



Legislation Passed April 30, 2013

The Tacoma City Council, at its regular City Council meeting of April 30, 2013, 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. 38662

Reappointing individuals to the Human Rights Commission, the Human Services Commission, and the Sustainable Tacoma Commission.

Purchase Resolution No. 38663

Awarding a contract to:

AHBL, Inc., in the amount of \$239,784.50, sales tax not applicable, for a cumulative total of \$439,339.53, budgeted from the 2010 LTGO Bond D Fund, to increase and extend the contract for engineering design, land surveying, and construction phase services for the Tacoma's Bikeways project, a 13-mile active transportation corridor from South 96th Street and Park Avenue to North 26th and Pearl Streets, through December 31, 2013 – Specification No. PW10-0496F.

Resolution No. 38664

Expressing support for the North Downtown Central (E1) corridor as the preferred alternative for the Tacoma Link Light Rail system expansion project to create a significant and important investment in Tacoma and an important addition to the regional transit system.

Ordinance No. 28145

Amending Chapter 1.12 of the Municipal Code, relating to the Compensation Plan, to implement rates of pay and compensation for employees represented by the International Brotherhood of Electrical Workers, Local 483, Court Clerk's Unit, which covers 26.8 budgeted, full-time positions.

Ordinance No. 28146

Providing for the issuance and sale of the City's Electric System Revenue and Refunding Bonds, Series 2013, not to exceed \$375,000,000, to provide funds to finance capital improvements and allow for the option of refund or defease a portion of the City's outstanding Electric System bonds; and appointing the City's designated representative to approve the final terms of the sale of the bonds.



RESOLUTION NO. 38662

1 BY REQUEST OF MAYOR STRICKLAND, DEPUTY MAYOR CAMPBELL, AND
2 COUNCIL MEMBERS LONERGAN AND WALKER

3 A RESOLUTION relating to committees, boards, and commissions; reappointing
4 individuals to the Human Rights Commission, the Human Services
5 Commission, and the Sustainable Tacoma Commission.

6 WHEREAS vacancies exist on the Human Rights Commission, the Human
7 Services Commission, and the Sustainable Tacoma Commission, and

8 WHEREAS, pursuant to the City Charter Section 2.4 and the Rules,
9 Regulations, and Procedures of the City Council, the persons named on Exhibit "A"
10 have been nominated to serve on the committees, boards, and commissions listed;

11 Now, Therefore,

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

13 That those nominees to the committees, boards, and commissions, listed on
14 Exhibit "A" are hereby confirmed and reappointed as members of such
15 committees, boards, and commissions, for such terms as are set forth on
16 Exhibit "A."
17

18 Adopted _____
19

20 _____
21 Mayor

22 Attest:

23 _____
24 City Clerk

25 Approved as to form:

26 _____
City Attorney



EXHIBIT "A"

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

HUMAN RIGHTS COMMISSION

Reappointing **Alice Currie** to a new term to expire March 3, 2016.

Reappointing **Olgy Diaz** to a new term to expire April 30, 2016.

Reappointing **Larry L. Strege** to a new term to expire March 7, 2016.

HUMAN SERVICES COMMISSION

Reappointing **Brian Boyd** to a new term to expire April 30, 2016.

Reappointing **Julie Cantrell** to a new term to expire April 30, 2016.

Reappointing **Don Rennegarbe** to a new term to expire April 30, 2016.

SUSTAINABLE TACOMA COMMISSION

Reappointing **Nick Cutting** to a new term to expire April 30, 2016.



RESOLUTION NO. 38663

1 A RESOLUTION related to the purchase of materials, supplies or equipment,
2 and the furnishing of services; authorizing the appropriate City officials to
3 enter into contracts and, where specified, waiving competitive bidding
4 requirements, authorizing sales of surplus property, or increasing or
5 extending existing agreements.

6 WHEREAS the City has complied with all applicable laws governing the
7 acquisition of those supplies, and/or the procurement of those services,
8 inclusive of public works, set forth in the attached Exhibit "A," which Exhibit is
9 incorporated herein as though fully set forth, and

10 WHEREAS the Board of Contracts and Awards has reviewed the
11 proposals and bids received by the City, and the Board has made its
12 recommendation as set forth in Exhibit "A," and

13 WHEREAS the Board of Contracts and Awards has also made its
14 recommendations as to entering into purchasing agreements with those
15 governmental entities identified in Exhibit "A"; Now, Therefore,

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

17 That the Council of the City of Tacoma does hereby concur in the
18 findings and recommendations of the Board of Contracts and Awards set forth
19 in the attached Exhibit "A," and does hereby approve and authorize the:

20 (X) A. Procurement of those supplies, services, and public works
21 recommended for acceptance in the attached Exhibit "A";

22 () B. Rejection of those bids and/or proposals that are recommended
23 for rejection in the attached Exhibit "A";
24
25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

() C. Entry into the proposed purchasing agreement with those governmental entities identified in the attached Exhibit "A," which proposed agreement is on file in the office of the City Clerk;

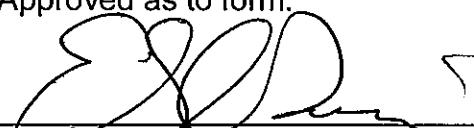
() D. Waiver of competitive bidding procedures in those instances, as set forth in Exhibit "A," in which it is impracticable to obtain supplies or public works improvements by competitive bid, or in those instances in which supplies and/or public works are available from a single source.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:


City Attorney



City of Tacoma
Public Works Department

EXHIBIT "A"

RESOLUTION NO.: 38663

ITEM NO.: 1

MEETING DATE: APRIL 30, 2013

DATE: April 16, 2013
TO: Board of Contracts and Awards
SUBJECT: Consultant Services for the Top 4 Bikeways Project
 Budgeted from 2010 LTGO Bond D Fund 3220-10D
 Request for Qualifications PW10-0496F
 Contract No. 4600007501

RECOMMENDATION: The Public Works Engineering Division requests approval to increase Contract No.4600007501 with **AHBL, Inc., Tacoma, WA**, by \$239,784.50, sales tax not applicable, for engineering design, land surveying and construction phase services for the development of a 13-mile active transportation corridor across the City, otherwise known as Tacoma's Bikeway project. This increase will bring the contract to a cumulative amount of \$439,339.53, sales tax not applicable.

EXPLANATION: Tacoma's Bikeway project involves the development of a 13-mile active transportation corridor running from South 96th Street and Park Avenue in South Tacoma, to North 26th and Pearl Streets in North Tacoma. This project is the top implementation priority identified in Tacoma's Mobility Master Plan, adopted by the City Council on June 15, 2010, and is Tacoma's blueprint for the creation of a system of bicycle and pedestrian improvements citywide, which at full build-out, will make biking and walking safer and more practical transportation options.

The initial contract with AHBL, Inc. (AHBL) in the amount of \$142,428.85, sales tax not applicable, provided land surveying, scoping and engineering design services for the project. The contract was amended on February 24, 2012, to increase the contract by \$57,126.18, sales tax not applicable, bringing the cumulative amount to \$199,555.03, sales tax not applicable, for additional survey, design and construction related services for the development of bicycle and pedestrians improvements related to breaking the project into phases and creating multiple bid packages.

The first phase, route delineation and pavement markings from South 96th Street and Park Avenue to South G Street, was constructed in 2011. The second phase was advertised for construction in 2012. Bids came in high and the contract was not awarded. Grant applications were submitted for the project; in late 2012 the project received two federal grants for a cumulative amount of \$1.5 million. These grants allowed the scope of work to be expanded to include pedestrian improvements, more intersections, road resurfacing and additional traffic calming. This amendment is for the final phase of the 13-mile route.

COMPETITIVE BIDDING: This contract was originally awarded to AHBL as a result of Request for Qualifications Specification No. PW10-0496F in June 2011. The contractor has agreed to renew the contract at the same price, terms and conditions as the original contract.

CONTRACT HISTORY: The initial contract and Amendment #1 resulted in a total contract value less than \$200,000, no prior Council action was required. Amendment #2 was a term extension only. This increase will bring the contract to a cumulative amount of \$439,339.53, sales tax not applicable and will extend the contract to December 31, 2013.

FUNDING: Funds are budgeted in the 2010 LTGO Bond D Fund 3220-10D.

PROJECT ENGINEER/COORDINATOR: Chris E. Larson, P.E., Engineering Division Manager,
253-591-5538.



Kurtis D. Kingsolver, P.E.
Interim Public Works Director/City Engineer

cc: Chuck Blankenship, Purchasing Analyst, Finance/Purchasing
HUB Coordinator
LEAP Coordinator



TO: T.C. Broadnax
City Manager

FROM: Kurtis D. Kingsolver, P.E. *KDK*
Interim Public Works Director/City Engineer

SUBJECT: Council Action Memo – Purchase Resolution – April 30, 2013
Consultant Services Contract with AHBL, Inc., Amendment No. 3

DATE: April 16, 2013

The Public Works Engineering Division requests City Council authorize the execution of a contract amendment with AHBL, Inc. (AHBL), to add additional scope and increase the existing contract by \$239,784.50, sales tax not applicable, for a cumulative amount of \$439,339.53, sales tax not applicable, budgeted from the 2010 LTGO Bond D Fund, for engineering design, land surveying and construction phase services for the development of a 13-mile active transportation corridor across the City, otherwise known as Tacoma's Bikeway project.

Background

Tacoma's Bikeway project involves the development of a 13-mile active transportation corridor running from South 96th Street and Park Avenue in South Tacoma, to North 26th and Pearl Streets in North Tacoma. This project is the top implementation priority identified in Tacoma's Mobility Master Plan, adopted by the City Council on June 15, 2010, and is Tacoma's blueprint for the creation of a system of bicycle and pedestrian improvements citywide, which at full build-out will make biking and walking safer and more practical transportation options.

The initial contract with AHBL, Inc. (AHBL) in the amount of \$142,428.85, sales tax not applicable, provided land surveying, scoping and engineering design services for the project. The contract was amended on February 24, 2012, to increase the contract by \$57,126.18, sales tax not applicable, bringing the cumulative amount to \$199,555.03, sales tax not applicable, for additional survey, design and construction related services for the development of bicycle and pedestrian improvements related to breaking the project into phases and creating multiple bid packages.

The first phase, route delineation and pavement markings from South 96th Street and Park Avenue to South G Street, was constructed in 2011. The second phase was advertised for construction in 2012. Bids came in high and the contract was not awarded. Grant applications were submitted for the project; in late 2012 the project received two federal grants for a cumulative amount of \$1.5 million. These grants allowed the scope of work to be expanded to include pedestrian improvements, more intersections, road resurfacing and additional traffic calming. This amendment is for the final phase of the 13-mile route.

Prior Council Action

The initial contract and Amendment #1 resulted in a total contract value less than \$200,000, no prior Council action was required. Amendment #2 was a term extension only.

Funding

This project is fully funded through Fund 1140 Gas Tax, 2010 LTGO Bond D Fund 3220-10D, Fund 3211-REET and Federal Grants.

Bid/Purchase Process

AHBL was chosen based on qualifications from five firms on the City's A&E Roster for contracts less than \$200,000. AHBL was the most qualified after the first review; they remain the most qualified for this final phase.



RESOLUTION NO. 38664

1 BY REQUEST OF MAYOR STRICKLAND AND COUNCIL MEMBERS MELLO,
WALKER, AND WOODARDS

2 A RESOLUTION relating to Sound Transit's Link Light Rail; expressing support for
3 the North Downtown Central (E1) corridor as the preferred alternative for
4 the Tacoma Link Light Rail system expansion project, which will be a
5 significant and important investment in Tacoma and an important addition
6 to the regional transit system.

7 WHEREAS, in August 2012, Sound Transit initiated a study to identify
8 preferred alternatives for expanding the Tacoma Link Light Rail ("Rail"), and

9 WHEREAS Sound Transit reviewed each of the alternatives, received and
10 incorporated community input on each proposal, and provided comment
11 opportunities until the conclusion of the study, and

12 WHEREAS, on January 22, 2013, Sound Transit briefed the City Council on
13 the study and identified alternatives for expanding the Rail, and

14 WHEREAS, on February 26, 2013, Sound Transit presented additional
15 information on the initial screening of six alternatives and an evaluation summary
16 with benefits and disadvantages for three of the proposed corridors, and

17 WHEREAS, on March 19, 2013, the City Council had further discussion on
18 the three corridors evaluated by Sound Transit, as well as the possibility of a
19 "hybrid" corridor which would include the best connection points of the North End
20 Central (B1), Eastside (C1), and North Downtown Central (E1) corridors, and

21 WHEREAS, on March 21, 2013, the City Manager requested that Sound
22 Transit include an examination of the new hybrid corridor ("H1") as part of its
23 analysis, and
24
25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

WHEREAS, at the Study Session of April 16, 2013, Sound Transit provided evaluation results for the H1 corridor option and shared information on a second hybrid option (“H2”) that was discussed by the Stakeholder Roundtable, and

WHEREAS, on April 23, 2013, the City Council continued its examination and discussion of several of the alternatives, focusing on the North Downtown Central (E1) and Eastside (C1) alternatives, and

WHEREAS the City Council has determined that the North Downtown Central (E1) corridor, which will reach the highest household and jobs density per acre, is the preferred alternative for the Rail system expansion project; Now, Therefore,

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

That the City Council hereby expresses its support for the North Downtown Central (E1) corridor as the preferred alternative for the Tacoma Link Light Rail system expansion project, which will be a significant and important investment in Tacoma and an important addition to the regional transit system.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney



ORDINANCE NO. 28145

1 AN ORDINANCE relating to the Compensation Plan; amending Sections 1.12.355
2 and 1.12.640 of the Tacoma Municipal Code; and declaring the effective
3 dates thereof to implement rates of pay and compensation.

4 BE IT ORDAINED BY THE CITY OF TACOMA:

5 Section 1. That Section 1.12.355 of the Tacoma Municipal Code is hereby
6 amended effective retroactive to February 11, 2013, to read as follows:

7	Code		Job Title	4A	4B	4C	4D	2A	2B	2C	2D
8	4321	A	Court Clerk	18.33	18.56	18.79	19.03	19.26	19.51	19.75	20.00
9				3A	3B	3C	3D	4A	4B	4C	4D
10				20.25	20.50	20.76	21.01	21.28	21.54	21.81	22.09
11				5A	5B	5C	5D	6A			
12				22.36	22.64	22.92	23.21	23.50			

13	Code		Job Title	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
14	4321	A	Court Clerk	<u>18.70</u>	<u>19.65</u>	<u>20.66</u>	<u>21.71</u>	<u>22.81</u>	<u>23.97</u>

15 Section 2. That Section 1.12.640 of the Tacoma Municipal Code is hereby
16 amended effective as provided by law, to read as follows:

17 * * *

18 4321 An existing employee in the classification of Court Clerk, (CSC 4321), upon
19 implementation of the 2012–2015 collective bargaining agreement between the
20 City of Tacoma and the International Brotherhood of Electrical Workers, Local 483,
21 Court Clerk Unit, will receive a one-time lump sum payment per the terms of the
22 agreement. Full time employees will be paid \$200, and part-time employees will
23 be paid \$100.

24 * * *

25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Section 3. That Section 1 of this ordinance shall become effective retroactive to February 11, 2013. That Section 2 of this ordinance shall become effective as provided by law.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney



ORDINANCE NO. 28146

1 AN ORDINANCE of the City of Tacoma, Washington, providing for the issuance
2 and sale of the City's Electric System Revenue and Refunding Bonds,
3 Series 2013, in the aggregate principal amount of not to exceed
4 \$375,000,000 to provide funds to finance capital improvements and to allow
5 for the option of refunding or defeasing a portion of the City's outstanding
6 Electric System bonds; fixing or setting parameters with respect to certain
7 terms and covenants of the bonds, and appointing the City's designated
8 representative to approve the final terms of the sale of the bonds.

9 WHEREAS the City, by Ordinance No. 23514, passed on November 20,
10 1985 (as amended, supplemented and restated, the "Master Ordinance"),
11 authorized Electric System Revenue Bonds ("Parity Bonds") of the City to be issued
12 in series having a parity of lien and charge upon the Net Revenues (as that term is
13 hereinafter defined) if certain conditions are met and complied with, made
14 covenants in connection with the issuance of such Parity Bonds and authorized the
15 sale and issuance of a first series of such Parity Bonds to refund all of the City's
16 then-outstanding light and power revenue bonds, and

17 WHEREAS the City has issued and has currently outstanding the following
18 series of Parity Bonds (the "Outstanding Parity Bonds"):

<u>Name of Bonds</u>	<u>Authorizing Ordinance</u>	<u>Bonds Dated</u>	<u>Principal Amount Issued</u>
20 2004 Bonds	27230	June 8, 2004	82,655,000
21 2005 Bonds	27403	October 4, 2005	249,905,000
22 2007 Bonds	27587	March 13, 2007	81,130,000
23 2010 Bonds	27889	July 27, 2010	187,255,000

24 and

25 WHEREAS the ordinances authorizing the issuance of the 2004 Bonds,
26 2005 Bonds, and 2007 Bonds (collectively, the "Refunding Candidates") provide



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

that any such bonds may be defeased when the City sets aside in the Bond Fund or another special account refunding bond proceeds or other money or Governmental Obligations in amounts which, together with known earned income from the investment thereof, are sufficient to redeem, retire, or pay any Refunding Candidates in accordance with their terms and to pay when due the interest and redemption premium, if any, thereon, and

WHEREAS the City Council and the Public Utility Board have determined that some or all of the Refunding Candidates may be refunded or defeased through the issuance of revenue refunding bonds and the use of Electric System Revenue, and

WHEREAS it appears to be in the best interests of the City to issue Electric System Revenue and Refunding Bonds (hereinafter defined as the "2013 Bonds") in one or more series to finance capital improvements to the Electric System, including the costs of issuance of such 2013 Bonds, and to provide for the option of refunding or defeasing the Refunding Candidates, and

WHEREAS the City desires to provide for the issuance and sale of the 2013 Bonds as a series of Parity Bonds; Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:

ARTICLE I

AMENDED AND RESTATED MASTER ORDINANCE

Section 1.1. Amended and Restated Master Ordinance. For purposes of this Ordinance, certain provisions of the Master Ordinance, as previously amended, are incorporated and restated herein. The intent is not to amend any provision



1 applicable to the Outstanding Parity Bonds, but to include those provisions in this
2 Ordinance. Upon the maturity or defeasance of all of the 2004 Bonds, 2005 Bonds,
3 and 2007 Bonds, the Master Ordinance shall be of no effect and all provisions for
4 the issuance of Future Parity Bonds shall be as contained in this Ordinance and
5 Ordinance No. 27889 authorizing the issuance of the 2010 Bonds.

6 ARTICLE II

7 DEFINITIONS AND AUTHORITY

8 Section 2.1. Supplemental Ordinance. This Ordinance is supplemental to
9 and is adopted in accordance with Section 5.1 and Article X of the Master
10 Ordinance.
11

12 Section 2.2. Definitions. As used in this Ordinance, the following words
13 shall have the following meanings:

14 “Accreted Value” means, with respect to any Capital Appreciation Bonds,
15 (A) as of any Valuation Date, the amount set forth for such date in any Parity Bond
16 Ordinance authorizing such Capital Appreciation Bonds; and (B) as of any date
17 other than a Valuation Date, the sum of (1) the Accreted Value on the preceding
18 Valuation Date and (2) the product of (a) a fraction, the numerator of which is the
19 number of days having elapsed from the preceding Valuation Date and the
20 denominator of which is the number of days from such preceding Valuation Date to
21 the next succeeding Valuation Date, calculated based on the assumption that
22 Accreted Value accrues during any semiannual period in equal daily amounts on
23 the basis of a year of twelve 30-day months, times (b) the difference between the
24 Accreted Values for such Valuation Dates.
25
26



1 “Acquired Obligations” means those United States Treasury Certificates of
2 Indebtedness, Notes, and Bonds--State and Local Government Series and other
3 direct, noncallable obligations of the United States of America purchased to
4 accomplish the refunding of the Refunded Bonds as authorized by this Ordinance.

5 “Annual Debt Service” for any Fiscal Year means the amount equal to:

6 (A) the interest accruing during such Fiscal Year on all outstanding
7 Parity Bonds, excluding interest to be paid from the proceeds of sale of Parity
8 Bonds and less any federal credit for a portion of interest on Parity Bonds if
9 permitted to be deducted as provided in Section 11.2; and
10

11 (B) the principal of all outstanding Serial Bonds due in such Fiscal
12 Year; and

13 (C) the Sinking Fund Requirement, if any, for such Fiscal Year.

14 For purposes of this definition, the principal and interest portions of the
15 Accreted Value of Capital Appreciation Bonds and the Appreciated Value of
16 Deferred Income Bonds becoming due at maturity or by virtue of a Sinking Fund
17 Requirement shall be included in the calculations of accrued and unpaid and
18 accruing interest or principal in such manner and during such period of time as is
19 specified in any Parity Bond Ordinance authorizing such Capital Appreciation
20 Bonds or Deferred Income Bonds.
21
22

23 For the purpose of calculating the principal and interest on Option Bonds in
24 any Fiscal Year, such Option Bonds shall be assumed to mature on the stated
25 maturity date or mandatory redemption date thereof.
26



1 "Appreciated Value" means, with respect to any Deferred Income Bonds,
2 (A)(1) as of any Valuation Date, the amount set forth for such date in any Parity
3 Bond Ordinance authorizing such Deferred Income Bonds and (2) as of any date
4 other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding
5 Valuation Date and (b) the product of (i) a fraction, the numerator of which is the
6 number of days having elapsed from the preceding Valuation Date and the
7 denominator of which is the number of days from such preceding Valuation Date to
8 the next succeeding Valuation Date calculated based on the assumption that
9 Appreciated Value accrues during any semiannual period in equal daily amounts on
10 the basis of a year of twelve 30-day months, times (ii) the difference between the
11 Appreciated Values for such Valuation Dates, and (B) as of any date of computation
12 on and after the Interest Commencement Date, the Appreciated Value on the
13 Interest Commencement Date.
14

15 "Bond Counsel" means an attorney at law or a firm of attorneys, selected by
16 the City, of nationally recognized standing in matters pertaining to the tax-exempt
17 nature of interest on bonds issued by states and their political subdivisions, duly
18 admitted to the practice of law before the highest court of any state of the United
19 States of America.
20

21 "Bond Fund" means the Electric System Revenue Bond Fund created by
22 Ordinance No. 23514.
23

24 "Bondowners' Trustee" means a trustee appointed by bondowners pursuant
25 to Article XV of this Ordinance.
26



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

2 “Bond Registrar” means the Fiscal Agent, or any successor bond registrar
3 selected by the City.
4

5 “Capital Appreciation Bonds” means any Parity Bonds as to which interest is
6 payable only at the maturity or prior redemption of such Parity Bonds. For the
7 purposes of (i) receiving payment of the redemption price, if any, of a Capital
8 Appreciation Bond that is redeemed prior to maturity, or (ii) computing the principal
9 amount of Parity Bonds held by the holder of a Capital Appreciation Bond in giving
10 to the City or the Paying Agent any notice, consent, request, or demand pursuant to
11 the related Parity Bond Ordinance for any purpose whatsoever, the principal
12 amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.
13

14 “Certified Public Accountant” means an independent certified public
15 accountant (or firm of certified public accountants) selected by the City and having
16 a favorable national reputation.
17

18 “City” means the City of Tacoma, Washington, a home-rule charter municipal
19 corporation duly organized and existing under and by virtue of the Constitution and
20 laws of the State of Washington.
21

22 “City Payment” means any payment (designated as such by a Parity Bond
23 Ordinance) required to be made by or on behalf of the City under a Derivative
24 Product and which is determined according to a formula set forth in the Derivative
25 Product.
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

“Code” means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary, or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department or the Internal Revenue Service, to the extent applicable to the 2013 Bonds.

“Commission” means the Securities and Exchange Commission.

“Construction Fund” means the “City of Tacoma Electric System Construction Fund” created by Ordinance No. 23663.

“Contract Resource Obligation” means an obligation of the Electric System to pay the following costs, whether or not Power and Services are available to the Electric System in return for such payment:

(A) costs associated with generation, transmission or distribution facilities (including any common undivided interest therein) hereafter acquired, purchased or constructed by the City and declared by the Council to be a separate utility system, which such costs shall include, but are not limited to, costs of normal operation and maintenance, renewals and replacements, additions and betterments and debt service on the bonds or other obligations of such separate electric utility system, or

(B) costs associated with the purchase of Power and Services under a contract.

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



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

“Deferred Income Bonds” means any Parity Bonds issued under any Parity Bond Ordinance as to which accruing interest is not paid prior to the Interest Commencement Date specified in such ordinance and the Appreciated Value for such Parity Bonds is compounded semiannually on the Valuation Date for such Deferred Income Bonds.

“Derivative Payment Date” means any date specified in the Derivative Product on which a City Payment is due and payable under the Derivative Product.

“Derivative Product” means a written contract or agreement between the City and a third party (the “Reciprocal Payor”) that has or whose obligations are unconditionally guaranteed by a party that has (as of the date of the Derivative Product) at least an investment grade rating from a rating agency (who, if the City’s Parity Bonds are rated by Moody’s Investors Service, must have a rating of at least “A”), which provides that the City’s obligations thereunder will be conditioned on the performance by the Reciprocal Payor of its obligations under the agreement, and

(A) under which the City is obligated to pay, on one or more scheduled and specified Derivative Payment Dates, the City Payments in exchange for the Reciprocal Payor’s obligation to pay or cause to be paid to the City, on scheduled and specified Derivative Payment Dates, the Reciprocal Payments;

(B) for which the City’s obligations to make City Payments may be secured by a pledge of and lien on the Revenues on an equal and ratable basis with the Parity Bonds;



1 (C) under which Reciprocal Payments are to be made directly into
the Bond Fund;

2 (D) for which the City Payments are either specified to be one or
3 more fixed amounts or are determined as provided by the Derivative Product;
4

5 (E) for which the Reciprocal Payments are either specified to be
6 one or more fixed amounts or are determined as set forth in the Derivative Product;
7 and

8 (F) which provides, on either a current or forward basis, for an
9 exchange of payments determined in accordance with a formula specified therein.
10

11 “Designated Representative” means the officer of the City appointed in
12 Section 4.3 of this Ordinance to serve as the City’s designated representative in
13 accordance with RCW 39.46.040(2).

14 “DTC” means The Depository Trust Company.

15
16 “Electric System” means the electric utility properties, rights and assets, real
17 and personal, tangible and intangible, now owned and operated by the City and
18 used or useful in the generation, transmission, distribution and sale of electric
19 energy and the business incidental thereto, and all properties, rights and assets,
20 real and personal, tangible and intangible, hereafter constructed or acquired by the
21 City as additions, betterments, improvements or extensions to said electric utility
22 properties, rights and assets, but shall not include any generation, transmission,
23 and distribution facilities that may hereafter be purchased, constructed, or otherwise
24 acquired by the City and declared by the Council to be a separate utility system not
25 financed from the Revenues (except as a Contract Resource Obligation (i) included
26



1 in Operating Expenses of the Electric System upon compliance with Section 10.2
2 hereof or (ii) on a basis junior and inferior to the lien on Revenues pledged to
3 secure the Bonds), the revenue of which separate utility system may be pledged to
4 the payment of revenue obligations issued to purchase, construct, condemn, or
5 otherwise acquire or expand such separate utility system. The Council may, by
6 ordinance, elect to combine with and include as a part of the Electric System any
7 other separate utility system of the City, provided that full provision for the payment
8 of any outstanding indebtedness of such separate system shall first be made in the
9 manner substantially similar to that set forth in Section 10.1 hereof.
10

11 "Engineer" means an independent licensed professional engineer (or firm of
12 licensed professional engineers) selected by the City and having a favorable
13 national reputation for skill and experience with electric systems of comparable size
14 and character to the Electric System in such of the following as are relevant to the
15 purposes for which they are retained: (a) engineering and operations and (b) the
16 design of rates.
17

18 "Event of Default" means those events described as Events of Default in
19 Section 15.1 hereof.

20 "Final Terms" means the terms and conditions for the sale of a series of
21 2013 Bonds including, but not limited to, the amount, date or dates, denominations,
22 interest rate or rates (or mechanism for determining interest rate or rates), payment
23 dates, final maturity, redemption rights, price, and other terms or covenants,
24 including minimum savings for refunding bonds (if the refunding bonds are issued
25 for savings purposes).
26



1 “Finance Director” means the Director of the Department of Finance of the
2 City, or any other officer who succeeds to substantially all of the responsibilities of
3 that office specified in this Ordinance.

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

6 “Fiscal Year” means the Fiscal Year used by the City at any time. At the time
7 of the passage of this Ordinance, the Fiscal Year is the 12-month period beginning
8 January 1 of each year.

9 “Future Parity Bonds” means any electric revenue bonds of the City issued
10 after the date of issuance of the 2013 Bonds that will have a lien upon the Net
11 Revenues of the Electric System for the payment of the principal thereof and
12 interest thereon equal to the lien upon the Net Revenues of the Electric System for
13 the payment of the principal of and interest on the Outstanding Parity Bonds and
14 the 2013 Bonds.
15

16 “Government Obligations” means those government obligations defined by
17 RCW 39.53.010(9) as it now reads or hereafter may be amended or replaced.
18

19 “Insurer” means an issuer of Qualified Insurance.

20 “Interest Commencement Date” means, with respect to any particular
21 Deferred Income Bonds, the date specified in any Parity Bond Ordinance
22 authorizing such Bonds (which date must be prior to the maturity date for such
23 Bonds) after which interest accruing on such Bonds shall be payable semiannually,
24 with the first such payment date being the applicable interest payment date
25 immediately succeeding such Interest Commencement Date.
26



1 "Issue Date" means, with respect to any Series of 2013 Bonds, the date of
2 initial issuance and delivery of such Series to the purchaser in exchange for the
3 purchase price of such Series.

4 "Letter of Representations" means the Blanket Letter of Representations
5 from the City to DTC in the form on file with the Finance Director.

6 "Master Ordinance" means Ordinance No. 23514, including any amendments
7 or supplements adopted pursuant thereto.

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

12 "Minimum Interest Rate" means, with respect to any particular Variable
13 Interest Rate Bond, a numerical rate of interest which may include a zero interest
14 rate and may (but need not) be set forth in any Parity Bond Ordinance authorizing
15 such Bond, that shall be the minimum rate of interest such Bond may at any time
16 bear.

17 "Moody's" means Moody's Investors Service, Inc., or its comparable
18 recognized business successor.

19 "MSRB" means the Municipal Securities Rulemaking Board or any successor
20 to its functions.

21 "Net Revenues" means, for any period, the excess of Revenues over
22 Operating Expenses for such period, excluding from the computation of Revenues
23 (A) any profit or loss derived from the sale or other disposition, not in the ordinary
24
25
26



1 course of business, of investments or fixed or capital assets of the Electric System,
2 or resulting from the early extinguishment of debt; (B) insurance and condemnation
3 proceeds; (C) income from investment of money on hand in any construction fund
4 and other investment income restricted to a particular purpose inconsistent with its
5 use for the payment of debt service; and (D) any other extraordinary, non-recurring
6 income or contribution.

7 "Operating Expenses" means all the City's expenses for operation and
8 maintenance of the Electric System, including all operation and maintenance
9 expenses included in the Uniform System of Accounts and shall include, without
10 limiting the generality of the foregoing, (A) all costs of purchased Power and
11 Services required under contracts existing as of the date of passage of this
12 Ordinance to be taken by the City for the account of the Electric System, and
13 otherwise all costs of purchased Power and Services to the extent, but only to the
14 extent, that the City is not obligated to make payment therefor unless the City is
15 receiving Power and Services in return for such payment; and (B) costs of Contract
16 Resource Obligations upon satisfaction of the requirements established by Article X
17 hereof. Operating Expenses shall include payments to the City for services
18 rendered to the electric utility by other departments or offices of the City but shall
19 not include any extraordinary, non-recurring expenses, any costs or expenses for
20 new construction, interest, amortization, any allowance for depreciation or any
21 taxes payable to the City (or payments in lieu of taxes) upon the properties or
22 earnings of the Electric System or the earnings of any separate electric utility
23 system derived from payments by the Electric System.
24
25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

“Option Bonds” means Parity Bonds that the owner or holder thereof may at its option demand payment of the principal and accrued interest thereof or the purchase of such Parity Bonds by or on behalf of the City in advance of the otherwise scheduled dates for the payment of principal and interest thereon.

“Outstanding Parity Bonds” means the outstanding 2004 Bonds, 2005 Bonds, 2007 Bonds, and 2010 Bonds.

“Parity Bonds” means the Outstanding Parity Bonds, the 2013 Bonds, and any Future Parity Bonds. “Parity Bonds” may include bonds, notes, warrants, certificates of indebtedness or any other evidence of indebtedness issued pursuant to the Parity Conditions.

“Parity Bond Ordinance” means any ordinance authorizing the issuance of Parity Bonds.

“Parity Conditions” means the conditions for issuing Future Parity Bonds set forth in Section 9.2 hereof.

“Paying Agent” means the Fiscal Agent or any bank or banks designated as Paying Agent by the City in accordance with applicable laws of the State of Washington now or hereinafter in effect.

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

“Power and Services” means energy, capacity, reserves, and services, excluding the purchase of ownership of generating capability.

“Pricing Certificate” means the certificate of the Designated Representative with the final terms of the 2013 Bonds.



1 "Qualified Insurance" means any non-cancelable municipal bond insurance
2 policy or surety bond issued by any insurance company licensed to conduct an
3 insurance business in any state of the United States (or by a service corporation
4 acting on behalf of one or more such insurance companies) and if such Qualified
5 Insurance is being used to fund the Reserve Account, which insurance company or
6 companies, as of the time of issuance of such policy or surety bond, are currently
7 rated in one of the two highest rating categories by both Moody's Investors Service,
8 Inc. and Standard & Poor's Corporation or their comparably recognized business
9 successors.
10

11 "Qualified Letter of Credit" means any irrevocable letter of credit issued by a
12 financial institution for the account of the City on behalf of the owners of the Parity
13 Bonds, which institution maintains an office, agency, or branch in the United States
14 and, as of the time of issuance of such letter of credit and if such Qualified
15 Insurance is being used to fund the Reserve Account, is currently rated in one of
16 the two highest rating categories by either Moody's Investors Service, Inc. or
17 Standard & Poor's Corporation or their comparably recognized business
18 successors.
19

20 "Rate Stabilization Fund" means the Cumulative Reserve Fund for
21 Supplemental Purchases of Electric Energy created by Ordinance No. 21862, as it
22 may be amended, of the City, and renamed the Rate Stabilization Fund.
23

24 "Rating Agencies" means Moody's, S&P or another nationally recognized
25 rating agency rating municipal bonds.
26



1 "Reciprocal Payment" means any payment (designated as such by a Parity
2 Bond Ordinance) to be made to, or for the benefit of, the City under a Derivative
3 Product by the Reciprocal Payor.

4 "Reciprocal Payor" means a party to a Derivative Product that is obligated to
5 make one or more Reciprocal Payments thereunder.

6 "Refunded Bonds" means all or a portion of the Refunding Candidates as
7 designated by the Designated Representative.

8 "Refunding Candidates" means the 2004 Refunding Candidates,
9 2005 Refunding Candidates, and 2007 Refunding Candidates.

10 "Refunding Plan" means:

11 (A) providing to the Refunding Trustee proceeds of the
12 2013 Bonds in an amount sufficient, with other money of the City, if necessary, to
13 acquire the Acquired Obligations that will be deposited, with cash, if necessary, with
14 the Refunding Trustee;

15 (B) the payment of the principal of and interest on the Refunded
16 Bonds when due, up to and including their respective call dates, or such other date
17 as shall be determined by the Designated Representative, and the call, payment,
18 and redemption on such date of all of the then-outstanding Refunded Bonds at a
19 price of par; and
20

21 (C) may include the payment of the costs of issuing the
22 2013 Bonds and the costs of carrying out the foregoing elements of the Refunding
23 Plan.
24
25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

“Refunding Trust Agreement” means a Refunding Trust Agreement between the City and the Refunding Trustee.

“Refunding Trustee” means the trustee or escrow agent or any successor trustee or escrow agent serving as refunding trustee to carry out the Refunding Plan.

“Registered Owner” means the person in whose name a 2013 Bond is registered on the Bond Register. For so long as the City utilizes the book-entry system for the 2013 Bonds, DTC shall be deemed to be the Registered Owner.

“Reserve Account Requirement” means, with respect to the 2013 Bonds and the Outstanding Parity Bonds, an amount equal to the lesser of maximum Annual Debt Service in any Fiscal Year following the date of computation or 125 percent of average Annual Debt Service and with respect to a series of Future Parity Bonds, an amount set forth in the Parity Bond Ordinance authorizing such bonds. A Parity Bond Ordinance authorizing Future Parity Bonds may establish a separate Reserve Account for such Future Parity Bonds or provide that such Future Parity Bonds be secured by a common Reserve Account. In calculating the Reserve Account Requirement, in the case of Variable Rate Interest Bonds the interest rate calculated thereon shall be calculated on the assumption that such Bonds will bear interest during such period at the Maximum Interest Rate for such bonds; provided that, if on such date of calculation the interest rate on such bonds shall then be fixed for a specified period, the interest rate used for such specified period for the purposes of the foregoing calculation shall be such actual interest rate.



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

“Revenue Fund” means the City of Tacoma Electric System Revenue Fund continued and redesignated by Section 7.1.A of Ordinance No. 23514.

“Revenues” means all income (including investment income), receipts, and revenues received by the City through the ownership and operation of the Electric System, including any income derived by the City through the ownership and operation of any facilities that may hereafter be purchased, constructed, or otherwise acquired and operated by the City as a separate utility system, which income is available after meeting all requirements of the obligations of such separate system and is paid into the Revenue Fund. “Revenues” shall not include investment income restricted to a particular purpose inconsistent with its use for the payment of debt service, including investment income derived pursuant to a plan of debt refunding.

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

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

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

“Serial Bonds” means Bonds other than Term Bonds.



1 “Series of 2013 Bonds” or “Series” means a series of 2013 Bonds issued
2 pursuant to this Ordinance.

3 “Sinking Fund Requirement” means, for any Fiscal Year, the amount
4 required on account of Term Bonds to be deposited into the Bond Retirement
5 Account in such Fiscal Year as established by the ordinance or resolution of the
6 City authorizing the issuance of such Term Bonds.

7 “State” means the State of Washington.

8 “Supplemental Ordinance” means any ordinance amending, modifying, or
9 supplementing the provisions of this Ordinance or any Parity Bond Ordinance.
10

11 “Term Bonds” means Parity Bonds of any principal maturity which are
12 subject to mandatory redemption or for which mandatory sinking fund payments are
13 required.

14 “2004 Bonds” means the Electric System Revenue Bonds, 2004 Series A,
15 issued pursuant to Ordinance No. 27230 in the original principal amount of
16 \$82,655,000.
17

18 “2004 Refunding Candidates” mean the outstanding 2004 Bonds.

19 “2005 Bonds” means the 2005A Bonds and the 2005B Bonds.

20 “2005A Bonds” means the Electric System Revenue Bonds, 2005 Series A,
21 issued pursuant to Ordinance No. 27403 in the original principal amount of
22 \$93,480,000.
23

24 “2005B Bonds” means the Electric System Revenue Refunding Bonds,
25 2005 Series B, issued pursuant to Ordinance No. 27403 in the original principal
26 amount of \$156,425,000.



1 "2005 Refunding Candidates" means the outstanding 2005A Bonds maturing
2 in the years 2016 through 2021, inclusive, and the 2005B Bonds maturing in the
3 years 2016 through 2021, inclusive.

4 "2007 Bonds" means the Electric System Revenue Refunding Bonds,
5 Series 2007, issued pursuant to Ordinance No. 27587 in the original principal
6 amount of \$81,130,000.

7 "2007 Refunding Candidates" means the outstanding 2007 Bonds.

8 "2010 Bonds" means the Electric System Revenue Bonds, Series 2010A,
9 Electric System Revenue Bonds, Series 2010B (Taxable Build America Bonds –
10 Direct Payment) and Electric System Revenue Bonds, Series 2010C (Taxable
11 Clean Renewable Energy Bonds – Direct Payment), issued pursuant to Ordinance
12 No. 27889 in the original principal amount of \$187,255,000.

14 "2013 Bonds" means the Electric System Revenue and Refunding Bonds,
15 Series 2013, issued pursuant to this Ordinance, which bonds may be issued in one
16 or more Series as determined by the Designated Representative.

18 "Uniform System of Accounts" means the Federal Energy Regulatory
19 Commission (or its successor in function) Uniform System of Accounts prescribed
20 for Class A and Class B Public Utilities and Licenses, as the same may be
21 modified, amended, or supplemented from time to time.

23 "Valuation Date" means (i) with respect to any Capital Appreciation Bonds
24 the date or dates set forth in any Parity Bond Ordinance authorizing such bonds on
25 which specific Accreted Values are assigned to the Capital Appreciation Bonds, and
26 (ii) with respect to any Deferred Income Bonds the date or dates prior to the Interest



1 Commencement Date set forth in any Parity Bond Ordinance authorizing such
2 bonds on which specific Appreciated Values are assigned to the Deferred Income
3 Bonds.

4 "Variable Interest Rate" means a variable interest rate or rates to be borne
5 by a series of Parity Bonds or any one or more maturities within a series of Parity
6 Bonds. The method of computing such variable interest rate shall be specified in
7 the Parity Bond Ordinance authorizing such series of Parity Bonds and shall be
8 based on (i) a percentage or percentages or other function of an objectively
9 determinable interest rate or rates (e.g., a prime lending rate) or a function of such
10 objectively determinable interest rate or rates which may be in effect from time to
11 time or at a particular time or times; provided that, such variable interest rate shall
12 be subject to a Maximum Interest Rate and may be subject to a Minimum Interest
13 Rate, and that there may be an initial rate specified in each case as provided in
14 such Parity Bond Ordinance; or (ii) a stated interest rate that may be changed from
15 time to time as provided in the Parity Bond Ordinance authorizing such bonds,
16 provided that, such interest rate shall be subject to a Maximum Interest Rate. Such
17 Parity Bond Ordinance shall also specify either (i) the particular period or periods of
18 time or manner of determining such period or periods of time for which each value
19 of such variable interest rate shall remain in effect or (ii) the time or times upon
20 which any change in such variable interest rate shall become effective.

24 "Variable Interest Rate Bonds" for any period of time, means Parity Bonds
25 which during such period bear a Variable Interest Rate, provided that bonds the
26



1 interest rate on which shall have been fixed for the remainder of the term thereof
2 shall no longer be Variable Interest Rate Bonds.

3 Section 2.3. Authority for this Ordinance. This Ordinance is adopted
4 pursuant to the provisions of the laws of the State of Washington, the Tacoma City
5 Charter and the Master Ordinance.

6 ARTICLE III

7 FINDINGS

8 Section 3.1. Findings of Parity. As required pursuant to the Parity
9 Conditions, the Council hereby finds as follows:
10

11 (A) The 2013 Bonds will be issued for lawful purposes of the City
12 related to the Electric System, specifically, for providing the funds necessary to
13 finance capital improvements to the Electric System and allow for the refunding or
14 the defeasance of the Refunding Candidates.

15 (B) At the time of issuance of the 2013 Bonds there will be no
16 deficiency in the Bond Fund and no Event of Default shall have occurred.

17 (C) At the time of issuance of the 2013 Bonds there will be on file
18 with the City Clerk the certificate required by Section 5.2(B) of the Master
19 Ordinance.
20

21 The applicable requirements contained in Section 5.2 of the Master
22 Ordinance having been complied with in the issuance of the 2013 Bonds, the 2013
23 Bonds will have a lien upon the Net Revenues of the Electric System for the
24 payment of principal thereof and interest thereon equal to the lien upon the Net
25
26



1 Revenues of the Electric System for the payment of the principal of and interest on
2 the Outstanding Parity Bonds.

3 Section 3.2. Due Regard. The Council and Board hereby find that due
4 regard has been given to the cost of the maintenance and operation of the Electric
5 System and that they have not obligated the City to set aside into the Bond Fund for
6 the account of the 2013 Bonds a greater amount of the revenues and proceeds of
7 the Electric System than in their judgment will be available over and above such
8 cost of maintenance and operation.

9 Section 3.3. Authorization of Plan and System. The 2013 Bonds, and
10 interest earnings on such 2013 Bonds, will finance or reimburse a portion of the
11 Electric System's capital budget for 2013/2014. Included in the capital budget are
12 regular system additions and improvements to the distribution, transmission,
13 telecommunication, conservation and generation facilities, equipment and
14 supporting systems. These improvements and betterments to the System are
15 collectively defined as the "Plan." The City may modify details of the Plan as
16 necessary or advisable. Should any part or provision of the Plan be held to be
17 invalid, such holding shall not affect the validity of any other part of the Plan.

18 Section 3.4. Findings. The Council and Board hereby find it to be necessary
19 and in the best interests of the City to sell and issue the 2013 Bonds to provide part
20 of the funds necessary to finance the Plan and allow for the refunding and
21 defeasance of the Refunding Candidates.
22
23
24
25
26



ARTICLE IV

AUTHORIZATION OF 2013 BONDS

1
2 Section 4.1. Principal Amount, Designation and Series. One or more series
3 of Parity Bonds is hereby authorized to be issued in the aggregate principal amount
4 of not to exceed \$375,000,000. The 2013 Bonds shall be designated as, and shall
5 be distinguished from Parity Bonds of all other series by the title, "City of Tacoma,
6 Washington, Electric System Revenue and Refunding Bonds, Series 2013" (the
7 "2013 Bonds"). The 2013 Bonds may be issued in one or more Series and may be
8 issued as tax-exempt or taxable bonds.
9
10

11 Section 4.2. Purpose. The purpose of the 2013 Bonds is to provide the
12 funds necessary to finance the Plan described in Section 3.3, to fund the Reserve
13 Account, to allow for the refunding of the Refunding Candidates, and to pay the
14 costs of issuance of the 2013 Bonds.
15

16 Section 4.3. Description of the Bonds; Appointment of Designated
17 Representative. The Director of Utilities and, in his absence, the Superintendent of
18 Power or another designee of the Director of Utilities, is appointed as the City's
19 Designated Representative and is authorized and directed to conduct the sale of
20 such 2013 Bonds in the manner and upon the terms deemed most advantageous to
21 the City, and to approve the Final Terms of the 2013 Bonds, with such additional
22 terms and covenants as he or she deems advisable, as set forth in the Pricing
23 Certificate to be signed by the Designated Representative, within the following
24 parameters:
25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

(A) Principal Amount. The 2013 Bonds may be issued in one or more Series and shall not exceed the aggregate principal amount of \$375,000,000.

(B) Date or Dates. Each Series of 2013 Bonds shall be dated as of its date of delivery to the purchaser, which date may not be later than June 30, 2014.

(C) Denominations, Series Designation, etc. The 2013 Bonds must be issued in Authorized Denominations, shall be numbered separately in the manner and shall bear any name and additional designation as deemed necessary or appropriate by the Designated Representative.

(D) Interest Rate(s). The 2013 Bonds shall bear interest at fixed rates per annum (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date for which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the 2013 Bonds, provided that no coupon rate of interest for any 2013 Bond may exceed 5.25 percent, and the "all-in" true interest cost to the City for a Series of 2013 Bonds may not exceed 5.50 percent.

(E) Payment Dates. Interest must be payable at fixed rates semiannually on such dates as are acceptable to the Designated Representative, commencing no later than one year following the Issue Date. Principal payments shall commence on a payment date acceptable to the Designated Representative and must be payable at maturity or in mandatory redemption installments on such dates as are acceptable to the Designated Representative.



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

(F) Final Maturity. The 2013 Bonds shall mature no later than July 1, 2043.

(G) Redemption Rights. In his or her discretion, the Designated Representative may approve provisions for the optional and mandatory redemption of 2013 Bonds, as follows:

i. Optional Redemption. Any 2013 Bond or Series of 2013 Bonds may be designated as being (i) subject to redemption at the option of the City prior to its maturity date on the dates and at the prices determined by the Designated Representative or (ii) not subject to redemption prior to its maturity date. If a 2013 Bond is designated as subject to optional redemption prior to its maturity, it must be subject to such redemption on one or more dates occurring not more than 10½ years after the Issue Date. Any taxable series of 2013 Bonds may be subject to optional redemption at any time with a “make whole” redemption payment.

ii. Mandatory Redemption. Any 2013 Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in the amounts determined by the Designated Representative.

(H) Price. The purchase price for any Series of 2013 Bonds may not be less than 98 percent or more than 120 percent of the stated principal amount of that Series, and the underwriters’ discount may not exceed \$5 per \$1,000 principal amount of 2013 Bonds.



(I) Other Terms and Conditions.

1 i. The 2013 Bonds may be sold by either negotiated sale
2 or by competitive bid, in accordance with Section 6.1 of this Ordinance.

3 ii. The Designated Representative may determine whether
4 it is in the City's best interest to provide for bond insurance or other credit
5 enhancement; and may accept such additional terms, conditions and covenants as
6 he or she may determine are in the best interests of the City, consistent with this
7 Ordinance.
8

9 Section 4.4. Registration, Exchange and Payments.
10

11 (A) Registrar/Bond Register. The City hereby adopts the system of
12 registration approved by the Washington State Finance Committee, which utilizes
13 the Fiscal Agent, as registrar, authenticating agent, paying agent, and transfer
14 agent for the 2013 Bonds (collectively, the "Bond Registrar"). The Bond Registrar
15 shall keep, or cause to be kept, at its principal corporate trust office, sufficient
16 records for the registration and transfer of the 2013 Bonds (the "Bond Register"),
17 which shall be open to inspection by the City. The Bond Registrar is authorized, on
18 behalf of the City, to authenticate and deliver 2013 Bonds transferred or exchanged
19 in accordance with the provisions of such 2013 Bonds and this Ordinance and to
20 carry out all of the Bond Registrar's powers and duties under this Ordinance. The
21 Bond Registrar shall be responsible for its representations contained in the Bond
22 Registrar's Certificate of Authentication on the 2013 Bonds.
23

24 (B) Registered Ownership. The City and the Bond Registrar may
25 deem and treat the registered owner of each 2013 Bond as the absolute owner for
26



1 all purposes, and neither the City nor the Bond Registrar shall be affected by any
2 notice to the contrary. Payment of any such 2013 Bond shall be made only as
3 described in Section 4.4, but such registration may be transferred as herein
4 provided. All such payments made as described in Section 4.4 shall be valid and
5 shall satisfy the liability of the City upon such 2013 Bond to the extent of the amount
6 so paid.

7 (C) Transfer or Exchange of Registered Ownership; Change in
8 Denominations. The registered ownership of any 2013 Bond may be transferred or
9 exchanged, but no transfer of any 2013 Bond shall be valid unless it is surrendered
10 to the Bond Registrar with the assignment form appearing on the 2013 Bond duly
11 executed by the registered owner or such registered owner's duly authorized agent
12 in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond
13 Registrar shall cancel the surrendered 2013 Bond and shall authenticate and
14 deliver, without charge to the registered owner or transferee, a new 2013 Bond (or
15 2013 Bonds at the option of the new registered owner) of the same series, date,
16 maturity, and interest rate and for the same aggregate principal amount in any
17 authorized denomination, naming as registered owner the person or persons listed
18 as the assignee on the assignment form appearing on the surrendered 2013 Bond,
19 in exchange for such surrendered and canceled 2013 Bond. Any 2013 Bond may
20 be surrendered to the Bond Registrar and exchanged, without charge, for an equal
21 aggregate principal amount of 2013 Bonds of the same series, date, maturity, and
22 interest rate in any authorized denomination. The Bond Registrar shall not be
23 obligated to transfer or exchange any 2013 Bond during a period beginning at the
24
25
26



1 opening of business on the 15th day of the month next preceding any interest
2 payment date and ending at the close of business on such interest payment date,
3 or, in the case of any proposed redemption of the 2013 Bonds, after the mailing of
4 notice of the call of such 2013 Bonds for redemption.

5 (D) Bond Registrar's Ownership of 2013 Bonds. The Bond
6 Registrar may become the registered owner of any 2013 Bond with the same rights
7 it would have if it were not the Bond Registrar, and to the extent permitted by law,
8 may act as depository for and permit any of its officers or directors to act as
9 member of, or in any other capacity with respect to, any committee formed to
10 protect the rights of the registered owners of the 2013 Bonds.
11

12 (E) Registration Covenant. The City covenants that, until all 2013
13 Bonds have been surrendered and canceled, it will maintain a system for recording
14 the ownership of each 2013 Bond that complies with the provisions of Section 149
15 of the Code.
16

17 (F) Place and Medium of Payment. Both principal of and interest
18 on the Bonds shall be payable in lawful money of the United States of America.
19 Interest on the Bonds shall be paid by checks or drafts mailed by the Bond
20 Registrar on the interest payment date to the registered owners at the addresses
21 appearing on the Bond Register on the 15th day of the month preceding the interest
22 payment date or, at the request of an owner of \$1,000,000 or more in aggregate
23 principal amount of Bonds, by wire transfer to an account in the United States
24 designated in writing by such owner prior to the record date. Principal of the Bonds
25 shall be payable upon presentation and surrender of the Bonds by the registered
26



owners at the principal office of the Bond Registrar at the option of the owners. The
1 Bonds shall be payable solely out of the Bond Fund and shall not be general
2 obligations of the City. Notwithstanding the foregoing, as long as the Bonds are
3 registered in the name of DTC or its nominee, payment of principal of and interest
4 on the Bonds shall be made in the manner set forth in the Letter of
5 Representations.
6

7 Section 4.5. Redemption Terms.

8 (A) Optional Redemption. The 2013 Bonds shall be subject to
9 optional redemption on any date as provided by the Designated Representative,
10 and set forth in the Pricing Certificate, within the parameters set forth in Section 4.3.
11 Any 2013 Bond that is subject to optional redemption may be selected by the City,
12 in its sole discretion, for redemption, in whole or in part, at any time at which
13 redemption is permitted as determined by the Designated Representative.
14

15 (B) Mandatory Redemption. The 2013 Bonds designated as Term
16 Bonds by the Designated Representative, within the parameters set forth in
17 Section 4.3, if not previously redeemed under any optional redemption provisions,
18 defeased or purchased and surrendered for cancellation under the provisions set
19 forth below, shall be called for redemption at a price equal to the stated principal
20 amount to be redeemed, plus accrued interest, on the redemption dates and in the
21 redemption amounts as determined by the Designated Representative. If Term
22 Bonds are redeemed under the optional redemption provisions, defeased or
23 purchased by the City and cancelled, the principal amount of the Term Bonds so
24 redeemed, defeased, or purchased (irrespective of their actual redemption or
25
26



1 purchase prices) shall be credited against one or more scheduled mandatory
2 redemption amounts for those Term Bonds and as set forth in the Pricing Certificate
3 of the Designated Representative for any 2013 Bonds issued as taxable bonds.

4 The City shall determine the manner in which the credit is to be allocated and shall
5 notify the Bond Registrar in writing of its allocation prior to the earliest mandatory
6 redemption date for that maturity of Term Bonds for which notice of redemption has
7 not already been given.

8 (C) Selection of 2013 Bonds for Redemption; Partial Redemption.

9 All or a portion of the principal amount of any 2013 Bond that is subject to optional
10 or mandatory redemption may be redeemed in any Authorized Denomination. If
11 less than all of the outstanding principal amount of any 2013 Bond is redeemed,
12 upon surrender of that 2013 Bond to the Bond Registrar, there shall be issued to
13 the Registered Owner, without charge, a new 2013 Bond (or 2013 Bonds, at the
14 option of the Registered Owner) of the same series, maturity, and interest rate in
15 any Authorized Denomination in the aggregate principal amount remaining
16 unredeemed. The principal portion of any 2013 Bond registered in the name of the
17 Securities Depository which is to be partially redeemed shall be selected in
18 accordance with the Letter of Representations. If a 2013 Bond ceases to be held in
19 book-entry form, the portion to be partially redeemed shall be selected randomly in
20 such manner as the Bond Registrar shall determine.

21 (D) Notice of Redemption. While a 2013 Bond is registered in the
22 name of the Securities Depository, notice of redemption shall be given as required
23 in accordance with the Letter of Representations. If a 2013 Bond ceases to be held
24
25
26



1 in book-entry form, unless waived by the Registered Owner of the 2013 Bond to be
2 redeemed, the City shall cause notice of an intended redemption of 2013 Bonds to
3 be given by the Bond Registrar not less than 20 nor more than 60 days prior to the
4 date fixed for redemption by first-class mail, postage prepaid, to the Registered
5 Owner of each 2013 Bond to be redeemed at the address appearing on the Bond
6 Register on the Record Date. The requirements of the preceding sentence shall be
7 satisfied when notice has been mailed as so provided, whether or not it is actually
8 received by an Owner of any 2013 Bond. In addition, the redemption notice shall
9 be mailed or sent electronically within the same period to the MSRB (if required
10 under the Undertaking), to each Rating Agency, and to such other persons and with
11 such additional information as the Finance Director shall determine, but these
12 additional mailings shall not be a condition precedent to the redemption of a 2013
13 Bond.
14

15 (E) Rescission of Optional Redemption Notice. In the case of an
16 optional redemption, the notice of redemption may state that the City retains the
17 right to rescind the redemption notice and the optional redemption of those
18 2013 Bonds by giving a notice of rescission to the affected Registered Owners at
19 any time on or prior to the scheduled optional redemption date. Any notice of
20 optional redemption that is so rescinded shall be of no effect, and a 2013 Bond for
21 which a notice of optional redemption has been rescinded shall remain outstanding.
22

23 (F) Effect of Redemption. Interest on 2013 Bonds called for
24 redemption shall cease to accrue on the date fixed for redemption, unless either the
25 notice of redemption is rescinded as set forth above, or money sufficient to effect
26



1 such redemption is not on deposit in the Bond Fund (or in an escrow account
2 established to carry out a refunding or defeasance of the redeemed 2013 Bonds, if
3 any).

4 (G) Open Market Purchase. The City reserves the right to
5 purchase any or all of the 2013 Bonds in the open market at any time at any price
6 acceptable to the City plus accrued interest to the date of purchase.

7 ARTICLE V

8 FORM AND GENERAL TERMS

9 Section 5.1. Lost or Destroyed 2013 Bonds. If any 2013 Bonds are lost,
10 stolen or destroyed, the Bond Registrar may authenticate and deliver a new
11 2013 Bond or 2013 Bonds of like Series, amount, maturity and tenor to the
12 Registered Owner upon the owner paying the expenses and charges of the Bond
13 Registrar and the City in connection with preparation and authentication of the
14 replacement 2013 Bond or 2013 Bonds and upon his or her filing with the Bond
15 Registrar and the City evidence satisfactory to both that such 2013 Bond or
16 2013 Bonds were actually lost, stolen or destroyed and of his or her ownership, and
17 upon furnishing the City and the Bond Registrar with indemnity satisfactory to both.
18

19 Section 5.2. Form; Execution and Authentication of 2013 Bonds. The
20 2013 Bonds shall be prepared in a form consistent with the provisions of this
21 Ordinance and state law. The 2013 Bonds shall be executed on behalf of the City
22 with the manual or facsimile signature of the Mayor and attested with the manual or
23 facsimile signature of the City Clerk and the seal of the City shall be imprinted or
24 impressed on each of the 2013 Bonds.
25
26



1 Only 2013 Bonds bearing a Certificate of Authentication in the following form,
2 manually signed by the Bond Registrar, shall be valid or obligatory for any purpose
3 or entitled to the benefits of the Ordinance:

4 CERTIFICATE OF AUTHENTICATION

5 This is one of the Electric System Revenue and Refunding Bonds,
6 Series 2013, of the City of Tacoma, Washington, dated _____, 2013, as
7 described in the Bond Ordinance.

8 WASHINGTON STATE FISCAL AGENT,
9 Bond Registrar

10 By _____ [specimen]
11 Authorized Officer

12 The authorized signing of a Certificate of Authentication shall be conclusive
13 evidence that the 2013 Bond so authenticated has been duly executed,
14 authenticated, and delivered and is entitled to the benefits of this Ordinance.

15 In case any of the officers who shall have signed or attested any of the
16 2013 Bonds shall cease to be such officers before the 2013 Bonds so signed or
17 attested shall have been actually delivered, such 2013 Bonds shall be valid
18 nevertheless and may be issued by the City with the same effect as though the
19 persons who had signed or attested such 2013 Bonds had not ceased to be such
20 officers.

21 ARTICLE VI

22 SALE OF 2013 BONDS

23 Section 6.1. Manner of Sale of 2013 Bonds; Delivery of 2013 Bonds. The
24 Designated Representative is authorized to sell the 2013 Bonds by negotiated sale
25 or by competitive sale in accordance with a notice of sale consistent with this
26



1 Ordinance, based on his or her assessment of market conditions, in consultation
2 with appropriate City officials and staff, Bond Counsel, and other advisors. If the
3 2013 Bonds are sold by negotiated sale, the Designated Representative is
4 authorized to execute a bond purchase contract with the underwriters, and all other
5 necessary agreements to effectuate the bond sale(s). In determining the Final
6 Terms and the method of sale of the 2013 Bonds, the Designated Representative
7 shall take into account those factors that, in his or her judgment, may be expected
8 to result in the lowest true interest cost on the 2013 Bonds to their maturity,
9 including, but not limited to, current interest rates for obligations comparable to the
10 2013 Bonds.
11

12 The proper City officials are authorized and directed to do everything
13 necessary for the prompt delivery of the 2013 Bonds to the purchaser and for the
14 proper application and use of the proceeds of the sale thereof.
15

16 Section 6.2. Preliminary Official Statement. The Superintendent of Power
17 shall review the form of the preliminary official statement prepared in connection
18 with the sale of the 2013 Bonds to the public. For the sole purpose of the
19 purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, the Superintendent
20 of Power is authorized to "deem final" that preliminary official statement as of its
21 date, except for the omission of information permitted to be omitted by
22 Rule 15c2-12. The City approves the distribution to potential purchasers of the
23 2013 Bonds of a preliminary official statement that has been "deemed final" in
24 accordance with this paragraph.
25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Section 6.3. Official Statement. The City approves the preparation of a final official statement for each Series of 2013 Bonds to be sold to the public in the form of the preliminary official statement, with such modifications and amendments as the Superintendent of Power deems necessary or desirable, and further authorizes the Superintendent of Power to execute and deliver such final official statement to the purchaser. The City authorizes and approves the distribution by the purchaser of that final official statement to purchasers and potential purchasers of the 2013 Bonds.

ARTICLE VII
REFUNDING OR DEFEASANCE

Section 7.1. Refunding or Defeasance. In the event that the City, in order to effect the payment, retirement, or redemption of any 2013 Bond, sets aside in the Bond Fund or in another special account, held in trust by a trustee, cash or noncallable government obligations, as such obligations are now or hereafter defined in RCW 39.53, 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 2013 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 2013 Bond. The Designated Representative is authorized to choose which of the Refunded Candidates, if any, shall be refunded or defeased. The owner of a



1 2013 Bond so provided for shall cease to be entitled to any lien, benefit, or security
2 of this Ordinance except the right to receive payment of principal, premium, if any,
3 and interest from such special account, and such 2013 Bond shall be deemed to be
4 not outstanding under this Ordinance.

5 The escrow agent shall give written notice of defeasance to the owners of all
6 2013 Bonds so provided for within 30 days of the closing date and to the MSRB in
7 accordance with Article VIII.

8 ARTICLE VIII

9 CONTINUING DISCLOSURE UNDERTAKING

10 Section 8.1. Undertaking to Provide Ongoing Disclosure.

11 (A) Contract/Undertaking. To meet the requirements of
12 paragraph (b)(5) of United States Securities and Exchange Commission ("SEC")
13 Rule 15c2-12 ("Rule 15c2-12"), as applicable to a participating underwriter for the
14 2013 Bonds, the City makes the following written undertaking (the "Undertaking")
15 for the benefit of holders of the 2013 Bonds:
16
17

18 i. Undertaking to Provide Annual Financial Information and
19 Notice of Listed Events. The City undertakes to provide or cause to be provided,
20 either directly or through a designated agent, to the MSRB, in an electronic format
21 as prescribed by the MSRB, accompanied by identifying information as prescribed
22 by the MSRB:
23

24 (a) Annual financial information and operating data of
25 the type included in the final official statement for the 2013 Bonds and described in
26 subsection B of this section ("annual financial information");



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

(b) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the 2013 Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the 2013 Bonds; (7) modifications to rights of holders of the 2013 Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the 2013 Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, as such “Bankruptcy Events” are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the Electric System or the sale of all or substantially all of the assets of the Electric System 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 (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

(c) Timely notice of a failure by the City to provide

required annual financial information on or before the date specified in subsection B of this section.

(B) Type of Annual Financial Information Undertaken to be

Provided. The annual financial information that the City undertakes to provide in subsection (A) of this section:

i. Shall consist of (1) audited financial statements of the

Electric System prepared in accordance with generally accepted accounting principles applicable to government entities, with regulations prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) and substantially in accordance with the system prescribed by the Federal Energy Regulatory Commission; provided, that if the Electric System's financial statements are not yet available, the City shall provide unaudited financial statements in substantially the same format, and audited statements when they become available; (2) principal amount of outstanding Parity Bonds; (3) debt service coverage for outstanding Parity Bonds; (4) energy resources from Electric System owned resources and purchases from Electric System power purchase contracts; and (5) average number of customers, energy sales and revenue from energy sales of the major customer classes.

ii. Shall be provided not later than the last day of the ninth

month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City's fiscal year ending December 31, 2013; and



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

iii. May be provided in a single or multiple documents, and

may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

(C) Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the 2013 Bonds without the consent of any holder of any 2013 Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, Rating Agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(D) Beneficiaries. The Undertaking evidenced by this section shall inure to the benefit of the City and the Beneficial Owner of a 2013 Bond, and shall not inure to the benefit of or create any rights in any other person.

(E) Termination of Undertaking. The City's obligations under this Undertaking shall terminate upon the legal defeasance of all of the 2013 Bonds. In addition, the City's obligations under this Undertaking shall terminate if those provisions of Rule 15c2-12 which require the City to comply with this Undertaking become legally inapplicable in respect of the 2013 Bonds for any reason, as confirmed by an opinion of Bond Counsel delivered to the City, and the City provides timely notice of such termination to the MSRB.



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

(F) Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any failure to comply with this Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with the Undertaking shall constitute a default in respect of the 2013 Bonds. The sole remedy of a Beneficial Owner of a 2013 Bond shall be to take action to compel the City or other obligated person to comply with the Undertaking, including seeking an order of specific performance from an appropriate court.

(G) Designation of Official Responsible to Administer Undertaking. The Finance Director or his or her designee is authorized to take such further actions as may be necessary, appropriate, or convenient to carry out this Undertaking in accordance with Rule 15c2-12, including, without limitation, the following actions:

- i. Preparing and filing the annual financial information undertaken to be provided;
- ii. Determining whether any event specified in subsection (A) has occurred, assessing its materiality, where necessary, with respect to the 2013 Bonds, and preparing and disseminating any required notice of its occurrence;
- iii. Determining whether any person other than the City is an “obligated person” within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual



financial information and notice of listed events for that person in accordance with
1 Rule 15c2-12;

2 iv. Selecting, engaging and compensating designated
3 agents and consultants, including, but not limited to, financial advisors and legal
4 counsel, to assist and advise the City in carrying out the Undertaking; and
5

6 v. Effecting any necessary amendment of the Undertaking.

7 ARTICLE IX

8 ISSUANCE OF FUTURE PARITY BONDS

9 Section 9.1. Authorization of Series of Future Parity Bonds. Before any
10 series of Future Parity Bonds shall be issued under the provisions of this Article, the
11 City shall adopt an ordinance or ordinances authorizing the issuance of such bonds.
12

13 Section 9.2. Requirements for Issuance of Future Parity Bonds.

14 (A) Future Parity Bonds may be issued payable from the Bond
15 Fund on a parity with the Outstanding Parity Bonds, the 2013 Bonds and any
16 Future Parity Bonds theretofor issued and secured by an equal charge and lien on
17 Net Revenues, for any lawful purpose of the City related to the Electric System;
18 provided that, (i) except as to Future Parity Bonds issued pursuant to Section 9.2.C,
19 at the time of the issuance of such Future Parity Bonds, there is no deficiency in the
20 Bond Fund, and no Event of Default has occurred and is continuing, and (ii) the
21 requirements of the applicable provisions of this Section 9.2 are complied with.
22

23 (B) Future Parity Bonds may be issued for any lawful purpose of
24 the City related to the Electric System, including, but not limited to, acquiring,
25 constructing, and installing additions, betterments, and improvements to and
26



1 extensions of, acquiring necessary equipment for, or making necessary renewals,
2 replacements, or repairs and capital improvements to the Electric System, if there
3 shall be on file with the City Clerk either

4 i. a certificate of an appropriate financial officer of the City
5 stating that Net Revenues in any 12 consecutive months out of the most recent
6 24 months preceding the authentication and delivery of the Future Parity Bonds
7 then proposed to be issued, as determined from the financial statements of the
8 Electric System prepared by the Department of Public Utilities, were not less than
9 125 percent of maximum Annual Debt Service in any future Fiscal Year on all
10 outstanding Parity Bonds and the bonds then proposed to be issued (provided that
11 (i) in the event that any adjustment in the rates, fees and charges collected by the
12 City for the services of the Electric System shall be effective at any time on or prior
13 to the date of authentication and delivery of the Future Parity Bonds then proposed
14 to be issued, such officer shall reflect in the certificate the Net Revenues he or she
15 estimates would have been collected in such 12-month period if such new rates,
16 fees, and charges had been in effect for the entire 12-month period and (ii) with
17 respect to any Variable Interest Rate Bonds outstanding on the date such certificate
18 is delivered, such officer shall estimate the debt service on such Bonds in
19 accordance with Section 9.2.E(2)(b) hereof), or
20
21
22

23 ii. a certificate of the Engineer stating that the average
24 annual Net Revenues for the Fiscal Years in the period specified in the next
25 sentence, as such Net Revenues are estimated by the Engineer in accordance with
26 Section 9.2.E hereof, shall be at least equal to 125 percent of maximum Annual



1 Debt Service in any future Fiscal Year, as estimated by the Engineer in accordance
2 with Section 9.2.E hereof. The period for the determination of average annual Net
3 Revenues shall be the period beginning with the first Fiscal Year following the
4 earlier of (i) the date to which interest has been capitalized or (ii) the date of initial
5 operation of the facilities to be financed by such Future Parity Bonds and ending
6 with the fifth Fiscal Year after such date.

7 With the consent of the appropriate percentage of Parity Bond owners, the
8 Council may at any time pass an ordinance amending or supplementing this
9 Ordinance for the purpose of providing that the certificate of the Engineer
10 referenced in Section 9.2B(2) above and Sections 9.2D and 9.2E below can be
11 given by a Certified Public Accountant. The owners of the 2013 Bonds, by taking
12 and owning the same, shall be deemed to have consented to the passage by the
13 Council of any such Supplemental Ordinance.

14
15 (C) Future Parity Bonds may also be issued from time to time for
16 the purpose of providing funds, with any other available funds, for retiring at or prior
17 to their maturity or maturities any or all of the outstanding Parity Bonds of any
18 series or any reimbursement obligation made pursuant to Section 9.3, including the
19 payment of any redemption premium thereon, and, if deemed necessary by the
20 City, for paying the interest to accrue thereon to the date fixed for their retirement
21 and any expenses incident to the issuance of such Future Parity Bonds.

22
23
24 Future Parity Bonds issued under this subsection shall not be delivered
25 unless the proceeds (excluding any accrued interest but including any premium) of
26 such Future Parity Bonds, together with any other money that has been made



1 available for such purposes, and the principal of and the interest on the investment
2 of such proceeds or any such money, shall be sufficient to pay the principal of and
3 the redemption premium, if any, on the bonds to be refunded and the interest which
4 will become due and payable on or prior to the date of their payment or redemption,
5 and the expenses incident to the issuance of such Future Parity Bonds.

6 If such Future Parity Bonds are to be issued under this subsection, there
7 shall be filed with the City Clerk a certificate signed by an appropriate financial
8 officer of the City, showing that the maximum Annual Debt Service in any Fiscal
9 Year thereafter shall not be increased by more than \$5,000 by reason of the
10 issuance of the Future Parity Bonds, or there shall be filed with the City Clerk either
11 of the certificates required by Section 9.2.B hereof.

13 (D) In rendering any certificate under this Section, the Engineer
14 may rely upon, and such certificate shall have attached thereto, financial
15 statements of the Electric System, certified by an appropriate financial officer of the
16 City, showing income and expenses for the period upon which the same are based
17 and a balance sheet as of the end of such period, or similar certified statements by
18 a Certified Public Accountant.

20 (E) i. In estimating Net Revenues for each of the Fiscal Years
21 covered by any certificate required to be delivered by it pursuant to Section 9.2.B or
22 10.2 hereof, the Engineer may base its estimate upon such factors as it shall
23 consider reasonable.

25 ii. In estimating the Annual Debt Service for each of the
26 Fiscal Years covered by any certificate required to be delivered by it pursuant to



1 Section 9.2.B or Section 10.2 hereof, the Engineer shall include the Annual Debt
2 Service on all Parity Bonds estimated to be outstanding during each such Fiscal
3 Year. With respect to (a) any Parity Bonds which are not outstanding on the date
4 such certificate is delivered but which are projected to be issued during the period
5 covered by such certificate to complete construction of the facilities being financed
6 by the Future Parity Bonds then being issued, and (b) any Variable Interest Rate
7 Bonds outstanding on the date such certificate is delivered, the Engineer shall
8 estimate the debt service on such bonds upon such assumptions as the Engineer
9 shall consider reasonable and set forth in such certificate, including assumptions
10 with respect to the interest rate or rates to be borne by such bonds and the
11 amounts and due dates of the principal installments for such bonds; provided,
12 however, that the interest rate or rates assumed to be borne by any Variable
13 Interest Rate Bonds shall not be less than the interest rate borne by such Variable
14 Interest Rate Bonds at the time that the Engineer delivers such certificate.
15

16
17 (F) Nothing contained herein shall prevent the City from refunding
18 at one time all of the Parity Bonds then outstanding. Nothing contained herein shall
19 prevent the City from issuing obligations payable from a lien on the Net Revenues
20 that is junior and inferior to the Outstanding Parity Bonds, the 2013 Bonds or any
21 Future Parity Bonds.
22

23 Section 9.3. Reimbursement Obligations. In the event that the City elects to
24 meet the requirements of Section 11.2 hereof with respect to the Reserve Account
25 as to any issue of Parity Bonds through the use of a Qualified Letter of Credit,
26 Qualified Insurance, or other equivalent credit enhancement device, the City may



1 contract with the entity providing such Qualified Letter of Credit, Qualified
2 Insurance, or other equivalent credit enhancement device that the City's
3 reimbursement obligation, if any, to such entity ranks on a parity of lien with the
4 Parity Bonds.

5 In the event that the City elects additionally to secure any issue of Option
6 Bonds through the use of a Qualified Letter of Credit, Qualified Insurance, or other
7 equivalent credit enhancement device, the City may contract with the entity
8 providing such Qualified Letter of Credit, Qualified Insurance, or other equivalent
9 credit enhancement device that the City's reimbursement obligation, if any, to such
10 entity ranks on a parity of lien with the Parity Bonds; provided that the payments
11 due under such reimbursement agreement are such that if such reimbursement
12 obligation were a series of Future Parity Bonds, such bonds could be issued in
13 compliance with the provisions of Section 9.2 hereof.

14
15 Section 9.4. Derivative Product. A City Payment under a Derivative Product
16 may be on a parity with the Parity Bonds if the Derivative Product satisfies the
17 requirements for additional Parity Bonds described in this Ordinance, taking into
18 consideration regularly scheduled City Payments and regularly scheduled
19 Reciprocal Payments under the Derivative Product. The following shall be
20 conditions precedent to the use of any Derivative Product on a parity with any Parity
21 Bonds under this Ordinance:
22
23

24 (A) The City shall obtain an opinion of Bond Counsel on the due
25 authorization and execution of such Derivative Product, the validity and
26 enforceability thereof and opinion that the action proposed to be taken is authorized



1 or permitted by this Ordinance or the applicable provisions of any Parity Bond
2 Ordinance and will not adversely affect the excludability for federal income tax
3 purposes of the interest on any tax-exempt outstanding Parity Bonds.

4 (B) Prior to entering into a Derivative Product, the City shall adopt
5 a Supplemental Ordinance, which shall:

6 i. set forth the manner in which the City Payments and
7 Reciprocal Payments are to be calculated and a schedule of Derivative Payment
8 Dates;

9 ii. establish general provisions for the rights of providers of
10 Derivative Products; and

11 iii. set forth such other matters as the City deems
12 necessary or desirable in connection with the management of Derivative Products
13 as are not clearly inconsistent with the provisions of this Ordinance.

14
15 If the City enters into a Derivative Product on a parity with the Parity Bonds,
16 City payments shall be made from the Interest Account in the Bond Fund and
17 Annual Debt Service shall include any regularly scheduled City Payments adjusted
18 by any regularly scheduled Reciprocal Payments during a Fiscal Year.
19 Unscheduled payments, such as termination payments, may not be entered into on
20 a parity with the Parity Bonds.
21

22
23 Nothing in this section shall preclude the City from entering into Derivative
24 Products with a claim on the Revenues junior to that of the Parity Bonds.

25 Furthermore, nothing in this section shall preclude the City from entering into
26 obligations on a parity with the Parity Bonds in connection with the use of derivative



1 products or similar instruments if the City obtains an opinion of Bond Counsel that
2 the obligations or products the City is issuing or entering into are consistent with
3 Section 9.2 of this Ordinance.

4 ARTICLE X

5 CONTRACT RESOURCE OBLIGATIONS

6 Section 10.1. Creation of Separate Systems. The City is hereby authorized
7 to create, acquire, construct, finance, own and operate one or more additional
8 electric utility systems for the purpose of generating, transmitting or distributing
9 electric power and energy. The Council may declare any such system to be a
10 separate utility system not financed from Revenues (except as a Contract Resource
11 Obligation (i) included in Operating Expenses of the Electric System upon
12 compliance with Section 10.2 hereof or (ii) on a basis junior and inferior to the lien
13 on Revenues pledged to secure Parity Bonds), the revenue of which separate utility
14 system may be pledged to the payment of revenue obligations issued to purchase,
15 construct, condemn, or otherwise acquire or expand such separate utility system.
16 The costs associated with any such separate utility system may, upon declaration
17 of the Council, constitute a Contract Resource Obligation and, upon compliance
18 with Section 10.2 hereof, may be included in the Electric System's Operating
19 Expenses; provided, however, no Contract Resource Obligation constituting the
20 costs of a separate utility system for the retail distribution of electric power and
21 energy may be included in the Electric System's Operating Expenses.
22
23
24

25 Section 10.2. Contract Resource Obligations as Operating Expenses. A
26 Contract Resource Obligation may be included in the Electric System's Operating



Expenses if the following requirements are met at the time the Contract Resource
1 Obligation is incurred:

2 (A) No Event of Default has occurred and is continuing.

3 (B) There shall be on file with the City Clerk a certificate of the
4
5 Engineer stating that the average annual Net Revenues for the Fiscal Years in the
6 period specified in the next sentence, as such Net Revenues are estimated by the
7 Engineer in accordance with Section 9.2.E. hereof, shall be at least equal to
8 125 percent of maximum Annual Debt Service in any future Fiscal Year, as
9 estimated by the Engineer in accordance with Section 9.2.E. hereof. The period for
10 the determination of average annual Net Revenues shall be the period beginning
11 with the first Fiscal Year following the earlier of (i) the date to which interest is
12 capitalized or (ii) the date of initial operation of the facilities to be financed and
13 ending with the fifth full Fiscal Year after such date.

14
15 (C) There shall be on file with the City Clerk an opinion of the
16
17 Engineer to the effect stated in subparagraph (a) below if the Contract Resource
18 Obligation is to be utilized to supply power and energy or to the effect stated in
19 subparagraph (b) below if the Contract Resource Obligation is to be utilized to
20 supply transmission capability:

21 (i) (a) The additional source of power and energy from such
22
23 Contract Resource Obligation is sound from a power supply planning standpoint
24 and is technically and economically feasible in accordance with prudent utility
25 practice; and (b) the estimated cost of such Contract Resource Obligation is
26 reasonable.



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

(ii) (a) The transmission capability to be acquired pursuant to the Contract Resource Obligation will be necessary within a reasonable time after the estimated date of commercial operation of the transmission facilities; and (b) the estimated cost of such Contract Resource Obligation is reasonable.

With the consent of the appropriate percentage of Parity Bond owners, the Council may at any time pass an ordinance amending or supplementing this Ordinance for the purpose of providing that for purposes of this Section 10.2, the certificate of Engineer can be given by a Certified Public Accountant. The owners of the 2013 Bonds, by taking and owning the same, shall be deemed to have consented to the passage by the Council of any such Supplemental Ordinance.

ARTICLE XI

SPECIAL FUNDS AND ACCOUNTS

Section 11.1. Revenue Fund.

(A) The Revenue Fund has heretofore been created and redesignated the "City of Tacoma Electric System Revenue Fund." The City covenants and agrees that it will pay or cause to be paid all Revenues into the Revenue Fund as promptly as practicable after receipt thereof.

The Revenues of the Revenue Fund shall be held by the City in trust for the equal and ratable benefit of owners of the Parity Bonds and holders of reimbursement obligations ranking on a parity of lien with the Parity Bonds subject to application thereof in accordance with the provisions of this Ordinance. The City will hold the Revenue Fund separate and distinct from all other funds of the City.



1 There have heretofore been created in the Revenue Fund two accounts to
2 be known as (i) the General Account and (ii) the Operating Account, which
3 accounts shall be held and used for the purposes hereinafter described.

4 (B) The Revenues paid into the Revenue Fund shall first be
5 credited to the General Account and thereafter applied and used only for the
6 following purposes and in the following order of priority:

7 First, to make all payments required to be made into the Operating Account
8 to pay Operating Expenses;

9 Second, to make all payments required to be made into the Interest Account
10 in the Bond Fund for the payment of accrued interest on the next interest payment
11 date;

12 Third, to make all payments required to be made into the Principal Account
13 in the Bond Fund for the payment of the principal amount of Serial Bonds next
14 coming due, and into the Bond Retirement Account in the Bond Fund for the
15 mandatory redemption of Term Bonds;

16 Fourth, to make all payments required to be made pursuant to a
17 reimbursement agreement in connection with a Qualified Letter of Credit, Qualified
18 Insurance, or other equivalent credit facility, unless such payments are contractually
19 obligated to be paid under Third above, provided that if there is not sufficient money
20 to make all payments under reimbursement agreements the payments will be made
21 on a pro rata basis;

22 Fifth, to make all payments required to be made into the Reserve Account in
23 the Bond Fund created to secure the payment of the Parity Bonds;



1 Sixth, to make all payments required to be made into any special fund or
2 account created to pay or secure the payment of the principal of and interest on any
3 revenue bonds, warrants, or other revenue obligations of the City having a lien
4 upon Net Revenues and money in the Revenue Fund and accounts therein junior
5 and inferior to the lien thereon for the payment of the principal of and interest on the
6 Parity Bonds;

7 Seventh, to pay any taxes (or payments in lieu of taxes) upon the properties
8 or earnings of the Electric System payable to the City;

9 Eighth, to deposit into the Rate Stabilization Fund the amounts budgeted or
10 appropriated to be deposited therein which shall be used as provided by Ordinance
11 No. 21862 of the City, as now or hereafter amended; and
12

13 Ninth, subject to the provisions of Section 13.1.A, after all of the above
14 payments and credits have been made, amounts remaining in the General Account
15 may be used for any other lawful purpose of the City related to the Electric System.
16

17 (C) Nothing contained in this Section 11.1 shall be construed to
18 require the deposit into the Revenue Fund of any of the revenues, income, receipts
19 or other money of the City derived by the City through the ownership or operation of
20 any separate utility system hereafter created or established from funds other than
21 the proceeds of Parity Bonds.
22

23 Section 11.2. Bond Fund. The Bond Fund has been heretofore created as a
24 special fund of the City designated the "Electric System Revenue Bond Fund." The
25 Bond Fund shall be used solely for the purposes of paying the principal of,
26



1 premium, if any, and interest on Parity Bonds, and retiring Parity Bonds prior to
2 maturity in the manner provided herein or in any Parity Bond Ordinance.

3 The Bond Fund shall contain four accounts: the Interest Account, the
4 Principal Account, the Bond Retirement Account, and the Reserve Account. At the
5 option of the City, separate accounts may be created in the Bond Fund for the
6 purpose of paying or securing the payment of principal, premium, if any, and
7 interest on any Parity Bonds. The City hereby obligates and binds itself irrevocably
8 to set aside and to pay into the Bond Fund out of the Net Revenues certain fixed
9 amounts, without regard to any fixed proportion of such Net Revenues, sufficient
10 (together with other available funds on hand and paid into the Bond Fund) to pay
11 the principal of, premium, if any, and interest on all Parity Bonds from time to time
12 outstanding as the same respectively become due and payable, either at the
13 maturity thereof or in accordance with the terms of any Sinking Fund Requirement
14 established for the retirement of Term Bonds. The fixed amounts to be paid into the
15 Bond Fund, to the extent that such payments are not made from bond proceeds or
16 from other money that may legally be available therefor, shall be as follows and in
17 the following order of priority:

18 (A) No later than the day on which an installment of interest falls
19 due on any Parity Bonds, the City shall pay into the Interest Account in the Bond
20 Fund (together with such other money as is on hand and available in such account)
21 an amount equal to the installment of interest then falling due on all outstanding
22 Parity Bonds.
23
24
25
26



1 (B) No later than the date upon which an installment of principal on
2 Parity Bonds that are Serial Bonds falls due, the City shall pay into the Principal
3 Account in the Bond Fund an amount (together with such other money as is on
4 hand and available in such account) equal to the installment of principal then falling
5 due on all outstanding Parity Bonds that are Serial Bonds.

6 (C) No later than the date upon which a sinking fund installment on
7 Term Bonds falls due, the City shall pay into the Bond Retirement Account in the
8 Bond Fund an amount (together with such other money as is on hand and available
9 in such account) equal to the Sinking Fund Requirement for such date.
10

11 The City shall apply all the money paid into the Bond Retirement Account to
12 the redemption of Term Bonds on the next ensuing Sinking Fund Requirement due
13 date (or may so apply such money prior to such Sinking Fund Requirement due
14 date) pursuant to the terms of the applicable Parity Bond Ordinance. The City may
15 also apply the money paid into the Bond Retirement Account for the purpose of
16 retiring Term Bonds by the purchase of such bonds at a purchase price (including
17 any brokerage charge) not in excess of the principal amount thereof, in which event
18 the principal amount of such bonds so purchased shall be credited against any
19 Sinking Fund Requirement chosen by the City. If as of any January 1 the principal
20 amount of Term Bonds retired by purchase or redemption exceeds the cumulative
21 amount required to have been redeemed by sinking fund installments on or before
22 such January 1, then such excess may be credited against the Sinking Fund
23 Requirement for Term Bonds for the following Fiscal Year. Any such purchase of
24
25
26



1 Term Bonds by the City may be made with or without tenders of bonds in such
2 manner as the City shall, in its discretion, deem to be in its best interest.

3 (D) There is hereby established within the Reserve Account a
4 special subaccount entitled the "2013 Reserve Subaccount." Funds in such
5 Reserve Subaccount shall be treated in all respects as other funds in the
6 2013 Reserve Account. The City shall make transfers into the 2013 Reserve
7 Subaccount from money and investments in the Reserve Account, from proceeds of
8 the 2013 Bonds or a Reserve Surety, as determined by the Designated
9 Representative, in amounts sufficient to satisfy the Reserve Account Requirement
10 with respect to the 2013 Bonds.
11

12 In the event of the issuance of any Future Parity Bonds, the ordinance
13 authorizing the issuance of such Future Parity Bonds shall provide for further and
14 additional approximately equal monthly payments into the Bond Fund for credit to
15 the Reserve Account from the money in the Revenue Fund, in such amounts and at
16 such times so that by no later than five years from the date of issuance of such
17 Future Parity Bonds or by the final maturity established for such series of Future
18 Parity Bonds, whichever occurs first, there will be credited to the Reserve Account
19 an amount equal to the Reserve Account Requirement; provided, however, that the
20 proceedings authorizing the issuance of Future Parity Bonds may provide for
21 payments into the Bond Fund for credit to the Reserve Account from the proceeds
22 of such Future Parity Bonds or from any other money lawfully available therefor, in
23 which event, in providing for deposits and credits required by the foregoing
24
25
26



provisions of this paragraph, allowance shall be made for any such amounts so
1 paid into such Account.

2 With the consent of the appropriate percentage of Parity Bond owners, the
3 Council may at any time pass an ordinance amending or supplementing this
4 Ordinance for the purpose of providing that in calculating the Reserve Account
5 Requirement, the City may deduct the direct payment the City is expected to
6 receive in respect of the 2010 Bonds or other Future Parity Bonds for which the
7 federal government will provide the City with a direct payment of a portion of the
8 interest from the interest portion of Annual Debt Service. The owners of the
9 2013 Bonds, by taking and owning the same, shall be deemed to have consented
10 to the passage by the Council of any such Supplemental Ordinance.
11

12 So long as any Outstanding Parity Bonds are insured or reinsured by
13 National Public Finance Guarantee Corporation or Assured Guaranty Municipal
14 Corporation (if the following is required by Assured Guaranty Municipal
15 Corporation), if federal credit payments for any Outstanding Parity Bonds are
16 reduced or not received during any 12-month period ending December 31, the City
17 will calculate the Annual Debt Service for the subsequent 12 months ending
18 December 31 based on the actual reduction in the amount of the federal credit
19 payments, for the purpose of calculating the Reserve Account Requirement, until
20 the receipt of the federal credit payments is restored or resumes. In case of such
21 shortfall, the City will have 90 days to fully fund the Reserve Account Requirement
22 created as a result of such reduction or failure to receive the federal credit
23 payments.
24
25
26



1 Subject to the preceding paragraphs of this subsection, the money and value
2 of Permitted Investments in the Reserve Account shall be determined as of the last
3 business day of each Fiscal Year and maintained at an amount at least equal to the
4 Reserve Account Requirement, except where it is necessary to make a transfer
5 therefrom to the Interest Account, Principal Account, or Bond Retirement Account
6 because of an insufficiency of money therein to make any required payment of
7 principal of or interest on any Parity Bonds when due.

8 If at any time the money and value of Permitted Investments in the Reserve
9 Account exceed the amount of money and value of Permitted Investments then
10 required to be maintained therein by 10 percent, such excess may be transferred to
11 the City for deposit in the General Account in the Revenue Fund. With the consent
12 of the appropriate percentage of Parity Bond owners, the Council may at any time
13 pass an ordinance amending or supplementing this Ordinance for the purpose of
14 providing that the above sentence be amended to read as follows: If at any time
15 the money and value of Permitted Investments in the Reserve Account shall exceed
16 the amount of money and value of Permitted Investments then required to be
17 maintained therein, such excess may be transferred to the City for deposit in the
18 General Account in the Revenue Fund. The owners of the 2013 Bonds and the
19 2010 Bonds, by taking and owning the same, shall be deemed to have consented
20 to the passage by the Council of any such Supplemental Ordinance.

21 For the purpose of determining the amount credited to the Reserve Account,
22 obligations in which money in the Reserve Account shall have been invested shall
23 be valued at the market value thereof. The term "market value" shall mean, in the
24
25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

case of securities that are not then currently redeemable at the option of the holder, the current bid quotation for such securities, as reported in any nationally circulated financial journal, and the current redemption value in the case of securities that are then redeemable at the option of the holder. For obligations that mature within six months, the market value shall be the par value thereof. The valuation of the amount in the Reserve Account shall be made by the City as of the close of business on each December 31 (or on the next preceding business day if December 31 does not fall on a business day) and may be made on each June 30 (or on the next preceding business day if June 30 does not fall on a business day). If the valuation of the amount in the Reserve Account is less than the Reserve Account Requirement the City shall immediately transfer from the General Account an amount necessary to make the valuation of the amount in the Reserve Account equal to 100 percent of the Reserve Account Requirement. If the amounts available in the General Account for such transfer are insufficient to make the valuation of the amount in the Reserve Account equal to 100 percent of the Reserve Account requirement, the City shall then transfer to the Reserve Account on or before the 25th day of each of the six succeeding calendar months no less than one-sixth of the amount necessary to make the valuation of the amount in the Reserve Account equal to 100 percent of the Reserve Account Requirement.

In making the payments and credits to the Principal Account, Interest Account, Bond Retirement Account and Reserve Account required by this Section 11.2, to the extent that such payments are made from bond proceeds, from



1 money in any capitalized interest account, or from other money that may legally be
2 available, such payments are not required to be made from the Revenue Fund.

3 In making the payments and credits to the Reserve Account required by this
4 Section 11.2, to the extent that the City has obtained Qualified Insurance or a
5 Qualified Letter of Credit for specific amounts required pursuant to this section to be
6 paid out of the Reserve Account, such amounts so covered by Qualified Insurance
7 or a Qualified Letter of Credit shall be credited against the amounts required to be
8 maintained in the Reserve Account by Section 11.2 hereof to the extent that such
9 payments and credits to be made are insured by an insurance company, or
10 guaranteed by a letter of credit from a financial institution. Such Qualified Letter of
11 Credit or Qualified Insurance shall not be cancelable on less than five years' notice.
12 In the event of any cancellation, the Reserve Account shall be funded in
13 accordance with the first two paragraphs of this subsection D, as if the Parity Bonds
14 that remain outstanding had been issued on the date of such notice of cancellation.

17 (E) If there is a deficiency in the Interest Account, Principal
18 Account, or Bond Retirement Account in the Bond Fund, the City shall promptly
19 make up such deficiency from the Reserve Account by the withdrawal of cash
20 therefrom for that purpose and by the sale or redemption of obligations held in the
21 Reserve Account, if necessary, in such amounts as will provide cash in the Reserve
22 Account sufficient to make up any such deficiency, and if a deficiency still exists
23 immediately prior to an interest payment date and after the withdrawal of cash, the
24 City shall then draw from any Qualified Letter of Credit, Qualified Insurance, or
25 other equivalent credit facility in sufficient amount to make up the deficiency. Such
26



1 draw shall be made at such times and under such conditions as the agreement for
2 such Qualified Letter of Credit or such Qualified Insurance shall provide. The City
3 covenants and agrees that any deficiency created in the Reserve Account by
4 reason of any withdrawal therefrom for payment into the Interest Account, Principal
5 Account or Bond Retirement Account shall be made up from money in the Revenue
6 Fund first available after providing for the required payments into such Interest,
7 Principal, and Bond Retirement Accounts and after providing for payments under a
8 reimbursement agreement entered into by the City under Section 9.3.

9 Money in the Bond Fund shall be transmitted to the Paying Agent in amounts
10 sufficient to meet the maturing installments of principal of, premium, if any, and
11 interest on the Parity Bonds when due. All money remaining in the Bond Fund after
12 provision for the payment in full of the principal of, premium, if any, and interest on
13 all outstanding Parity Bonds shall be returned to the Revenue Fund.

14 The Bond Fund shall be drawn upon solely for the purpose of paying the
15 principal of, premium, if any, and interest on Parity Bonds. Money set aside from
16 time to time with the Paying Agent for such payment shall be held in trust for the
17 owners of the Parity Bonds in respect of which the same shall have been so set
18 aside. Until so set aside, all money in the Bond Fund shall be held in trust for the
19 benefit of the owners of all Parity Bonds at the time outstanding equally and ratably.

20 Notwithstanding any provision of this Ordinance requiring the deposit of any
21 earnings or other money in the Bond Fund, any such earnings that are subject to
22 any rebate or other payment requirement pursuant to applicable provisions of the
23 Code may be withdrawn from the Bond Fund for deposit into a separate fund or
24
25
26



1 account created for that purpose. Any amounts required at any time to be
2 withdrawn from the Reserve Account or other accounts in the Bond Fund in order to
3 preserve the tax-exempt or tax-advantaged status of Parity Bonds shall be
4 withdrawn and deposited in the General Account in the Revenue Fund.

5 Section 11.3. Investment of Funds. Money held for the credit of the
6 Revenue Fund, Construction Fund, Rate Stabilization Fund, and the Interest
7 Account, Principal Account, and Bond Retirement Account in the Bond Fund shall,
8 to the fullest extent practicable and reasonable, be invested and reinvested at the
9 direction of the City solely in, and obligations deposited in such accounts shall
10 consist of, Permitted Investments which shall mature on or prior to the respective
11 dates when the money held for the credit of such Accounts will be required for the
12 purposes intended. Money in the Reserve Account in the Bond Fund not required
13 for immediate disbursement for the purposes for which such Account is created
14 shall, to the fullest extent practicable and reasonable, be invested and reinvested at
15 the direction of the City solely in, and obligations deposited in the Reserve Account
16 shall consist of, Permitted Investments maturing or subject to redemption at the
17 option of the owner thereof within 10 years from the date of such investment (but
18 maturing prior to the final maturity date of the Parity Bonds then outstanding).
19
20
21

22 Except to the extent there are deficiencies in any account in the Bond Fund,
23 all income received from the investment of money in any account in the Bond Fund,
24 shall be from time to time deposited in the Revenue Fund, or credited against the
25 monthly amount required to be deposited in such account.
26



ARTICLE XII

REFUNDING OR DEFEASANCE OF THE REFUNDED BONDS

Section 12.1. Refunding of the Refunded Bonds.

(A) Appointment of Refunding Trustee. The Designated Representative or Finance Director is authorized to appoint a Refunding Trustee in connection with the 2013 Bonds.

(B) Use of 2013 Bond Proceeds; Acquisition of Acquired Obligations. The portion of the proceeds of the sale of the 2013 Bonds allocated to refunding or defeasance and available Revenues of the Refunded Bonds and available Revenues shall be deposited immediately upon the receipt thereof with the Refunding Trustee and used to discharge the obligations of the City relating to the Refunded Bonds under Ordinances Nos. 27320, 27403, and 27587 by providing for the payment of the amounts required to be paid by the Refunding Plan. To the extent practicable, such obligations shall be discharged fully by the Refunding Trustee's simultaneous purchase of Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amounts required to be paid by the Refunding Plan. The Acquired Obligations will be listed and more particularly described in the Refunding Trust Agreement between the City and the Refunding Trustee, but are subject to substitution as set forth below. Any 2013 Bond proceeds or other money deposited with the Refunding Trustee not needed to purchase the Acquired Obligations and provide a beginning cash balance, if any, and pay the costs of issuance of the 2013 Bonds



1 shall be returned to the City and deposited in the Construction Fund or in the Bond
2 Fund to pay interest on the 2013 Bonds on the first interest payment date.

3 (C) Substitution of Acquired Obligations. Prior to the purchase of
4 any Acquired Obligations by the Refunding Trustee, the City reserves the right to
5 substitute other direct, noncallable obligations of the United States of America
6 ("Substitute Obligations") for any of the Acquired Obligations and to use any
7 savings created thereby for any lawful City purpose if, (a) in the opinion of the City's
8 bond counsel, the interest on the 2013 Bonds and the Refunded Bonds will remain
9 excluded from gross income for federal income tax purposes under Sections 103,
10 148, and 149(d) of the Code, and (b) such substitution shall not impair the timely
11 payment of the amounts required to be paid by the Refunding Plan, as verified by a
12 nationally recognized independent certified public accounting firm.

13 (D) After the purchase of the Acquired Obligations by the
14 Refunding Trustee, the City reserves the right to substitute therefor cash or
15 Substitute Obligations subject to the conditions that such money or securities held
16 by the Refunding Trustee shall be sufficient to carry out the Refunding Plan, that
17 such substitution will not cause the 2013 Bonds or the Refunded Bonds to be
18 arbitrage bonds within the meaning of Section 148 of the Code and regulations
19 thereunder in effect on the date of such substitution and applicable to obligations
20 issued on the issue dates of the 2013 Bonds and the Refunded Bonds, as
21 applicable, and that the City obtain, at its expense: (1) a verification by a nationally
22 recognized independent certified public accounting firm acceptable to the
23 Refunding Trustee confirming that the payments of principal of and interest on the
24
25
26



1 substitute securities, if paid when due, and any other money held by the Refunding
2 Trustee will be sufficient to carry out the Refunding Plan; and (2) an opinion from
3 nationally recognized bond counsel to the City, to the effect that the disposition and
4 substitution or purchase of such securities, under the statutes, rules, and
5 regulations then in force and applicable to the 2013 Bonds, will not cause the
6 interest on the tax-exempt 2013 Bonds or the Refunded Bonds to be included in
7 gross income for federal income tax purposes and that such disposition and
8 substitution or purchase is in compliance with the statutes and regulations
9 applicable to the 2013 Bonds. Any surplus money resulting from the sale, transfer,
10 other disposition, or redemption of the Acquired Obligations and the substitutions
11 therefor shall be released from the trust estate and transferred to the City to be
12 used for any lawful City purpose.

14 (E) Administration of Refunding Plan. The Refunding Trustee is
15 authorized and directed to purchase the Acquired Obligations (or Substitute
16 Obligations) and to make the payments required to be made by the Refunding Plan
17 from the Acquired Obligations (or Substitute Obligations) and money deposited with
18 the Refunding Trustee pursuant to this Ordinance. All Acquired Obligations (or
19 Substitute Obligations) and the money deposited with the Refunding Trustee and
20 any income therefrom shall be held irrevocably, invested and applied in accordance
21 with the provisions of Ordinance Nos. 27230, 27403, and 27587, this Ordinance,
22 chapter 39.53 RCW and other applicable statutes of the State of Washington and
23 the Refunding Trust Agreement. All necessary and proper fees, compensation, and
24 expenses of the Refunding Trustee for the 2013 Bonds and all other costs
25
26



1 incidental to the setting up of the escrow to accomplish the refunding of the
2 Refunded Bonds and costs related to the issuance and delivery of the 2013 Bonds,
3 including bond printing, verification fees, bond counsel's fees, and other related
4 expenses, shall be paid out of the proceeds of the 2013 Bonds.

5 (F) Authorization for Refunding Trust Agreement. To carry out the
6 Refunding Plan provided for by this Ordinance, the Designated Representative or
7 Finance Director is authorized and directed to execute and deliver to the Refunding
8 Trustee a Refunding Trust Agreement setting forth the duties, obligations, and
9 responsibilities of the Refunding Trustee in connection with the payment,
10 redemption, and retirement of the Refunded Bonds as provided herein and stating
11 that the provisions for payment of the fees, compensation, and expenses of such
12 Refunding Trustee set forth therein are satisfactory to it. Prior to executing the
13 Refunding Trust Agreement, the Designated Representative is authorized to make
14 such changes therein that do not change the substance and purpose thereof or that
15 assure that the escrow provided therein and the 2013 Bonds are in compliance with
16 the requirements of federal law governing the exclusion of interest on the tax-
17 exempt 2013 Bonds from gross income for federal income tax purposes.
18
19

20 Section 12.2. Call for Redemption of the Refunded Bonds. The City calls for
21 redemption on July 1, 2014, for the 2004 Refunded Bonds, on July 1, 2015, for the
22 2005 Refunded Bonds and on their maturity date of July 1, 2015, for the
23 2007 Bonds, or such other date as shall be determined by the Designated
24 Representative, all of the Refunded Bonds at par plus accrued interest. Such call
25 for redemption shall be irrevocable after the delivery of the 2013 Bonds to the
26



1 purchaser thereof. The date on which the Refunded Bonds are herein called for
2 redemption is the first date on which those bonds may be called.

3 The proper City officials are authorized and directed to give or cause to be
4 given such notices as required, at the times and in the manner required, pursuant to
5 Ordinance Nos. 27320, 27403, and 27587, in order to effect the redemption prior to
6 their maturity or payment on their maturity of the Refunded Bonds.

7 Section 12.3. City Findings with Respect to Refunding. The Council
8 authorizes the Designated Representative to approve the issuance of the refunding
9 portion of the 2013 Bonds if it will achieve a debt service savings to the City or
10 result in a beneficial restructuring of Electric System debt and is in the best interest
11 of the City and its ratepayers. In making such finding, the Designated
12 Representative will give consideration to the fixed maturities of the 2013 Bonds and
13 the Refunded Bonds, the costs of issuance of the 2013 Bonds, and the known
14 earned income from the investment of the proceeds of the issuance and sale of the
15 2013 Bonds pending payment and redemption of the Refunded Bonds. The
16 Designated Representative may determine the amount of 2013 Bond proceeds and
17 Revenues to contribute to the refunding of the Refunded Bonds. The Designated
18 Representative may determine the amount of 2013 Bond proceeds and Revenues
19 to contribute to the refunding of the Refunded Bonds.

20 The Council further finds that the money to be deposited with the Refunding
21 Trustee for the Refunded Bonds in accordance with Section 12.1 of this Ordinance
22 will discharge and satisfy the obligations of the City under Ordinance Nos. 27320,
23 27403, and 28587 with respect to the Refunded Bonds, and the pledges, charges,
24
25
26



1 trusts, covenants, and agreements of the City therein made or provided for as to the
2 Refunded Bonds, and that the Refunded Bonds shall no longer be deemed to be
3 outstanding under such ordinance immediately upon the deposit of such money
4 with the Refunding Trustee.

5 ARTICLE XIII

6 COVENANTS TO SECURE PARITY BONDS

7 The City covenants and agrees with the purchasers and owners of the
8 2013 Bonds from time to time so long as any such 2013 Bonds are outstanding, as
9 follows:
10

11 Section 13.1. Security for 2013 Bonds.

12 (A) All 2013 Bonds are special limited obligations of the City
13 payable from and secured solely by Net Revenues, and by other money and assets
14 specifically pledged hereunder for the payment thereof. There are hereby pledged
15 as security for the payment of the principal of, premium, if any, and interest on all
16 2013 Bonds in accordance with the provisions of this Ordinance, subject only to the
17 provisions of this Ordinance restricting or permitting the application thereof for the
18 purposes and on the terms and conditions set forth in this Ordinance: (i) the
19 proceeds of the sale of the 2013 Bonds to the extent held in funds established by
20 this Ordinance, (ii) Net Revenues, and (iii) the money and investments, if any,
21 credited to the Revenue Fund and the Bond Fund, and the income therefrom. The
22 Revenues and other money and securities hereby pledged shall immediately be
23 subject to the lien of this pledge without any physical delivery thereof or further act,
24 and the lien of this pledge shall be valid and binding as against all parties having
25
26



1 claims of any kind in tort, contract, or otherwise against the City regardless of
2 whether such parties have notice thereof.

3 All Parity Bonds now or hereafter outstanding shall be equally and ratably
4 payable and secured hereunder without priority by reason of date of adoption of the
5 ordinance providing for their issuance or by reason of their series, number or date
6 of sale, issuance, execution or delivery, or by the liens, pledges, charges, trusts,
7 assignments, and covenants made herein, except as otherwise expressly provided
8 or permitted in this Ordinance and except as to Parity Bonds covered by insurance
9 that may be obtained by the City to insure the repayment of one or more series or
10 maturities within a series.
11

12 Except as provided by Section 9.3 hereof, the pledge of the Net Revenues
13 and of the amounts to be paid into and maintained in the funds and accounts
14 described above in this Section to pay and secure the payment of Parity Bonds is
15 hereby declared to be a prior lien and charge on the Net Revenues and the money
16 and investments in such funds and accounts superior to all other liens and charges
17 of any kind or nature.
18

19 (B) No money may be removed from the Revenue Fund for
20 transfer to any fund of the City not described in this Ordinance while any deficiency
21 exists and is continuing in any payment required by this Ordinance into the Bond
22 Fund or any account therein.
23

24 (C) The 2013 Bonds shall not in any manner or to any extent
25 constitute general obligations of the City or of the State of Washington, or any
26 political subdivision of the State of Washington, or a charge upon any general fund



1 or upon any money or other property of the City or of the State of Washington, or of
2 any political subdivision of the State of Washington, not specifically pledged thereto
3 by this Ordinance.

4 Section 13.2. Rate Covenant – General. The City shall establish, maintain
5 and collect rates and charges for services, facilities and commodities sold,
6 furnished or supplied through the facilities of the Electric System that shall be fair
7 and adequate to provide Revenues sufficient for the punctual payment of the
8 principal of, premium, if any, and interest on the Parity Bonds for which the payment
9 has not otherwise been provided, for all payments which the City is obligated to
10 make into the Bond Fund, and for the proper operation and maintenance of the
11 Electric System, including payment of all Contract Resource Obligations included in
12 the Electric System's Operating Expenses pursuant to Section 10.2 hereof, and all
13 necessary repairs, replacements, and renewals thereof, including the payment of all
14 taxes, assessments, or other governmental charges lawfully imposed on the
15 Electric System or the Revenues therefrom, or payments in lieu thereof, and the
16 payment of all other amounts that the City may now or hereafter become obligated
17 to pay from the Revenues by law or contract.

18 Section 13.3. Rate Covenant – Debt Service Coverage. The City shall also
19 establish, maintain and collect rates and charges which shall be adequate to
20 provide, in each Fiscal Year, Net Revenues in an amount equal to at least
21 1.25 times the actual Annual Debt Service for such year.

22 Solely for purposes of calculating the coverage requirement set forth above,
23 there shall be added to Revenues in any Fiscal Year any amount withdrawn from
24



1 the Rate Stabilization Fund in such Fiscal Year and deposited in the Revenue
2 Fund, and there shall be subtracted from Revenues in any Fiscal Year any amount
3 withdrawn from the General Account in the Revenue Fund and deposited in the
4 Rate Stabilization Fund.

5 The calculation of the coverage requirement set forth above, and in
6 Section 9.2 hereof, and the City's compliance therewith, may be made solely with
7 reference to this Ordinance without regard to future changes in generally accepted
8 accounting principles. If the City has changed one or more of the accounting
9 principles used in the preparation of its financial statements, because of a change in
10 generally accepted accounting principles or otherwise, then an event of default
11 relating to this coverage requirement shall not be considered an Event of Default if
12 the coverage requirement ratio would have been complied with had the City
13 continued to use those accounting principles employed at the date of the most
14 recent audited financial statements prior to the date of this Ordinance.

15
16
17 Section 13.4. Restrictions on Contracting of Obligations Secured by
18 Revenues.

19 (A) Except as provided in Section 10.2 hereof, the City will not
20 hereafter create any other special fund or funds for the payment of revenue bonds,
21 warrants, or other revenue obligations, or issue any bonds, warrants, or other
22 obligations or create any additional indebtedness that will rank prior to the charge
23 and lien on the Revenues or properties of the Electric System created herein to
24 secure the payment of the principal of and interest on the Parity Bonds.
25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

(B) The City will not hereafter create any other special fund or funds for the payment of revenue bonds, warrants or other revenue obligations, or issue any bonds, warrants or other obligations or create any additional indebtedness that will rank on a parity with the charge and lien on the Revenues or properties of the Electric System for the payments into the Bond Fund, except as provided under Article IX hereof or with respect to a reimbursement obligation made pursuant to Section 9.3 and ranking on a parity of lien with the Parity Bonds.

(C) The City may issue bonds, notes, warrants, or other obligations payable from and secured by a lien on the Revenues of the Electric System that is subordinate or inferior to the lien on such Revenues securing the Parity Bonds and may create a special fund or funds for payment of such subordinate obligations.

Section 13.5. Covenant to Maintain System in Good Condition. The City shall at all times maintain, preserve, and keep, or cause to be maintained, preserved, and kept, the properties of the Electric System and all additions and betterments thereto and extensions thereof and every part and parcel thereof, in good repair, working order and condition, and will from time to time make, or cause to be made, all necessary and proper repairs, renewals, replacements, extensions and betterments thereto so that at all times the business carried on in connection therewith shall be properly and advantageously conducted. The City will at all times operate such properties and the business in connection therewith or cause such properties and business to be operated in an efficient manner and at a reasonable cost.



1 Section 13.6. Covenants Concerning Disposal of Properties of Electric
2 System. The City shall not sell, mortgage, lease, or otherwise dispose of the
3 properties of the Electric System except as provided by law and subject to such
4 additional restrictions as are provided in this Section.

5 (A) The City will not sell or otherwise dispose of the Electric
6 System in its entirety unless simultaneously with such sale or other disposition,
7 provision is made for the payment, redemption, or other retirement of all Parity
8 Bonds then outstanding.

9 (B) Except as provided in C below, the City will not sell or
10 otherwise dispose of any part of the Electric System in excess of 5 percent of the
11 value of the net utility plant of the Electric System unless provision is made for the
12 payment, redemption, or other retirement of a principal amount of Parity Bonds
13 equal to the greater of the following amounts:

14
15 i. An amount that will be in the same proportion to the net
16 principal amount of Parity Bonds then outstanding (defined as the total principal
17 amount of such Parity Bonds outstanding less the amount of cash and investments
18 in the Principal Account and Bond Retirement Account in the Bond Fund) that the
19 revenues attributable to the part of the Electric System sold or disposed of for the
20 12 preceding months bears to the total revenues for such period; or
21
22

23 ii. An amount that will be in the same proportion to the net
24 principal amount of Parity Bonds then outstanding that the book value of the part of
25 the Electric System sold or disposed of bears to the book value of the entire Electric
26 System immediately prior to such sale or disposition.



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

(C) The City may sell or otherwise dispose of any part of the

Electric System which shall have become unserviceable, inadequate, obsolete, or unfit to be used in the operation of the Electric System, or no longer necessary, material to or useful in such operation.

(D) The proceeds of sale of any part of the Electric System shall be

deposited in the Revenue Fund.

(E) No sale of any part of the Electric System, valued in excess of

10 percent of the book value of the physical assets of the Electric System, shall be made if, in the opinion of an Engineer, based on financial statements of the Electric System for the most recent Fiscal Year available, such sale would prevent the City from meeting the requirements of Section 13.2 and of the first paragraph of Section 13.3. With the consent of the appropriate percentage of Parity Bond owners, the Council may at any time pass an ordinance amending or supplementing this Ordinance for the purpose of providing that for purposes of this Section 13.6.E, the opinion of Engineer can be given by a Certified Public Accountant. The owners of the 2013 Bonds, by taking and owning the same, shall be deemed to have consented to the passage by the Council of any such Supplemental Ordinance.

Section 13.7. Insurance. The City shall either self-insure in such manner and to such extent as the City shall determine to be necessary and appropriate or, as needed, and to the extent insurance coverage is available at reasonable cost with responsible insurers, keep, or cause to be kept, the Electric System and the operation thereof insured, with policies payable to the City, against the risks of direct physical loss, damage to or destruction of the Electric System, or any part



1 thereof, and against accidents, casualties, or negligence, including liability
2 insurance and employer's liability, at least to the extent that similar insurance is
3 usually carried by utilities operating like properties.

4 In the event of any loss or damage, the City will promptly repair or replace
5 the damaged portion of the insured property and apply the proceeds of any
6 insurance policy for that purpose; or in the event the City should determine not to
7 repair or reconstruct such damaged portion of the properties of the Electric System,
8 the proceeds of such insurance shall be paid into the Reserve Account to the extent
9 that such transfer shall be necessary to make up any deficiency in said Reserve
10 Account and the balance, if any, shall at the option of the City, be used either for
11 repairs, renewals, replacements, or capital additions to the Electric System or for
12 the purchase, payment, or redemption of Parity Bonds.

13
14 Section 13.8. Condemnation. In the event of any loss or damage to the
15 properties of the Electric System by reason of condemnation, the City will (i) with
16 respect to each such loss, promptly replace, repair, and reconstruct to the extent
17 necessary to the proper conduct of the operations of the Electric System the
18 condemned portion thereof and shall apply the proceeds of any condemnation
19 award for that purpose to the extent required therefor, and (ii) if the City shall not
20 use the entire proceeds of such condemnation award to repair, replace, or
21 reconstruct such lost or damaged property, such award not so used shall be paid
22 into the Revenue Fund.

23
24
25 Section 13.9. Books of Account. The City shall keep proper books of
26 account in accordance with the rules and regulations prescribed by the Division of



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Municipal Corporations of the State Auditor's office of the State of Washington, or other State department or agency succeeding to such duties of the State Auditor's office, and if no such rules or regulations are prescribed as aforesaid then in substantial accordance with the uniform system of accounts prescribed by the Federal Energy Regulatory Commission or other federal agency having jurisdiction over electric public utility companies owning and operating properties similar to the Electric System, whether or not the City is at the time required by law to use such system of accounts. The City shall cause its books of account to be audited annually by the State Auditor's office or other State department or agency as may be authorized and directed by law to make such audits, or if such an audit shall not be made for 12 months after the close of any Fiscal Year of the City, by Certified Public Accountants. In keeping said books of account, the City shall accrue depreciation monthly thereon on its depreciable properties in accordance with the accounting practice prescribed by the public departments or agencies above mentioned. The City will furnish to any owner of 2013 Bonds, upon a written request therefor, copies of the balance sheet and statement of income and retained earnings showing in reasonable detail the financial condition of the Electric System as of the close of each fiscal year, and the income and expenses of such year, including the amounts paid into the Revenue Fund, the Bond Fund, and in any and all special funds created or continued pursuant to the provisions of this Ordinance, and the amounts expended for maintenance, renewals, replacements, and gross capital additions to the Electric System.



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Section 13.10. Covenant Not to Render Service Free of Charge. So long as any 2013 Bonds are outstanding and unpaid, the City shall not furnish or supply or permit the furnishing or supplying of any commodity, service, or facility furnished by or in connection with the operation of the Electric System free of charge to any person, firm, or corporation, public or private, and the City will maintain and enforce reasonable procedures for the payment of any and all accounts owing to the City and delinquent, by discontinuing service or by filing suits, actions, or proceedings, or by both discontinuance of service and filing suit.

Section 13.11. Covenant to Make Only Sound Improvements. The City shall not expend any money in the Revenue Fund or the proceeds of Parity Bonds or other obligations for any renewals, replacements, extensions, betterments and improvements to the Electric System that are not economically sound and that will not properly and advantageously contribute to the conduct of the business of the Electric System in an efficient and economical manner or that are not mandated by law or regulation. The foregoing shall not preclude the City from paying any legal or contractual obligations.

Section 13.12. Covenant to Pay Bond Principal and Interest Punctually. The City shall duly and punctually pay or cause to be paid, but only from Revenues and other money pledged therefor under this Ordinance, the principal of, premium, if any, and interest on each and every 2013 Bond on the dates and at the places and in the manner provided in such bonds, according to the true intent and meaning thereof, and will faithfully do and perform and fully observe and keep any and all



1 covenants, undertakings, stipulations and provisions contained in the 2013 Bonds
2 and in this Ordinance.

3 Section 13.13. Covenant to Pay Taxes, Assessments and Other Claims.

4 The City shall from time to time duly pay and discharge, or cause to be paid and
5 discharged, when the same shall become due, all taxes, assessments and other
6 governmental charges, or payments in lieu thereof, lawfully imposed upon the
7 Electric System or the Revenues, and all claims for labor and materials and
8 supplies that, if not paid, might become a lien or charge upon the Electric System,
9 or any part thereof, or upon the Revenues (prior to the lien thereon for the payment
10 of the Parity Bonds), or that might in any way impair the security of the Parity
11 Bonds, except taxes, assessments, charges, or claims that the City shall in good
12 faith contest by proper legal proceedings.

14 ARTICLE XIV

15 SUPPLEMENTAL AND AMENDATORY ORDINANCES

16 Section 14.1. Amendments Without Consent of Bondowners. The City may
17 adopt at any time and from time to time without the consent of the owners of any
18 Parity Bonds an ordinance or ordinances supplemental to or amendatory of this
19 Ordinance and any Supplemental Ordinance theretofore adopted for any one or
20 more of the following purposes:
21
22

23 (A) In accordance with Article IX hereof, to provide for the issuance
24 of Future Parity Bonds and to prescribe the terms and conditions pursuant to which
25 such bonds may be issued, paid or redeemed;
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

(B) To add covenants and agreements of the City for the purpose of further securing the payment of the Parity Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the City contained in this Ordinance or any Supplemental Ordinance;

(C) To prescribe further limitations and restrictions upon the City's ability to issue bonds and incur indebtedness payable from the Revenues, provided that such further limitations and restrictions are not contrary to or inconsistent with those theretofore in effect;

(D) To surrender any right, power, or privilege reserved to or conferred upon the City by the terms of this Ordinance;

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

(F) To cure any ambiguity or defect or inconsistent provision of this Ordinance or any Supplemental Ordinance or to insert such provisions clarifying matters or questions arising under this Ordinance or any Supplemental Ordinance as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with this Ordinance or any Parity Bond Ordinance as theretofore in effect;

(G) To add such provisions as the Council, with the advice of Bond Counsel to the City, shall deem necessary in order to preserve the tax-exempt status of the Parity Bonds.



1 Section 14.2. Amendments With Consent of Bondowners. The provisions of
2 this Ordinance and of any Supplemental Ordinance may be modified at any time or
3 from time to time by a Supplemental Ordinance, with the consent of bondowners in
4 accordance with and subject to the provisions of Article XVI hereof.

5 *After all of the 2004 Bonds, 2005 Bonds, and 2007 Bonds are redeemed,*
6 *refunded, or defeased, this Section 14.2 shall be amended in its entirety to read as*
7 *follows:*

8 With the consent of the owners of not less than 51 percent in aggregate
9 principal amount of the Parity Bonds at the time outstanding, the Council may pass
10 an ordinance or ordinances supplemental hereto or to any Future Parity Bond
11 Ordinance for the purpose of adding any provisions to or changing in any manner or
12 eliminating any of the provisions of this Ordinance or of any Future Parity Bond
13 Ordinance, but no such Supplemental Resolution shall:

14 (A) Extend the fixed maturity of any Parity Bonds or the time of
15 payment of interest thereon from the established due date, or reduce the rate of
16 interest thereon or the amount of the principal thereof, or reduce any premium
17 payable on the redemption thereof, or accelerate any redemption provision, without
18 the written consent of the owner of each Parity Bond so affected;

19 (B) Reduce the aforesaid percentage of bondowners required to
20 approve any such Supplemental Ordinance, without the written consent of the
21 owners of all of the Parity Bonds then outstanding;

22 (C) Give to any Parity Bond any preference over any other Parity
23 Bond; or
24
25
26



1 (D) Authorize the creation of any pledge prior to or, except as
2 provided in Article IX for the issuance of Future Parity Bonds, on a parity with the
3 pledge afforded by this Ordinance, without the consent of the owner of each such
4 Parity Bond affected thereby.

5 It shall not be necessary for bondowners to approve the particular form of
6 any proposed Supplemental Ordinance, but it shall be sufficient if such consent
7 shall approve the substance thereof.

8 Section 14.3. Filing of Supplemental Ordinances. No Supplemental
9 Ordinance shall become effective until filed with the City together with an opinion of
10 Bond Counsel that such Supplemental Ordinance has been validly enacted and that
11 it is effective in accordance with its terms.
12

13 ARTICLE XV

14 DEFAULTS AND REMEDIES

15 Section 15.1. Events of Default. The Council hereby finds and determines
16 that the continuous operation of the Electric System and the collection, deposit, and
17 disbursement of the Net Revenues in the manner provided in this Ordinance are
18 essential to the payment and security of the 2013 Bonds, and the failure or refusal
19 of the City to perform the covenants and obligations contained in this Ordinance will
20 endanger the necessary continuous operation of the Electric System and the
21 application of the Net Revenues to the purposes set forth in this Ordinance.
22
23

24 The City hereby covenants and agrees with the purchasers and owners from
25 time to time of the 2013 Bonds, in order to protect and safeguard the covenants and
26



obligations undertaken by the City securing the 2013 Bonds, that the following shall
1 constitute "Events of Default":

2 (A) If default shall be made in the due and punctual payment of the
3 principal of and premium, if any, on any of the 2013 Bonds when the same shall
4 become due and payable, either at maturity or by proceedings for redemption or
5 otherwise;
6

7 (B) If default shall be made in the due and punctual payment of
8 any installment of interest on any 2013 Bond;
9

10 (C) If the City shall fail to purchase or redeem Term Bonds in an
11 aggregate principal amount at least equal to the Sinking Fund Requirement for the
12 applicable Fiscal Year; or

13 (D) If the City shall default in the observance and performance of
14 any other of the covenants, conditions, and agreements on the part of the City
15 contained in this Ordinance or any covenants, conditions, or agreements on the
16 part of the City contained in any ordinance of the City authorizing Future Parity
17 Bonds as provided in Article IX hereof and such default or defaults shall have
18 continued for a period of 90 days after the City shall have received from the
19 Bondowners' Trustee or from the owners of not less than 20 percent in principal
20 amount of the Parity Bonds outstanding a written notice specifying and demanding
21 the cure of such default; provided, if the default in the observance and performance
22 of any of the covenants, conditions and agreements is one which cannot be
23 completely remedied within 90 days after written notice, it shall not be an Event of
24
25
26



1 Default as long as the City has taken active steps within the 90 days after written
2 notice to remedy the default and is diligently pursuing such remedy.

3 Section 15.2. Bondowners' Trustee. So long as such Event of Default shall
4 not have been remedied, a Bondowners' Trustee may be appointed by the holders
5 of 25 percent in principal amount of the Parity Bonds, by an instrument or
6 concurrent instruments in writing signed and acknowledged by such bondowners or
7 by their attorneys-in-fact duly authorized and delivered to such Trustee, notification
8 thereof being given to the City. Any Bondowners' Trustee appointed under the
9 provisions of this Section 15.2 shall be a bank or trust company organized under
10 the laws of the State of Washington or the State of New York or a national banking
11 association. The fees and expenses of the Bondowners' Trustee shall be borne by
12 the bondholders and not by the City. The bank or trust company acting as
13 Bondowners' Trustee may be removed at any time, and a successor Bondowners'
14 Trustee may be appointed by the holders of a majority in principal amount of the
15 outstanding Parity Bonds, by an instrument or concurrent instruments in writing
16 signed and acknowledged by such bondowners, or by their attorneys-in-fact duly
17 authorized.
18

19
20 The Bondowners' Trustee appointed in the manner herein provided, and
21 each successor thereto, is hereby declared to be a trustee for the holders of all the
22 Parity Bonds and is empowered to exercise all the rights and powers herein
23 conferred on the Bondowners' Trustee.
24

25 Section 15.3. Suits at Law or in Equity. The Bondowners' Trustee may, upon
26 the happening of an Event of Default, and during the continuance thereof, take such



1 steps and institute such suits, actions, or other proceedings in its own name, or as
2 trustee, all as it may deem appropriate for the protection and enforcement of the
3 rights of bondowners to collect any amounts due and owing the City, or to obtain
4 other appropriate relief, and may enforce the specific performance of any covenant,
5 agreement, or condition contained in this Ordinance, or in any of the 2013 Bonds.

6 Any action, suit, or other proceeding instituted by the Bondowners' Trustee
7 hereunder shall be brought in its name as trustee for the bondowners and all such
8 rights of action upon or under any of the Parity Bonds or the provisions of this
9 Ordinance may be enforced by the Bondowners' Trustee without the possession of
10 any of said Parity Bonds, and without the production of the same at any trial or
11 proceedings relative thereto except where otherwise required by law, and the
12 respective holders of said Parity Bonds, by taking and holding the same, shall be
13 conclusively deemed irrevocably to appoint the Bondowners' Trustee the true and
14 lawful trustee of the respective owners of said Parity Bonds, with authority to
15 institute any such action, suit, or proceeding; to receive as trustee and deposit in
16 trust any sums becoming distributable on account of said Parity Bonds; to execute
17 any paper or documents for the receipt of such money, and to do all acts with
18 respect thereto that the bondowner himself might have done in person. Nothing
19 herein contained shall be deemed to authorize or empower the Bondowners'
20 Trustee to consent to accept or adopt, on behalf of any holder of said Parity Bonds,
21 any plan or reorganization or adjustment affecting the said Parity Bonds of the City
22 or any right of any holder thereof, or to authorize or empower the Bondowners'
23 Trustee to vote the claims of the holders thereof in any receivership, insolvency,
24
25
26



liquidation, bankruptcy, reorganization, or other proceeding to which the City shall
1 be a party.

2 Section 15.4. Suits by Individual Bondowners. No owner of any one or more
3 of said Parity Bonds shall have any right to institute any action, suit, or proceeding
4 at law or in equity for the enforcement of same, unless an Event of Default shall
5 have happened and be continuing, and unless no Bondowners' Trustee has been
6 created as herein provided, but any remedy herein authorized to be exercised by
7 the Bondowners' Trustee may be exercised individually by any bondowner, in his
8 own name and on his own behalf or for the benefit of all bondowners, in the event
9 no Bondowners' Trustee has been appointed, or with the consent of the
10 Bondowners' Trustee if such Bondowners' Trustee has been appointed; provided,
11 however, that nothing in this Ordinance or in any Parity Bonds shall affect or impair
12 the obligation of the City, which is absolute and unconditional, to pay from Net
13 Revenues the principal of and interest on said Parity Bonds to the respective
14 holders thereof at the respective due dates therein specified, or affect or impair the
15 right of action, which is absolute and unconditional, of such holders to enforce such
16 payment.
17

18 Section 15.5. Remedies Granted in Ordinance Not Exclusive. The remedies
19 herein conferred upon or reserved to the holders of such Parity Bonds of the City
20 and to the Bondowners' Trustee are not intended to be exclusive of any other
21 remedy or remedies, and each and every such remedy shall be cumulative and
22 shall be in addition to every other remedy given hereunder or now or hereafter
23 existing at law or in equity or by statute. The privileges herein granted shall be
24
25
26



exercised from time to time and continued so long as and as often as the occasion
1 therefor may arise and no waiver of any default hereunder, whether by the
2 Bondowners' Trustee or by the holders of Parity Bonds, shall extend to or shall
3 affect any subsequent default or shall impair any rights or remedies consequent
4 thereon. No delay or omission of the bondowners or of the Bondowners' Trustee to
5 exercise any right or power accruing upon any default shall impair any such right or
6 power or shall be construed to be a waiver of any such default or any acquiescence
7 therein.
8

ARTICLE XVI

AMENDMENTS AND BONDOWNERS MEETINGS

9
10
11
12 *After all of the 2004 Bonds, 2005 Bonds, and 2007 Bonds Parity Bonds are*
13 *redeemed, refunded, or defeased, this Article XVI "Amendments and Bondowners*
14 *Meetings" shall be deleted in its entirety.*

15
16 Section 16.1. Call of Bondowners Meetings. The City or the owners of not
17 less than 20 percent in principal amount of the Parity Bonds then outstanding may
18 at any time call a meeting of the owners of the Parity Bonds. Every such meeting
19 shall be held at such place in the City of New York, State of New York, or in the City
20 of Tacoma, State of Washington, as may be specified in the notice calling such
21 meeting. Written notice of such meeting, stating the place and time of the meeting
22 and in general terms the business to be transacted, shall be mailed to the
23 bondowners by the City, the Bondowners Committee or the bondowners calling
24 such meeting not less than 30 nor more than 60 days before such meeting, and
25 shall be published at least once a week for four successive calendar weeks on any
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

day of the week, the date of first publication to be not less than 30 nor more than 60 days preceding the meeting; provided, however, that the publication of such notice shall in no case be a condition precedent to the validity of any action taken at any such meeting. The expenses of publication and mailing of such notice shall be paid or reimbursed by the City. Any meeting of bondowners shall, however, be valid without notice if the owners of all Parity Bonds then outstanding are present in person or by proxy or if notice is waived before or within 30 days after the meeting by those not so present.

Section 16.2. Notice to Bondowners. Except as otherwise provided in this Ordinance, any provision in this Ordinance for the mailing of a notice or other paper to bondowners shall be fully complied with if it is mailed by first class mail, postage prepaid, to each registered owner of any of the Parity Bonds then outstanding at his address, if any, appearing upon the Bond Register; and any provision in this Ordinance contained for publication of a notice or other matter shall require the publication thereof in "The Bond Buyer" in The City of New York, State of New York (or in lieu of publication in "The Bond Buyer," in a daily newspaper printed in the English language and customarily published on each business day of general circulation in the Borough of Manhattan, The City of New York, State of New York), and also in a daily newspaper printed in the English language and customarily published on each business day and of general circulation in the City of Seattle, State of Washington.

Section 16.3. Proxies; Proof of Ownership of Bonds. Attendance and voting by bondowners at such meetings may be in person or by proxy. Owners of Parity



1 Bonds may, by an instrument in writing under their hands, appoint any person or
2 persons, with full power and substitution, as their proxy to vote at any meeting for
3 them. Officers or nominees of the City may be present or represented at such
4 meeting and take part therein but shall not be entitled to vote thereat, except as
5 such officers or nominees are bondowners or proxies for bondowners.

6 Any registered owner of Parity Bonds shall be entitled in person or by proxy
7 to attend and vote at such meeting as owner of the Parity Bonds registered in his
8 name without producing such Bonds, and such persons and their proxies shall, if
9 required, produce such proof of personal identity as shall be satisfactory to the
10 Secretary of the meeting. All proxies presented at such meeting shall be delivered
11 to the Inspectors of Votes and filed with the Secretary of the meeting.

13 The vote at any such meeting of the owner of any Parity Bond entitled to
14 vote thereat shall be binding upon such owner and upon every such subsequent
15 owner of such Bond (whether or not such subsequent owner has notice thereof).

17 Section 16.4. Execution of Instruments by Bondowners. Any request,
18 direction, consent, or other instrument in writing required or permitted by this
19 Ordinance to be signed or executed by bondowners may be in any number of
20 concurrent instruments of similar tenor, and may be signed or executed by such
21 bondowners in person or by agent appointed by an instrument in writing. Proof of
22 the execution of any such instrument shall be sufficient for any purpose of this
23 Ordinance if made in the following manner: The fact and date of the execution by
24 any person of any such instrument may be proved by either (a) an acknowledgment
25 executed by a notary public or other officer empowered to take acknowledgments of
26



1 deeds to be recorded in the particular jurisdiction, or (b) an affidavit of a witness to
2 such execution sworn to before such a notary public or other officer. Where such
3 execution is by an officer of a corporation or association or a member of a
4 partnership on behalf of such corporation, association, or partnership, such
5 acknowledgment or affidavit shall also constitute sufficient proof of his authority.

6 The foregoing shall not be construed as limiting the City to such proof, it
7 being intended that the City may accept any other evidence of the matters herein
8 stated that it may deem sufficient. Any request or consent of the owner of any
9 Parity Bond shall bind every future owner of the same Bond in respect of anything
10 done by the City in pursuance of such request, direction or consent.
11

12 The right of a proxy for a bondowner to act may be proved (subject to the
13 City's right to require additional proof) by a written proxy executed by such
14 bondowner as aforesaid.
15

16 Section 16.5. Appointment of Officers at Bondowners Meetings. Persons
17 named by the City or elected by the owners of a majority in principal amount of the
18 Parity Bonds represented at the meeting in person or by proxy in the event the City
19 is not represented at such meeting, shall act as temporary Chairman and temporary
20 Secretary of any meeting of bondowners. A permanent Chairman and a permanent
21 Secretary of such meeting shall be elected by the owners of a majority in principal
22 amount of the Parity Bonds represented at such meeting in person or by proxy.
23

24 The permanent Chairman of the meeting shall appoint two Inspectors of Votes who
25 shall count all votes cast at such meeting, except votes on the election of Chairman
26



and Secretary as aforesaid, and who shall make and file with the Secretary of the meeting and with the City their verified report of all such votes cast at the meeting.

Section 16.6. Quorum at Bondowners Meetings. The owners of not less than the principal amount of the Parity Bonds required for any action to be taken at such meeting must be present at such meeting in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any other notice than the announcement thereof at the meeting; provided, however, that if such meeting is adjourned by less than a quorum for more than 10 days, notice thereof shall be published by the City at least 5 days prior to the adjourned date of the meeting.

Section 16.7. Vote Required to Amend Ordinance. Any amendment to the provisions of this Ordinance, in any particular except the percentage of bondowners the approval of which is required to approve such amendment, may be made by a Supplemental Ordinance of the City and a resolution duly adopted by the affirmative vote at a meeting of bondowners duly convened and held, or with written consent as hereinafter provided in Section 16.9 hereof, of the owners of not less than 51 percent in principal amount of the Parity Bonds outstanding when such meeting is held or such consent is given; provided, however, that no such amendment shall (a) extend the date of payment of the principal of any Parity Bond or of any installment of interest thereon or reduce the principal or redemption price thereof or the rate of interest thereon or advance the date upon which any Bond may first be called for redemption prior to its fixed maturity date; (b) give to any Parity Bond or Bonds any preference over any other Parity Bond or Bonds secured equally and



1 ratably therewith; (c) reduce the aforesaid percentage of Parity Bonds, the owners
2 of which are required to consent to any such ordinance amending the provisions of
3 this Ordinance; or (d) authorize the creation of any pledge prior to or, except as
4 provided in Article IX hereof for the issuance of Future Parity Bonds, on a parity
5 with the pledge afforded by this Ordinance, without the consent of the owner of
6 each such Parity Bond affected thereby.

7 Section 16.8. Obtaining Approval of Amendments at Bondowners Meeting.

8 The City may at any time adopt an ordinance amending the provisions of this
9 Ordinance to the extent that such amendment is permitted by the provisions of
10 Section 16.7 hereof, to take effect when and as provided in this Section. At any
11 time thereafter, such Supplemental Ordinance may be submitted by the City for
12 approval to a meeting of the bondowners duly convened and held in accordance
13 with the provisions of this Ordinance. A record in duplicate of the proceedings of
14 each meeting of the bondowners shall be prepared by the permanent Secretary of
15 the meeting and shall have attached thereto the original reports of the Inspectors of
16 Votes and affidavits by a person or persons having knowledge of the facts, showing
17 a copy of the notice of the meeting, and setting forth the facts with respect to the
18 mailing and publication thereof under the provisions of this Ordinance. Such a
19 record shall be signed and verified by the affidavits of the permanent Chairman and
20 the permanent Secretary of the meeting, and one duplicate thereof shall be
21 delivered to the City. Any record so signed and verified shall be proof of the
22 matters therein stated. If the Supplemental Ordinance shall be approved by a
23 resolution duly adopted at such meeting of bondowners by the affirmative vote of
24
25
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

the owners of the required percentages of Parity Bonds, a notice stating that a resolution approving such Ordinance has been so adopted shall be mailed by the City to each bondowner who has requested such notice (but failure so to mail copies of such notice shall not affect the validity of such Ordinance) and shall be published at least once in the manner provided in Section 16.2 hereof. Proof of such mailing and publication by the affidavit or affidavits of a person or persons having knowledge of the facts shall be filed with the City. Such ordinance of the City making such amendment shall be deemed conclusively to be binding upon the City, the Paying Agent and the Registrar, and the owners of all Parity Bonds at the expiration of 30 days after the publication of the notice provided for in this Section, except in the event of a final decree of court of competent jurisdiction setting aside such ordinance or annulling the action taken thereby in a legal action or equitable proceeding for such purpose commenced within such period; provided that the City, the Paying Agent and the Registrar during such 30-day period and any such further period during which such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Ordinance as they may deem expedient. Nothing in this Ordinance contained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of bondowners or of any right conferred hereunder to make such a call, any hindrance or delay in the exercise of any rights conferred upon or reserved to the Paying Agent, the Registrar, or the bondowners under any of the provisions of this Ordinance.



Section 16.9. Alternate Method of Obtaining Approval of Amendments. The

1 City may at any time adopt an ordinance amending the provisions of this
2 Ordinance, or of any Parity Bonds, to the extent that such amendment is permitted
3 by the provisions of this Article, to take effect when and as provided in this Section.

4 Upon adoption of such ordinance, a request that bondowners consent thereto shall
5 be mailed by the City to the bondowners and notice that the City is requesting
6 bondowners to consent to such amendment shall be published at least once in the
7 manner provided in Section 16.2 hereof. Such ordinance shall not be effective
8 unless and until there shall have been filed with the City the written consents of the
9 percentages of owners of outstanding Parity Bonds specified in Section 16.7 hereof
10 and a notice shall have been published as hereinafter in this Section provided.

11 Each such consent shall be effective only if accompanied by proof of ownership of
12 the Parity Bonds for which such consent is given, which proof shall be such as is
13 permitted by Section 16.3 hereof. A certificate or certificates of the Secretary of the
14 City that he has examined such proof and that such proof is sufficient shall be
15 conclusive that the consents have been given by the owners of the Parity Bonds
16 described in such certificate or certificates. Any such consent shall be binding upon
17 the owner of the Parity Bonds giving such consent and on every subsequent owner
18 of such Parity Bonds (whether or not such subsequent owner has notice thereof).

19 A notice stating that the ordinance has been consented to by the owners of the
20 required percentages of Parity Bonds and will be effective as provided in this
21 Section, may be given to the bondowners by mailing such notice to the
22 bondowners, and shall be given by publishing the same at least once in the manner



1 provided in Section 16.2 hereof. A record, consisting of the papers required by this
2 Section to be filed with the City shall be proof of the matters therein stated, and the
3 Ordinance shall be deemed conclusively to be binding upon the City and the
4 owners of all Parity Bonds at the expiration of 30 days after the notice last provided
5 for in this Section, except in the event of a final decree of a court of competent
6 jurisdiction setting aside such consent or annulling the action taken thereby in a
7 legal action or equitable proceeding for such purpose commenced within such
8 period.

9
10 Section 16.10. Amendment of Ordinance In Any Respect by Approval of All
11 Bondowners. Notwithstanding anything contained in the foregoing provisions of this
12 Article, the rights and obligations of the City and of the owners of the Parity Bonds
13 and the terms and provisions of the Parity Bonds and of this Ordinance, may be
14 amended in any respect with the consent of the City, by the affirmative vote of the
15 owners of all said Parity Bonds then outstanding at a meeting of bondowners called
16 and held as hereinabove provided, or upon the adoption of an ordinance by the City
17 and the consent of the owners of all the Bonds then outstanding, such consent to
18 be given as provided in Section 16.9 except that no notice to bondowners either by
19 mailing or publication shall be required, and the amendment shall be effective
20 immediately upon such unanimous vote or written consent of all of the bondowners.

21
22
23 Section 16.11. Bonds Owned by City. Parity Bonds owned or held by or for
24 the account of the City shall not be deemed outstanding for the purpose of any vote
25 or consent or other action or any calculation of outstanding Parity Bonds in this
26



1 Ordinance provided for, and shall not be entitled to vote or consent or take any
2 other action in this Ordinance provided for.

3 Section 16.12. Endorsement of Amendment on Bonds. Parity Bonds
4 delivered after the effective date of any action amending this Ordinance taken as
5 hereinabove provided may bear a notation by endorsement or otherwise as to such
6 action, and in that case, upon demand of the owner of any Parity Bond outstanding
7 at such effective date and presentation of his Bond for the purpose at the principal
8 office of the Paying Agents, suitable notation shall be made on such Bond by the
9 Paying Agent as to any such action. If the City shall so determine, new Bonds so
10 modified as in the opinion of the City and its counsel to conform to such action shall
11 be prepared, delivered, and upon demand of the owner of any Parity Bond then
12 outstanding shall be exchanged without cost to such bondowner for Parity Bonds
13 then outstanding hereunder, upon surrender of such Parity Bonds.
14

15 ARTICLE XVII

16 MISCELLANEOUS

17
18 Section 17.1. Ordinance and Laws a Contract With Bondowners. This
19 Ordinance is adopted under the authority of and in full compliance with the
20 Constitution and laws of the State of Washington, as amended and supplemented.
21 In consideration of the purchase and acceptance of the 2013 Bonds by those who
22 shall hold the same from time to time, the provisions of this Ordinance and of said
23 laws shall constitute a contract with the owner or owners of each 2013 Bond, and
24 the obligations of the City and its Council under said acts and under this Ordinance
25 shall be enforceable by any court of competent jurisdiction. The covenants and
26



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

agreements herein set forth to be performed on behalf of the City shall be for the equal benefit, protection, and security of the owners of any and all Parity Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction of any Parity Bonds over any others thereof except as expressly provided herein.

Section 17.2. Benefits of Ordinance Limited to City, Bondowners, and Paying Agent. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon or give to any person or corporation other than the City, the Paying Agent, the Registrar, and the owners from time to time of the 2013 Bonds any rights, remedies, or claims under or by reason of this Ordinance or any covenant, condition, or stipulation thereof; and all the covenants, stipulations, promises, and agreements in this Ordinance contained by or on behalf of the City shall be for the sole and exclusive benefit of the City, the Bondowners' Trustee, the Paying Agents, the Registrar, and the owners from time to time of the 2013 Bonds.

Section 17.3. Severability. If any one or more of the provisions of this Ordinance is or are held by any court of competent jurisdiction to be contrary to law, then such provision or provisions shall be null and void and shall be deemed separable from the remaining provisions and shall in no way affect the validity of the other provisions of this Ordinance or the 2013 Bonds.



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Section 17.4. Effective Date. This Ordinance shall take effect and be in force 10 days after its passage, approval, and publication as required by law. Any actions taken pursuant to this Ordinance before its effective date and after its passage are hereby ratified, approved and confirmed.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form and legality:

FOSTER PEPPER PLLC
Bond Counsel to the City of Tacoma

By _____

Requested by Public Utility Board
Resolution No. U-10621



CLERK'S CERTIFICATE

1 I, the undersigned, the duly chosen, qualified and acting City Clerk of the
2 City of Tacoma, Washington, and keeper of the records of the City Council (the
3 "Council"), DO HEREBY CERTIFY:
4

5 1. That the attached Ordinance No. _____ (the "Ordinance") is a true and
6 correct copy of an Ordinance of the Council, as finally passed at a regular meeting
7 of the Council held on the _____ day of _____, 2013, and duly recorded
8 in my office.

9
10 2. That said meeting was duly convened and held in all respects in
11 accordance with law, and to the extent required by law, due and proper notice of
12 such meeting was given; that a legal quorum was present throughout the meeting
13 and a legally sufficient number of members of the Council voted in the proper
14 manner for the passage of said Ordinance; that all other requirements and
15 proceedings incident to the proper adoption of said Ordinance have been duly
16 fulfilled, carried out and otherwise observed, and that I am authorized to execute
17 this certificate.
18

19 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the
20 official seal of the City as of this _____ day of _____, 2013.
21
22

23 _____
24 City Clerk
25 City of Tacoma, Washington
26