Legislation Passed April 26, 2016

The Tacoma City Council, at its regular City Council meeting of April 26, 2016, adopted the following resolutions and/or ordinances. The summary of the contents of said resolutions and/or ordinances are shown below. To view the full text of the document, click on the bookmark at the left of the page.

Resolution No. 39428
A resolution authorizing the execution of a grant agreement with the Washington State Department of Transportation, in the amount of $270,000; accepting and depositing said sum into the General Fund, to develop trip reduction programs in the downtown area, from July 1, 2016 through December 31, 2018.
[James G. Parvey, Assistant Division Manager; Michael P. Slevin III, P.E., Director, Environmental Services]

Resolution No. 39429
A resolution appointing individuals to the Audit Advisory Board and the Board of Ethics.
[Doris Sorum, City Clerk; Elizabeth Pauli, City Attorney]

Ordinance No. 28355
An ordinance providing for the issuance and sale of Sewer Refunding Bonds, Series 2016A and Series 2016B, in an aggregate principal amount not to exceed $55,000,000, to refund and defease a portion of the outstanding Sewer Revenue and Refunding Bonds, Series 2006A, and all of the outstanding TES Properties Lease Revenue Bonds, Series 2009, which financed the Center for Urban Waters facility, to pay the costs of issuing the bonds, and delegating the authority to approve the final terms of the bonds.
[Teresa Sedmak, City Treasurer; Andy Cherullo, Director, Finance]

Ordinance No. 28356
An ordinance providing for the issuance and sale of Solid Waste Refunding Bonds, Series 2016A and Series 2016B, in an aggregate principal amount not to exceed $55,000,000, to refund and defease a portion of the outstanding Solid Waste Revenue Bonds, Series 2006A and Series 2006B, to pay the costs of issuing the bonds, and delegating the authority to approve the final terms of the bonds.
[Teresa Sedmak, City Treasurer; Andy Cherullo, Director, Finance]
RESOLUTION NO. 39428

A RESOLUTION relating to transportation and economic development; authorizing the execution of a grant agreement with the Washington State Department of Transportation and accepting the amount of $270,000, for deposit into the General Fund, for the purpose of continuing work on transportation issues and enhancing livability and economic development in downtown.

WHEREAS, in the fall of 2014, the Washington State Department of Transportation ("WSDOT") received a $3.6 million Federal 2015 Regional Congestion, Mitigation and Air Quality Grant through the Puget Sound Regional Council for Transportation Demand Management programs in select regional centers, and

WHEREAS the City’s downtown region was one of the areas targeted for trip reduction efforts, and

WHEREAS WSDOT has awarded the City the sum of $270,000 in grant funding to develop trip reduction programs in the downtown area, and

WHEREAS this grant funding will support the City’s ongoing planning efforts and investment in the downtown growth center by encouraging and incentivizing walking, biking, and transit use through education and outreach programs, in conjunction with the Downtown on the Go program, and

WHEREAS the work to be performed under the grant is consistent with a number of policies and goals in the City’s Transportation Master Plan and Environmental Action Plan, and

WHEREAS the project period will begin on July 1, 2016, and terminate on June 30, 2018, and does not require a City match, and

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WHEREAS, under the grant process guidelines, the City Council must approve acceptance of grant funding; Now, Therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

Section 1. That the proper officers of the City are hereby authorized to accept grant funding from the Washington State Department of Transportation ("WSDOT") in the amount of $270,000, for deposit into the General Fund, for the purpose of continuing work on transportation issues and enhancing livability and economic development in downtown Tacoma, for the period of July 1, 2016, through December 31, 2018.

Section 2. That the proper officers of the City are hereby authorized to execute a grant agreement with WSDOT for the administration of the state funding accepted pursuant to Section 1, said document to be substantially in the form of the proposed grant agreement on file in the office of the City Clerk.

Adopted __________________________

__________________________________

Mayor

Attest:

__________________________________

City Clerk

Approved as to form:

__________________________________

Deputy City Attorney
RESOLUTION NO. 39429

BY REQUEST OF COUNCIL MEMBERS IBSEN, LONGERGAN, AND THOMS

A RESOLUTION relating to committees, boards, and commissions; appointing individuals to the Audit Advisory Board and Board of Ethics.

WHEREAS vacancies exist on the Audit Advisory Board and Board of Ethics, and

WHEREAS, at its meeting of April 6, 2016, the Government Performance and Finance Committee conducted interviews and recommended the appointment of individuals to the Audit Advisory Board and Board of Ethics, and

WHEREAS, pursuant to the City Charter Section 2.4 and the Rules, Regulations, and Procedures of the City Council, the persons named on Exhibit “A” have been nominated to serve on the Audit Advisory Board and Board of Ethics;

Now, Therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

That those nominees to the Audit Advisory Board and Board of Ethics listed on Exhibit “A” are hereby confirmed and appointed as members of said boards for such terms as are set forth on Exhibit “A.”

Adopted ______________________

________________________________________
Mayor

Attest:

________________________________________
City Clerk

Approved as to form:

________________________________________
City Attorney

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EXHIBIT “A”

AUDIT ADVISORY BOARD
Appointing Jeff Ball to fill an unexpired term to expire December 31, 2016, followed by a two-year term to expire December 31, 2018.

BOARD OF ETHICS
Appointing Ohad Lowy to serve a three-year term to expire December 31, 2019.
ORDINANCE NO. 28355

AN ORDINANCE of the City of Tacoma, Washington, providing for the issuance and sale of two series of sewer revenue refunding bonds of the City in the aggregate principal amount of not to exceed $55,000,000 to refund and defease certain outstanding sewer revenue bonds of the City and the outstanding TES Properties Lease Revenue Bonds, 2009 issued on behalf of the City and to pay costs of issuing the bonds; providing the form and terms of the bonds; and delegating the authority to approve the final terms of the bonds.

WHEREAS the City of Tacoma, Washington (the “City”), now owns, operates, and maintains a municipal sewer system, comprised of Wastewater Management and Surface Water Management (the “System”), and

WHEREAS the City has issued and has outstanding the following sewer revenue bonds and obligations:

<table>
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<th>Designation</th>
<th>Authorizing Documents</th>
<th>Date of Ordinance</th>
<th>Principal Amount Outstanding as of March 1, 2016</th>
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<td>Sewer Revenue and Refunding Bonds, 2006 (the “2006 Bonds”)</td>
<td>Ordinance No. 27490 and Substitute Resolution No. 36895</td>
<td>5/16/2006 and 6/20/2006, respectively</td>
<td>$15,560,000</td>
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<td>Monthly Rent obligation (“Monthly Rent”) (principal component)</td>
<td>Ordinance No. 27677, as amended by Ordinance No. 27783</td>
<td>12/18/2007 and 1/20/2009, respectively</td>
<td>33,590,000</td>
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<td>Sewer Revenue Refunding Bonds, 2011 (the “2011 Bonds”)</td>
<td>Ordinance No. 28015 and Substitute Resolution No. 38334</td>
<td>9/20/2011 and 9/27/2011, respectively</td>
<td>34,315,000</td>
</tr>
<tr>
<td>Sewer Revenue and Refunding Bonds, 2015 (the “2015 Bonds”)</td>
<td>Ordinance No. 28287</td>
<td>01/13/2015</td>
<td>109,300,000</td>
</tr>
</tbody>
</table>

(The outstanding sewer revenue bonds and the City’s obligation to pay Monthly Rent identified above are referred to as the “Outstanding Parity Bonds” and the
authorizing documents identified above are referred to as the “Outstanding Parity Bond Ordinances”), and

WHEREAS the Outstanding Parity Bond Ordinances provide that additional sewer revenue bonds may be issued with a lien on Net Revenues (as defined herein) on a parity with the lien of the Outstanding Parity Bonds if certain conditions are met, and

WHEREAS Ordinance No. 27490 provides that the 2006 Bonds may be defeased and/or refunded prior to their stated maturities at the option of the City on or after December 1, 2016, at a price of par plus accrued interest to their date of redemption, and

WHEREAS the City Council (“Council”) has determined that it is in the best interest of the City and its ratepayers to defease and refund a portion of the 2006 Bonds if debt service savings can be achieved, and

WHEREAS the City sought proposals for the development of an office and laboratory building (“Project”) for occupancy by the City’s Environmental Services Department and other tenants and selected TES Properties, a Washington nonprofit corporation (“TES”), and Lorig Associates, L.L.C. to develop the Project, and

WHEREAS, pursuant to a Property Conveyance and Reconveyance Agreement between TES and the City, the City conveyed to TES real property on which TES was to develop the Project on behalf of the City, and the City leased the completed Project from TES pursuant to a Project Lease Agreement (“Project Lease”), approved by Ordinance No. 27677, as amended by Ordinance No. 27783,
adopted by the Council on December 18, 2007, and January 20, 2009, respectively, and

WHEREAS TES financed the development of the Project through the issuance of its Lease Revenue Bonds, 2009 (“TES Bonds”) which were issued on behalf of the City pursuant to Revenue Ruling 63-20 of the U.S. Department of Treasury (as compiled and supplemented by Revenue Procedure 82-26 of the U.S. Department of Treasury) (together, the “Ruling”), and

WHEREAS the City pays monthly rent under the Project Lease in an amount sufficient to pay debt service on the TES Bonds (referred to herein as “Monthly Rent”), and

WHEREAS, pursuant to City Ordinance No. 27677, as amended, the City’s obligation to pay Monthly Rent was declared to be a “Future Parity Bond” with a lien on Net Revenues on a parity with the then-Outstanding Parity Bonds, and

WHEREAS, pursuant to the Ruling, the City has the right to obtain unencumbered title and exclusive possession of the Project by placing into escrow an amount sufficient to defease the TES Bonds and pay reasonable costs incident to the defeasance, and

WHEREAS the City may realize savings by issuance of its sewer revenue refunding bonds to defease and refund the TES Bonds if debt service on the bonds authorized herein is lower than Monthly Rent paid by the City with respect to the TES Bonds, and

WHEREAS the City may provide written direction to TES to call the TES Bonds at maturity and/or TES Bonds maturing on or after December 1, 2019, for
redemption on or after June 1, 2019, in whole or in part on any date, at a price of
par plus accrued interest, if any, to the date of redemption, and

WHEREAS, after due consideration, it appears to the Council that directing
TES to defease and refund the TES Bonds with proceeds of the bonds authorized
herein will result in a savings to the City and its ratepayers, and

WHEREAS the Council acknowledges that, upon the defeasance of the
TES Bonds, the Project Lease will terminate and unencumbered title and
exclusive possession of the Project will transfer to the City, and

WHEREAS the Council deems it in the best interest of the City to issue two
series of sewer revenue refunding bonds in the aggregate principal amount of not
to exceed $55,000,000 (the “Bonds”) to redeem and defease a portion of the
outstanding 2006 Bonds, to redeem and defease all of the outstanding TES
Bonds, and to pay costs of issuing the Bonds, and

WHEREAS the Council wishes to delegate authority to the City Finance
Director and Treasurer, or their designee (each, a “Designated Representative”)
for a limited time, to select the 2006 Bonds to be refunded, if any, and to approve
the interest rates, maturity dates, redemption terms, principal maturities and other
terms for each series of Bonds within the parameters set by this ordinance, and

WHEREAS the Bonds shall be sold by negotiated sale as set forth herein;

Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:
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* This Table of Contents is provided for convenience only and is not a part of this ordinance.
Section 1. Definitions and Interpretation of Terms.

(a) Definitions. As used in this ordinance, the following words shall have the following meanings:

“Accreted Value” means, with respect to any Capital Appreciation Bond, as of the time of calculation, the sum of the amount representing the initial principal amount of such bond plus interest accrued, compounded thereon as of the most recent compounding date. With respect to any particular Payment Date, the Accreted Value is the amount set forth on the Accreted Value Table included as part of the form of Capital Appreciation Bond. In the event the Accreted Value of any Capital Appreciation Bond is required to be determined as of a date other than the Payment Date, the Accreted Value shall be determined by adding to the Accreted Value for the next preceding Payment Date the product obtained by multiplying (a) the difference between the Accreted Value for the next Payment Date and the Accreted Value for the next preceding Payment Date, by (b) the ratio obtained by dividing by 180 the number of days elapsed since the next preceding Payment Date (calculated on the basis of a 360-day year of twelve 30-day months).

“Accreted Value Table” means the Accreted Value Table printed on the Capital Appreciation Bonds reflecting the Accreted Value of such Capital Appreciation Bonds as of any Payment Date.

“Acquired Obligations” means noncallable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States Government, but only to the extent that the same are acquired at Fair Market Value.
“Adjusted Annual Debt Service” means Annual Debt Service minus (a) an amount equal to ULID Assessments due in that year and not delinquent and (b) any Capitalized Interest to be paid with respect to Parity Bonds.

“Adjusted Net Revenues” has the meaning set forth in Section 17 of this ordinance.

“Annual Debt Service” means the amount required to be paid in a calendar year for (a) interest due in such calendar year on all Parity Bonds, (b) principal of all Serial Bonds due in such calendar year, and (c) any Sinking Fund Requirement for such calendar year.

In the case of Variable Interest Rate Bonds, for the purpose of calculating Annual Debt Service, the interest rate thereon shall be calculated on the assumption that such bonds will bear interest during such period at a rate equal to the rate most recently reported by The Bond Buyer as the Bond Buyer Municipal Bond Index for long-term revenue bonds; provided, that if on such date of calculation the interest rate on any Variable Interest Rate Bonds shall then be fixed for a specified period, including pursuant to a Payment Agreement, the interest rate used for such specified period shall be such fixed interest rate. After all of the 2006 Bonds and the 2011 Bonds are fully redeemed, refunded or defeased, this paragraph shall read as follows: In the case of Variable Interest Rate Bonds, for the purpose of calculating Annual Debt Service, the interest rate thereon shall be equal to the higher of (i) the average of the SIFMA Municipal Swap Index over the 60-month period immediately preceding the date of computation, or (ii) the average of the SIFMA Municipal Swap Index over the 12-month period immediately preceding the date of computation.
preceding the date of computation, in each case as determined within ten days prior
to the date of computation, with the principal thereof amortized to provide for
essentially level annual debt service of principal and interest over such period;
provided, that if on such date of calculation the interest rate on any Variable Interest
Rate Bonds shall then be fixed for a specified period, including pursuant to a
Payment Agreement, the interest rate used for such specified period shall be such
fixed interest rate.

For purposes of computing Annual Debt Service on any Parity Bonds which
constitute Balloon Indebtedness, it shall be assumed that the principal of such
Balloon Indebtedness, together with interest thereon at the rate applicable to such
Balloon Indebtedness, shall be amortized in equal annual installments over a term
equal to the lesser of (a) 25 years or (b) the average weighted useful life (expressed
in years and rounded to the next highest integer) of the properties and assets
constituting the project (if any) financed out of the proceeds of such Balloon
Indebtedness.

After all of the 2006 Bonds and the 2011 Bonds are fully redeemed, refunded
or defeased, for purposes of satisfying the coverage test pursuant to Section 15 or
the requirements for the issuance of Future Parity Bonds pursuant to Section 17,
Annual Debt Service for any Fiscal Year or calendar year shall exclude any Debt
Service Offsets received or expected to be received in such Fiscal Year or calendar
year.

“Balloon Indebtedness” means any series of Parity Bonds more than
25 percent of the principal of which, in accordance with the terms of such Parity
 Bonds, is due and payable in any one Fiscal Year either by reason of the stated maturity date of such Parity Bonds or pursuant to a Sinking Fund Requirement; provided that with respect to any Parity Bonds issued as Term Bonds, such Bonds shall only be treated as Balloon Indebtedness if more than 25 percent of the principal thereof is due in any one Fiscal Year pursuant to the applicable Sinking Fund Requirement or upon the stated maturity date thereof (assuming that the only principal due on the stated maturity date thereof will be the principal remaining outstanding after all redemptions have been made pursuant to the applicable Sinking Fund Requirement).

“Bond Counsel” means an attorney at law or a firm of attorneys, selected by the City, of nationally recognized standing in matters pertaining to the tax exempt nature of interest on bonds issued by states and their political subdivisions.

“Bond Fund” means the Sewer Revenue Bond Fund created by the City for the purpose of paying and securing the payment of Parity Bonds.

“Bond Obligation” means, as of any given date of calculation, the sum of (a) the aggregate principal amount of all outstanding Current Interest Bonds and (b) the aggregate Accreted Value of all outstanding Capital Appreciation Bonds calculated as of the date of calculation if that date is a Payment Date or as of the next preceding Payment Date if the date of calculation is not a Payment Date.

“Bond Purchase Contract” means one or more contracts for the purchase of the Bonds between the Underwriter and the City, executed pursuant to Section 19.
“Bond Register” means the registration books maintained by the Bond Registrar for purposes of identifying ownership of the Bonds or the nominee of each owner, and such other information as the Bond Registrar shall determine.

“Bond Registrar” means, initially, the fiscal agent of the state of Washington, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

“Bonds” mean the 2016A Bonds and the 2016B Bonds.

“Call Date” means the dates specified in the Escrow Deposit Agreement for the refunding of each series of the Refunded Bonds.

“Capital Appreciation Bonds” mean Parity Bonds, the interest on which accrues and compounds, payable at maturity or earlier redemption.

“Capitalized Interest” means proceeds (not including accrued interest) of Parity Bonds used to pay interest on such Parity Bonds.

“Certified Public Accountant” means an independent licensed certified public accountant (or firm of certified public accountants) selected by the City.

“City” means the City of Tacoma, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State.

“City Clerk” means the duly appointed and acting City Clerk of the City or the successor to the duties of that office.

“City Manager” means the duly appointed and acting City Manager of the City or the successor to the duties of that office.
“Closing” means the applicable dates of delivery of the 2016A Bonds and the 2016B Bonds to the Underwriter.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Commission” means the Securities and Exchange Commission.

“Costs of Maintenance and Operation” means all necessary operating expenses, current maintenance expenses, expenses of reasonable upkeep and repairs, insurance premiums and administrative expenses and reasonable pro rata charges for services provided to the System by City departments, but excludes (a) payments for debt service or into debt service reserve accounts or funds, (b) costs of capital additions to or replacements of the System, (c) money necessary to pay extraordinary legal claims and judgments against the System or amortized payments to the City’s self-insurance fund with respect to extraordinary claims and judgments, (d) depreciation, (e) City taxes (or payments to the City in lieu of taxes) upon the properties and earnings of the System, and (f) any Rebate Amount.

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

“Covered Bonds” mean (a) the Outstanding Parity Bonds, (b) so long as the 2006 Bonds and the 2011 Bonds remain outstanding, the Bonds, (c) after all of the
2006 Bonds and 2011 Bonds are fully redeemed, refunded or defeased, the Bonds, unless and until the City determines pursuant to Section 10(a)(3)(A) of this ordinance that the Bonds are no longer to be Covered Bonds secured by the Reserve Fund, and (d) those Future Parity Bonds designated in the Parity Bond Ordinance authorizing their issuance as Covered Bonds secured by the Reserve Fund.

“Current Interest Bonds” means Parity Bonds, the interest on which is paid periodically.

“Debt Service Offset” means receipts of the City that are not included in Gross Revenues and that are legally available to pay debt service on Parity Bonds, including without limitation federal interest subsidy payments, designated as such by the City.

“Designated Representative” means the City Finance Director and Treasurer, or his or her designee. The signature of one Designated Representative shall be sufficient to bind the City.

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

“Engineer” means an independent licensed professional engineer (or firm of licensed professional engineers) selected by the City and experienced and skilled in the design, construction and operation of sewer systems of comparable size and character to the System.

“Environmental Services Director” means the duly appointed and acting Environmental Services Director of the City or the successor to the duties of that office.

“Escrow Deposit Agreement” means one or more Escrow Deposit Agreements among the City, the Escrow Agent, and TES (with respect to the TES Bonds and the 2016A Bonds only) to be dated as of the date of Closing for a series of Bonds.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a 10 percent beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.
“Federal Tax Certificate” means as applicable, the certificate executed by the Finance Director setting forth the requirements of the Code for maintaining the tax exemption of interest on a series of Bonds to be dated as of the date of Closing for a series of Bonds, and attachments thereto.

“Finance Director” means the duly appointed and acting Finance Director of the City or the successor to the duties of that office.

“Fiscal Year” means the fiscal year used by the City at any time. At the time of the adoption of this ordinance, the Fiscal Year is the 12-month period beginning January 1 of each year.

“Fitch” means Fitch, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns.

“Future Parity Bonds” means any revenue bonds of the City issued after the date of issuance of the Bonds having a charge or lien upon the Net Revenues and ULID Assessments for payment of the principal thereof and interest thereon equal in priority to the charge or lien upon the Net Revenues and ULID Assessments for the payment of the principal of and interest on the Outstanding Parity Bonds and the Bonds.

“Government Obligations” mean those obligations now or hereafter defined as such in chapter 39.53 RCW.

“Gross Revenues” mean (a) all revenues received for the use of the System, (b) revenues received from the sale of by-products from a treatment facility of the System or from any other source for rental, use or services rendered by the System, (c) ULID Assessments, (d) the proceeds received by the City from the sale
or other disposition of any of the properties of the System, (e) investment income earned on money held in any fund or account of the City in connection with the ownership and operation of the System, including any bond redemption funds, and (f) federal or state reimbursement of operating expenses to the extent that such expenses are included as Costs of Maintenance and Operation, but excluding (i) insurance proceeds, (ii) investment income irrevocably pledged to the payment of any specific sewer revenue bonds of the City refunded or defeased pursuant to a plan of refunding heretofore or hereafter adopted by the City, (iii) investment income earned on money in any rebate fund, and (iv) grants, gifts or donations. Amounts withdrawn from the Rate Stabilization Fund shall increase Gross Revenues for the period in which they are withdrawn, and amounts deposited in the Rate Stabilization Fund shall reduce Gross Revenues for the period during which they are deposited.

“Indenture” means the Indenture of Trust dated as of February 1, 2009, between TES and the TES Bond Trustee.

“Interest Account” means the Interest Account in the Bond Fund created by Ordinance No. 25562.

“Letter of Representations” means the Blanket Issuer Letter of Representations from the City to DTC.

“Maximum Annual Debt Service” means at the time of calculation, the maximum amount of Annual Debt Service that will mature or come due in the current Fiscal Year or any future Fiscal Year on the Parity Bonds.
“Maximum Annual Adjusted Debt Service” means Maximum Annual Debt Service minus the amount of ULID Assessments due in that year and not delinquent.

“Maximum Interest Rate” means, with respect to any particular Variable Interest Rate Bond, a numerical rate of interest, which shall be set forth in any Parity Bond Ordinance authorizing such Bond, which shall be the maximum rate of interest such Bond may at any time bear.

“Maximum Reserve Requirement” means the maximum dollar amount permitted by the Code to be allocated to a reserve fund from tax-exempt bond proceeds without requiring a balance to be invested at a restricted yield.

“Monthly Rent” means the City’s obligation to pay monthly rental payments under the terms of the Project Lease.

“Moody’s” means Moody’s Investors Service, Inc. or its comparable recognized business successor.

“MSRB” means the Municipal Securities Rulemaking Board or any successor to its functions.

“Net Revenues” means, for any period, the excess of Gross Revenues over Costs of Maintenance and Operation for such period, excluding from the computation of Gross Revenues (a) ULID Assessments, (b) any profit or loss derived from the sale or other disposition, not in the ordinary course of business, of properties, rights or facilities of the System, or (c) gains or losses resulting from the early extinguishment of debt.
"Outstanding Parity Bond Ordinances" mean the ordinances and resolutions authorizing the issuance of the Outstanding Parity Bonds as described in the recitals to this ordinance.

"Outstanding Parity Bonds" means, as of the date of this ordinance, the 2006 Bonds, the Monthly Rent, the 2011 Bonds, and the 2015 Bonds as identified in the recitals to this ordinance. After the Closing of each series of Bonds and the refunding of the Refunded Bonds, the Outstanding Parity Bonds will include the then-outstanding 2006 Bonds, 2011 Bonds, and 2015 Bonds.

"Parity Bond Ordinances" mean the Outstanding Parity Bond Ordinances, this ordinance, and any ordinance hereafter passed for the purpose of authorizing Future Parity Bonds.

"Parity Bonds" mean the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.

"Payment Date" means the dates on which principal and/or interest on the Parity Bonds is due and payable.

"Permitted Investments" means any investments that are now or may hereafter be permitted to the City by the laws of the State.

"Principal Account" means the Principal Account of the Bond Fund created by Ordinance No. 25562.

"Project" means the office and laboratory building known as the Urban Waters Building for occupancy by the City’s Environmental Services Department and other tenants and financed with proceeds of the TES Bonds.
“Project Lease” means the Project Lease Agreement dated as of February 1, 2009, between TES and the City, delivered in connection with the TES Bonds.

“Qualified Insurance” means any municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), which insurance company or companies, as of the time of issuance of such policy or surety bond, are currently rated in one of the two highest rating categories by Moody’s and S&P; provided, after all of the 2006 Bonds and the 2011 Bonds are fully redeemed, refunded or defeased, this definition shall be amended to read as follows: “Qualified Insurance” means any non-cancellable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), which insurance company or companies, as of the time of issuance of such policy or surety bond, are currently rated in one of the two highest rating categories by Moody’s, S&P or Fitch, or any other rating agency then maintaining a rating on the Bonds.

“Qualified Letter of Credit” means any letter of credit issued by a financial institution for the account of the City on behalf of the owners of the Bonds, which institution maintains an office, agency, or branch in the United States and as of the time of issuance of such letter of credit is currently rated in one of the two highest rating categories by Moody’s and S&P; provided, after all of the 2006 Bonds and the 2011 Bonds are fully redeemed, refunded or defeased, this definition shall be
amended to read as follows: “Qualified Letter of Credit” means any irrevocable letter of credit issued by a financial institution for the account of the City on behalf of the owners of one or more series of Parity Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit is currently rated in one of the two highest rating categories by Moody’s, S&P or Fitch, or any other rating agency then maintaining a rating on the Bonds.

“Rate Stabilization Fund” means the fund of that name in the Sewer Fund.

“Rebate Amount” means the amount, if any, determined to be payable with respect to the Bonds by the City to the United States of America in accordance with Section 148(f) of the Code.

“Refunded Bonds” means (a) the portion of the outstanding 2006 Bonds designated by the Designated Representative for defeasance and/or refunding pursuant to Section 8 and Section 19 of this ordinance, and (b) all of the outstanding TES Bonds.

“Refunding Account” means the account by that name established pursuant to Section 8 of this ordinance.

“Registered Owner” means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC or its nominee shall be deemed to be the sole Registered Owner.

“Reserve Fund” means the Reserve Fund created in the Bond Fund.

“Reserve Fund Requirement” is the dollar amount to be calculated with respect to all Covered Bonds and, after the 2006 Bonds and the 2011 Bonds are
fully redeemed, refunded or defeased, separately with respect to other Parity Bonds.

(a) With respect to Covered Bonds, the Reserve Fund Requirement means as of any date an amount equal to the lesser of (1) the Maximum Annual Debt Service for Covered Bonds then outstanding, (2) 125 percent of average Annual Debt Service for Covered Bonds then outstanding, or (3) 10 percent of the initial face amount of the Covered Bonds then outstanding; provided, however, that the dollar amount required to be contributed, if any, as a result of the issuance of a series of Future Parity Bonds shall not be greater than the Maximum Reserve Requirement. If the dollar amount required to be contributed at the time of issuance of a series of Future Parity Bonds exceeds the Maximum Reserve Requirement, then the amount required to be contributed shall be equal to the Maximum Reserve Requirement.

(b) After the 2006 Bonds and the 2011 Bonds are fully redeemed, refunded or defeased, with respect to other series of Parity Bonds, the Reserve Fund Requirement shall be equal to the amount, if any, specified in either the Parity Bond Ordinance authorizing the issuance of such Parity Bonds or in a certificate of the Finance Director, Treasurer, and Environmental Services Director; provided, however, such Reserve Fund Requirement shall not exceed the Maximum Reserve Requirement.

“Rule” means the Commission’s Rule 15c2-12 under the Securities and Exchange Act of 1934, as the same may be amended from time to time.
“Ruling” means Revenue Ruling 63-20 of the U.S. Department of Treasury (as compiled and supplemented by Revenue Procedure 82-26 of the U.S. Department of Treasury).

“S&P” means Standard & Poor’s Ratings Services, or its comparable recognized business successor.

“Serial Bonds” means Parity Bonds other than Term Bonds.

“Sewer Fund” means the fund of the City of that name created by Section 13 of Ordinance No. 13989, as amended by Ordinance No. 14015, and reenacted by Section 38 of Ordinance No. 21632.

“Sinking Fund Requirement” means, for any Fiscal Year, the principal amount of Term Bonds required to be purchased, redeemed or paid in such year as established by the ordinance or resolution of the City authorizing the issuance of such Term Bonds.

“State” means the state of Washington.

“System” means the “Tacoma Municipal Sewer System,” comprised of Wastewater Management and Surface Water Management, as the same is defined in Section 1 of Ordinance No. 13989, as amended by Ordinance No. 14015, and reenacted in and referred to as the “Municipal Sewer System” in Section 1 of Ordinance No. 21632, as amended by Ordinance No. 21681 and as supplemented by Ordinance No. 21638, by adding thereto the system of storm and surface water drainage of the City, as the same has heretofore been added to, improved and extended and as the same will be added to, improved and extended for as long as any of the Parity Bonds are outstanding. Such additions, improvements and
extensions shall include the water system of the City should the municipal sewer system ever be combined with such water system.

“Term Bond Retirement Account” means the Term Bond Retirement Account of the Bond Fund created by Ordinance No. 25562.

“Term Bonds” means Parity Bonds designated by the City as term bonds.


“TES Bonds” mean the TES Properties, Lease Revenue Bonds, 2009, dated as of February 12, 2009, and issued in the original aggregate principal amount of $37,840,000 by TES, on behalf of the City, pursuant to the Indenture.

“Treasurer” means the duly appointed and acting Treasurer of the City or the successor to the duties of that office.

“2006 Bond Ordinance” means the ordinance and resolution authorizing the issuance of the 2006 Bonds as described in the recitals of this ordinance.

“2006 Bonds” means the outstanding Sewer Revenue and Refunding Bonds, 2006 issued pursuant to Substitute Ordinance No. 27490 and Substitute Resolution No. 36895.

“2011 Bonds” means the outstanding Sewer Revenue Refunding Bonds, 2011 issued pursuant to Substitute Ordinance No. 28015 and Substitute Resolution No. 38334.
“2015 Bonds” means the outstanding Sewer Revenue and Refunding Bonds, 2015 issued pursuant to Ordinance No. 28287.

“2016A Bonds” mean the City of Tacoma, Washington, Sewer Revenue Refunding Bonds, 2016A, authorized to be issued pursuant to this ordinance for the purpose set forth in Section 3 of this ordinance.

“2016B Bonds” mean the City of Tacoma, Washington, Sewer Revenue Refunding Bonds, 2016B, authorized to be issued pursuant to this ordinance for the purpose set forth in Section 3 of this ordinance.

“ULID Assessments” means all assessments (including any interest and penalties) levied in a utility local improvement district for the acquisition or construction of improvements to and extensions of the System if those assessments are pledged to be paid into the Bond Fund. In the case of ULID Assessments payable in installments, ULID Assessments shall be allocated to the years in which they would be received if the unpaid principal balance of each assessment roll were paid over the remaining number of installments with interest thereon at the rate and in the manner provided in the ordinance confirming the assessment roll.

“Underwriter” means, collectively, the initial purchaser or purchasers of the Bonds, as selected by the Designated Representative.

“Variable Interest Rate” means a variable interest rate or rates to be borne by a series of Parity Bonds or any one or more maturities within a series of Parity Bonds. The method of computing such variable interest rate shall be specified in the bond ordinance authorizing such series of Parity Bonds. Such variable interest
rate shall be subject to a Maximum Interest Rate and there may be an initial rate
specified, in each case as provided in such bond ordinance, or a stated interest rate
that may be changed from time to time as provided in the bond ordinance
authorizing such bonds. Such bond ordinance shall also specify either (a) the
particular period or periods of time or manner of determining such period or periods
of time for which each value of such variable interest rate shall remain in effect or
(b) the time or times upon which any change in such variable interest rate shall
become effective.

“Variable Interest Rate Bonds” for any period of time means Parity Bonds
that during such period bear a Variable Interest Rate, provided that Parity Bonds
the interest rate on which shall have been fixed for the remainder of the term
thereof shall no longer be Variable Interest Rate Bonds.

(b) Interpretation. In this ordinance, unless the context otherwise requires:

(1) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and
any similar terms, as used in this ordinance, refer to this ordinance as a whole and
not to any particular article, section, subdivision or clause hereof, and the term
“hereafter” shall mean after, and the term “heretofore” shall mean before, the date
of this ordinance;

(2) Words of the masculine gender shall mean and include correlative
words of the feminine and neuter genders and words importing the singular number
shall mean and include the plural number and vice versa;
(3) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(4) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect; and

(5) All references herein to “articles,” “sections,” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Compliance with Parity Conditions. In accordance with the Outstanding Parity Bond Ordinances, which permit the issuance of additional Parity Bonds upon compliance with the conditions set forth therein, the City hereby finds and determines, as follows:

(a) The Bonds are being issued for lawful purposes of the City related to the System.

(b) There is not now and at the time of Closing of the Bonds there shall not be any deficiency in the Bond Fund.

(c) The Bonds shall initially be issued as Covered Bonds, and this ordinance provides for payments, if necessary, into the Reserve Fund of amounts and at the times required by the Outstanding Parity Bond Ordinances.

(d) The Bonds are being issued for refunding purposes and the issuance of such Bonds will result in a present value monetary saving to the City and will not

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require an increase of greater than $5,000 in debt service payments to be paid in any fiscal or calendar year hereafter than would have been required to be paid in the same fiscal or calendar year for Annual Debt Service on the Refunded Bonds proposed to be refunded.

The applicable conditions of the Outstanding Parity Bond Ordinances having been or to be complied with in connection with the issuance of the Bonds, the pledge contained herein of Net Revenues of the System to pay and secure the payment of the Bonds shall constitute a lien and charge upon such Net Revenues equal in rank with the lien and charge upon the Net Revenues to pay and secure the payment of the Outstanding Parity Bonds.

Section 3. Authorization and Description of Bonds.

(a) 2016A Bonds. For the purposes of defeasing and refunding the outstanding TES Bonds and paying costs of issuance of the 2016A Bonds, the City is hereby authorized to issue and sell sewer revenue refunding bonds (the “2016A Bonds”). The 2016A Bonds shall be designated as the “City of Tacoma, Washington, Sewer Revenue Refunding Bonds, 2016A” with additional series designation or other designation as set forth in the Bond Purchase Contract and approved by the Designated Representative.

The 2016A Bonds shall be dated as of their date of initial delivery, shall be fully registered as to both principal and interest, shall be in the denomination of $5,000 each or any integral multiple thereof within a maturity, shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control, and shall bear interest
payable on the dates set forth in the Bond Purchase Contract. The 2016A Bonds shall bear interest at the rates set forth in the Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract and as approved by a Designated Representative pursuant to Section 19.

(b) 2016B Bonds. For the purposes of defeasing and refunding a portion of the 2006 Bonds and paying costs of issuance of the 2016B Bonds, the City is hereby authorized to issue and sell sewer revenue refunding bonds (the “2016B Bonds”). The 2016B Bonds shall be designated as the “City of Tacoma, Washington, Sewer Revenue Refunding Bonds, 2016B” with additional series designation or other designation as set forth in the Bond Purchase Contract and approved by the Designated Representative.

The 2016B Bonds shall be dated as of their date of initial delivery, shall be fully registered as to both principal and interest, shall be in the denomination of $5,000 each or any integral multiple thereof within a maturity, shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control, and shall bear interest payable on the dates set forth in the Bond Purchase Contract. The 2016B Bonds shall bear interest at the rates set forth in the Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract and as approved by a Designated Representative pursuant to Section 19.

(c) Limited Obligations. The Bonds shall be special obligations of the City payable only from the Bond Fund and shall be payable and secured as provided
herein. The Bonds shall not be general obligations of the City, the State or any political subdivision thereof.

Section 4. Registration, Exchange and Payments.

(a) Bond Registrar/Bond Register. The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of a state fiscal agent. The City shall cause a Bond Register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its designated office. The Bond Registrar may be removed at any time at the option of the Finance Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Finance Director. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar’s powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Bonds.

(b) Registered Ownership. The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 23 of this ordinance), and neither the City nor the Bond Registrar shall be affected by any notice to the
contrary. Payment of any such Bond shall be made only as described in
Section 5(g), but such Bond may be transferred as herein provided. All such
payments made as described in Section 5(g) shall be valid and shall satisfy and
discharge the liability of the City upon such Bond to the extent of the amount or
amounts so paid.

(c) DTC Acceptance/Letters of Representations. The Bonds initially shall be
held in fully immobilized form by DTC acting as depository. The City has executed
and delivered to DTC the Letter of Representations. Neither the City nor the Bond
Registrar will have any responsibility or obligation to DTC participants or the
persons for whom they act as nominees (or any successor depository) with respect
to the Bonds in respect of the accuracy of any records maintained by DTC (or any
successor depository) or any DTC participant, the payment by DTC (or any
successor depository) or any DTC participant of any amount in respect of the
principal of or interest on Bonds, any notice which is permitted or required to be
given to Registered Owners under this ordinance (except such notices as shall be
required to be given by the City to the Bond Registrar or to DTC (or any successor
depository)), or any consent given or other action taken by DTC (or any successor
depository) as the Registered Owner. For so long as any Bonds are held in fully
immobilized form by a depository, DTC or its successor depository shall be deemed
to be the Registered Owner for all purposes hereunder, and all references herein to
the Registered Owners shall mean DTC (or any successor depository) or its
nominee and shall not mean the owners of any beneficial interest in such Bonds.
(d) Use of Depository.

(1) The Bonds shall be registered initially in the name of “Cede & Co.”, as nominee of DTC, with one Bond of each series maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Finance Director pursuant to subsection (2) below or such substitute depository’s successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Finance Director to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Finance Director may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of a series, together with a written request on behalf of the Finance Director, issue a single new Bond for each series and maturity then outstanding, registered
in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Finance Director.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository and no substitute depository can be obtained, or (B) the Finance Director determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain physical Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and such Bonds shall no longer be held by a depository. The Finance Director shall deliver a written request to the Bond Registrar, together with a supply of physical Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds of a series together with a written request on behalf of the Finance Director to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) Registration of Transfer of Ownership or Exchange; Change in Denominations. The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner’s duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond
(or Bonds at the option of the new Registered Owner) of the same series, date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and canceled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same series, date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding any principal payment date any such Bond is to be redeemed.

(f) Bond Registrar’s Ownership of Bonds. The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) Place and Medium of Payment. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds are held by a depository, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer held by a depository, interest on the Bonds
shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date, or upon the written request of a Registered Owner of more than $1,000,000 of Bonds (received by the Bond Registrar at least 15 days prior to the applicable payment date), such payment shall be made by the Bond Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the designated office of the Bond Registrar.

If any Bond shall be duly presented for payment and funds have not been duly provided by the City on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

Section 5. Redemption Prior to Maturity and Purchase of Bonds.

(a) Mandatory Redemption of Term Bonds and Optional Redemption, if any. The Bonds of each series shall be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract approved by the Designated Representative pursuant to Section 19. The Bonds of each series shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract approved by the Designated Representative pursuant to Section 19.
(b) Purchase of Bonds. The City hereby reserves the right at any time and at any price to purchase any of the Bonds from amounts in the Sewer Fund available for such purchase.

(c) Selection of Bonds for Redemption. For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c). If the City redeems at any one time fewer than all of the Bonds of a series having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of $5,000. In the case of a Bond of a denomination greater than $5,000, the City and the Bond Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of $5,000 as is obtained by dividing the actual principal amount of Bonds by $5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized.
(d) Notice of Redemption.

(1) Official Notice. For so long as the Bonds are held in uncertificated form, notice of redemption (which notice may be conditional) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar will provide any notice of redemption to any beneficial owners. Thereafter (if the Bonds are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided.

Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first-class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

(A) the redemption date,

(B) the redemption price,

(C) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(D) that unless conditional notice of redemption has been given and such conditions have not been satisfied or waived or such notice has
been rescinded, on the redemption date the redemption price will become due and
payable upon each such Bond or portion thereof called for redemption, and if the
Bond Registrar then holds sufficient funds to pay such Bonds at the redemption
price, interest thereon shall cease to accrue from and after said date,

(E) any conditions to redemption, and

(F) the place where such Bonds are to be surrendered for
payment of the redemption price, which place of payment shall be the designated
office of the Bond Registrar.

On or prior to any redemption date, unless any condition to such redemption
has not been satisfied or waived or notice of such redemption has been rescinded,
the City shall deposit with the Bond Registrar an amount of money sufficient to pay
the redemption price of all the Bonds or portions of Bonds which are to be
redeemed on that date. The City retains the right to rescind any redemption notice
and the related optional redemption of Bonds by giving notice of rescission to the
affected Registered Owners at any time on or prior to the scheduled redemption
date. Any notice of optional redemption that is so rescinded shall be of no effect,
and the Bonds for which the notice of optional redemption has been rescinded shall
remain outstanding.

(2) Effect of Notice; Bonds Due. If notice of redemption has been
given and not rescinded, or if the conditions set forth in a conditional notice of
redemption have been satisfied or waived, the Bonds or portions of Bonds to be
redeemed shall, on the redemption date, become due and payable at the
redemption price therein specified, and, if the Bond Registrar then holds sufficient
funds to pay such Bonds at the redemption price, then from and after such date
such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of
such Bonds for redemption in accordance with said notice, such Bonds shall be
paid by the Bond Registrar at the redemption price. Installments of interest due on
or prior to the redemption date shall be payable as herein provided for payment of
interest. All Bonds which have been redeemed shall be canceled by the Bond
Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice, further
notice shall be given by the City as set out below, but no defect in said further
notice nor any failure to give all or any portion of such further notice shall in any
manner defeat the effectiveness of a call for redemption if notice thereof is given
as above prescribed. Each further notice of redemption given hereunder shall
contain the information required above for an official notice of redemption plus
(A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the
Bonds as originally issued; (C) the rate of interest borne by each Bond being
redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other
descriptive information needed to identify accurately the Bonds being redeemed.
Each further notice of redemption may be sent at least 20 days before the
redemption date to each party entitled to receive notice pursuant to Section 23 and
with such additional information as the City shall deem appropriate, but such
mailings shall not be a condition precedent to the redemption of such Bonds.

(4) Amendment of Notice Provisions. The foregoing notice provisions of this
Section 5, including, but not limited to, the information to be included in redemption
notices and the persons designated to receive notices, may be amended by
additions, deletions and changes in order to maintain compliance with duly
promulgated regulations and recommendations regarding notices of redemption of
municipal securities.

Section 6. Form of Bonds and Certificate of Authentication. The Bonds of
each series shall be in substantially the form set forth in Exhibit A, which is
incorporated herein by this reference, with appropriate or necessary insertions,
depending upon the omissions and variations as permitted or required hereby.

Section 7. Execution of Bonds. The Bonds shall be executed on behalf of
the City with the manual or facsimile signatures of the Mayor and City Clerk of the
City and the seal of the City shall be impressed, imprinted or otherwise reproduced
thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the
form provided herein, manually executed by the Bond Registrar, shall be valid or
obligatory for any purpose or entitled to the benefits of this ordinance. Such
Certificate of Authentication shall be conclusive evidence that the Bonds so
authenticated have been duly executed, authenticated and delivered hereunder
and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bonds shall cease
to be an officer or officers of the City before the Bonds so signed shall have been
authenticated or delivered by the Bond Registrar, or issued by the City, such
Bonds may nevertheless be authenticated, delivered and issued and upon such
authentication, delivery and issuance, shall be as binding upon the City as though
those who signed the same had continued to be such officers of the City. Any
Bond may be signed and attested on behalf of the City by such persons who at the
date of the actual execution of such Bond, are the proper officers of the City,
although at the original date of such Bond any such person shall not have been
such officer of the City.

Section 8. Application of Bond Proceeds; Refunding Plan. For the purpose
of realizing a debt service savings (as determined by comparing the Monthly Rent
the City is paying under the Project Lease to the debt service to be paid on the
2016A Bonds), the City proposes to defease and/or refund the TES Bonds as set
forth herein. A portion of the proceeds of the 2016A Bonds shall be deposited, on
behalf of TES, with the Escrow Agent pursuant to the Escrow Deposit Agreement to
be used immediately upon receipt thereof to defease the TES Bonds as authorized
by the Indenture and the Project Lease and to pay costs of issuance of the 2016A
Bonds.

For the purpose of realizing a debt service savings, the City also proposes to
defease and/or refund a portion of the 2006 Bonds as set forth herein. The
Designated Representative shall designate which 2006 Bonds will be refunded with
proceeds of the 2016B Bonds and such designation shall be set forth in the Bond
Purchase Contract. A portion of the proceeds of the 2016B Bonds shall be
deposited with the Escrow Agent pursuant to the Escrow Deposit Agreement to be
used immediately upon receipt thereof to defease the refunded 2006 Bonds as
authorized by the 2006 Bond Ordinance and to pay costs of issuance of the
2016B Bonds.
The net proceeds of each series of Bonds deposited with the Escrow Agent shall be used to defease the applicable Refunded Bonds and discharge the obligations thereon by the purchase of certain Acquired Obligations bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of:

(a) interest on each series of Refunded Bonds as such becomes due on and prior to the applicable Call Date; and

(b) the redemption price (100 percent of the principal amount) of each series of Refunded Bonds on the applicable Call Date.

Such Acquired Obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to acquired obligations in connection with refunding bond issues.

A beginning cash balance, if any, and the Acquired Obligations shall be deposited irrevocably with the Escrow Agent in an amount sufficient to defease the applicable series of Refunded Bonds. In order to carry out the purposes of this Section 8, the Finance Director is authorized and directed to execute and deliver to the Escrow Agent, one or more Escrow Deposit Agreements.

The City hereby sets aside sufficient funds out of the purchase of Acquired Obligations from proceeds of the Bonds to make the payments described above.

The City hereby calls the refunded 2006 Bonds for redemption on their Call Date in accordance with the provisions of the 2006 Bond Ordinance authorizing the redemption and retirement of the 2006 Bonds prior to their fixed maturities.
The City hereby directs TES and the Escrow Agent to irrevocably call the TES Bonds for redemption on their Call Date in accordance with the provisions of the Indenture authorizing the redemption and retirement of the TES Bonds prior to their fixed maturities.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the issuance of the Bonds and delivery of the Acquired Obligations to the Escrow Agent.

The Escrow Agent is hereby authorized and directed to provide, or cause the TES Bond Trustee to provide, for the giving of notices of the defeasance and/or redemption of each series of the Refunded Bonds in accordance with the applicable provisions of the 2006 Bond Ordinance and the Indenture, as applicable. The costs of publication of such notices shall be an expense of the City.

The Escrow Agent is hereby authorized and directed to pay to the Finance Director, or, at the direction of the Finance Director, to the paying agent for the Refunded Bonds, sums sufficient to pay, when due, the payments specified in this Section 8. All such sums shall be paid from the moneys and Acquired Obligations deposited with the Escrow Agent, and the income therefrom and proceeds thereof. All such sums so paid to or to the order of the Finance Director shall be credited to the Refunding Account. All moneys and Acquired Obligations deposited with the Escrow Agent and any income therefrom shall be held, invested (but only at the direction of the Finance Director) and applied in accordance with the provisions of this ordinance, the Indenture, and the Escrow Deposit Agreement and with the laws of the State for the benefit of the City and owners of the Refunded Bonds.
The City will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due.

A portion of the proceeds of the Bonds may also be used, if necessary, to satisfy the Reserve Fund Requirement at the time of issuance of the Bonds as set forth in Section 10(a)(3)(A) of this ordinance.

Section 9. Sewer Fund. A special fund of the City has been created and designated the “Sewer Fund”. The City covenants and agrees that so long as any of the Parity Bonds are outstanding, it will pay or cause to be paid into the Sewer Fund all Gross Revenues exclusive of ULID Assessments and earnings on money and investments in any construction fund, the Rate Stabilization Fund, the Bond Fund and any rebate fund, which earnings may be retained in such funds or accounts or transferred to other funds or accounts as permitted or required by this ordinance.

The amounts on deposit in the Sewer Fund shall be used only for the following purposes and in the following order of priority:

(a) To pay or provide for Costs of Maintenance and Operation.

(b) To make all payments required to be made into the Interest Account in the Bond Fund or to make any Payment in accordance with Section 16.

(c) To make all payments required to be made into the Principal Account in the Bond Fund and to make all payments into the Term Bond Retirement Account in the Bond Fund.
(d) To make all payments pursuant to a reimbursement agreement ranking on a parity of lien with the Parity Bonds and entered into in connection with a Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility with respect to the Reserve Fund, and after the 2006 Bonds and the 2011 Bonds are fully redeemed, refunded or defeased, into any other reserve fund created in the future for the payment of debt service on Parity Bonds; provided, that if there is not sufficient money to make all payments under reimbursement agreements the payments will be made on a pro rata basis.

(e) To make all payments required to be made into the Reserve Fund to secure the payment of any Covered Bonds, and after the 2006 Bonds and the 2011 Bonds are fully redeemed, refunded or defeased, into any other reserve fund created in the future for the payment of debt service on Parity Bonds.

(f) To make all payments required to be made into any special fund or account created to pay or secure the payment of obligations issued having a lien upon amounts in the Sewer Fund junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds.

(g) To pay any taxes (or payments in lieu of taxes) upon the System payable to the City.

(h) To make payments into the Rate Stabilization Fund for the purposes set forth in Section 11 or for any lawful purpose of the City related to the System.

Section 10. Bond Fund.

(a) A special fund of the City designated the “City of Tacoma Sewer Revenue Bond Fund” (the “Bond Fund”) has previously been created by the City.
The Bond Fund shall be used solely for the purposes of paying the principal of, premium, if any, and interest on Parity Bonds and retiring Parity Bonds prior to maturity in the manner provided herein or in any Parity Bond Ordinance.

The Bond Fund contains four funds and accounts: the Interest Account, the Principal Account, the Term Bond Retirement Account, and the Reserve Fund. At the option of the City, separate funds and accounts may be created in the Bond Fund for the purpose of paying or securing the payment of principal, premium, if any, and interest on any series of Parity Bonds. The City hereby obligates and binds itself irrevocably to set aside and to pay into the Bond Fund all ULID Assessments and out of the Sewer Fund certain fixed amounts sufficient (together with other available funds on hand and paid into the Bond Fund) to pay the principal of, premium, if any, and interest on the Bonds and all other Parity Bonds outstanding pursuant to this ordinance and all other Parity Bond Ordinances when due, either at maturity or in accordance with the terms of any Sinking Fund Requirement schedule established for the retirement of Term Bonds. The fixed amounts to be paid into the Bond Fund, to the extent that such payments are not made from ULID Assessments, bond proceeds or from other legally available money, shall be made out of the Sewer Fund in the following order of priority: first, into the Interest Account; second, into the Principal Account and Term Bond Retirement Account; and third, into the Reserve Fund. The City may create subaccounts within such funds and accounts for the purpose of paying the Bonds.

(1) Interest Account. In the case of all Parity Bonds, no later than the day prior to the date on which an installment of interest is due on any Parity Bonds,
the City shall transfer from the Sewer Fund to the Interest Account in the Bond
Fund an amount (together with other money as is on hand and available in such
Account) equal to the installment of interest then due on all outstanding Parity
Bonds.

(2) Principal Account and Term Bond Retirement Account. No later
than the day prior to the date upon which an installment of principal on Parity Bonds
that are Serial Bonds is due, the City shall transfer from the Sewer Fund to the
Principal Account in the Bond Fund an amount (together with such other money as
is on hand and available in such Account) equal to the installment of principal then
due on all outstanding Parity Bonds that are Serial Bonds.

No later than the day prior to the Sinking Fund Requirement date, the City
will transfer from the Sewer Fund to the Term Bond Retirement Account an amount
(together with such other money as is available and on hand in such account) equal
to the Sinking Fund Requirement for such date.

The City will apply all the money paid into the Term Bond Retirement
Account to the redemption or purchase of Term Bonds on the next ensuing Sinking
Fund Requirement due date (or may so apply such money prior to the Sinking Fund
Requirement due date). In addition to redeeming Term Bonds, the City may apply
the money paid into the Term Bond Retirement Account to retire Term Bonds by
purchasing such Term Bonds at a purchase price (including any brokerage charge)
that is not in excess of the principal amount thereof, in which event the principal of
such Term Bonds so purchased will be credited against the ensuing Sinking Fund
Requirement. If, as of any January 1, the principal amount of Term Bonds retired
by purchase or redemption exceeds the cumulative amount required to be
redeemed by Sinking Fund Requirement on or before such January 1, then the
excess may be credited against Sinking Fund Requirements in the manner
determined by the City at the time of the purchase or redemption. Any such
purchase of Term Bonds by the City may be made with or without tenders of such
Term Bonds in such manner as the City will deem, in its discretion, to be in its best
interest.

(3) Reserve Fund.

(A) A Reserve Fund has been created in the Bond Fund for
the purpose of securing the payment of the principal of and interest on the Covered
Bonds. After the 2006 Bonds and the 2011 Bonds are fully redeemed, refunded or
defeased, the City may create separate reserve funds and establish separate
Reserve Fund Requirements, if any, to secure the payment of the principal of and
interest on other Parity Bonds.

The Bonds shall initially be issued as Covered Bonds and the payment of the
principal of and interest on the Bonds shall initially be secured by the Reserve
Fund. After the 2006 Bonds and 2011 Bonds are fully redeemed, refunded or
defeased, the City, in its sole discretion, may create a separate reserve fund and
establish a separate Reserve Fund Requirement, if any, to secure the payment of
the principal of and interest on the Bonds. If the City determines to create a
separate reserve fund and establish a Reserve Fund Requirement for the Bonds,
from such date the Bonds will no longer be Covered Bonds and the payment of the
principal of and interest on the Bonds will no longer be secured by the Reserve
The amount, if any, specified in a certificate of the Finance Director, Treasurer and Environmental Services Director, a form of which is attached hereto as Exhibit “B.” The City shall provide notice of any such separate reserve fund and corresponding Reserve Fund Requirement for the Bonds in the same manner as a listed event notice that would be required upon the occurrence of a material “release, substitution, or sale of property securing repayment of the Bonds” in accordance with Section 23(c) of this ordinance.

The City hereby covenants and agrees that on the date of Closing for the Bonds it shall pay into the Reserve Fund out of proceeds of such Bonds and other funds lawfully available therefor and/or acquire Qualified Insurance or a Qualified Letter of Credit so that the amount in the Reserve Fund at least equals the Reserve Fund Requirement.

The City may, at any time, substitute Qualified Insurance or a Qualified Letter of Credit for the money and investments in the Reserve Fund or may substitute money and investments for Qualified Insurance or a Qualified Letter of Credit in accordance with this subsection. The face amount of such Qualified Insurance or Qualified Letter of Credit shall be at least equal to the amount of the money or investments for which the Qualified Insurance or Qualified Letter of Credit is substituted.

(B) Valuation of the amount in the Reserve Fund and all subaccounts therein shall be made by the City on each December 31 and may be made on any other date. Such valuation shall be at the market value of the
obligations in such fund and such subaccounts (including accrued interest);
provided, that investments which mature within one year shall be valued at their
maturity value.

(C) In the event of the issuance of any Future Parity Bonds
that are Covered Bonds, the Parity Bond Ordinance authorizing the issuance of
such Future Parity Bonds shall provide for further and additional approximately
equal monthly payments into the Reserve Fund from the money in the Sewer Fund,
in such amounts and at such times so that by no later than five years from the date
of issuance of such Future Parity Bonds or by the final maturity established for such
series of Future Parity Bonds, whichever occurs first, there will be credited to the
Reserve Fund an amount equal to the Reserve Fund Requirement.
Notwithstanding the foregoing provisions of this subparagraph (C), the proceedings
authorizing the issuance of Future Parity Bonds that are Covered Bonds, to the
extent permitted under the Code, may provide for payments into the Reserve Fund
from the proceeds of such Future Parity Bonds or from any other money lawfully
available therefor, or may provide for the City to obtain Qualified Insurance or a
Qualified Letter of Credit for amounts required by subparagraph (E) of this section
or parallel provisions in other Parity Bond Ordinances to be paid out of the Reserve
Fund. The face amount of any such Qualified Insurance or Qualified Letter of
Credit may be credited against the amounts required to be maintained in the
Reserve Fund by this section or parallel provisions in other Parity Bond Ordinances
to the extent that such payments and credits to be made are insured by an
insurance company or guaranteed by a letter of credit from a financial institution.
On receipt of a notice of cancellation of any Qualified Letter of Credit or Qualified Insurance or upon notice that the entity providing the Qualified Letter of Credit or Qualified Insurance no longer meets the requirements specified herein, the City shall substitute a Qualified Letter of Credit or Qualified Insurance in the amount required to make up the deficiency created in the Reserve Fund or in the alternative shall create a special account in the Sewer Fund and deposit therein, on or before the 25th day of each of the 36 succeeding calendar months (commencing with the 25th day of the calendar month next following the date of the notice) one thirty-sixth of the amount sufficient, together with other money and investments on deposit in the Reserve Fund, to equal the Reserve Fund Requirement in effect as of the date the cancellation or disqualification of the entity becomes effective. Those amounts shall be deposited in the special account from money in the Sewer Fund after making provision for payment of Costs of Maintenance and Operation and for required payments into the Bond Fund. Amounts on deposit in that special account shall not be available to pay debt service on Covered Bonds or for any other purpose of the City, and shall be transferred to the Reserve Fund on the effective date of any cancellation of a Qualified Letter of Credit or Qualified Insurance to make up all or part of the deficiency caused thereby. Amounts in that special account or in the Reserve Fund may be transferred to the Sewer Fund and used for any purpose if and when a qualifying Qualified Letter of Credit or Qualified Insurance is obtained.

(D) If at any time the money and value of Permitted Investments in the Reserve Fund shall exceed the amount of money and value of
Permitted Investments then required to be maintained therein, such excess may be transferred to the Sewer Fund.

(E) In the event that there shall be a deficiency in the Interest Account, Principal Account or Term Bond Retirement Account in the Bond Fund with respect to Covered Bonds, the City shall promptly make up such deficiency from the Reserve Fund by the withdrawal of cash therefrom for that purpose and by the sale or redemption of obligations held in the Reserve Fund, if necessary, in such amounts as will provide cash in the Reserve Fund sufficient to make up any such deficiency, and if a deficiency still exists immediately prior to a Payment Date and after the withdrawal of cash, the City shall then draw from any Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such circumstances as the agreement for such Qualified Letter of Credit or Qualified Insurance shall provide. The City covenants and agrees that any deficiency created in the Reserve Fund by reason of any withdrawal therefrom for payment into the Interest Account, Principal Account or Term Bond Retirement Account shall be made up from money in the Sewer Fund first available after providing for the required payments into such Interest, Principal and Term Bond Retirement Accounts and after providing for payments under a reimbursement agreement entered into by the City under Section 18; provided, after the 2006 Bonds and the 2011 Bonds are fully redeemed, refunded or defeased, any such deficiency shall be made up within 12 months of such deficiency.
(F) When a series of Covered Bonds is refunded in whole or in part, money may be withdrawn from the Reserve Fund to pay or provide for the payment of refunded Covered Bonds; provided that immediately after such withdrawal there shall remain in or be credited to the Reserve Fund money and Permitted Investments in an amount equal to the Reserve Fund Requirement or so much thereof as is then required to be maintained.

(b) In making the payments and credits to the Principal Account, Interest Account, Term Bond Retirement Account and Reserve Fund required by this Section 10 and parallel provisions in other Parity Bond Ordinances, to the extent that such payments are made from bond proceeds, from money in any Capitalized Interest account, or from other money that may legally be available, such payments are not required to be made from the Sewer Fund.

(c) Money in the Bond Fund shall be transmitted to the Bond Registrar in amounts sufficient to meet the maturing installments of principal of, premium, if any, and interest on all Parity Bonds when due. All money remaining in the Bond Fund after provision for the payment in full of the principal of, premium, if any, and interest on all Parity Bonds shall be returned to the Sewer Fund.

Subject to the foregoing sentence, the Bond Fund shall be drawn upon solely for the purpose of paying the principal of, premium, if any, and interest on Parity Bonds. Money set aside from time to time with the Bond Registrar for such payment shall be held in trust for the owners of Parity Bonds in respect of which the same shall have been so set aside. Until so set aside, and except as otherwise
provided herein, all money in the Bond Fund shall be held in trust for the benefit of
the owners of all Parity Bonds at the time outstanding equally and ratably.

(d) Money in the Bond Fund may, at the option of the City, be invested and
reinvested as permitted by law in Permitted Investments maturing, or which are
redeemable at the option of the owner, prior to the date needed or prior to the
maturity date of the final installment of principal of the Parity Bonds payable out of
the Bond Fund, but only to the extent that the same are acquired, valued and
disposed of at Fair Market Value. At the City’s option, earnings on investments in
the Bond Fund may be retained in the Bond Fund or transferred to the Sewer Fund,
except that earnings on investments in the Reserve Fund shall first be applied to
remedy any deficiency in such fund.

(e) Money in each of the subaccounts and funds established in this
Section 10 may be used, if necessary, to pay Rebate Amounts to the extent that
such Rebate Amounts are directly attributable to earnings on such subaccount.

Section 11. Rate Stabilization Fund. A special fund of the City designated
the “Rate Stabilization Fund” has been established by the City in the Sewer Fund.
In accordance with the priorities set forth in this ordinance, the City may from time
to time deposit Net Revenues into the Rate Stabilization Fund and may from time to
time withdraw amounts therefrom to enhance rate stability or for other lawful
purposes of the City related to the System.

Section 12. Security for Parity Bonds. All Parity Bonds are special limited
obligations of the City payable from and secured solely by a charge and lien as set
forth in this paragraph. There are hereby pledged as security for the payment of
the principal of, premium, if any, and interest on all Parity Bonds in accordance with
the provisions of this ordinance, subject to the provisions of this ordinance
restricting or permitting the application thereof, (a) the proceeds of the sale of Parity
Bonds to the extent held in funds established or continued by this ordinance,
(b) Net Revenues and ULID Assessments and (c) the money and assets credited to
the Sewer Fund and the Bond Fund and the income therefrom. The pledge of Net
Revenues, money and assets credited to the Sewer Fund and Bond Fund and
ULID Assessments constitutes a lien and charge on the Net Revenues, the funds
and ULID Assessments superior to all other charges of any kind or nature.

All Parity Bonds hereafter outstanding shall be equally and ratably payable
and secured hereunder without priority by reason of date of adoption of the
ordinance providing for their issuance or by reason of their number or date of sale,
issuance, execution or delivery, or by the liens, pledges, charges, trusts,
assignments and covenants made herein, except as otherwise expressly provided
or permitted in this ordinance and except as to insurance which may be obtained by
the City to insure the repayment of one or more series or maturities within a series.

Parity Bonds shall not in any manner or to any extent constitute general
obligations of the City or of the State, or any political subdivision of the State, or a
charge upon any general fund or upon any money or other property of the City or
of the State, or of any political subdivision of the State, not specifically pledged
thereto by this ordinance.

Section 13. Adequacy of Revenue of System to Make Required Payments.
The Council declares, in fixing the amounts to be paid into the Bond Fund as
provided herein, that it has exercised due regard for Costs of Maintenance and
Operation and has not obligated the City to set aside and pay into the Bond Fund a
greater amount of the Gross Revenues than in its judgment will be available over
and above such Costs of Maintenance and Operation.

Section 14. Defeasance. In the event that the City, to effect the payment,
retirement or redemption of any Bond, sets aside in the Bond Fund or in another
special account, cash or noncallable Government Obligations, or any combination
of cash and/or noncallable Government Obligations, in amounts and maturities
which, together with the known earned income therefrom, are sufficient to redeem
or pay and retire such Bond in accordance with its terms and to pay when due the
interest and redemption premium, if any, thereon, and such cash and/or noncallable
Government Obligations are irrevocably set aside and pledged for such purpose,
then no further payments need be made into the Bond Fund for the payment of the
principal of and interest on such Bond. The owner of a Bond so provided for shall
cease to be entitled to any lien, benefit or security of this ordinance except the right
to receive payment of principal, premium, if any, and interest from the Bond Fund or
such special account, and such Bond shall be deemed to be not outstanding under
this ordinance.

The City shall give written notice of defeasance in accordance with

Section 23.

Section 15. Covenants. The City covenants and agrees with the owners of
the Bonds, from time to time for as long as any such Bonds are outstanding, as
follows:
(a) Rate Covenant – General. The City shall establish, maintain and collect rates or charges in connection with the ownership and operation of the System that shall be fair and nondiscriminatory and adequate to provide Gross Revenues sufficient for the payment of the principal of and interest on all Parity Bonds for which payment has not otherwise been provided and all amounts that the City is obligated to set aside in the Bond Fund, for the proper operation and maintenance of the System, and for the payment of all amounts that the City may now or hereafter become obligated to pay from Gross Revenues.

(b) Rate Covenant – Coverage. The City shall establish, maintain and collect rates or charges in connection with the ownership and operation of the System sufficient to provide Net Revenues in any calendar year hereafter in an amount equal to at least 1.30 times the Adjusted Annual Debt Service. After all of the 2006 Bonds and the 2011 Bonds are fully redeemed, refunded or defeased, this requirement shall read as follows: The City shall establish, maintain and collect rates or charges in connection with the ownership and operation of the System sufficient to provide Net Revenues in any calendar year hereafter in an amount equal to at least 1.25 times the Adjusted Annual Debt Service.

Solely for purposes of calculating the coverage requirement set forth above, there shall be added to Gross Revenues in any Fiscal Year any amount withdrawn from the Rate Stabilization Fund in such Fiscal Year and deposited in the Sewer Fund, and there shall be subtracted from Gross Revenues in any Fiscal Year any amount withdrawn from the Sewer Fund and deposited in the Rate Stabilization Fund. After all of the 2006 Bonds and the 2011 Bonds are fully redeemed,
refunded or defeased, credits to or from the Rate Stabilization Fund that occur within 90 days after the end of a Fiscal Year may be treated as occurring within such Fiscal Year.

The calculation of the coverage requirement set forth above, and in Section 17, and the City’s compliance therewith, may be made solely with reference to this ordinance without regard to future changes in generally accepted accounting principles. If the City has changed one or more of the accounting principles used in the preparation of its financial statements, because of a change in generally accepted accounting principles or otherwise, then an event of default relating to this coverage requirement shall not be considered an event of default if the coverage requirement ratio would have been complied with had the City continued to use those accounting principles employed at the date of the most recent audited financial statements prior to the date of this ordinance.

(c) Maintenance and Operation Standards. The City will at all times keep and maintain the System in good repair, working order and condition, and will at all times operate the System and the business in connection therewith in an efficient manner and at a reasonable cost.

(d) Disposal of Properties. The City shall not sell, mortgage, lease or otherwise dispose of the properties constituting the System except as provided by law and subject to such additional restrictions as are provided in this section and as may be provided in a reimbursement agreement with respect to Qualified Insurance or a Qualified Letter of Credit, as follows:
(1) The City will not sell, mortgage, lease or otherwise dispose of the System in its entirety unless simultaneously with such sale or other disposition, provision is made for the payment, redemption or other retirement of all Parity Bonds then outstanding.

(2) Except as provided in paragraph (3) below, the City will not sell, mortgage, lease or otherwise dispose of any part of the System in excess of 5 percent of the book value of the net utility plant of the System unless provision is made for the payment, redemption or other retirement of a principal amount of Parity Bonds equal to the greater of the following amounts:

   (A) An amount that will be in the same proportion to the net Bond Obligation of Parity Bonds then outstanding (defined as the total Bond Obligation of such Parity Bonds outstanding less the amount of cash and investments in the Principal Account and Term Bond Retirement Account in the Bond Fund) that the revenues attributable to the part of the System sold or disposed of for the 12 preceding months bears to the total revenues for such period; or

   (B) An amount that will be in the same proportion to the net Bond Obligation of Parity Bonds then outstanding that the book value of the part of the System sold or disposed of bears to the book value of the entire System immediately prior to such sale or disposition.

(3) The City may sell, lease, mortgage or otherwise dispose of any part of the System which shall have become unserviceable, inadequate, obsolete or
unfit to be used in the operation of the System, or no longer necessary, material to
or useful in such operation.

(4) The proceeds of the sale, lease or disposal of any part of the
System shall be deposited in the Sewer Fund.

(5) If the sale, lease, mortgage or other disposal of any part of the
System is valued in excess of 10 percent of the book value of the physical assets of
the System, an opinion of an Engineer, based on financial statements of the
System for the most recent Fiscal Year available, shall be delivered in connection
with such disposition demonstrating that such sale, mortgage, lease or other
disposal would not prevent the City from meeting the requirements of Section 15(b).

(e) No Free Service. Except as permitted by law for the support of the poor
and infirm and otherwise permitted by law in an amount per year not exceeding
1/10 of 1 percent of annual Costs of Maintenance and Operation, the City will not
furnish sanitary and storm sewage collection and disposal service to any customer
whatsoever free of charge.

(f) Books and Accounts – Operating Statement. The City shall keep and
maintain proper books and accounts with respect to the operations, income and
expenditures of the System that are in accordance with proper and legal
accounting procedures. On or before 120 days after each Fiscal Year of the City’s
operation of the System, it will prepare or cause to be prepared an operating
statement of the System for such preceding Fiscal Year. Each such statement
shall contain a statement in detail of the Gross Revenues, Costs of Maintenance
and Operation, and expenses for capital purposes of the System for such Fiscal
Year, shall contain a statement as of the end of such year showing the status of all the funds and accounts created by the various ordinances pertaining to the operation of the System and authorizing the issuance of outstanding bonds payable from the revenue of the System, and shall contain a statement of the number of sanitary and storm sewage collection and disposal customers per class of customer at the end of such year. Copies of such statement shall be placed on file in the office of the Department of Finance and shall be open to inspection at any reasonable time by any owner of the Bonds or of any other outstanding bonds of the City payable out of the Gross Revenues of the System. Upon the request of any owner of Parity Bonds, the City shall provide a copy of such statement to such owner. All expenses incurred in the maintenance of such books and accounts and the preparation of such statement may be regarded and paid as an expense of operation of the System.

(g) Insurance. The City will keep the System insured, and will carry such other insurance, with responsible insurers, with policies payable to the City, against risks, accidents or casualties, at least to the extent that insurance is usually carried by municipal corporations operating like properties; provided, however, that the City may, if deemed necessary and advisable by the Council, institute or continue a self-insurance program with respect to any or all of the aforementioned risks. In the event of any loss or damage, the City will promptly deposit the insurance proceeds into any construction fund hereafter created for the System, and use such funds to repair or replace the damaged portion of the insured property and apply the proceeds of any insurance policy or self-insurance funding for that purpose; or in
the event the City should determine not to repair or reconstruct such damaged portion of the properties of the City, the proceeds of such insurance or self-insurance funding shall be transferred to the Reserve Fund to the extent that such transfer shall be necessary to make up any deficiency in the Reserve Fund and the balance, if any, shall, at the option of the City, be used for repairs, renewals, replacements, or additions to or extension of the System or be used in the retirement of Parity Bonds prior to maturity, either by purchase at prices not to exceed the next applicable redemption price or by call for redemption.

(h) Tax Covenants. The City will take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds, including but not limited to the following:

(1) Private Activity Bond Limitation. The City will assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(2) Limitations on Disposition of Project. The City will not sell or otherwise transfer or dispose of (i) any personal property components of the projects refinanced with proceeds of the Bonds (the “Projects”) other than in the ordinary course of an established government program under Treasury Regulation 1.141-2(d)(4) or (ii) any real property components of the Projects, unless it has received an opinion of Bond Counsel to the effect that such
disposition will not adversely affect the treatment of interest on the Bonds as
excludable from gross income for federal income tax purposes.

(3) Federal Guarantee Prohibition. The City will not take any action
or permit or suffer any action to be taken if the result of such action would be to
cause any of the Bonds to be “federally guaranteed” within the meaning of
Section 149(b) of the Code.

(4) Rebate Requirement. The City will take any and all actions
necessary to assure compliance with Section 148(f) of the Code, relating to the
rebate of excess investment earnings, if any, to the federal government, to the
extent that such section is applicable to the Bonds.

(5) No Arbitrage. The City will not take, or permit or suffer to be
taken by the Escrow Agent or otherwise, any action with respect to the proceeds of
the Bonds which, if such action had been reasonably expected to have been taken,
or had been deliberately and intentionally taken, on the date of issuance of the
Bonds would have caused the Bonds to be “arbitrage bonds” within the meaning of
Section 148 of the Code.

(6) Registration Covenant. The City will maintain a system for
recording the ownership of each Bond that complies with the provisions of
Section 149 of the Code until all Bonds have been surrendered and canceled.

(7) Record Retention. The City will retain its records of all accounting
and monitoring it carries out with respect to the Bonds for at least three years after
the Bonds mature or are redeemed (whichever is earlier); however, if the Bonds are
redeemed and refunded, the City will retain its records of accounting and monitoring
at least three years after the earlier of the maturity or redemption of the obligations
that refunded the Bonds.

(8) Compliance with Federal Tax Certificate. The City will comply
with the provisions of the Federal Tax Certificate with respect to the Bonds, which
are incorporated herein as if fully set forth herein. The covenants of this Section
will survive payment in full or defeasance of the Bonds.

Section 16. Parity Derivative Products. For purposes of this Section 16, the
following words shall have the following definitions:

(a) “Payment” means any payment (designated as such by an ordinance or
resolution) required to be made by or on behalf of the City under a Payment
Agreement and which is determined according to a formula set forth in the
Payment Agreement.

(b) “Parity Payment Agreement” means a Payment Agreement under which
the City’s payment obligations are expressly stated to be secured by a pledge of
and lien on Net Revenues on an equal and ratable basis with the Net Revenues
required to be paid into the Bond Fund to pay and secure the payment of the
principal of and interest on Parity Bonds.

(c) “Payment Agreement” means a written agreement, for the purpose of
managing or reducing the City’s exposure to fluctuations or levels of interest rates,
currencies or commodities or for other interest rate, investment, asset or liability
management purposes, entered into on either a current or forward basis by the City
and a Qualified Counterparty, all as authorized by any applicable laws of the State.
Such agreement may or may not be characterized by a structure of reciprocity of payment.

(d) “Payment Date” means any date specified in the Payment Agreement on which a City Payment or Receipt is due and payable under the Payment Agreement.

(e) “Receipt” means any payment (designated as such by an ordinance or resolution) to be made to, or for the benefit of, the City under a Payment Agreement by the Payor.

(f) “Payor” means a Qualified Counterparty to a Payment Agreement that is obligated to make one or more payments thereunder.

(g) “Qualified Counterparty” means a party (other than the City or a party related to the City) who is the other party to a Payment Agreement that has or whose obligations are unconditionally guaranteed by a party that has at least an investment grade rating from a rating agency (who, if the City’s Parity Bonds are rated by Moody’s, must have a rating of at least “A”) and who is otherwise qualified to act as the other party to a Payment Agreement under any applicable laws of the State.

A Payment made under a Payment Agreement may be on a parity with the Bonds if the Payment Agreement satisfies the requirements for Future Parity Bonds described in Section 17, taking into consideration regularly scheduled Payments and Receipts (if any) under a Payment Agreement. The following shall be conditions precedent to the use of any Payment Agreement on a parity with the Bonds:
(1) The City shall obtain an opinion of Bond Counsel on the due
authorization and execution of such Payment Agreement, the validity and
enforceability thereof and opining that the action proposed to be taken is authorized
or permitted by this ordinance or the applicable provisions of any supplemental
ordinance and will not adversely affect the excludability for federal income tax
purposes of the interest on any outstanding Parity Bonds.

(2) Prior to entering into a Payment Agreement, the City shall adopt
an ordinance, which shall:

(A) set forth the manner in which the Payments and Receipts
are to be calculated and a schedule of Payment Dates;

(B) establish general provisions for the rights of parties to
Payment Agreements; and

(C) set forth such other matters as the City deems necessary
or desirable in connection with the management of Payment Agreements as are not
clearly inconsistent with the provisions of this ordinance.

The Payment Agreement may obligate the City to pay, on one or more
scheduled and specified Payment Dates, the Payments in exchange for the Payor’s
obligation to pay or to cause to be paid to the City, on scheduled and specified
Payment Dates, the Receipts. The City may also enter into Payment Agreements
that are not reciprocated by the other party to the agreement.

If the City enters into a Parity Payment Agreement, Payments shall be made
from the Interest Account in the Bond Fund and Annual Debt Service shall include
any regularly scheduled City Payments adjusted by any regularly scheduled

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Receipts during a Fiscal Year. Receipts shall be paid directly into the Bond Fund. Obligations to make unscheduled payments, such as termination payments, may not be entered into on a parity with the Parity Bonds.

Nothing in this section shall preclude the City from entering into Payment Agreements with a claim on Net Revenues junior to that of the Bonds. Furthermore, nothing in this section shall preclude the City from entering into obligations on a parity with the Bonds in connection with the use of Payment Agreements or similar instruments if the City obtains an opinion of Bond Counsel that the obligations of the City thereunder are consistent with this ordinance.

Section 17. Future Parity Bonds.

(a) The City reserves the right to issue Future Parity Bonds from time to time as may be required for any lawful purpose of the City relating to the System, including but not limited to, acquiring, constructing and installing additions and improvements to and extensions of, acquiring necessary equipment for, or making necessary renewals, replacements or repairs and capital improvements to the System and refunding any outstanding indebtedness.

(b) The City covenants that Future Parity Bonds shall be issued only upon compliance with the following conditions:

(1) At the times of the issuance of such Future Parity Bonds there is no deficiency in the Bond Fund or in any of the funds and accounts therein.

(2) With respect to Covered Bonds, the ordinances authorizing the issuance of the Future Parity Bonds shall require that there shall be paid into the Reserve Fund in the Bond Fund (A) from the proceeds of such Future Parity Bonds...
an amount such that the amount on deposit in the Reserve Fund, allowing for any
amount covenanted in an ordinance authorizing the issuance of outstanding Parity
Bonds to be paid into such Fund over five years, is equal to the Reserve Fund
Requirement, or (B) from the Sewer Fund in approximately equal monthly
payments, such amounts and at such times so that by no later than five years from
the date of issuance of such Future Parity Bonds or by the final maturity established
for such series of Future Parity Bonds, whichever occurs first, there will be credited
to the Reserve Fund an amount equal to the Reserve Fund Requirement. Upon the
issuance of any series of Future Parity Bonds, the City shall recalculate the
Reserve Fund Requirement, which recalculated Reserve Fund Requirement shall
become effective as of such date of recalculation.

(3) If such Future Parity Bonds are being issued to pay costs incurred
or to be incurred for purposes other than refunding purposes as described in
subsection 17(c), there shall be on file with the City Clerk either:

(A) A certificate of the Finance Director of the City stating that
Net Revenues in any 12 consecutive months out of the most recent 24 months
preceding the delivery of the bonds then proposed to be issued, as determined from
the financial statements of the System, were not less than 1.30 times Maximum
Adjusted Annual Debt Service on all outstanding Parity Bonds and the bonds then
proposed to be issued; provided, after all of the 2006 Bonds and the 2011 Bonds
are fully redeemed, refunded or defeased, this requirement shall read as follows:
A certificate of the Finance Director of the City stating that Net Revenues in any
12 consecutive months out of the most recent 24 months preceding the delivery of
the bonds then proposed to be issued, as determined from the financial statements
of the System, were not less than 1.25 times Maximum Adjusted Annual Debt
Service on all outstanding Parity Bonds and the bonds then proposed to be issued.
In issuing such certificate the Finance Director shall reflect in the certificate the Net
Revenues he or she estimates would have been collected in such 12-month period
if the Council at any time on or prior to the date of delivery of the bonds proposed to
be issued had adopted any adjustment in the rates, fees and charges collected by
the City for the services to the System if such new rates, fees and charges had
been in effect for the entire 12-month period, or

(B) A certificate of an Engineer or a Certified Public
Accountant showing that the “Adjusted Net Revenues” (as determined herein) for
each calendar year during the life of the bonds proposed to be issued will equal not
less than 1.30 times Maximum Adjusted Annual Debt Service on all outstanding
Parity Bonds and the bonds then proposed to be issued; provided, after all of the
2006 Bonds and the 2011 Bonds are fully redeemed, refunded or defeased, this
requirement shall read as follows: A certificate of an Engineer or a Certified Public
Accountant showing that the “Adjusted Net Revenues” (as determined herein) for
each calendar year during the life of the bonds proposed to be issued will equal not
less than 1.25 times Maximum Adjusted Annual Debt Service on all outstanding
Parity Bonds and the bonds then proposed to be issued.

The “Adjusted Net Revenues” shall be the Net Revenues for a period of any
12 consecutive months out of the 24 months immediately preceding the date of
delivery of such proposed Future Parity Bonds (the “Base Period”) as adjusted by
such Engineer or Certified Public Accountant to take into consideration changes in
Net Revenues estimated to occur under the following conditions for each year after
such delivery for so long as any Parity Bonds, including the Future Parity Bonds
proposed to be issued, shall be outstanding:

(1) the additional Net Revenues that would have been
received if any change in rates and charges adopted prior to the date of such
certificate and subsequent to the beginning of the Base Period and effective within
12 months had been in force during the full Base Period;

(2) the additional Net Revenues that would have been
received if any facility of the System that became fully operational after the
beginning of the Base Period had been so operating for the entire Base Period;

(3) the additional Net Revenues estimated by such Engineer
or Certified Public Accountant to be received as a result of any additions and
improvements to and extensions of any facilities of the System which are (a) under
construction at the time of such certificate or (b) will be constructed or acquired
from the proceeds of the Future Parity Bonds to be issued;

(4) the additional Net Revenues that would have been
received if any customers added to the System during the Base Period or
subsequent thereto were customers for the entire Base Period, and

(5) ninety percent of the additional Net Revenues estimated by
such Engineer or Certified Public Accountant to be derived from the new customers
that will be added to the System in the first 12 months after the completion of the
construction of the improvements to be made thereto or from acquisitions out of the
proceeds of the sale of such Future Parity Bonds.

Such Certified Public Accountant or Engineer may rely upon, and the
Certified Public Accountant or Engineer’s certificate shall have attached thereto,
financial statements of the System, certified by the Finance Director, showing
income and expenses for the period upon which the same is based.

(c) Refunding Bonds. In the event that any Future Parity Bonds provided
for in this section are issued for refunding purposes and the issuance of such
refunding Future Parity Bonds results in a present value monetary saving to the
City and such refunding Future Parity Bonds will not require an increase of greater
than $5,000 in debt service payments to be paid in any fiscal or calendar year
thereafter than would have been required to be paid in the same fiscal or calendar
year for Annual Debt Service on the bonds being refunded, then paragraph (3) of
subsection 17(b) need not be complied with to permit such refunding Future Parity
Bonds to be issued, although the provisions of paragraphs (1) and (2) of
subsection 17(b) must still be complied with.

(d) Junior Lien Bonds. Nothing herein shall prevent the City from issuing
bonds, notes, warrants or other obligations payable from and secured by a lien and
charge junior to the lien and charge securing the payment of Parity Bonds.

Section 18. Reimbursement Obligations. In the event that the City elects to
meet the requirements of subsection 10(a)(3) with respect to the Reserve Fund as
to any issue of Parity Bonds through the use of a Qualified Letter of Credit,
Qualified Insurance or other equivalent credit enhancement, the City may contract
with the entity providing such Qualified Letter of Credit, Qualified Insurance or other
equivalent credit enhancement that the City’s reimbursement obligation, if any, to
such entity ranks on a parity of lien with the Parity Bonds.

In the event that the City elects additionally to secure any issue of Variable
Interest Rate Bonds through the use of a letter of credit, insurance or other
equivalent credit enhancement, the City may contract with the entity providing such
letter of credit, insurance or other equivalent credit enhancement that the City’s
reimbursement obligation, if any, to such entity ranks on a parity of lien with the
Parity Bonds; provided, that the payments due under such reimbursement
agreement are such that if such reimbursement obligation were a series of Future
Parity Bonds, such Future Parity Bonds could be issued in compliance with the
provisions of Section 17.

Section 19. Sale of Bonds.

(a) Bond Sale. The Bonds shall be sold by negotiated sale to the
Underwriter selected by the Designated Representative pursuant to the terms of
this ordinance and the Bond Purchase Contract. The Designated Representative
is hereby authorized to select the Underwriter that submits the proposal that is in
the best interest of the City.

The Council has determined that it would be in the best interest of the City to
delegate to the Designated Representative for a limited time the authority to select
the Underwriter, approve the selection of the 2006 Bonds to be refunded and
approve the final interest rates, maturity dates, aggregate principal amounts,
principal amounts of each maturity, and redemption rights for each series of Bonds.
Subject to the terms and conditions set forth in this Section 19, the
Designated Representative is hereby authorized to enter into the Bond Purchase
Contract with the Underwriter to issue and sell the Bonds upon his or her approval
of the final interest rates, maturity dates, aggregate principal amounts, principal
maturities, and redemption rights set forth therein for each series of Bonds in
accordance with the authority granted by this section so long as:

(1) the aggregate principal amount of the Bonds does not exceed
$55,000,000,
(2) the final maturity date for the 2016A Bonds is no later than
December 1, 2038,
(3) the final maturity date for the 2016B Bonds is no later than
December 1, 2021,
(4) the Bonds are sold (in the aggregate) at a price not less than
97 percent and not greater than 130 percent,
(5) the Bonds are sold for a price that results in an aggregate
minimum net present value debt service savings over the Refunded Bonds of at
least 5 percent,
(6) the true interest cost for the Bonds (in the aggregate) does not
exceed 4.5 percent, and
(7) the Bonds conform to all other terms of this ordinance.

Subject to the terms and conditions set forth in this section, the Designated
Representative is hereby authorized to execute one or more Bond Purchase
Contracts to be dated the date of sale of a series of Bonds. The signature of one Designated Representative shall be sufficient to bind the City.

Following the execution of the Bond Purchase Contract, the Designated Representative shall provide a report to the City Council describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representative by this Section 19 shall expire 120 days after the effective date of this ordinance. If a Bond Purchase Contract for the Bonds has not been executed within 120 days after the effective date of this ordinance, the authorization for the issuance of the Bonds shall be rescinded and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been reauthorized by ordinance of the City Council. The ordinance reauthorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 19.

(b) Delivery of Bonds; Documentation; Transfer of Title. Upon the passage and approval of this ordinance, the proper officials of the City, including the Finance Director, Treasurer, and City Manager, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the Underwriter and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds, transfer of title to the Project to the City, and the assignment and termination (within 90 days of such title transfer) of
management contracts and other encumbrances on the Project, in accordance with
the terms of this ordinance, the Ruling and the Bond Purchase Contract.

Section 20. Approval of Official Statement. The Finance Director is hereby
authorized to approve and to deem final the preliminary Official Statement relating
to the Bonds for the purposes of the Rule. The Finance Director is further
authorized to approve for purposes of the Rule, on behalf of the City, the final
Official Statement relating to the issuance and sale of the Bonds and the
distribution of the final Official Statement pursuant thereto with such changes, if
any, as may be deemed by him or her to be appropriate.

Section 21. Supplemental Ordinances.

(a) The Council from time to time and at any time may pass an ordinance or
ordinances supplemental hereto, which ordinance or ordinances thereafter shall
become a part of this ordinance, for any one or more or all of the following
purposes:

(1) To add to the covenants and agreements of the City contained in
this ordinance other covenants and agreements thereafter to be observed which
shall not adversely affect the interests of the owners of any Parity Bonds or to
surrender any right or power reserved to or conferred upon the City.

(2) To make such provisions for the purpose of curing any
ambiguities or of curing, correcting or supplementing any defective provision
contained in this ordinance or any ordinance authorizing Parity Bonds in regard to
matters or questions arising under such ordinances as the Council may deem
necessary or desirable and not inconsistent with such ordinances and which shall
not adversely affect the interest of the owners of the Parity Bonds. Any such
supplemental ordinance of the City may be passed without the consent of the
owners of any Parity Bonds at any time outstanding, notwithstanding any of the
provisions of subsection (b) of this section, if the City obtains an opinion of Bond
Counsel to the effect that such supplemental ordinance is solely for one or more of
the purposes stated above and will not adversely affect the interests of the owners
of Parity Bonds.

(b) With the consent of the owners of not less than 51 percent in aggregate
Bond Obligations of the Parity Bonds at the time outstanding, the City may pass an
ordinance or ordinances supplemental hereto for the purpose of adding any
provisions to or changing in any manner or eliminating any of the provisions of this
ordinance or of any supplemental ordinance; provided, however, that no such
supplemental ordinance shall:

(1) Extend the fixed maturity of any Parity Bonds, or reduce the rate
of interest thereon, or extend the times of payment of interest thereon from their
due dates, or reduce the amount of the principal thereof, or reduce any premium
payable on the redemption thereof, without the consent of the owner of each bond
so affected; or

(2) Reduce the aforesaid percentage of bondowners required to
approve any such supplemental ordinance, without the consent of the owners of all
of the Parity Bonds then outstanding.

It shall not be necessary for the consent of bondowners under this
subsection (b) to approve the particular form of any proposed supplemental
ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

(c) Upon the passage of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City under this ordinance and of all owners of Parity Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental ordinance shall be deemed to be part of the terms and conditions of this ordinance for any and all purposes.

Section 22. Bond Insurance. The Designated Representative is hereby further authorized to solicit proposals from municipal bond insurance companies for the issuance of a bond insurance policy. In the event that the Designated Representative receives multiple proposals in response to a solicitation, the Designated Representative may select the proposal having the lowest cost and resulting in an overall lower interest cost with respect to the Bonds to be insured. The Designated Representative may execute a commitment received from the insurer selected by the Designated Representative. The Council further authorizes all proper officers, agents, attorneys and employees of the City to cooperate with the insurer in preparing such additional agreements, certificates, and other documentation on behalf of the City as shall be necessary or advisable in providing for the bond insurance policy.
Section 23. Ongoing Disclosure.

(a) Contract/Undertaking. This section constitutes the City’s written undertaking for the benefit of the owners, including beneficial owners, of the Bonds as required by Section (b)(5) of the Rule.

(b) Financial Statements/Operating Data. The City agrees to provide or cause to be provided to the MSRB the following annual financial information and operating data for the prior fiscal year (commencing in 2016 for the fiscal year ended December 31, 2015):

(1) Annual financial statements, which statements may or may not be audited, showing ending fund balances for the System prepared in accordance with Generally Accepted Accounting Principles prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute);

(2) Principal amount of outstanding Parity Bonds and debt service coverage;

(3) Rates for the System substantially as provided in the rate ordinance approved by the Council; and

(4) Number of wastewater and surface water customers.

Items (2)—(4) shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above shall be provided on or before the last day of the ninth month after the end of the City’s fiscal year. The City’s current fiscal year ends December 31. The City may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such
annual financial information and operating data, the City may cross-reference to
other documents available to the public on the MSRB’s internet website or filed with
the Commission.

If not provided as part of the annual financial information discussed above,
the City shall provide the City’s audited annual financial statement prepared in
accordance with Generally Accepted Accounting Principles prescribed by the
Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute)
when and if available to the MSRB.

(c) Listed Events. The City agrees to provide or cause to be provided to the
MSRB, in a timely manner not in excess of 10 business days after the occurrence
of the event, notice of the occurrence of any of the following events with respect to
the Bonds:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial
difficulties;
- Unscheduled draws on credit enhancements reflecting financial
difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of
proposed or final determinations of taxability, Notices of Proposed Issue
(IRS Form 5701-TEB) or other material notices or determinations with
respect to the tax status of the Bonds, or other material events affecting
the tax status of the Bonds;
- Modifications to the rights of Bondholders, if material;
- Optional, contingent or unscheduled Bond calls other than scheduled
sinking fund redemptions for which notice is given pursuant to Exchange
Act Release 34 23856, if material, and tender offers;
- Defeasances;
• Release, substitution, or sale of property securing repayment of the Bonds, if material;
• Rating changes;
• Bankruptcy, insolvency, receivership or similar event of the City;
• The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
• Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(d) Format for Filings with the MSRB. All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(e) Notification Upon Failure to Provide Financial Data. The City agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(f) Termination/Modification. The City’s obligations to provide annual financial information and notices of certain listed events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Any provision of this section shall be null and void if the City (i) obtains an opinion of Bond Counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (ii) notifies the MSRB of such opinion and the cancellation of this section.
The City may amend this section with an opinion of Bond Counsel in accordance with the Rule. In the event of any amendment of this section, the City shall describe such amendment in the next annual report, and shall include a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (A) notice of such change shall be given in the same manner as for a listed event under subsection (c), and (B) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(g) Bond Owner’s Remedies Under This Section. The right of any bondowner or beneficial owner of Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the City’s obligations under this section, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

Section 24. Lost or Destroyed Bonds. In case any Bonds shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond(s) of like series, amount, date, tenor, and effect to the owner thereof upon the owner paying the expenses and charges of the City in connection therewith and upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that
such Bond(s) were actually lost, stolen or destroyed and of ownership thereof, and
upon furnishing the City with indemnity satisfactory to both.

Section 25. Severability. If any one or more of the covenants or agreements
provided in this ordinance to be performed on the part of the City shall be declared
by any court of competent jurisdiction to be contrary to law, then such covenant or
covenants, agreement or agreements, shall be null and void and shall be deemed
separable from the remaining covenants and agreements of this ordinance and
shall in no way affect the validity of the other provisions of this ordinance or of the
Bonds.

Section 26. Effective Date. This ordinance shall take effect and be in force
10 days after its passage, approval and publication as required by law.

Passed ____________________

__________________________
Mayor

Attest:

__________________________
City Clerk

Approved as to form and legality:

Pacifica Law Group LLP
Bond Counsel to the City of Tacoma

By _______________________
EXHIBIT A

UNITED STATES OF AMERICA

No. _____ $____________

STATE OF WASHINGTON
CITY OF TACOMA, WASHINGTON
SEWER REVENUE REFUNDING BOND, 2016[A/B]

INTEREST RATE: % MATURITY DATE: CUSIP NO.: 
REGISTERED OWNER: CEDE & CO.
PRINCIPAL AMOUNT:

The City of Tacoma, Washington, a municipal corporation of the State of Washington (the “City”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest from _________________, 2016, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on _____ 1, 20__, and semiannually thereafter on the first days of December and June. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company (“DTC”) referred to in the Blanket Issuer Letter of Representations (the “Letter of Representations”) from the City to DTC.

This bond is one of an authorized issue of bonds of like date and tenor, except as to number, amount, rate of interest, date of maturity and rights of redemption, in the aggregate principal amount of $________, and is issued pursuant to Ordinance No. _______ passed by the Council on __________, 2016 (the “Bond Ordinance”) to provide the funds necessary to defease and/or refund [certain outstanding sewer revenue bonds of the City] [the TES Properties Lease Revenue Bonds, 2009 issued on behalf of the City] and to pay costs of issuance. Simultaneously with the issuance of this bond, the City is also issuing its Sewer Revenue Refunding Bonds, 2016[A/B] pursuant to the Bond Ordinance to provide the funds necessary to defease and/or refund [certain outstanding sewer revenue bonds of the City] [the TES Properties Lease Revenue Bonds, 2009 issued on behalf of the City] and to pay costs of issuance for such bonds.

The bonds of this issue are subject to redemption at the option of the City as provided in the Bond Ordinance.
As security for the payment of the principal of, premium, if any, and interest on all Parity Bonds the City has pledged in accordance with the provisions of the Bond Ordinance, subject to the provisions of the Bond Ordinance restricting or permitting the application thereof, (a) the proceeds of the sale of Parity Bonds to the extent held in funds established or continued by the Bond Ordinance, (b) Net Revenues and ULID Assessments and (c) the money and assets credited to the Sewer Fund and the Bond Fund and the income therefrom. The pledge of Net Revenues, money and assets credited to the Sewer Fund and the Bond Fund and ULID Assessments constitutes a lien and charge on Net Revenues, said Funds and ULID Assessments superior to all other charges of any kind or nature.

The bonds of this issue are not “private activity bonds” as such term is defined in the Internal Revenue Code of 1986, as amended (the “Code”). The City has not designated the bonds of this issue as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Code.

The City hereby irrevocably covenants and agrees with the Registered Owner of this bond that it will keep and perform all the covenants of this bond and of the Bond Ordinance to be by it kept and performed. Reference is hereby made to the Bond Ordinance for a complete statement of such covenants.

Bonds are interchangeable for bonds of any authorized denomination of equal aggregate principal amount and of the same interest rate and maturity upon presentation and surrender to the Bond Registrar.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington and the charter and ordinances of the City to exist and to have happened, been done and performed precedent to and in the issuance of this bond do exist and have happened, been done and performed and that the issuance of this bond and the bonds of this series does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Tacoma, Washington, has caused this bond to be signed with the manual or facsimile signature of the Mayor and attested
by the manual or facsimile signature of the City Clerk, and the seal of the City to be impressed or a facsimile thereof to be imprinted hereon, as of this ___ day of __________, 2016.

[SEAL]  
CITY OF TACOMA, WASHINGTON

By ___/s/ manual or facsimile__
Mayor

ATTEST:

___/s/ manual or facsimile__
City Clerk

The Bond Registrar’s Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Sewer Revenue Refunding Bonds, 2016[A/B] of the City of Tacoma, Washington, dated ____________, 2016.

WASHINGTON STATE FISCAL AGENT, as Bond Registrar

By ____________________________
EXHIBIT B

FORM OF NOTICE OF SEPARATE RESERVE FUND*

CITY OF TACOMA, WASHINGTON
SEWER REVENUE REFUNDING BONDS, 2016A
(date of issuance __________, 2016)
SEWER REVENUE REFUNDING BONDS, 2016B
(date of issuance __________, 2016)

CUSIP No.: _____________

NOTICE IS HEREBY GIVEN that the City of Tacoma, Washington (the
"City"), pursuant to Section 10(a)(3)(A) of Ordinance No. ___ adopted by the City
Council on April 26, 2016 (the "Bond Ordinance"), has established a separate
reserve fund ("Reserve Fund") and a new reserve fund requirement (the
"Reserve Fund Requirement") for the above-referenced bonds (the "Bonds"). As
of __________, 20__ , the Bonds shall no longer be considered "Covered Bonds" as
defined in the Bond Ordinance, and principal of and interest on the Bonds shall
be secured by the separate Reserve Fund.

The Reserve Fund Requirement for the Bonds as of ____________,
20__ shall be ____________.

[details of Reserve Fund to be added, if needed]

This notice is being given to provide interested parties information
regarding the source of security and payment for the Bonds. No further notice
or updates will be provided unless the City determines to revise the Reserve
Fund Requirement at a later date.

Dated: ____________, 20__.

________________________________________
Finance Director, City of Tacoma

________________________________________
Treasurer, City of Tacoma

________________________________________
Environmental Services Director, City
of Tacoma

* The City shall provide notice of any such separate Reserve Fund and corresponding Reserve Fund Requirement for the Bonds in
the same manner as a listed event notice that would be required upon the occurrence of a material "release, substitution, or sale of
property securing repayment of the Bonds" in accordance with Section 23(c) of the Bond Ordinance.
CLERK’S CERTIFICATE

I, the undersigned, the duly chosen, qualified City Clerk of the City of Tacoma, Washington, and keeper of the records of the Council (herein called the “Council”), DO HEREBY CERTIFY:

1. That the attached Ordinance No. ____ (herein called the “Ordinance”) is a true and correct copy of an Ordinance of the Council, as finally passed at a regular meeting of the Council held on the 26th day of April, 2016, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper adoption of said Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City as of this 26th day of April 2016.

City Clerk
City of Tacoma, Washington
ORDINANCE NO. 28356

AN ORDINANCE of the City of Tacoma, Washington, providing for the issuance and sale of two series of solid waste revenue refunding bonds of the City in the aggregate principal amount of not to exceed $55,000,000 to refund and defease certain outstanding solid waste revenue bonds of the City, and to pay costs of issuing the bonds; providing the form and terms of the bonds; and delegating the authority to approve the final terms of the bonds.

WHEREAS the City of Tacoma, Washington (the “City”) now owns, maintains and operates a garbage and refuse collection and disposal system (the “System”),

and

WHEREAS the City has issued and has outstanding the following solid waste revenue bonds:

<table>
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<tr>
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<td>Solid Waste Utility Revenue Refunding Bonds, 2008 (the “2008 Bonds”)</td>
<td>Ordinance No. 27736 and Substitute Resolution No. 37575</td>
<td>8/5/2008 and 8/19/2008, respectively</td>
<td>$5,230,000</td>
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<td>Solid Waste Revenue Bonds, 2015 (Green Bonds)</td>
<td>Ordinance No. 28279</td>
<td>1/13/2015</td>
<td>$21,095,000</td>
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The outstanding solid waste revenue bonds identified above are referred to as the “Outstanding Parity Bonds” and the authorizing documents identified above are referred to as the “Outstanding Parity Bond Ordinances”), and

WHEREAS the Outstanding Parity Bond Ordinances provide that additional solid waste revenue bonds may be issued with a lien on Net Revenues (as defined herein) on a parity with the lien of the Outstanding Parity Bonds if certain conditions are met, and

WHEREAS the ordinances authorizing the issuance of the 2006A Bonds and the 2006B Bonds (together, the “2006 Bonds”) provide that the 2006 Bonds may be defeased and/or refunded prior to their stated maturities at the option of the City on or after December 1, 2016, at a price of par plus accrued interest to their date of redemption, and

WHEREAS, after due consideration, it appears to the City Council (“Council”) that defeasing and refunding all or a portion of the 2006 Bonds (the “Refunding Candidates”) to modify the debt service schedule and otherwise restructure the 2006 Bonds is in the best interest of the City, and

WHEREAS the Council deems it in the best interest of the City to issue two series of solid waste revenue refunding bonds in the aggregate principal amount of not to exceed $55,000,000 (the “Bonds”) to redeem and defease all or a portion of the Refunding Candidates, and to pay costs of issuing the Bonds, and

WHEREAS the Council wishes to delegate authority to the City Finance Director and Treasurer, or their designee (each, a “Designated Representative”) for a limited time, to select the Refunding Candidates to be refunded, if any, and to
approve the interest rates, maturity dates, redemption terms, principal maturities and other terms for each series of Bonds within the parameters set by this ordinance, and

WHEREAS the Bonds shall be sold by negotiated sale as set forth herein;

Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:
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* This Table of Contents is provided for convenience only and is not a part of this ordinance.
Section 1. Definitions and Interpretation of Terms.

(a) Definitions. As used in this ordinance, the following words shall have the following meanings:

“Accreted Value” means, with respect to any Capital Appreciation Bond, as of the time of calculation, the sum of the amount representing the initial principal amount of such bond plus interest accrued, compounded thereon as of the most recent compounding date. With respect to any particular Payment Date, the Accreted Value is the amount set forth on the Accreted Value Table included as part of the form of Capital Appreciation Bond. In the event the Accreted Value of any Capital Appreciation Bond is required to be determined as of a date other than the Payment Date, the Accreted Value shall be determined by adding to the Accreted Value for the next preceding Payment Date the product obtained by multiplying (a) the difference between the Accreted Value for the next Payment Date and the Accreted Value for the next preceding Payment Date, by (b) the ratio obtained by dividing by 180 the number of days elapsed since the next preceding Payment Date (calculated on the basis of a 360-day year of twelve 30-day months).

“Accreted Value Table” means the Accreted Value Table printed on the Capital Appreciation Bonds reflecting the Accreted Value of such Capital Appreciation Bonds as of any Payment Date.

“Acquired Obligations” means noncallable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States Government, but only to the extent that the same are acquired at Fair Market Value.
“Adjusted Net Revenues” has the meaning set forth in Section 15 of this ordinance.

“Annual Debt Service” means the amount required in any calendar year to be paid for the principal of and interest on all Parity Bonds that are Serial Bonds then outstanding together with the amount required in such calendar year to make the annual required payments into any Sinking Fund Account heretofore or hereafter created to amortize Term Bonds, excluding interest to be paid from the proceeds of the sale of Parity Bonds.

In the case of Variable Interest Rate Bonds, for the purpose of calculating Annual Debt Service for purposes of the Future Parity Bond tests outlined in Section 15 and the Reserve Fund Requirement, the interest rate thereon shall be calculated on the assumption that such bonds will bear interest during such period at a rate equal to the lesser of (a) the Maximum Interest Rate or (b) the rate most recently reported by The Bond Buyer as the Bond Buyer Municipal Bond Index for long-term revenue bonds; provided, that if on such date of calculation the interest rate on such bonds shall then be fixed for a specified period, including, pursuant to a Payment Agreement as provided in Section 14, the interest rate used for such specified period for the purpose of the foregoing calculation shall be such actual interest rate. After all of the 2006 Bonds and 2008 Bonds are fully redeemed, refunded or defeased, this paragraph shall read as follows: In the case of Variable Interest Rate Bonds, for the purpose of calculating Annual Debt Service for purposes of the Future Parity Bond tests outlined in Section 15 and the Reserve Fund Requirement, the interest rate thereon shall be equal to the higher of (i) the
average of the SIFMA Municipal Swap Index over the 60-month period immediately preceding the date of computation, or (ii) the average of the SIFMA Municipal Swap Index over the 12-month period immediately preceding the date of computation, in each case as determined within ten days prior to the date of computation, with the principal thereof amortized to provide for essentially level annual debt service of principal and interest over such period; provided, that if on such date of calculation the interest rate on any Variable Interest Rate Bonds shall then be fixed for a specified period, including pursuant to a Payment Agreement, the interest rate used for such specified period shall be such fixed interest rate.

For purposes of computing Annual Debt Service on any Parity Bonds which constitute Balloon Indebtedness, it shall be assumed that the principal of such Balloon Indebtedness, together with interest thereon at the rate applicable to such Balloon Indebtedness, shall be amortized in equal annual installments over a term equal to the lesser of (a) 25 years or (b) the average weighted useful life (expressed in years and rounded to the next highest integer) of the properties and assets constituting the project (if any) financed out of the proceeds of such Balloon Indebtedness.

After all of the 2006 Bonds and 2008 Bonds are fully redeemed, refunded or defeased, for purposes of satisfying the coverage test pursuant to Section 13 or the requirements for the issuance of Future Parity Bonds pursuant to Section 15, Annual Debt Service for any Fiscal Year or calendar year shall exclude any Debt Service Offsets received or expected to be received in such Fiscal Year or calendar year.
“Balloon Indebtedness” means any series of Parity Bonds more than 25 percent of the principal of which, in accordance with the terms of such Parity Bonds, is due and payable in any one Fiscal Year either by reason of the stated maturity date of such Parity Bonds or pursuant to a Sinking Fund Requirement; provided that with respect to any Parity Bonds issued as Term Bonds, such Bonds shall only be treated as Balloon Indebtedness if more than 25 percent of the principal thereof is due in any one Fiscal Year pursuant to the applicable Sinking Fund Requirement or upon the stated maturity date thereof (assuming that the only principal due on the stated maturity date thereof will be the principal remaining outstanding after all redemptions have been made pursuant to the applicable Sinking Fund Requirement).

“Bond Counsel” means an attorney at law or a firm of attorneys, selected by the City, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions.

“Bond Fund” means the Solid Waste Revenue Bond Fund created by the City for the purpose of paying and securing the payment of Parity Bonds.

“Bond Purchase Contract” means one or more contracts for the purchase of the Bonds between the Underwriter and the City, executed pursuant to Section 16.

“Bond Register” means the registration books maintained by the Bond Registrar for purposes of identifying ownership of the Bonds or the nominee of each owner, and such other information as the Bond Registrar shall determine.

“Bond Registrar” means, initially, the fiscal agent of the state of Washington, for the purposes of registering and authenticating the Bonds, maintaining the Bond
Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

“Bonds” mean the 2016A Bonds and the 2016B Bonds.

“Call Date” means the dates specified in the Escrow Deposit Agreement for the refunding of each series of the Refunded Bonds.

“Capital Appreciation Bonds” mean Parity Bonds, the interest on which accrues and compounds, payable at maturity or earlier redemption.

“Certified Public Accountant” means an independent licensed certified public accountant (or firm of certified public accountants) selected by the City.

“City” means the City of Tacoma, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State.

“City Clerk” means the duly appointed and acting City Clerk of the City or the successor to the duties of that office.

“City Manager” means the duly appointed and acting City Manager of the City or the successor to the duties of that office.

“Closing” means the applicable dates of delivery of the 2016A Bonds and the 2016B Bonds to the Underwriter.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Commission” means the Securities and Exchange Commission.
“Costs of Maintenance and Operation” means all necessary expenses of operating the System, current maintenance expenses, expenses of reasonable upkeep and repairs, insurance and administrative expenses, reasonable pro rata charges for services provided to the System by City departments and payments pursuant to leases for landfill capacity and hauling disposal, but excludes depreciation, payments for debt service or into reserve accounts or funds, costs of capital additions to or replacements of the System, money necessary to pay extraordinary legal claims and judgments against the System, amortized payments to the City's self-insurance fund with respect to extraordinary claims and judgments, municipal taxes and payments to the City in lieu of taxes, any Rebate Amount, and closure and post-closure costs associated with the System's landfill.

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

“Covered Bonds” mean (a) the Outstanding Parity Bonds, (b) so long as the 2006 Bonds and the 2008 Bonds remain outstanding, the Bonds, (c) after all of the 2006 Bonds and 2008 Bonds are fully redeemed, refunded or defeased, the Bonds, unless and until the City determines pursuant to Section 10(b) of this ordinance that the Bonds are no longer to be Covered Bonds secured by the Reserve Fund, and (d) those Future Parity Bonds designated in the Parity Bond Ordinance authorizing their issuance as Covered Bonds secured by the Reserve Fund.

“Current Interest Bonds” means Parity Bonds, the interest on which is paid periodically.
“Debt Service Account” means the account of that name created in the Bond Fund.

“Debt Service Offset” means receipts of the City that are not included in Gross Revenues and that are legally available to pay debt service on Parity Bonds, including without limitation federal interest subsidy payments, designated as such by the City.

“Designated Representative” means the City Finance Director and Treasurer, or his or her designee. The signature of one Designated Representative shall be sufficient to bind the City.

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

“Engineer” means an independent licensed professional engineer (or firm of licensed professional engineers) selected by the City and experienced and knowledgeable in the operation of solid waste utilities of comparable size and character to the System.

“Environmental Services Director” means the duly appointed and acting Environmental Services Director of the City or the successor to the duties of that office.


“Escrow Deposit Agreement” means one or more Escrow Deposit Agreements between the City and the Escrow Agent to be dated as of the date of Closing for a series of Bonds.

“Event of Default” has the meaning set forth in Section 18 of this ordinance.
“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a 10 percent beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.

“Federal Tax Certificate” means as applicable, the certificate executed by the Finance Director setting forth the requirements of the Code for maintaining the tax exemption of interest on a series of Bonds to be dated as of the date of Closing for a series of Bonds, and attachments thereto.
“Finance Director” means the duly appointed and acting Finance Director of
the City or the successor to the duties of that office.

“Fiscal Year” means the fiscal year used by the City at any time. At the time
of the adoption of this ordinance, the Fiscal Year is the 12-month period beginning
January 1 of each year.

“Fitch” means Fitch, Inc., a corporation duly organized and existing under
and by virtue of the laws of the State of Delaware, and its successors and assigns.

“Future Parity Bonds” means any revenue bonds of the City issued after the
date of issuance of the Bonds having a charge or lien upon the Net Revenues for
payment of the principal thereof and interest thereon equal in priority to the charge
or lien upon the Net Revenues for the payment of the principal of and interest on
the Outstanding Parity Bonds and the Bonds.

“Government Obligations” mean those obligations now or hereafter defined
as such in chapter 39.53 RCW.

“Gross Revenues” mean (a) revenues received for the use of the System or
from services rendered by the System, (b) the proceeds received by the City from
the sale or other disposition of any of the properties of the System, (c) investment
income earned on money held in any fund or account of the City in connection with
the ownership and operation of the System, including any bond redemption funds,
and (d) federal or state reimbursement of operating expenses to the extent that
such expenses are included as Costs of Maintenance and Operation, but excluding
(i) insurance proceeds, (ii) investment income irrevocably pledged to the payment
of any solid waste revenue bonds of the City refunded or defeased pursuant to a
plan of refunding heretofore or hereafter adopted by the City, (iii) investment
income earned on money in any rebate fund, and (iv) grants, gifts or donations.

“Letter of Representations” means the Blanket Issuer Letter of
Representations from the City to DTC.

“Maximum Annual Debt Service” means at the time of calculation, the
maximum amount of Annual Debt Service that will mature or come due in the
current Fiscal Year or any future Fiscal Year on the Parity Bonds.

“Maximum Interest Rate” means, with respect to any particular Variable
Interest Rate Bond, a numerical rate of interest, which shall be set forth in any
Parity Bond Ordinance authorizing such Bond, which shall be the maximum rate of
interest such Bond may at any time bear.

“Maximum Reserve Requirement” means the maximum dollar amount
permitted by the Code to be allocated to a reserve fund from tax-exempt bond
proceeds without requiring a balance to be invested at a restricted yield.

“Moody's” means Moody's Investors Service, Inc. or its comparable
recognized business successor.

“MSRB” means the Municipal Securities Rulemaking Board or any successor
to its functions.

“Net Revenues” means Gross Revenues less the Costs of Maintenance and
Operation, excluding from the computation of Gross Revenues any proceeds
derived from the sale or other disposition, not in the ordinary course of business, of
properties, rights or facilities of the System or gains or losses resulting from the
early extinguishment of debt.
“Outstanding Parity Bond Ordinances” mean the ordinances and resolutions authorizing the issuance of the Outstanding Parity Bonds as described in the recitals to this ordinance.

“Outstanding Parity Bonds” means, as of the date of this ordinance, the 2006 Bonds, the 2008 Bonds, and the 2015 Bonds as identified in the recitals to this ordinance. After the Closing of each series of Bonds and the refunding of the Refunded Bonds, the Outstanding Parity Bonds will include the then-outstanding 2006 Bonds, if any, the 2008 Bonds, and the 2015 Bonds.

“Parity Bond Ordinances” mean the Outstanding Parity Bond Ordinances, this ordinance, and any ordinance hereafter passed for the purpose of authorizing Future Parity Bonds.

“Parity Bonds” mean the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.

“Payment Date” means the dates on which principal and/or interest on the Parity Bonds is due and payable.

“Permitted Investments” means any investments that are now or may hereafter be permitted to the City by the laws of the State.

“Qualified Insurance” means any municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), which insurance company or companies, as of the time of issuance of such policy or surety bond, are currently rated in one of the two highest rating categories by Moody’s and S&P; provided, after all of the 2006
Bonds and 2008 Bonds are fully redeemed, refunded or defeased, this definition shall be amended to read as follows: “Qualified Insurance” means any non-cancellable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), which insurance company or companies, as of the time of issuance of such policy or surety bond, are currently rated in one of the two highest rating categories by Moody’s, S&P or Fitch, or any other rating agency then maintaining a rating on the Bonds.

“Qualified Letter of Credit” means any letter of credit issued by a financial institution for the account of the City on behalf of the owners of the Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit is currently rated in one of the two highest rating categories by Moody’s and S&P; provided, after all of the 2006 Bonds and 2008 Bonds are fully redeemed, refunded or defeased, this definition shall be amended to read as follows: “Qualified Letter of Credit” means any irrevocable letter of credit issued by a financial institution for the account of the City on behalf of the owners of one or more series of Parity Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit is currently rated in one of the two highest rating categories by Moody’s, S&P or Fitch, or any other rating agency then maintaining a rating on the Bonds.

“Rate Stabilization Fund” means the fund of that name in the Solid Waste Operating Fund.
“Rebate Amount” means the amount, if any, determined to be payable with respect to the Bonds by the City to the United States of America in accordance with Section 148(f) of the Code.


“Refunding Account” means the account by that name established pursuant to Section 9 of this ordinance.


“Registered Owner” means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC or its nominee shall be deemed to be the sole Registered Owner.

“Reserve Fund” means the Reserve Fund created in the Bond Fund.

“Reserve Fund Requirement” is the dollar amount to be calculated with respect to all Covered Bonds and, after the 2006 Bonds and 2008 Bonds are fully redeemed, refunded or defeased, separately with respect to other Parity Bonds.

(a) With respect to Covered Bonds, the Reserve Fund Requirement means as of any date an amount equal to the lesser of (1) the Maximum Annual Debt Service for Covered Bonds then outstanding, (2) 125 percent of average Annual Debt Service for Covered Bonds then outstanding, or (3) 10 percent of the initial face amount of the Covered Bonds then outstanding; provided, however, that the dollar amount required to be contributed, if any, as a result of the issuance of a series of Future Parity Bonds shall not be greater than the Maximum Reserve
Requirement. If the dollar amount required to be contributed at the time of issuance of a series of Future Parity Bonds exceeds the Maximum Reserve Requirement, then the amount required to be contributed shall be equal to the Maximum Reserve Requirement.

(b) After the 2006 Bonds and 2008 Bonds are fully redeemed, refunded or defeased, with respect to other series of Parity Bonds, the Reserve Fund Requirement shall be equal to the amount, if any, specified in either the Parity Bond Ordinance authorizing the issuance of such Parity Bonds or in a certificate of the Finance Director, Treasurer, and Environmental Services Director; provided, however, such Reserve Fund Requirement shall not exceed the Maximum Reserve Requirement.

“Rule” means the Commission’s Rule 15c2-12 under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

“S&P” means Standard & Poor’s Ratings Services, or its comparable recognized business successor.

“Serial Bonds” means Parity Bonds other than Term Bonds.

“Sinking Fund Requirement” means, for any year, the principal amount of Term Bonds required to be purchased, redeemed or paid in such year pursuant to the mandatory amortization provisions of the ordinance or resolution of the City authorizing the issuance of such Term Bonds.

“Solid Waste Operating Fund” means the Solid Waste Operating Fund maintained by the City.

“State” means the state of Washington.
“System” means the garbage and refuse collection and disposal system of the City as defined in Section 1 of Ordinance No. 21312, as the same has heretofore been added to, improved and extended and as the same will be added to, improved and extended for so long as any of the Parity Bonds are outstanding.

“Term Bond Maturity Year” means any year in which any Parity Bonds that are Term Bonds mature.

“Term Bonds” means Parity Bonds designated by the City as term bonds.

“Treasurer” means the duly appointed and acting Treasurer of the City or the successor to the duties of that office.

“2006 Bond Ordinances” mean, collectively, the ordinances and resolution authorizing the issuance of the 2006 Bonds as described in the recitals of this ordinance.


“2006A Bonds” mean the City of Tacoma, Washington Solid Waste Utility Revenue Bonds, 2006 Series A, issued pursuant to Ordinance No. 27489, as amended by Ordinance No. 27492 and by Substitute Resolution No. 36905.

“2006A Refunded Bonds” mean all or a portion of the 2006A Refunding Candidates designated by the Designated Representative for defeasance and/or refunding pursuant to Section 8 and Section 16 of this ordinance.

“2006A Refunding Candidates” means any or all of the 2006A Bonds.

“2006B Bonds” mean the City of Tacoma, Washington Solid Waste Utility Revenue Refunding Bonds, 2006 Series B, issued pursuant to Ordinance
No. 27489, as amended by Ordinance No. 27492 and by Substitute Ordinance No. 27523.

“2006B Refunded Bonds” mean all or a portion of the 2006B Refunding Candidates designated by the Designated Representative for defeasance and/or refunding pursuant to Section 8 and Section 16 of this ordinance.

“2006B Refunding Candidates” means any or all of the 2006B Bonds.

“2008 Bonds” mean the City of Tacoma, Washington Solid Waste Utility Revenue Refunding Bonds, 2008, issued pursuant to Ordinance No. 27736 and Substitute Resolution No. 37575.

“2015 Bonds” means the outstanding Solid Waste Bonds, 2015 (Green Bonds) issued pursuant to Ordinance No. 28279.

“2016A Bonds” mean the City of Tacoma, Washington, Solid Waste Revenue Refunding Bonds, 2016A, authorized to be issued pursuant to this ordinance for the purpose set forth in Section 3 of this ordinance.

“2016B Bonds” mean the City of Tacoma, Washington, Solid Waste Revenue Refunding Bonds, 2016B, authorized to be issued pursuant to this ordinance for the purpose set forth in Section 3 of this ordinance.

“Underwriter” means, collectively, the initial purchaser or purchasers of the Bonds, as selected by the Designated Representative.

“Variable Interest Rate” means a variable interest rate or rates to be borne by a series of Parity Bonds or any one or more maturities within a series of Parity Bonds. The method of computing such variable interest rate shall be specified in the bond ordinance authorizing such series of Parity Bonds. Such variable interest

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rate shall be subject to a Maximum Interest Rate and there may be an initial rate
specified, in each case as provided in such bond ordinance, or a stated interest rate
that may be changed from time to time as provided in the bond ordinance
authorizing such Parity Bonds. Such bond ordinance shall also specify either
(a) the particular period or periods of time or manner of determining such period or
periods of time for which each value of such variable interest rate shall remain in
effect or (b) the time or times upon which any change in such variable interest rate
shall become effective.

“Variable Interest Rate Bonds” for any period of time means Parity Bonds
that during such period bear a Variable Interest Rate, provided that Parity Bonds
the interest rate on which shall have been fixed for the remainder of the term
thereof shall no longer be Variable Interest Rate Bonds.

(b) Interpretation. In this ordinance, unless the context otherwise requires:

(1) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and
any similar terms, as used in this ordinance, refer to this ordinance as a whole and
not to any particular article, section, subdivision or clause hereof, and the term
“hereafter” shall mean after, and the term “heretofore” shall mean before, the date
of this ordinance;

(2) Words of the masculine gender shall mean and include correlative
words of the feminine and neuter genders and words importing the singular number
shall mean and include the plural number and vice versa;
(3) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(4) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect; and

(5) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Compliance with Parity Conditions. In accordance with the Outstanding Parity Bond Ordinances, which permit the issuance of additional Parity Bonds upon compliance with the conditions set forth therein, the City hereby finds and determines, as follows:

(a) The Bonds are being issued for lawful purposes of the City related to the System.

(b) There is not now and at the time of Closing of the Bonds there shall not be any deficiency in the Bond Fund.

(c) The Bonds shall initially be issued as Covered Bonds, and this ordinance provides for payments, if necessary, into the Reserve Fund of amounts and at the times required by the Outstanding Parity Bond Ordinances.
(d) At the time of issuance of the Bonds, the City shall have on file a certificate satisfying the parity requirements of the Outstanding Parity Bond Ordinances.

The applicable conditions of the Outstanding Parity Bond Ordinances having been or to be complied with in connection with the issuance of the Bonds, the pledge contained herein of Net Revenues of the System to pay and secure the payment of the Bonds shall constitute a lien and charge upon such Net Revenues equal in rank with the lien and charge upon the Net Revenues to pay and secure the payment of the Outstanding Parity Bonds.

Section 3. Authorization and Description of Bonds.

(a) 2016A Bonds. For the purposes of defeasing and refunding the 2006A Refunded Bonds and paying costs of issuance of the 2016A Bonds, the City is hereby authorized to issue and sell solid waste revenue refunding bonds (the “2016A Bonds”).

The 2016A Bonds shall be designated as the “City of Tacoma, Washington, Solid Waste Revenue Refunding Bonds, 2016A” with additional series designation or other designation as set forth in the Bond Purchase Contract and approved by the Designated Representative.

The 2016A Bonds shall be dated as of their date of initial delivery, shall be fully registered as to both principal and interest, shall be in the denomination of $5,000 each or any integral multiple thereof within a maturity, shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control, and shall bear interest...
payable on the dates set forth in the Bond Purchase Contract. The 2016A Bonds shall bear interest at the rates set forth in the Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract and as approved by a Designated Representative pursuant to Section 16.

(b) 2016B Bonds. For the purposes of defeasing and refunding the 2006B Refunded Bonds and paying costs of issuance of the 2016B Bonds, the City is hereby authorized to issue and sell solid waste revenue refunding bonds (the “2016B Bonds”).

The 2016B Bonds shall be designated as the “City of Tacoma, Washington, Solid Waste Revenue Refunding Bonds, 2016B” with additional series designation or other designation as set forth in the Bond Purchase Contract and approved by the Designated Representative.

The 2016B Bonds shall be dated as of their date of initial delivery, shall be fully registered as to both principal and interest, shall be in the denomination of $5,000 each or any integral multiple thereof within a maturity, shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control, and shall bear interest payable on the dates set forth in the Bond Purchase Contract. The 2016B Bonds shall bear interest at the rates set forth in the Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract and as approved by a Designated Representative pursuant to Section 16.

(c) Limited Obligations. The Bonds shall be special obligations of the City payable only from the Bond Fund and shall be payable and secured as provided
The Bonds shall not be general obligations of the City, the State or any political subdivision thereof.

Section 4. Registration, Exchange and Payments.

(a) Bond Registrar/Bond Register. The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of a state fiscal agent. The City shall cause a Bond Register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its designated office. The Bond Registrar may be removed at any time at the option of the Finance Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Finance Director. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar’s powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Bonds.

(b) Registered Ownership. The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 21 of this ordinance), and neither the City nor the Bond Registrar shall be affected by any notice to the
contrary. Payment of any such Bond shall be made only as described in
Section 5(g), but such Bond may be transferred as herein provided. All such
payments made as described in Section 5(g) shall be valid and shall satisfy and
discharge the liability of the City upon such Bond to the extent of the amount or
amounts so paid.

(c) DTC Acceptance/Letters of Representations. The Bonds initially shall be
held in fully immobilized form by DTC acting as depository. The City has executed
and delivered to DTC the Letter of Representations. Neither the City nor the Bond
Registrar will have any responsibility or obligation to DTC participants or the
persons for whom they act as nominees (or any successor depository) with respect
to the Bonds in respect of the accuracy of any records maintained by DTC (or any
successor depository) or any DTC participant, the payment by DTC (or any
successor depository) or any DTC participant of any amount in respect of the
principal of or interest on Bonds, any notice which is permitted or required to be
given to Registered Owners under this ordinance (except such notices as shall be
required to be given by the City to the Bond Registrar or to DTC (or any successor
depository)), or any consent given or other action taken by DTC (or any successor
depository) as the Registered Owner. For so long as any Bonds are held in fully
immobilized form by a depository, DTC or its successor depository shall be deemed
to be the Registered Owner for all purposes hereunder, and all references herein to
the Registered Owners shall mean DTC (or any successor depository) or its
nominee and shall not mean the owners of any beneficial interest in such Bonds.
(d) Use of Depository.

(1) The Bonds shall be registered initially in the name of “Cede & Co.”, as nominee of DTC, with one Bond of each series maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Finance Director pursuant to subsection (2) below or such substitute depository’s successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Finance Director to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Finance Director may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of a series, together with a written request on behalf of the Finance Director, issue a single new Bond for each series and maturity then outstanding, registered
in the name of such successor or such substitute depository, or their nominees, as
the case may be, all as specified in such written request of the Finance Director.

(4) In the event that (A) DTC or its successor (or substitute depository
or its successor) resigns from its functions as depository and no substitute
depository can be obtained, or (B) the Finance Director determines that it is in the
best interest of the beneficial owners of the Bonds that such owners be able to
obtain physical Bond certificates, the ownership of such Bonds may then be
transferred to any person or entity as herein provided, and such Bonds shall no
longer be held by a depository. The Finance Director shall deliver a written request
to the Bond Registrar, together with a supply of physical Bonds, to issue Bonds as
herein provided in any authorized denomination. Upon receipt by the Bond
Registrar of all then outstanding Bonds of a series together with a written request
on behalf of the Finance Director to the Bond Registrar, new Bonds shall be issued
in the appropriate denominations and registered in the names of such persons as
are requested in such written request.

(e) Registration of Transfer of Ownership or Exchange; Change in
Denominations. The transfer of any Bond may be registered and Bonds may be
exchanged, but no transfer of any such Bond shall be valid unless it is surrendered
to the Bond Registrar with the assignment form appearing on such Bond duly
executed by the Registered Owner or such Registered Owner’s duly authorized
agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the
Bond Registrar shall cancel the surrendered Bond and shall authenticate and
deliver, without charge to the Registered Owner or transferee therefor, a new Bond
(or Bonds at the option of the new Registered Owner) of the same series, date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and canceled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same series, date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding any principal payment date any such Bond is to be redeemed.

(f) Bond Registrar’s Ownership of Bonds. The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) Place and Medium of Payment. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds are held by a depository, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer held by a depository, interest on the Bonds
shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date, or upon the written request of a Registered Owner of more than $1,000,000 of Bonds (received by the Bond Registrar at least 15 days prior to the applicable payment date), such payment shall be made by the Bond Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the designated office of the Bond Registrar.

If any Bond shall be duly presented for payment and funds have not been duly provided by the City on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

Section 5. Redemption Prior to Maturity and Purchase of Bonds.

(a) Mandatory Redemption of Term Bonds and Optional Redemption, if any. The Bonds of each series shall be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract approved by the Designated Representative pursuant to Section 16. The Bonds of each series shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract approved by the Designated Representative pursuant to Section 16.

(b) Purchase of Bonds. The City hereby reserves the right at any time to purchase any of the Bonds from amounts available for such purchase.
(c) Selection of Bonds for Redemption. For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c). If the City redeems at any one time fewer than all of the Bonds of a series having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of $5,000. In the case of a Bond of a denomination greater than $5,000, the City and the Bond Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of $5,000 as is obtained by dividing the actual principal amount of Bonds by $5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

(d) Notice of Redemption.

(1) Official Notice. For so long as the Bonds are held in uncertificated form, notice of redemption (which notice may be conditional) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither
the City nor the Bond Registrar will provide any notice of redemption to any
beneficial owners. Thereafter (if the Bonds are no longer held in uncertificated
form), notice of redemption shall be given in the manner hereinafter provided.

Unless waived by any owner of Bonds to be redeemed, official notice of any such
redemption (which redemption may be conditioned by the Bond Registrar on the
receipt of sufficient funds for redemption or otherwise) shall be given by the Bond
Registrar on behalf of the City by mailing a copy of an official redemption notice by
first-class mail at least 20 days and not more than 60 days prior to the date fixed for
redemption to the Registered Owner of the Bond or Bonds to be redeemed at the
address shown on the Bond Register or at such other address as is furnished in
writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

(A) the redemption date,

(B) the redemption price,

(C) if fewer than all outstanding Bonds are to be redeemed,
the identification by maturity (and, in the case of partial redemption, the respective
principal amounts) of the Bonds to be redeemed,

(D) that unless conditional notice of redemption has been
given and such conditions have not been satisfied or waived or such notice has
been rescinded, on the redemption date the redemption price will become due and
payable upon each such Bond or portion thereof called for redemption, and if the
Bond Registrar then holds sufficient funds to pay such Bonds at the redemption
price, interest thereon shall cease to accrue from and after said date,
(E) any conditions to redemption, and

(F) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Bond Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. The City retains the right to rescind any redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected Registered Owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

(2) Effect of Notice; Bonds Due. If notice of redemption has been given and not rescinded, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and, if the Bond Registrar then holds sufficient funds to pay such Bonds at the redemption price, then from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on
or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to Section 21 and with such additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(4) Amendment of Notice Provisions. The foregoing notice provisions of this Section 5, including, but not limited to, the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.
Section 6. Form of Bonds and Certificate of Authentication. The Bonds of each series shall be in substantially the form set forth in Exhibit A, which is incorporated herein by this reference, with appropriate or necessary insertions, depending upon the omissions and variations as permitted or required hereby.

Section 7. Execution of Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form provided herein, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. Any Bond may be signed and attested on behalf of the City by such persons who at the date of the actual execution of such Bond, are the proper officers of the City, although at
the original date of such Bond any such person shall not have been such officer of the City.

Section 8. Application of Bond Proceeds; Refunding Plan. For the purpose of modifying debt service and restructuring the 2006 Bonds, the City proposes to defease and/or refund all or a portion of the 2006 Bonds as set forth herein. If the Designated Representative determines that it is in the best interest of the City to proceed with the refunding authorized herein, the Designated Representative shall designate all or a portion of each series of the Refunding Candidates as Refunded Bonds and such designation shall be set forth in the Bond Purchase Contract. A portion of the proceeds of each series of Bonds shall be deposited with the Escrow Agent pursuant to the Escrow Deposit Agreement to be used immediately upon receipt thereof to defease the 2006A Refunded Bonds and the 2006B Refunded Bonds, as applicable, as authorized by the 2006 Bond Ordinances and to pay costs of issuance of each series of Bonds.

The net proceeds of each series of Bonds deposited with the Escrow Agent shall be used to defease the applicable Refunded Bonds and discharge the obligations thereon by the purchase of certain Acquired Obligations bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of:

(a) interest on each series of Refunded Bonds as such becomes due on and prior to the applicable Call Date; and
(b) the redemption price (100 percent of the principal amount) of each series of Refunded Bonds on the applicable Call Date.

Such Acquired Obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to acquired obligations in connection with refunding bond issues.

A beginning cash balance, if any, and the Acquired Obligations shall be deposited irrevocably with the Escrow Agent in an amount sufficient to defease the applicable series of Refunded Bonds. In order to carry out the purposes of this Section 8, the Finance Director is authorized and directed to execute and deliver to the Escrow Agent, one or more Escrow Deposit Agreements.

The City hereby sets aside sufficient funds out of the purchase of Acquired Obligations from proceeds of the Bonds to make the payments described above.

The City hereby calls the Refunded Bonds for redemption on their Call Date in accordance with the provisions of the 2006 Bond Ordinances authorizing the redemption and retirement of the 2006 Bonds prior to their fixed maturities.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the issuance of the Bonds and delivery of the Acquired Obligations to the Escrow Agent.

The Escrow Agent is hereby authorized and directed to provide for the giving of notices of the defeasance and/or redemption of each series of the Refunded Bonds in accordance with the applicable provisions of the 2006 Bond Ordinances. The costs of publication of such notices shall be an expense of the City.
The Escrow Agent is hereby authorized and directed to pay to the Finance Director, or, at the direction of the Finance Director, to the paying agent for the Refunded Bonds, sums sufficient to pay, when due, the payments specified in this Section 8. All such sums shall be paid from the moneys and Acquired Obligations deposited with the Escrow Agent, and the income therefrom and proceeds thereof. All such sums so paid to or to the order of the Finance Director shall be credited to the Refunding Account. All moneys and Acquired Obligations deposited with the Escrow Agent and any income therefrom shall be held, invested (but only at the direction of the Finance Director) and applied in accordance with the provisions of this ordinance, the Escrow Deposit Agreement, and with the laws of the State for the benefit of the City and owners of the Refunded Bonds.

The City will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due.

A portion of the proceeds of the Bonds may also be used, if necessary, to satisfy the Reserve Fund Requirement at the time of issuance of the Bonds as set forth in Section 10(b) of this ordinance.

Section 9. Solid Waste Operating Fund; Pledge of Revenues. A special fund of the City has been created and designated the “Solid Waste Operating Fund”. The City covenants and agrees that so long as any of the Parity Bonds are outstanding, it will pay or cause to be paid into the Solid Waste Operating Fund all Gross Revenues, except income from the investment of money in any construction funds and any rebate fund, as collected and the Solid Waste Operating Fund shall
be held separate and apart from all other funds and accounts of the City. The
money in the Solid Waste Operating Fund shall be used only for the following
purposes and in the following order of priority:

First, to pay the Costs of Maintenance and Operation;

Second, to make all payments required to be made for the Parity Bonds in
the following order:

(a) into the Debt Service Account to pay the interest due on any
Parity Bonds for which money shall not have been provided by income from the
investment of money in the Bond Fund;

(b) to make all payments required to be made into the Debt Service
Account to pay the principal of any Parity Bonds due at maturity for which money
shall not have been provided by income from the investment of money in the Bond
Fund, and to make all payments heretofore or hereafter required to be made into
the Debt Service Account under any schedule for the amortization of Term Bonds;

(c) to make all payments required to be made pursuant to a
reimbursement obligation in connection with a Qualified Letter of Credit or Qualified
Insurance with respect to the Reserve Fund, and after the 2006 Bonds and 2008
Bonds are fully redeemed, refunded or defeased, into any other reserve fund
created in the future for the payment of debt service on Parity Bonds, provided that
if there is not sufficient money to make all payments under reimbursement
agreements the payments will be made on a pro rata basis;

(d) to make all payments required to be made into the Reserve Fund
to secure the payment of any Covered Bonds, and after the 2006 Bonds and 2008
Bonds are fully redeemed, refunded or defeased, into any other reserve fund created in the future for the payment of debt service on Parity Bonds;

Third, to make all payments required to be made into any other revenue bond redemption fund, revenue warrant redemption fund, debt service account, reserve account or sinking fund account created to pay and secure the payment of the principal of and interest on any revenue bonds or revenue warrants of the City having a lien upon Gross Revenues and the money in the Solid Waste Operating Fund junior and inferior to the lien thereon for the payment of the principal of and interest on Parity Bonds;

Fourth, to pay municipal taxes and payments to the City in lieu of taxes; and

Fifth, to retire by redemption or purchase in the open market any outstanding solid waste revenue bonds, notes or revenue warrants of the City or to make necessary additions, improvements, extraordinary repairs, extensions and replacements of the System, to make payments into the Rate Stabilization Fund, or any other lawful City purposes, including the payment of legal claims and judgments against the System.

The City hereby pledges Gross Revenues, after payment of the Costs of Maintenance and Operation, to the payment of the Parity Bonds.

Section 10. Bond Fund. There has been created the “Tacoma Solid Waste Revenue Bond Fund” (the “Bond Fund”) for the sole purpose of paying and securing the payment of Parity Bonds. The Bond Fund contains the Debt Service Account and the Reserve Fund. At the option of the City, separate funds and accounts may be created in the Bond Fund for the purpose of paying or securing
the payment of principal, premium, if any, and interest on any series of Parity Bonds.

(a) A Debt Service Account has been created in the Bond Fund for the purpose of paying the interest on any Parity Bonds and the principal or Sinking Fund Requirement for and premium, if any, on any Parity Bonds. As long as any Parity Bonds remain outstanding, the City hereby irrevocably obligates and binds itself to set aside and pay from the Solid Waste Operating Fund into the Debt Service Account those amounts necessary, with such other funds as are then on hand and available in the Debt Service Account, to pay the interest on all outstanding Parity Bonds, the principal of all outstanding Parity Bonds and the Sinking Fund Requirements as such interest, principal and Sinking Fund Requirements, respectively, become due and payable at maturity or by mandatory redemption. Payments on account of the Parity Bonds shall be made on or before the day on which an installment of interest, principal or Sinking Fund Requirement becomes due.

(b) A Reserve Fund has been created in the Bond Fund for the purpose of securing the payment of the principal of and interest on the Covered Bonds. After the 2006 Bonds and 2008 Bonds are fully redeemed, refunded or defeased, the City may create separate reserve funds and establish separate Reserve Fund Requirements, if any, to secure the payment of the principal of and interest on other Parity Bonds.

The Bonds shall initially be issued as Covered Bonds and the payment of the principal of and interest on the Bonds shall initially be secured by the Reserve
Fund. After the 2006 Bonds and 2008 Bonds are fully redeemed, refunded or defeased, the City, in its sole discretion, may create a separate reserve fund and establish a separate Reserve Fund Requirement, if any, to secure the payment of the principal of and interest on the Bonds. If the City determines to create a separate reserve fund and establish a Reserve Fund Requirement for the Bonds, from such date the Bonds will no longer be Covered Bonds and the payment of the principal of and interest on the Bonds will no longer be secured by the Reserve Fund. The new Reserve Fund Requirement for the Bonds shall be equal to the amount, if any, specified in a certificate of the Finance Director, Treasurer and Environmental Services Director, a form of which is attached hereto as Exhibit B.

The City shall provide notice of any such separate reserve fund and corresponding Reserve Fund Requirement for the Bonds in the same manner as a listed event notice that would be required upon the occurrence of a material “release, substitution, or sale of property securing repayment of the Bonds” in accordance with Section 21(c) of this ordinance.

The City hereby covenants that at the time of the issuance of the Bonds it will deposit a portion of the proceeds of the Bonds, acquire Qualified Insurance or Qualified Letter of Credit, or use other available funds to satisfy the Reserve Fund Requirement for the Bonds and the Outstanding Parity Bonds as of the date of Closing.

The City further covenants that in the event it issues any Future Parity Bonds that are Covered Bonds it will provide in each Parity Bond Ordinance authorizing the issuance of the same that it will deposit proceeds from the Future Parity Bonds
or approximately equal monthly payments will be made into the Reserve Fund out
of the Solid Waste Operating Fund so that within 36 months or less from the date of
the issuance of such Future Parity Bonds the total amount of such payments, with
the amount already in the Reserve Fund, will be at least equal to the Reserve Fund
Requirement; provided, after the 2006 Bonds and 2008 Bonds are fully redeemed,
refunded or defeased, this covenant shall read as follows: The City further
covenants that in the event it issues any Future Parity Bonds that are Covered
Bonds it will provide in each Parity Bond Ordinance authorizing the issuance of the
same that it will deposit proceeds from the Future Parity Bonds or approximately
equal monthly payments will be made into the Reserve Fund out of the Solid Waste
Operating Fund so that within five years or less from the date of the issuance of
such Future Parity Bonds the total amount of such payments, with the amount
already in the Reserve Fund, will be at least equal to the Reserve Fund
Requirement.

The City may elect to fund part or all the Reserve Fund with respect to the
Bonds and any Future Parity Bonds that are Covered Bonds through the use of a
Qualified Letter of Credit or Qualified Insurance. In making the payments and
credits to the Reserve Fund required by this Section 10(b), to the extent that the
City has obtained Qualified Insurance or a Qualified Letter of Credit for specific
amounts required pursuant to this section, such amounts so covered by Qualified
Insurance or a Qualified Letter of Credit shall be credited against the amounts
required to be maintained in the Reserve Fund by this Section 10(b) to the extent
that such payments and credits to be made are insured by an insurance company.
or guaranteed by a letter of credit from a financial institution. In the event of any
cancellation, the Reserve Fund shall be funded in accordance with the first three
paragraphs of this Section 10(b), as if the Covered Bonds that remain outstanding
had been issued on the date of such notice of cancellation.

The City further covenants that when the deposits required by this
Section 10(b) have been made into the Reserve Fund, it will at all times maintain
therein an amount at least equal to the Reserve Fund Requirement as the same
may be recalculated and determined from time to time. The investments in the
Reserve Fund shall be valued on each December 31 and may be valued on any
other date. Such valuation shall be at the market value of the obligations in such
fund including accrued interest; provided that investments which mature within one
year shall be valued at their maturity value. Whenever there is a sufficient amount
in the Debt Service Account and the Reserve Fund to pay the principal of, premium,
if any, and interest on all Covered Bonds then outstanding, the money in the
Reserve Fund may be used to pay such principal, premium, if any, or Sinking Fund
Requirements or interest. Money in the Reserve Fund may be withdrawn to
redeem and retire outstanding Covered Bonds, and to pay the interest due to such
date of redemption and premium, if any, or Sinking Fund Requirements on such
outstanding Covered Bonds, so long as the money remaining on deposit in the
Reserve Fund is at least equal to the Reserve Fund Requirement. When a series
of Covered Bonds is refunded in whole or in part, money may be withdrawn from
the Reserve Fund to pay or provide for the payment of refunded Covered Bonds;
provided that immediately after such withdrawal there shall remain in or be credited
to the Reserve Fund money and Permitted Investments in an amount equal to the
Reserve Fund Requirement or so much thereof as is then required to be
maintained.

In the event there shall be a deficiency in the Debt Service Account to meet
maturing installments of either interest on or principal of or Sinking Fund
Requirements on any Covered Bonds, such deficiency shall be made up from the
Reserve Fund by the withdrawal of money therefrom and by the sale or redemption
of obligations held in the Reserve Fund, if necessary, in such amounts as will
provide cash in the Reserve Fund sufficient to make up any such deficiency, and if
a deficiency still exists immediately prior to an interest payment date and after the
withdrawal of cash, the City shall then draw from any Qualified Letter of Credit or
Qualified Insurance in sufficient amount to make up the deficiency. Such draw shall
be made at such times and under such conditions as the agreement for such
Qualified Letter of Credit or such Qualified Insurance shall provide. The City
covenants that any deficiency created in the Reserve Fund by reason of any
withdrawal therefrom for payment into the Debt Service Account shall be made up
from money in the Solid Waste Operating Fund first available after providing for the
required payments into the Debt Service Account and after providing for any
required payments pursuant to a reimbursement obligation; provided, that once the
2006 Bonds are no longer outstanding, any such deficiency shall be made up within
12 months of such deficiency.

(c) Said amounts so pledged to be paid into the Debt Service Account and
the Reserve Fund from the Solid Waste Operating Fund are hereby declared to be
a prior lien and charge upon Gross Revenues superior to all other charges of any kind or nature whatsoever except the Costs of Maintenance and Operation of the System and except that the amounts so pledged are of equal lien to the charges upon such Revenue which may hereafter be made to pay and secure the payment of the principal of and interest on any Future Parity Bonds, and, provided further, if the City elects to meet the requirements of this Section 10(b) with respect to the Reserve Fund as to any issue of Parity Bonds through the use of a Qualified Letter of Credit or Qualified Insurance, then the City’s reimbursement obligation with respect thereto, if any, may rank on a parity of lien with the Parity Bonds.

(d) Money held in all of the accounts in the Bond Fund shall, to the fullest extent practicable and reasonable, be invested and reinvested at the direction of the Treasurer of the City solely in, and obligations deposited in such accounts shall consist of, Permitted Investments which shall mature on or prior to the respective dates when the money held for the credit of such accounts will be required for the purposes intended, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value. Money in the Reserve Fund not required for immediate disbursement for the purposes for which such fund is created shall, to the fullest extent practicable and reasonable, be invested and reinvested at the direction of the City solely in, and obligations deposited in the Reserve Fund shall consist of, Permitted Investments maturing prior to the final maturity date of the Parity Bonds then outstanding. All interest earned and income derived by virtue of investments of money in the Debt Service Account or the Reserve Fund may remain in the Bond Fund or be deposited into the Solid Waste Operating Fund and
all such investment income may be used to meet the required deposits into any account in the Bond Fund.

(e) The Council hereby finds that in fixing the amounts to be paid into the Bond Fund out of Gross Revenues, it has exercised due regard for the Costs of Maintenance and Operation and has not obligated the City to set aside and pay into such Fund a greater amount of such Revenue than in its judgment will be available over and above the Costs of Maintenance and Operation.

(f) Money in the Bond Fund may be used, if necessary, to pay Rebate Amounts to the extent that such Rebate Amounts are directly attributable to earnings on the Bond Fund.

Section 11. Rate Stabilization Fund. A special fund of the City designated the “Rate Stabilization Fund” has been established in the Solid Waste Operating Fund. In accordance with the priorities set forth in this ordinance, the City may from time to time deposit Net Revenues into the Rate Stabilization Fund and may from time to time withdraw amounts therefrom to enhance rate stability or for other lawful purposes of the City related to the System.

Section 12. Defeasance. In the event that the City, to effect the payment, retirement or redemption of any Bond, sets aside in the Bond Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable
Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of principal, premium, if any, and interest from the Bond Fund or such special account, and such Bond shall be deemed to be not outstanding under this ordinance.

The City shall give written notice of defeasance in accordance with Section 21.

Section 13. Covenants. The City hereby covenants and agrees with the owners of the Bonds for as long as any of the same remain outstanding as follows:

(a) Establishment and Collection of Rates and Charges. The City shall establish, maintain and collect lawful rates and charges for the use of the services and facilities of the System and all commodities sold, furnished or supplied by the System, and shall adjust such rates and charges from time to time so that:

(1) Gross Revenues will at all times be sufficient (A) to pay all costs of and charges and expenses in connection with the proper operation and maintenance of the System, (B) to pay the principal of, interest on and any Sinking Fund Requirements for the outstanding Parity Bonds, as and when the same shall become due and payable, (C) to make when due all payments which the City is obligated to make into the Reserve Fund, (D) to make all other payments which the City is obligated to make pursuant to this ordinance or any Parity Bond Ordinance and (E) to pay all taxes, assessments or other governmental charges lawfully
imposed on the System or the revenue therefrom or payments in lieu thereof and
any and all other amounts which the City may now and hereafter become obligated
to pay from Gross Revenues by law or contract; and

(2) the Net Revenues in each calendar year will equal at least
1.25 times the Annual Debt Service for such calendar year.

Solely for purposes of calculating the coverage requirement set forth above,
there shall be added to Gross Revenues in any calendar year any amount
withdrawn from the Rate Stabilization Fund in such calendar year and deposited in
the Solid Waste Operating Fund, and there shall be subtracted from Gross
Revenues in any calendar year any amount withdrawn from the Solid Waste
Operating Fund and deposited in the Rate Stabilization Fund. After all of the 2006
Bonds and 2008 Bonds are fully redeemed, refunded or defeased, credits to or from
the Rate Stabilization Fund that occur within 90 days after the end of a Fiscal Year
may be treated as occurring within such Fiscal Year.

The calculation of the coverage requirement set forth above, and in
Section 15, and the City's compliance therewith, may be made solely with reference
to this ordinance without regard to future changes in generally accepted accounting
principles. If the City has changed one or more of the accounting principles used in
the preparation of its financial statements, because of a change in generally
accepted accounting principles or otherwise, then an event of default relating to this
coverage requirement shall not be considered an event of default if the coverage
requirement ratio would have been complied with had the City continued to use
those accounting principles employed at the date of the most recent audited
financial statements prior to the date of this ordinance.

(b) Maintenance and Operations Standards. The City will at all times keep
and maintain the System in good repair, working order and condition and will at all
times operate the System and the business in connection therewith in an efficient
manner and at a reasonable cost.

(c) Sale or Disposition of System. The City will not sell or otherwise dispose
of the System in its entirety unless simultaneously with such sale or disposition
provision is made for payment into the Bond Fund of cash or Government
Obligations sufficient to pay the principal of and interest on all then outstanding
Parity Bonds in accordance with the terms thereof. The City will not sell or
otherwise dispose of any part of the useful operating properties of the System in
excess of 5 percent of the book value of the System (original acquisition cost of the
System less accumulated depreciation) unless (1) there has been filed with the City
Clerk a certificate of an Engineer stating that such disposition will not impair the
ability of the City to comply with the rate covenants previously set forth under this
section or (2) the proceeds from such disposition are used to acquire new useful
operating properties of the System or to retire System debt. No sale, lease,
mortgage or other disposal of any part of the System valued in excess of 10 percent
of the book value of the System shall be made if, in the opinion of an Engineer,
taking into consideration the use of such proceeds to acquire new property or retire
debt and based on financial statements of the System for the most recent Fiscal
Year available, such sale, mortgage, lease or other disposal would prevent the City
from meeting the requirements hereunder and with respect to any other obligations of the System.

(d) No Free Service. The City will not furnish any service of the System free of charge in an aggregate amount per year exceeding 1/10 of 1 percent of annual Gross Revenues.

(e) Books and Accounts – Operating Statement. The City will keep and maintain proper books and accounts with respect to the operations, income and expenditures of the System that are in accordance with proper and legal accounting procedures. All expenses incurred in the maintenance of such books and accounts and the preparation of such statement may be regarded and paid as an expense of operation of the System.

(f) Tax Covenants. The City will take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds, including but not limited to the following:

(1) Private Activity Bond Limitation. The City will assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(2) Limitations on Disposition of Project. The City will not sell or otherwise transfer or dispose of (i) any personal property components of the projects refinanced with proceeds of the Bonds (the “Projects”) other than in the
ordinary course of an established government program under Treasury Regulation 1.141-2(d)(4) or (ii) any real property components of the Projects, unless it has received an opinion of Bond Counsel to the effect that such disposition will not adversely affect the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes.

(3) Federal Guarantee Prohibition. The City will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(4) Rebate Requirement. The City will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

(5) No Arbitrage. The City will not take, or permit or suffer to be taken by the Escrow Agent or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(6) Registration Covenant. The City will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code until all Bonds have been surrendered and canceled.
(7) Record Retention. The City will retain its records of all accounting and monitoring it carries out with respect to the Bonds for at least three years after the Bonds mature or are redeemed (whichever is earlier); however, if the Bonds are redeemed and refunded, the City will retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the Bonds.

(8) Compliance with Federal Tax Certificate. The City will comply with the provisions of the Federal Tax Certificate with respect to the Bonds, which are incorporated herein as if fully set forth herein. The covenants of this Section will survive payment in full or defeasance of the Bonds.

(g) Junior Lien Bonds. In the event the City issues revenue bonds or other revenue obligations having a lien upon the Gross Revenues junior and inferior to the lien on the Parity Bonds (“Junior Lien Bonds”), the City covenants that a default on such Junior Lien Bonds will not constitute a default on the Parity Bonds and that the City will not permit, to the extent legally practicable, an acceleration of such Junior Lien Bonds in the event of a default on such bonds.

Section 14. Parity Derivative Products. For purposes of this Section 14, the following words shall have the following definitions:

(a) “Payment” means any payment (designated as such by an ordinance or resolution) required to be made by or on behalf of the City under a Payment Agreement and which is determined according to a formula set forth in the Payment Agreement.
(b) “Parity Payment Agreement” means a Payment Agreement under which the City’s payment obligations are expressly stated to be secured by a pledge of and lien on Net Revenues on an equal and ratable basis with the Net Revenues required to be paid into the Bond Fund to pay and secure the payment of the principal of and interest on Parity Bonds.

(c) “Payment Agreement” means a written agreement for the purpose of managing or reducing the City’s exposure to fluctuations or levels of interest rates, currencies or commodities or for other interest rate, investment, asset or liability management purposes, entered into on either a current or forward basis by the City and a Qualified Counterparty, all as authorized by any applicable laws of the State. Such agreement may or may not be characterized by a structure of reciprocity of payment.

(d) “Payment Date” means any date specified in the Payment Agreement on which a City Payment or Receipt is due and payable under the Payment Agreement.

(e) “Receipt” means any payment (designated as such by an ordinance or resolution) to be made to, or for the benefit of, the City under a Payment Agreement by the Payor.

(f) “Payor” means a Qualified Counterparty to a Payment Agreement that is obligated to make one or more payments thereunder.

(g) “Qualified Counterparty” means a party (other than the City or a party related to the City) who is the other party to a Payment Agreement that has or whose obligations are unconditionally guaranteed by a party that has at least an
investment grade rating from a rating agency (who, if the City’s Parity Bonds are rated by Moody’s, must have a rating of at least “A”) and who is otherwise qualified to act as the other party to a Payment Agreement under any applicable laws of the State.

A Payment made under a Payment Agreement may be on a parity with the Bonds if the Payment Agreement satisfies the requirements for Future Parity Bonds described in Section 15, taking into consideration regularly scheduled Payments and Receipts (if any) under the Payment Agreement. The following shall be conditions precedent to the use of any Payment Agreement on a parity with the Bonds:

(1) The City shall obtain an opinion of Bond Counsel on the due authorization and execution of such Payment Agreement, the validity and enforceability thereof and opining that the action proposed to be taken is authorized or permitted by this ordinance or the applicable provisions of any supplemental ordinance and will not adversely affect the excludability for federal income tax purposes of the interest on any outstanding Parity Bonds.

(2) Prior to entering into a Payment Agreement, the City shall adopt an ordinance, which shall:

(A) set forth the manner in which the Payments and Receipts are to be calculated and a schedule of Payment Dates;

(B) establish general provisions for the rights of parties to Payment Agreements; and
(C) set forth such other matters as the City deems necessary or desirable in connection with the management of Payment Agreements as are not clearly inconsistent with the provisions of this ordinance.

The Payment Agreement may obligate the City to pay, on one or more scheduled and specified Payment Dates, the Payments in exchange for the Payor’s obligation to pay or to cause to be paid to the City, on scheduled and specified Payment Dates, the Receipts. The City may also enter into Payment Agreements that are not reciprocated by the other party to the agreement.

If the City enters into a Parity Payment Agreement, Payments shall be made from the Debt Service Account in the Bond Fund and Annual Debt Service shall include any regularly scheduled City Payments adjusted by any regularly scheduled Receipts during a Fiscal Year. Receipts shall be paid directly into the Bond Fund. Obligations to make unscheduled payments, such as termination payments, may not be entered into on a parity with the Parity Bonds.

Nothing in this section shall preclude the City from entering into Payment Agreements with a claim on Net Revenues junior to that of the Bonds. Furthermore, nothing in this section shall preclude the City from entering into obligations on a parity with the Bonds in connection with the use of Payment Agreements or similar instruments if the City obtains an opinion of Bond Counsel that the obligations of the City thereunder are consistent with this ordinance.

Section 15. Future Parity Bonds. The City reserves the right to issue Future Parity Bonds for the purposes of (a) providing funds to acquire, construct, reconstruct, install, or replace any equipment, facilities, additions, or other capital
improvements to the System for which it is authorized by law to issue revenue bonds; (b) any lawful purpose of the System, including the payment of a judgment or settlement of a claim; or (c) refunding at or prior to their maturity, any revenue bond anticipation notes or outstanding revenue bonds or other obligations payable out of Gross Revenues. The City may pledge that payments will be made out of money in the Solid Waste Operating Fund into the Bond Fund and the funds and accounts therein to pay and secure the payment of the principal of and interest on such Future Parity Bonds on a parity with the payments required herein to be made out of such money into such fund and accounts to pay and secure the payment of the principal of and interest on any Parity Bonds then outstanding, upon compliance with the following conditions:

(a) At the time of the issuance of any Future Parity Bonds there is no deficiency in the Bond Fund.

(b) The principal of and interest on any Future Parity Bonds shall be payable out of the Bond Fund and the requirements for Sinking Fund Requirements and Reserve Fund payments (with respect to Covered Bonds) in Section 10 shall be met.

(c) Prior to the delivery of any Future Parity Bonds, the City shall have on file in the office of the City Clerk either:

(1) A certificate of the Finance Director of the City stating that Net Revenues in any 12 consecutive months out of the most recent 24 months preceding the delivery of the bonds then proposed to be issued, as determined from the financial statements of the System, were not less than 1.25 times Maximum
Annual Debt Service for any year on all outstanding Parity Bonds and the bonds proposed to be issued, provided that in the event that any adjustment in the rates, fees and charges collected by the City for the services of the System shall have been adopted by the City Council at any time on or prior to the date of delivery of the bonds then proposed to be issued, the Finance Director shall reflect in his or her certificate the Net Revenues he or she estimates would have been collected in such 12-month period if such new rates, fees and charges had been in effect for the entire 12-month period, or

(2) A certificate of an Engineer or a Certified Public Accountant showing that the “Adjusted Net Revenues” (as determined as provided below) for each calendar year during the life of the bonds proposed to be issued will equal not less than 1.25 times Maximum Annual Debt Service for any year on all outstanding Parity Bonds and the bonds proposed to be issued.

The Adjusted Net Revenues shall be the Net Revenues for a period of any 12 consecutive months out of the 24 months immediately preceding the date of delivery of such proposed Future Parity Bonds as adjusted by such Engineer or Certified Public Accountant to take into consideration changes in Net Revenues estimated to occur under the following conditions for each year after such delivery for so long as any Parity Bonds, including the Future Parity Bonds proposed to be issued, shall be outstanding:

(i) the additional Net Revenues which would have been received if any change in rates and charges adopted prior to the date of such
certificate and subsequent to the beginning of such 24 month period, had been in
force during the full 24 month period;

(ii) the additional Net Revenues which would have been
received if any customers added to the System during such 24-month period were
customers for the entire period. For these purposes, customers shall mean only
customers for collection and disposal of solid waste; and

(iii) the additional Net Revenues estimated by such Engineer
or Certified Public Accountant to be received as a result of any additions and
improvements to and extensions of any facilities of the System which are (a) under
construction at the time of such certificate or (b) will be constructed or acquired
from the proceeds of the Future Parity Bonds to be issued.

Such Engineer or Certified Public Accountant may rely upon, and such
certificate shall have attached thereto, financial statements of the System, certified
by the City Finance Director, showing income and expenses for the period upon
which the same is based. The certificate of such Engineer or Certified Public
Accountant shall be conclusive and the only evidence required to show compliance
with the provisions and requirements of this subsection.

(d) Refunding Bonds. Notwithstanding the foregoing requirement, if Future
Parity Bonds are to be issued for the purpose of refunding at or prior to their
maturity any part or all of the then outstanding Parity Bonds and the issuance of
such refunding Future Parity Bonds will result in a debt service savings and does
not require an increase of more than $5,000 in any fiscal or calendar year for
principal of and interest on such refunding Future Parity Bonds over and above the
amount required in such year for the principal of and interest on the bonds being refunded thereby, it is not necessary to obtain a certificate of the Finance Director or an Engineer or Certified Public Accountant prior to issuing such bonds.

(e) Junior Lien Bonds. Subject to Section 13(g) of this ordinance, nothing herein contained shall prevent the City from issuing revenue bonds or other obligations which are a charge upon Gross Revenues junior or inferior to the payments required by this ordinance to be made out of such Revenue into the Bond Fund and accounts therein to pay and secure the payment of any outstanding Parity Bonds.

(f) Nothing herein contained shall prevent the City from issuing revenue bonds to refund maturing Parity Bonds for the payment of which money is not otherwise available.

(g) In the event that the City elects additionally to secure any issue of Variable Interest Rate Bonds through the use of a letter of credit, insurance or other equivalent credit enhancement, the City may contract with the entity providing such letter of credit, insurance or other equivalent credit enhancement that the City’s reimbursement obligation, if any, to such entity ranks on a parity of lien with the Parity Bonds; provided, that the payments due under such reimbursement agreement are such that if such reimbursement obligation were a series of Future Parity Bonds, such Future Parity Bonds could be issued in compliance with the provisions of this Section 15.
Section 16. Sale of Bonds.

(a) Bond Sale. The Bonds shall be sold by negotiated sale to the Underwriter selected by the Designated Representative pursuant to the terms of this ordinance and the Bond Purchase Contract. The Designated Representative is hereby authorized to select the Underwriter that submits the proposal that is in the best interest of the City.

The Council has determined that it would be in the best interest of the City to delegate to the Designated Representative for a limited time the authority to select the Underwriter, approve the selection of Refunded Bonds (if any), and approve the final interest rates, maturity dates, aggregate principal amounts, principal amounts of each maturity, and redemption rights for each series of Bonds.

Subject to the terms and conditions set forth in this Section 16, the Designated Representative is hereby authorized to enter into the Bond Purchase Contract with the Underwriter to issue and sell the Bonds upon his or her approval of the final interest rates, maturity dates, aggregate principal amounts, principal maturities, and redemption rights set forth therein for each series of Bonds in accordance with the authority granted by this section so long as:

1. the aggregate principal amount of the Bonds does not exceed $55,000,000,
2. the final maturity date for the 2016A Bonds is no later than December 1, 2036,
3. the final maturity date for the 2016B Bonds is no later than December 1, 2036;
(4) the Bonds are sold (in the aggregate) at a price not less than 97 percent and not greater than 130 percent,

(5) the true interest cost for the Bonds (in the aggregate) does not exceed 5 percent, and

(6) the Bonds conform to all other terms of this ordinance.

Subject to the terms and conditions set forth in this section, the Designated Representative is hereby authorized to execute one or more Bond Purchase Contracts to be dated the date of sale of a series of Bonds. The signature of one Designated Representative shall be sufficient to bind the City.

Following the execution of the Bond Purchase Contract, the Designated Representative shall provide a report to the City Council describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representative by this Section 16 shall expire 120 days after the effective date of this ordinance. If a Bond Purchase Contract for the Bonds has not been executed within 120 days after the effective date of this ordinance, the authorization for the issuance of the Bonds shall be rescinded and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been reauthorized by ordinance of the City Council. The ordinance reauthorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 16.
(b) Delivery of Bonds; Documentation. Upon the passage and approval of this ordinance, the proper officials of the City, including the Finance Director, Treasurer, and City Manager, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the Underwriter and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of this ordinance and the Bond Purchase Contract.

Section 17. Approval of Official Statement. The Finance Director is hereby authorized to approve and to deem final the preliminary Official Statement relating to the Bonds for the purposes of the Rule. The Finance Director is further authorized to approve for purposes of the Rule, on behalf of the City, the final Official Statement relating to the issuance and sale of the Bonds and the distribution of the final Official Statement pursuant thereto with such changes, if any, as may be deemed by him or her to be appropriate.

Section 18. Defaults and Remedies. The following constitute “Events of Default” under this ordinance:

(a) If default shall be made in the due and punctual payment of the principal of and premium, if any, on any of the Parity Bonds when the same shall become due and payable, either at maturity or by mandatory redemption;

(b) If default shall be made in the due and punctual payment of any installment of interest on any Parity Bond;

(c) If the City shall default in the observance and performance of any other of the covenants, conditions and agreements on the part of the City contained in
this ordinance or any covenants, conditions or agreements on the part of the City contained in any other Parity Bond Ordinance and such default or defaults shall have continued for a period of 90 days after the City shall have received from the owners of not less than 20 percent in principal amount of the Parity Bonds outstanding a written notice specifying and demanding the cure of such default.

The failure to collect Net Revenues in any calendar year sufficient to comply with the covenant contained in Section 14(a)(2) shall not constitute an Event of Default if the City, before the 100th day of the following calendar year:

1. Employs an Engineer to recommend changes in the System’s rates which are estimated to produce Net Revenues sufficient (once the rates recommended by the Engineer have been imposed by the City) to meet the requirements of Section 14(a)(2); and
2. Promptly imposes rates at least as high as those recommended by such Engineer.

So long as such Event of Default shall not have been remedied, a bondowners’ trustee may be appointed by the registered owners of 25 percent in principal amount of the Parity Bonds.

The bondowners’ trustee may upon the happening of an Event of Default, and during the continuance thereof, take such steps and institute such suits, actions or other proceedings in its own name, or as trustee, all as it may deem appropriate for the protection and enforcement of the rights of bondowners to collect any amounts due and owing the City, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition
contained in this ordinance or in any of the Parity Bonds. The registered owners of
the Parity Bonds, by taking and holding the same, shall be deemed irrevocably to
appoint the bondowners’ trustee the true and lawful trustee of the respective
owners of said Parity Bonds.

No owner of any one or more of the Parity Bonds shall have any right to
institute any action, suit or proceeding at law or in equity for the enforcement of
same unless an Event of Default shall have happened and be continuing, and
unless no bondowners' trustee has been appointed. In the event no bondowners’
trustee has been appointed, or with the consent of the bondowners' trustee if such
bondowners' trustee has been appointed, a bondowner may exercise any remedy
given the bondowner's trustee.

Section 19. Supplemental Ordinances.

(a) The Council from time to time and at any time may adopt an ordinance
or ordinances supplemental to this ordinance, which supplemental ordinance or
ordinances thereafter shall become a part of this ordinance, for any one or more or
all of the following purposes:

(1) To add to the covenants and agreements of the City in this
ordinance other covenants and agreements thereafter to be observed, which shall
not adversely affect the interests of the owners of any Parity Bonds, or to surrender
any right or power herein reserved to or conferred upon the City.

(2) To make such provisions for the purpose of curing any
ambiguities or of curing, correcting or supplementing any defective provision
contained in this ordinance or any ordinance authorizing future Parity Bonds in
regard to matters or questions arising under such ordinances as the Council may
dee necessary or desirable and not inconsistent with such ordinances and which
shall not adversely affect the interest of the owners of Parity Bonds.

Any such supplemental ordinance of the City may be adopted without the
consent of the registered owners of any Parity Bonds at any time outstanding,
notwithstanding any of the provisions of subsection (b) of this section.

(b) With the consent of the registered owners of not less than 65 percent in
aggregate principal amount of the Parity Bonds at the time outstanding, the Council
may adopt an ordinance or ordinances supplemental hereto for the purpose of
adding any provisions to or changing in any manner or eliminating any of the
provisions of this ordinance or of any supplemental ordinance; provided, however,
that no such supplemental ordinance shall:

(1) Extend the fixed maturity of any Parity Bonds, or reduce the rate
of interest thereon, or extend the time of payment of interest from their due date, or
reduce the amount of the principal thereof, or reduce any premium payable on the
redemption thereof, without the consent of the registered owner of each bond so
affected; or

(2) Reduce the aforesaid percentage of bondowners required to
approve any such supplemental ordinance, without the consent of the registered
owners of all of the Parity Bonds then outstanding.

It shall not be necessary for the consent of registered owners under this
subsection (b) to approve the particular form of any proposed supplemental
ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

Section 20. Bond Insurance. The Designated Representative is hereby further authorized to solicit proposals from municipal bond insurance companies for the issuance of a bond insurance policy. In the event that the Designated Representative receives multiple proposals in response to a solicitation, the Designated Representative may select the proposal having the lowest cost and resulting in an overall lower interest cost with respect to the Bonds to be insured. The Designated Representative may execute a commitment received from the insurer selected by the Designated Representative. The Council further authorizes all proper officers, agents, attorneys and employees of the City to cooperate with the insurer in preparing such additional agreements, certificates, and other documentation on behalf of the City as shall be necessary or advisable in providing for the bond insurance policy.

Section 21. Ongoing Disclosure.

(a) Contract/Undertaking. This section constitutes the City’s written undertaking for the benefit of the owners, including beneficial owners, of the Bonds as required by Section (b)(5) of the Rule.

(b) Financial Statements/Operating Data. The City agrees to provide or cause to be provided to the MSRB the following annual financial information and operating data for the prior fiscal year (commencing in 2016 for the fiscal year ended December 31, 2015):
(1) Annual financial statements, which statements may or may not be audited, showing ending fund balances for the System prepared in accordance with Generally Accepted Accounting Principles prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute);

(2) Principal amount of outstanding Parity Bonds;

(3) Debt service coverage for outstanding Parity Bonds;

(4) Total number of residential and commercial customers;

(5) Aggregate percent of total revenue received from the System’s ten largest customers;

(6) Tonnage and percentage for each disposal method;

(7) Rates for the System substantially as provided in the rate ordinance approved by the Council; and

(8) Gross Revenues by service.

Items (2)-(8) shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above shall be provided on or before the last day of the ninth month after the end of the City’s fiscal year. The City’s current fiscal year ends December 31. The City may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents available to the public on the MSRB’s internet website or filed with the Commission.
If not provided as part of the annual financial information discussed above, the City shall provide the City’s audited annual financial statement prepared in accordance with Generally Accepted Accounting Principles prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when and if available to the MSRB.

(c) Listed Events. The City agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- Modifications to the rights of Bondholders, if material;
- Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34 23856, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the Bonds, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the City;
- The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City,
other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(d) Format for Filings with the MSRB. All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(e) Notification Upon Failure to Provide Financial Data. The City agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(f) Termination/Modification. The City’s obligations to provide annual financial information and notices of certain listed events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Any provision of this section shall be null and void if the City (i) obtains an opinion of Bond Counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (ii) notifies the MSRB of such opinion and the cancellation of this section.

The City may amend this section with an opinion of Bond Counsel in accordance with the Rule. In the event of any amendment of this section, the City shall describe such amendment in the next annual report, and shall include a
narrative explanation of the reason for the amendment and its impact on the type
(or in the case of a change of accounting principles, on the presentation) of financial
information or operating data being presented by the City. In addition, if the
amendment relates to the accounting principles to be followed in preparing financial
statements, (A) notice of such change shall be given in the same manner as for a
listed event under subsection (c), and (B) the annual report for the year in which the
change is made shall present a comparison (in narrative form and also, if feasible,
in quantitative form) between the financial statements as prepared on the basis of
the new accounting principles and those prepared on the basis of the former
accounting principles.

(g) Bond Owner's Remedies Under this Section. The right of any
bondowner or beneficial owner of Bonds to enforce the provisions of this section
shall be limited to a right to obtain specific enforcement of the City's obligations
under this section, and any failure by the City to comply with the provisions of this
undertaking shall not be an Event of Default with respect to the Bonds.

Section 22. Lost or Destroyed Bonds. In case any Bonds shall be lost,
stolen or destroyed, the Bond Registrar may authenticate and deliver a new
Bond(s) of like series, amount, date, tenor, and effect to the owner thereof upon the
owner paying the expenses and charges of the City in connection therewith and
upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that
such Bond(s) were actually lost, stolen or destroyed and of ownership thereof, and
upon furnishing the City with indemnity satisfactory to both.
Section 23. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 24. Effective Date. This ordinance shall take effect and be in force 10 days after its passage, approval and publication as required by law.

Passed: ______________________

______________________________
Mayor

Attest:

______________________________
City Clerk

Approved as to form and legality:

Pacifica Law Group LLP
Bond Counsel to the City of Tacoma

By ______________________
EXHIBIT “A”

UNITED STATES OF AMERICA

No. ______ $____________

STATE OF WASHINGTON
CITY OF TACOMA
SOLID WASTE REVENUE REFUNDING BOND, 2016[A/B]

INTEREST RATE: % MATURITY DATE: CUSIP NO.:
REGISTERED OWNER: CEDE & CO.
PRINCIPAL AMOUNT:

The City of Tacoma, Washington, a municipal corporation of the State of Washington (the “City”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest from __________, 2016, or the most recent date to which interest has been paid or duly provided for, until payment of this bond at the Interest Rate set forth above, payable on __________, 20___, and semiannually thereafter on the first days of each succeeding June and December. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company (“DTC”) referred to in the Blanket Issuer Letter of Representations (the “Letter of Representations”) from the City to DTC.

This bond is one of an authorized issue of bonds of like date and tenor, except as to number, amount, rate of interest, date of maturity and rights of redemption, in the aggregate principal amount of $_______, and is issued pursuant to Ordinance No. _______ passed by the Council on April 26, 2016 (the “Bond Ordinance”) to provide the funds necessary to defease and refund certain outstanding solid waste revenue bonds of the City and to pay costs of issuance of the bonds. Capitalized terms used in this bond and not otherwise defined shall have the meanings given them in the Bond Ordinance. Simultaneously with the issuance of this bond, the City is also issuing its Solid Waste Revenue Refunding Bonds, 2016[A/B] pursuant to the Bond Ordinance to provide the funds necessary to defease and/or refund certain outstanding solid waste revenue bonds of the City and to pay costs of issuance for such bonds.

The bonds of this issue are subject to redemption at the option of the City as provided in the Bond Ordinance and Bond Purchase Contract.
The bonds of this issue are payable solely from the special fund of the City known as the “Solid Waste Bond Fund” (the “Bond Fund”). The City has irrevocably obligated and bound itself to pay into the Bond Fund out of Gross Revenues or from such other money as may be provided for such purpose certain amounts necessary to pay and secure the payment of the principal and interest on such bonds.

The City has pledged to set aside from the Solid Waste Operating Fund out of Gross Revenues and to pay into the Bond Fund the various amounts required by the Bond Ordinance to be paid into and maintained in such Fund within the times provided by the Bond Ordinance.

To the extent more particularly provided by the Bond Ordinance, the amounts so pledged to be paid from the Solid Waste Operating Fund out of Gross Revenues into the Bond Fund shall be a lien and charge thereon equal in rank to the lien and charge upon such Revenue of the amounts required to pay and secure the payment of the Outstanding Parity Bonds and any revenue bonds hereafter issued on a parity with the bonds of this issue and superior to all other liens and charges of any kind or nature, except the Costs of Maintenance and Operation of the System.

The bonds of this issue are not “private activity bonds” as such term is defined in the Internal Revenue Code of 1986, as amended (the “Code”). The City has not designated the bonds of this issue as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Code.

The City hereby irrevocably covenants and agrees with the Registered Owner of this bond that it will keep and perform all the covenants of this bond and of the Bond Ordinance to be by it kept and performed. Reference is hereby made to the Bond Ordinance for a complete statement of such covenants.

Bonds are interchangeable for bonds of any authorized denomination of equal aggregate principal amount and of the same interest rate and maturity upon presentation and surrender to the Bond Registrar.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington and the charter and ordinances of the City to exist and to have happened, been done and performed precedent to and in the issuance of this bond do exist and have happened, been done and performed and that the issuance of this bond and the bonds of this series...
does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Tacoma, Washington, has caused this bond to be signed with the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and the seal of the City to be impressed or a facsimile thereof to be imprinted hereon, as of this _____ day of ______________, 2016.

[SEAL]

CITY OF TACOMA, WASHINGTON

By /s/ manual or facsimile
Mayor

ATTEST:

/s/ manual or facsimile
City Clerk

The Bond Registrar’s Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Solid Waste Revenue Refunding Bonds, 2016[A/B] of the City of Tacoma, Washington, dated ____________, 2016.

WASHINGTON STATE FISCAL AGENT, as Bond Registrar

By __________________________
EXHIBIT “B”

FORM OF NOTICE OF SEPARATE RESERVE FUND*

CITY OF TACOMA, WASHINGTON
SOLID WASTE REVENUE REFUNDING BONDS, 2016A
(date of issuance __________, 2016)
SOLID WASTE REVENUE REFUNDING BONDS, 2016B
(date of issuance __________, 2016)

CUSIP No.: _____________

NOTICE IS HEREBY GIVEN that the City of Tacoma, Washington (the “City”), pursuant to Section 10(b) of Ordinance No. ___ adopted by the City Council on April 26, 2016 (the “Bond Ordinance”), has established a separate reserve fund (“Reserve Fund”) and a new reserve fund requirement (the “Reserve Fund Requirement”) for the above-referenced bonds (the “Bonds”). As of __________, 20__, the Bonds shall no longer be considered “Covered Bonds” as defined in the Bond Ordinance, and principal of and interest on the Bonds shall be secured by the separate Reserve Fund.

The Reserve Fund Requirement for the Bonds as of __________, 20__ shall be ____________.

[details of separate Reserve Fund to be added, if needed]

This notice is being given to provide interested parties information regarding the source of security and payment for the Bonds. No further notice or updates will be provided unless the City determines to revise the Reserve Fund Requirement at a later date.

Dated: __________, 20__.

Finance Director, City of Tacoma
Treasurer, City of Tacoma
Environmental Services Director, City of Tacoma

* The City shall provide notice of any such separate Reserve Fund and corresponding Reserve Fund Requirement for the Bonds in the same manner as a listed event notice that would be required upon the occurrence of a material “release, substitution, or sale of property securing repayment of the Bonds” in accordance with Section 21(c) of the Bond Ordinance.
CLERK’S CERTIFICATE

I, the undersigned, the duly chosen, qualified City Clerk of the City of Tacoma, Washington, and keeper of the records of the Council (herein called the “Council”), DO HEREBY CERTIFY:

1. That the attached Ordinance No. ____ (herein called the “Ordinance”) is a true and correct copy of an Ordinance of the Council, as finally passed at a regular meeting of the Council held on the 26th day of April, 2016, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper adoption of said Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City as of this 26th day of April, 2016.

City Clerk
City of Tacoma, Washington