Resolution No. 40818
A resolution authorizing the execution of a Memorandum of Understanding with Mayors for a Guaranteed Income and United Way of Pierce County, establishing the requirements and confirming acceptance of $500,000 in additional funding for a Guaranteed Income Demonstration in the City.
[Council Member Walker]

Resolution No. 40819
A resolution authorizing the one-time use of $5,500, budgeted from the Council Contingency Fund, for the purpose of supporting the general market operations of the Eastside Tacoma Farmers Market.
[Council Member Walker]

Ordinance No. 28772
An ordinance authorizing the extension of and amendments to the Electric System Subordinate Revenue Note, Series 2020 (Taxable); authorizing an amendment to the related Note Purchase Agreement; and delegating the authority to approve the final terms of the amendment.
[Bill Berry, Power Section Manager; Chris Robinson, Power Superintendent]

Amended Ordinance No. 28773
An ordinance providing for the issuance of one or more series of Electric System Revenue and Refunding Bonds, Series 2021, in the aggregate principal amount of not to exceed $320,000,000 to provide funds to finance and refinance capital improvements to the Electric System, and delegating the authority to approve the final terms of the bonds.
[Bill Berry, Power Section Manager; Chris Robinson, Power Superintendent]

Ordinance No. 28774
An ordinance authorizing the issuance of an Electric System Subordinate Revenue Note, Series 2021, in the principal amount of not to exceed $150,000,000 to evidence a revolving line of credit to provide funds to finance and refinance capital improvements to the Electric System; authorizing the execution and delivery of a Note Purchase Agreement with Wells Fargo Bank, National Association in connection with the issuance of the 2021 Note; and delegating the authority to approve the final terms of the 2021 Note.
[Bill Berry, Power Section Manager; Chris Robinson, Power Superintendent]
BY REQUEST OF DEPUTY MAYOR BLOCKER, AND COUNCIL MEMBERS
USHKA AND WALKER

A RESOLUTION relating to income disparity and inequality; authorizing the
execution of a Memorandum of Understanding with Mayors for a
Guaranteed Income and United Way of Pierce County, establishing the
requirements and confirming acceptance of $500,000 in additional funding
for a Guaranteed Income Demonstration in the City.

WHEREAS in June 2020, the Mayor signed on to be a founding member of
Mayors for a Guaranteed Income ("MGI"), and noted at that time that her
participation was motivated by the potential to be connected to non-governmental
funding opportunities for local demonstration projects, and

WHEREAS in November 2020, the City Council approved an initial
Memorandum of Understanding ("MOU") accepting $100,000 in funds from MGI for
exploration and/or design of a City Guaranteed Income Demonstration, and

WHEREAS in December 2020, with the Mayor as a founding member, MGI
offered the City’s Guaranteed Income Demonstration an additional $500,000 in
starter funds that could be distributed to participants selected for a Guaranteed
Income Demonstration in the City, and

WHEREAS in a Study Session presentation on June 29, 2021, United Way
of Pierce County, the City’s key community partner in administering this work,
provided an update on the work done since the initial MOU, including information
on the design and implementation steps of a City Guaranteed Income
Demonstration, and
WHEREAS a small group of community leaders have continued discussions and community outreach, including multiple focus groups, to determine what elements should be included in the design of the City’s Guaranteed Income Demonstration, and

WHEREAS partners in this work have included the Mayor, Council Member Walker, United Way of Pierce County, Sound Outreach (administrator of the Center for Strong Families), Tacoma Urban League, Greater Tacoma Community Foundation, and Tacoma Housing Authority, and a representative from the Washington State Department of Social and Health Services has also joined the work group to help inform how a guaranteed income might impact benefits received by participants, as well as align the demonstration efforts with the State’s 10-year plan to dismantle poverty, and

WHEREAS design of the City’s Guaranteed Income Demonstration, known as “Growing Resilience in Tacoma” (“GRIT”), is also being informed by feedback from researchers at University of Pennsylvania’s Center for Guaranteed Income Research (“Center”), and with assistance from the Center, the lessons learned from a local demonstration would be aggregated with data from other validated demonstrations across the nation and inform state and federal policy work going forward, and

WHEREAS among the community leaders who have been engaged, there remains a shared goal to identify additional private or philanthropic dollars for the guaranteed income payments provided to participants in a City demonstration, and
WHEREAS as defined by the national MGI initiative, guaranteed income is:

(1) monthly cash payments given directly to individuals; (2) unconditional payment, with no strings attached and no work requirements; (3) additional income that is meant to supplement, rather than replace, the existing social safety net; and

(4) guaranteed income that can be a tool for racial and gender equity, and

WHEREAS during this time of pandemics and climate disruptions, MGI holds the position that everyone deserves an income floor through a guaranteed income which empowers recipients to address their most urgent individual needs and provides a cushion for unpredictable expenses, external shocks, and volatility, which follows the foundational anti-poverty work pursued by Dr. Martin Luther King Jr., whose speeches used the term “guaranteed income,” and are foundational to MGI’s work, and

WHEREAS early data from the Stockton Economic Empowerment Demonstration (“Stockton”), whereby $500 per month is provided for 24 months, showed that 40 percent of the funding was spent on food, a percentage that has increased during the COVID-19 pandemic, and

WHEREAS initial qualitative data from Stockton reflects, among recipients of guaranteed income, improved mental health, the ability to seek medical or dental care, and the ability to better show up for and support their children; 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 execute a Memorandum of Understanding with Mayors for a Guaranteed
Income ("MGI") and United Way of Pierce County, establishing the requirements and confirming acceptance of $500,000 in additional funding from MGI, for the purpose of a Guaranteed Income Demonstration in the City.

Section 2. That the City Manager, or designee, is hereby authorized to take and execute any additional measures or documents that may be necessary to complete this transaction which are consistent with the approved form of documents referenced by this Resolution, and the intent of this Resolution.

Adopted ______________________

______________________________
Mayor

Attest:

______________________________
City Clerk

Approved as to form:

______________________________
City Attorney
RESOLUTION NO. 40819

BY REQUEST OF MAYOR WOODARDS AND COUNCIL MEMBERS BEALE, USHKA, AND WALKER

A RESOLUTION authorizing the one-time use $5,500, budgeted from the Council Contingency Fund, for the purpose of supporting the general market operations of the Eastside Tacoma Farmers Market.

WHEREAS the Tacoma Farmers Market operates on a slim budget and is dependent on thriving farmers markets to sustain the robust and quality markets residents have come to expect, and

WHEREAS the Eastside Farmers Market spends $30,000 to operate each year, running from June through August, and typically earns approximately $5,000 in revenue from vendor fees, and

WHEREAS the 2021 season has been particularly hard on the Eastside Farmers Market; from June to mid-July of this year, the market lost more than 50 percent of its vendors, resulting in reduced shoppers and reduced revenue, and

WHEREAS the Eastside Farmers Market is in a Census-designated Low-Income, Low-Supermarket Access neighborhood, and provides an important option for shoppers with limited access to healthy and fresh food, and

WHEREAS, compounding the need for assistance, the Eastside Farmers Market has historically been supplemented by the prosperous Broadway Farmers Market, which serves downtown patrons and relies heavily on daytime shoppers who stop by the market on lunch breaks from work, and
WHEREAS, due to the COVID-19 pandemic, many downtown workers now telework from home, leading to reduced revenue at the Broadway Farmers Market and less supplemental revenue for the Eastside Farmers Market, and

WHEREAS, at the July 27, 2021, Study Session, Council Member Walker shared a Council Consideration Request to authorize the one-time use of $5,500 from the Council Contingency Fund to support the general market operations of the Eastside Tacoma Farmers Market, and

WHEREAS this funding will ensure the Eastside Farmers Market will be able to sustain basic services through next year; without the funding, the Eastside Farmers Market will be less likely to provide activities at the market; provide fewer cooking demonstrations; provide fewer waived vendor fees, when necessary, to help struggling farmers; and would need to reduce the its outreach and marketing campaign, and

WHEREAS RCW 35.34.250 and 35.34.260 authorize a withdrawal from the Council Contingency fund for any municipal expense, the necessity or extent of which could not have been foreseen or reasonably evaluated at the time of adopting the budget, and

WHEREAS Ordinance No. 22569 requires an affirmative vote of not less than six members of the Council in order to withdraw moneys from this fund; Now, Therefore,
BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

That one-time funding in the amount of $5,500, budgeted from the Council Contingency Fund, is hereby approved for the purpose of supporting the general market operations of the Eastside Tacoma Farmers Market.

Adopted ____________________________

__________________________________
Mayor

Attest:

__________________________________
City Clerk

Approved as to form:

__________________________________
Deputy City Attorney
ORDINANCE NO. 28772

A SUPPLEMENTAL ORDINANCE of the City of Tacoma, Washington, relating to Tacoma Power, authorizing the extension of and amendments to the City’s Electric System Subordinate Revenue Note, Series 2020 (Taxable); authorizing an amendment to the related Note Purchase Agreement; delegating the authority to approve the final terms of the amendment; and approving certain other matters in connection therewith.

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

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

WHEREAS on April 21, 2015, the City Council passed Ordinance No. 28295 (as amended, 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. 28669, passed on May 5, 2020 (the "First Subordinate 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 2020
(Taxable), to evidence a revolving line of credit in the principal amount of not to
exceed $100,000,000 outstanding at any time (the "2020 Note"), and

WHEREAS the 2020 Note was sold to and purchased by KeyBank National
Association ("Purchaser") by private sale pursuant to the terms of the Note
Purchase Agreement dated May 21, 2020 (the "Original Note Purchase
Agreement"), between the Purchaser and the City, acting by and through its Public
Utilities Board (the "Board"), and

WHEREAS implementation of the 2020 Note and the Original Note
Purchase Agreement has provided liquidity and financial sustainability and
increased Tacoma Power's fiscal position, all of which are consistent with City
policy and fundamental to sound long range planning and government
performance, and

WHEREAS the Board has initiated and has recommended to the City
Council for its approval the extension of the expiration date of the 2020 Note, the
option to convert a portion of the line of credit represented by the 2020 Note to a
letter of credit, and the decrease of the available principal amount of the credit
facility in all forms to $50,000,000 outstanding at any time, to provide liquidity
financing for the Electric System, and

WHEREAS, to extend the expiration date, provide such optional credit
facility, and decrease the available principal amount of the 2020 Note, Tacoma
Power has requested and the Purchaser has agreed to enter into an amendment
to the Original Note Purchase Agreement (the “First Amendment,” and the Original
Note Purchase Agreement, and as it may be further amended, is referred to as the
“Note Purchase Agreement”), and

WHEREAS, pursuant to RCW 39.46.040 the City Council wishes to
delegate authority to the Director of Public Utilities and the Tacoma Power
Superintendent (each, a “Designated Representative”), as provided herein, for a
limited time, to approve terms of the First Amendment and provisions relating to
the 2020 Note within the parameters set by this Supplemental Ordinance, and

WHEREAS the City Council now desires to authorize the execution of the
First Amendment and related documents subject to the terms and conditions set
forth in this Supplemental Ordinance; Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:

ARTICLE I

DEFINITIONS

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

PARITY AND OTHER FINDINGS

Section 2.1. Parity Findings. In connection with the 2020 Note, the City hereby makes the following findings:

A. There is, and as of the effective date of the First 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 2020 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 First 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 2020 Note as decreased 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
Operating Expenses, and the City has not bound and obligated itself to set aside and pay into the Bond Fund a greater amount or proportion of the Revenues than in the judgment of the City will be available over and above the Operating Expenses.

ARTICLE III
AUTHORIZATION

Section 3.1. Authorization.

A. The City Council has determined that it would be in the best interest of the City to delegate to the Director of Public Utilities and the Tacoma Power Superintendent (the “Designated Representatives”), for a limited time the authority to extend the term of the 2020 Note, to approve the terms relating to the option to convert a portion of the revolving line of credit represented by the 2020 Note to a letter of credit, to decrease the available principal amount of the 2020 Note, and to approve the terms of the First Amendment, as provided herein.

Subject to the terms and conditions set forth in this Section 3.1, each Designated Representative is hereby authorized to approve the final term of the 2020 Note, to approve the terms relating to the option to convert a portion of the line of credit represented by the 2020 Note to a letter of credit, to decrease the available principal amount of the 2020 Note, to approve the final terms of the First Amendment and to agree to any additional terms and covenants that are in the best interest of the City and consistent with this Supplemental Ordinance, provided that:
(a) The available principal amount of the 2020 Note that may be outstanding at any time does not exceed $50,000,000 (reduced from $100,000,000);

(b) The final maturity of the 2020 Note is no later than December 1, 2024;

and

(c) The interest rate on draws on the line of credit represented by the 2020 Note does not exceed a variable rate equal to the one-month LIBOR rate (subject to one-month LIBOR being a minimum of 0 basis points) plus 50 basis points for funds used, and 20 basis points for funds not drawn under the Note Purchase Agreement, as such terms may be adjusted under the Note Purchase Agreement; provided, that the 2020 Note may be subject to a standby letter of credit fee of not to exceed 125 basis points and an issuance fee of not to exceed $200 for the portion, if any, of the 2020 Note converted to a letter of credit in accordance with the Note Purchase Agreement, and to a default rate upon the occurrence and continuation of an Event of Default as provided for in the Note Purchase Agreement.

Subject to the terms and conditions set forth in this Section 3.1, each Designated Representative is hereby authorized to approve the final terms and conditions of the First 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 Supplemental Ordinance, and to execute and implement the First Amendment (including the payment of any financing costs associated with the
delivery of the First Amendment), and such approval shall be conclusively
evidenced by his or her execution thereof.

The authority granted to the Designated Representatives by this section
shall expire on December 31, 2021. If the First Amendment has not been
executed by such date, the authorization provided herein shall be rescinded,
and the First Amendment shall not be executed and the replacement 2020 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 2020 Note shall otherwise be as set forth in the Note
Purchase Agreement. The principal of and interest on the 2020 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 2020 Note shall be subject to mandatory and optional
redemption and to mandatory tender for purchase prior to maturity on the dates
and at the prices as set forth in the Note Purchase Agreement. The City
Treasurer, or in the absence of the City Treasurer, the Finance Director, shall be
designated as the Paying Agent and Note Registrar for the 2020 Note in
accordance with the Master Subordinate Ordinance.

C. The City Council hereby delegates to the Director of Utilities, the
Tacoma Power Superintendent, and the Tacoma Power Rates, Planning, and
Analysis Manager, or their designee (each, a “Borrower Representative”) authority
to make written Requests for Advances, to submit Compliance Certificates, to
convert the form of the credit facility represented by the 2020 Note, to provide any
notice of reduction or termination of the 2020 Note, and to otherwise take all action
necessary after delivery of the First Amendment to implement and administer the 2020 Note and the Note Purchase Agreement pursuant to the terms thereof. Each Request for Advance and Compliance Certificate shall be signed by a Borrower Representative and countersigned by the City Treasurer, the Finance Director, or the Assistant Finance Director/Controller of the City.

Section 3.2. Form of 2020 Note; Purchaser. The definitive replacement 2020 Note shall be in substantially the form set forth in Exhibit “A” attached to the First Supplemental Ordinance and made a part hereof, with appropriate variations, omissions, and insertions as shall be required or appropriate consistent with the Master Subordinate Ordinance, the First Supplemental Ordinance, and this Supplemental Ordinance to reflect the terms as provided herein.

A replacement 2020 Note certificate reflecting the terms of the First Amendment shall be delivered to the Purchaser pursuant to and in accordance with the Note Purchase Agreement.

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. Upon the passage and approval of this Supplemental Ordinance, the proper officials of the City including the Designated Representatives, the Borrower Representatives, the Mayor, the City Treasurer, the Finance Director, the Assistant Finance Director/Controller and the City Clerk are
authorized and directed to undertake all action necessary for the prompt execution
and delivery of the replacement 2020 Note to the Purchaser and further to execute
all closing certificates, agreements, and other documents required to effect the
delivery of the amended 2020 Note in accordance with the terms of this
Supplemental Ordinance.

Notwithstanding anything herein or in the Master Subordinate Ordinance to
the contrary, the signature of one authorized official, including, but not limited to,
the Designated Representatives and the Borrower Representatives, shall be
sufficient to bind the City.

Section 4.3. Terms of 2020 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 and the First Supplemental Ordinance shall apply to this
Supplemental Ordinance and the 2020 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.

In the event of any inconsistency between the terms and provisions
provided for in this Supplemental Ordinance and the Master Subordinate
Ordinance and/or the First Supplemental Ordinance, the terms and provisions of
this Supplemental Ordinance shall control.

Except as supplemented and amended by this Supplemental Ordinance,
the Master Subordinate Ordinance and the First 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 2020 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

I, the undersigned, City Clerk of the City of Tacoma, Washington, DO

HEREBY CERTIFY:

1. That the attached is a true and correct copy of Supplemental Ordinance No. ___ (the “Ordinance”) of the City, duly passed at a regular meeting of the City Council (the “Council”) of the City held on ____________, 2021.

   2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, including but not limited to Washington State Governor Inslee’s emergency proclamation No. 20-28 issued on March 24, 2020, as amended and supplemented, suspending portions of the Open Public Meetings Act (chapter 42.30 RCW), 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 passage of said Ordinance have been fully 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 ____ day of __________, 2021.

City Clerk
City of Tacoma, Washington
ORDINANCE NO. 28773

A SUPPLEMENTAL ORDINANCE relating to Tacoma Power; authorizing the issuance of one or more series of Electric System Revenue and Refunding Bonds, Series 2021 in the aggregate principal amount of not to exceed $320,000,000 to provide funds to finance and refinance capital improvements to the Electric System, to redeem certain obligations of the Electric System, and to pay costs of issuance for the bonds; providing the form of the bonds; delegating the authority to approve the final terms of the bonds; and authorizing other matters related thereto.

WHEREAS the City of Tacoma, Washington (“City”), by Ordinance No. 23514, passed on November 20, 1985 (as amended and supplemented, including as amended and restated by Ordinance No. 28146, passed on April 30, 2013, and as amended by Ordinance No. 28444, passed on August 1, 2017, collectively, the “Master Ordinance”), authorized electric system revenue bonds of the City (“Parity Bonds”) to be issued in series having a parity of lien and charge on the Revenues of the Electric System after the payment of Operating Expenses (as those terms are defined therein), if certain conditions are met, and made covenants in connection with the issuance of such Parity Bonds, and
WHEREAS the City, acting through its Department of Public Utilities, Light Division (d.b.a. “Tacoma Power”), has issued and currently has outstanding the following Parity Bonds:

<table>
<thead>
<tr>
<th>Bonds</th>
<th>Series</th>
<th>Original Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric System Revenue Bonds, Series 2010B</td>
<td>27889</td>
<td>$171,255,000</td>
</tr>
<tr>
<td>(Taxable Build America Bonds – Direct Payment)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and Electric System Revenue Bonds, Series 2010C</td>
<td>28146</td>
<td>$217,230,000</td>
</tr>
<tr>
<td>(Taxable Clean Renewable Energy Bonds – Direct Payment) (together,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the “2010 Bonds”)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric System Revenue and Refunding Bonds, Series 2013A</td>
<td>28444</td>
<td>$70,575,000</td>
</tr>
<tr>
<td>and Electric System Revenue Refunding Bonds, Series 2013B (together,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the “2013 Bonds”)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric System Revenue Bonds, Series 2017</td>
<td>28444</td>
<td>$70,575,000</td>
</tr>
<tr>
<td>(the “2017 Bonds”)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

and

WHEREAS the 2013 Bonds may be defeased and/or redeemed in whole or in part, on any day on or after July 1, 2023, at the option of the City at a savings to Tacoma Power and its ratepayers, and

WHEREAS the Master Ordinance permits the City to issue obligations that are junior and subordinate to the payment of the Parity Bonds subject to the conditions set forth in the Master Ordinance, and

WHEREAS, on April 21, 2015, the City Council passed Ordinance No. 28295 (as amended, the “Master Subordinate Ordinance”) to authorize revenue bonds of the City, junior and subordinate to the Parity 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, passed by the City Council on April 21, 2015, as amended, the City issued its Electric System Subordinate Revenue Note, Series 2015A to evidence a revolving line of credit in the principal amount of not to exceed $150,000,000 outstanding at any time to finance and refinance such capital improvements to the Electric System (as reissued, amended and extended, the "2015A Note"), and

WHEREAS the 2015A Note is currently scheduled to mature on December 1, 2021, and may be redeemed prior to maturity, and

WHEREAS it is deemed necessary and advisable to acquire and construct certain additions and betterments to and extensions of the Electric System, and

WHEREAS the Public Utility Board of the City (the "Board") has initiated and has recommended to the City Council for its approval the issuance of one or more series of Parity Bonds to provide funds to defease and/or redeem all or a portion of the outstanding 2013 Bonds, to redeem the 2015A Note, to finance or refinance costs of capital improvements to the Electric System, and to pay the costs of issuance for the bonds, and

WHEREAS the City Council further finds that certain of the capital improvements to be financed or refinanced with proceeds of the bonds authorized herein, including those financed with proceeds of the 2015A Note, have environmentally beneficial attributes consistent with the City’s Environmental Action Plan and other environmental priorities and goals of Tacoma Power
designed to mitigate the impacts of climate change and promote sustainability and conservation, and

WHEREAS the City Council desires to authorize the designation of all or a portion of the bonds issued to finance or refinance such improvements, which have environmentally beneficial attributes, as “Green Bonds” in accordance with the voluntary, generally accepted Green Bond Principles promulgated by the International Capital Market Association, and the City is permitted to make such a voluntary designation based on the intended use of such proceeds, and

WHEREAS the City Council wishes to delegate authority to the individuals authorized herein (each, a “Designated Representative”), for a limited time, the authority to approve the final terms of the bonds authorized herein within the parameters set by this Supplemental Ordinance, and

WHEREAS the City expects to receive a purchase contract from Citigroup Global Markets, Inc., KeyBanc Capital Markets, Goldman, Sachs and Co., and Siebert Williams Shank & Co., LLC (together, the “Underwriters”) to purchase the bonds authorized herein, and now desires to issue and sell such bonds to the Underwriters as set forth herein; Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions and Interpretation of Terms. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Master Ordinance, including any amendments to such terms as provided herein.
In addition, as used in this Supplemental Ordinance and with respect to the Bonds, the following words shall have the following meanings:

“Acquired Obligations” means the Governmental Obligations acquired by the City under the terms of this Supplemental Ordinance and the Escrow Agreement to effect the refunding of the Refunded Bonds, but only to the extent that the same are acquired at Fair Market Value.

“Assistant Finance Director/Controller” means the duly appointed and acting Assistant Finance Director/Controller of the City, including anyone acting in an interim or other capacity for the position, or the successor to the duties of that office.

“Beneficial Owner” means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

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

“Bond Purchase Contract” means one or more contracts between the Underwriters and the City for the purchase of Bonds, executed pursuant to this Supplemental Ordinance and setting forth the final terms of the applicable series of Bonds.

“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, whose duties include registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

“Bonds” mean the Electric System Revenue and Refunding Bonds authorized to be issued from time to time in one or more series under the Master Ordinance and this Supplemental Ordinance.

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

“City Attorney” means the duly appointed and acting City Attorney of the City, including anyone acting in an interim or other capacity for the position, or the successor to the duties of that office.

“City Clerk” means the duly appointed and acting City Clerk of the City, including anyone acting in an interim or other capacity for the position, or the successor to the duties of that office.

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

“City Manager” means the duly appointed and acting City Manager of the City, including anyone acting in an interim or other capacity for the position, or the successor to the duties of that office.

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

“Continuing Disclosure Certificate” means one or more written undertakings
for the benefit of the owners and Beneficial Owners of the Bonds as required by
Section (b)(5) of the Rule.

“Designated Representative” means the Director of Utilities and the Tacoma
Power Superintendent, or their designee. The signature of one Designated
Representative shall be sufficient to bind the City.

“Director of Utilities” means the duly appointed and acting Director of the City
Department of Public Utilities, including anyone acting in an interim or other
capacity for the position, or the successor to the duties of that office.

“Escrow Agent” means the escrow agent selected by a Designated
Representative pursuant to the terms of this Supplemental Ordinance.

“Escrow Agreement” means the Escrow Deposit Agreement between the
City and the Escrow Agent relating to the refunding of the Refunded Bonds.

“Fair Market Value” means the price at which a willing buyer would purchase
an investment from a willing seller in a bona fide, arm’s-length transaction, except
for specified investments as described in Treasury Regulation §1.148-5(d)(6),
including United States Treasury obligations, certificates of deposit, guaranteed
investment contracts, and investments for yield restricted defeasance escrows.
Fair Market Value is generally determined on the date on which a contract to
purchase or sell an investment becomes binding, and, to the extent required by the
applicable regulations under the Code, the term “investment” will include a hedge.
“Federal Tax Certificate” means one or more certificates executed by a Designated Representative or the Finance Director setting forth the requirements of the Code for maintaining the tax exemption of interest on the Tax-Exempt Bonds, and attachments thereto.

“Finance Director” means the Director of the Department of Finance of the City, or the City official who succeeds to substantially all of the responsibilities of that office.

“Fiscal Agent” for purposes of the Bonds means the Bond Registrar.

“Government Obligations” means those obligations now or hereafter defined as such in chapter 39.53 RCW constituting direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, as such chapter may be hereafter amended or restated.

“Letter of Representations” means the blanket issuer letter of representations from the City to DTC.

“Master Ordinance” means Ordinance No. 28146, passed on April 30, 2013, and as amended by Ordinance No. 28444, passed on August 1, 2017, as it may be further amended from time to time.

“Mayor” means the duly elected Mayor of the City or the successor to such officer.

“Official Statement” means the disclosure documents prepared and delivered in connection with the issuance of each series of Bonds.

“Record Date” means the close of business for the Bond Registrar that is 15 days preceding any interest and/or principal payment or redemption date.

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

“Paying Agent” for purposes of the Bonds means the Bond Registrar.

“Plan of Additions” means the system or plan of additions to and betterments and extensions of the Electric System described in Section 2.4, as such Plan may be amended, supplemented, or revised from time to time consistent with the City’s Electric System Comprehensive Plan.

“Project” or “Projects” mean the capital improvements to the Electric System to be financed or refinanced with proceeds of the Bonds, as provided in Section 2.4.

“Refunded Bonds” mean all or a portion of the 2013 Bonds designated by a Designated Representative for refunding pursuant to this Supplemental Ordinance.

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

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

“Subordinate Bonds” means the City of Tacoma Electric System Subordinate Revenue Bonds, issued in one or more series to finance costs of the Electric System.
System, and junior and subordinate to the Parity Bonds, as authorized by the Master Subordinate Ordinance.

“Tacoma Power Superintendent” means the duly appointed and acting Superintendent/Chief Operating Officer, Department of Public Utilities, Light Division, including anyone acting in an interim or other capacity for the position, or the successor to the duties of that office.

“Taxable Bonds” means any Bonds of a series determined to be issued on a taxable basis pursuant to this Supplemental Ordinance.

“Tax-Exempt Bonds” has the meaning set forth in the Master Ordinance.

“Treasurer” means the duly appointed and acting Treasurer of the City, including anyone acting in an interim or other capacity for the position, or the successor to the duties of that office.


“2010 Bonds” has the meaning set forth in the recitals hereto.

“2013 Bonds” has the meaning set forth in the recitals hereto.

“2017 Bonds” has the meaning set forth in the recitals hereto.

“2015A Note” means the outstanding City of Tacoma Electric System Subordinate Revenue Note, Series 2015A, as reissued, amended and extended.

“2021 Bonds Bond Retirement Account” means the account created in Section 5.1 of this Supplemental Ordinance.
“2021 Bonds Construction Account” means the account created in Section 5.1 of this Supplemental Ordinance.

“2021 Bonds Interest Subaccount” means the account created in Section 5.1 of this Supplemental Ordinance.

“2021 Bonds Principal Subaccount” means the account created in Section 5.1 of this Supplemental Ordinance.

“2021 Bonds Refunding Account” means the account created in Section 5.1 of this Supplemental Ordinance.

ARTICLE II
PARITY AND OTHER FINDINGS
Section 2.1. Findings; Authority for Supplemental Ordinance; Intent.
Pursuant to the terms of the Master Ordinance, the City has authorized a revenue bond borrowing program, which authorizes the City to issue, from time to time, one or more series of Parity Bonds to finance costs of the Electric System. City Council approval is necessary prior to the issuance of debt under the Tacoma City Charter and State law. This Supplemental Ordinance is adopted pursuant to the laws of the State, the Tacoma City Charter and the Master Ordinance.

The City Council intends that the terms and conditions set forth in this Supplemental Ordinance shall apply to the each series of Bonds issued hereunder.

In the event of any inconsistency between the terms and provisions provided for in this Supplemental Ordinance and the Master Ordinance, the terms and provisions of this Supplemental Ordinance shall control. For instance, the City intends that
certain definitions and the following sections shall supersede the corresponding sections of the Master Ordinance as they apply to the Bonds:

A. Section 3.2 Registration, Exchange and Payments;
B. Section 3.3 Redemption Terms;
C. Section 3.4 Form of Bonds;
D. Section 3.5 Lost or Destroyed Bonds;
E. Section 4.2 General Authorization; Documents;
F. Section 4.3 Preliminary and Final Official Statements;
G. Section 4.4 Ongoing Disclosure; Continuing Disclosure Certificate; and
H. Section 7.1 Tax Covenants.

Except as otherwise provided herein, the terms of the Master Ordinance are incorporated herein for the benefit of the Owners of the Bonds.

Section 2.2. Parity Conditions. In connection with the issuance of the Bonds, the City hereby makes the following findings:

A. There is, and as of the Issue Date for each series of Bonds there will be, no deficiency in the Bond Fund and no Event of Default has occurred or shall have occurred and be continuing as of such Issue Date.
B. This Supplemental Ordinance provides that the payment of the principal of and interest on the Bonds shall be paid out of the Bond Fund.
C. On the Issue Date for each series of Bonds there will be on file with the City a certificate satisfying the Parity Conditions in Section 9.2 of Ordinance No. 28146, amending the Master Ordinance.
Section 2.3. Findings Related to Revenues of the Electric System. The City hereby 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 Outstanding Parity Bonds, the Bonds, and the outstanding Subordinate 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 Bonds 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 subaccounts in the Bond Fund and in fixing the amounts to be paid into such subaccounts in the Bond Fund, it has exercised due regard for Operating Expenses, and the City has not bound and obligated itself to set aside and pay into such subaccounts in the Bond Fund a greater amount or proportion of the Revenues than in the judgment of the City will be available over and above the Operating Expenses and the amount and proportion of the Revenues so previously pledged.

Section 2.4. Plan of Additions. The City specifies, adopts, and orders to be carried out the system or plan of additions to and betterments and extensions of the Electric System (the “Plan of Additions”) as generally provided for in the capital portions of the Tacoma Power Biennial Budget, as supplemented and amended, and in any subsequent budget, and in the Electric System Comprehensive Plan.

The portion of the Plan of Additions financed and refinanced with proceeds of the Bonds is referred to herein as the “Project.” The estimated cost of the Plan of
Additions to be financed and refinanced with the proceeds of the Bonds, including the refinancing of the 2015A Note, is at least $150,000,000.

The Plan of Additions includes the purchase and installation of all materials, supplies, appliances, equipment (including, but not limited to, data processing hardware and software and conservation equipment) and facilities; the acquisition of all permits, franchises, property and property rights; other capital assets; and all engineering, consulting, and other professional services and studies (whether performed by the City or by other public or private entities) necessary or convenient to carry out the Plan of Additions.

ARTICLE III

AUTHORIZATION AND TERMS OF BONDS

Section 3.1. Authorization of Bonds: Terms and Description of Bonds.

A. The City hereby authorizes the issuance of its “City of Tacoma, Washington, Electric System Revenue and Refunding Bonds, Series 2021” or other such designation as set forth in the Bonds and approved by a Designated Representative, pursuant to the terms of the Master Ordinance and this Supplemental Ordinance. The Bonds may be issued in one or more series, may be designated as Taxable Bonds or Tax-Exempt Bonds, and may be issued on the same Issue Date or from time to time on different Issue Dates. The Bonds shall constitute Parity Bonds within the meaning of the Master Ordinance.

B. Proceeds of the Bonds shall be used to redeem the 2015A Note, to finance or refinance costs of the Project, to defease and/or redeem the Refunded Bonds, and to pay the costs of issuance in connection with the Bonds.
C. The Bonds shall be in the aggregate principal amount of not to exceed $320,000,000, shall be dated as of the Issue Date for such Bonds, shall be fully registered as to both principal and interest, shall be in the denomination of $5,000 each or any integral multiple thereof within a series and maturity, shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control, shall bear interest from their applicable Issue Date payable on the dates and at the rates set forth in the applicable Bond Purchase Contract, and shall be subject to optional and/or mandatory redemption, and mature on the dates and in the principal amounts set forth in the applicable Bond Purchase Contract.

Section 3.2. Registration, Exchange and Payments.

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

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

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

D. Use of Depository.

(1) The Bonds of each series shall be registered initially in the name of “Cede & Co.”, as nominee of DTC, with one Bond 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 (i) 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; (ii) to any substitute depository appointed by the Finance Director pursuant to subsection (2) below or such substitute depository’s successor; or (iii) 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 by order provide for the registration of such Bonds in the name of the Bond Registrar or such other person as may be designated by the Finance Director. Such registration shall be made without any transfer from any person as the Registered Owner and in accordance with any order of the Finance Director.
Director may 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 (i) or (ii) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the Finance Director, issue a single new Bond for such series for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Finance Director.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Finance Director determines that it is in the best interest of the Beneficial Owners of the Bonds that such owners be able to obtain physical Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held by a depository. The Finance Director shall deliver a written request to the Bond Registrar, together with a supply of physical Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds of a series together with a written request on behalf of the Finance Director to the Bond Registrar, new Bonds of such series shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.
E. Registration of Transfer of Ownership or Exchange; Change in Denominations. The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner’s duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same series, date, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same series, date, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer of or to exchange any Bond between the Record Date and the next principal payment or redemption date.

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

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

If any Bond is duly presented for payment and funds have not been provided by the City on the applicable payment date, then interest will continue to accrue thereafter on the unpaid principal thereof at the rate stated on the Bond until the Bond is paid.
Section 3.3. Redemption Terms.

A. Mandatory Redemption of Term Bonds and Optional Redemption, if any.
Each series of Bonds shall be subject to optional redemption on the dates, at the
prices and under the terms set forth in the applicable Bond Purchase Contract.
Each series of Bonds shall be subject to mandatory redemption to the extent, if any,
set forth in the applicable Bond Purchase Contract.

B. Purchase of Bonds. The City reserves the right to purchase any or all of
the Bonds in the open market at any time at any price acceptable to the City plus
accrued interest to the date of purchase.

C. Selection of Bonds for Redemption. For as long as the Bonds of a series
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 of a series are no longer held by
a depository, the selection of such Bonds of such series to be redeemed and the
surrender and reissuance thereof, as applicable, shall be made as provided in the
following provisions of this subsection C or in the Official Statement. 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 series and 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 such Bond 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.
Notwithstanding the foregoing or anything else to the contrary in this Supplemental
Ordinance, the selection of any Bonds for redemption may be as provided in the
applicable Bond Purchase Contract or Official Statement for such Bonds.

D. Notice of Redemption.

   (1) Official Notice. For so long as the Bonds of a series are held by a
depository, notice of redemption shall be given in accordance with the operational
arrangements of DTC as then in effect, and neither the City nor the Bond Registrar
shall provide any notice of redemption to any Beneficial Owners. The notice of
redemption may be conditional. 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:

(i) the redemption date,

(ii) the redemption price,

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

(iv) any conditions to redemption, and

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

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

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

(4) Amendment of Notice Provisions. The foregoing notice provisions of this Section 3.3, including, but not limited to, the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 3.4. Form of Bonds; Execution. The Bonds shall be in substantially the form set forth in Exhibit “A,” which is incorporated herein by this reference, with such changes thereto as may be approved by a Designated Representative, consistent with this Supplemental Ordinance.

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

Only such Bonds as shall bear thereon a Certificate of Authentication in the form provided herein, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Supplemental Ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Supplemental Ordinance and the Master Ordinance.
In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered, and issued and upon such authentication, delivery, and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. Any Bond may be signed and attested on behalf of the City by such persons who at the date of the actual execution of such Bond, are the proper officers of the City, although at the original date of such Bond any such person shall not have been such officer of the City.

Section 3.5. Lost or Destroyed Bonds. In case any Bonds shall be lost, stolen, or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like series, amount, date, tenor, and effect to the owner thereof upon the owner paying the expenses and charges of the City in connection therewith and upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that such Bond(s) were actually lost, stolen, or destroyed and of ownership thereof, and upon furnishing the City with indemnity satisfactory to both.

ARTICLE IV

SALE OF BONDS

Section 4.1. Bond Sale.

A. Bond Sale. The Bonds shall be sold by negotiated public sale to the Underwriters pursuant to the terms of one or more Bond Purchase Contracts. The City Council has determined that it would be in the best interest of the City to
delegate to the Designated Representatives, for a limited time, the authority to
select the Refunded Bonds, to designate each series of Bonds as Tax-Exempt
Bonds or Taxable Bonds, and to approve the Final Terms for each series of Bonds,
including but not limited to final interest rates, final maturity date, redemption terms,
principal maturities, and any other terms for each series of Bonds.

Each Designated Representative is further authorized to designate all or a
portion of a series of Bonds allocated to finance the portion of the Project, which
have environmentally beneficial attributes, as “Green Bonds,” and to engage with
such consultants and to undertake such action, execute such certificates, and
agree to such terms as necessary to accomplish such designation.

B. Sale Parameters. Subject to the terms and conditions set forth in this
Section, each Designated Representative is hereby authorized to select the
Refunded Bonds, to designate the Bonds of a series as Tax-Exempt Bonds or
Taxable Bonds, and to approve the final interest rates, final maturity date,
redemption terms and principal maturities for each series of Bonds, and to agree to
any other Final Terms for each series of Bonds that are in the best interest of the
City and necessary to facilitate this Supplemental Ordinance so long as:

1. the aggregate principal (face) amount of all Bonds issued under
this Supplemental Ordinance does not exceed $320,000,000,

2. the final maturity date for each series of Bonds is no later than
January 1, 2051,
3. the aggregate purchase price for the Bonds of a series shall not be less than 95 percent of the aggregate stated principal amount of such Bonds, excluding any original issue discount, and not greater than 140 percent,

4. the Bonds of each series shall bear interest at fixed rates per annum and the true interest cost for the Bonds of such series (in the aggregate) does not exceed 4.00 percent,

5. any series of Bonds or portion of a series of Bonds that are sold for the purpose of defeasing and/or refunding the Refunded Bonds are sold for a price that results in a minimum aggregate net present value debt service savings over the Refunded Bonds to be refunded with the proceeds of such series of at least 3.00 percent; and

6. the Bonds of each series conform to all other terms of this Supplemental Ordinance.

The final terms of each series of Bonds shall be set forth in the applicable Bond Purchase Contract. With respect to the Bonds, each Bond Purchase Contract shall serve as the “Pricing Certificate” as defined in the Master Ordinance. Subject to the terms and conditions set forth in this section, each Designated Representative is hereby authorized to execute one or more Bond Purchase Contracts for the Bonds.

The authority granted to the Designated Representatives by this Section shall expire on December 31, 2021. If a Bond Purchase Contract for the Bonds has not been executed by December 31, 2021, 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 are re-authorized by ordinance of the City Council at
the request of the Board. The ordinance re-authorizing the issuance and sale of
such Bonds may be in the form of a new ordinance repealing this Supplemental
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.

Section 4.2. General Authorization; Documents. Following the passage and
approval of this Supplemental Ordinance, the proper officials of the City, including
the Designated Representatives, the Mayor, the Finance Director, the Treasurer,
the City Manager, the Assistant Finance Director/Controller, and the City Clerk, are
authorized and directed to undertake all action necessary for the prompt execution
and delivery of the Bonds to the Underwriters 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 Supplemental Ordinance and the Bond
Purchase Contract. Such documents may include, but are not limited to,
documents related to a municipal bond insurance policy delivered by an insurer to
insure the payment when due of the principal of and interest on all or a portion of
the Bonds as provided therein, if such insurance is determined by a Designated
Representative to be in the best interest of the City.

Notwithstanding anything herein or in the Master Ordinance to the contrary,
the signature of one authorized official, including, but not limited to, the Designated
Representatives, shall be sufficient to bind the City.
Section 4.3. Preliminary and Final Official Statements. The Designated Representatives and the City Finance Director are each hereby authorized to deem final the preliminary Official Statement relating to the Bonds for the purposes of the Rule. The Designated Representatives and the City Finance Director are each 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 such individual to be appropriate.

Section 4.4. Ongoing Disclosure; Continuing Disclosure Certificate. The City covenants to execute and deliver on each Issue Date a Continuing Disclosure Certificate consistent with the Rule. The Finance Director is hereby authorized to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery, and sale of the Bonds with such terms and provisions as such officer shall deem appropriate and in the best interests of the City.

ARTICLE V

CREATION OF ACCOUNTS; APPLICATION OF BOND PROCEEDS

Section 5.1. Establishment and Designation of Accounts.

A. There is hereby created in the Construction Fund an account to be known as the 2021 Bonds Construction Account.

B. There is hereby created in the Bond Fund the following accounts: 2021 Bonds Interest Subaccount, the 2021 Bonds Principal Subaccount, and the 2021 Bonds Bond Retirement Account.

C. There is hereby created the 2021 Bonds Refunding Account.
Section 5.2. No Reserve for the Bonds. The City hereby determines that the Bonds shall not be secured by the Reserve Account or any debt service reserve account. The reserve account requirement for the Bonds shall be zero.

Section 5.3. Deposit of Proceeds of the Bonds; Refunding Plan. Immediately upon receipt thereof, the City shall deposit proceeds of each series of Bonds (net of the Underwriters’ discount and any associated fees and costs) as follows:

A. The amount necessary to finance and refinance the Project, including the amount necessary to redeem the 2015A Note, shall be deposited into the 2021 Bonds Construction Account. Any amount deposited therein to redeem the 2015A Note shall be transferred, together with other available funds of the City, if any, within 30 days of the Issue Date for such Bonds, to the owner of the 2015A Note. After the 2015A Note has been fully redeemed, the 2015A Note shall be cancelled. The proper City officials are authorized and directed to give or cause to be given notice of redemption of the 2015A Note in order to carry out the terms of this Supplemental Ordinance.

The remaining proceeds of any Bonds deposited into the 2021 Bonds Construction Account shall be used to pay or reimburse the City for costs of the Project and to pay costs of issuance for such Bonds.

B. For the purpose of realizing a debt service savings, the City proposes to apply a portion of the proceeds of any Bonds issued for such purpose to defease and/or redeem the Refunded Bonds as set forth herein. If a Designated Representative determines that it is in the best interest of the City to proceed with
the refunding authorized herein, a Designated Representative shall designate all or
a portion of the 2013 Bonds as Refunded Bonds and such designation shall be set
forth in the applicable Bond Purchase Contract.

A portion of the proceeds of such series of Bonds, together with other
available funds of the City, if any, shall be deposited with the Escrow Agent on
behalf of the City in the 2021 Bonds Refunding Account pursuant to an Escrow
Agreement to be used immediately upon receipt thereof to defease or redeem, as
applicable, the Refunded Bonds as authorized by the bond ordinance authorizing
the Refunded Bonds, and to pay costs of issuance of such series of Bonds. The
net proceeds deposited with the Escrow Agent shall be used to defease the
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 interest on the Refunded
Bonds as the same becomes due on and prior to the call date for the Refunded
Bonds, and the redemption price (100 percent of the principal amount) of the
Refunded Bonds on the 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.

The Designated Representatives and the Finance Director are each hereby
authorized to appoint an escrow agent for the Refunded Bonds (the “Escrow
Agent”). A cash balance and the Acquired Obligations shall be deposited
irrevocably with the Escrow Agent in an amount sufficient to defease the Refunded
Bonds. In order to carry out the purposes of this Section, each Designated Representative and the Finance Director are authorized and directed to execute and deliver to the Escrow Agent an Escrow Agreement.

The City hereby irrevocably sets aside sufficient funds out of the purchase of Acquired Obligations from proceeds of one or more series of Bonds to make the payments described above. In the Escrow Agreement the City shall irrevocably call the Refunded Bonds for redemption on the applicable call date in accordance with the provisions of the bond ordinance authorizing the redemption and retirement of the Refunded Bonds prior to their fixed maturities. Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the delivery of the cash and Acquired Obligations to the Escrow Agent.

The Escrow Agent is hereby authorized and directed to provide for the giving of notices of the redemption of the Refunded Bonds in accordance with the applicable provisions of the bond ordinances authorizing the issuance of the Refunded Bonds. The costs of publication of such notices shall be an expense of the City.

Section 5.4. Deposits Into and Uses of the 2021 Subaccounts in the Bond Fund; Pledge of Revenues. The City hereby obligates and binds itself irrevocably to set aside and to pay into the 2021 Bonds Interest Subaccount, the 2021 Bonds Principal Subaccount, and the 2021 Bonds Bond Retirement Subaccount, respectively, out of the Revenues of the Electric System the amounts necessary (together with other available moneys on hand therein) to pay the principal of, interest on and any mandatory sinking fund redemptions for the Bonds as and
when the same respectively become due and payable in accordance with the
terms hereof. The 2021 Bonds Interest Subaccount, the 2021 Bonds Principal
Subaccount, and the 2021 Bonds Bond Retirement Subaccount, respectively, shall
be drawn upon solely for the purpose of paying the principal of, interest on and
mandatory sinking fund redemptions for the Bonds.

Section 5.5. Investment of Funds. Money in the funds and accounts
contained herein and in the Master Ordinance may be invested in Permitted
Investments as provided in the Master Ordinance, but only to the extent that the
same are acquired, valued and disposed of at Fair Market Value.

ARTICLE VI

DEFEASANCE

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

The City shall give written notice of defeasance to the Registered Owners of the Bonds and to each party entitled to receive notice in accordance with the Continuing Disclosure Certificate.

ARTICLE VII

TAX COVENANTS

Section 7.1. Tax Covenants. The Bonds may be issued as “Tax-Exempt Bonds” within the meaning of the Master Ordinance. The City hereby covenants that it will take all actions necessary to assure the exclusion of interest on the Tax-Exempt Bonds from the gross income of the Owners of the Tax-Exempt Bonds, to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Issue Date of the Tax-Exempt Bonds, including, but not limited to, the following:

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

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

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

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

E. No Arbitrage. The City will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Tax-Exempt Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Issue Date of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

F. System of Registration. The City will maintain a system for recording the ownership of the Tax-Exempt Bonds that complies with the provisions of Section 149 of the Code until the Tax-Exempt Bonds have been surrendered and canceled.

G. Record Retention. The City will retain its records of all accounting and monitoring it carries out with respect to the Tax-Exempt Bonds for at least three
years after the Tax-Exempt Bonds mature or are prepaid (whichever is earlier); however, if the Tax-Exempt Bonds are redeemed prior to maturity, 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 Tax-Exempt Bonds.

H. Compliance with Federal Tax Certificate. The City will comply with the provisions of the Federal Tax Certificate with respect to the Tax-Exempt 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 Tax-Exempt Bonds.

ARTICLE VIII

AMENDMENTS TO MASTER ORDINANCE

Section 8.1 Amendments to the Master Ordinance. The City Council hereby amends the Master Ordinance to read as follows, which amendments shall be immediately effective, without the need for further action of the Council, upon receipt of (a) consent of not less than 51 percent in aggregate principal amount of the Parity Bonds at the time outstanding, and (b) the consent of Assured Guaranty Municipal Corp., so long as the surety policy related to the 2010 Bonds and the 2013 Bonds (as applicable) remains in effect or such bonds are no longer outstanding. Owners of the Bonds, by taking and owning the same, shall be deemed to have consented to the amendments provided for in this Supplemental Ordinance.
A. Amendment to Section 2.2 Definitions. The definition of “Annual Debt Service” as provided in Section 2.2 (Definitions) of the Master Ordinance is hereby amended and replaced in its entirety with the following:

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

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

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

and

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

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

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

For purposes of computing Annual Debt Service on any Parity Bonds which constitute Balloon Indebtedness (as defined below), it shall be assumed that the
principal of such Balloon Indebtedness, together with interest thereon at the then-current rate applicable to such Balloon Indebtedness or, at the option of the City, on a fixed rate equal to the rate at which the City could borrow for such period, as certified by the Financial Advisor, shall be amortized for a period specified by the City at the time of issuance of the Balloon Indebtedness (but no longer than thirty (30) years from the Issue Date of the Parity Bonds to which such Balloon Indebtedness relates) on a substantially level debt service basis or other amortization basis designated by the City.

“Balloon Indebtedness” shall mean any series of Parity Bonds (a) 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, and (b) are designated by the City as “Balloon Indebtedness” at or prior to the Issue Date of such bonds; 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).

B. Amendments to Section 13.3 Rate Covenant – Debt Service Coverage.

Section 13.3 (Rate Covenant – Debt Service Coverage) of the Master Ordinance is hereby amended and replaced in its entirety with the following:

-39-
Section 13.3. Rate Covenant – Debt Service Coverage.

The City shall also establish, fix and prescribe rates and charges which are reasonably expected to be at least sufficient to provide, in each Fiscal Year, Net Revenues in an amount equal to at least 1.25 times the actual Annual Debt Service for such year.

In connection with establishing, fixing and prescribing rates and charges for the upcoming Fiscal Year, the City shall take into account the collection experience in the then-current Fiscal Year.

So long as the City has complied with its rate covenants set forth in Section 13.2 and Section 13.3 of this Master Ordinance, failure to collect Net Revenues in an amount equal to at least 1.25 times actual Annual Debt Service at the end of a Fiscal Year shall not constitute a default or an Event of Default under this Master Ordinance so long as the City has complied with this Section 13.3 as of the commencement of such Fiscal Year.

 Solely for purposes of calculating the coverage requirement set forth above, there shall be added to Revenues in any Fiscal Year any amount withdrawn from the Rate Stabilization Fund in such Fiscal Year and deposited in the Revenue Fund, and there shall be subtracted from Revenues in any Fiscal Year any amount withdrawn from the General Account in the Revenue Fund and deposited in the Rate Stabilization Fund.

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

SECTION IX

MISCELLANEOUS

Section 9.1. 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 9.2. Terms of Bonds Subject to the Master Ordinance. Except for matters otherwise provided for herein, every term and condition contained in the Master Ordinance shall apply to this Supplemental Ordinance and the 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.

In the event of any inconsistency between the terms and provisions provided for in this Supplemental Ordinance and the Master Ordinance, the terms and provisions of this Supplemental Ordinance shall control.
Section 9.3. Ratification of Master Ordinance. Except as supplemented and amended by this Supplemental Ordinance, the Master Ordinance is hereby ratified, approved and confirmed and shall continue in full force and effect in accordance with its terms and provisions thereof, as amended and supplemented.

Section 9.4. Corrections by Clerk. Upon approval of the City Attorney and Bond Counsel, the City Clerk is hereby authorized to make necessary corrections to this Supplemental Ordinance, including, but not limited to, the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

Section 9.5. Severability. If any one or more of the provisions of this Supplemental Ordinance is or are held by any court of competent jurisdiction to be contrary to law, then such provision or provisions shall be null and void and shall be deemed separable from the remaining provisions and shall in no way affect the validity of the other provisions of this Supplemental Ordinance.
Section 9.6. Effective Date. 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 ________________________
EXHIBIT “A”

Form of Bonds

[DTC Language]

UNITED STATES OF AMERICA

No. _____       $____________

STATE OF WASHINGTON
CITY OF TACOMA
ELECTRIC SYSTEM REVENUE [AND REFUNDING] BONDS,
SERIES 2021[____]

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

The City of Tacoma (the “City”), a municipal corporation duly organized and existing under and pursuant to the Charter of the City and the Constitution and laws of the State of Washington (the “State”), 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 _________, 20__, 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 ________ and ________. 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. Interest on this bond shall be calculated on the basis of actual days elapsed in a 360 day year consisting of twelve 30-day months.

This bond is one of an authorized issue of bonds of like series, date and tenor, except as to number, amount, rate of interest, date of maturity and rights of redemption, in the aggregate principal amount of $_________ (the “Bonds”) pursuant to Ordinance No. 28146 of the City, passed on April 30, 2013, as amended and supplemented (the “Master Ordinance”), including as supplemented by Supplemental Ordinance No. ____ of the City, passed on
___________, 2021 (the “Supplemental Ordinance,” and together with the Master Ordinance, the “Bond Ordinance”). The Bonds are issued for the purpose of financing and refinancing certain capital improvements of the electric system (as defined in the Bond Ordinance, the “Electric System”), to redeem certain Subordinate Bonds of the Electric System, [to defease and redeem certain outstanding Parity Bonds], and to pay costs of issuance for the Bonds. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bond Ordinance.

Payments on this bond shall be made solely from Revenues of the Electric System, after payment of Operating Expenses, to the registered owner by the Bond Registrar without the necessity of presentation and surrender of this bond. Reference is made to the Bond Ordinance and the provisions of the Charter of the City and all laws of the State (referred to as the “Act”) for a description of the terms on which the Bonds are issued and may be issued, the provisions with regard to the nature and extent of the Revenues, and the rights of the registered owners of the Bonds; and all the terms of the Bond Ordinance and the Act are hereby incorporated herein and made a contract between the City and the registered owner from time to time of this bond, and to all the provisions thereof the registered owner of this bond, by its acceptance hereof, consents and agrees. The Bonds are being issued on a parity of lien on Revenues of the Electric System with the City’s Outstanding Parity Bonds. The City has reserved the right in the Bond Ordinance to issue additional bonds (“Future Parity Bonds”) on a parity with the Bonds and the Outstanding Parity Bonds. The Outstanding Parity Bonds, the Bonds and any Future Parity Bonds are referred to herein as the “Parity Bonds.”

Under the Master Ordinance, the City is obligated to set aside and pay into the Bond Fund and the accounts held therein out of the Revenue of the Electric System, certain fixed amounts sufficient to pay the principal of and interest and premium, if any, on all Parity Bonds as the same become due and payable, all as is more fully provided in the Master Ordinance.

The Bonds are special limited obligations of the City payable from and secured solely by Net Revenues of the Electric System and by other money and assets specifically pledged under the Master Ordinance for the payment thereof. Pursuant to the Master Ordinance, the City has pledged as security for the payment of the principal of, premium, if any, and interest on the Parity Bonds in accordance with the provisions of the Master Ordinance, subject only to the provisions of the Master Ordinance restricting or permitting the application thereof for the purposes and on the terms and conditions set forth in the Master Ordinance: (i) the proceeds of the sale of the Parity Bonds to the extent held in funds established by the Master Ordinance, (ii) Net Revenues, and (iii) the money and investments, if any, credited to the Revenue Fund and the Bond Fund, and the income therefrom.

Copies of the Bond Ordinance are on file at the office of the City, and reference thereto, and to any and all modifications and amendments thereof, is hereby made for a more complete description of the Revenue available for the payment of the principal of, premium, if any, and interest on the Bonds and the rights and remedies of the registered owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds have been issued, and the terms and conditions upon which this bond shall no longer be secured by the Bond Ordinance or deemed to be outstanding thereunder if money or certain specified securities sufficient for the payment of this bond shall have been set aside in a special account and held in trust for the payment thereof.

In and by the Bond Ordinance, the City covenants to establish, maintain and collect rates or charges for electric energy sold through the ownership or operation of the Electric System and all other services, facilities and commodities sold, furnished or supplied by the City in connection with the ownership or operation of the Electric System that shall be fair and nondiscriminatory and reasonably anticipated to provide Revenue sufficient for the payment of the Parity Bonds, and any other indebtedness of the Electric System, and all payments that the City is obligated to set aside in the Bond Fund and for the proper operation and maintenance of the Electric System, all necessary repairs thereto and replacements and renewals thereof and all other costs of the Electric System.

This bond is subject to redemption prior to maturity as provided in the Bond Resolution and Bond Purchase Contract.

This bond is transferable by the registered owner hereof, but only in the manner and subject to the limitations provided in the Bond Ordinance. Upon such transfer a new fully registered bond for the same aggregate principal amount will be issued to the transferee in exchange herefor.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this bond, and in the issuing of this bond, do exist, have happened and have been performed in due time, form and
manner, as required by the Constitution and statutes of the State and the Charter of the City, and that this bond, together with all other indebtedness of the City pertaining to the Electric System, is within every debt limitation and other limit prescribed by the Constitution and statutes of the State and said Charter, and is not in excess of the amount of Bonds permitted to be issued under the Master Ordinance.

This bond shall not be entitled to any benefit under the Bond Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Bond Registrar. This bond is a valid and binding obligation of City.

In the event of any inconsistency between the terms and provisions of the Bond Ordinance and this bond, the terms and provisions of the Bond Ordinance shall control.

IN WITNESS WHEREOF, the City of Tacoma, Washington, has caused this bond to be signed with the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and the seal of the City to be impressed or a facsimile thereof to be imprinted hereon, as of this _____ day of ______________, 2021.

[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 Electric System Revenue [and Refunding] Bonds, Series 2021[____] of the City of Tacoma, Washington, dated ________________, 2021.

WASHINGTON STATE FISCAL AGENT, as Bond Registrar

By ________________________________
CLERK’S CERTIFICATE

I, the undersigned, City Clerk of the City of Tacoma, Washington, DO

HEREBY CERTIFY:

1. That the attached is a true and correct copy of Supplemental Ordinance
   No. ___ (the “Ordinance”) of the City, duly passed at a regular meeting of the City
   Council (the “Council”) of the City held on ____________, 2021.

2. That said meeting was duly convened and held in all respects in
   accordance with law, and to the extent required by law, including but not limited to
   Washington State Governor Inslee’s emergency proclamation No. 20-28 issued on
   March 24, 2020, as amended and supplemented, suspending portions of the Open
   Public Meetings Act (chapter 42.30 RCW), 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 passage of said Ordinance have been fully fulfilled, carried out and
   otherwise observed; and that I am authorized to execute this certificate.

   IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of
   __________________, 2021.

   City Clerk
   City of Tacoma, Washington
ORDINANCE NO. 28774

A SUPPLEMENTAL ORDINANCE relating to Tacoma Power; authorizing the issuance of an Electric System Subordinate Revenue Note, Series 2021 in the principal amount of not to exceed $150,000,000 to evidence a revolving line of credit to provide funds to finance and refinance capital improvements to the Electric System; authorizing the execution and delivery of a Note Purchase Agreement with Wells Fargo Bank, National Association in connection with the issuance of the 2021 Note; delegating the authority to approve the final terms of the 2021 Note; and authorizing other matters related thereto.

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

WHEREAS the Senior Bond Ordinance permits the City to issue obligations that are junior and subordinate to the payment of the Senior Bonds and that are payable out of Revenues of the Electric System, after payment of Operating Expenses, only after the prior payment of all amounts required to be paid or set aside under the Senior Bond Ordinance for the Senior Bonds, as the same shall become due at the times, in the manner and subject to the conditions set forth in the Senior Bond Ordinance, and
WHEREAS, on April 21, 2015, the City Council passed Ordinance No. 28295 (as amended, 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, passed by the City Council on April 21, 2015, as amended (the “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 $150,000,000 outstanding at any time to finance and refinance capital improvements to the Electric System (the “2015A Note”), and

WHEREAS Tacoma Power expects to redeem the 2015A Note prior to its stated maturity of December 1, 2021, with proceeds of Senior Bonds, and after such date of redemption the 2015A Note will no longer available to Tacoma Power for advances, and

WHEREAS it is deemed necessary and advisable to acquire and construct certain additions and betterments to and extensions of the Electric System, and

WHEREAS the Public Utility Board of the City (the “Board”) has initiated and has recommended to the City Council for its approval the issuance of Subordinate Bonds in the form of a note (the “2021 Note”) to replace the 2015A Note and to finance and refinance capital improvements to the Electric System and to pay costs of issuance, and

-2-
WHEREAS the City Council has determined that it is in the best interests of the City and its ratepayers to issue the 2021 Note to provide funds to finance or refinance costs of capital improvements to the Electric System and pay the costs of issuance and sale of the 2021 Note, and

WHEREAS, the City deems it in the best interests of the City and its ratepayers that the 2021 Note be sold to and purchased by Wells Fargo Bank, National Association or its affiliate (the “Purchaser”) by private sale pursuant to a Note Purchase Agreement to be entered into between the City and the Purchaser (the “Note Purchase Agreement”), and

WHEREAS, the City Council hereby finds and determines that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness to be evidenced by the 2021 Note, and in the issuing of the 2021 Note, as of the date of issuance thereof, shall exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State and the Charter of the City, and that the 2021 Note is within every debt limitation and other limit prescribed by the Constitution and statutes of the State and the Charter, and is not in excess of the amount of Subordinate Bonds permitted to be issued under the Master Subordinate Ordinance, Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:
ARTICLE I

DEFINITIONS

Section 1.1. Definitions and Interpretation of Terms. Unless otherwise defined in the recitals and elsewhere in this Supplemental Ordinance, capitalized terms used herein shall have the meanings set forth in the Master Subordinate Ordinance, as it may be amended. In addition, as used in this Supplemental Ordinance the following words shall have the following meanings:

“Assistant Finance Director/Controller” means the duly appointed and acting Assistant Finance Director/Controller of the City, including anyone acting in an interim or other capacity for the position, or the successor to the duties of that office.

“Borrower Representative” means the Director of Utilities, the Tacoma Power Superintendent, and the Tacoma Power Rates, Planning, and Analysis Manager, or their designee. The signature of one Borrower Representative shall be sufficient to bind the City.

“City Clerk” means the duly appointed and acting City Clerk of the City, including anyone acting in an interim or other capacity for the position, or the successor to the duties of that office.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2021 Note or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the 2021 Note, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.
“Designated Representative” means the Director of Utilities and the Tacoma Power Superintendent, or their designee. The signature of one Designated Representative shall be sufficient to bind the City.

“Director of Utilities” means the duly appointed and acting Director of the City Department of Public Utilities, including anyone acting in an interim or other capacity for the position, or the successor to the duties of that office.

“Fair Market Value” means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm's-length transaction, except for specified investments as described in Treasury Regulation §1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.

“Federal Tax Certificate” means one or more certificates executed by a Designated Representative or the Finance Director setting forth the requirements of the Code for maintaining the tax exemption of interest on the 2021 Note, and attachments thereto.

“Interest Rate” means the variable rate of interest on the 2021 Note as approved by a Designated Representative and set forth in the 2021 Note and in the Note Purchase Agreement.
“Maturity Date” means the date specified in the 2021 Note and in the Note Purchase Agreement, which shall be no later than three years from the date of issuance of the 2021 Note.

“Note Registrar” means Bond Registrar as defined in the Master Subordinate Ordinance. The Note Registrar(s) for the 2021 Note shall be those individuals appointed pursuant to Section 3.3 of this Supplemental Ordinance.

“Note Purchase Agreement” means the note purchase agreement or other agreement between the City and the Purchaser and approved by a Designated Representative pursuant to this Supplemental Ordinance, as it may be supplemented and amended.

“Plan of Additions” means the system or plan of additions to and betterments and extensions of the Electric System described in Section 2.4, as such Plan may be amended, supplemented or revised from time to time consistent with the City’s Electric System Comprehensive Plan.

“Purchaser” means Wells Fargo Bank, National Association, or its affiliate, and its successors and assigns.

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

“State” means the State of Washington.

“Tacoma Power Rates, Planning, and Analysis Manager” means the duly appointed and acting Rates, Planning and Analysis Manager, Department of Public
Utilities, Light Division, including anyone acting in an interim or other capacity for the position, or the successor to the duties of that office.

“Tacoma Power Superintendent” means the duly appointed and acting Superintendent/Chief Operating Officer, Department of Public Utilities, Light Division, including anyone acting in an interim or other capacity for the position, or the successor to the duties of that office.

“2021 Note” means the City of Tacoma Electric System Subordinate Revenue Note, Series 2021, authorized to be issued under the Master Subordinate Ordinance and this Supplemental Ordinance, as supplemented and amended.

“2021 Note Proceeds” means proceeds of the sale of the 2021 Note.

“2021 Note Projects” means the facilities and projects to be financed or refinanced in whole or in part from 2021 Note Proceeds, as provided in Section 2.4.

ARTICLE II

PARITY AND OTHER FINDINGS

Section 2.1. Findings. Pursuant to the terms of the Master Subordinate Ordinance, the City has authorized a subordinate lien revenue bond borrowing program, which authorizes the City to issue, from time to time, one or more series of Subordinate Bonds to finance costs of the Electric System. Due to increasing capital and operating costs, anticipated fluctuations in Revenues of the Electric System, and other economic conditions, Tacoma Power has determined that it is necessary and advisable to obtain a general credit facility in the form of a drawdown revolving line of credit to finance capital costs of the Electric System and help maintain the financial stability of the Electric System. The use of short-term
debt agreements to maintain financial stability is consistent with Tacoma Power financial policies and planning, as is the use of short-term debt to finance capital costs. A general credit facility will assist Tacoma Power in maintaining financial stability which will help support the current and future needs of the Electric System. City Council approval is necessary prior to the issuance of debt under the Tacoma City Charter and State law.

The City Council hereby finds (1) it is in the best interest of Tacoma Power and its ratepayers that it issue a short-term note as a Subordinate Bond under the Master Subordinate Ordinance to provide funding for Tacoma Power for its capital projects; (2) Tacoma Power has or expects to receive a proposal from the Purchaser to purchase the 2021 Note; and (3) the 2021 Note and the Note Purchase Agreement authorized herein will be issued without further City Council approval only if the parameters provided for herein are satisfied.

Section 2.2. In connection with the issuance of the 2021 Note, the City hereby makes the following findings:

A. There is, and as of the date of the issuance of the 2021 Note there will be, no deficiency in the Bond Fund, and no Event of Default, as defined in the Master Subordinate Ordinance, has occurred or shall have occurred and be continuing.

B. This Supplemental Ordinance provides that the payment of the principal of and interest on the 2021 Note shall be paid out of the Bond Fund and subject to the terms of the Master Subordinate Ordinance and the Note Purchase Agreement.
C. On the effective date of the 2021 Note, there will be on file with the City a certificate satisfying the conditions set forth in Section 6.1 of the Master Subordinate Ordinance.

Section 2.3. Findings Related to Revenues of the Electric System. The City hereby 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, the outstanding Subordinate Bonds and the 2021 Note, 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 2021 Note 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 Operating Expenses, and the City has not bound and obligated itself to set aside and pay into the Bond Fund a greater amount or proportion of the Revenues than in the judgment of the City will be available over and above the Operating Expenses.

Section 2.4. Plan of Additions. The City specifies, adopts, and orders to be carried out the system or plan of additions to and betterments and extensions of the Electric System (the “Plan of Additions”) as generally provided for in the capital portions of the Tacoma Power Biennial Budget, as supplemented and amended, and in any subsequent budget, and in the Electric System Comprehensive Plan.
The portion of the Plan of Additions financed and refinanced with 2021 Note Proceeds is referred to herein as the “2021 Note Projects.” The estimated cost of the Plan of Additions to be financed and refinanced with 2021 Note Proceeds is at least $150,000,000.

The Plan of Additions includes the purchase and installation of all materials, supplies, appliances, equipment (including, but not limited to, data processing hardware and software and conservation equipment) and facilities; the acquisition of all permits, franchises, property and property rights; other capital assets; and all engineering, consulting, and other professional services and studies (whether performed by the City or by other public or private entities) necessary or convenient to carry out the Plan of Additions.

ARTICLE III

AUTHORIZATION AND TERMS OF NOTE

Section 3.1. Authorization of 2021 Note: Terms and Description of 2021 Note.

A. The City hereby authorizes the issuance of its “City of Tacoma, Washington, Electric System Subordinate Revenue Note, Series 2021” or other such designation as set forth in the 2021 Note and approved by a Designated Representative. The 2021 Note shall constitute a Subordinate Bond within the meaning of the Master Subordinate Ordinance. The 2021 Note shall be issued to finance and refinance the costs of the 2021 Note Projects and to pay costs of issuance for the 2021 Note.
B. The 2021 Note shall be issued as a draw-down obligation to evidence a revolving line of credit established with the Purchaser. The draw features including process for draws on the 2021 Note shall be as set forth in the Note Purchase Agreement and/or the 2021 Note. The City shall maintain, or cause to be maintained, records of amounts drawn on the 2021 Note. Draw requests shall be executed on behalf of the City as provided in (D) below.

C. The 2021 Note shall be dated as of its date of delivery to the Purchaser, shall be fully registered as to both principal and interest, shall be in one denomination, shall be in the principal amount of not to exceed $150,000,000 outstanding at any one time, and shall mature on the Maturity Date. The 2021 Note shall bear interest on the outstanding principal balance drawn on the 2021 Note at the Interest Rate, subject to any default rate or other interest rate changes provided for in the 2021 Note and in the Note Purchase Agreement.

Interest on the outstanding principal balance on the 2021 Note shall be calculated as provided in the 2021 Note and in the Note Purchase Agreement. Principal of and interest on the 2021 Note shall be payable at the times and in the amounts as set forth in the 2021 Note and in the Note Purchase Agreement. The 2021 Note shall be subject to mandatory and optional redemption and to mandatory tender for purchase prior to maturity on the dates and at the prices, and the terms of the 2021 Note shall be as set forth in the Note Purchase Agreement.

D. The City Council hereby delegates to each Borrower Representative authority to make written Requests for Advances, to submit Compliance Certificates, to provide any notice of reduction or termination of the 2021 Note, and
to otherwise take all action necessary after closing of the 2021 Note to implement
and administer the 2021 Note and the Note Purchase Agreement pursuant to the
terms of this Supplemental Ordinance. Each Request for Advance and Compliance
Certificate shall be signed by a Borrower Representative and countersigned by the
City Treasurer, the Finance Director, or the Assistant Finance Director/Controller as
provided in the Note Purchase Agreement.

Section 3.2. Form of 2021 Note. The 2021 Note shall be in substantially
the form set forth in Exhibit “A” attached hereto and made a part hereof, with
appropriate variations, omissions, and insertions as shall be required or
appropriate consistent with the Master Subordinate Ordinance and this
Supplemental Ordinance to reflect the terms as provided herein.

The 2021 Note shall contain a legend to the effect that the transferability of
such 2021 Note is subject to the restrictions set forth in the Note Purchase
Agreement. Registered ownership of the 2021 Note, or any portion thereof or
interest thereon, may not thereafter be transferred except as set forth in the Note
Purchase Agreement.

Section 3.3. Registered Note; No Book-Entry System.

A. Not Book-Entry Bond. The 2021 Note shall be issued in the form of a
separate single fully-registered 2021 Note but not as a Book-Entry Bond. The 2021
Note shall be registered in the name of the Purchaser as the original registered
owner. The terms and provisions set forth in Sections 4.3(d), 4.3(e), and 4.4 of the
Master Subordinate Ordinance shall not apply to the 2021 Note, and to the extent
that the registration, transfer and exchange, place and medium of payment for the
2021 Note is not set forth herein, such provisions shall be as set forth in the 2021 Note and the Note Purchase Agreement.

B. No Offering Document. No official statement, prospectus, offering circular or other offering statement containing material information with respect to the City or the 2021 Note will be provided in connection with the issuance of the 2021 Note.

C. Paying Agent and Note Registrar. The City Treasurer, the Finance Director, and the Assistant Finance Director/Controller are each hereby designated as the Paying Agent and Note Registrar for the 2021 Note in accordance with the Master Subordinate Ordinance.

The Note Registrar is authorized, on behalf of the City, to authenticate and deliver the 2021 Note if transferred or exchanged in accordance with the provisions of the 2021 Note and this Supplemental Ordinance and to carry out all of the Note Registrar’s powers and duties under this Supplemental Ordinance.

D. Owner of the 2021 Note. The City and the Note Registrar may deem and treat the Owner of the 2021 Note as the absolute owner for all purposes, and neither the City nor the Note Registrar shall be affected by any notice to the contrary. Payment of the 2021 Note shall be made only as described in Subsection E below. All such payments made as described in Subsection E below shall be valid and shall satisfy the liability of the City upon the 2021 Note to the extent of the amount so paid.

E. Payment of Principal of and Interest on the 2021 Note. Both principal of and interest on the 2021 Note shall be payable in lawful money of the United States
Principal and interest on the 2021 Note shall be payable by check, warrant, ACH transfer, Federal Reserve wire, or by other means mutually acceptable to the Owner and the City. Upon final payment of principal and interest of the 2021 Note, the Owner shall surrender the 2021 Note for cancellation at the office of the Note Registrar.

ARTICLE IV
CREATION OF ACCOUNTS; APPLICATION OF 2021 NOTE PROCEEDS

Section 4.1. Creation of Accounts.
A. There is created in the Subordinate Construction Fund an account to be known as the 2021 Note Subordinate Draw Account.
B. There is hereby created in the Bond Fund the following subaccounts with respect to the 2021 Note:
   1. the 2021 Note Interest Subaccount in the Interest Account;
   2. the 2021 Note Principal Subaccount in the Principal Account; and
   3. the 2021 Note Bond Retirement Subaccount in the Bond Retirement Account.
C. The City hereby determines that the 2021 Note shall not be secured by the Reserve Account or any other debt service reserve account.

Section 4.2. Deposit of Proceeds of the 2021 Note. Immediately upon receipt thereof, the Paying Agent shall deposit the proceeds of all advances drawn by a Designated Representative under the 2021 Note into the 2021 Note Subordinate Draw Account, which amounts shall be used for 2021 Note Projects...
any lawful purposes for which such advances were made and the costs of issuance of the 2021 Note.

Section 4.3. Deposits Into and Uses of the 2021 Subaccounts in the Bond Fund; Pledge of Revenues. The City hereby obligates and binds itself irrevocably to set aside and to pay into the 2021 Note Interest Subaccount, the 2021 Note Principal Subaccount, and the 2021 Note Bond Retirement Subaccount, respectively, out of the Revenues of the Electric System the amounts necessary (together with other available moneys on hand therein) to pay the principal of, interest on and any mandatory sinking fund redemptions for the 2021 Note as and when the same respectively become due and payable in accordance with the terms hereof and of the Note Purchase Agreement. The 2021 Note Interest Subaccount, the 2021 Note Principal Subaccount, and the 2021 Note Bond Retirement Subaccount, respectively, shall be drawn upon solely for the purpose of paying the principal of, interest on and mandatory sinking fund redemptions for the 2021 Note.

ARTICLE V

ADDITIONAL COVENANTS; ADDITIONAL EVENTS OF DEFAULT

Section 5.1. Covenants. The City covenants and agrees with the Owner of the 2021 Note that it will comply with the covenants set forth in the Master Subordinate Ordinance.

Section 5.2. Tax Covenants. The 2021 Note will be issued as a “Tax-Exempt Bond” as defined in the Master Subordinate Ordinance. The City hereby covenants that it will take all actions necessary to assure the exclusion of interest on the 2021 Note from the gross income of the Owners of the 2021 Note, to the
same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2021 Note, including, but not limited to, the following:

A. Private Activity Bond Limitation. The City will assure that the 2021 Note Proceeds are not so used as to cause the 2021 Note to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

B. Limitations on Disposition of Project. The City will not sell or otherwise transfer or dispose of (1) any personal property components of the 2021 Note Projects finance or refinanced with 2021 Note Proceeds other than in the ordinary course of an established government program under Treasury Regulation Section 1.141-2(d)(4) or (2) any real property components of such projects, unless it has received an opinion of nationally recognized bond counsel to the effect that such disposition will not adversely affect the treatment of interest on the 2021 Note as excludable from gross income for federal income tax purposes.

C. Federal Guarantee Prohibition. The City will not take any action or permit to suffer any action to be taken if the result of such action would be to cause the 2021 Note to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

D. Rebate Requirement. The City will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2021 Note.
E. No Arbitrage. The City will not take, or permit or suffer to be taken, any action with respect to the 2021 Note Proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issue of the 2021 Note would have caused the 2021 Note to be an "arbitrage bond" within the meaning of Section 148 of the Code.

F. System of Registration. The City will maintain a system for recording the ownership of the 2021 Note that complies with the provisions of Section 149 of the Code until the 2021 Note has been surrendered and canceled.

G. Record Retention. The City will retain its records of all accounting and monitoring it carries out with respect to the 2021 Note for at least three years after the 2021 Note matures or is prepaid (whichever is earlier); however, if the 2021 Note is redeemed prior to maturity, 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 2021 Note.

H. Compliance with Federal Tax Certificate. The City will comply with the provisions of the Federal Tax Certificate with respect to the 2021 Note, which are incorporated herein as if fully set forth herein.

The covenants of this section will survive payment in full or defeasance of the 2021 Note.

Section 5.3. Additional Event of Default. An Event of Default under the Note Purchase Agreement shall constitute an Event of Default under this Supplemental Ordinance. Nothing herein shall limit the remedies of the Purchaser under the Note Purchase Agreement.
ARTICLE VI

SALE OF THE 2021 NOTE;
ONGOING DISCLOSURE; ADDITIONAL COVENANTS

Section 6.1. Sale of the 2021 Note.

A. The City Council has determined that it would be in the best interest of
the City to delegate to the Designated Representatives, for a limited time, the
authority to approve the final terms of the 2021 Note and Note Purchase
Agreement subject to the provisions of this Supplemental Ordinance.

B. Subject to the terms and conditions set forth in this Article VI, each
Designated Representative is hereby authorized (1) to approve the principal
amount, dated date, principal payment dates, interest payment dates, mandatory
and/or optional redemption, mandatory and/or optional tender for purchase, the
Maturity Date, and Interest Rate for the 2021 Note, (2) to negotiate and approve
any unused line of credit fee in the Note Purchase Agreement, a structuring agent
fee letter and fee with the Purchaser, and any additional terms and covenants with
the Purchaser that are in the best interest of the City and consistent with this
Supplemental Ordinance, (3) to approve and execute the 2021 Note and Note
Purchase Agreement, and (4) to execute the sale of the 2021 Note to the
Purchaser; provided that:

1. The principal amount of the 2021 Note shall be in the amount of
not to exceed $150,000,000 outstanding at any time;

2. The final maturity of the 2021 Note is no later than the Maturity
Date;
3. The Interest Rate on the 2021 Note shall be a variable rate based initially on the SIFMA rate and calculated as provided in the Note Purchase Agreement; provided, that the 2021 Note may be subject to a default rate and/or a taxable rate upon the occurrence and continuation of an Event of Default or Determination of Taxability, respectively, as provided for in the Note Purchase Agreement; and

4. The terms of the 2021 Note otherwise conform to the terms of the Master Subordinate Ordinance and this Supplemental Ordinance.

Subject to the terms and conditions set forth in this Section, each Designated Representative is hereby authorized to negotiate and approve the terms of the Note Purchase Agreement in coordination with Bond Counsel, the Municipal 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 Supplemental Ordinance, and to execute and implement the Note Purchase Agreement (including the payment of any financing costs associated with the delivery of the Note Purchase Agreement from 2021 Note Proceeds or available funds of the Electric System), and such approval shall be conclusively evidenced by his or her execution thereof.

The authority granted to the Designated Representatives to initially approve the 2021 Note and Note Purchase Agreement by this section shall expire on December 31, 2021. If the 2021 Note has not been issued and the Note Purchase Agreement has not been executed by such date, the authorization provided herein shall be rescinded, and the 2021 Note shall not be executed and the 2021 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.

C. Upon the passage and approval of this Supplemental Ordinance, the
proper officials of the City including the Designated Representatives, the Borrower
Representatives, the Mayor, the City Treasurer, the Finance Director, the Assistant
Finance Director/Controller and the City Clerk are authorized and directed to
undertake all action necessary for the prompt execution and delivery of the 2021
Note to the Purchaser and further to execute all closing certificates, agreements,
rate lock agreement, term sheet, structuring agent fee letter and other documents
required to effect the closing and delivery of the 2021 Note in accordance with the
terms of this Supplemental Ordinance.

Notwithstanding anything herein or in the Master Subordinate Ordinance to
the contrary, the signature of one authorized official, including but not limited to the
Designated Representatives and the Borrower Representatives, shall be sufficient
to bind the City.

Section 6.2. No Ongoing Disclosure; Additional Covenants. The 2021 Note
is exempt from ongoing disclosure requirements of the Rule. The City may agree
to provide the Purchaser certain financial or other information and agree to such
covenants as determined to be necessary by a Designated Representative and as
set forth in the Note Purchase Agreement and approved by a Designated
Representative pursuant to this Article.
ARTICLE VII

MISCELLANEOUS

Section 7.1. Ratification of Prior Acts. Any action taken consistent with the authority and prior to the effective date is ratified, approved and confirmed.

Section 7.2. Terms of 2021 Note Subject to the Master Subordinate Ordinance. Except as expressly provided herein, every term and condition contained in the Master Subordinate Ordinance shall apply to this Supplemental Ordinance and the 2021 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.

In the event of any inconsistency between the terms and provisions provided for in this Supplemental Ordinance and the Master Subordinate Ordinance, the terms and provisions of this Supplemental Ordinance shall control.

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

Section 7.3. Corrections by Clerk. Upon approval of the City Attorney and Bond Counsel, the City Clerk is hereby authorized to make necessary corrections to this ordinance, including, but not limited to, the correction of clerical errors;
references to other local, state or federal laws, codes, rules, or regulations;
ordinance numbering and section/subsection numbering; and other similar
necessary corrections.

Section 7.4. Effective Date. This Supplemental Ordinance shall take effect
and be in force 10 days after its passage, approval and publication as required by
law.

Passed _________________

Attest:

__________________________
City Clerk

Approved as to form and legality:

Pacifica Law Group LLP
Bond Counsel

By ________________________
EXHIBIT “A”

Form of 2021 Note

UNITED STATES OF AMERICA

TRANSFER RESTRICTED

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION, THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN THE NOTE PURCHASE AGREEMENT DESCRIBED BELOW AND MAY NOT BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS PROVIDED IN THE NOTE PURCHASE AGREEMENT.

STATE OF WASHINGTON

CITY OF TACOMA

ELECTRIC SYSTEM SUBORDINATE REVENUE NOTE,
SERIES 2021

DATE OF ISSUANCE: _____________________
REGISTERED OWNER: _____________________
PRINCIPAL AMOUNT: NOT TO EXCEED $__________ AND NO 100/DOLLARS

The City of Tacoma, a municipal corporation duly organized and existing under and pursuant to the Charter of the City of Tacoma and the Constitution and laws of the State of Washington (hereinafter called the “City”), for value received, hereby promises to pay (but only out of the Revenues referred to below) to the Registered Owner named above or its registered successors and assigns, the principal amount hereof, together with unpaid accrued interest thereon, on the dates, at the rates and in the amounts as provided in the Note Ordinance (as hereinafter defined) and the Note Purchase Agreement dated as of ________________, 20__, (as it may be amended, supplemented, restated and/or replaced from time to time, the “Purchase Agreement”). The terms of the Note Purchase Agreement are hereby incorporated into this note as if fully set forth herein.
This note evidences a revolving line of credit and is issued pursuant to Ordinance No. 28295 adopted on April 21, 2015 (the “Master Subordinate Ordinance”), as amended and supplemented from time to time, including as supplemented by Supplemental Ordinance No. ______ adopted on __________, 2021 (collectively, the “Note Ordinance”), providing for the issuance of the Bonds (as defined herein), including this note. Interest on this note shall be calculated on the basis of actual days elapsed in a 360 day year consisting of 12 30-day months. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Note Ordinance and the Note Purchase Agreement, as applicable.

Payments shall be made solely from Revenues, after payment of Operating Expenses and required payments with respect to the Senior Bonds, to the Registered Owner stated above by the Paying Agent without the necessity of presentation and surrender of this note. This note is one of a duly authorized issue of Electric System Subordinate Revenue Bonds of the City (hereinafter called the “Bonds”) of the series and designation indicated on the face hereof. The authorized issue of Bonds is not limited in aggregate principal amount and consists of multiple series and subseries of varying denominations, dates, maturities, interest rates and other provisions, as provided in the Master Subordinate Ordinance, all issued and to be issued pursuant to the provisions of the Charter of the City and all laws of the State of Washington (the “State”) (referred to as the "Act").

Reference is hereby made to the Master Subordinate Ordinance and to the Act for a description of the terms on which the Bonds are issued and may be issued, the provisions with regard to the nature and extent of the Revenues, and the rights of the registered owners of the Bonds.

All the terms of the Note Ordinance and the Act are hereby incorporated herein and made a contract between the City and the Registered Owner from time to time of this note, and to all the provisions thereof the Registered Owner of this note, by its acceptance hereof, consents and agrees. Additional series and subseries of Bonds may be issued on a parity with this note, but only subject to the conditions and limitations contained in the Master Subordinate Ordinance.

This note is subject to mandatory redemption and mandatory tender as provided in the Note Ordinance and the Note Purchase Agreement.

This note, including the interest hereon, together with all other Bonds, and the interest thereon, issued under the Master Subordinate Ordinance (and to the extent set forth in the Master Subordinate Ordinance), is payable from, and is secured by a charge and lien on, the Revenues, after payment of Operating Expenses and required payments with respect to the Senior Bonds, derived by the City from the Electric System.
The Bonds are special obligations of the City, and are payable, both as to principal and interest, out of the Revenues, after payment of Operating Expenses and required payments with respect to the Senior Bonds, pertaining to the Electric System and the moneys in the Funds and Accounts provided in the Master Subordinate Ordinance, subject to the prior payment of principal of and interest on the Senior Bonds, and not out of any other fund or moneys of the City. No holder of this note shall ever have the right to compel any exercise of the taxing power of the City to pay this note or the interest hereon.

This note is transferable by the Registered Owner hereof, but only in the manner and subject to the limitations provided in the Note Ordinance and the Note Purchase Agreement, as applicable. Upon such transfer a new fully registered note for the same aggregate principal amount will be issued to the transferee in exchange therefor.

THIS NOTE IS A SPECIAL AND LIMITED OBLIGATION OF THE CITY PAYABLE ONLY FROM THE SOURCES IDENTIFIED HEREIN, IN THE NOTE PURCHASE AGREEMENT AND IN THE NOTE ORDINANCE AND IS NOT A GENERAL OBLIGATION OF THE CITY, PIERCE COUNTY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF. THIS NOTE DOES NOT CONSTITUTE A CHARGE UPON ANY GENERAL FUND OR UPON ANY MONEY OR OTHER PROPERTY OF THE CITY, PIERCE COUNTY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF NOT SPECIFICALLY PLEDGED THERETO BY THE NOTE ORDINANCE.

The rights and obligations of the City and of the registered owners from time to time of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Master Subordinate Ordinance.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this note, and in the issuing of this note, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State and the Charter of the City, and that this note, together with all other indebtedness of the City pertaining to the Electric System, is within every debt limitation and other limit prescribed by the Constitution and statutes of the State and said Charter, and is not in excess of the amount of Bonds permitted to be issued under the Master Subordinate Ordinance.

This note shall not be entitled to any benefit under the Note Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Paying Agent and Note Registrar. This note is a valid and binding obligation of City.
In the event of any inconsistency between the terms and provisions of the Note Ordinance and this note, the terms and provisions of the Note Ordinance shall control.

IN WITNESS WHEREOF, the City of Tacoma, Washington, has caused this note to be executed by the manual or facsimile signature of the Mayor of the City Council and attested by the manual or facsimile signature of the Clerk, as of the date of this note, __________, 2021.

CITY OF TACOMA, WASHINGTON

By __________________________
Mayor

ATTEST:

______________________________
Clerk of the City

CERTIFICATE OF AUTHENTICATION

This is the note described in the within-mentioned Note Ordinance.

Date of Authentication: ____________, 2021.

[Finance Director,] City of Tacoma

CERTIFICATE OF REGISTRATION

This note is registered in the name of the Registered Owner on the books of the City, in the office of the [Finance Director] of the City, as Note Registrar and Paying Agent, as to both principal and interest, as noted in the registration blank below. All payments of principal of and interest on this note shall be made by the City as provided in the Note Ordinance.

Date of Registration __________________________ Name and Address of Registered Owner __________________________
ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto __________________________________________ (Name, address, and Taxpayer Identification Number of Assignee) this note and all rights thereunder, hereby irrevocably constituting and appointing attorney to transfer said note on the books of the City with full power of substitution in the premises.

Dated: ________________________________

Signature(s) Guaranteed

(Signature)

Notice: The signature on this assignment must correspond with the name as written upon the face of this note, in every particular, without alteration or enlargement or any change whatsoever.
CLERK’S CERTIFICATE

I, the undersigned, City Clerk of the City of Tacoma, Washington, DO
HEREBY CERTIFY:

1. That the attached is a true and correct copy of Supplemental Ordinance
No. ___ (the “Ordinance”) of the City, duly passed at a regular meeting of the City
Council (the “Council”) of the City held on ____________, 2021.

2. That said meeting was duly convened and held in all respects in
accordance with law, and to the extent required by law, including but not limited to
Washington State Governor Inslee’s emergency proclamation No. 20-28 issued on
March 24, 2020, as amended and supplemented, suspending portions of the Open
Public Meetings Act (chapter 42.30 RCW), 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 passage of said Ordinance have been fully fulfilled, carried out and
otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of
____________, 2021.

City Clerk
City of Tacoma, Washington