



## Legislation Passed April 26, 2016

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

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### **Resolution No. 39428**

A resolution authorizing the execution of a grant agreement with the Washington State Department of Transportation, in the amount of \$270,000; accepting and depositing said sum into the General Fund, to develop trip reduction programs in the downtown area, from July 1, 2016 through December 31, 2018. [James G. Parvey, Assistant Division Manager; Michael P. Slevin III, P.E., Director, Environmental Services]

### **Resolution No. 39429**

A resolution appointing individuals to the Audit Advisory Board and the Board of Ethics. [Doris Sorum, City Clerk; Elizabeth Pauli, City Attorney]

### **Ordinance No. 28355**

An ordinance providing for the issuance and sale of Sewer Refunding Bonds, Series 2016A and Series 2016B, in an aggregate principal amount not to exceed \$55,000,000, to refund and defease a portion of the outstanding Sewer Revenue and Refunding Bonds, Series 2006A, and all of the outstanding TES Properties Lease Revenue Bonds, Series 2009, which financed the Center for Urban Waters facility, to pay the costs of issuing the bonds, and delegating the authority to approve the final terms of the bonds. [Teresa Sedmak, City Treasurer; Andy Cherullo, Director, Finance]

### **Ordinance No. 28356**

An ordinance providing for the issuance and sale of Solid Waste Refunding Bonds, Series 2016A and Series 2016B, in an aggregate principal amount not to exceed \$55,000,000, to refund and defease a portion of the outstanding Solid Waste Revenue Bonds, Series 2006A and Series 2006B, to pay the costs of issuing the bonds, and delegating the authority to approve the final terms of the bonds. [Teresa Sedmak, City Treasurer; Andy Cherullo, Director, Finance]



## RESOLUTION NO. 39428

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

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

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

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

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

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

22 WHEREAS the project period will begin on July 1, 2016, and terminate on  
23 June 30, 2018, and does not require a City match, and  
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WHEREAS, under the grant process guidelines, the City Council must approve acceptance of grant funding; Now, Therefore,

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

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

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

Adopted \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
Deputy City Attorney



# RESOLUTION NO. 39429

1 BY REQUEST OF COUNCIL MEMBERS IBSEN, LONGERGAN, AND THOMS

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

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

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

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

12 Now, Therefore,

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

14 That those nominees to the Audit Advisory Board and Board of Ethics listed  
15 on Exhibit "A" are hereby confirmed and appointed as members of said boards for  
16 such terms as are set forth on Exhibit "A."  
17

18 Adopted \_\_\_\_\_

19 \_\_\_\_\_  
20 Mayor

21 Attest:  
22 \_\_\_\_\_  
23 City Clerk

24 Approved as to form:  
25 \_\_\_\_\_  
26 City Attorney



## EXHIBIT "A"

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### AUDIT ADVISORY BOARD

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

### BOARD OF ETHICS

Appointing **Ohad Lowy** to serve a three-year term to expire December 31, 2019.



## ORDINANCE NO. 28355

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

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

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

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

24 (The outstanding sewer revenue bonds and the City's obligation to pay Monthly  
 25 Rent identified above are referred to as the "Outstanding Parity Bonds" and the  
 26



1 authorizing documents identified above are referred to as the “Outstanding Parity  
2 Bond Ordinances”), and

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

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

13 WHEREAS the City Council (“Council”) has determined that it is in the best  
14 interest of the City and its ratepayers to defease and refund a portion of the  
15 2006 Bonds if debt service savings can be achieved, and

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

22 WHEREAS, pursuant to a Property Conveyance and Reconveyance  
23 Agreement between TES and the City, the City conveyed to TES real property on  
24 which TES was to develop the Project on behalf of the City, and the City leased the  
25 completed Project from TES pursuant to a Project Lease Agreement (“Project  
26 Lease”), approved by Ordinance No. 27677, as amended by Ordinance No. 27783,



1 adopted by the Council on December 18, 2007, and January 20, 2009, respectively,  
2 and

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

8  
9 WHEREAS the City pays monthly rent under the Project Lease in an  
10 amount sufficient to pay debt service on the TES Bonds (referred to herein as  
11 "Monthly Rent"), and

12  
13 WHEREAS, pursuant to City Ordinance No. 27677, as amended, the City's  
14 obligation to pay Monthly Rent was declared to be a "Future Parity Bond" with a  
15 lien on Net Revenues on a parity with the then-Outstanding Parity Bonds, and

16  
17 WHEREAS, pursuant to the Ruling, the City has the right to obtain  
18 unencumbered title and exclusive possession of the Project by placing into  
19 escrow an amount sufficient to defease the TES Bonds and pay reasonable costs  
20 incident to the defeasance, and

21  
22 WHEREAS the City may realize savings by issuance of its sewer revenue  
23 refunding bonds to defease and refund the TES Bonds if debt service on the  
24 bonds authorized herein is lower than Monthly Rent paid by the City with respect  
25 to the TES Bonds, and

26  
WHEREAS the City may provide written direction to TES to call the TES  
Bonds at maturity and/or TES Bonds maturing on or after December 1, 2019, for





1 redemption on or after June 1, 2019, in whole or in part on any date, at a price of  
2 par plus accrued interest, if any, to the date of redemption, and

3 WHEREAS, after due consideration, it appears to the Council that directing  
4 TES to defease and refund the TES Bonds with proceeds of the bonds authorized  
5 herein will result in a savings to the City and its ratepayers, and  
6

7 WHEREAS the Council acknowledges that, upon the defeasance of the  
8 TES Bonds, the Project Lease will terminate and unencumbered title and  
9 exclusive possession of the Project will transfer to the City, and  
10

11 WHEREAS the Council deems it in the best interest of the City to issue two  
12 series of sewer revenue refunding bonds in the aggregate principal amount of not  
13 to exceed \$55,000,000 (the "Bonds") to redeem and defease a portion of the  
14 outstanding 2006 Bonds, to redeem and defease all of the outstanding TES  
15 Bonds, and to pay costs of issuing the Bonds, and  
16

17 WHEREAS the Council wishes to delegate authority to the City Finance  
18 Director and Treasurer, or their designee (each, a "Designated Representative")  
19 for a limited time, to select the 2006 Bonds to be refunded, if any, and to approve  
20 the interest rates, maturity dates, redemption terms, principal maturities and other  
21 terms for each series of Bonds within the parameters set by this ordinance, and  
22

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

24 Now, Therefore,

25 BE IT ORDAINED BY THE CITY OF TACOMA:  
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\* This Table of Contents is provided for convenience only and is not a part of this ordinance.



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Section 1. Definitions and Interpretation of Terms.

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

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

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

“Acquired Obligations” means noncallable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States Government, but only to the extent that the same are acquired at Fair Market Value.



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“Adjusted Annual Debt Service” means Annual Debt Service minus (a) an amount equal to ULID Assessments due in that year and not delinquent and (b) any Capitalized Interest to be paid with respect to Parity Bonds.

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

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

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



1 preceding the date of computation, in each case as determined within ten days prior  
2 to the date of computation, with the principal thereof amortized to provide for  
3 essentially level annual debt service of principal and interest over such period;  
4 provided, that if on such date of calculation the interest rate on any Variable Interest  
5 Rate Bonds shall then be fixed for a specified period, including pursuant to a  
6 Payment Agreement, the interest rate used for such specified period shall be such  
7 fixed interest rate.  
8

9 For purposes of computing Annual Debt Service on any Parity Bonds which  
10 constitute Balloon Indebtedness, it shall be assumed that the principal of such  
11 Balloon Indebtedness, together with interest thereon at the rate applicable to such  
12 Balloon Indebtedness, shall be amortized in equal annual installments over a term  
13 equal to the lesser of (a) 25 years or (b) the average weighted useful life (expressed  
14 in years and rounded to the next highest integer) of the properties and assets  
15 constituting the project (if any) financed out of the proceeds of such Balloon  
16 Indebtedness.  
17  
18

19 After all of the 2006 Bonds and the 2011 Bonds are fully redeemed, refunded  
20 or defeased, for purposes of satisfying the coverage test pursuant to Section 15 or  
21 the requirements for the issuance of Future Parity Bonds pursuant to Section 17,  
22 Annual Debt Service for any Fiscal Year or calendar year shall exclude any Debt  
23 Service Offsets received or expected to be received in such Fiscal Year or calendar  
24 year.  
25

26 "Balloon Indebtedness" means any series of Parity Bonds more than  
25 percent of the principal of which, in accordance with the terms of such Parity



1 Bonds, is due and payable in any one Fiscal Year either by reason of the stated  
2 maturity date of such Parity Bonds or pursuant to a Sinking Fund Requirement;  
3 provided that with respect to any Parity Bonds issued as Term Bonds, such Bonds  
4 shall only be treated as Balloon Indebtedness if more than 25 percent of the  
5 principal thereof is due in any one Fiscal Year pursuant to the applicable Sinking  
6 Fund Requirement or upon the stated maturity date thereof (assuming that the only  
7 principal due on the stated maturity date thereof will be the principal remaining  
8 outstanding after all redemptions have been made pursuant to the applicable  
9 Sinking Fund Requirement).  
10  
11

12 “Bond Counsel” means an attorney at law or a firm of attorneys, selected by  
13 the City, of nationally recognized standing in matters pertaining to the tax exempt  
14 nature of interest on bonds issued by states and their political subdivisions.  
15

16 “Bond Fund” means the Sewer Revenue Bond Fund created by the City for  
17 the purpose of paying and securing the payment of Parity Bonds.  
18

19 “Bond Obligation” means, as of any given date of calculation, the sum of  
20 (a) the aggregate principal amount of all outstanding Current Interest Bonds and  
21 (b) the aggregate Accreted Value of all outstanding Capital Appreciation Bonds  
22 calculated as of the date of calculation if that date is a Payment Date or as of the  
23 next preceding Payment Date if the date of calculation is not a Payment Date.  
24

25 “Bond Purchase Contract” means one or more contracts for the purchase of  
26 the Bonds between the Underwriter and the City, executed pursuant to Section 19.



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

4 "Bond Registrar" means, initially, the fiscal agent of the state of Washington,  
5 for the purposes of registering and authenticating the Bonds, maintaining the Bond  
6 Register, effecting transfer of ownership of the Bonds and paying interest on and  
7 principal of the Bonds.  
8

9 "Bonds" mean the 2016A Bonds and the 2016B Bonds.

10 "Call Date" means the dates specified in the Escrow Deposit Agreement for  
11 the refunding of each series of the Refunded Bonds.  
12

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

15 "Capitalized Interest" means proceeds (not including accrued interest) of  
16 Parity Bonds used to pay interest on such Parity Bonds.  
17

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

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

22 "City Clerk" means the duly appointed and acting City Clerk of the City or the  
23 successor to the duties of that office.  
24

25 "City Manager" means the duly appointed and acting City Manager of the  
26 City or the successor to the duties of that office.



1 "Closing" means the applicable dates of delivery of the 2016A Bonds and the  
2 2016B Bonds to the Underwriter.

3 "Code" means the Internal Revenue Code of 1986 as in effect on the date of  
4 issuance of the Bonds or (except as otherwise referenced herein) as it may be  
5 amended to apply to obligations issued on the date of issuance of the Bonds,  
6 together with applicable proposed, temporary and final regulations promulgated,  
7 and applicable official public guidance published, under the Code.  
8

9 "Commission" means the Securities and Exchange Commission.

10 "Costs of Maintenance and Operation" means all necessary operating  
11 expenses, current maintenance expenses, expenses of reasonable upkeep and  
12 repairs, insurance premiums and administrative expenses and reasonable pro rata  
13 charges for services provided to the System by City departments, but excludes  
14 (a) payments for debt service or into debt service reserve accounts or funds,  
15 (b) costs of capital additions to or replacements of the System, (c) money  
16 necessary to pay extraordinary legal claims and judgments against the System or  
17 amortized payments to the City's self-insurance fund with respect to extraordinary  
18 claims and judgments, (d) depreciation, (e) City taxes (or payments to the City in  
19 lieu of taxes) upon the properties and earnings of the System, and (f) any Rebate  
20 Amount.  
21  
22

23 "Council" means the Council of the City, as the same shall be duly and  
24 regularly constituted from time to time.  
25

26 "Covered Bonds" mean (a) the Outstanding Parity Bonds, (b) so long as the  
2006 Bonds and the 2011 Bonds remain outstanding, the Bonds, (c) after all of the





1 2006 Bonds and 2011 Bonds are fully redeemed, refunded or defeased, the Bonds,  
2 unless and until the City determines pursuant to Section 10(a)(3)(A) of this  
3 ordinance that the Bonds are no longer to be Covered Bonds secured by the  
4 Reserve Fund, and (d) those Future Parity Bonds designated in the Parity Bond  
5 Ordinance authorizing their issuance as Covered Bonds secured by the Reserve  
6 Fund.  
7

8 "Current Interest Bonds" means Parity Bonds, the interest on which is paid  
9 periodically.

10 "Debt Service Offset" means receipts of the City that are not included in  
11 Gross Revenues and that are legally available to pay debt service on Parity Bonds,  
12 including without limitation federal interest subsidy payments, designated as such  
13 by the City.  
14

15 "Designated Representative" means the City Finance Director and  
16 Treasurer, or his or her designee. The signature of one Designated Representative  
17 shall be sufficient to bind the City.  
18

19 "DTC" means The Depository Trust Company, New York, New York.

20 "Engineer" means an independent licensed professional engineer (or firm of  
21 licensed professional engineers) selected by the City and experienced and skilled in  
22 the design, construction and operation of sewer systems of comparable size and  
23 character to the System.  
24

25 "Environmental Services Director" means the duly appointed and acting  
26 Environmental Services Director of the City or the successor to the duties of that  
office.



1 "Escrow Agent" means U.S. Bank National Association.

2 "Escrow Deposit Agreement" means one or more Escrow Deposit  
3 Agreements among the City, the Escrow Agent, and TES (with respect to the TES  
4 Bonds and the 2016A Bonds only) to be dated as of the date of Closing for a series  
5 of Bonds.  
6

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

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

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

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

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

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

“Gross Revenues” mean (a) all revenues received for the use of the System, (b) revenues received from the sale of by-products from a treatment facility of the System or from any other source for rental, use or services rendered by the System, (c) ULID Assessments, (d) the proceeds received by the City from the sale



1 or other disposition of any of the properties of the System, (e) investment income  
2 earned on money held in any fund or account of the City in connection with the  
3 ownership and operation of the System, including any bond redemption funds, and  
4 (f) federal or state reimbursement of operating expenses to the extent that such  
5 expenses are included as Costs of Maintenance and Operation, but excluding  
6 (i) insurance proceeds, (ii) investment income irrevocably pledged to the payment  
7 of any specific sewer revenue bonds of the City refunded or defeased pursuant to a  
8 plan of refunding heretofore or hereafter adopted by the City, (iii) investment  
9 income earned on money in any rebate fund, and (iv) grants, gifts or donations.  
10

11  
12 Amounts withdrawn from the Rate Stabilization Fund shall increase Gross  
13 Revenues for the period in which they are withdrawn, and amounts deposited in the  
14 Rate Stabilization Fund shall reduce Gross Revenues for the period during which  
15 they are deposited.

16  
17 "Indenture" means the Indenture of Trust dated as of February 1, 2009,  
18 between TES and the TES Bond Trustee.

19  
20 "Interest Account" means the Interest Account in the Bond Fund created by  
21 Ordinance No. 25562.

22  
23 "Letter of Representations" means the Blanket Issuer Letter of  
24 Representations from the City to DTC.

25  
26 "Maximum Annual Debt Service" means at the time of calculation, the  
maximum amount of Annual Debt Service that will mature or come due in the  
current Fiscal Year or any future Fiscal Year on the Parity Bonds.



1 "Maximum Annual Adjusted Debt Service" means Maximum Annual Debt  
2 Service minus the amount of ULID Assessments due in that year and not  
3 delinquent.

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

8 "Maximum Reserve Requirement" means the maximum dollar amount  
9 permitted by the Code to be allocated to a reserve fund from tax-exempt bond  
10 proceeds without requiring a balance to be invested at a restricted yield.  
11

12 "Monthly Rent" means the City's obligation to pay monthly rental payments  
13 under the terms of the Project Lease.  
14

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

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

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

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

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

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

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

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

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

“Project” means the office and laboratory building known as the Urban Waters Building for occupancy by the City’s Environmental Services Department and other tenants and financed with proceeds of the TES Bonds.



1 "Project Lease" means the Project Lease Agreement dated as of February 1,  
2 2009, between TES and the City, delivered in connection with the TES Bonds.

3 "Qualified Insurance" means any municipal bond insurance policy or surety  
4 bond issued by any insurance company licensed to conduct an insurance business  
5 in any state of the United States (or by a service corporation acting on behalf of one  
6 or more such insurance companies), which insurance company or companies, as of  
7 the time of issuance of such policy or surety bond, are currently rated in one of the  
8 two highest rating categories by Moody's and S&P; provided, after all of the  
9 2006 Bonds and the 2011 Bonds are fully redeemed, refunded or defeased, this  
10 definition shall be amended to read as follows: "Qualified Insurance" means any  
11 non-cancellable municipal bond insurance policy or surety bond issued by any  
12 insurance company licensed to conduct an insurance business in any state of the  
13 United States (or by a service corporation acting on behalf of one or more such  
14 insurance companies), which insurance company or companies, as of the time of  
15 issuance of such policy or surety bond, are currently rated in one of the two highest  
16 rating categories by Moody's, S&P or Fitch, or any other rating agency then  
17 maintaining a rating on the Bonds.  
18

19 "Qualified Letter of Credit" means any letter of credit issued by a financial  
20 institution for the account of the City on behalf of the owners of the Bonds, which  
21 institution maintains an office, agency, or branch in the United States and as of the  
22 time of issuance of such letter of credit is currently rated in one of the two highest  
23 rating categories by Moody's and S&P; provided, after all of the 2006 Bonds and  
24 the 2011 Bonds are fully redeemed, refunded or defeased, this definition shall be  
25  
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1 amended to read as follows: "Qualified Letter of Credit" means any irrevocable  
2 letter of credit issued by a financial institution for the account of the City on behalf of  
3 the owners of one or more series of Parity Bonds, which institution maintains an  
4 office, agency or branch in the United States and as of the time of issuance of such  
5 letter of credit is currently rated in one of the two highest rating categories by  
6 Moody's, S&P or Fitch, or any other rating agency then maintaining a rating on the  
7 Bonds.  
8

9 "Rate Stabilization Fund" means the fund of that name in the Sewer Fund.

10 "Rebate Amount" means the amount, if any, determined to be payable with  
11 respect to the Bonds by the City to the United States of America in accordance with  
12 Section 148(f) of the Code.  
13

14 "Refunded Bonds" means (a) the portion of the outstanding 2006 Bonds  
15 designated by the Designated Representative for defeasance and/or refunding  
16 pursuant to Section 8 and Section 19 of this ordinance, and (b) all of the  
17 outstanding TES Bonds.  
18

19 "Refunding Account" means the account by that name established pursuant  
20 to Section 8 of this ordinance.

21 "Registered Owner" means the person named as the registered owner of a  
22 Bond in the Bond Register. For so long as the Bonds are held in book-entry only  
23 form, DTC or its nominee shall be deemed to be the sole Registered Owner.  
24

25 "Reserve Fund" means the Reserve Fund created in the Bond Fund.

26 "Reserve Fund Requirement" is the dollar amount to be calculated with  
respect to all Covered Bonds and, after the 2006 Bonds and the 2011 Bonds are





1 fully redeemed, refunded or defeased, separately with respect to other Parity  
2 Bonds.

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

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

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

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

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

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

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

“State” means the state of Washington.

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



1 extensions shall include the water system of the City should the municipal sewer  
2 system ever be combined with such water system.

3 "Term Bond Retirement Account" means the Term Bond Retirement Account  
4 of the Bond Fund created by Ordinance No. 25562.

5 "Term Bonds" means Parity Bonds designated by the City as term bonds.

6 "TES" means TES Properties, a Washington nonprofit corporation and  
7 subordinate organization of NDC Housing and Economic Development Corporation.

8 "TES Bond Trustee" means The Bank of New York Mellon Trust Company,  
9 N.A., and its successors and assigns, as trustee pursuant to the Indenture.

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

13 "Treasurer" means the duly appointed and acting Treasurer of the City or the  
14 successor to the duties of that office.

15 "2006 Bond Ordinance" means the ordinance and resolution authorizing the  
16 issuance of the 2006 Bonds as described in the recitals of this ordinance.

17 "2006 Bonds" means the outstanding Sewer Revenue and Refunding  
18 Bonds, 2006 issued pursuant to Substitute Ordinance No. 27490 and Substitute  
19 Resolution No. 36895.

20 "2011 Bonds" means the outstanding Sewer Revenue Refunding  
21 Bonds, 2011 issued pursuant to Substitute Ordinance No. 28015 and Substitute  
22 Resolution No. 38334.



1           “2015 Bonds” means the outstanding Sewer Revenue and Refunding  
2 Bonds, 2015 issued pursuant to Ordinance No. 28287.

3           “2016A Bonds” mean the City of Tacoma, Washington, Sewer Revenue  
4 Refunding Bonds, 2016A, authorized to be issued pursuant to this ordinance for the  
5 purpose set forth in Section 3 of this ordinance.  
6

7           “2016B Bonds” mean the City of Tacoma, Washington, Sewer Revenue  
8 Refunding Bonds, 2016B, authorized to be issued pursuant to this ordinance for the  
9 purpose set forth in Section 3 of this ordinance.

10           “ULID Assessments” means all assessments (including any interest and  
11 penalties) levied in a utility local improvement district for the acquisition or  
12 construction of improvements to and extensions of the System if those  
13 assessments are pledged to be paid into the Bond Fund. In the case of ULID  
14 Assessments payable in installments, ULID Assessments shall be allocated to the  
15 years in which they would be received if the unpaid principal balance of each  
16 assessment roll were paid over the remaining number of installments with interest  
17 thereon at the rate and in the manner provided in the ordinance confirming the  
18 assessment roll.  
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21           “Underwriter” means, collectively, the initial purchaser or purchasers of the  
22 Bonds, as selected by the Designated Representative.  
23

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



1 rate shall be subject to a Maximum Interest Rate and there may be an initial rate  
2 specified, in each case as provided in such bond ordinance, or a stated interest rate  
3 that may be changed from time to time as provided in the bond ordinance  
4 authorizing such bonds. Such bond ordinance shall also specify either (a) the  
5 particular period or periods of time or manner of determining such period or periods  
6 of time for which each value of such variable interest rate shall remain in effect or  
7 (b) the time or times upon which any change in such variable interest rate shall  
8 become effective.  
9

10 "Variable Interest Rate Bonds" for any period of time means Parity Bonds  
11 that during such period bear a Variable Interest Rate, provided that Parity Bonds  
12 the interest rate on which shall have been fixed for the remainder of the term  
13 thereof shall no longer be Variable Interest Rate Bonds.  
14

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

16 (1) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and  
17 any similar terms, as used in this ordinance, refer to this ordinance as a whole and  
18 not to any particular article, section, subdivision or clause hereof, and the term  
19 "hereafter" shall mean after, and the term "heretofore" shall mean before, the date  
20 of this ordinance;  
21

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

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

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

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

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

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

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

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



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

5  
6 The applicable conditions of the Outstanding Parity Bond Ordinances having  
7 been or to be complied with in connection with the issuance of the Bonds, the  
8 pledge contained herein of Net Revenues of the System to pay and secure the  
9 payment of the Bonds shall constitute a lien and charge upon such Net Revenues  
10 equal in rank with the lien and charge upon the Net Revenues to pay and secure  
11 the payment of the Outstanding Parity Bonds.

12  
13 Section 3. Authorization and Description of Bonds.

14 (a) 2016A Bonds. For the purposes of defeasing and refunding the  
15 outstanding TES Bonds and paying costs of issuance of the 2016A Bonds, the City  
16 is hereby authorized to issue and sell sewer revenue refunding bonds (the  
17 "2016A Bonds"). The 2016A Bonds shall be designated as the "City of Tacoma,  
18 Washington, Sewer Revenue Refunding Bonds, 2016A" with additional series  
19 designation or other designation as set forth in the Bond Purchase Contract and  
20 approved by the Designated Representative.

21  
22 The 2016A Bonds shall be dated as of their date of initial delivery, shall be  
23 fully registered as to both principal and interest, shall be in the denomination of  
24 \$5,000 each or any integral multiple thereof within a maturity, shall be numbered  
25 separately in the manner and with any additional designation as the Bond Registrar  
26 deems necessary for purposes of identification and control, and shall bear interest



1 payable on the dates set forth in the Bond Purchase Contract. The 2016A Bonds  
2 shall bear interest at the rates set forth in the Bond Purchase Contract; and shall  
3 mature on the dates and in the principal amounts set forth in the Bond Purchase  
4 Contract and as approved by a Designated Representative pursuant to Section 19.

5  
6 (b) 2016B Bonds. For the purposes of defeasing and refunding a portion of  
7 the 2006 Bonds and paying costs of issuance of the 2016B Bonds, the City is  
8 hereby authorized to issue and sell sewer revenue refunding bonds (the  
9 "2016B Bonds"). The 2016B Bonds shall be designated as the "City of Tacoma,  
10 Washington, Sewer Revenue Refunding Bonds, 2016B" with additional series  
11 designation or other designation as set forth in the Bond Purchase Contract and  
12 approved by the Designated Representative.

13  
14 The 2016B Bonds shall be dated as of their date of initial delivery, shall be  
15 fully registered as to both principal and interest, shall be in the denomination of  
16 \$5,000 each or any integral multiple thereof within a maturity, shall be numbered  
17 separately in the manner and with any additional designation as the Bond Registrar  
18 deems necessary for purposes of identification and control, and shall bear interest  
19 payable on the dates set forth in the Bond Purchase Contract. The 2016B Bonds  
20 shall bear interest at the rates set forth in the Bond Purchase Contract; and shall  
21 mature on the dates and in the principal amounts set forth in the Bond Purchase  
22 Contract and as approved by a Designated Representative pursuant to Section 19.

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24  
25 (c) Limited Obligations. The Bonds shall be special obligations of the City  
26 payable only from the Bond Fund and shall be payable and secured as provided





1 herein. The Bonds shall not be general obligations of the City, the State or any  
2 political subdivision thereof.

3 Section 4. Registration, Exchange and Payments.

4 (a) Bond Registrar/Bond Register. The City hereby specifies and adopts  
5 the system of registration approved by the Washington State Finance Committee  
6 from time to time through the appointment of a state fiscal agent. The City shall  
7 cause a Bond Register to be maintained by the Bond Registrar. So long as any  
8 Bonds remain outstanding, the Bond Registrar shall make all necessary provisions  
9 to permit the exchange or registration or transfer of Bonds at its designated office.  
10

11 The Bond Registrar may be removed at any time at the option of the Finance  
12 Director upon prior notice to the Bond Registrar and a successor Bond Registrar  
13 appointed by the Finance Director. No resignation or removal of the Bond  
14 Registrar shall be effective until a successor shall have been appointed and until  
15 the successor Bond Registrar shall have accepted the duties of the Bond Registrar  
16 hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate  
17 and deliver Bonds transferred or exchanged in accordance with the provisions of  
18 such Bonds and this ordinance and to carry out all of the Bond Registrar's powers  
19 and duties under this ordinance. The Bond Registrar shall be responsible for its  
20 representations contained in the Certificate of Authentication of the Bonds.  
21  
22

23 (b) Registered Ownership. The City and the Bond Registrar, each in its  
24 discretion, may deem and treat the Registered Owner of each Bond as the absolute  
25 owner thereof for all purposes (except as provided in Section 23 of this ordinance),  
26 and neither the City nor the Bond Registrar shall be affected by any notice to the



1 contrary. Payment of any such Bond shall be made only as described in  
2 Section 5(g), but such Bond may be transferred as herein provided. All such  
3 payments made as described in Section 5(g) shall be valid and shall satisfy and  
4 discharge the liability of the City upon such Bond to the extent of the amount or  
5 amounts so paid.  
6

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

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

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

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of a series, together with a written request on behalf of the Finance Director, issue a single new Bond for each series and maturity then outstanding, registered



1 in the name of such successor or such substitute depository, or their nominees, as  
2 the case may be, all as specified in such written request of the Finance Director.

3 (4) In the event that (A) DTC or its successor (or substitute  
4 depository or its successor) resigns from its functions as depository and no  
5 substitute depository can be obtained, or (B) the Finance Director determines that  
6 it is in the best interest of the beneficial owners of the Bonds that such owners be  
7 able to obtain physical Bond certificates, the ownership of such Bonds may then be  
8 transferred to any person or entity as herein provided, and such Bonds shall no  
9 longer be held by a depository. The Finance Director shall deliver a written  
10 request to the Bond Registrar, together with a supply of physical Bonds, to issue  
11 Bonds as herein provided in any authorized denomination. Upon receipt by the  
12 Bond Registrar of all then outstanding Bonds of a series together with a written  
13 request on behalf of the Finance Director to the Bond Registrar, new Bonds shall  
14 be issued in the appropriate denominations and registered in the names of such  
15 persons as are requested in such written request.  
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19 (e) Registration of Transfer of Ownership or Exchange; Change in  
20 Denominations. The transfer of any Bond may be registered and Bonds may be  
21 exchanged, but no transfer of any such Bond shall be valid unless it is surrendered  
22 to the Bond Registrar with the assignment form appearing on such Bond duly  
23 executed by the Registered Owner or such Registered Owner's duly authorized  
24 agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the  
25 Bond Registrar shall cancel the surrendered Bond and shall authenticate and  
26 deliver, without charge to the Registered Owner or transferee therefor, a new Bond



1 (or Bonds at the option of the new Registered Owner) of the same series, date,  
2 maturity and interest rate and for the same aggregate principal amount in any  
3 authorized denomination, naming as Registered Owner the person or persons listed  
4 as the assignee on the assignment form appearing on the surrendered Bond, in  
5 exchange for such surrendered and canceled Bond. Any Bond may be surrendered  
6 to the Bond Registrar and exchanged, without charge, for an equal aggregate  
7 principal amount of Bonds of the same series, date, maturity and interest rate, in  
8 any authorized denomination. The Bond Registrar shall not be obligated to register  
9 the transfer or to exchange any Bond during the 15 days preceding any principal  
10 payment date any such Bond is to be redeemed.  
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13 (f) Bond Registrar's Ownership of Bonds. The Bond Registrar may become  
14 the Registered Owner of any Bond with the same rights it would have if it were not  
15 the Bond Registrar, and to the extent permitted by law, may act as depository for  
16 and permit any of its officers or directors to act as a member of, or in any other  
17 capacity with respect to, any committee formed to protect the right of the Registered  
18 Owners of Bonds.  
19

20 (g) Place and Medium of Payment. Both principal of and interest on the  
21 Bonds shall be payable in lawful money of the United States of America. Interest  
22 on the Bonds shall be calculated on the basis of a year of 360 days and twelve  
23 30-day months. For so long as all Bonds are held by a depository, payments of  
24 principal and interest thereon shall be made as provided in accordance with the  
25 operational arrangements of DTC referred to in the Letter of Representations. In  
26 the event that the Bonds are no longer held by a depository, interest on the Bonds



1 shall be paid by check or draft mailed to the Registered Owners at the addresses  
2 for such Registered Owners appearing on the Bond Register on the 15th day of the  
3 month preceding the interest payment date, or upon the written request of a  
4 Registered Owner of more than \$1,000,000 of Bonds (received by the Bond  
5 Registrar at least 15 days prior to the applicable payment date), such payment shall  
6 be made by the Bond Registrar by wire transfer to the account within the United  
7 States designated by the Registered Owner. Principal of the Bonds shall be  
8 payable upon presentation and surrender of such Bonds by the Registered Owners  
9 at the designated office of the Bond Registrar.  
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12 If any Bond shall be duly presented for payment and funds have not been  
13 duly provided by the City on such applicable date, then interest shall continue to  
14 accrue thereafter on the unpaid principal thereof at the rate stated on such Bond  
15 until it is paid.

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

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

4 (c) Selection of Bonds for Redemption. For as long as the Bonds are held  
5 in book-entry only form, the selection of particular Bonds within a series and  
6 maturity to be redeemed shall be made in accordance with the operational  
7 arrangements then in effect at DTC. If the Bonds are no longer held in  
8 uncertificated form, the selection of such Bonds to be redeemed and the  
9 surrender and reissuance thereof, as applicable, shall be made as provided in the  
10 following provisions of this subsection (c). If the City redeems at any one time  
11 fewer than all of the Bonds of a series having the same maturity date, the  
12 particular Bonds or portions of Bonds of such maturity to be redeemed shall be  
13 selected by lot (or in such manner determined by the Bond Registrar) in  
14 increments of \$5,000. In the case of a Bond of a denomination greater than  
15 \$5,000, the City and the Bond Registrar shall treat each Bond as representing  
16 such number of separate Bonds each of the denomination of \$5,000 as is  
17 obtained by dividing the actual principal amount of Bonds by \$5,000. In the event  
18 that only a portion of the principal sum of a Bond is redeemed, upon surrender of  
19 such Bond at the designated office of the Bond Registrar there shall be issued to  
20 the Registered Owner, without charge therefor, for the then unredeemed balance  
21 of the principal sum thereof, at the option of the Registered Owner, a Bond or  
22 Bonds of like series, maturity and interest rate in any of the denominations herein  
23 authorized.  
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(d) Notice of Redemption.

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

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

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

- (A) the redemption date,
- (B) the redemption price,
- (C) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (D) that unless conditional notice of redemption has been given and such conditions have not been satisfied or waived or such notice has





1 been rescinded, on the redemption date the redemption price will become due and  
2 payable upon each such Bond or portion thereof called for redemption, and if the  
3 Bond Registrar then holds sufficient funds to pay such Bonds at the redemption  
4 price, interest thereon shall cease to accrue from and after said date,

5  
6 (E) any conditions to redemption, and

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

10  
11 On or prior to any redemption date, unless any condition to such redemption  
12 has not been satisfied or waived or notice of such redemption has been rescinded,  
13 the City shall deposit with the Bond Registrar an amount of money sufficient to pay  
14 the redemption price of all the Bonds or portions of Bonds which are to be  
15 redeemed on that date. The City retains the right to rescind any redemption notice  
16 and the related optional redemption of Bonds by giving notice of rescission to the  
17 affected Registered Owners at any time on or prior to the scheduled redemption  
18 date. Any notice of optional redemption that is so rescinded shall be of no effect,  
19 and the Bonds for which the notice of optional redemption has been rescinded shall  
20 remain outstanding.

21  
22 (2) Effect of Notice; Bonds Due. If notice of redemption has been  
23 given and not rescinded, or if the conditions set forth in a conditional notice of  
24 redemption have been satisfied or waived, the Bonds or portions of Bonds to be  
25 redeemed shall, on the redemption date, become due and payable at the  
26 redemption price therein specified, and, if the Bond Registrar then holds sufficient



1 funds to pay such Bonds at the redemption price, then from and after such date  
2 such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of  
3 such Bonds for redemption in accordance with said notice, such Bonds shall be  
4 paid by the Bond Registrar at the redemption price. Installments of interest due on  
5 or prior to the redemption date shall be payable as herein provided for payment of  
6 interest. All Bonds which have been redeemed shall be canceled by the Bond  
7 Registrar and shall not be reissued.  
8

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

24 (4) Amendment of Notice Provisions. The foregoing notice provisions of this  
25 Section 5, including, but not limited to, the information to be included in redemption  
26



1 notices and the persons designated to receive notices, may be amended by  
2 additions, deletions and changes in order to maintain compliance with duly  
3 promulgated regulations and recommendations regarding notices of redemption of  
4 municipal securities.

5  
6 Section 6. Form of Bonds and Certificate of Authentication. The Bonds of  
7 each series shall be in substantially the form set forth in Exhibit A, which is  
8 incorporated herein by this reference, with appropriate or necessary insertions,  
9 depending upon the omissions and variations as permitted or required hereby.

10  
11 Section 7. Execution of Bonds. The Bonds shall be executed on behalf of  
12 the City with the manual or facsimile signatures of the Mayor and City Clerk of the  
13 City and the seal of the City shall be impressed, imprinted or otherwise reproduced  
14 thereon.

15  
16 Only such Bonds as shall bear thereon a Certificate of Authentication in the  
17 form provided herein, manually executed by the Bond Registrar, shall be valid or  
18 obligatory for any purpose or entitled to the benefits of this ordinance. Such  
19 Certificate of Authentication shall be conclusive evidence that the Bonds so  
20 authenticated have been duly executed, authenticated and delivered hereunder  
21 and are entitled to the benefits of this ordinance.

22  
23 In case either of the officers who shall have executed the Bonds shall cease  
24 to be an officer or officers of the City before the Bonds so signed shall have been  
25 authenticated or delivered by the Bond Registrar, or issued by the City, such  
26 Bonds may nevertheless be authenticated, delivered and issued and upon such  
authentication, delivery and issuance, shall be as binding upon the City as though



1 those who signed the same had continued to be such officers of the City. Any  
2 Bond may be signed and attested on behalf of the City by such persons who at the  
3 date of the actual execution of such Bond, are the proper officers of the City,  
4 although at the original date of such Bond any such person shall not have been  
5 such officer of the City.  
6

7 Section 8. Application of Bond Proceeds; Refunding Plan. For the purpose  
8 of realizing a debt service savings (as determined by comparing the Monthly Rent  
9 the City is paying under the Project Lease to the debt service to be paid on the  
10 2016A Bonds), the City proposes to defease and/or refund the TES Bonds as set  
11 forth herein. A portion of the proceeds of the 2016A Bonds shall be deposited, on  
12 behalf of TES, with the Escrow Agent pursuant to the Escrow Deposit Agreement to  
13 be used immediately upon receipt thereof to defease the TES Bonds as authorized  
14 by the Indenture and the Project Lease and to pay costs of issuance of the 2016A  
15 Bonds.  
16  
17

18 For the purpose of realizing a debt service savings, the City also proposes to  
19 defease and/or refund a portion of the 2006 Bonds as set forth herein. The  
20 Designated Representative shall designate which 2006 Bonds will be refunded with  
21 proceeds of the 2016B Bonds and such designation shall be set forth in the Bond  
22 Purchase Contract. A portion of the proceeds of the 2016B Bonds shall be  
23 deposited with the Escrow Agent pursuant to the Escrow Deposit Agreement to be  
24 used immediately upon receipt thereof to defease the refunded 2006 Bonds as  
25 authorized by the 2006 Bond Ordinance and to pay costs of issuance of the  
26 2016B Bonds.



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

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

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

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

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

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



1           The City hereby directs TES and the Escrow Agent to irrevocably call the  
2 TES Bonds for redemption on their Call Date in accordance with the provisions of  
3 the Indenture authorizing the redemption and retirement of the TES Bonds prior to  
4 their fixed maturities.

5  
6           Said defeasance and call for redemption of the Refunded Bonds shall be  
7 irrevocable after the issuance of the Bonds and delivery of the Acquired Obligations  
8 to the Escrow Agent.

9           The Escrow Agent is hereby authorized and directed to provide, or cause  
10 the TES Bond Trustee to provide, for the giving of notices of the defeasance and/or  
11 redemption of each series of the Refunded Bonds in accordance with the applicable  
12 provisions of the 2006 Bond Ordinance and the Indenture, as applicable. The costs  
13 of publication of such notices shall be an expense of the City.  
14

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

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

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

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

- (a) To pay or provide for Costs of Maintenance and Operation.
- (b) To make all payments required to be made into the Interest Account in the Bond Fund or to make any Payment in accordance with Section 16.
- (c) To make all payments required to be made into the Principal Account in the Bond Fund and to make all payments into the Term Bond Retirement Account in the Bond Fund.



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

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

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

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

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

Section 10. Bond Fund.

(a) A special fund of the City designated the "City of Tacoma Sewer Revenue Bond Fund" (the "Bond Fund") has previously been created by the City.





1 The Bond Fund shall be used solely for the purposes of paying the principal of,  
2 premium, if any, and interest on Parity Bonds and retiring Parity Bonds prior to  
3 maturity in the manner provided herein or in any Parity Bond Ordinance.

4           The Bond Fund contains four funds and accounts: the Interest Account, the  
5 Principal Account, the Term Bond Retirement Account, and the Reserve Fund. At  
6 the option of the City, separate funds and accounts may be created in the Bond  
7 Fund for the purpose of paying or securing the payment of principal, premium, if  
8 any, and interest on any series of Parity Bonds. The City hereby obligates and  
9 binds itself irrevocably to set aside and to pay into the Bond Fund all ULID  
10 Assessments and out of the Sewer Fund certain fixed amounts sufficient (together  
11 with other available funds on hand and paid into the Bond Fund) to pay the principal  
12 of, premium, if any, and interest on the Bonds and all other Parity Bonds  
13 outstanding pursuant to this ordinance and all other Parity Bond Ordinances when  
14 due, either at maturity or in accordance with the terms of any Sinking Fund  
15 Requirement schedule established for the retirement of Term Bonds. The fixed  
16 amounts to be paid into the Bond Fund, to the extent that such payments are not  
17 made from ULID Assessments, bond proceeds or from other legally available  
18 money, shall be made out of the Sewer Fund in the following order of priority: first,  
19 into the Interest Account; second, into the Principal Account and Term Bond  
20 Retirement Account; and third, into the Reserve Fund. The City may create  
21 subaccounts within such funds and accounts for the purpose of paying the Bonds.  
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26           (1) Interest Account. In the case of all Parity Bonds, no later than the  
day prior to the date on which an installment of interest is due on any Parity Bonds,



1 the City shall transfer from the Sewer Fund to the Interest Account in the Bond  
2 Fund an amount (together with other money as is on hand and available in such  
3 Account) equal to the installment of interest then due on all outstanding Parity  
4 Bonds.

5  
6 (2) Principal Account and Term Bond Retirement Account. No later  
7 than the day prior to the date upon which an installment of principal on Parity Bonds  
8 that are Serial Bonds is due, the City shall transfer from the Sewer Fund to the  
9 Principal Account in the Bond Fund an amount (together with such other money as  
10 is on hand and available in such Account) equal to the installment of principal then  
11 due on all outstanding Parity Bonds that are Serial Bonds.

12  
13 No later than the day prior to the Sinking Fund Requirement date, the City  
14 will transfer from the Sewer Fund to the Term Bond Retirement Account an amount  
15 (together with such other money as is available and on hand in such account) equal  
16 to the Sinking Fund Requirement for such date.

17  
18 The City will apply all the money paid into the Term Bond Retirement  
19 Account to the redemption or purchase of Term Bonds on the next ensuing Sinking  
20 Fund Requirement due date (or may so apply such money prior to the Sinking Fund  
21 Requirement due date). In addition to redeeming Term Bonds, the City may apply  
22 the money paid into the Term Bond Retirement Account to retire Term Bonds by  
23 purchasing such Term Bonds at a purchase price (including any brokerage charge)  
24 that is not in excess of the principal amount thereof, in which event the principal of  
25 such Term Bonds so purchased will be credited against the ensuing Sinking Fund  
26 Requirement. If, as of any January 1, the principal amount of Term Bonds retired



1 by purchase or redemption exceeds the cumulative amount required to be  
2 redeemed by Sinking Fund Requirement on or before such January 1, then the  
3 excess may be credited against Sinking Fund Requirements in the manner  
4 determined by the City at the time of the purchase or redemption. Any such  
5 purchase of Term Bonds by the City may be made with or without tenders of such  
6 Term Bonds in such manner as the City will deem, in its discretion, to be in its best  
7 interest.  
8

9 (3) Reserve Fund.

10 (A) A Reserve Fund has been created in the Bond Fund for  
11 the purpose of securing the payment of the principal of and interest on the Covered  
12 Bonds. After the 2006 Bonds and the 2011 Bonds are fully redeemed, refunded or  
13 defeased, the City may create separate reserve funds and establish separate  
14 Reserve Fund Requirements, if any, to secure the payment of the principal of and  
15 interest on other Parity Bonds.  
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18 The Bonds shall initially be issued as Covered Bonds and the payment of the  
19 principal of and interest on the Bonds shall initially be secured by the Reserve  
20 Fund. After the 2006 Bonds and 2011 Bonds are fully redeemed, refunded or  
21 defeased, the City, in its sole discretion, may create a separate reserve fund and  
22 establish a separate Reserve Fund Requirement, if any, to secure the payment of  
23 the principal of and interest on the Bonds. If the City determines to create a  
24 separate reserve fund and establish a Reserve Fund Requirement for the Bonds,  
25 from such date the Bonds will no longer be Covered Bonds and the payment of the  
26 principal of and interest on the Bonds will no longer be secured by the Reserve



1 Fund. The new Reserve Fund Requirement for the Bonds shall be equal to the  
2 amount, if any, specified in a certificate of the Finance Director, Treasurer and  
3 Environmental Services Director, a form of which is attached hereto as Exhibit "B."  
4 The City shall provide notice of any such separate reserve fund and corresponding  
5 Reserve Fund Requirement for the Bonds in the same manner as a listed event  
6 notice that would be required upon the occurrence of a material "release,  
7 substitution, or sale of property securing repayment of the Bonds" in accordance  
8 with Section 23(c) of this ordinance.  
9

10           The City hereby covenants and agrees that on the date of Closing for the  
11 Bonds it shall pay into the Reserve Fund out of proceeds of such Bonds and other  
12 funds lawfully available therefor and/or acquire Qualified Insurance or a Qualified  
13 Letter of Credit so that the amount in the Reserve Fund at least equals the Reserve  
14 Fund Requirement.  
15

16           The City may, at any time, substitute Qualified Insurance or a Qualified  
17 Letter of Credit for the money and investments in the Reserve Fund or may  
18 substitute money and investments for Qualified Insurance or a Qualified Letter of  
19 Credit in accordance with this subsection. The face amount of such Qualified  
20 Insurance or Qualified Letter of Credit shall be at least equal to the amount of the  
21 money or investments for which the Qualified Insurance or Qualified Letter of Credit  
22 is substituted.  
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24

25                           (B) Valuation of the amount in the Reserve Fund and all  
26 subaccounts therein shall be made by the City on each December 31 and may be  
made on any other date. Such valuation shall be at the market value of the



1 obligations in such fund and such subaccounts (including accrued interest);  
2 provided, that investments which mature within one year shall be valued at their  
3 maturity value.

4  
5 (C) In the event of the issuance of any Future Parity Bonds  
6 that are Covered Bonds, the Parity Bond Ordinance authorizing the issuance of  
7 such Future Parity Bonds shall provide for further and additional approximately  
8 equal monthly payments into the Reserve Fund from the money in the Sewer Fund,  
9 in such amounts and at such times so that by no later than five years from the date  
10 of issuance of such Future Parity Bonds or by the final maturity established for such  
11 series of Future Parity Bonds, whichever occurs first, there will be credited to the  
12 Reserve Fund an amount equal to the Reserve Fund Requirement.

13  
14 Notwithstanding the foregoing provisions of this subparagraph (C), the proceedings  
15 authorizing the issuance of Future Parity Bonds that are Covered Bonds, to the  
16 extent permitted under the Code, may provide for payments into the Reserve Fund  
17 from the proceeds of such Future Parity Bonds or from any other money lawfully  
18 available therefor, or may provide for the City to obtain Qualified Insurance or a  
19 Qualified Letter of Credit for amounts required by subparagraph (E) of this section  
20 or parallel provisions in other Parity Bond Ordinances to be paid out of the Reserve  
21 Fund. The face amount of any such Qualified Insurance or Qualified Letter of  
22 Fund. The face amount of any such Qualified Insurance or Qualified Letter of  
23 Credit may be credited against the amounts required to be maintained in the  
24 Reserve Fund by this section or parallel provisions in other Parity Bond Ordinances  
25 to the extent that such payments and credits to be made are insured by an  
26 insurance company or guaranteed by a letter of credit from a financial institution.



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On receipt of a notice of cancellation of any Qualified Letter of Credit or Qualified Insurance or upon notice that the entity providing the Qualified Letter of Credit or Qualified Insurance no longer meets the requirements specified herein, the City shall substitute a Qualified Letter of Credit or Qualified Insurance in the amount required to make up the deficiency created in the Reserve Fund or in the alternative shall create a special account in the Sewer Fund and deposit therein, on or before the 25th day of each of the 36 succeeding calendar months (commencing with the 25th day of the calendar month next following the date of the notice) one thirty-sixth of the amount sufficient, together with other money and investments on deposit in the Reserve Fund, to equal the Reserve Fund Requirement in effect as of the date the cancellation or disqualification of the entity becomes effective. Those amounts shall be deposited in the special account from money in the Sewer Fund after making provision for payment of Costs of Maintenance and Operation and for required payments into the Bond Fund. Amounts on deposit in that special account shall not be available to pay debt service on Covered Bonds or for any other purpose of the City, and shall be transferred to the Reserve Fund on the effective date of any cancellation of a Qualified Letter of Credit or Qualified Insurance to make up all or part of the deficiency caused thereby. Amounts in that special account or in the Reserve Fund may be transferred to the Sewer Fund and used for any purpose if and when a qualifying Qualified Letter of Credit or Qualified Insurance is obtained.

(D) If at any time the money and value of Permitted Investments in the Reserve Fund shall exceed the amount of money and value of



1 Permitted Investments then required to be maintained therein, such excess may be  
2 transferred to the Sewer Fund.

3 (E) In the event that there shall be a deficiency in the Interest  
4 Account, Principal Account or Term Bond Retirement Account in the Bond Fund  
5 with respect to Covered Bonds, the City shall promptly make up such deficiency  
6 from the Reserve Fund by the withdrawal of cash therefrom for that purpose and by  
7 the sale or redemption of obligations held in the Reserve Fund, if necessary, in  
8 such amounts as will provide cash in the Reserve Fund sufficient to make up any  
9 such deficiency, and if a deficiency still exists immediately prior to a Payment Date  
10 and after the withdrawal of cash, the City shall then draw from any Qualified Letter  
11 of Credit, Qualified Insurance, or other equivalent credit facility in sufficient amount  
12 to make up the deficiency. Such draw shall be made at such times and under such  
13 circumstances as the agreement for such Qualified Letter of Credit or Qualified  
14 Insurance shall provide. The City covenants and agrees that any deficiency  
15 created in the Reserve Fund by reason of any withdrawal therefrom for payment  
16 into the Interest Account, Principal Account or Term Bond Retirement Account shall  
17 be made up from money in the Sewer Fund first available after providing for the  
18 required payments into such Interest, Principal and Term Bond Retirement  
19 Accounts and after providing for payments under a reimbursement agreement  
20 entered into by the City under Section 18; provided, after the 2006 Bonds and the  
21 2011 Bonds are fully redeemed, refunded or defeased, any such deficiency shall be  
22 made up within 12 months of such deficiency.  
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(F) When a series of Covered Bonds is refunded in whole or in part, money may be withdrawn from the Reserve Fund to pay or provide for the payment of refunded Covered Bonds; provided that immediately after such withdrawal there shall remain in or be credited to the Reserve Fund money and Permitted Investments in an amount equal to the Reserve Fund Requirement or so much thereof as is then required to be maintained.

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

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

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





1 provided herein, all money in the Bond Fund shall be held in trust for the benefit of  
2 the owners of all Parity Bonds at the time outstanding equally and ratably.

3 (d) Money in the Bond Fund may, at the option of the City, be invested and  
4 reinvested as permitted by law in Permitted Investments maturing, or which are  
5 redeemable at the option of the owner, prior to the date needed or prior to the  
6 maturity date of the final installment of principal of the Parity Bonds payable out of  
7 the Bond Fund, but only to the extent that the same are acquired, valued and  
8 disposed of at Fair Market Value. At the City's option, earnings on investments in  
9 the Bond Fund may be retained in the Bond Fund or transferred to the Sewer Fund,  
10 except that earnings on investments in the Reserve Fund shall first be applied to  
11 remedy any deficiency in such fund.  
12

13  
14 (e) Money in each of the subaccounts and funds established in this  
15 Section 10 may be used, if necessary, to pay Rebate Amounts to the extent that  
16 such Rebate Amounts are directly attributable to earnings on such subaccount.  
17

18 Section 11. Rate Stabilization Fund. A special fund of the City designated  
19 the "Rate Stabilization Fund" has been established by the City in the Sewer Fund.  
20 In accordance with the priorities set forth in this ordinance, the City may from time  
21 to time deposit Net Revenues into the Rate Stabilization Fund and may from time to  
22 time withdraw amounts therefrom to enhance rate stability or for other lawful  
23 purposes of the City related to the System.  
24

25 Section 12. Security for Parity Bonds. All Parity Bonds are special limited  
26 obligations of the City payable from and secured solely by a charge and lien as set  
forth in this paragraph. There are hereby pledged as security for the payment of



1 the principal of, premium, if any, and interest on all Parity Bonds in accordance with  
2 the provisions of this ordinance, subject to the provisions of this ordinance  
3 restricting or permitting the application thereof, (a) the proceeds of the sale of Parity  
4 Bonds to the extent held in funds established or continued by this ordinance,  
5 (b) Net Revenues and ULID Assessments and (c) the money and assets credited to  
6 the Sewer Fund and the Bond Fund and the income therefrom. The pledge of Net  
7 Revenues, money and assets credited to the Sewer Fund and Bond Fund and  
8 ULID Assessments constitutes a lien and charge on the Net Revenues, the funds  
9 and ULID Assessments superior to all other charges of any kind or nature.  
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12 All Parity Bonds hereafter outstanding shall be equally and ratably payable  
13 and secured hereunder without priority by reason of date of adoption of the  
14 ordinance providing for their issuance or by reason of their number or date of sale,  
15 issuance, execution or delivery, or by the liens, pledges, charges, trusts,  
16 assignments and covenants made herein, except as otherwise expressly provided  
17 or permitted in this ordinance and except as to insurance which may be obtained by  
18 the City to insure the repayment of one or more series or maturities within a series.  
19

20 Parity Bonds shall not in any manner or to any extent constitute general  
21 obligations of the City or of the State, or any political subdivision of the State, or a  
22 charge upon any general fund or upon any money or other property of the City or  
23 of the State, or of any political subdivision of the State, not specifically pledged  
24 thereto by this ordinance.  
25

26 Section 13. Adequacy of Revenue of System to Make Required Payments.

The Council declares, in fixing the amounts to be paid into the Bond Fund as



1 provided herein, that it has exercised due regard for Costs of Maintenance and  
2 Operation and has not obligated the City to set aside and pay into the Bond Fund a  
3 greater amount of the Gross Revenues than in its judgment will be available over  
4 and above such Costs of Maintenance and Operation.

5  
6 Section 14. Defeasance. In the event that the City, to effect the payment,  
7 retirement or redemption of any Bond, sets aside in the Bond Fund or in another  
8 special account, cash or noncallable Government Obligations, or any combination  
9 of cash and/or noncallable Government Obligations, in amounts and maturities  
10 which, together with the known earned income therefrom, are sufficient to redeem  
11 or pay and retire such Bond in accordance with its terms and to pay when due the  
12 interest and redemption premium, if any, thereon, and such cash and/or noncallable  
13 Government Obligations are irrevocably set aside and pledged for such purpose,  
14 then no further payments need be made into the Bond Fund for the payment of the  
15 principal of and interest on such Bond. The owner of a Bond so provided for shall  
16 cease to be entitled to any lien, benefit or security of this ordinance except the right  
17 to receive payment of principal, premium, if any, and interest from the Bond Fund or  
18 such special account, and such Bond shall be deemed to be not outstanding under  
19 this ordinance.  
20  
21

22 The City shall give written notice of defeasance in accordance with  
23 Section 23.  
24

25 Section 15. Covenants. The City covenants and agrees with the owners of  
26 the Bonds, from time to time for as long as any such Bonds are outstanding, as  
follows:



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

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

Solely for purposes of calculating the coverage requirement set forth above, there shall be added to Gross Revenues in any Fiscal Year any amount withdrawn from the Rate Stabilization Fund in such Fiscal Year and deposited in the Sewer Fund, and there shall be subtracted from Gross Revenues in any Fiscal Year any amount withdrawn from the Sewer Fund and deposited in the Rate Stabilization Fund. After all of the 2006 Bonds and the 2011 Bonds are fully redeemed,



1 refunded or defeased, credits to or from the Rate Stabilization Fund that occur  
2 within 90 days after the end of a Fiscal Year may be treated as occurring within  
3 such Fiscal Year.

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

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

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

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

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

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

(3) The City may sell, lease, mortgage or otherwise dispose of any part of the System which shall have become unserviceable, inadequate, obsolete or



1 unfit to be used in the operation of the System, or no longer necessary, material to  
2 or useful in such operation.

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

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

11 (e) No Free Service. Except as permitted by law for the support of the poor  
12 and infirm and otherwise permitted by law in an amount per year not exceeding  
13 1/10 of 1 percent of annual Costs of Maintenance and Operation, the City will not  
14 furnish sanitary and storm sewage collection and disposal service to any customer  
15 whatsoever free of charge.

16 (f) Books and Accounts – Operating Statement. The City shall keep and  
17 maintain proper books and accounts with respect to the operations, income and  
18 expenditures of the System that are in accordance with proper and legal  
19 accounting procedures. On or before 120 days after each Fiscal Year of the City's  
20 operation of the System, it will prepare or cause to be prepared an operating  
21 statement of the System for such preceding Fiscal Year. Each such statement  
22 shall contain a statement in detail of the Gross Revenues, Costs of Maintenance  
23 and Operation, and expenses for capital purposes of the System for such Fiscal  
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1 Year, shall contain a statement as of the end of such year showing the status of all  
2 the funds and accounts created by the various ordinances pertaining to the  
3 operation of the System and authorizing the issuance of outstanding bonds  
4 payable from the revenue of the System, and shall contain a statement of the  
5 number of sanitary and storm sewage collection and disposal customers per class  
6 of customer at the end of such year. Copies of such statement shall be placed on  
7 file in the office of the Department of Finance and shall be open to inspection at  
8 any reasonable time by any owner of the Bonds or of any other outstanding bonds  
9 of the City payable out of the Gross Revenues of the System. Upon the request of  
10 any owner of Parity Bonds, the City shall provide a copy of such statement to such  
11 owner. All expenses incurred in the maintenance of such books and accounts and  
12 the preparation of such statement may be regarded and paid as an expense of  
13 operation of the System.  
14  
15

16 (g) Insurance. The City will keep the System insured, and will carry such  
17 other insurance, with responsible insurers, with policies payable to the City, against  
18 risks, accidents or casualties, at least to the extent that insurance is usually carried  
19 by municipal corporations operating like properties; provided, however, that the City  
20 may, if deemed necessary and advisable by the Council, institute or continue a  
21 self-insurance program with respect to any or all of the aforementioned risks. In the  
22 event of any loss or damage, the City will promptly deposit the insurance proceeds  
23 into any construction fund hereafter created for the System, and use such funds to  
24 repair or replace the damaged portion of the insured property and apply the  
25 proceeds of any insurance policy or self-insurance funding for that purpose; or in  
26





1 the event the City should determine not to repair or reconstruct such damaged  
2 portion of the properties of the City, the proceeds of such insurance or self-  
3 insurance funding shall be transferred to the Reserve Fund to the extent that such  
4 transfer shall be necessary to make up any deficiency in the Reserve Fund and the  
5 balance, if any, shall, at the option of the City, be used for repairs, renewals,  
6 replacements, or additions to or extension of the System or be used in the  
7 retirement of Parity Bonds prior to maturity, either by purchase at prices not to  
8 exceed the next applicable redemption price or by call for redemption.  
9

10 (h) Tax Covenants. The City will take all actions necessary to assure the  
11 exclusion of interest on the Bonds from the gross income of the owners of the  
12 Bonds to the same extent as such interest is permitted to be excluded from gross  
13 income under the Code as in effect on the date of issuance of the Bonds, including  
14 but not limited to the following:  
15

16 (1) Private Activity Bond Limitation. The City will assure that the  
17 proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private  
18 business tests of Section 141(b) of the Code or the private loan financing test of  
19 Section 141(c) of the Code.  
20

21 (2) Limitations on Disposition of Project. The City will not sell or  
22 otherwise transfer or dispose of (i) any personal property components of the  
23 projects refinanced with proceeds of the Bonds (the "Projects") other than in the  
24 ordinary course of an established government program under Treasury  
25 Regulation 1.141-2(d)(4) or (ii) any real property components of the Projects,  
26 unless it has received an opinion of Bond Counsel to the effect that such



1 disposition will not adversely affect the treatment of interest on the Bonds as  
2 excludable from gross income for federal income tax purposes.

3 (3) Federal Guarantee Prohibition. The City will not take any action  
4 or permit or suffer any action to be taken if the result of such action would be to  
5 cause any of the Bonds to be “federally guaranteed” within the meaning of  
6 Section 149(b) of the Code.  
7

8 (4) Rebate Requirement. The City will take any and all actions  
9 necessary to assure compliance with Section 148(f) of the Code, relating to the  
10 rebate of excess investment earnings, if any, to the federal government, to the  
11 extent that such section is applicable to the Bonds.  
12

13 (5) No Arbitrage. The City will not take, or permit or suffer to be  
14 taken by the Escrow Agent or otherwise, any action with respect to the proceeds of  
15 the Bonds which, if such action had been reasonably expected to have been taken,  
16 or had been deliberately and intentionally taken, on the date of issuance of the  
17 Bonds would have caused the Bonds to be “arbitrage bonds” within the meaning of  
18 Section 148 of the Code.  
19

20 (6) Registration Covenant. The City will maintain a system for  
21 recording the ownership of each Bond that complies with the provisions of  
22 Section 149 of the Code until all Bonds have been surrendered and canceled.  
23

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



1 at least three years after the earlier of the maturity or redemption of the obligations  
2 that refunded the Bonds.

3 (8) Compliance with Federal Tax Certificate. The City will comply  
4 with the provisions of the Federal Tax Certificate with respect to the Bonds, which  
5 are incorporated herein as if fully set forth herein. The covenants of this Section  
6 will survive payment in full or defeasance of the Bonds.  
7

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

10 (a) "Payment" means any payment (designated as such by an ordinance or  
11 resolution) required to be made by or on behalf of the City under a Payment  
12 Agreement and which is determined according to a formula set forth in the  
13 Payment Agreement.  
14

15 (b) "Parity Payment Agreement" means a Payment Agreement under which  
16 the City's payment obligations are expressly stated to be secured by a pledge of  
17 and lien on Net Revenues on an equal and ratable basis with the Net Revenues  
18 required to be paid into the Bond Fund to pay and secure the payment of the  
19 principal of and interest on Parity Bonds.  
20

21 (c) "Payment Agreement" means a written agreement, for the purpose of  
22 managing or reducing the City's exposure to fluctuations or levels of interest rates,  
23 currencies or commodities or for other interest rate, investment, asset or liability  
24 management purposes, entered into on either a current or forward basis by the City  
25 and a Qualified Counterparty, all as authorized by any applicable laws of the State.  
26



1 Such agreement may or may not be characterized by a structure of reciprocity of  
2 payment.

3 (d) "Payment Date" means any date specified in the Payment Agreement on  
4 which a City Payment or Receipt is due and payable under the Payment  
5 Agreement.  
6

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

10 (f) "Payor" means a Qualified Counterparty to a Payment Agreement that is  
11 obligated to make one or more payments thereunder.  
12

13 (g) "Qualified Counterparty" means a party (other than the City or a party  
14 related to the City) who is the other party to a Payment Agreement that has or  
15 whose obligations are unconditionally guaranteed by a party that has at least an  
16 investment grade rating from a rating agency (who, if the City's Parity Bonds are  
17 rated by Moody's, must have a rating of at least "A") and who is otherwise qualified  
18 to act as the other party to a Payment Agreement under any applicable laws of the  
19 State.  
20

21 A Payment made under a Payment Agreement may be on a parity with the  
22 Bonds if the Payment Agreement satisfies the requirements for Future Parity Bonds  
23 described in Section 17, taking into consideration regularly scheduled Payments  
24 and Receipts (if any) under a Payment Agreement. The following shall be  
25 conditions precedent to the use of any Payment Agreement on a parity with the  
26 Bonds:



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

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

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

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

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

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

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



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

4           Nothing in this section shall preclude the City from entering into Payment  
5 Agreements with a claim on Net Revenues junior to that of the Bonds.

6 Furthermore, nothing in this section shall preclude the City from entering into  
7 obligations on a parity with the Bonds in connection with the use of Payment  
8 Agreements or similar instruments if the City obtains an opinion of Bond Counsel  
9 that the obligations of the City thereunder are consistent with this ordinance.  
10

11           Section 17. Future Parity Bonds.

12           (a) The City reserves the right to issue Future Parity Bonds from time to  
13 time as may be required for any lawful purpose of the City relating to the System,  
14 including but not limited to, acquiring, constructing and installing additions and  
15 improvements to and extensions of, acquiring necessary equipment for, or making  
16 necessary renewals, replacements or repairs and capital improvements to the  
17 System and refunding any outstanding indebtedness.  
18

19           (b) The City covenants that Future Parity Bonds shall be issued only upon  
20 compliance with the following conditions:  
21

22                   (1) At the times of the issuance of such Future Parity Bonds there is  
23 no deficiency in the Bond Fund or in any of the funds and accounts therein.  
24

25                   (2) With respect to Covered Bonds, the ordinances authorizing the  
26 issuance of the Future Parity Bonds shall require that there shall be paid into the  
Reserve Fund in the Bond Fund (A) from the proceeds of such Future Parity Bonds



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

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

18 (A) A certificate of the Finance Director of the City stating that  
19 Net Revenues in any 12 consecutive months out of the most recent 24 months  
20 preceding the delivery of the bonds then proposed to be issued, as determined from  
21 the financial statements of the System, were not less than 1.30 times Maximum  
22 Adjusted Annual Debt Service on all outstanding Parity Bonds and the bonds then  
23 proposed to be issued; provided, after all of the 2006 Bonds and the 2011 Bonds  
24 are fully redeemed, refunded or defeased, this requirement shall read as follows:

26 A certificate of the Finance Director of the City stating that Net Revenues in any  
12 consecutive months out of the most recent 24 months preceding the delivery of



1 the bonds then proposed to be issued, as determined from the financial statements  
2 of the System, were not less than 1.25 times Maximum Adjusted Annual Debt  
3 Service on all outstanding Parity Bonds and the bonds then proposed to be issued.  
4 In issuing such certificate the Finance Director shall reflect in the certificate the Net  
5 Revenues he or she estimates would have been collected in such 12-month period  
6 if the Council at any time on or prior to the date of delivery of the bonds proposed to  
7 be issued had adopted any adjustment in the rates, fees and charges collected by  
8 the City for the services to the System if such new rates, fees and charges had  
9 been in effect for the entire 12-month period, or  
10  
11

12 (B) A certificate of an Engineer or a Certified Public  
13 Accountant showing that the "Adjusted Net Revenues" (as determined herein) for  
14 each calendar year during the life of the bonds proposed to be issued will equal not  
15 less than 1.30 times Maximum Adjusted Annual Debt Service on all outstanding  
16 Parity Bonds and the bonds then proposed to be issued; provided, after all of the  
17 2006 Bonds and the 2011 Bonds are fully redeemed, refunded or defeased, this  
18 requirement shall read as follows: A certificate of an Engineer or a Certified Public  
19 Accountant showing that the "Adjusted Net Revenues" (as determined herein) for  
20 each calendar year during the life of the bonds proposed to be issued will equal not  
21 less than 1.25 times Maximum Adjusted Annual Debt Service on all outstanding  
22 Parity Bonds and the bonds then proposed to be issued.  
23  
24

25 The "Adjusted Net Revenues" shall be the Net Revenues for a period of any  
26 12 consecutive months out of the 24 months immediately preceding the date of  
delivery of such proposed Future Parity Bonds (the "Base Period") as adjusted by





1 such Engineer or Certified Public Accountant to take into consideration changes in  
2 Net Revenues estimated to occur under the following conditions for each year after  
3 such delivery for so long as any Parity Bonds, including the Future Parity Bonds  
4 proposed to be issued, shall be outstanding:

5  
6 (1) the additional Net Revenues that would have been  
7 received if any change in rates and charges adopted prior to the date of such  
8 certificate and subsequent to the beginning of the Base Period and effective within  
9 12 months had been in force during the full Base Period;

10  
11 (2) the additional Net Revenues that would have been  
12 received if any facility of the System that became fully operational after the  
13 beginning of the Base Period had been so operating for the entire Base Period;

14  
15 (3) the additional Net Revenues estimated by such Engineer  
16 or Certified Public Accountant to be received as a result of any additions and  
17 improvements to and extensions of any facilities of the System which are (a) under  
18 construction at the time of such certificate or (b) will be constructed or acquired  
19 from the proceeds of the Future Parity Bonds to be issued;

20  
21 (4) the additional Net Revenues that would have been  
22 received if any customers added to the System during the Base Period or  
23 subsequent thereto were customers for the entire Base Period, and

24  
25 (5) ninety percent of the additional Net Revenues estimated by  
26 such Engineer or Certified Public Accountant to be derived from the new customers  
that will be added to the System in the first 12 months after the completion of the



1 construction of the improvements to be made thereto or from acquisitions out of the  
2 proceeds of the sale of such Future Parity Bonds.

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

7  
8           (c) Refunding Bonds. In the event that any Future Parity Bonds provided  
9 for in this section are issued for refunding purposes and the issuance of such  
10 refunding Future Parity Bonds results in a present value monetary saving to the  
11 City and such refunding Future Parity Bonds will not require an increase of greater  
12 than \$5,000 in debt service payments to be paid in any fiscal or calendar year  
13 thereafter than would have been required to be paid in the same fiscal or calendar  
14 year for Annual Debt Service on the bonds being refunded, then paragraph (3) of  
15 subsection 17(b) need not be complied with to permit such refunding Future Parity  
16 Bonds to be issued, although the provisions of paragraphs (1) and (2) of  
17 subsection 17(b) must still be complied with.

18  
19  
20           (d) Junior Lien Bonds. Nothing herein shall prevent the City from issuing  
21 bonds, notes, warrants or other obligations payable from and secured by a lien and  
22 charge junior to the lien and charge securing the payment of Parity Bonds.

23  
24           Section 18. Reimbursement Obligations. In the event that the City elects to  
25 meet the requirements of subsection 10(a)(3) with respect to the Reserve Fund as  
26 to any issue of Parity Bonds through the use of a Qualified Letter of Credit,  
Qualified Insurance or other equivalent credit enhancement, the City may contract



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

4  
5 In the event that the City elects additionally to secure any issue of Variable  
6 Interest Rate Bonds through the use of a letter of credit, insurance or other  
7 equivalent credit enhancement, the City may contract with the entity providing such  
8 letter of credit, insurance or other equivalent credit enhancement that the City's  
9 reimbursement obligation, if any, to such entity ranks on a parity of lien with the  
10 Parity Bonds; provided, that the payments due under such reimbursement  
11 agreement are such that if such reimbursement obligation were a series of Future  
12 Parity Bonds, such Future Parity Bonds could be issued in compliance with the  
13 provisions of Section 17.

14  
15 Section 19. Sale of Bonds.

16  
17 (a) Bond Sale. The Bonds shall be sold by negotiated sale to the  
18 Underwriter selected by the Designated Representative pursuant to the terms of  
19 this ordinance and the Bond Purchase Contract. The Designated Representative  
20 is hereby authorized to select the Underwriter that submits the proposal that is in  
21 the best interest of the City.

22  
23 The Council has determined that it would be in the best interest of the City to  
24 delegate to the Designated Representative for a limited time the authority to select  
25 the Underwriter, approve the selection of the 2006 Bonds to be refunded and  
26 approve the final interest rates, maturity dates, aggregate principal amounts,  
principal amounts of each maturity, and redemption rights for each series of Bonds.



1           Subject to the terms and conditions set forth in this Section 19, the  
2 Designated Representative is hereby authorized to enter into the Bond Purchase  
3 Contract with the Underwriter to issue and sell the Bonds upon his or her approval  
4 of the final interest rates, maturity dates, aggregate principal amounts, principal  
5 maturities, and redemption rights set forth therein for each series of Bonds in  
6 accordance with the authority granted by this section so long as:  
7

8                   (1) the aggregate principal amount of the Bonds does not exceed  
9 \$55,000,000,

10                   (2) the final maturity date for the 2016A Bonds is no later than  
11 December 1, 2038,

12                   (3) the final maturity date for the 2016B Bonds is no later than  
13 December 1, 2021,

14                   (4) the Bonds are sold (in the aggregate) at a price not less than  
15 97 percent and not greater than 130 percent,  
16

17                   (5) the Bonds are sold for a price that results in an aggregate  
18 minimum net present value debt service savings over the Refunded Bonds of at  
19 least 5 percent,  
20

21                   (6) the true interest cost for the Bonds (in the aggregate) does not  
22 exceed 4.5 percent, and  
23

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

25           Subject to the terms and conditions set forth in this section, the Designated  
26 Representative is hereby authorized to execute one or more Bond Purchase



1 Contracts to be dated the date of sale of a series of Bonds. The signature of one  
2 Designated Representative shall be sufficient to bind the City.

3           Following the execution of the Bond Purchase Contract, the Designated  
4 Representative shall provide a report to the City Council describing the final terms  
5 of the Bonds approved pursuant to the authority delegated in this section. The  
6 authority granted to the Designated Representative by this Section 19 shall expire  
7 120 days after the effective date of this ordinance. If a Bond Purchase Contract for  
8 the Bonds has not been executed within 120 days after the effective date of this  
9 ordinance, the authorization for the issuance of the Bonds shall be rescinded and  
10 the Bonds shall not be issued nor their sale approved unless such Bonds shall  
11 have been reauthorized by ordinance of the City Council. The ordinance  
12 reauthorizing the issuance and sale of such Bonds may be in the form of a new  
13 ordinance repealing this ordinance in whole or in part or may be in the form of an  
14 amendatory ordinance approving a bond purchase contract or establishing terms  
15 and conditions for the authority delegated under this Section 19.

19           (b) Delivery of Bonds; Documentation; Transfer of Title. Upon the passage  
20 and approval of this ordinance, the proper officials of the City, including the Finance  
21 Director, Treasurer, and City Manager, are authorized and directed to undertake all  
22 action necessary for the prompt execution and delivery of the Bonds to the  
23 Underwriter and further to execute all closing certificates and documents required  
24 to effect the closing and delivery of the Bonds, transfer of title to the Project to the  
25 City, and the assignment and termination (within 90 days of such title transfer) of  
26



1 management contracts and other encumbrances on the Project, in accordance with  
2 the terms of this ordinance, the Ruling and the Bond Purchase Contract.

3           Section 20. Approval of Official Statement. The Finance Director is hereby  
4 authorized to approve and to deem final the preliminary Official Statement relating  
5 to the Bonds for the purposes of the Rule. The Finance Director is further  
6 authorized to approve for purposes of the Rule, on behalf of the City, the final  
7 Official Statement relating to the issuance and sale of the Bonds and the  
8 distribution of the final Official Statement pursuant thereto with such changes, if  
9 any, as may be deemed by him or her to be appropriate.  
10

11           Section 21. Supplemental Ordinances.

12           (a) The Council from time to time and at any time may pass an ordinance or  
13 ordinances supplemental hereto, which ordinance or ordinances thereafter shall  
14 become a part of this ordinance, for any one or more or all of the following  
15 purposes:  
16

17                   (1) To add to the covenants and agreements of the City contained in  
18 this ordinance other covenants and agreements thereafter to be observed which  
19 shall not adversely affect the interests of the owners of any Parity Bonds or to  
20 surrender any right or power reserved to or conferred upon the City.  
21

22                   (2) To make such provisions for the purpose of curing any  
23 ambiguities or of curing, correcting or supplementing any defective provision  
24 contained in this ordinance or any ordinance authorizing Parity Bonds in regard to  
25 matters or questions arising under such ordinances as the Council may deem  
26 necessary or desirable and not inconsistent with such ordinances and which shall



1 not adversely affect the interest of the owners of the Parity Bonds. Any such  
2 supplemental ordinance of the City may be passed without the consent of the  
3 owners of any Parity Bonds at any time outstanding, notwithstanding any of the  
4 provisions of subsection (b) of this section, if the City obtains an opinion of Bond  
5 Counsel to the effect that such supplemental ordinance is solely for one or more of  
6 the purposes stated above and will not adversely affect the interests of the owners  
7 of Parity Bonds.  
8

9 (b) With the consent of the owners of not less than 51 percent in aggregate  
10 Bond Obligations of the Parity Bonds at the time outstanding, the City may pass an  
11 ordinance or ordinances supplemental hereto for the purpose of adding any  
12 provisions to or changing in any manner or eliminating any of the provisions of this  
13 ordinance or of any supplemental ordinance; provided, however, that no such  
14 supplemental ordinance shall:  
15

16 (1) Extend the fixed maturity of any Parity Bonds, or reduce the rate  
17 of interest thereon, or extend the times of payment of interest thereon from their  
18 due dates, or reduce the amount of the principal thereof, or reduce any premium  
19 payable on the redemption thereof, without the consent of the owner of each bond  
20 so affected; or  
21

22 (2) Reduce the aforesaid percentage of bondowners required to  
23 approve any such supplemental ordinance, without the consent of the owners of all  
24 of the Parity Bonds then outstanding.  
25

26 It shall not be necessary for the consent of bondowners under this  
subsection (b) to approve the particular form of any proposed supplemental



1 ordinance, but it shall be sufficient if such consent shall approve the substance  
2 thereof.

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

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

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

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

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

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

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

(4) Number of wastewater and surface water customers.

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

The information and data described above shall be provided on or before the last day of the ninth month after the end of the City's fiscal year. The City's current fiscal year ends December 31. The City may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such



1 annual financial information and operating data, the City may cross-reference to  
2 other documents available to the public on the MSRB's internet website or filed with  
3 the Commission.

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

9  
10           (c) Listed Events. The City agrees to provide or cause to be provided to the  
11 MSRB, in a timely manner not in excess of 10 business days after the occurrence  
12 of the event, notice of the occurrence of any of the following events with respect to  
13 the Bonds:  
14

- 15           • Principal and interest payment delinquencies;
- 16           • Non-payment related defaults, if material;
- 17           • Unscheduled draws on debt service reserves reflecting financial  
18           difficulties;
- 19           • Unscheduled draws on credit enhancements reflecting financial  
20           difficulties;
- 21           • Substitution of credit or liquidity providers, or their failure to perform;
- 22           • Adverse tax opinions, the issuance by the Internal Revenue Service of  
23           proposed or final determinations of taxability, Notices of Proposed Issue  
24           (IRS Form 5701-TEB) or other material notices or determinations with  
25           respect to the tax status of the Bonds, or other material events affecting  
26           the tax status of the Bonds;
- Modifications to the rights of Bondholders, if material;
- Optional, contingent or unscheduled Bond calls other than scheduled  
          sinking fund redemptions for which notice is given pursuant to Exchange  
          Act Release 34 23856, if material, and tender offers;
- Defeasances;



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- Release, substitution, or sale of property securing repayment of the Bonds, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the City;
- The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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



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

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

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



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such Bond(s) were actually lost, stolen or destroyed and of ownership thereof, and upon furnishing the City with indemnity satisfactory to both.

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

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

Passed \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form and legality:  
Pacifica Law Group LLP  
Bond Counsel to the City of Tacoma

By \_\_\_\_\_

**EXHIBIT A**

UNITED STATES OF AMERICA

No. \_\_\_\_\_ \$ \_\_\_\_\_

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

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

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

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

The bonds of this issue are subject to redemption at the option of the City as provided in the Bond Ordinance.



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

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

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

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

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

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

IN WITNESS WHEREOF, the City of Tacoma, Washington, has caused this bond to be signed with the manual or facsimile signature of the Mayor and attested



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by the manual or facsimile signature of the City Clerk, and the seal of the City to be impressed or a facsimile thereof to be imprinted hereon, as of this \_\_\_\_ day of \_\_\_\_\_, 2016.

[SEAL]

CITY OF TACOMA, WASHINGTON

By \_\_\_\_\_  
/s/ manual or facsimile  
Mayor

ATTEST:

\_\_\_\_\_  
/s/ manual or facsimile  
City Clerk

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

CERTIFICATE OF AUTHENTICATION

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

WASHINGTON STATE FISCAL AGENT,  
as Bond Registrar

By \_\_\_\_\_





**EXHIBIT B**

**FORM OF NOTICE OF SEPARATE RESERVE FUND\***

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

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

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

The Reserve Fund Requirement for the Bonds as of \_\_\_\_\_, 20\_\_ shall be \_\_\_\_\_.

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

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

Dated: \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Finance Director, City of Tacoma

\_\_\_\_\_  
Treasurer, City of Tacoma

\_\_\_\_\_  
Environmental Services Director, City of Tacoma

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



CLERK'S CERTIFICATE

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

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

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

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

\_\_\_\_\_  
City Clerk  
City of Tacoma, Washington



## ORDINANCE NO. 28356

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

5 WHEREAS the City of Tacoma, Washington (the "City") now owns, maintains  
6 and operates a garbage and refuse collection and disposal system (the "System"),  
7 and  
8

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

11	12	13	14	15
Designation	Authorizing Documents	Date of Ordinance	Principal Amount Outstanding as of March 1, 2016	
14 Solid Waste Utility Revenue Bonds, 2006 Series A (the "2006A Bonds")	Ordinance No. 27489, as amended by Ordinance No. 27492, and Substitute Resolution No. 36905	5/16/2006, 6/13/2006, and 6/27/2006, respectively	\$ 27,960,000	
17 Solid Waste Utility Revenue Refunding Bonds, 2006 Series B (the "2006B Bonds")	Ordinance No. 27489, as amended by Ordinance No. 27492 and by Substitute Ordinance No. 27523	5/16/2006, 6/13/2006, and 9/12/2006, respectively	20,290,000	
21 Solid Waste Utility Revenue Refunding Bonds, 2008 (the "2008 Bonds")	Ordinance No. 27736 and Substitute Resolution No. 37575	8/5/2008 and 8/19/2008, respectively	5,230,000	
23 Solid Waste Revenue Bonds, 2015 (Green Bonds)	Ordinance No. 28279	1/13/2015	21,095,000	



1 (The outstanding solid waste revenue bonds identified above are referred to as  
2 the “Outstanding Parity Bonds” and the authorizing documents identified above are  
3 referred to as the “Outstanding Parity Bond Ordinances”), and

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

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

13           WHEREAS, after due consideration, it appears to the City Council (“Council”)  
14 that defeasing and refunding all or a portion of the 2006 Bonds (the “Refunding  
15 Candidates”) to modify the debt service schedule and otherwise restructure the  
16 2006 Bonds is in the best interest of the City, and

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

21           WHEREAS the Council wishes to delegate authority to the City Finance  
22 Director and Treasurer, or their designee (each, a “Designated Representative”) for  
23 a limited time, to select the Refunding Candidates to be refunded, if any, and to  
24



1 approve the interest rates, maturity dates, redemption terms, principal maturities  
2 and other terms for each series of Bonds within the parameters set by this  
3 ordinance, and

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

5  
6 Now, Therefore,

7           BE IT ORDAINED BY THE CITY OF TACOMA:  
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\* This Table of Contents is provided for convenience only and is not a part of this ordinance.



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Section 1. Definitions and Interpretation of Terms.

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

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

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

“Acquired Obligations” means noncallable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States Government, but only to the extent that the same are acquired at Fair Market Value.



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“Adjusted Net Revenues” has the meaning set forth in Section 15 of this ordinance.

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

In the case of Variable Interest Rate Bonds, for the purpose of calculating Annual Debt Service for purposes of the Future Parity Bond tests outlined in Section 15 and the Reserve Fund Requirement, the interest rate thereon shall be calculated on the assumption that such bonds will bear interest during such period at a rate equal to the lesser of (a) the Maximum Interest Rate or (b) the rate most recently reported by The Bond Buyer as the Bond Buyer Municipal Bond Index for long-term revenue bonds; provided, that if on such date of calculation the interest rate on such bonds shall then be fixed for a specified period, including, pursuant to a Payment Agreement as provided in Section 14, the interest rate used for such specified period for the purpose of the foregoing calculation shall be such actual interest rate. After all of the 2006 Bonds and 2008 Bonds are fully redeemed, refunded or defeased, this paragraph shall read as follows: In the case of Variable Interest Rate Bonds, for the purpose of calculating Annual Debt Service for purposes of the Future Parity Bond tests outlined in Section 15 and the Reserve Fund Requirement, the interest rate thereon shall be equal to the higher of (i) the





1 average of the SIFMA Municipal Swap Index over the 60-month period immediately  
2 preceding the date of computation, or (ii) the average of the SIFMA Municipal Swap  
3 Index over the 12-month period immediately preceding the date of computation, in  
4 each case as determined within ten days prior to the date of computation, with the  
5 principal thereof amortized to provide for essentially level annual debt service of  
6 principal and interest over such period; provided, that if on such date of calculation  
7 the interest rate on any Variable Interest Rate Bonds shall then be fixed for a  
8 specified period, including pursuant to a Payment Agreement, the interest rate used  
9 for such specified period shall be such fixed interest rate.  
10

11  
12 For purposes of computing Annual Debt Service on any Parity Bonds which  
13 constitute Balloon Indebtedness, it shall be assumed that the principal of such  
14 Balloon Indebtedness, together with interest thereon at the rate applicable to such  
15 Balloon Indebtedness, shall be amortized in equal annual installments over a term  
16 equal to the lesser of (a) 25 years or (b) the average weighted useful life  
17 (expressed in years and rounded to the next highest integer) of the properties and  
18 assets constituting the project (if any) financed out of the proceeds of such Balloon  
19 Indebtedness.  
20

21 After all of the 2006 Bonds and 2008 Bonds are fully redeemed, refunded or  
22 defeased, for purposes of satisfying the coverage test pursuant to Section 13 or the  
23 requirements for the issuance of Future Parity Bonds pursuant to Section 15,  
24 Annual Debt Service for any Fiscal Year or calendar year shall exclude any Debt  
25 Service Offsets received or expected to be received in such Fiscal Year or calendar  
26 year.



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

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

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

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

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

“Bond Registrar” means, initially, the fiscal agent of the state of Washington, for the purposes of registering and authenticating the Bonds, maintaining the Bond



1 Register, effecting transfer of ownership of the Bonds and paying interest on and  
2 principal of the Bonds.

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

4 “Call Date” means the dates specified in the Escrow Deposit Agreement for  
5 the refunding of each series of the Refunded Bonds.  
6

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

9 “Certified Public Accountant” means an independent licensed certified public  
10 accountant (or firm of certified public accountants) selected by the City.  
11

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

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

16 “City Manager” means the duly appointed and acting City Manager of the  
17 City or the successor to the duties of that office.  
18

19 “Closing” means the applicable dates of delivery of the 2016A Bonds and the  
20 2016B Bonds to the Underwriter.

21 “Code” means the Internal Revenue Code of 1986 as in effect on the date of  
22 issuance of the Bonds or (except as otherwise referenced herein) as it may be  
23 amended to apply to obligations issued on the date of issuance of the Bonds,  
24 together with applicable proposed, temporary and final regulations promulgated,  
25 and applicable official public guidance published, under the Code.  
26

“Commission” means the Securities and Exchange Commission.



1           “Costs of Maintenance and Operation” means all necessary expenses of  
2 operating the System, current maintenance expenses, expenses of reasonable  
3 upkeep and repairs, insurance and administrative expenses, reasonable pro rata  
4 charges for services provided to the System by City departments and payments  
5 pursuant to leases for landfill capacity and hauling disposal, but excludes  
6 depreciation, payments for debt service or into reserve accounts or funds, costs of  
7 capital additions to or replacements of the System, money necessary to pay  
8 extraordinary legal claims and judgments against the System, amortized payments  
9 to the City's self-insurance fund with respect to extraordinary claims and judgments,  
10 municipal taxes and payments to the City in lieu of taxes, any Rebate Amount, and  
11 closure and post-closure costs associated with the System's landfill.  
12

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

16           “Covered Bonds” mean (a) the Outstanding Parity Bonds, (b) so long as the  
17 2006 Bonds and the 2008 Bonds remain outstanding, the Bonds, (c) after all of the  
18 2006 Bonds and 2008 Bonds are fully redeemed, refunded or defeased, the Bonds,  
19 unless and until the City determines pursuant to Section 10(b) of this ordinance that  
20 the Bonds are no longer to be Covered Bonds secured by the Reserve Fund, and  
21 (d) those Future Parity Bonds designated in the Parity Bond Ordinance authorizing  
22 their issuance as Covered Bonds secured by the Reserve Fund.  
23

24           “Current Interest Bonds” means Parity Bonds, the interest on which is paid  
25 periodically.  
26



1 "Debt Service Account" means the account of that name created in the Bond  
2 Fund.

3 "Debt Service Offset" means receipts of the City that are not included in  
4 Gross Revenues and that are legally available to pay debt service on Parity Bonds,  
5 including without limitation federal interest subsidy payments, designated as such  
6 by the City.  
7

8 "Designated Representative" means the City Finance Director and Treasurer,  
9 or his or her designee. The signature of one Designated Representative shall be  
10 sufficient to bind the City.  
11

12 "DTC" means The Depository Trust Company, New York, New York.

13 "Engineer" means an independent licensed professional engineer (or firm of  
14 licensed professional engineers) selected by the City and experienced and  
15 knowledgeable in the operation of solid waste utilities of comparable size and  
16 character to the System.  
17

18 "Environmental Services Director" means the duly appointed and acting  
19 Environmental Services Director of the City or the successor to the duties of that  
20 office.

21 "Escrow Agent" means U.S. Bank National Association.

22 "Escrow Deposit Agreement" means one or more Escrow Deposit  
23 Agreements between the City and the Escrow Agent to be dated as of the date of  
24 Closing for a series of Bonds.  
25

26 "Event of Default" has the meaning set forth in Section 18 of this ordinance.



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

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



1 "Finance Director" means the duly appointed and acting Finance Director of  
2 the City or the successor to the duties of that office.

3 "Fiscal Year" means the fiscal year used by the City at any time. At the time  
4 of the adoption of this ordinance, the Fiscal Year is the 12-month period beginning  
5 January 1 of each year.  
6

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

9 "Future Parity Bonds" means any revenue bonds of the City issued after the  
10 date of issuance of the Bonds having a charge or lien upon the Net Revenues for  
11 payment of the principal thereof and interest thereon equal in priority to the charge  
12 or lien upon the Net Revenues for the payment of the principal of and interest on  
13 the Outstanding Parity Bonds and the Bonds.  
14

15 "Government Obligations" mean those obligations now or hereafter defined  
16 as such in chapter 39.53 RCW.  
17

18 "Gross Revenues" mean (a) revenues received for the use of the System or  
19 from services rendered by the System, (b) the proceeds received by the City from  
20 the sale or other disposition of any of the properties of the System, (c) investment  
21 income earned on money held in any fund or account of the City in connection with  
22 the ownership and operation of the System, including any bond redemption funds,  
23 and (d) federal or state reimbursement of operating expenses to the extent that  
24 such expenses are included as Costs of Maintenance and Operation, but excluding  
25 (i) insurance proceeds, (ii) investment income irrevocably pledged to the payment  
26 of any solid waste revenue bonds of the City refunded or defeased pursuant to a



1 plan of refunding heretofore or hereafter adopted by the City, (iii) investment  
2 income earned on money in any rebate fund, and (iv) grants, gifts or donations.

3 "Letter of Representations" means the Blanket Issuer Letter of  
4 Representations from the City to DTC.

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

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, which shall be the maximum rate of  
11 interest such Bond may at any time bear.

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

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

17 "MSRB" means the Municipal Securities Rulemaking Board or any successor  
18 to its functions.

19 "Net Revenues" means Gross Revenues less the Costs of Maintenance and  
20 Operation, excluding from the computation of Gross Revenues any proceeds  
21 derived from the sale or other disposition, not in the ordinary course of business, of  
22 properties, rights or facilities of the System or gains or losses resulting from the  
23 early extinguishment of debt.





1 "Outstanding Parity Bond Ordinances" mean the ordinances and resolutions  
2 authorizing the issuance of the Outstanding Parity Bonds as described in the  
3 recitals to this ordinance.

4 "Outstanding Parity Bonds" means, as of the date of this ordinance, the  
5 2006 Bonds, the 2008 Bonds, and the 2015 Bonds as identified in the recitals to  
6 this ordinance. After the Closing of each series of Bonds and the refunding of the  
7 Refunded Bonds, the Outstanding Parity Bonds will include the then-outstanding  
8 2006 Bonds, if any, the 2008 Bonds, and the 2015 Bonds.

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

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

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

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

18 "Qualified Insurance" means any municipal bond insurance policy or surety  
19 bond issued by any insurance company licensed to conduct an insurance business  
20 in any state of the United States (or by a service corporation acting on behalf of one  
21 or more such insurance companies), which insurance company or companies, as of  
22 the time of issuance of such policy or surety bond, are currently rated in one of the  
23 two highest rating categories by Moody's and S&P; provided, after all of the 2006  
24  
25  
26



1 Bonds and 2008 Bonds are fully redeemed, refunded or defeased, this definition  
2 shall be amended to read as follows: "Qualified Insurance" means any  
3 non-cancellable municipal bond insurance policy or surety bond issued by any  
4 insurance company licensed to conduct an insurance business in any state of the  
5 United States (or by a service corporation acting on behalf of one or more such  
6 insurance companies), which insurance company or companies, as of the time of  
7 issuance of such policy or surety bond, are currently rated in one of the two highest  
8 rating categories by Moody's, S&P or Fitch, or any other rating agency then  
9 maintaining a rating on the Bonds.  
10

11  
12 "Qualified Letter of Credit" means any letter of credit issued by a financial  
13 institution for the account of the City on behalf of the owners of the Bonds, which  
14 institution maintains an office, agency or branch in the United States and as of the  
15 time of issuance of such letter of credit is currently rated in one of the two highest  
16 rating categories by Moody's and S&P; provided, after all of the 2006 Bonds and  
17 2008 Bonds are fully redeemed, refunded or defeased, this definition shall be  
18 amended to read as follows: "Qualified Letter of Credit" means any irrevocable letter  
19 of credit issued by a financial institution for the account of the City on behalf of the  
20 owners of one or more series of Parity Bonds, which institution maintains an office,  
21 agency or branch in the United States and as of the time of issuance of such letter of  
22 credit is currently rated in one of the two highest rating categories by Moody's, S&P  
23 or Fitch, or any other rating agency then maintaining a rating on the Bonds.  
24

25  
26 "Rate Stabilization Fund" means the fund of that name in the Solid Waste  
Operating Fund.



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

“Refunded Bonds” means the 2006A Refunded Bonds and the 2006B Refunded Bonds.

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

“Refunding Candidates” means the 2006A Refunding Candidates and the 2006B Refunding Candidates.

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

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

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

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



1 Requirement. If the dollar amount required to be contributed at the time of issuance  
2 of a series of Future Parity Bonds exceeds the Maximum Reserve Requirement,  
3 then the amount required to be contributed shall be equal to the Maximum Reserve  
4 Requirement.

5  
6 (b) After the 2006 Bonds and 2008 Bonds are fully redeemed,  
7 refunded or defeased, with respect to other series of Parity Bonds, the Reserve  
8 Fund Requirement shall be equal to the amount, if any, specified in either the Parity  
9 Bond Ordinance authorizing the issuance of such Parity Bonds or in a certificate of  
10 the Finance Director, Treasurer, and Environmental Services Director; provided,  
11 however, such Reserve Fund Requirement shall not exceed the Maximum Reserve  
12 Requirement.

13  
14 "Rule" means the Commission's Rule 15c2-12 under the Securities and  
15 Exchange Act of 1934, as the same may be amended from time to time.

16  
17 "S&P" means Standard & Poor's Ratings Services, or its comparable  
18 recognized business successor.

19 "Serial Bonds" means Parity Bonds other than Term Bonds.

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

24  
25 "Solid Waste Operating Fund" means the Solid Waste Operating Fund  
26 maintained by the City.

"State" means the state of Washington.



1           “System” means the garbage and refuse collection and disposal system of  
2 the City as defined in Section 1 of Ordinance No. 21312, as the same has  
3 heretofore been added to, improved and extended and as the same will be added  
4 to, improved and extended for so long as any of the Parity Bonds are outstanding.  
5

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

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

9           “Treasurer” means the duly appointed and acting Treasurer of the City or the  
10 successor to the duties of that office.  
11

12           “2006 Bond Ordinances” mean, collectively, the ordinances and resolution  
13 authorizing the issuance of the 2006 Bonds as described in the recitals of this  
14 ordinance.

15           “2006 Bonds” mean the 2006A Bonds and the 2006B Bonds.

16           “2006A Bonds” mean the City of Tacoma, Washington Solid Waste Utility  
17 Revenue Bonds, 2006 Series A, issued pursuant to Ordinance No. 27489, as  
18 amended by Ordinance No. 27492 and by Substitute Resolution No. 36905.  
19

20           “2006A Refunded Bonds” mean all or a portion of the 2006A Refunding  
21 Candidates designated by the Designated Representative for defeasance and/or  
22 refunding pursuant to Section 8 and Section 16 of this ordinance.  
23

24           “2006A Refunding Candidates” means any or all of the 2006A Bonds.

25           “2006B Bonds” mean the City of Tacoma, Washington Solid Waste Utility  
26 Revenue Refunding Bonds, 2006 Series B, issued pursuant to Ordinance



1 No. 27489, as amended by Ordinance No. 27492 and by Substitute Ordinance  
2 No. 27523.

3 “2006B Refunded Bonds” mean all or a portion of the 2006B Refunding  
4 Candidates designated by the Designated Representative for defeasance and/or  
5 refunding pursuant to Section 8 and Section 16 of this ordinance.  
6

7 “2006B Refunding Candidates” means any or all of the 2006B Bonds.

8 “2008 Bonds” mean the City of Tacoma, Washington Solid Waste Utility  
9 Revenue Refunding Bonds, 2008, issued pursuant to Ordinance No. 27736 and  
10 Substitute Resolution No. 37575.  
11

12 “2015 Bonds” means the outstanding Solid Waste Bonds, 2015 (Green  
13 Bonds) issued pursuant to Ordinance No. 28279.

14 “2016A Bonds” mean the City of Tacoma, Washington, Solid Waste  
15 Revenue Refunding Bonds, 2016A, authorized to be issued pursuant to this  
16 ordinance for the purpose set forth in Section 3 of this ordinance.  
17

18 “2016B Bonds” mean the City of Tacoma, Washington, Solid Waste  
19 Revenue Refunding Bonds, 2016B, authorized to be issued pursuant to this  
20 ordinance for the purpose set forth in Section 3 of this ordinance.

21 “Underwriter” means, collectively, the initial purchaser or purchasers of the  
22 Bonds, as selected by the Designated Representative.  
23

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



1 rate shall be subject to a Maximum Interest Rate and there may be an initial rate  
2 specified, in each case as provided in such bond ordinance, or a stated interest rate  
3 that may be changed from time to time as provided in the bond ordinance  
4 authorizing such Parity Bonds. Such bond ordinance shall also specify either  
5 (a) the particular period or periods of time or manner of determining such period or  
6 periods of time for which each value of such variable interest rate shall remain in  
7 effect or (b) the time or times upon which any change in such variable interest rate  
8 shall become effective.  
9

10 "Variable Interest Rate Bonds" for any period of time means Parity Bonds  
11 that during such period bear a Variable Interest Rate, provided that Parity Bonds  
12 the interest rate on which shall have been fixed for the remainder of the term  
13 thereof shall no longer be Variable Interest Rate Bonds.  
14

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

16 (1) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and  
17 any similar terms, as used in this ordinance, refer to this ordinance as a whole and  
18 not to any particular article, section, subdivision or clause hereof, and the term  
19 "hereafter" shall mean after, and the term "heretofore" shall mean before, the date  
20 of this ordinance;  
21

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

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

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

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

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

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

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





1 (d) At the time of issuance of the Bonds, the City shall have on file a  
2 certificate satisfying the parity requirements of the Outstanding Parity Bond  
3 Ordinances.

4 The applicable conditions of the Outstanding Parity Bond Ordinances having  
5 been or to be complied with in connection with the issuance of the Bonds, the  
6 pledge contained herein of Net Revenues of the System to pay and secure the  
7 payment of the Bonds shall constitute a lien and charge upon such Net Revenues  
8 equal in rank with the lien and charge upon the Net Revenues to pay and secure  
9 the payment of the Outstanding Parity Bonds.  
10

11 Section 3. Authorization and Description of Bonds.

12 (a) 2016A Bonds. For the purposes of defeasing and refunding the 2006A  
13 Refunded Bonds and paying costs of issuance of the 2016A Bonds, the City is  
14 hereby authorized to issue and sell solid waste revenue refunding bonds  
15 (the "2016A Bonds").  
16

17 The 2016A Bonds shall be designated as the "City of Tacoma, Washington,  
18 Solid Waste Revenue Refunding Bonds, 2016A" with additional series designation  
19 or other designation as set forth in the Bond Purchase Contract and approved by  
20 the Designated Representative.  
21

22 The 2016A Bonds shall be dated as of their date of initial delivery, shall be  
23 fully registered as to both principal and interest, shall be in the denomination of  
24 \$5,000 each or any integral multiple thereof within a maturity, shall be numbered  
25 separately in the manner and with any additional designation as the Bond Registrar  
26 deems necessary for purposes of identification and control, and shall bear interest



1 payable on the dates set forth in the Bond Purchase Contract. The 2016A Bonds  
2 shall bear interest at the rates set forth in the Bond Purchase Contract; and shall  
3 mature on the dates and in the principal amounts set forth in the Bond Purchase  
4 Contract and as approved by a Designated Representative pursuant to Section 16.

5  
6 (b) 2016B Bonds. For the purposes of defeasing and refunding the 2006B  
7 Refunded Bonds and paying costs of issuance of the 2016B Bonds, the City is  
8 hereby authorized to issue and sell solid waste revenue refunding bonds  
9 (the "2016B Bonds").

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

14  
15 The 2016B Bonds shall be dated as of their date of initial delivery, shall be  
16 fully registered as to both principal and interest, shall be in the denomination of  
17 \$5,000 each or any integral multiple thereof within a maturity, shall be numbered  
18 separately in the manner and with any additional designation as the Bond Registrar  
19 deems necessary for purposes of identification and control, and shall bear interest  
20 payable on the dates set forth in the Bond Purchase Contract. The 2016B Bonds  
21 shall bear interest at the rates set forth in the Bond Purchase Contract; and shall  
22 mature on the dates and in the principal amounts set forth in the Bond Purchase  
23 Contract and as approved by a Designated Representative pursuant to Section 16.

24  
25 (c) Limited Obligations. The Bonds shall be special obligations of the City  
26 payable only from the Bond Fund and shall be payable and secured as provided



1 herein. The Bonds shall not be general obligations of the City, the State or any  
2 political subdivision thereof.

3 Section 4. Registration, Exchange and Payments.

4 (a) Bond Registrar/Bond Register. The City hereby specifies and adopts the  
5 system of registration approved by the Washington State Finance Committee from  
6 time to time through the appointment of a state fiscal agent. The City shall cause a  
7 Bond Register to be maintained by the Bond Registrar. So long as any Bonds  
8 remain outstanding, the Bond Registrar shall make all necessary provisions to  
9 permit the exchange or registration or transfer of Bonds at its designated office.

10 The Bond Registrar may be removed at any time at the option of the Finance  
11 Director upon prior notice to the Bond Registrar and a successor Bond Registrar  
12 appointed by the Finance Director. No resignation or removal of the Bond Registrar  
13 shall be effective until a successor shall have been appointed and until the  
14 successor Bond Registrar shall have accepted the duties of the Bond Registrar  
15 hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate  
16 and deliver Bonds transferred or exchanged in accordance with the provisions of  
17 such Bonds and this ordinance and to carry out all of the Bond Registrar's powers  
18 and duties under this ordinance. The Bond Registrar shall be responsible for its  
19 representations contained in the Certificate of Authentication of the Bonds.

20 (b) Registered Ownership. The City and the Bond Registrar, each in its  
21 discretion, may deem and treat the Registered Owner of each Bond as the absolute  
22 owner thereof for all purposes (except as provided in Section 21 of this ordinance),  
23 and neither the City nor the Bond Registrar shall be affected by any notice to the  
24  
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1 contrary. Payment of any such Bond shall be made only as described in  
2 Section 5(g), but such Bond may be transferred as herein provided. All such  
3 payments made as described in Section 5(g) shall be valid and shall satisfy and  
4 discharge the liability of the City upon such Bond to the extent of the amount or  
5 amounts so paid.  
6

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

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

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

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of a series, together with a written request on behalf of the Finance Director, issue a single new Bond for each series and maturity then outstanding, registered



1 in the name of such successor or such substitute depository, or their nominees, as  
2 the case may be, all as specified in such written request of the Finance Director.

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

16 (e) Registration of Transfer of Ownership or Exchange; Change in  
17 Denominations. The transfer of any Bond may be registered and Bonds may be  
18 exchanged, but no transfer of any such Bond shall be valid unless it is surrendered  
19 to the Bond Registrar with the assignment form appearing on such Bond duly  
20 executed by the Registered Owner or such Registered Owner's duly authorized  
21 agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the  
22 Bond Registrar shall cancel the surrendered Bond and shall authenticate and  
23 deliver, without charge to the Registered Owner or transferee therefor, a new Bond  
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1 (or Bonds at the option of the new Registered Owner) of the same series, date,  
2 maturity and interest rate and for the same aggregate principal amount in any  
3 authorized denomination, naming as Registered Owner the person or persons listed  
4 as the assignee on the assignment form appearing on the surrendered Bond, in  
5 exchange for such surrendered and canceled Bond. Any Bond may be surrendered  
6 to the Bond Registrar and exchanged, without charge, for an equal aggregate  
7 principal amount of Bonds of the same series, date, maturity and interest rate, in  
8 any authorized denomination. The Bond Registrar shall not be obligated to register  
9 the transfer or to exchange any Bond during the 15 days preceding any principal  
10 payment date any such Bond is to be redeemed.  
11  
12

13 (f) Bond Registrar's Ownership of Bonds. The Bond Registrar may become  
14 the Registered Owner of any Bond with the same rights it would have if it were not  
15 the Bond Registrar, and to the extent permitted by law, may act as depository for  
16 and permit any of its officers or directors to act as a member of, or in any other  
17 capacity with respect to, any committee formed to protect the right of the Registered  
18 Owners of Bonds.  
19

20 (g) Place and Medium of Payment. Both principal of and interest on the  
21 Bonds shall be payable in lawful money of the United States of America. Interest  
22 on the Bonds shall be calculated on the basis of a year of 360 days and twelve  
23 30-day months. For so long as all Bonds are held by a depository, payments of  
24 principal and interest thereon shall be made as provided in accordance with the  
25 operational arrangements of DTC referred to in the Letter of Representations. In  
26 the event that the Bonds are no longer held by a depository, interest on the Bonds



1 shall be paid by check or draft mailed to the Registered Owners at the addresses  
2 for such Registered Owners appearing on the Bond Register on the 15th day of the  
3 month preceding the interest payment date, or upon the written request of a  
4 Registered Owner of more than \$1,000,000 of Bonds (received by the Bond  
5 Registrar at least 15 days prior to the applicable payment date), such payment shall  
6 be made by the Bond Registrar by wire transfer to the account within the United  
7 States designated by the Registered Owner. Principal of the Bonds shall be  
8 payable upon presentation and surrender of such Bonds by the Registered Owners  
9 at the designated office of the Bond Registrar.  
10  
11

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

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

17 (a) Mandatory Redemption of Term Bonds and Optional Redemption, if any.  
18 The Bonds of each series shall be subject to mandatory redemption to the extent, if  
19 any, set forth in the Bond Purchase Contract approved by the Designated  
20 Representative pursuant to Section 16. The Bonds of each series shall be subject  
21 to optional redemption on the dates, at the prices and under the terms set forth in  
22 the Bond Purchase Contract approved by the Designated Representative pursuant  
23 to Section 16.  
24

25 (b) Purchase of Bonds. The City hereby reserves the right at any time to  
26 purchase any of the Bonds from amounts available for such purchase.





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

(d) Notice of Redemption.

(1) Official Notice. For so long as the Bonds are held in uncertificated form, notice of redemption (which notice may be conditional) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither



1 the City nor the Bond Registrar will provide any notice of redemption to any  
2 beneficial owners. Thereafter (if the Bonds are no longer held in uncertificated  
3 form), notice of redemption shall be given in the manner hereinafter provided.  
4 Unless waived by any owner of Bonds to be redeemed, official notice of any such  
5 redemption (which redemption may be conditioned by the Bond Registrar on the  
6 receipt of sufficient funds for redemption or otherwise) shall be given by the Bond  
7 Registrar on behalf of the City by mailing a copy of an official redemption notice by  
8 first-class mail at least 20 days and not more than 60 days prior to the date fixed for  
9 redemption to the Registered Owner of the Bond or Bonds to be redeemed at the  
10 address shown on the Bond Register or at such other address as is furnished in  
11 writing by such Registered Owner to the Bond Registrar.  
12

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

- 15 (A) the redemption date,  
16 (B) the redemption price,  
17 (C) if fewer than all outstanding Bonds are to be redeemed,  
18 the identification by maturity (and, in the case of partial redemption, the respective  
19 principal amounts) of the Bonds to be redeemed,  
20 (D) that unless conditional notice of redemption has been  
21 given and such conditions have not been satisfied or waived or such notice has  
22 been rescinded, on the redemption date the redemption price will become due and  
23 payable upon each such Bond or portion thereof called for redemption, and if the  
24 Bond Registrar then holds sufficient funds to pay such Bonds at the redemption  
25 price, interest thereon shall cease to accrue from and after said date,  
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(E) any conditions to redemption, and

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

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

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



1 or prior to the redemption date shall be payable as herein provided for payment of  
2 interest. All Bonds which have been redeemed shall be canceled by the Bond  
3 Registrar and shall not be reissued.

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

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

6 Section 7. Execution of Bonds. The Bonds shall be executed on behalf of  
7 the City with the manual or facsimile signatures of the Mayor and City Clerk of the  
8 City and the seal of the City shall be impressed, imprinted or otherwise  
9 reproduced thereon.  
10

11 Only such Bonds as shall bear thereon a Certificate of Authentication in the  
12 form provided herein, manually executed by the Bond Registrar, shall be valid or  
13 obligatory for any purpose or entitled to the benefits of this ordinance. Such  
14 Certificate of Authentication shall be conclusive evidence that the Bonds so  
15 authenticated have been duly executed, authenticated and delivered hereunder and  
16 are entitled to the benefits of this ordinance.  
17

18 In case either of the officers who shall have executed the Bonds shall cease  
19 to be an officer or officers of the City before the Bonds so signed shall have been  
20 authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds  
21 may nevertheless be authenticated, delivered and issued and upon such  
22 authentication, delivery and issuance, shall be as binding upon the City as though  
23 those who signed the same had continued to be such officers of the City. Any Bond  
24 may be signed and attested on behalf of the City by such persons who at the date  
25 of the actual execution of such Bond, are the proper officers of the City, although at  
26



1 the original date of such Bond any such person shall not have been such officer of  
2 the City.

3           Section 8. Application of Bond Proceeds; Refunding Plan. For the purpose  
4 of modifying debt service and restructuring the 2006 Bonds, the City proposes to  
5 defease and/or refund all or a portion of the 2006 Bonds as set forth herein. If the  
6 Designated Representative determines that it is in the best interest of the City to  
7 proceed with the refunding authorized herein, the Designated Representative shall  
8 designate all or a portion of each series of the Refunding Candidates as Refunded  
9 Bonds and such designation shall be set forth in the Bond Purchase Contract. A  
10 portion of the proceeds of each series of Bonds shall be deposited with the Escrow  
11 Agent pursuant to the Escrow Deposit Agreement to be used immediately upon  
12 receipt thereof to defease the 2006A Refunded Bonds and the 2006B Refunded  
13 Bonds, as applicable, as authorized by the 2006 Bond Ordinances and to pay costs  
14 of issuance of each series of Bonds.  
15  
16

17           The net proceeds of each series of Bonds deposited with the Escrow Agent  
18 shall be used to defease the applicable Refunded Bonds and discharge the  
19 obligations thereon by the purchase of certain Acquired Obligations bearing such  
20 interest and maturing as to principal and interest in such amounts and at such times  
21 which, together with any necessary beginning cash balance, will provide for the  
22 payment of:  
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25           (a) interest on each series of Refunded Bonds as such becomes due on and  
26 prior to the applicable Call Date; and



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

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

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

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

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

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

The Escrow Agent is hereby authorized and directed to provide for the giving of notices of the defeasance and/or redemption of each series of the Refunded Bonds in accordance with the applicable provisions of the 2006 Bond Ordinances.

The costs of publication of such notices shall be an expense of the City.



1           The Escrow Agent is hereby authorized and directed to pay to the Finance  
2 Director, or, at the direction of the Finance Director, to the paying agent for the  
3 Refunded Bonds, sums sufficient to pay, when due, the payments specified in this  
4 Section 8. All such sums shall be paid from the moneys and Acquired Obligations  
5 deposited with the Escrow Agent, and the income therefrom and proceeds thereof.  
6 All such sums so paid to or to the order of the Finance Director shall be credited to  
7 the Refunding Account. All moneys and Acquired Obligations deposited with the  
8 Escrow Agent and any income therefrom shall be held, invested (but only at the  
9 direction of the Finance Director) and applied in accordance with the provisions of  
10 this ordinance, the Escrow Deposit Agreement, and with the laws of the State for  
11 the benefit of the City and owners of the Refunded Bonds.  
12  
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14           The City will take such actions as are found necessary to see that all  
15 necessary and proper fees, compensation and expenses of the Escrow Agent for  
16 the Refunded Bonds shall be paid when due.  
17

18           A portion of the proceeds of the Bonds may also be used, if necessary, to  
19 satisfy the Reserve Fund Requirement at the time of issuance of the Bonds as set  
20 forth in Section 10(b) of this ordinance.  
21

22           Section 9. Solid Waste Operating Fund; Pledge of Revenues. A special  
23 fund of the City has been created and designated the "Solid Waste Operating  
24 Fund". The City covenants and agrees that so long as any of the Parity Bonds are  
25 outstanding, it will pay or cause to be paid into the Solid Waste Operating Fund all  
26 Gross Revenues, except income from the investment of money in any construction  
funds and any rebate fund, as collected and the Solid Waste Operating Fund shall





1 be held separate and apart from all other funds and accounts of the City. The  
2 money in the Solid Waste Operating Fund shall be used only for the following  
3 purposes and in the following order of priority:

4 First, to pay the Costs of Maintenance and Operation;

5  
6 Second, to make all payments required to be made for the Parity Bonds in  
7 the following order:

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

11  
12 (b) to make all payments required to be made into the Debt Service  
13 Account to pay the principal of any Parity Bonds due at maturity for which money  
14 shall not have been provided by income from the investment of money in the Bond  
15 Fund, and to make all payments heretofore or hereafter required to be made into  
16 the Debt Service Account under any schedule for the amortization of Term Bonds;

17  
18 (c) to make all payments required to be made pursuant to a  
19 reimbursement obligation in connection with a Qualified Letter of Credit or Qualified  
20 Insurance with respect to the Reserve Fund, and after the 2006 Bonds and 2008  
21 Bonds are fully redeemed, refunded or defeased, into any other reserve fund  
22 created in the future for the payment of debt service on Parity Bonds, provided that  
23 if there is not sufficient money to make all payments under reimbursement  
24 agreements the payments will be made on a pro rata basis;

25  
26 (d) to make all payments required to be made into the Reserve Fund  
to secure the payment of any Covered Bonds, and after the 2006 Bonds and 2008



1 Bonds are fully redeemed, refunded or defeased, into any other reserve fund  
2 created in the future for the payment of debt service on Parity Bonds;

3 Third, to make all payments required to be made into any other revenue  
4 bond redemption fund, revenue warrant redemption fund, debt service account,  
5 reserve account or sinking fund account created to pay and secure the payment of  
6 the principal of and interest on any revenue bonds or revenue warrants of the City  
7 having a lien upon Gross Revenues and the money in the Solid Waste Operating  
8 Fund junior and inferior to the lien thereon for the payment of the principal of and  
9 interest on Parity Bonds;  
10

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

12 Fifth, to retire by redemption or purchase in the open market any outstanding  
13 solid waste revenue bonds, notes or revenue warrants of the City or to make  
14 necessary additions, improvements, extraordinary repairs, extensions and  
15 replacements of the System, to make payments into the Rate Stabilization Fund, or  
16 any other lawful City purposes, including the payment of legal claims and  
17 judgments against the System.  
18

19 The City hereby pledges Gross Revenues, after payment of the Costs of  
20 Maintenance and Operation, to the payment of the Parity Bonds.  
21

22 Section 10. Bond Fund. There has been created the "Tacoma Solid Waste  
23 Revenue Bond Fund" (the "Bond Fund") for the sole purpose of paying and  
24 securing the payment of Parity Bonds. The Bond Fund contains the Debt Service  
25 Account and the Reserve Fund. At the option of the City, separate funds and  
26 accounts may be created in the Bond Fund for the purpose of paying or securing



1 the payment of principal, premium, if any, and interest on any series of Parity  
2 Bonds.

3 (a) A Debt Service Account has been created in the Bond Fund for the  
4 purpose of paying the interest on any Parity Bonds and the principal or Sinking  
5 Fund Requirement for and premium, if any, on any Parity Bonds. As long as any  
6 Parity Bonds remain outstanding, the City hereby irrevocably obligates and binds  
7 itself to set aside and pay from the Solid Waste Operating Fund into the Debt  
8 Service Account those amounts necessary, with such other funds as are then on  
9 hand and available in the Debt Service Account, to pay the interest on all  
10 outstanding Parity Bonds, the principal of all outstanding Parity Bonds and the  
11 Sinking Fund Requirements as such interest, principal and Sinking Fund  
12 Requirements, respectively, become due and payable at maturity or by mandatory  
13 redemption. Payments on account of the Parity Bonds shall be made on or before  
14 the day on which an installment of interest, principal or Sinking Fund Requirement  
15 becomes due.  
16  
17  
18

19 (b) A Reserve Fund has been created in the Bond Fund for the purpose of  
20 securing the payment of the principal of and interest on the Covered Bonds. After  
21 the 2006 Bonds and 2008 Bonds are fully redeemed, refunded or defeased, the  
22 City may create separate reserve funds and establish separate Reserve Fund  
23 Requirements, if any, to secure the payment of the principal of and interest on other  
24 Parity Bonds.  
25

26 The Bonds shall initially be issued as Covered Bonds and the payment of the  
principal of and interest on the Bonds shall initially be secured by the Reserve



1 Fund. After the 2006 Bonds and 2008 Bonds are fully redeemed, refunded or  
2 defeased, the City, in its sole discretion, may create a separate reserve fund and  
3 establish a separate Reserve Fund Requirement, if any, to secure the payment of  
4 the principal of and interest on the Bonds. If the City determines to create a  
5 separate reserve fund and establish a Reserve Fund Requirement for the Bonds,  
6 from such date the Bonds will no longer be Covered Bonds and the payment of the  
7 principal of and interest on the Bonds will no longer be secured by the Reserve  
8 Fund. The new Reserve Fund Requirement for the Bonds shall be equal to the  
9 amount, if any, specified in a certificate of the Finance Director, Treasurer and  
10 Environmental Services Director, a form of which is attached hereto as Exhibit B.  
11  
12 The City shall provide notice of any such separate reserve fund and corresponding  
13 Reserve Fund Requirement for the Bonds in the same manner as a listed event  
14 notice that would be required upon the occurrence of a material “release,  
15 substitution, or sale of property securing repayment of the Bonds” in accordance  
16 with Section 21(c) of this ordinance.  
17  
18

19 The City hereby covenants that at the time of the issuance of the Bonds it  
20 will deposit a portion of the proceeds of the Bonds, acquire Qualified Insurance or  
21 Qualified Letter of Credit, or use other available funds to satisfy the Reserve Fund  
22 Requirement for the Bonds and the Outstanding Parity Bonds as of the date of  
23 Closing.  
24

25 The City further covenants that in the event it issues any Future Parity Bonds  
26 that are Covered Bonds it will provide in each Parity Bond Ordinance authorizing  
the issuance of the same that it will deposit proceeds from the Future Parity Bonds



1 or approximately equal monthly payments will be made into the Reserve Fund out  
2 of the Solid Waste Operating Fund so that within 36 months or less from the date of  
3 the issuance of such Future Parity Bonds the total amount of such payments, with  
4 the amount already in the Reserve Fund, will be at least equal to the Reserve Fund  
5 Requirement; provided, after the 2006 Bonds and 2008 Bonds are fully redeemed,  
6 refunded or defeased, this covenant shall read as follows: The City further  
7 covenants that in the event it issues any Future Parity Bonds that are Covered  
8 Bonds it will provide in each Parity Bond Ordinance authorizing the issuance of the  
9 same that it will deposit proceeds from the Future Parity Bonds or approximately  
10 equal monthly payments will be made into the Reserve Fund out of the Solid Waste  
11 Operating Fund so that within five years or less from the date of the issuance of  
12 such Future Parity Bonds the total amount of such payments, with the amount  
13 already in the Reserve Fund, will be at least equal to the Reserve Fund  
14 Requirement.  
15  
16

17  
18 The City may elect to fund part or all the Reserve Fund with respect to the  
19 Bonds and any Future Parity Bonds that are Covered Bonds through the use of a  
20 Qualified Letter of Credit or Qualified Insurance. In making the payments and  
21 credits to the Reserve Fund required by this Section 10(b), to the extent that the  
22 City has obtained Qualified Insurance or a Qualified Letter of Credit for specific  
23 amounts required pursuant to this section, such amounts so covered by Qualified  
24 Insurance or a Qualified Letter of Credit shall be credited against the amounts  
25 required to be maintained in the Reserve Fund by this Section 10(b) to the extent  
26 that such payments and credits to be made are insured by an insurance company



1 or guaranteed by a letter of credit from a financial institution. In the event of any  
2 cancellation, the Reserve Fund shall be funded in accordance with the first three  
3 paragraphs of this Section 10(b), as if the Covered Bonds that remain outstanding  
4 had been issued on the date of such notice of cancellation.  
5

6           The City further covenants that when the deposits required by this  
7 Section 10(b) have been made into the Reserve Fund, it will at all times maintain  
8 therein an amount at least equal to the Reserve Fund Requirement as the same  
9 may be recalculated and determined from time to time. The investments in the  
10 Reserve Fund shall be valued on each December 31 and may be valued on any  
11 other date. Such valuation shall be at the market value of the obligations in such  
12 fund including accrued interest; provided that investments which mature within one  
13 year shall be valued at their maturity value. Whenever there is a sufficient amount  
14 in the Debt Service Account and the Reserve Fund to pay the principal of, premium,  
15 if any, and interest on all Covered Bonds then outstanding, the money in the  
16 Reserve Fund may be used to pay such principal, premium, if any, or Sinking Fund  
17 Requirements or interest. Money in the Reserve Fund may be withdrawn to  
18 redeem and retire outstanding Covered Bonds, and to pay the interest due to such  
19 date of redemption and premium, if any, or Sinking Fund Requirements on such  
20 outstanding Covered Bonds, so long as the money remaining on deposit in the  
21 Reserve Fund is at least equal to the Reserve Fund Requirement. When a series  
22 of Covered Bonds is refunded in whole or in part, money may be withdrawn from  
23 the Reserve Fund to pay or provide for the payment of refunded Covered Bonds;  
24 provided that immediately after such withdrawal there shall remain in or be credited  
25  
26



1 to the Reserve Fund money and Permitted Investments in an amount equal to the  
2 Reserve Fund Requirement or so much thereof as is then required to be  
3 maintained.

4           In the event there shall be a deficiency in the Debt Service Account to meet  
5 maturing installments of either interest on or principal of or Sinking Fund  
6 Requirements on any Covered Bonds, such deficiency shall be made up from the  
7 Reserve Fund by the withdrawal of money therefrom and by the sale or redemption  
8 of obligations held in the Reserve Fund, if necessary, in such amounts as will  
9 provide cash in the Reserve Fund sufficient to make up any such deficiency, and if  
10 a deficiency still exists immediately prior to an interest payment date and after the  
11 withdrawal of cash, the City shall then draw from any Qualified Letter of Credit or  
12 Qualified Insurance in sufficient amount to make up the deficiency. Such draw shall  
13 be made at such times and under such conditions as the agreement for such  
14 Qualified Letter of Credit or such Qualified Insurance shall provide. The City  
15 covenants that any deficiency created in the Reserve Fund by reason of any  
16 withdrawal therefrom for payment into the Debt Service Account shall be made up  
17 from money in the Solid Waste Operating Fund first available after providing for the  
18 required payments into the Debt Service Account and after providing for any  
19 required payments pursuant to a reimbursement obligation; provided, that once the  
20 2006 Bonds are no longer outstanding, any such deficiency shall be made up within  
21 12 months of such deficiency.

22  
23  
24  
25  
26           (c) Said amounts so pledged to be paid into the Debt Service Account and  
the Reserve Fund from the Solid Waste Operating Fund are hereby declared to be



1 a prior lien and charge upon Gross Revenues superior to all other charges of any  
2 kind or nature whatsoever except the Costs of Maintenance and Operation of the  
3 System and except that the amounts so pledged are of equal lien to the charges  
4 upon such Revenue which may hereafter be made to pay and secure the payment  
5 of the principal of and interest on any Future Parity Bonds, and, provided further, if  
6 the City elects to meet the requirements of this Section 10(b) with respect to the  
7 Reserve Fund as to any issue of Parity Bonds through the use of a Qualified Letter  
8 of Credit or Qualified Insurance, then the City's reimbursement obligation with  
9 respect thereto, if any, may rank on a parity of lien with the Parity Bonds.  
10

11 (d) Money held in all of the accounts in the Bond Fund shall, to the fullest  
12 extent practicable and reasonable, be invested and reinvested at the direction of  
13 the Treasurer of the City solely in, and obligations deposited in such accounts shall  
14 consist of, Permitted Investments which shall mature on or prior to the respective  
15 dates when the money held for the credit of such accounts will be required for the  
16 purposes intended, but only to the extent that the same are acquired, valued and  
17 disposed of at Fair Market Value. Money in the Reserve Fund not required for  
18 immediate disbursement for the purposes for which such fund is created shall, to  
19 the fullest extent practicable and reasonable, be invested and reinvested at the  
20 direction of the City solely in, and obligations deposited in the Reserve Fund shall  
21 consist of, Permitted Investments maturing prior to the final maturity date of the  
22 Parity Bonds then outstanding. All interest earned and income derived by virtue of  
23 investments of money in the Debt Service Account or the Reserve Fund may  
24 remain in the Bond Fund or be deposited into the Solid Waste Operating Fund and  
25  
26





1 all such investment income may be used to meet the required deposits into any  
2 account in the Bond Fund.

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

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

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

20 Section 12. Defeasance. In the event that the City, to effect the payment,  
21 retirement or redemption of any Bond, sets aside in the Bond Fund or in another  
22 special account, cash or noncallable Government Obligations, or any combination  
23 of cash and/or noncallable Government Obligations, in amounts and maturities  
24 which, together with the known earned income therefrom, are sufficient to redeem  
25 or pay and retire such Bond in accordance with its terms and to pay when due the  
26 interest and redemption premium, if any, thereon, and such cash and/or noncallable



1 Government Obligations are irrevocably set aside and pledged for such purpose,  
2 then no further payments need be made into the Bond Fund for the payment of the  
3 principal of and interest on such Bond. The owner of a Bond so provided for shall  
4 cease to be entitled to any lien, benefit or security of this ordinance except the right  
5 to receive payment of principal, premium, if any, and interest from the Bond Fund or  
6 such special account, and such Bond shall be deemed to be not outstanding under  
7 this ordinance.  
8

9 The City shall give written notice of defeasance in accordance with  
10 Section 21.  
11

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

14 (a) Establishment and Collection of Rates and Charges. The City shall  
15 establish, maintain and collect lawful rates and charges for the use of the services  
16 and facilities of the System and all commodities sold, furnished or supplied by the  
17 System, and shall adjust such rates and charges from time to time so that:  
18

19 (1) Gross Revenues will at all times be sufficient (A) to pay all costs  
20 of and charges and expenses in connection with the proper operation and  
21 maintenance of the System, (B) to pay the principal of, interest on and any Sinking  
22 Fund Requirements for the outstanding Parity Bonds, as and when the same shall  
23 become due and payable, (C) to make when due all payments which the City is  
24 obligated to make into the Reserve Fund, (D) to make all other payments which the  
25 City is obligated to make pursuant to this ordinance or any Parity Bond Ordinance  
26 and (E) to pay all taxes, assessments or other governmental charges lawfully



1 imposed on the System or the revenue therefrom or payments in lieu thereof and  
2 any and all other amounts which the City may now and hereafter become obligated  
3 to pay from Gross Revenues by law or contract; and

4 (2) the Net Revenues in each calendar year will equal at least  
5  
6 1.25 times the Annual Debt Service for such calendar year.

7 Solely for purposes of calculating the coverage requirement set forth above,  
8 there shall be added to Gross Revenues in any calendar year any amount  
9 withdrawn from the Rate Stabilization Fund in such calendar year and deposited in  
10 the Solid Waste Operating Fund, and there shall be subtracted from Gross  
11 Revenues in any calendar year any amount withdrawn from the Solid Waste  
12 Operating Fund and deposited in the Rate Stabilization Fund. After all of the 2006  
13 Bonds and 2008 Bonds are fully redeemed, refunded or defeased, credits to or from  
14 the Rate Stabilization Fund that occur within 90 days after the end of a Fiscal Year  
15 may be treated as occurring within such Fiscal Year.  
16

17  
18 The calculation of the coverage requirement set forth above, and in  
19 Section 15, and the City's compliance therewith, may be made solely with reference  
20 to this ordinance without regard to future changes in generally accepted accounting  
21 principles. If the City has changed one or more of the accounting principles used in  
22 the preparation of its financial statements, because of a change in generally  
23 accepted accounting principles or otherwise, then an event of default relating to this  
24 coverage requirement shall not be considered an event of default if the coverage  
25 requirement ratio would have been complied with had the City continued to use  
26



1 those accounting principles employed at the date of the most recent audited  
2 financial statements prior to the date of this ordinance.

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

7  
8 (c) Sale or Disposition of System. The City will not sell or otherwise dispose  
9 of the System in its entirety unless simultaneously with such sale or disposition  
10 provision is made for payment into the Bond Fund of cash or Government  
11 Obligations sufficient to pay the principal of and interest on all then outstanding  
12 Parity Bonds in accordance with the terms thereof. The City will not sell or  
13 otherwise dispose of any part of the useful operating properties of the System in  
14 excess of 5 percent of the book value of the System (original acquisition cost of the  
15 System less accumulated depreciation) unless (1) there has been filed with the City  
16 Clerk a certificate of an Engineer stating that such disposition will not impair the  
17 ability of the City to comply with the rate covenants previously set forth under this  
18 section or (2) the proceeds from such disposition are used to acquire new useful  
19 operating properties of the System or to retire System debt. No sale, lease,  
20 mortgage or other disposal of any part of the System valued in excess of 10 percent  
21 of the book value of the System shall be made if, in the opinion of an Engineer,  
22 taking into consideration the use of such proceeds to acquire new property or retire  
23 debt and based on financial statements of the System for the most recent Fiscal  
24 Year available, such sale, mortgage, lease or other disposal would prevent the City  
25  
26



1 from meeting the requirements hereunder and with respect to any other obligations  
2 of the System.

3 (d) No Free Service. The City will not furnish any service of the System free  
4 of charge in an aggregate amount per year exceeding 1/10 of 1 percent of annual  
5 Gross Revenues.  
6

7 (e) Books and Accounts – Operating Statement. The City will keep and  
8 maintain proper books and accounts with respect to the operations, income and  
9 expenditures of the System that are in accordance with proper and legal accounting  
10 procedures. All expenses incurred in the maintenance of such books and accounts  
11 and the preparation of such statement may be regarded and paid as an expense of  
12 operation of the System.  
13

14 (f) Tax Covenants. The City will take all actions necessary to assure the  
15 exclusion of interest on the Bonds from the gross income of the owners of the  
16 Bonds to the same extent as such interest is permitted to be excluded from gross  
17 income under the Code as in effect on the date of issuance of the Bonds, including  
18 but not limited to the following:  
19

20 (1) Private Activity Bond Limitation. The City will assure that the  
21 proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private  
22 business tests of Section 141(b) of the Code or the private loan financing test of  
23 Section 141(c) of the Code.  
24

25 (2) Limitations on Disposition of Project. The City will not sell or  
26 otherwise transfer or dispose of (i) any personal property components of the  
projects refinanced with proceeds of the Bonds (the “Projects”) other than in the



1 ordinary course of an established government program under Treasury Regulation  
2 1.141-2(d)(4) or (ii) any real property components of the Projects, unless it has  
3 received an opinion of Bond Counsel to the effect that such disposition will not  
4 adversely affect the treatment of interest on the Bonds as excludable from gross  
5 income for federal income tax purposes.  
6

7 (3) Federal Guarantee Prohibition. The City will not take any action  
8 or permit or suffer any action to be taken if the result of such action would be to  
9 cause any of the Bonds to be “federally guaranteed” within the meaning of  
10 Section 149(b) of the Code.  
11

12 (4) Rebate Requirement. The City will take any and all actions  
13 necessary to assure compliance with Section 148(f) of the Code, relating to the  
14 rebate of excess investment earnings, if any, to the federal government, to the  
15 extent that such section is applicable to the Bonds.  
16

17 (5) No Arbitrage. The City will not take, or permit or suffer to be taken  
18 by the Escrow Agent or otherwise, any action with respect to the proceeds of the  
19 Bonds which, if such action had been reasonably expected to have been taken, or  
20 had been deliberately and intentionally taken, on the date of issuance of the Bonds  
21 would have caused the Bonds to be “arbitrage bonds” within the meaning of  
22 Section 148 of the Code.  
23

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



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

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

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

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

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



1 (b) "Parity Payment Agreement" means a Payment Agreement under which  
2 the City's payment obligations are expressly stated to be secured by a pledge of  
3 and lien on Net Revenues on an equal and ratable basis with the Net Revenues  
4 required to be paid into the Bond Fund to pay and secure the payment of the  
5 principal of and interest on Parity Bonds.  
6

7 (c) "Payment Agreement" means a written agreement for the purpose of  
8 managing or reducing the City's exposure to fluctuations or levels of interest rates,  
9 currencies or commodities or for other interest rate, investment, asset or liability  
10 management purposes, entered into on either a current or forward basis by the City  
11 and a Qualified Counterparty, all as authorized by any applicable laws of the State.  
12 Such agreement may or may not be characterized by a structure of reciprocity of  
13 payment.  
14

15 (d) "Payment Date" means any date specified in the Payment Agreement on  
16 which a City Payment or Receipt is due and payable under the Payment  
17 Agreement.  
18

19 (e) "Receipt" means any payment (designated as such by an ordinance or  
20 resolution) to be made to, or for the benefit of, the City under a Payment Agreement  
21 by the Payor.  
22

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

25 (g) "Qualified Counterparty" means a party (other than the City or a party  
26 related to the City) who is the other party to a Payment Agreement that has or  
whose obligations are unconditionally guaranteed by a party that has at least an





1 investment grade rating from a rating agency (who, if the City's Parity Bonds are  
2 rated by Moody's, must have a rating of at least "A") and who is otherwise qualified  
3 to act as the other party to a Payment Agreement under any applicable laws of the  
4 State.

5  
6 A Payment made under a Payment Agreement may be on a parity with the  
7 Bonds if the Payment Agreement satisfies the requirements for Future Parity Bonds  
8 described in Section 15, taking into consideration regularly scheduled Payments  
9 and Receipts (if any) under the Payment Agreement. The following shall be  
10 conditions precedent to the use of any Payment Agreement on a parity with the  
11 Bonds:

12  
13 (1) The City shall obtain an opinion of Bond Counsel on the due  
14 authorization and execution of such Payment Agreement, the validity and  
15 enforceability thereof and opining that the action proposed to be taken is authorized  
16 or permitted by this ordinance or the applicable provisions of any supplemental  
17 ordinance and will not adversely affect the excludability for federal income tax  
18 purposes of the interest on any outstanding Parity Bonds.

19  
20 (2) Prior to entering into a Payment Agreement, the City shall adopt  
21 an ordinance, which shall:

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

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

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

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

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

Section 15. Future Parity Bonds. The City reserves the right to issue Future Parity Bonds for the purposes of (a) providing funds to acquire, construct, reconstruct, install, or replace any equipment, facilities, additions, or other capital



1 improvements to the System for which it is authorized by law to issue revenue  
2 bonds; (b) any lawful purpose of the System, including the payment of a judgment  
3 or settlement of a claim; or (c) refunding at or prior to their maturity, any revenue  
4 bond anticipation notes or outstanding revenue bonds or other obligations payable  
5 out of Gross Revenues. The City may pledge that payments will be made out of  
6 money in the Solid Waste Operating Fund into the Bond Fund and the funds and  
7 accounts therein to pay and secure the payment of the principal of and interest on  
8 such Future Parity Bonds on a parity with the payments required herein to be made  
9 out of such money into such fund and accounts to pay and secure the payment of  
10 the principal of and interest on any Parity Bonds then outstanding, upon compliance  
11 with the following conditions:  
12

13  
14 (a) At the time of the issuance of any Future Parity Bonds there is no  
15 deficiency in the Bond Fund.

16  
17 (b) The principal of and interest on any Future Parity Bonds shall be payable  
18 out of the Bond Fund and the requirements for Sinking Fund Requirements and  
19 Reserve Fund payments (with respect to Covered Bonds) in Section 10 shall be  
20 met.

21  
22 (c) Prior to the delivery of any Future Parity Bonds, the City shall have on  
23 file in the office of the City Clerk either:

24 (1) A certificate of the Finance Director of the City stating that Net  
25 Revenues in any 12 consecutive months out of the most recent 24 months  
26 preceding the delivery of the bonds then proposed to be issued, as determined from  
the financial statements of the System, were not less than 1.25 times Maximum



1 Annual Debt Service for any year on all outstanding Parity Bonds and the bonds  
2 proposed to be issued, provided that in the event that any adjustment in the rates,  
3 fees and charges collected by the City for the services of the System shall have  
4 been adopted by the City Council at any time on or prior to the date of delivery of  
5 the bonds then proposed to be issued, the Finance Director shall reflect in his or  
6 her certificate the Net Revenues he or she estimates would have been collected in  
7 such 12-month period if such new rates, fees and charges had been in effect for the  
8 entire 12-month period, or  
9

10 (2) A certificate of an Engineer or a Certified Public Accountant  
11 showing that the "Adjusted Net Revenues" (as determined as provided below) for  
12 each calendar year during the life of the bonds proposed to be issued will equal not  
13 less than 1.25 times Maximum Annual Debt Service for any year on all outstanding  
14 Parity Bonds and the bonds proposed to be issued.  
15

16 The Adjusted Net Revenues shall be the Net Revenues for a period of any  
17 12 consecutive months out of the 24 months immediately preceding the date of  
18 delivery of such proposed Future Parity Bonds as adjusted by such Engineer or  
19 Certified Public Accountant to take into consideration changes in Net Revenues  
20 estimated to occur under the following conditions for each year after such delivery  
21 for so long as any Parity Bonds, including the Future Parity Bonds proposed to be  
22 issued, shall be outstanding:  
23  
24

25 (i) the additional Net Revenues which would have been  
26 received if any change in rates and charges adopted prior to the date of such



1 certificate and subsequent to the beginning of such 24 month period, had been in  
2 force during the full 24 month period;

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

7  
8 (iii) the additional Net Revenues estimated by such Engineer  
9 or Certified Public Accountant to be received as a result of any additions and  
10 improvements to and extensions of any facilities of the System which are (a) under  
11 construction at the time of such certificate or (b) will be constructed or acquired  
12 from the proceeds of the Future Parity Bonds to be issued.

13  
14 Such Engineer or Certified Public Accountant may rely upon, and such  
15 certificate shall have attached thereto, financial statements of the System, certified  
16 by the City Finance Director, showing income and expenses for the period upon  
17 which the same is based. The certificate of such Engineer or Certified Public  
18 Accountant shall be conclusive and the only evidence required to show compliance  
19 with the provisions and requirements of this subsection.

20  
21 (d) Refunding Bonds. Notwithstanding the foregoing requirement, if Future  
22 Parity Bonds are to be issued for the purpose of refunding at or prior to their  
23 maturity any part or all of the then outstanding Parity Bonds and the issuance of  
24 such refunding Future Parity Bonds will result in a debt service savings and does  
25 not require an increase of more than \$5,000 in any fiscal or calendar year for  
26 principal of and interest on such refunding Future Parity Bonds over and above the



1 amount required in such year for the principal of and interest on the bonds being  
2 refunded thereby, it is not necessary to obtain a certificate of the Finance Director  
3 or an Engineer or Certified Public Accountant prior to issuing such bonds.

4 (e) Junior Lien Bonds. Subject to Section 13(g) of this ordinance, nothing  
5 herein contained shall prevent the City from issuing revenue bonds or other  
6 obligations which are a charge upon Gross Revenues junior or inferior to the  
7 payments required by this ordinance to be made out of such Revenue into the Bond  
8 Fund and accounts therein to pay and secure the payment of any outstanding  
9 Parity Bonds.  
10

11 (f) Nothing herein contained shall prevent the City from issuing revenue  
12 bonds to refund maturing Parity Bonds for the payment of which money is not  
13 otherwise available.  
14

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

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

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

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

(1) the aggregate principal amount of the Bonds does not exceed \$55,000,000,

(2) the final maturity date for the 2016A Bonds is no later than December 1, 2036,

(3) the final maturity date for the 2016B Bonds is no later than December 1, 2036;



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(4) the Bonds are sold (in the aggregate) at a price not less than 97 percent and not greater than 130 percent,

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

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

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

Following the execution of the Bond Purchase Contract, the Designated Representative shall provide a report to the City Council describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representative by this Section 16 shall expire 120 days after the effective date of this ordinance. If a Bond Purchase Contract for the Bonds has not been executed within 120 days after the effective date of this ordinance, the authorization for the issuance of the Bonds shall be rescinded and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been reauthorized by ordinance of the City Council. The ordinance reauthorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 16.





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(b) Delivery of Bonds; Documentation. Upon the passage and approval of this ordinance, the proper officials of the City, including the Finance Director, Treasurer, and City Manager, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the Underwriter and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of this ordinance and the Bond Purchase Contract.

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

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

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

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

(c) If the City shall default in the observance and performance of any other of the covenants, conditions and agreements on the part of the City contained in



1 this ordinance or any covenants, conditions or agreements on the part of the City  
2 contained in any other Parity Bond Ordinance and such default or defaults shall  
3 have continued for a period of 90 days after the City shall have received from the  
4 owners of not less than 20 percent in principal amount of the Parity Bonds  
5 outstanding a written notice specifying and demanding the cure of such default.  
6

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

10 (1) Employs an Engineer to recommend changes in the System's  
11 rates which are estimated to produce Net Revenues sufficient (once the rates  
12 recommended by the Engineer have been imposed by the City) to meet the  
13 requirements of Section 14(a)(2); and  
14

15 (2) Promptly imposes rates at least as high as those recommended  
16 by such Engineer.  
17

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

21 The bondowners' trustee may upon the happening of an Event of Default,  
22 and during the continuance thereof, take such steps and institute such suits, actions  
23 or other proceedings in its own name, or as trustee, all as it may deem appropriate  
24 for the protection and enforcement of the rights of bondowners to collect any  
25 amounts due and owing the City, or to obtain other appropriate relief, and may  
26 enforce the specific performance of any covenant, agreement or condition



1 contained in this ordinance or in any of the Parity Bonds. The registered owners of  
2 the Parity Bonds, by taking and holding the same, shall be deemed irrevocably to  
3 appoint the bondowners' trustee the true and lawful trustee of the respective  
4 owners of said Parity Bonds.

5  
6 No owner of any one or more of the Parity Bonds shall have any right to  
7 institute any action, suit or proceeding at law or in equity for the enforcement of  
8 same unless an Event of Default shall have happened and be continuing, and  
9 unless no bondowners' trustee has been appointed. In the event no bondowners'  
10 trustee has been appointed, or with the consent of the bondowners' trustee if such  
11 bondowners' trustee has been appointed, a bondowner may exercise any remedy  
12 given the bondowner's trustee.

13  
14 Section 19. Supplemental Ordinances.

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

19  
20 (1) To add to the covenants and agreements of the City in this  
21 ordinance other covenants and agreements thereafter to be observed, which shall  
22 not adversely affect the interests of the owners of any Parity Bonds, or to surrender  
23 any right or power herein reserved to or conferred upon the City.

24  
25 (2) To make such provisions for the purpose of curing any  
26 ambiguities or of curing, correcting or supplementing any defective provision  
contained in this ordinance or any ordinance authorizing future Parity Bonds in



1 regard to matters or questions arising under such ordinances as the Council may  
2 deem necessary or desirable and not inconsistent with such ordinances and which  
3 shall not adversely affect the interest of the owners of Parity Bonds.

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

7 (b) With the consent of the registered owners of not less than 65 percent in  
8 aggregate principal amount of the Parity Bonds at the time outstanding, the Council  
9 may adopt an ordinance or ordinances supplemental hereto for the purpose of  
10 adding any provisions to or changing in any manner or eliminating any of the  
11 provisions of this ordinance or of any supplemental ordinance; provided, however,  
12 that no such supplemental ordinance shall:  
13

14 (1) Extend the fixed maturity of any Parity Bonds, or reduce the rate  
15 of interest thereon, or extend the time of payment of interest from their due date, or  
16 reduce the amount of the principal thereof, or reduce any premium payable on the  
17 redemption thereof, without the consent of the registered owner of each bond so  
18 affected; or  
19

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

23 It shall not be necessary for the consent of registered owners under this  
24 subsection (b) to approve the particular form of any proposed supplemental  
25  
26



1 ordinance, but it shall be sufficient if such consent shall approve the substance  
2 thereof.

3           Section 20. Bond Insurance. The Designated Representative is hereby  
4 further authorized to solicit proposals from municipal bond insurance companies for  
5 the issuance of a bond insurance policy. In the event that the Designated  
6 Representative receives multiple proposals in response to a solicitation, the  
7 Designated Representative may select the proposal having the lowest cost and  
8 resulting in an overall lower interest cost with respect to the Bonds to be insured.  
9 The Designated Representative may execute a commitment received from the  
10 insurer selected by the Designated Representative. The Council further authorizes  
11 all proper officers, agents, attorneys and employees of the City to cooperate with  
12 the insurer in preparing such additional agreements, certificates, and other  
13 documentation on behalf of the City as shall be necessary or advisable in providing  
14 for the bond insurance policy.  
15

16  
17           Section 21. Ongoing Disclosure.

18           (a) Contract/Undertaking. This section constitutes the City's written  
19 undertaking for the benefit of the owners, including beneficial owners, of the Bonds  
20 as required by Section (b)(5) of the Rule.  
21

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

(2) Principal amount of outstanding Parity Bonds;

(3) Debt service coverage for outstanding Parity Bonds;

(4) Total number of residential and commercial customers;

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

(6) Tonnage and percentage for each disposal method;

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

(8) Gross Revenues by service.

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

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



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

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

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



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other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

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

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

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

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

The City may amend this section with an opinion of Bond Counsel in accordance with the Rule. In the event of any amendment of this section, the City shall describe such amendment in the next annual report, and shall include a





1 narrative explanation of the reason for the amendment and its impact on the type  
2 (or in the case of a change of accounting principles, on the presentation) of financial  
3 information or operating data being presented by the City. In addition, if the  
4 amendment relates to the accounting principles to be followed in preparing financial  
5 statements, (A) notice of such change shall be given in the same manner as for a  
6 listed event under subsection (c), and (B) the annual report for the year in which the  
7 change is made shall present a comparison (in narrative form and also, if feasible,  
8 in quantitative form) between the financial statements as prepared on the basis of  
9 the new accounting principles and those prepared on the basis of the former  
10 accounting principles.  
11  
12

13 (g) Bond Owner's Remedies Under this Section. The right of any  
14 bondowner or beneficial owner of Bonds to enforce the provisions of this section  
15 shall be limited to a right to obtain specific enforcement of the City's obligations  
16 under this section, and any failure by the City to comply with the provisions of this  
17 undertaking shall not be an Event of Default with respect to the Bonds.  
18

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

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

Passed: \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:  
  
\_\_\_\_\_  
City Clerk

Approved as to form and legality:  
  
Pacifica Law Group LLP  
Bond Counsel to the City of Tacoma

By \_\_\_\_\_



**EXHIBIT "A"**

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UNITED STATES OF AMERICA

No. \_\_\_\_\_ \$ \_\_\_\_\_

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

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

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

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

The bonds of this issue are subject to redemption at the option of the City as provided in the Bond Ordinance and Bond Purchase Contract.



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

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

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

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

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

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

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

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington and the charter and ordinances of the City to exist and to have happened, been done and performed precedent to and in the issuance of this bond do exist and have happened, been done and performed and that the issuance of this bond and the bonds of this series





**EXHIBIT "B"**

FORM OF NOTICE OF SEPARATE RESERVE FUND\*

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

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

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

The Reserve Fund Requirement for the Bonds as of \_\_\_\_\_, 20\_\_\_ shall be \_\_\_\_\_.

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

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

Dated: \_\_\_\_\_, 20\_\_\_.

\_\_\_\_\_  
Finance Director, City of Tacoma

\_\_\_\_\_  
Treasurer, City of Tacoma

\_\_\_\_\_  
Environmental Services Director, City of Tacoma

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



CLERK'S CERTIFICATE

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

5 1. That the attached Ordinance No. \_\_\_\_ (herein called the "Ordinance") is a  
6 true and correct copy of an Ordinance of the Council, as finally passed at a regular  
7 meeting of the Council held on the 26th day of April, 2016, and duly recorded in my  
8 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 26th day of April, 2016.  
21

22  
23 \_\_\_\_\_  
24 City Clerk  
25 City of Tacoma, Washington  
26