M	5.3900	3.5035	Yes
11/01/2027	4,160M	5.4400	3.5360	Yes
11/01/2028	4,310M	5.4900	3.5685	Yes
11/01/2029				
11/01/2030				
11/01/2031				
11/01/2032				
11/01/2033				
11/01/2034	29,400M	5.5500	3.6075	Yes
11/01/2035				
11/01/2036				
11/01/2037				
11/01/2038				
11/01/2039	29,925M	5.6000	3.6400	Yes

Time Last Bid Received On: 12/09/2009 7:29:46 PST

<https://www.newissuehome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

**EXHIBIT F-2**

**Printed Version of All Electronic Bids for the 2009B Bonds**

PARITY Reoffering

Page 1 of 1



**Robert W. Baird & Co., Inc.'s Reoffering Scale  
Seattle**



**\$35,270,000 Drainage and Wastewater Improvement and  
Refunding Bonds, Series 2009B**

Maturity Date	Amount \$	Coupon %	Yield %	Dollar Price	Call Date
11/01/2010	3,555M	2.0000	0.4200	101.373	
11/01/2011	2,995M	2.0000	0.6500	102.507	
11/01/2012	3,090M	2.0000	0.9500	102.967	
11/01/2013	3,215M	2.0000	1.1000	103.402	
11/01/2014	3,345M	2.0000	1.4800	102.434	
11/01/2015	3,480M	2.2500	1.8700	102.103	
11/01/2016	3,660M	2.5000	2.1700	102.095	
11/01/2017	815M	3.0000	2.4700	103.768	
11/01/2018	860M	4.0000	2.7200	110.027	
11/01/2019	905M	4.0000	2.9000	109.381	
11/01/2020	955M	4.0000	3.2000	106.723	11/01/2019
11/01/2021	1,010M	3.2500	3.3500	99.024	
11/01/2022	1,065M	4.0000	3.4700	104.395	11/01/2019
11/01/2023	1,130M	4.0000	3.5700	103.547	11/01/2019
11/01/2024	1,195M	4.0000	3.6700	102.708	11/01/2019
11/01/2025	1,255M	4.0000	3.7700	101.877	11/01/2019
11/01/2026					
11/01/2027	2,740M	4.0000	4.0000	100.000	

**Accrued Interest: \$0.00**

**Gross Production: \$36,225,219.40**

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08:01:11 a.m. PST    Upcoming Calendar    Overview    Compare    Summary

**Bid Results**

**Seattle**  
**\$35,270,000 Drainage and Wastewater Improvement and Refunding Bonds, Series 2009B**

The following bids were submitted using *PARITY*<sup>®</sup> and displayed ranked by lowest TIC.  
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
<input type="checkbox"/>	<a href="#">Robert W. Baird &amp; Co., Inc.</a>	2.919967
<input type="checkbox"/>	<a href="#">Piper Jaffray</a>	2.989297
<input type="checkbox"/>	<a href="#">Merrill Lynch &amp; Co.</a>	3.003928
<input type="checkbox"/>	<a href="#">Morgan Stanley &amp; Co Inc.</a>	3.006706
<input type="checkbox"/>	<a href="#">BMO Capital Markets</a>	3.019651
<input type="checkbox"/>	<a href="#">Raymond James &amp; Associates, Inc.</a>	3.023765
<input type="checkbox"/>	<a href="#">J.P. Morgan Securities Inc.</a>	3.035511
<input type="checkbox"/>	<a href="#">Prager, Sealy &amp; Co., LLC</a>	3.037439
<input type="checkbox"/>	<a href="#">Wachovia Bank, National Association</a>	3.044719
<input type="checkbox"/>	<a href="#">UBS Financial Services Inc.</a>	3.072557

\*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

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PARITY Bid Form

Page 1 of 2

Upcoming Calendar	Overview	Result	Excel
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Robert W. Baird & Co., Inc. - Red Bank , NJ's Bid  
Seattle



**\$35,270,000 Drainage and Wastewater Improvement and  
Refunding Bonds, Series 2009B**

For the aggregate principal amount of \$35,270,000.00, we will pay you \$35,925,604.38, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
11/01/2010	3,555M	2.0000
11/01/2011	2,995M	2.0000
11/01/2012	3,090M	2.0000
11/01/2013	3,215M	2.0000
11/01/2014	3,345M	2.0000
11/01/2015	3,480M	2.2500
11/01/2016	3,660M	2.5000
11/01/2017	815M	3.0000
11/01/2018	860M	4.0000
11/01/2019	905M	4.0000
11/01/2020	955M	4.0000
11/01/2021	1,010M	3.2500
11/01/2022	1,065M	4.0000
11/01/2023	1,130M	4.0000
11/01/2024	1,195M	4.0000
11/01/2025	1,255M	4.0000
11/01/2026		
11/01/2027	2,740M	4.0000

Total Interest Cost: \$8,263,937.08  
Premium: \$655,604.38  
Net Interest Cost: \$7,608,332.70  
TIC: 2.919967  
Time Last Bid Received On: 12/09/2009 7:52:54 PST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Robert W. Baird & Co., Inc., Red Bank , NJ  
Contact: charles massaro  
Title: director  
Telephone: 732-576-4410  
Fax: 732-576-4420

<https://www.newissuehome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

PARITY Bid Form

Page 1 of 2

Upcoming Calendar Overview Result Excel

**Piper Jaffray - Minneapolis , MN's Bid  
Seattle**



**\$35,270,000 Drainage and Wastewater Improvement and  
Refunding Bonds, Series 2009B**

For the aggregate principal amount of \$35,270,000.00, we will pay you \$37,230,278.86, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
11/01/2010	3,555M	2.0000
11/01/2011	2,995M	3.0000
11/01/2012	3,090M	2.2500
11/01/2013	3,215M	3.0000
11/01/2014	3,345M	3.0000
11/01/2015	3,480M	3.0000
11/01/2016	3,660M	4.0000
11/01/2017	815M	4.0000
11/01/2018	860M	4.0000
11/01/2019	905M	4.0000
11/01/2020	955M	4.0000
11/01/2021	1,010M	4.5000
11/01/2022	1,065M	4.5000
11/01/2023	1,130M	4.5000
11/01/2024	1,195M	4.5000
11/01/2025	1,255M	4.5000
11/01/2026	1,330M	4.5000
11/01/2027	1,410M	4.5000

Total Interest Cost: \$9,947,843.06  
Premium: \$1,960,278.86  
Net Interest Cost: \$7,987,564.20  
TIC: 2.989297  
Time Last Bid Received On: 12/09/2009 7:59:57 PST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Piper Jaffray, Minneapolis , MN  
Contact: Steve Cavalier  
Title: Managing Director  
Telephone: 612-303-6666  
Fax: 612-303-1326

<https://www.newissuehome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

PARITY Bid Form

Page 1 of 2

Upcoming Calendar	Overview	Result	Excel
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Merrill Lynch & Co. - New York , NY's Bid  
Seattle



**\$35,270,000 Drainage and Wastewater Improvement and  
Refunding Bonds, Series 2009B**

For the aggregate principal amount of \$35,270,000.00, we will pay you \$38,880,630.95, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
11/01/2010	3,555M	2.5000
11/01/2011	2,995M	3.0000
11/01/2012	3,090M	4.0000
11/01/2013	3,215M	4.0000
11/01/2014	3,345M	5.0000
11/01/2015	3,480M	5.0000
11/01/2016	3,660M	5.0000
11/01/2017	815M	4.0000
11/01/2018	860M	4.0000
11/01/2019	905M	4.0000
11/01/2020	955M	4.0000
11/01/2021	1,010M	5.0000
11/01/2022	1,065M	5.0000
11/01/2023	1,130M	5.0000
11/01/2024	1,195M	5.0000
11/01/2025	1,255M	5.0000
11/01/2026	1,330M	5.0000
11/01/2027	1,410M	5.0000

Total Interest Cost: \$11,862,872.36  
Premium: \$3,610,630.95  
Net Interest Cost: \$8,252,241.41  
TIC: 3.003928  
Time Last Bid Received On: 12/09/2009 7:59:45 PST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Merrill Lynch & Co., New York , NY  
Contact: Brendan Troy  
Title: Vice President  
Telephone: 212-449-5081  
Fax: 212-449-3733

<https://www.newissuehome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

PARITY Bid Form

Page 1 of 2

Upcoming Calendar	Overview	Result	Excel
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**Morgan Stanley & Co Inc. - New York , NY's Bid  
Seattle**



**\$35,270,000 Drainage and Wastewater Improvement and  
Refunding Bonds, Series 2009B**

For the aggregate principal amount of \$35,270,000.00, we will pay you \$36,733,705.00, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
11/01/2010	3,555M	2.0000
11/01/2011	2,995M	2.0000
11/01/2012	3,090M	2.0000
11/01/2013	3,215M	2.0000
11/01/2014	3,345M	2.0000
11/01/2015	3,480M	2.5000
11/01/2016	3,660M	3.0000
11/01/2017	815M	3.0000
11/01/2018	860M	3.0000
11/01/2019	905M	3.0000
11/01/2020	955M	4.0000
11/01/2021	1,010M	4.0000
11/01/2022	1,065M	5.0000
11/01/2023	1,130M	5.0000
11/01/2024	1,195M	5.0000
11/01/2025	1,255M	5.0000
11/01/2026	1,330M	5.0000
11/01/2027	1,410M	5.0000

Total Interest Cost: \$9,512,238.06  
Premium: \$1,463,705.00  
Net Interest Cost: \$8,048,533.06  
TIC: 3.006706  
Time Last Bid Received On: 12/09/2009 8:00:00 PST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Morgan Stanley & Co Inc., New York , NY  
Contact: Michael Cochrane  
Title:  
Telephone: 415-693-6393  
Fax: 415-788-3520

<https://www.newissuhome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

PARITY Bid Form

Page 1 of 2

Upcoming Calendar	Overview	Result	Excel
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**BMO Capital Markets - Chicago , IL's Bid**  
**Seattle**  
**\$35,270,000 Drainage and Wastewater Improvement and**  
**Refunding Bonds, Series 2009B**



For the aggregate principal amount of \$35,270,000.00, we will pay you \$38,786,187.45, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
11/01/2010	3,555M	5.0000
11/01/2011	2,995M	3.0000
11/01/2012	3,090M	2.5000
11/01/2013	3,215M	5.0000
11/01/2014	3,345M	5.0000
11/01/2015	3,480M	4.0000
11/01/2016	3,660M	4.0000
11/01/2017	815M	5.0000
11/01/2018	860M	5.0000
11/01/2019	905M	5.0000
11/01/2020	955M	5.0000
11/01/2021	1,010M	5.0000
11/01/2022	1,065M	5.0000
11/01/2023	1,130M	5.0000
11/01/2024	1,195M	5.0000
11/01/2025	1,255M	5.0000
11/01/2026	1,330M	5.0000
11/01/2027	1,410M	5.0000

Total Interest Cost: \$11,809,511.94  
Premium: \$3,516,187.45  
Net Interest Cost: \$8,293,324.49  
TIC: 3.019651  
Time Last Bid Received On: 12/09/2009 7:59:59 PST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: BMO Capital Markets, Chicago , IL  
Contact: Tracy McBride  
Title: Vice President  
Telephone: 312-845-5074  
Fax:

<https://www.newissuehome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

PARITY Bid Form

Page 1 of 2

Upcoming Calendar	Overview	Result	Excel
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**Raymond James & Associates, Inc. - St. Petersburg , FL's Bid** **PARITY**  
**Seattle**  
**\$35,270,000 Drainage and Wastewater Improvement and**  
**Refunding Bonds, Series 2009B**

For the aggregate principal amount of \$35,270,000.00, we will pay you \$37,720,565.67, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
11/01/2010	3,555M	3.0000
11/01/2011	2,995M	3.0000
11/01/2012	3,090M	2.3750
11/01/2013	3,215M	3.0000
11/01/2014	3,345M	3.0000
11/01/2015	3,480M	4.0000
11/01/2016	3,660M	4.0000
11/01/2017	815M	3.0000
11/01/2018	860M	4.0000
11/01/2019	905M	4.0000
11/01/2020	955M	5.0000
11/01/2021	1,010M	5.0000
11/01/2022	1,065M	5.0000
11/01/2023	1,130M	5.0000
11/01/2024	1,195M	5.0000
11/01/2025	1,255M	5.0000
11/01/2026	1,330M	5.0000
11/01/2027	1,410M	4.0000

Total Interest Cost: \$10,615,507.15  
Premium: \$2,450,565.67  
Net Interest Cost: \$8,164,941.48  
TIC: 3.023765  
Time Last Bid Received On: 12/09/2009 7:59:11 PST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Raymond James & Associates, Inc., St. Petersburg , FL  
Contact: Alex Marcinkiewicz  
Title:  
Telephone: 727-567-1293  
Fax: 727-567-8616

<https://www.newissuehome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

Upcoming Calendar	Overview	Result	Excel
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**J.P. Morgan Securities Inc. - New York , NY's Bid  
Seattle**



**\$35,270,000 Drainage and Wastewater Improvement and  
Refunding Bonds, Series 2009B**

For the aggregate principal amount of \$35,270,000.00, we will pay you \$39,141,806.28, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
11/01/2010	3,555M	2.0000
11/01/2011	2,995M	2.0000
11/01/2012	3,090M	4.0000
11/01/2013	3,215M	5.0000
11/01/2014	3,345M	5.0000
11/01/2015	3,480M	5.0000
11/01/2016	3,660M	5.0000
11/01/2017	815M	5.0000
11/01/2018	860M	5.0000
11/01/2019	905M	5.0000
11/01/2020	955M	5.0000
11/01/2021	1,010M	5.0000
11/01/2022	1,065M	5.0000
11/01/2023	1,130M	5.0000
11/01/2024	1,195M	5.0000
11/01/2025	1,255M	5.0000
11/01/2026	1,330M	5.0000
11/01/2027	1,410M	5.0000

Total Interest Cost: \$12,249,420.56  
Premium: \$3,871,806.28  
Net Interest Cost: \$8,377,614.28  
TIC: 3.035511  
Time Last Bid Received On: 12/09/2009 7:59:01 PST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: J.P. Morgan Securities Inc., New York , NY  
Contact: Brandt Montour  
Title: Desk Administrator  
Telephone: 212-834-7155  
Fax:

<https://www.newissuehome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

Upcoming Calendar	Overview	Result	Excel
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**Prager, Sealy & Co., LLC - New York , NY's Bid  
Seattle**



**\$35,270,000 Drainage and Wastewater Improvement and  
Refunding Bonds, Series 2009B**

For the aggregate principal amount of \$35,270,000.00, we will pay you \$38,516,394.56, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
11/01/2010	3,555M	5.0000
11/01/2011	2,995M	5.0000
11/01/2012	3,090M	5.0000
11/01/2013	3,215M	5.0000
11/01/2014	3,345M	5.0000
11/01/2015	3,480M	5.0000
11/01/2016	3,660M	5.0000
11/01/2017	815M	5.0000
11/01/2018	860M	5.0000
11/01/2019	905M	5.0000
11/01/2020	955M	5.0000
11/01/2021	1,010M	4.0000
11/01/2022	1,065M	4.0000
11/01/2023	1,130M	4.0000
11/01/2024	1,195M	4.0000
11/01/2025	1,255M	4.0000
11/01/2026	1,330M	4.0000
11/01/2027	1,410M	4.2500

Total Interest Cost: \$11,395,340.42  
Premium: \$3,246,394.56  
Net Interest Cost: \$8,148,945.86  
TIC: 3.037439  
Time Last Bid Received On: 12/09/2009 7:57:57 PST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Prager, Sealy & Co., LLC, New York , NY  
Contact: Julius Caccopola  
Title: Vice President  
Telephone: 212-661-6600  
Fax: 212-661-2805

<https://www.newissuehome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

Upcoming Calendar	Overview	Result	Excel
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**Wachovia Bank, National Association - Charlotte , NC's Bid**   
**Seattle**  
**\$35,270,000 Drainage and Wastewater Improvement and Refunding Bonds, Series 2009B**

For the aggregate principal amount of \$35,270,000.00, we will pay you \$38,760,094.16, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
11/01/2010	3,555M	2.0000
11/01/2011	2,995M	3.0000
11/01/2012	3,090M	2.5000
11/01/2013	3,215M	5.0000
11/01/2014	3,345M	5.0000
11/01/2015	3,480M	5.0000
11/01/2016	3,660M	5.0000
11/01/2017	815M.	4.0000
11/01/2018	860M	4.0000
11/01/2019	905M	4.0000
11/01/2020	955M	4.0000
11/01/2021	1,010M	5.0000
11/01/2022	1,065M	5.0000
11/01/2023	1,130M	5.0000
11/01/2024	1,195M	5.0000
11/01/2025	1,255M	5.0000
11/01/2026	1,330M	5.0000
11/01/2027	1,410M	5.0000

Total Interest Cost: \$11,838,733.06  
Premium: \$3,490,094.16  
Net Interest Cost: \$8,348,638.90  
TIC: 3.044719  
Time Last Bid Received On:12/09/2009 7:59:53 PST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Wachovia Bank, National Association, Charlotte , NC  
Contact: Daymon Little  
Title: Director  
Telephone:704-374-3352  
Fax: 704-383-0065

<https://www.newissuehome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

Upcoming Calendar	Overview	Result	Excel
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**UBS Financial Services Inc. - New York , NY's Bid  
Seattle  
\$35,270,000 Drainage and Wastewater Improvement and  
Refunding Bonds, Series 2009B**



For the aggregate principal amount of \$35,270,000.00, we will pay you \$36,945,387.25, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %
11/01/2010	3,555M	2.0000
11/01/2011	2,995M	3.0000
11/01/2012	3,090M	2.0000
11/01/2013	3,215M	5.0000
11/01/2014	3,345M	5.0000
11/01/2015	3,480M	2.5000
11/01/2016	3,660M	3.0000
11/01/2017	815M	3.0000
11/01/2018	860M	3.2500
11/01/2019	905M	3.5000
11/01/2020	955M	5.0000
11/01/2021	1,010M	4.0000
11/01/2022	1,065M	4.0000
11/01/2023	1,130M	5.0000
11/01/2024	1,195M	5.0000
11/01/2025	1,255M	4.0000
11/01/2026	1,330M	4.0000
11/01/2027	1,410M	4.0000

Total Interest Cost: \$9,785,606.81  
Premium: \$1,675,387.25  
Net Interest Cost: \$8,110,219.56  
TIC: 3.072557  
Time Last Bid Received On: 12/09/2009 7:59:25 PST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: UBS Financial Services Inc., New York , NY  
Contact: Robbie Specter  
Title:  
Telephone: 212-713-2500  
Fax:

<https://www.newissuhome.i-deal.com/Parity/asp/main.asp?frame=content&page=parityBi...> 12/9/2009

**EXHIBIT G**

**Form of Refunding Trust Agreement**

THIS AGREEMENT is made and entered into as of the 17th day of December, 2009, by and between THE CITY OF SEATTLE, WASHINGTON (the "City"), a municipal corporation, and U.S. BANK NATIONAL ASSOCIATION of Seattle, Washington (the "Refunding Trustee").

WHEREAS, the City now has outstanding \$18,395,000 par value of its Drainage and Wastewater Revenue Bonds, 1998, maturing on November 1 of each of the years 2010 through 2018, inclusive, 2021 and 2027 and all bearing interest at 5% (the "Refunded Bonds"); and

WHEREAS, pursuant to Ordinance 121938, Ordinance 123055 and Resolution 31177 of the City (the "Bond Legislation"), the City has determined that the Refunded Bonds be refunded out of a portion of the proceeds of the sale of its Drainage and Wastewater Improvement and Refunding Revenue Bonds, 2009B (the "Bonds"), for the purpose of realizing a debt service savings for the City; and

WHEREAS, the payment, through refunding of the Refunded Bonds, will be accomplished pursuant to this Refunding Trust Agreement and the Bond Legislation, which documents provide for and, for the purpose of Sections 103, 148, and 149(d) of the Internal Revenue Code of 1986, as amended (the "Code"), are to be considered as the Refunding Plan, by:

(a) The delivery by the City to the Refunding Trustee of the proceeds of the Bonds allocated to the Refunding Plan;

(b) The purchase by the Refunding Trustee of the noncallable direct obligations of the United States of America listed on Exhibit A attached hereto and made a part hereof by this reference or substituted obligations purchased pursuant to Section 2 of this Agreement (the "Acquired Obligations") at or prior to the date the Bonds are delivered to the original purchaser thereof and the City receives full payment therefor (the "Date of Closing"), which Acquired Obligations satisfy the requirements of the Verification described in paragraph (c);

(c) The delivery to the City and the Refunding Trustee of a verification (the "Verification") by a nationally recognized independent certified public accounting firm verifying the mathematical accuracy of the computations (which computations shall be attached to that report) showing that the Acquired Obligations to be purchased by the Refunding Trustee pursuant to the Bond Legislation and this Refunding Trust Agreement, together with the specified beginning cash balance, if any, and the maturing principal of and interest on such Acquired Obligations, will provide sufficient money (assuming that all principal of and interest on the Acquired Obligations are paid on the due dates thereof and assuming no reinvestment of such maturing principal and interest) to pay interest on the Refunded Bonds when due up to and including January 19, 2010, and on January 19, 2010, call, pay, and redeem all of the outstanding Refunded Bonds at a price of par;

(d) The receipt by the Refunding Trustee of the maturing installments of principal of and interest on the Acquired Obligations; and

1 (e) The Refunding Trustee's payment to the fiscal agent of the State of  
2 Washington of money sufficient to make the payments on the Refunded Bonds set forth  
3 herein;

4 and

5 WHEREAS, upon the issuance of the Bonds to carry out the Refunding Plan under the authority  
6 of chapter 39.53 RCW and other laws of the State of Washington (collectively, the "Refunding Bond  
7 Act"), the principal amount of the Refunded Bonds no longer shall be considered outstanding pursuant to  
8 the defeasance provisions of Ordinance 118974 that authorized the issuance of the Refunded Bonds (the  
9 "Refunded Bond Ordinance"); and

10 WHEREAS, the City Council of the City has found that the refunding of the Refunded Bonds,  
11 through the issuance of the Bonds, is beneficial and will realize a debt service savings to the City and its  
12 ratepayers; and

13 WHEREAS, the City Council of the City, pursuant to the Bond Legislation, has duly and validly  
14 authorized the execution and delivery of this Refunding Trust Agreement, the delivery of a portion of the  
15 proceeds of the Bonds to the Refunding Trustee, the purchase by the Refunding Trustee of the Acquired  
16 Obligations and the carrying out of the Refunding Plan;

17 NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained and for the  
18 benefit of the City, the parties hereto agree as follows:

19 Section 1. Delivery of Money to Refunding Trustee. On the Date of Closing, the City shall cause  
20 to be delivered to the Refunding Trustee all of the proceeds of the refunding portion of the Bonds.

21 Section 2. Investment and Expenditure of Money. On the Date of Closing, the Refunding  
22 Trustee shall apply \$ \_\_\_\_\_ to pay on behalf of the City the purchase and/or subscription prices of  
23 the Acquired Obligations, from the sources, in the principal amounts, with the dates of maturity and  
24 bearing the interest rates or yields set forth in Exhibit A, and \$ \_\_\_\_\_ to establish a beginning cash  
25 balance. Upon receipt thereof, the Refunding Trustee shall deliver to the City copies of the documents  
26 evidencing the purchase of and payment for the Acquired Obligations. Investments in mutual funds and  
27 unit investment trusts are prohibited.

28 Section 3. Sufficiency of Acquired Obligations. Based upon the Verification, the City represents  
that the Acquired Obligations and the maturing principal thereof and the interest thereon, if paid when  
due, together with the beginning cash balance, shall be sufficient to make when due the payments  
required by the Refunding Plan. Such amounts coming due are sometimes referred to hereinafter as the  
"payments described in Section 3." The schedules of the sources, amounts, maturities, and interest rates  
or yields of the Acquired Obligations and of the Refunded Bonds that will fulfill the foregoing  
requirements are set forth in the Verification.

Section 4. Collection of Proceeds of Acquired Obligations and Application of Such Proceeds and  
Money. The Refunding Trustee shall present for payment and shall collect and receive on the due dates  
thereof the maturing installments of the principal of and the interest on the Acquired Obligations and any  
Substitute Obligations (defined hereinafter). The Refunding Trustee shall make payments, but only in the  
amounts received pursuant to this section, in a timely manner to the Fiscal Agent of the State of  
Washington (the "Fiscal Agent") of the amounts to be paid on the Refunded Bonds as shown in the

1 Verification. Those payments shall be made by check, wire transfer, or such other method of transfer of  
2 funds as shall be agreed upon by the Refunding Trustee and the Fiscal Agent.

3 Section 5. Notice of Defeasance/Notice of Redemption. The Refunding Trustee agrees to give a  
4 notice of defeasance and a notice of redemption of the Refunded Bonds pursuant to the terms of the  
5 Refunded Bonds, and in substantially the forms attached hereto as and as described in Exhibits C and D,  
6 to the Fiscal Agent for distribution as described therein. The notice of defeasance shall be given  
7 immediately following the execution of this Refunding Trust Agreement, and the notice of redemption  
8 shall be given in accordance with the Refunded Bond Legislation. The cost of giving the notice shall be  
9 paid by the City.

10 Section 6. All Obligations and Money and Proceeds Thereof Held in Trust. The Refunding  
11 Trustee irrevocably agrees to hold the Acquired Obligations, the Substitute Obligations, if any, the  
12 principal thereof and interest thereon, and any other money it may receive pursuant to this Refunding  
13 Trust Agreement and any reinvestments thereof made pursuant to Sections 8 and 9 hereof, in trust and  
14 separate at all times from all other funds and investments held by the Refunding Trustee, solely for the  
15 purpose of making the payments described in Section 3. The City irrevocably conveys, transfers, and  
16 assigns to the Refunding Trustee the Acquired Obligations, any Substitute Obligations, the principal  
17 thereof and the interest thereon, and any other money and investments deposited with the Refunding  
18 Trustee pursuant to this Refunding Trust Agreement, for the purpose of making such payments. The  
19 Refunding Trustee shall not sell, transfer, assign, or hypothecate any Acquired Obligations,  
20 reinvestments, or Substitute Obligations except pursuant to Sections 8, 9, 13 and 14 hereof.

21 Section 7. Reports. The Refunding Trustee shall submit a report to the City, at least  
22 semiannually, which report shall set forth the cash, Acquired Obligations, and any Substitute Obligations  
23 held hereunder by the Refunding Trustee, the obligations which have matured and amounts received by  
24 the Refunding Trustee by reason of such maturity, the interest earned on such obligations, a list of any  
25 investments or reinvestments made by the Refunding Trustee in other obligations and the interest and/or  
26 principal derived therefrom, the amounts paid to the Fiscal Agent, and any other transaction of the  
27 Refunding Trustee pertaining to its duties and obligations as set forth herein.

28 Section 8. Substitution of Different Obligations or Other Investments. The City reserves the  
right to substitute from time to time for Acquired Obligations initially purchased in accordance with  
Section 2 hereof, or for obligations purchased under this section, other noncallable, nonprepayable direct  
obligations of the United States of America and/or obligations unconditionally guaranteed by the United  
States of America as to full and timely payment of principal and interest authorized to be acquired with  
the proceeds of Bonds under the Refunding Bond Act (the "Substitute Obligations"). Prior to effecting  
any such substitution, the City shall have obtained at its expense and delivered to the Refunding Trustee:

(a) A verification by a nationally recognized independent certified public  
accounting firm acceptable to the Refunding Trustee confirming that the maturing  
principal of and interest on the Substitute Obligations and any remaining Acquired  
Obligations to be held by the Refunding Trustee in the refunding escrow, if paid when  
due and assuming no reinvestment thereof, together with any other cash then held by the  
Refunding Trustee, will be sufficient to carry out the Refunding Plan and make all  
remaining payments described in Section 3; and

(b) An opinion from Foster Pepper PLLC, bond counsel to the City, its  
successor or other nationally recognized bond counsel to the City, that the disposition and  
substitution or purchase of such securities, under the statutes, rules, and regulations then

1 in force and applicable to the Bonds, will not cause the interest on the Bonds or the  
2 Refunded Bonds to be included in gross income for federal income tax purposes and that  
3 such disposition and substitution or purchase is in compliance with the statutes and  
4 regulations applicable to the Bonds.

5 If the verification delivered to the Refunding Trustee pursuant to Section 8(a) shows that surplus money  
6 not needed to make the payments described in Section 3 will result from the sale, transfer, or other  
7 disposition of Acquired Obligations and the substitution of Substitute Obligations therefor, that surplus  
8 money at the written request of the City shall be released from the trust estate and shall be transferred to  
9 the City to be used for any lawful City purpose, subject to any restrictions stated in the opinion of bond  
10 counsel required by Section 8(b).

11 Section 9. Reinvestment of Proceeds of Acquired and/or Substitute Obligations. The proceeds  
12 (principal and interest) and reinvestment proceeds of any Acquired Obligations and/or Substitute  
13 Obligations held by the Refunding Trustee in accordance with this Refunding Trust Agreement, which are  
14 not needed within five business days of the receipt thereof to make the payments described in Section 3,  
15 shall be reinvested by the Refunding Trustee, but only upon receipt of written request of the City, on such  
16 date of receipt or the next business day. The City shall direct such reinvestment subject to the following  
17 conditions:

18 (a) Except as provided in subsection (c) below, the proceeds of such  
19 Acquired Obligations and/or Substitute Obligations shall be reinvested in Substitute  
20 Obligations at a yield that will not cause the composite yield on the refunding escrow to  
21 exceed \_\_\_\_\_% during its term or such higher yield as may be directed by letter of  
22 instructions from the City to the Refunding Trustee, but if the composite yield on the  
23 directed investments made pursuant to this Refunding Trust Agreement would exceed  
24 \_\_\_\_\_%, such letter of instructions shall contain a verification of such composite  
25 yield and shall be based upon and accompanied by the opinion of Foster Pepper PLLC,  
26 bond counsel to the City, its successor, or other nationally recognized bond counsel to the  
27 City, approving reinvestment of such proceeds at such higher yield.

28 (b) The obligations in which such proceeds are reinvested shall mature in an  
amount at least equal to their purchase price on the date or dates directed by the City, but  
not later than the date (as shown by the then most recent certified public accountant  
verification) the principal thereof is needed to make the payments described in Section 3;

(c) If such proceeds, together with other funds remaining in trust, are  
insufficient to reinvest in the smallest denomination of such obligations or are required to  
be used to make payments described in Section 3 sooner than the shortest maturity  
available for such obligations, then those proceeds and funds either shall be converted to  
United States currency and retained or shall remain uninvested in the refunding escrow  
and carried on the books of the Refunding Trustee until required to make the payments  
described in Section 3, or until sufficient money is accumulated to permit the investment  
thereof; and

(d) "Yield," as used in paragraph (a) of this section with respect to the  
Acquired Obligations and Substitute Obligations, means that yield computed in  
accordance with and permitted by the Code applicable to the Bonds and the trust under  
this Refunding Trust Agreement so as to preserve the exclusion from gross income for  
federal income tax purposes of the interest on the Bonds.

1 The Refunding Trustee may make any and all investments permitted by the provisions of this Section  
2 through its own investment department or the investment departments of any of its affiliates.

3 Section 10. Amendments to Refunding Trust Agreement. The Refunding Trustee and the City  
4 recognize that the owners of the Refunded Bonds and the Bonds from time to time have a beneficial  
5 interest in the Acquired Obligations, the Substitute Obligations, and money to be held by the Refunding  
6 Trustee as herein provided. Therefore, this Refunding Trust Agreement is irrevocable and shall not be  
7 subject to amendment except for the purpose of clarifying any ambiguity herein, increasing the protection  
8 of the rights of the owners of the Refunded Bonds or the Bonds, or preserving the exclusion of the interest  
9 on the Refunded Bonds and the Bonds from gross income for federal income tax purposes, and only if  
10 such amendment is accompanied by an opinion addressed to the City and the Refunding Trustee from  
11 Foster Pepper PLLC, its successor or other nationally recognized bond counsel to the City, to the effect  
12 that such change is necessary for one of the above reasons and does not detrimentally affect the owners of  
13 the outstanding Refunded Bonds and the Bonds or that it strengthens the protection of the owners of the  
14 Refunded Bonds and the Bonds and does not detrimentally affect the owners of the Refunded Bonds and  
15 the Bonds. If such amendment affects the amount of money and investments in the escrow account or the  
16 application thereof, prior to the amendment's taking effect there also shall be a verification by a  
17 nationally recognized independent certified public accounting firm satisfactory to the Refunding Trustee  
18 to the effect that after such amendment the Acquired Obligations, Substitute Obligations, and other  
19 money in the escrow account will be sufficient to make the payments described in Section 3. A copy of  
20 such verification shall be delivered to the Refunding Trustee.

21 Section 11. Limitation of Liability of Refunding Trustee. None of the provisions contained in  
22 this Refunding Trust Agreement shall require the Refunding Trustee to use or advance its own funds in  
23 the performance of any of its duties or the exercise of any of its rights or powers hereunder. The  
24 Refunding Trustee shall be under no liability for the payment of interest on any funds or other property  
25 received by it hereunder except to the extent the Refunding Trustee is required by the express terms of  
26 this Refunding Trust Agreement to invest such funds.

27 The Refunding Trustee's liabilities and obligations in connection with this Refunding Trust  
28 Agreement are confined to those specifically described herein. The Refunding Trustee is authorized and  
directed to comply with the provisions of this Refunding Trust Agreement and is relieved from all  
liability for so doing notwithstanding any demand or notice to the contrary by any party hereto. The  
Refunding Trustee shall not be responsible or liable for the sufficiency, correctness, genuineness, or  
validity of the Acquired Obligations or the Substitute Obligations deposited with it; the performance or  
compliance by any party other than the Refunding Trustee with the terms or conditions of any such  
instruments; or any loss which may occur by reason of forgeries, false representations, or the exercise of  
the Refunding Trustee's discretion in any particular manner unless such exercise is negligent or  
constitutes willful misconduct.

If any controversy arises between the City and any third person, the Refunding Trustee shall not  
be required to determine the same or to take any action in the premises, but it may institute, in its  
discretion, an interpleader or other proceedings in connection therewith as it may deem proper, and in  
following either course, it shall not be liable.

Section 12. Remittance of Funds When Refunded Bonds Paid in Full. At such time as the  
Refunding Trustee has received the representation of the City that all of the payments described in  
Section 3 have been made and the confirmation of such representation by the Fiscal Agent, together with  
such other evidence of such payments as shall be satisfactory to the City and the Refunding Trustee, the

1 Refunding Trustee shall deliver forthwith or remit to the City any remaining Acquired Obligations,  
2 Substitute Obligations, and money held pursuant to this Refunding Trust Agreement.

3 Section 13. Compensation of Refunding Trustee. The payment arrangement heretofore made  
4 between the Refunding Trustee and the City (attached hereto as Exhibit D and by this reference made a  
5 part hereof) on compensation and expenses of the Refunding Trustee for services rendered by it pursuant  
6 to the provisions of this Refunding Trust Agreement is satisfactory to it and to the City, and no further  
7 payment to the Refunding Trustee shall be required for such purpose. Such arrangement for  
8 compensation and expenses is intended as compensation for the ordinary services as contemplated by this  
9 Refunding Trust Agreement, and if the Refunding Trustee renders any service hereunder not provided for  
10 in this Refunding Trust Agreement, or the Refunding Trustee is made a party to or intervenes in any  
11 litigation pertaining to this Refunding Trust Agreement or institutes interpleader proceedings relative  
12 hereto, the Refunding Trustee shall be compensated reasonably by the City for such extraordinary  
13 services and reimbursed for all fees, costs, liability, and expenses (including reasonable attorneys' fees)  
14 occasioned thereby. The Refunding Trustee shall not have a lien against or otherwise be compensated for  
15 its services and expenses from the money, Acquired Obligations, and Substitute Obligations held pursuant  
16 to this Refunding Trust Agreement to make the payments described in Section 3.

17 Section 14. Successor Refunding Trustee. The obligations assumed by the Refunding Trustee  
18 pursuant to this Refunding Trust Agreement may be transferred by the Refunding Trustee to a successor if  
19 (a) the Refunding Trustee has presented evidence satisfactory to the City and to Foster Pepper PLLC, its  
20 successor or other nationally recognized bond counsel to the City that the successor trustee meets the  
21 requirements of RCW 39.53.070, as now in effect or hereafter amended; (b) the City approves the  
22 appointment of the successor trustee; (c) the successor trustee has assumed all of the obligations of the  
23 Refunding Trustee under this Refunding Trust Agreement and has been compensated; and (d) all of the  
24 Acquired Obligations, reinvestments, Substitute Obligations, and money then held by the Refunding  
25 Trustee pursuant to this Refunding Trust Agreement have been duly transferred to such successor trustee.

26 Notwithstanding anything to the contrary contained in this Agreement, any company into which  
27 the Refunding Trustee may be merged or converted or with which it may be consolidated or any company  
28 resulting from any merger, conversion, or consolidation to which the Refunding Trustee is a party, or any  
company to which the Refunding Trustee may sell or transfer all or substantially all of its corporate trust  
business shall be the successor to the Refunding Trustee without execution or filing of any paper or  
further act, if such company is eligible to serve as Refunding Trustee under RCW 39.53.070.

29 Section 15. Miscellaneous. This Refunding Trust Agreement is governed by Washington law  
30 without regard to the conflict of laws provisions thereof and may not be modified except by a writing  
31 signed by the parties and subject to the limitations of Section 10. If any one or more of the provisions  
32 contained in this Refunding Trust Agreement shall for any reason be held to be invalid, illegal, or  
33 unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other  
34 provisions of this Refunding Trust Agreement, but this Refunding Trust Agreement shall be construed as  
35 if such invalid, illegal, or unenforceable provision had never been contained herein.

36 Section 16. Notice to Rating Agencies. The Refunding Trustee shall notify all national rating  
37 agencies maintaining (at the request of the City) a rating on the Refunded Bonds or the Bonds, in writing  
38 upon timely receipt of notice or evidence of either of the following circumstances:

- 39 (a) Prior to their taking effect, any amendments to this Refunding Trust  
40 Agreement under Section 10, enclosing the proposed amendatory documents; and

1 (b) The holding (referred to in Section 15) that one or more provisions of  
2 this Refunding Trust Agreement are invalid, illegal, or unenforceable in any respect,  
3 enclosing a copy of that holding.

4 Such notices shall be sent to the applicable rating agencies by first class mail to the addresses advised by  
5 those rating agencies.

6 Section 17. Counterparts. This Agreement may be executed in counterparts.

7 IN WITNESS WHEREOF, the parties have executed and delivered this Refunding Trust  
8 Agreement pursuant to due and proper authorization, all as of the date and year first above written.

9 THE CITY OF SEATTLE, WASHINGTON

U.S. BANK NATIONAL ASSOCIATION, as  
Refunding Trustee

10 By \_\_\_\_\_

By \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**THE CITY OF SEATTLE, WASHINGTON  
DRAINAGE AND WASTEWATER  
IMPROVEMENT AND REFUNDING REVENUE BONDS, 2009B**

**ACQUIRED OBLIGATIONS**

<u>TYPE*</u>	<u>MATURITY DATE</u>	<u>PAR AMOUNT</u>	<u>INTEREST RATE</u>
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\*CERT - United States Treasury Certificate of Indebtedness--State and Local Government Series  
NOTE - United States Treasury Note--State and Local Government Series

**EXHIBIT B**

**Notice of Defeasance\***  
**The City of Seattle, Washington**  
**Drainage and Wastewater Revenue Bonds, 1998**

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds with respect to which, pursuant to the Refunding Trust Agreement dated December 17, 2009, by and between The City of Seattle, Washington (the "City"), and U.S. Bank National Association (the "Refunding Trustee"), there has been deposited into an escrow account, held by the Refunding Trustee, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money to pay each year, to and including the respective maturity or redemption dates of such bonds so provided for, the principal thereof and interest thereon (the "Refunded Bonds"). Such Refunded Bonds are therefore deemed to be no longer outstanding pursuant to Section 18 of Ordinance 118974 of the City relating to the Refunded Bonds, but will be paid by application of the assets in such escrow account.

The Refunded Bonds are described as follows:

The City of Seattle, County, Washington  
Drainage and Wastewater Revenue Bonds, 1998  
(Dated May 15, 1998)

<u>Maturity Date</u> <u>(Nov. 1)</u>	<u>Par Amount</u> <u>Defeased</u>	<u>Interest</u> <u>Rate</u>	<u>Call Date</u> <u>(at 100%)</u>	<u>CUSIP</u> <u>Nos.</u>
2010	\$ 635,000	5.00%	01/19/2010	812633CX1
2011	665,000	5.00	01/19/2010	812633CY9
2012	700,000	5.00	01/19/2010	812633CZ6
2013	735,000	5.00	01/19/2010	812633DA0
2014	775,000	5.00	01/19/2010	812633DB8
2015	815,000	5.00	01/19/2010	812633DC6
2016	860,000	5.00	01/19/2010	812633DD4
2017	905,000	5.00	01/19/2010	812633DE2
2018	955,000	5.00	01/19/2010	812633DF9
***	***	***	***	***
2021	3,185,000	5.00	01/19/2010	812633DJ1
***	***	***	***	***
2027	8,165,000	5.00	01/19/2010	812633DQ5

**U.S. BANK NATIONAL ASSOCIATION,**  
as Refunding Trustee

Dated: December 17, 2009

\* This notice shall be given immediately by first class mail to each registered owner of the Refunded Bonds and to the Municipal Securities Rulemaking Board.

**EXHIBIT C**

**Notice of Redemption\***

**The City of Seattle, Washington  
Drainage and Wastewater Revenue Bonds, 1998**

NOTICE IS HEREBY GIVEN that The City of Seattle, Washington, has called for redemption on January 19, 2010, all of its then-outstanding Drainage and Wastewater Revenue Bonds, 1998 (the "Bonds").

The Bonds will be redeemed at a price of one hundred percent (100%) of their principal amount, plus accrued interest to January 19, 2010. The redemption price of the Bonds is payable on presentation and surrender of the Bonds at the office of:

[By Mail or in Person]

-or-

[In Person Only]

The Bank of New York Mellon  
Worldwide Securities Processing  
2001 Bryan Street, 9<sup>th</sup> Floor  
Dallas, TX 75201

Any branch of Wells Fargo Bank,  
National Association in the State of  
Washington

Interest on all Bonds or portions thereof which are redeemed shall cease to accrue on January 19, 2010.

The following Bonds are being redeemed:

<u>Maturity Date</u> <u>(Nov. 1)</u>	<u>Par Amount</u> <u>Redeemed</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u> <u>Nos.</u>
2010	\$ 635,000	5.00%	812633CX1
2011	665,000	5.00	812633CY9
2012	700,000	5.00	812633CZ6
2013	735,000	5.00	812633DA0
2014	775,000	5.00	812633DB8
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2016	860,000	5.00	812633DD4
2017	905,000	5.00	812633DE2
2018	955,000	5.00	812633DF9
***	***	***	***
2021	3,185,000	5.00	812633DJ1
***	***	***	***
2027	8,165,000	5.00	812633DQ5

**By Order of The City of Seattle, Washington  
The Bank of New York Mellon, as Paying Agent**

Dated: \_\_\_\_\_

Under Section 3406(a)(1) of the Internal Revenue Code the Registrar may be obligated to withhold a percentage of the principal of a holder who has failed to furnish the Registrar with a valid taxpayer identification number and a certification that the owner is not subject to backup withholding. Owners who wish to avoid the application of these provisions should submit a completed IRS Form W-9 when presenting their certificates for payment.

\* This notice shall be given not less than 30 nor more than 60 days prior to January 19, 2010, by first class mail, postage prepaid, to each registered owner of the redeemed bonds. In addition, notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service, Inc., and Standard & Poor's at their offices in New York, New York; The Depository Trust Company of New York, New York, and the MSRB.

**EXHIBIT D**

**U.S. BANK NATIONAL ASSOCIATION FEE SCHEDULE**

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311777

**STATE OF WASHINGTON – KING COUNTY**

--SS.

248444  
CITY OF SEATTLE, CLERKS OFFICE

No.

**Affidavit of Publication**

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

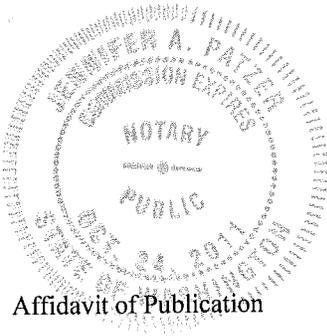
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:31177 TITLE ONLY

was published on

12/17/09

The amount of the fee charged for the foregoing publication is the sum of \$ 56.60, which amount has been paid in full.



Affidavit of Publication

*[Signature]*  
Subscribed and sworn to before me on  
12/17/09 *[Signature]*  
Notary public for the State of Washington,  
residing in Seattle

## State of Washington, King County

### City of Seattle

#### TITLE-ONLY PUBLICATION

The full text of the following resolutions, passed by the City Council on December 9, 2009, and published here by title only, will be mailed upon request, or can be accessed at <http://clerk.ci.seattle.wa.us>. For further information, contact the Seattle City Clerk at 684-8344.

#### RESOLUTION NO. 31177

A RESOLUTION providing for the sale and issuance of The City of Seattle, Washington, Drainage and Wastewater Revenue Bonds, 2009A(Taxable Build America Bonds-Direct Payment) and The City of Seattle, Washington, Drainage and Wastewater Improvement and Refunding Revenue Bonds, 2009B; specifying the amount, maturities, interest rates and other terms of the bonds; providing for the payment of part of the cost of the Plan of Additions to the Drainage and Wastewater System, the Reserve Requirement and the refunding of certain outstanding bonds of the Drainage and Wastewater System; providing for the call, payment and redemption of the outstanding bonds to be refunded, appointing a refunding trustee and approving the form and execution of a refunding trust agreement, and authorizing the purchase of certain obligations and the use and application of money derived from those obligations and the payment of costs of issuance and sale of the bonds; approving the form and execution of a calculation agency agreement; and ratifying and confirming certain prior acts.

Publication ordered by the City Clerk  
Date of publication in the Seattle Daily  
Journal of Commerce, December 17, 2009.  
12/17(248444)