



## Legislation Passed October 22, 2019

The Tacoma City Council, at its regular City Council meeting of October 22, 2019, 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. 40453**

A resolution authorizing the execution of a Multi-Family Housing Eight-Year Limited Property Tax Exemption Agreement with Primero Courtyards LLC, for the development of 20 multi-family market-rate rental housing units, located at 3715 McKinley Avenue, in the McKinley Mixed-Use Center.

[Debbie Bingham, Project Manager; Jeff Robinson, Director, Community and Economic Development]

### **Resolution No. 40454**

A resolution authorizing the execution of a Multi-Family Housing Eight-Year Limited Property Tax Exemption Agreement with Rush Development, Inc., for the development of 95 multi-family market-rate rental housing units, located at 2709 North Adams Street, in the Proctor Mixed-Use Center.

[Debbie Bingham, Project Manager; Jeff Robinson, Director, Community and Economic Development]

### **Resolution No. 40455**

A resolution authorizing the execution of a Letter of Agreement with the International Brotherhood of Electrical Workers, Local 483, Tacoma Power Unit, regarding employees assigned to work the Trouble Crew.

[Dylan Carlson, Senior Labor Relations Manager; Bill Fosbre, City Attorney]

### **Ordinance No. 28620**

An ordinance authorizing the extension of and an increase to the Electric System Subordinate Revenue Note, Series 2015A, in an amount not to exceed \$150,000,000; authorizing an amendment to the Note Purchase Agreement to provide funds to finance or refinance costs of capital improvements to the Electric System; and delegating the authority to approve the final terms of the amendment.

[Bill Berry, Rates, Planning, and Analysis Manager; Chris Robinson, Power Superintendent]

### **Ordinance No. 28621**

An ordinance approving terms relating to debt service reserve accounts established for certain of the City's senior lien electric system revenue bonds; and authorizing the extension of qualified insurance to satisfy the debt service reserve account requirement for such bonds.

[Bill Berry, Rates, Planning, and Analysis Manager; Chris Robinson, Power Superintendent]



## RESOLUTION NO. 40453

1 A RESOLUTION relating to the multi-family property tax exemption program;  
2 authorizing the execution of a Multi-Family Housing Eight-Year Limited  
3 Property Tax Exemption Agreement with Primero Courtyards LLC, for  
4 the development of 20 multi-family market-rate rental housing units to be  
5 located at 3715 McKinley Avenue in the McKinley Mixed-Use Center.

6 WHEREAS the City has, pursuant to chapter 84.14 of the Revised Code of  
7 Washington, designated several Residential Target Areas for the allowance of a  
8 limited property tax exemption for new multi-family residential housing, and

9 WHEREAS the City has, through Ordinance No. 25789, enacted a program  
10 whereby property owners in Residential Target Areas may qualify for a Final  
11 Certificate of Tax Exemption which certifies to the Pierce County  
12 Assessor-Treasurer that the owner is eligible to receive a limited property tax  
13 exemption, and

14 WHEREAS Primero Courtyards LLC, is proposing to develop 20 market-rate  
15 rental units to consist of 20 one-bedroom, one-bath units with an average size of  
16 400 square feet and renting for approximately \$1,050 per month, as well as one  
17 on-site residential parking stall, and

18 WHEREAS the Director of Community and Economic Development has  
19 reviewed the proposed property tax exemption and recommends that a conditional  
20 property tax exemption be awarded for the property located at 3715 McKinley  
21 Avenue in the McKinley Mixed-Use Center, as more particularly described in the  
22 attached Exhibit "A"; Now, Therefore,  
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BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

Section 1. That the City Council does hereby approve and authorize a conditional property tax exemption, for a period of eight years, to Primero Courtyards LLC, for the property located at 3715 McKinley Avenue in the McKinley Mixed-Use Center, as more particularly described in the attached Exhibit "A."

Section 2. That the proper officers of the City are authorized to execute a Multi-Family Housing Eight-Year Limited Property Tax Exemption Agreement with Primero Courtyards LLC, said document to be substantially in the form of the proposed agreement on file in the office of the City Clerk.

Adopted \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:

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

Approved as to form:

Legal description approved:

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

\_\_\_\_\_  
Chief Surveyor  
Public Works Department



**EXHIBIT "A"**

**LEGAL DESCRIPTION**

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Tax Parcel: 5670002290

Legal Description:

A portion of the Southwest Quarter of the Northwest Quarter of Section 15, Township 20 North, Range 3 East, Willamette Meridian, Pierce County, Washington, more particularly described as follows:

Lots 7 and 8, Block 22, McKinley Park Addition, according to the Plat thereof recorded in Book 7 of Plats, Page 96, records of Pierce County Auditor.

Situate in the City of Tacoma, County of Pierce, State of Washington.



## RESOLUTION NO. 40454

1 A RESOLUTION relating to the multi-family property tax exemption program;  
2 authorizing the execution of a Multi-Family Housing Eight-Year Limited  
3 Property Tax Exemption Agreement with Rush Development, Inc., for the  
4 development of 95 multi-family market-rate rental housing units to be located  
5 at 2709 North Adams Street in the Proctor Mixed-Use Center.

6 WHEREAS the City has, pursuant to chapter 84.14 of the Revised Code of  
7 Washington, designated several Residential Target Areas for the allowance of a  
8 limited property tax exemption for new multi-family residential housing, and

9 WHEREAS the City has, through Ordinance No. 25789, enacted a program  
10 whereby property owners in Residential Target Areas may qualify for a Final  
11 Certificate of Tax Exemption which certifies to the Pierce County  
12 Assessor-Treasurer that the owner is eligible to receive a limited property tax  
13 exemption, and

14 WHEREAS Rush Development, Inc., is proposing to develop 95 market-rate  
15 rental units to consist of 78 studio units, with an average size of 210-450 square  
16 feet and renting for approximately \$1,225-\$1,500 per month; 14 one-bedroom,  
17 one-bath units, with an average size of 451-749 square feet and renting for  
18 approximately \$1,501-\$1,860 per month; and three two-bedroom, one-bath  
19 units, with an average size of 750-800 square feet and renting for approximately  
20 \$1,861-\$2,165 per month, as well as 1,000 square feet of commercial space and  
21 50 on-site residential parking stalls, and

22 WHEREAS the Director of Community and Economic Development has  
23 reviewed the proposed property tax exemption and recommends that a conditional  
24 property tax exemption be awarded for the property located at 2709 North Adams  
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Street in the Proctor Mixed-Use Center, as more particularly described in the attached Exhibit "A"; Now, Therefore,

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

Section 1. That the City Council does hereby approve and authorize a conditional property tax exemption, for a period of eight years, to Rush Development, Inc., for the property located at 2709 North Adams Street in the Proctor Mixed-Use Center, as more particularly described in the attached Exhibit "A."

Section 2. That the proper officers of the City are authorized to execute a Multi-Family Housing Eight-Year Limited Property Tax Exemption Agreement with Rush Development, Inc., said document to be substantially in the form of the proposed agreement on file in the office of the City Clerk.

Adopted \_\_\_\_\_

\_\_\_\_\_  
Mayor

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

Approved as to form:  
  
\_\_\_\_\_  
Deputy City Attorney

Legal description approved:  
  
\_\_\_\_\_  
Chief Surveyor  
Public Works Department



**EXHIBIT "A"**

**LEGAL DESCRIPTION**

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Tax Parcel: 7475010781

Legal Description:

A portion of the Northeast Quarter of the Northeast Quarter of Section 36, Township 21 North, Range 2 East, Willamette Meridian, Pierce County, Washington, more particularly described as follows:

West 100 feet of Block 13 of Amended Map of Second School Land Addition to the City of Tacoma, according to the Plat thereof recorded in Book 7 of Plats, Page 79, records of Pierce County Auditor;

Together with Lots 9 thru 12, inclusive, and East 10 feet of Lot 13, all in Block 14, Lawrence Addition to W.T., according to the Plat thereof recorded in Book 3 of Plats, Page 40, records of Pierce County Auditor;

Also together with the Easterly 17 feet of Adams Street abutting said Block 13, vacated per City of Tacoma Ordinance No. 26670, recorded under Recording No. 200010030312, records of Pierce County Auditor;

Except that portion conveyed to Maurice R. Skinner and Mary F. Skinner, Husband and Wife, by Instrument recorded under Recording No. 1536811, records of Pierce County Auditor, Washington.

Situate in the City of Tacoma, County of Pierce, State of Washington.

Tax Parcel: 7040000670

Legal Description:

A portion of the Southeast Quarter of the Southeast Quarter of Section 25, Township 21 North, Range 2 East, Willamette Meridian, Pierce County, Washington, more particularly described as follows:

Lot 9 in Block 14 of Puget Park Addition to Tacoma, W.T., according to the plat thereof recorded in Volume 2 of Plats, at Page 67, in Pierce County, Washington;



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Except that portion conveyed to Maurice R. Skinner and Mary F. Skinner, Husband and Wife, by Instrument recorded under Recording No. 1536811, records of Pierce County Auditor, Washington.

Situate in the City of Tacoma, County of Pierce, State of Washington.





## RESOLUTION NO. 40455

1 A RESOLUTION relating to collective bargaining; authorizing the execution of a  
2 Letter of Agreement negotiated between the City of Tacoma and  
3 International Brotherhood of Electrical Workers, Local 483, Tacoma Power  
Unit, regarding employees assigned to work the Trouble Crew.

4 WHEREAS the City has, for years, adopted the policy of collective  
5 bargaining between the various labor organizations representing employees and  
6 the administration, and

7  
8 WHEREAS Resolution No. 39935, adopted February 6, 2018, authorized the  
9 execution of the four year Collective Bargaining Agreement (“CBA”) between the  
10 City of Tacoma and International Brotherhood of Electrical Workers, Local 483,  
11 Tacoma Power Unit (“Union”), on behalf of the employees represented by said  
12 Union, and

13  
14 WHEREAS the City and Union have negotiated a Letter of Agreement  
15 (“LOA”) to the CBA which provides for filling temporary absences on the Trouble  
16 Crew and the applicability of Section 14.3(c) and (e) of the CBA, and

17  
18 WHEREAS employees assigned to work the Trouble Crew will be paid 110%  
19 of the journey-level Line Electrician rate, effective retroactively to August 26, 2019,  
20 in order to compensate assigned employees for functioning without a lead worker,  
21 assessing outage situations quickly and efficiently, and working a rotating shift that  
22 requires mandatory availability and rapid responses to calls when off-shift, and

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24 WHEREAS the LOA was considered and approved by the Public Utility  
25 Board at its meeting of October 9, 2019, and  
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WHEREAS it appears in the best interest of the City that the LOA negotiated

by said Union and the City be approved; Now, Therefore,

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

That the proper officers of the City are hereby authorized to execute the Letter of Agreement negotiated between the City of Tacoma and International Brotherhood of Electrical Workers, Local 483, Tacoma Power Unit, said document to be substantially in the form of the document on file in the office of the City Clerk.

Adopted \_\_\_\_\_

\_\_\_\_\_  
Mayor

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

Approved as to form:  
  
\_\_\_\_\_  
Deputy City Attorney

Requested by Public Utility Board  
Resolution No. U-11104



## ORDINANCE NO. 28620

1 AN ORDINANCE of the City of Tacoma, Washington, relating to Tacoma Power,  
2 approving a Supplemental Ordinance; authorizing the extension of and an  
3 increase to the City's Electric System Subordinate Revenue Note,  
4 Series 2015A, to a principal amount of not to exceed \$150,000,000;  
5 authorizing an amendment to the Note Purchase Agreement to provide  
6 funds to finance or refinance costs of capital improvements to the Electric  
7 System; delegating the authority to approve the final terms of the  
8 amendment; and approving certain other matters in connection therewith.

9 WHEREAS the City of Tacoma, Washington ("City"), by Ordinance  
10 No. 23514, passed on November 20, 1985 (as amended and supplemented,  
11 including as amended and restated by Ordinance No. 28146, passed on April 30,  
12 2013, collectively, the "Senior Bond Ordinance"), authorized electric system  
13 revenue bonds of the City ("Senior Bonds") to be issued in series having a parity of  
14 lien and charge on the Revenues of the Electric System after the payment of  
15 Operating Expenses (as those terms are defined therein), if certain conditions are  
16 met, and made covenants in connection with the issuance of such Senior Bonds,  
17 and

18 WHEREAS the Senior Bond Ordinance permits the City to issue obligations  
19 that are junior and subordinate to the payment of the Senior Bonds and that are  
20 payable out of Revenues of the Electric System, after payment of Operating  
21 Expenses, only after the prior payment of all amounts required to be paid or set  
22 aside under the Senior Bond Ordinance for the Senior Bonds, as the same shall  
23 become due at the times and in the manner as required in the Senior Bond  
24 Ordinance, and

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WHEREAS, on April 21, 2015, the City Council passed Ordinance No. 28295 (as amended as described below, the “Master Subordinate Ordinance”) to authorize a new issue of revenue bonds of the City, junior and subordinate to the Senior Bonds, to be known as the City of Tacoma Electric System Subordinate Revenue Bonds (“Subordinate Bonds”), in one or more series to finance costs of the Electric System, and

WHEREAS, pursuant to the Master Subordinate Ordinance and Ordinance No. 28296, adopted by the City Council on April 21, 2015 (“First Supplemental Ordinance”), the City, acting through its Department of Public Utilities, Light Division (d.b.a. “Tacoma Power”), issued its Electric System Subordinate Revenue Note, Series 2015A to evidence a revolving line of credit in the principal amount of not to exceed \$100,000,000 outstanding at any time (the “2015A Note”), and

WHEREAS the 2015A Note was sold to and purchased by Wells Fargo Municipal Capital Strategies, LLC (“Wells Fargo”) by private sale pursuant to the terms of the Note Purchase Agreement dated May 1, 2015 (the “Original Note Purchase Agreement”), between Wells Fargo and the City, acting by and through its Public Utilities Board (the “Board”), and

WHEREAS Tacoma Power has successfully utilized the 2015A Note and the Original Note Purchase Agreement to finance various capital projects, and

WHEREAS implementation of the 2015A Note and the Original Note Purchase Agreement has allowed for a more cost-effective and efficient management of capital construction compared to issuing long-term bonds, as



1 Tacoma Power could more closely match its draws on the line of credit with the  
2 amount and timing of its capital projects, and

3           WHEREAS, pursuant to a First Amendment to Note Purchase Agreement  
4 dated May 11, 2018 (the “First Amendment” and together with the Original Note  
5 Purchase Agreement, the “Amended Note Purchase Agreement”), between the  
6 City and Wells Fargo Bank, National Association, as successor purchaser (the  
7 “Purchaser”) and City Ordinance No. 28509 adopted on May 8, 2018 (the “Second  
8 Supplemental Ordinance”), the City and the Purchaser agreed to extend the term  
9 of the 2015A Note to August 8, 2020, and to amend certain provisions of the  
10 Original Note Purchase Agreement, and

11           WHEREAS the Board has initiated and has recommended to the City  
12 Council for its approval the extension of the expiration date of the 2015A Note and  
13 the increase in the principal amount available under the 2015A Note of not to  
14 exceed \$100,000,000 to not to exceed \$150,000,000 outstanding at any time, to  
15 provide financing for capital projects of the Electric System, and

16           WHEREAS, to extend the expiration date and increase the available  
17 principal amount of the 2015A Note, Wells Fargo has requested that Tacoma  
18 Power enter into an amendment to the Amended Note Purchase Agreement (the  
19 “Second Amendment,” and the Amended Note Purchase Agreement as amended  
20 by the Second Amendment, and as it may be further amended, is referred to as the  
21 “Note Purchase Agreement”), and

22           WHEREAS the extension of the expiration date, the increase in the  
23 available principal amount, and the execution of the Second Amendment will be  
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1 treated (as of the date of the Second Amendment) as a new note issuance for  
2 federal income tax purposes, and

3 WHEREAS, pursuant to RCW 39.46.040 the City Council wishes to  
4 delegate authority to the Director of Public Utilities, or in the alternative, the  
5 Tacoma Power Superintendent, as provided herein, for a limited time, to approve  
6 the not to exceed principal amount available under the 2015A Note, the final  
7 maturity date for the 2015A Note, the terms of the Second Amendment, and other  
8 provisions relating to the 2015A Note within the parameters set by this ordinance,  
9 and  
10

11 and  
12 WHEREAS the City Council now desires to authorize the extension of the  
13 expiration date of the 2015A Note, the increase of the available principal amount,  
14 and the execution of the Second Amendment and related documents subject to the  
15 terms and conditions set forth in this ordinance; Now, Therefore,

16 BE IT ORDAINED BY THE CITY OF TACOMA:

17 ARTICLE I

18 DEFINITIONS

19 Section 1.1. Definitions and Interpretation of Terms. Unless otherwise  
20 defined in the recitals and elsewhere in this Supplemental Ordinance, capitalized  
21 terms used herein shall have the meanings set forth in the Master Subordinate  
22 Ordinance, as previously amended.  
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ARTICLE II

PARITY AND OTHER FINDINGS

Section 2.1. Parity Findings. In connection with the 2015A Note, the City hereby makes the following findings:

A. There is, and as of the effective date of the Second Amendment there will be, no deficiency in the Bond Fund, and no Event of Default has occurred or shall have occurred and being continuing.

B. The principal of and interest on the 2015A Note shall continue to be paid out of the Bond Fund and subject to the terms of the Master Subordinate Ordinance, the First Supplemental Ordinance, and the Note Purchase Agreement.

C. On the effective date of the Second Amendment, there will be on file with the City, if necessary, a certificate satisfying the conditions set forth in Section 6.1 of the Master Subordinate Ordinance.

Section 2.2. Findings as to Sufficiency of Gross Revenue. The City hereby confirms, finds, and determines that the Revenues of the Electric System at the rates to be charged for power and other services and commodities from the Electric System will be more than sufficient to meet all Operating Expenses, to make all required payments with respect to the Senior Bonds, and to permit the setting aside into the Bond Fund out of the Revenues of amounts sufficient to pay the principal of and interest on the 2015A Note as increased and extended and when due at maturity and upon any mandatory sinking fund redemption thereof. The City further finds and determines that in creating the Bond Fund and in fixing the amounts to be paid into the Bond Fund, it has exercised due regard for



1 Operating Expenses, and the City has not bound and obligated itself to set aside  
2 and pay into the Bond Fund a greater amount or proportion of the Revenues than  
3 in the judgment of the City will be available over and above the Operating  
4 Expenses.

5  
6 ARTICLE III

7 AUTHORIZATION

8 Section 3.1. Authorization.

9 A. The City Council has determined that it would be in the best interest of  
10 the City to delegate to the Director of Public Utilities, or in the alternative, the  
11 Tacoma Power Superintendent (the "Representatives"), for a limited time the  
12 authority to extend the term of the 2015A Note, increase the available principal  
13 amount of the 2015A Note, and approve the terms of the Second Amendment, as  
14 provided herein.

15  
16 Subject to the terms and conditions set forth in this Section 3.1, each  
17 Representative is hereby authorized to approve the final term of the 2015A Note,  
18 the available principal amount of the 2015A Note, and the final terms of the  
19 Second Amendment and to agree to any additional terms and covenants that are  
20 in the best interest of the City and consistent with this ordinance, provided that:

21  
22 (a) The available principal amount of the 2015A Note that may be  
23 outstanding at any time does not exceed \$150,000,000;

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25 (b) The final maturity of the 2015A Note is no later than December 31,  
26 2021; and





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(c) The initial variable interest rate on the 2015A Note, as increased and extended, does not exceed 80% of one-month LIBOR rate plus 43 basis points for funds used (subject to adjustment as set forth in the Note Purchase Agreement), and 21.5 basis points for funds not drawn under the Note Purchase Agreement, and as such terms may be further adjusted under the Note Purchase Agreement.

Subject to the terms and conditions set forth in this Section 3.1, each Representative is hereby authorized to approve the final terms and conditions of the Second Amendment in coordination with Bond Counsel, the Financial Advisor and the City Attorney's Office, to agree to any additional terms and covenants that are in the best interest of the City and consistent with this ordinance, and to execute and implement the Second Amendment (including the payment of any financing costs associated with the delivery of the Second Amendment), and such approval shall be conclusively evidenced by his or her execution thereof.

The authority granted to the Representatives by this section shall expire on December 31, 2019. If the Second Amendment has not been executed by such date, the authorization provided herein shall be rescinded, and the Second Amendment shall not be executed and the replacement 2015A Note shall not be delivered to the Purchaser unless such authority has been re-authorized by ordinance of the City Council at the request of the Board.

B. The terms of the 2015A Note shall otherwise be as set forth in the Note Purchase Agreement. The principal of and interest on the 2015A Note shall be due and payable at the rates, on the dates, and in the manner as set forth in the Note Purchase Agreement. The 2015A Note shall be subject to mandatory and



1 optional redemption and to mandatory tender for purchase prior to maturity on the  
2 dates and at the prices as set forth in the Note Purchase Agreement. The City  
3 Treasurer shall continue to be designated as the Paying Agent for the 2015A Note  
4 in accordance with the Master Subordinate Ordinance.  
5

6 C. Advances drawn by the City under the 2015A Note shall be disbursed as  
7 provided in the First Supplemental Ordinance to pay costs of the 2015A Note  
8 Projects, as such projects may be supplemented and amended from time to time  
9 as provided in the First Supplemental Ordinance, to currently refund the  
10 outstanding balance on the 2015A Note, and to pay costs associated with the  
11 Second Amendment and extension and increase of the 2015A Note. The Plan of  
12 Additions, as supplemented and amended from time to time, is hereby confirmed.  
13

14 Section 3.2. Form of 2015A Note; Purchaser. The definitive replacement  
15 2015A Note shall be in substantially the form set forth in Exhibit "A" attached to the  
16 First Supplemental Ordinance and made a part hereof, with appropriate variations,  
17 omissions, and insertions as shall be required or appropriate consistent with the  
18 Master Subordinate Ordinance, the First Supplemental Ordinance, and this  
19 Supplemental Ordinance to reflect the terms as provided herein.  
20

21 A replacement 2015A Note certificate reflecting the terms of the Second  
22 Amendment shall be delivered to the Purchaser, or its affiliate, pursuant to and in  
23 accordance with the Note Purchase Agreement.  
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ARTICLE IV

MISCELLANEOUS

Section 4.1. Ratification of Prior Acts. Any action taken consistent with the authority and prior to the effective date of this Supplemental Ordinance is ratified, approved, and confirmed.

Section 4.2. General Authorization. The appropriate officers, agents, and employees of the City are authorized and directed to execute and deliver such documents, agreements, and certificates, including, but not limited to, a federal tax certificate setting forth the requirements of the Code for maintaining the tax exemption of interest on the 2015A Note, and to take such other actions, upon consultation with the City Attorney, as may be necessary or desirable and in the best interests of the City to effect the accomplishment of the extension of and increase to the 2015A Note and execution and delivery of the Second Amendment and to carry out the purposes and intents of this Supplemental Ordinance and the transactions contemplated thereby.

Section 4.3. Terms of 2015A Note Subject to the Master Subordinate Ordinance and the First Supplemental Ordinance; Ratification. Except as expressly provided herein, every term and condition contained in the Master Subordinate Ordinance, the First Supplemental Ordinance and the Second Supplemental Ordinance shall apply to this Supplemental Ordinance and the 2015A Note with the same force and effect as if the same were herein set forth at length, with such omissions, variations, and modification as may be appropriate to make the same conform to this Supplemental Ordinance.



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Except as supplemented and amended by this Supplemental Ordinance, the Master Subordinate Ordinance, the First Supplemental Ordinance and the Second Supplemental Ordinance are hereby ratified, approved, and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as amended and supplemented.

Section 4.4. Provisions of Note Purchase Agreement. The terms and provisions of the 2015A Note as set forth in the Note Purchase Agreement shall control over any inconsistent provision of this Supplemental Ordinance.

Section 4.5. Effective Date of Ordinance. This Supplemental 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

By \_\_\_\_\_



## 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  
6 a true and correct copy of an Ordinance of the Council, as finally passed at a  
7 regular meeting of the Council held on the \_\_\_\_ day of \_\_\_\_\_, 2019, and duly  
8 recorded in my office.  
9

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

19 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the  
20 official seal of the City as of this \_\_\_\_ day of \_\_\_\_\_, 2019.  
21

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



## ORDINANCE NO. 28621

1 AN ORDINANCE of the City of Tacoma, Washington, relating to Tacoma Power,  
2 approving terms relating to debt service reserve accounts established for  
3 certain of the City's senior lien electric system revenue bonds; authorizing  
4 the extension of qualified insurance to satisfy the debt service reserve  
5 account requirement for such bonds; and approving certain other matters in  
6 connection therewith.

7 WHEREAS the City of Tacoma, Washington ("City"), by Ordinance  
8 No. 23514, passed on November 20, 1985 (as amended and supplemented,  
9 including as amended and restated by Ordinance No. 28146, passed on April 30,  
10 2013, collectively, the "Senior Bond Ordinance"), acting through its Department of  
11 Public Utilities, Light Division (d.b.a. "Tacoma Power"), authorized the issuance of  
12 senior lien electric system revenue bonds of the City to be issued in series having  
13 a parity of lien and charge on the Revenues of the Electric System after the  
14 payment of Operating Expenses (as those terms are defined therein), if certain  
15 conditions are met, and made covenants in connection with the issuance of such  
16 revenue bonds, and

17 WHEREAS the City has issued and has currently outstanding the following  
18 series of electric system revenue bonds (the "Outstanding Parity Bonds"):  
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<u>Name of Bonds</u>	<u>Authorizing Supplemental Ordinance</u>	<u>Bonds Dated</u>
Electric System Revenue Bonds, Series 2010B (Taxable Build America Bonds – Direct Payment) (the “2010B Bonds”)	27889	July 27, 2010
Electric System Revenue Bonds, Series 2010C (Taxable Clean Renewable Energy Bonds – Direct Payment) (“2010C Bonds”)	27889	July 27, 2010
Electric System Revenue and Refunding Bonds, Series 2013A (the “2013A Bonds”)	28146	June 13, 2013
Electric System Revenue Refunding Bonds, Series 2013B (the “2013B Bonds”)	28146	June 13, 2013
Electric System Revenue Bonds, Series 2017 (the “2017 Bonds”)	28444	September 1, 2017

and

WHEREAS the City reserved the right in the Senior Bond Ordinance and in the supplemental ordinances authorizing the issuance of the Outstanding Parity Bonds (together, the “Outstanding Parity Bond Ordinances”) to issue additional parity bonds upon satisfaction of certain requirements (“Future Parity Bonds”, and together with the Outstanding Parity Bonds, the “Parity Bonds”), and

WHEREAS the City has established a debt service reserve account (the “Reserve Account”) and subaccounts within the Reserve Account to secure the payment of principal of and interest on the 2010B Bonds, the 2010C Bonds, the 2013A Bonds and the 2013B Bonds (the “Reserve Account Secured Bonds”), and

WHEREAS such reserve subaccounts created in the Reserve Account secure only the payment of principal of and interest on the Reserve Account



1 Secured Bonds and any Future Parity Bonds that the City elects to have secured  
2 by such subaccounts, and do not secure the payment of the principal of or interest  
3 on the 2017 Bonds, and

4           WHEREAS, with the consent of the appropriate percentage of Parity Bond  
5 owners, the Outstanding Parity Bond Ordinances permit the Council to, at any  
6 time, pass an ordinance amending or supplementing the applicable Outstanding  
7 Parity Bond Ordinances for the purpose of providing that in calculating the Reserve  
8 Account Requirement (as defined in the Outstanding Parity Bond Ordinances), the  
9 City may deduct the direct payment the City is expected to receive in respect of the  
10 2010B Bonds, the 2010C Bonds, and other Future Parity Bonds for which the  
11 federal government will provide the City with a direct payment of a portion of the  
12 interest from the interest portion of Annual Debt Service (as defined in the  
13 Outstanding Parity Bond Ordinances), and

14           WHEREAS, by their purchase of the bonds, the City has received the  
15 consent of the requisite amount of owners of the Outstanding Parity Bonds, and

16           WHEREAS the City now desires to deduct the direct payment the City is  
17 expected to receive from its calculation of Annual Debt Service as authorized in the  
18 Outstanding Parity Bond Ordinances, and

19           WHEREAS the City is permitted to satisfy the Reserve Account  
20 Requirement with respect to the Reserve Account Secured Bonds by the purchase  
21 of Qualified Insurance (as defined in the Outstanding Parity Bond Ordinances), and

22           WHEREAS the City obtained Qualified Insurance through the purchase of a  
23 reserve account surety policy (the "Surety Policy") from Financial Security





1 Assurance ("FSA"), now known as Assured Guaranty Municipal Corp. ("Assured"),  
2 with a commitment dated July 23, 1999, which is scheduled to expire on January 1,  
3 2020, and

4 WHEREAS, the City now desires to extend the term of the reserve account  
5 Surety Policy from Assured as provided herein; Now, Therefore,

6 BE IT ORDAINED BY THE CITY OF TACOMA:

7  
8 ARTICLE I

9 DEFINITIONS

10 Section 1.1. Definitions and Interpretation of Terms. Unless otherwise  
11 defined in the recitals and elsewhere in this Supplemental Ordinance, capitalized  
12 terms used herein shall have the meanings set forth in the Outstanding Parity  
13 Bond Ordinances.  
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15 ARTICLE II

16 AUTHORIZATION

17  
18 Section 2.1. Election Regarding Calculation of the Debt Service Reserve  
19 Account Requirement. The City hereby supplements the applicable Outstanding  
20 Parity Bond Ordinances to provide, as authorized therein, that in calculating the  
21 Reserve Account Requirement, the City may deduct the direct payment the City is  
22 expected to receive in respect of the 2010B Bonds, the 2010C Bonds, and other  
23 Future Parity Bonds for which the federal government will provide the City with a  
24 direct payment of a portion of the interest from the interest portion of Annual Debt  
25 Service.  
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Section 2.2. Extension of Qualified Insurance. The City hereby authorizes an extension of the term of the existing Surety Policy from Assured to a date determined to be in the best interest of the City and agreed upon by Assured.

Section 2.3. Provisions Relating to the Surety Policy. So long as (1) any of the Reserve Account Secured Bonds are outstanding or any Policy Costs (defined herein) are owed to Assured and (2) the Surety Policy satisfies the Reserve Account Requirement relating to any of the Reserve Account Secured Bonds, the applicable Outstanding Parity Bond Ordinances are hereby supplemented to provide the following terms and conditions related to the Surety Policy, notwithstanding anything to the contrary set forth in the Outstanding Parity Bond Ordinances:

A. The Surety Policy constitutes a permitted debt service reserve instrument under the applicable provisions of the Outstanding Parity Bond Ordinances. Upon any payment by Assured under the Surety Policy, Assured shall furnish to the City written instructions as to the manner in which payment of amounts owed to Assured as a result of such payment under the Surety Policy shall be made. Amounts drawn under the Surety Policy shall be used solely to pay scheduled payments of principal and interest due on the Reserve Account Secured Bonds.

B. The City shall pay Assured the principal amount of any draws under the Surety Policy and pay all related reasonable expenses incurred by Assured and shall pay interest thereon from the date of payment by Assured at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the



1 per annum rate of interest, publicly announced from time to time by JPMorgan  
2 Chase Bank at its principal office in the City of New York, as its prime or base  
3 lending rate (the "Prime Rate") (any change in such Prime Rate to be effective on  
4 the date such change is announced by JPMorgan Chase Bank) plus 3% and  
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6 (ii) the then applicable highest rate of interest on the Reserve Account Secured  
7 Bonds, and (b) the maximum rate permissible under applicable usury or similar  
8 laws limiting interest rates. The Late Payment Rate shall be computed on the  
9 basis of the actual number of days elapsed over a year of 360 days. In the event  
10 JPMorgan Chase Bank ceases to announce its Prime Rate, the Prime Rate shall  
11 be the prime or base lending rate of such national bank as Assured shall  
12 designate. If the interest provisions of this subsection B shall result in an effective  
13 rate of interest which, for any period, exceeds the limit of the usury or any other  
14 laws applicable to the indebtedness created herein, then all sums in excess of  
15 those lawfully collectible as interest for the period in question shall, without further  
16 agreement or notice between or by any party hereto, be applied as additional  
17 interest for any later periods of time when amounts are outstanding hereunder to  
18 the extent that interest otherwise due hereunder for such periods plus such  
19 additional interest would not exceed the limit of the usury or such other laws, and  
20 any excess shall be applied upon principal immediately upon receipt of such  
21 moneys by Assured, with the same force and effect as if the City had specifically  
22 designated such extra sums to be so applied and Assured had agreed to accept  
23 such extra payment(s) as additional interest for such later periods. In no event  
24 shall any agreed-to or actual exaction as consideration for the indebtedness  
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1 created herein exceed the limits imposed or provided by the law applicable to this  
2 transaction for the use or detention of money or for forbearance in seeking its  
3 collection.

4 C. Repayment of draws and payment of expenses and the interest accrued  
5 thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in  
6 the first month following each draw, and each such monthly payment shall be in an  
7 amount at least equal to 1/12th of the aggregate of Policy Costs related to such  
8 draw. Amounts in respect of Policy Costs paid to Assured shall be credited first to  
9 interest due, then to the expenses due, and then to principal due.

10 D. As and to the extent that payments are made to Assured on account of  
11 principal due, the coverage under the Surety Policy will be increased by a like  
12 amount, subject to the terms of the Surety Policy.

13 E. All cash and investments in the Reserve Account shall be transferred to  
14 the debt service fund for payment of debt service on the Reserve Account Secured  
15 Bonds before any drawing may be made on the Surety Policy or on any alternative  
16 credit instrument. Payment of any Policy Costs shall be made prior to  
17 replenishment of any such cash amounts. Draws on all alternative credit  
18 instruments (including the Surety Policy) on which there is available coverage shall  
19 be made on a pro rata basis (calculated by reference to available coverage under  
20 each such alternative credit instrument) after applying available cash and  
21 investments in the Reserve Account. Payment of Policy Costs and reimbursement  
22 of amounts with respect to alternative credit instruments shall be made on a  
23 pro-rata basis prior to replenishment of any cash drawn from the Reserve Account.



1 For the avoidance of doubt, “available coverage” means the coverage then  
2 available for disbursement pursuant to the terms of the applicable alternative credit  
3 instrument without regard to the legal or financial ability or willingness of the  
4 provider of such instrument to honor a claim or draw thereon or the failure of such  
5 provider to honor any such claim or draw.  
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7 F. Upon a failure to pay Policy Costs when due or any other breach of the  
8 terms of this Supplemental Ordinance, Assured shall be entitled to exercise any  
9 and all legal and equitable remedies available to it, including those provided under  
10 the Outstanding Parity Bond Ordinances, other than (i) acceleration of the maturity  
11 of the Reserve Account Secured Bonds or (ii) remedies which would adversely  
12 affect owners of the Reserve Account Secured Bonds.  
13

14 G. The Outstanding Parity Bond Ordinances shall not be discharged until  
15 all Policy Costs owing to Assured shall have been paid in full. The City’s obligation  
16 to pay such amounts shall expressly survive payment in full of the Reserve  
17 Account Secured Bonds. In order to secure the City’s payment obligations with  
18 respect to the Policy Costs, there is hereby granted and perfected in favor of  
19 Assured a security interest (subject only to the priority of payment provisions set  
20 forth under the Outstanding Parity Bond Ordinances) in all revenues and collateral  
21 pledged as security for the Reserve Account Secured Bonds.  
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24 H. The Bond Registrar shall ascertain the necessity for a claim upon the  
25 Surety Policy in accordance with the provisions of this Supplemental Ordinance  
26 and shall provide notice to Assured in accordance with the terms of the Surety  
Policy at least five business days prior to each date upon which interest or principal



1 is due on the Reserve Account Secured Bonds. Where deposits are required to be  
2 made by the City with the Bond Registrar to the debt service fund for the Reserve  
3 Account Secured Bonds more often than semi-annually, the Bond Registrar shall  
4 give notice to Assured of any failure of the City to make timely payment in full of  
5 such deposits within two business days of the date due.  
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7 I. The City will pay or reimburse Assured, solely from the revenues pledged  
8 for payment of the Reserve Account Secured Bonds, any and all charges, fees,  
9 costs, losses, liabilities, and expenses which Assured may pay or incur, including,  
10 but not limited to, fees and expenses of attorneys, accountants, consultants, and  
11 auditors and reasonable costs of investigations, in connection with (i) any accounts  
12 established to facilitate payments under the Surety Policy, (ii) the administration,  
13 enforcement, defense, or preservation of any rights in respect of this Supplemental  
14 Ordinance or the Outstanding Parity Bond Ordinances (the "Related Documents"),  
15 including defending, monitoring, or participating in any litigation or proceeding  
16 (including any bankruptcy proceeding in respect of the City) relating to the Related  
17 Documents, any party to the Related Documents, or the transactions contemplated  
18 by the Related Documents, (iii) the foreclosure against, sale, or other disposition of  
19 any collateral securing any obligations under the Related Documents, if any, or the  
20 pursuit of any remedies under the Related Documents, to the extent such costs  
21 and expenses are not recovered from such foreclosure, sale, or other disposition,  
22 (iv) any amendment, waiver, or other action with respect to, or related to the Surety  
23 Policy or the Related Documents whether or not executed or completed, or (v) any  
24 action taken by Assured to cure a default or termination or similar event (or to  
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1 mitigate the effect thereof) under the Related Documents; costs and expenses  
2 shall include a reasonable allocation of compensation and overhead attributable to  
3 time of employees of Assured spent in connection with the actions described in  
4 clauses (ii) through (v) above. Assured reserves the right to charge a reasonable  
5 fee as a condition to executing any amendment, waiver, or consent proposed in  
6 respect of the Related Documents. Amounts payable by the City hereunder shall  
7 bear interest at the Late Payment Rate from the date such amount is paid or  
8 incurred by Assured until the date Assured is paid in full.  
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10 J. The obligation of the City to pay, solely from the revenues pledged for  
11 payment of the Reserve Account Secured Bonds, all amounts due under this  
12 Supplemental Ordinance shall be an absolute and unconditional obligation of the  
13 City and will be paid or performed strictly in accordance with this Supplemental  
14 Ordinance, irrespective of (i) any lack of validity or enforceability of or any  
15 amendment or other modifications of, or waiver with respect to the Reserve  
16 Account Secured Bonds or the Related Documents, (ii) any amendment or other  
17 modification of, or waiver with respect to the Surety Policy, (iii) any exchange,  
18 release, or non-perfection of any security interest in property securing the Reserve  
19 Account Secured Bonds or the Related Documents, (iv) whether or not such  
20 Reserve Account Secured Bonds are contingent or matured, disputed or  
21 undisputed, liquidated or unliquidated, (v) any amendment, modification, or waiver  
22 of or any consent to departure from the Surety Policy or the Related Documents,  
23 (vi) the existence of any claim, setoff, defense (other than the defense of payment  
24 in full), reduction, abatement, or other right which the City may have at any time  
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1 against the Bond Registrar or any other person or entity other than Assured,  
2 whether in connection with the transactions contemplated in the Related  
3 Documents or any unrelated transactions, (vii) any statement or any other  
4 document presented under or in connection with the Surety Policy proving in any  
5 and all respects invalid, inaccurate, insufficient, fraudulent, or forged or any  
6 statement therein being untrue or inaccurate in any respect, or (viii) any payment  
7 by Assured under the Surety Policy against presentation of a certificate or other  
8 document which does not strictly comply with the terms of the Surety Policy.  
9

10 K. The City shall fully observe, perform and fulfill each of the provisions (as  
11 each of those provisions may be amended, supplemented, modified, or waived  
12 with the prior written consent of Assured) of the Outstanding Parity Bond  
13 Ordinances applicable to it, each of the provisions thereof being incorporated  
14 herein by reference as if set forth directly herein. No provision of the Related  
15 Documents shall be amended, supplemented, modified, or waived, without the  
16 prior written consent of Assured, in any material respect or otherwise in a manner  
17 that could adversely affect the payment obligations of the City hereunder or the  
18 priority accorded to the reimbursement of Policy Costs under the Outstanding  
19 Parity Bond Ordinances. Assured is hereby expressly made a third party  
20 beneficiary of the Related Documents.  
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24 L. The City covenants to provide to Assured, promptly upon request, any  
25 information regarding the Reserve Account Secured Bonds or the financial  
26 condition and operations of the City as reasonably requested by Assured. The City  
will permit Assured to discuss the affairs, finances, and accounts of the City or any





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information Assured may reasonably request regarding the security for the Reserve Account Secured Bonds with appropriate officers of the City and will use commercially reasonable efforts to enable Assured to have access to the facilities, books, and records of the City on any business day upon reasonable prior notice.

M. Notices to Assured shall be sent to the following address (or such other address as Assured may designate in writing): Assured Guaranty Municipal Corp., 1633 Broadway, New York, New York 10019, Attention: Managing Director– Surveillance, Re: Policy No. \_\_\_\_\_.

ARTICLE III

MISCELLANEOUS

Section 3.1. Ratification of Prior Acts. Any action taken consistent with the authority and prior to the effective date of this Supplemental Ordinance is ratified, approved, and confirmed.

Section 3.2. General Authorization. The appropriate officers, agents, and employees of the City are authorized and directed to execute and deliver such documents, agreements, notices, and certificates, and to take such other actions, upon consultation with the City Attorney, as may be necessary or desirable and in the best interests of the City to effect the accomplishment of the calculation of the Reserve Account Requirement and the extension of the term of the Surety Policy and to carry out the purposes and intents of this Supplemental Ordinance and the transactions contemplated thereby, including, but not limited to, the payment of any fee or premium associated with the extension of the term of the Surety Policy.



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Section 3.3. Ratification. Except as expressly provided herein, every term and condition contained in the Outstanding Parity Bond Ordinances shall apply to this Supplemental Ordinance and the Outstanding Parity Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations, and modification as may be appropriate to make the same conform to this Supplemental Ordinance.

Except as supplemented and amended by this Supplemental Ordinance, the Outstanding Parity Bond Ordinances are hereby ratified, approved, and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as amended and supplemented.

Section 3.4. Effective Date of Ordinance. This Supplemental 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

By \_\_\_\_\_



## 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  
6 a true and correct copy of an Ordinance of the Council, as finally passed at a  
7 regular meeting of the Council held on the \_\_\_ day of \_\_\_\_\_, 2019, and duly  
8 recorded in my office.  
9

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

19 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the  
20 official seal of the City as of this \_\_\_\_ day of \_\_\_\_\_, 2019.  
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23 \_\_\_\_\_  
24 City Clerk  
25 City of Tacoma, Washington  
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